

VIVARA



CFA Institute



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Vivara at a glance

A verticalized business model along with a diverse portfolio of brands: the **recipe for success!**

PORTFOLIO
(% of gross revenue)



SALES CHANNELS
(% of gross revenue)

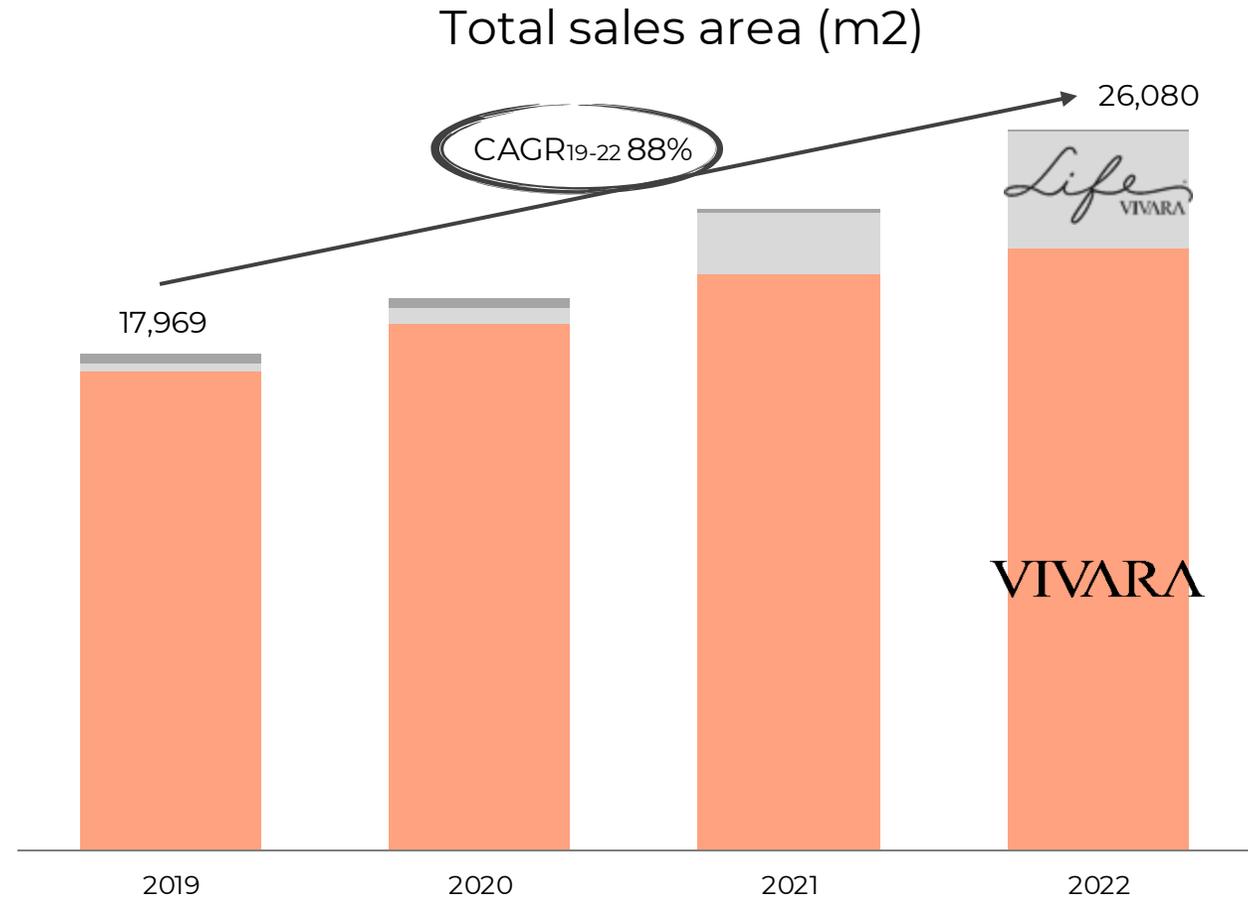
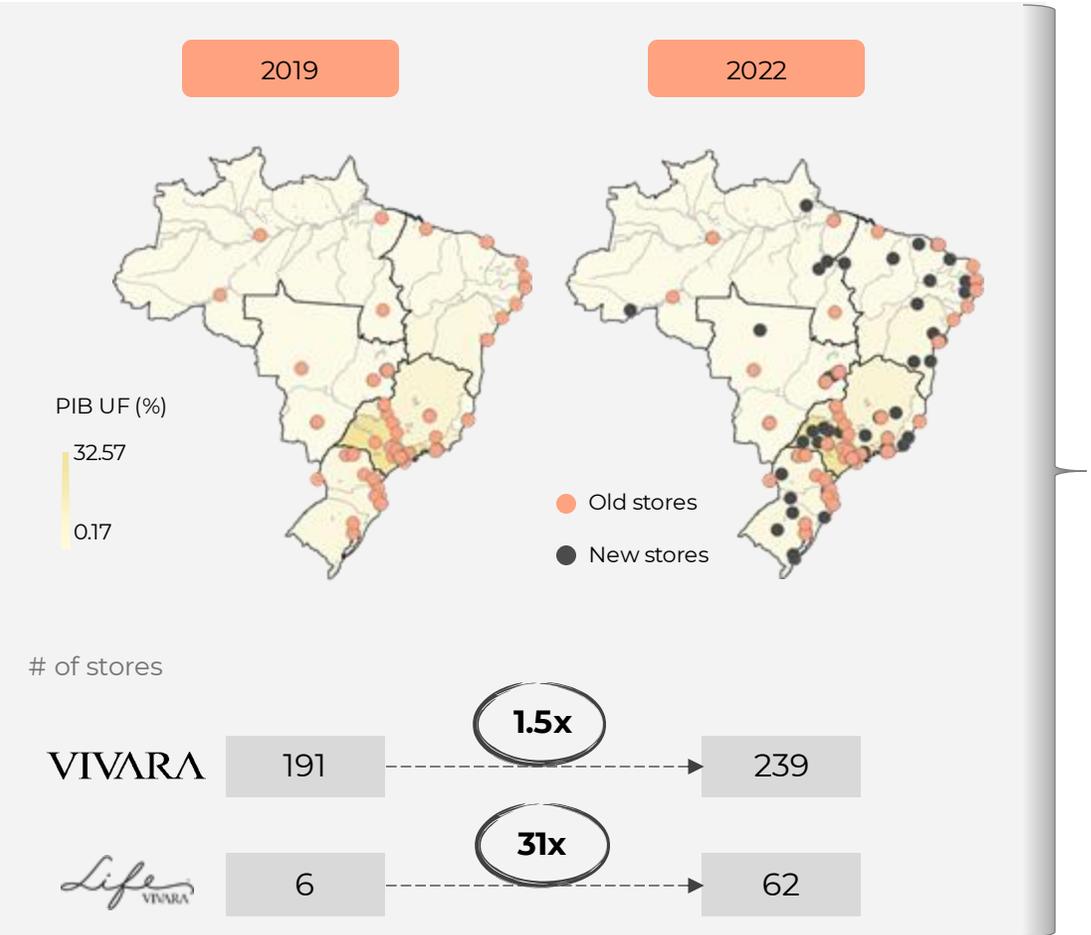
R\$ 2.39 Bn gross revenue 2021



Breaking new ground: Vivara has been expanding in the past years

The resources captured in the company's IPO, in 2019, are being heavily invested in **increasing the company's store footprint**

Distribution of Vivara and Life stores through time



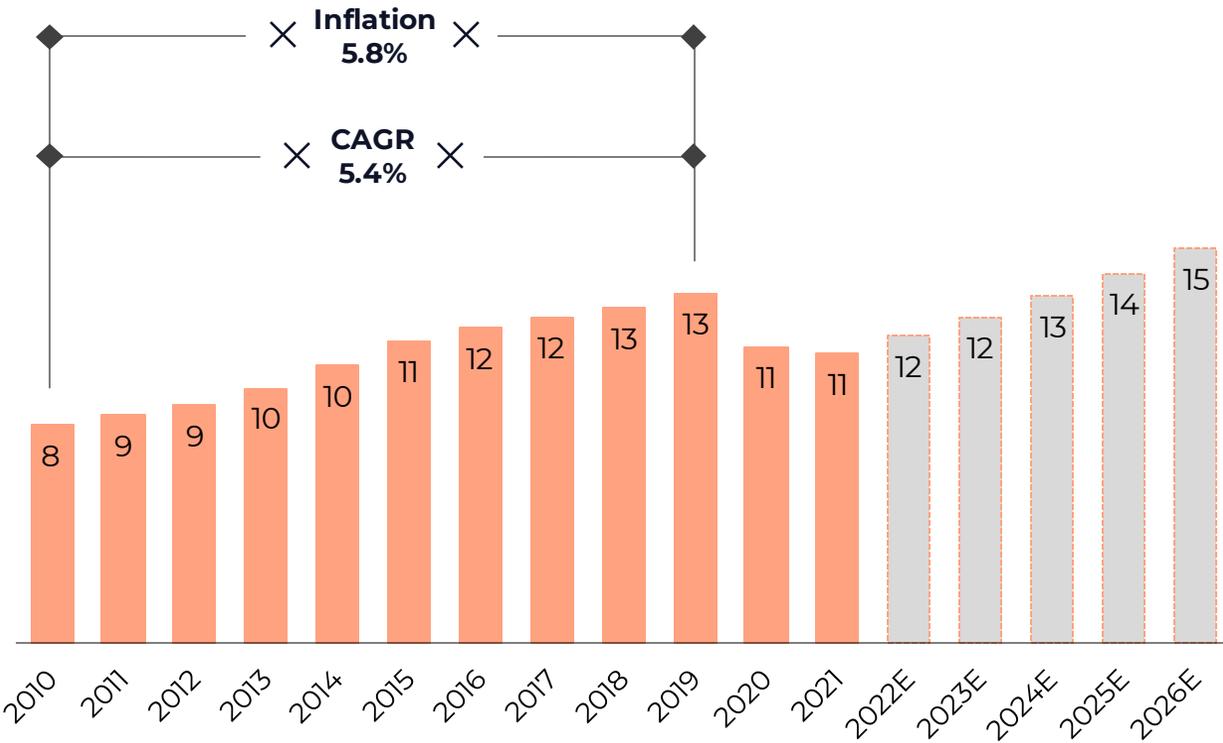
Vivara at a glance

Sources: Vivara's IR, IBGE, Team 3

Industry overview: low-growth and behind inflation

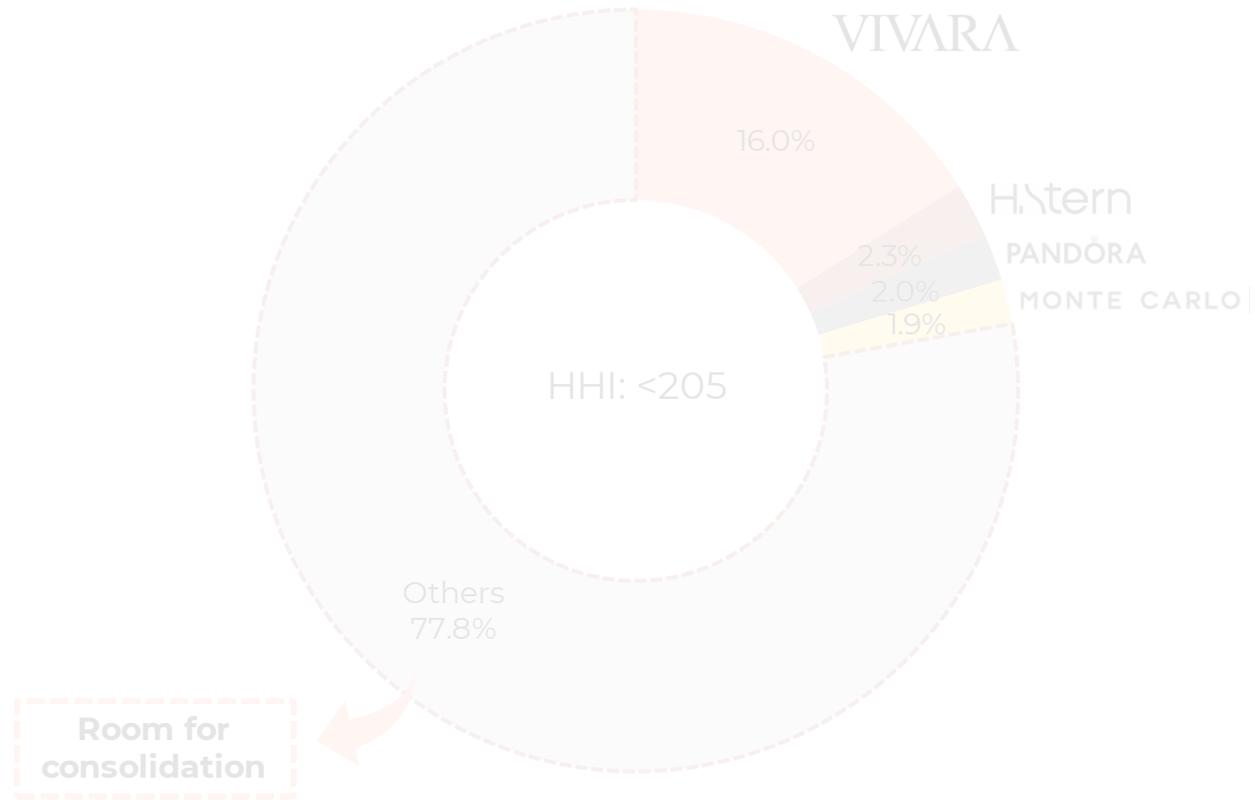
Jewelry formal market has a **slow growth**, lower than inflation in past decade...

Formal Jewelry Retail Market, in R\$ Bn



... but it still has a big room for consolidation

Sales Market Share in 2021

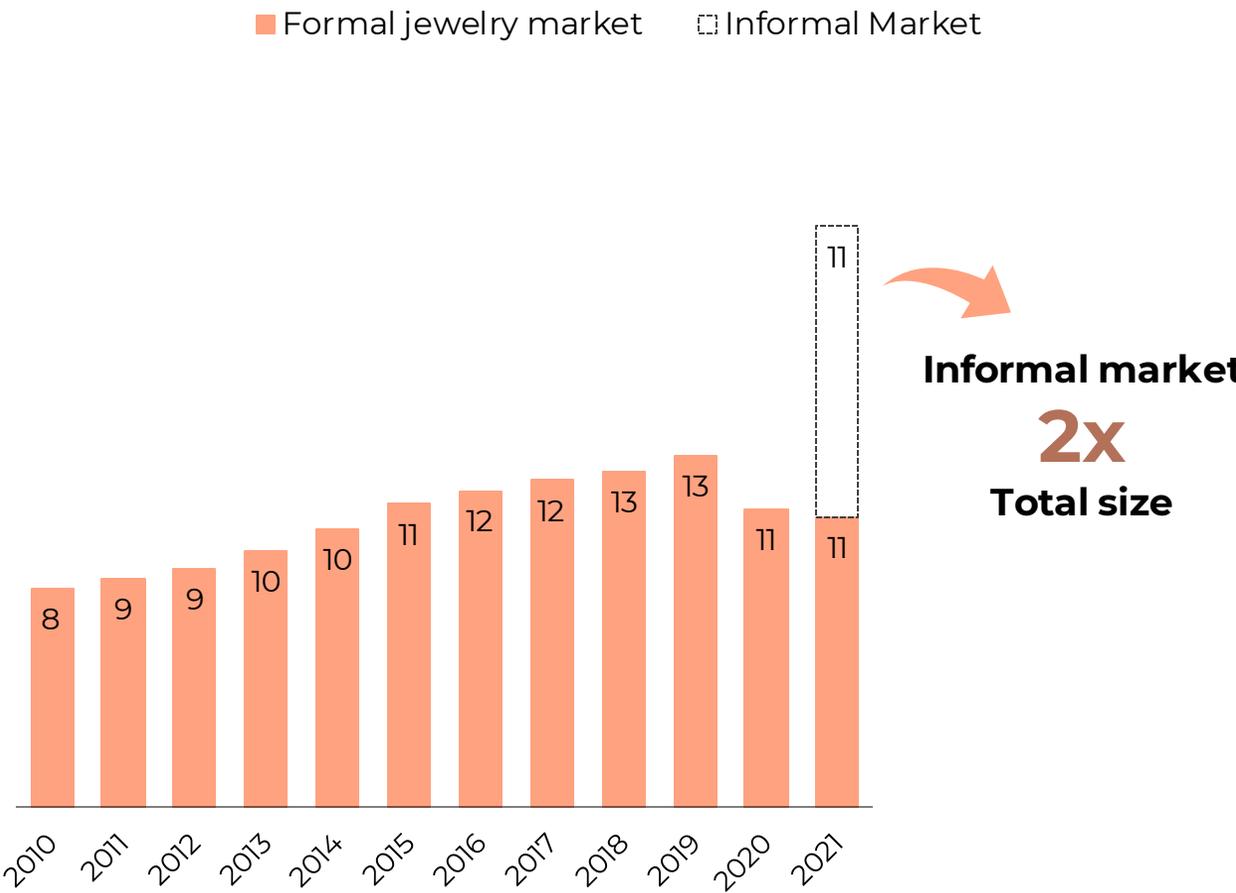


The informal jewelry market is also relevant

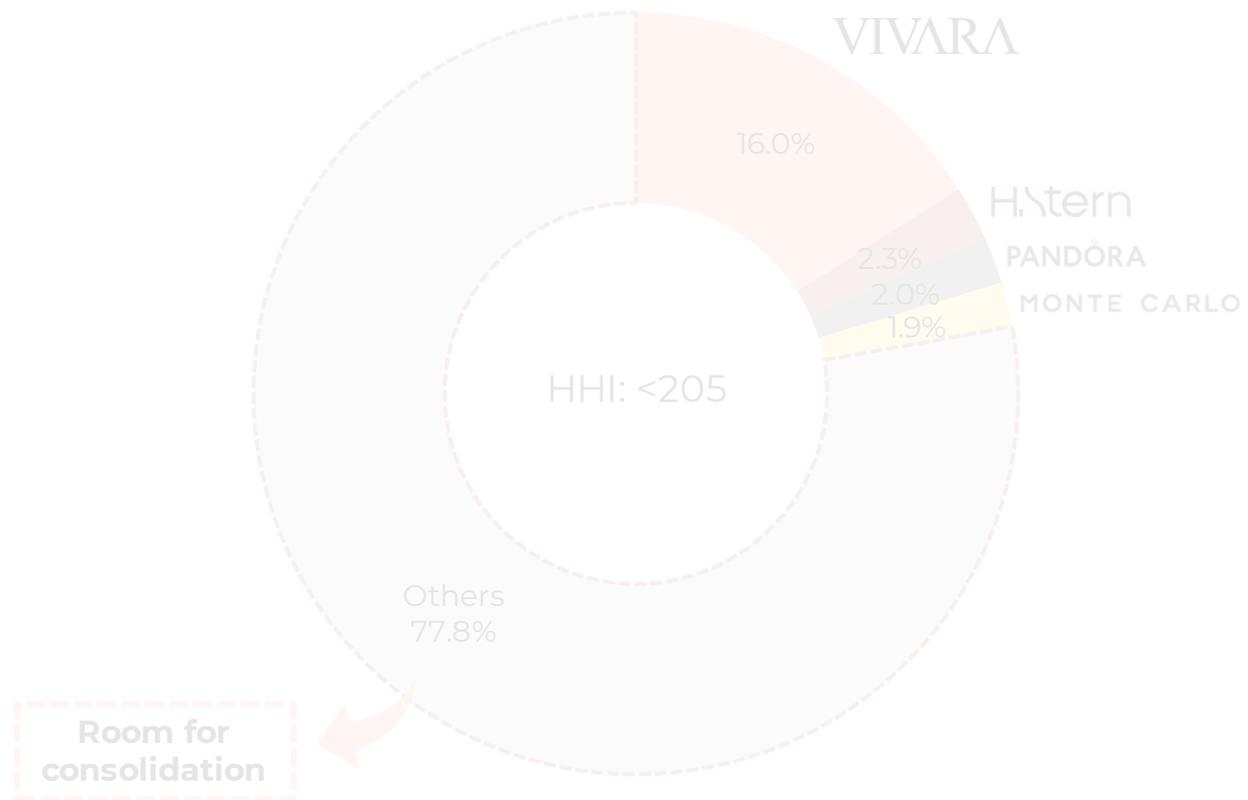
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Formal Jewelry Retail Market, in R\$ Bn



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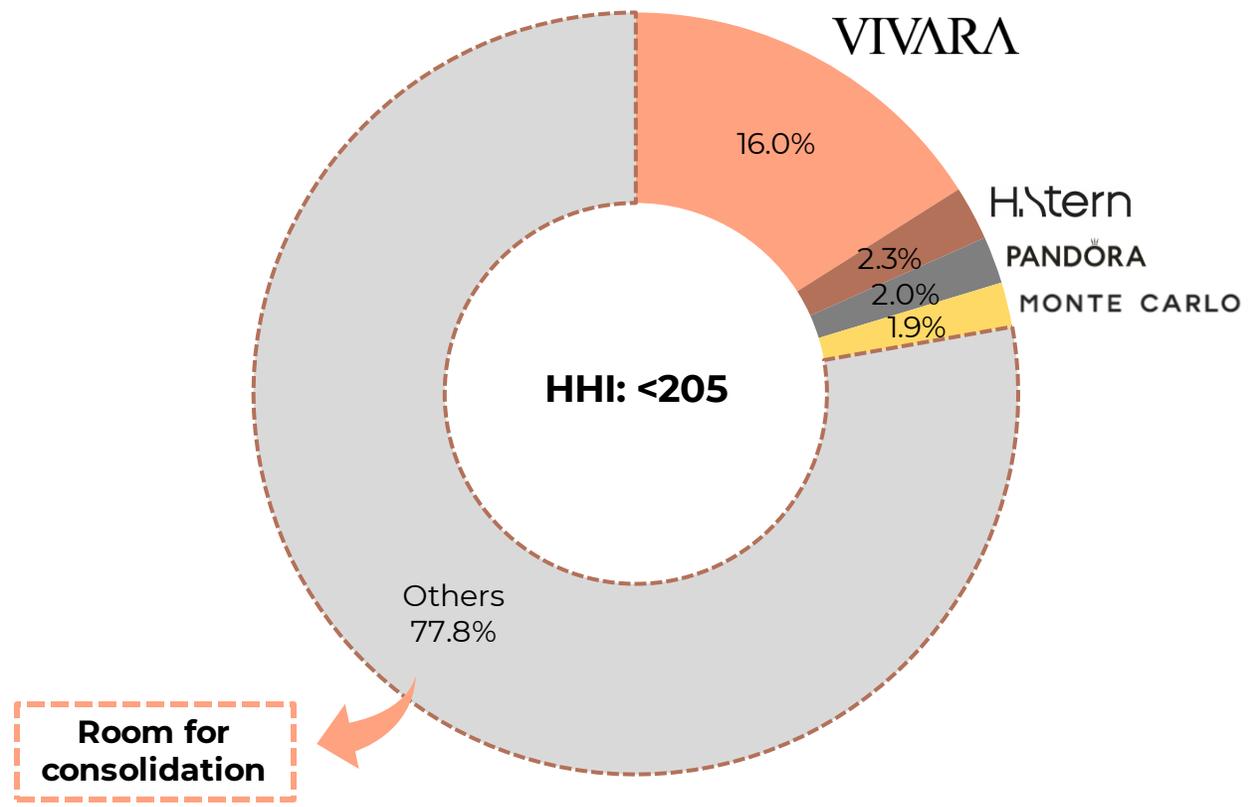
The sector is highly fragmented, opening space for consolidation

But a driver for future growth is **stealing sales from the informal market...**

... and it still has a **huge room for consolidation**

Formal Jewelry Retail Market, in R\$ Bn

Sales Market Share in 2021



Investment Summary

01

Verticalized business model

Having a factory provides control of production and higher margins



02

Strong brand

Vivara presents high-quality products and huge brand recognition



03

Life's expansion

Catering to a greater market and offering higher profitability



For investors looking for a jewel at B3, Vivara is a real find!



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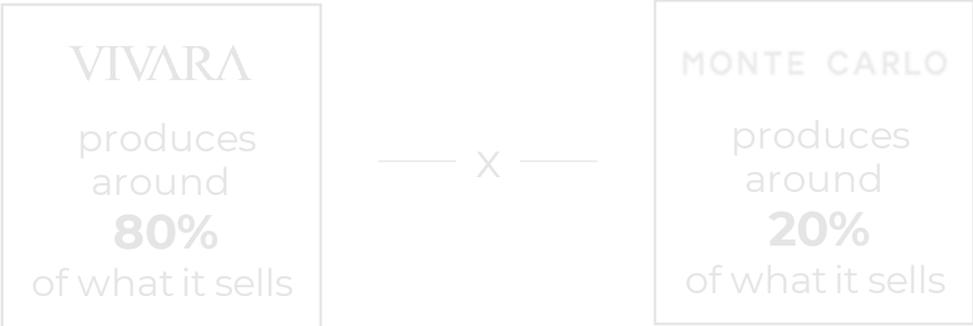
Business models: in-house manufacturing is the key

Given the types of business models, the **verticalized** one is the **most profitable**

Types of business models in the jewelry retail sector



Manufacturing the most of what you sell is **fundamental**



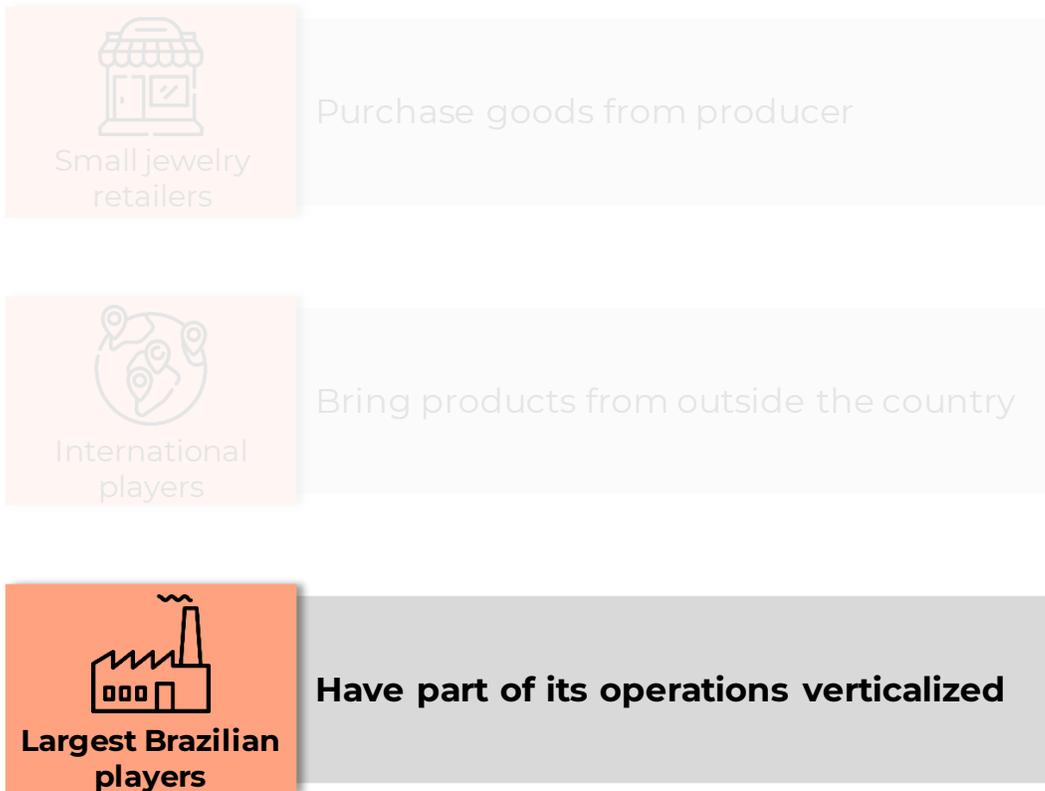
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Sources: Vivara's IR, Valor Econômico. Team 3

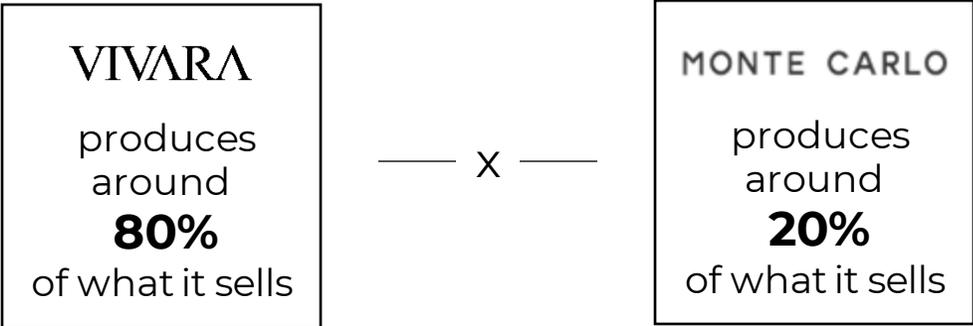
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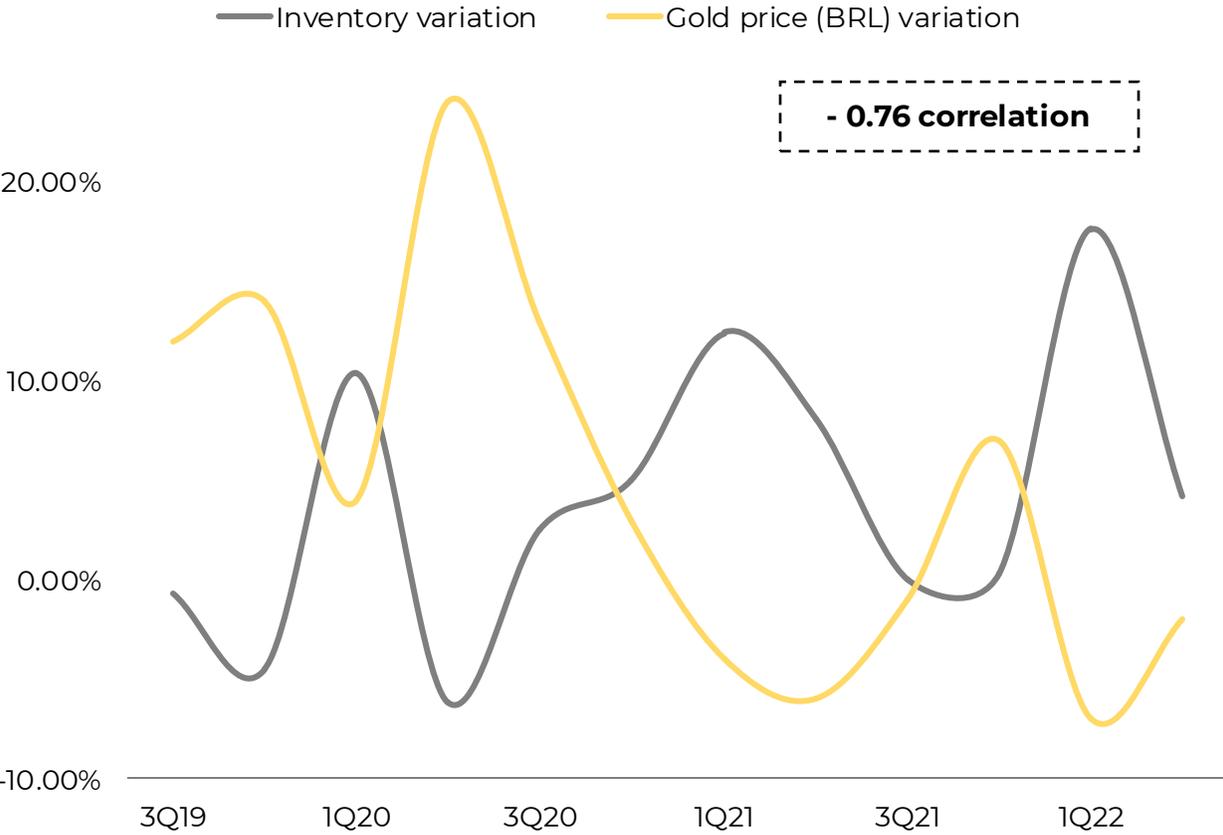
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Cost control: a risk that became a major competitive advantage

Vivara purchases inventory in **favorable moments**, creating a **hedging strategy**...

Inventory x gold prices (change in %)



... and maintaining its gross margin relatively flat in adverse scenarios

Gross margin x metal prices (YoY change in %)



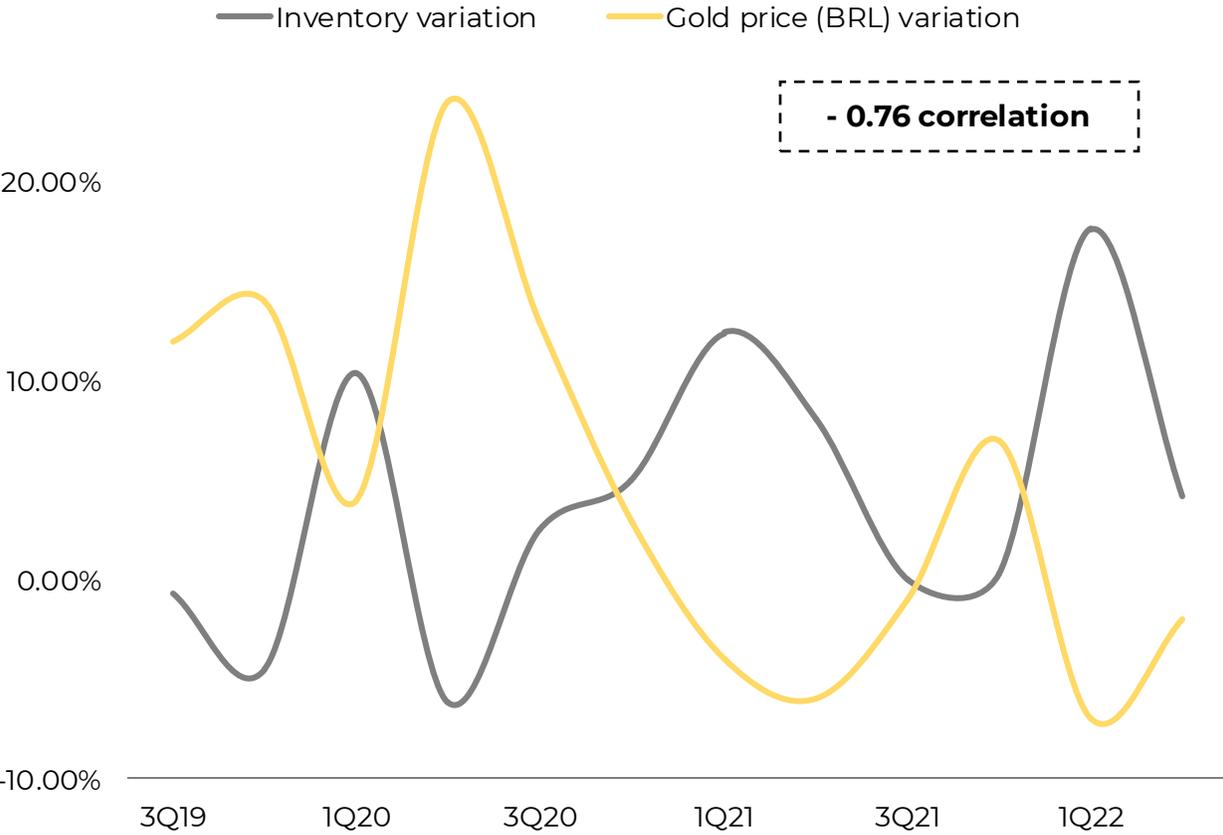
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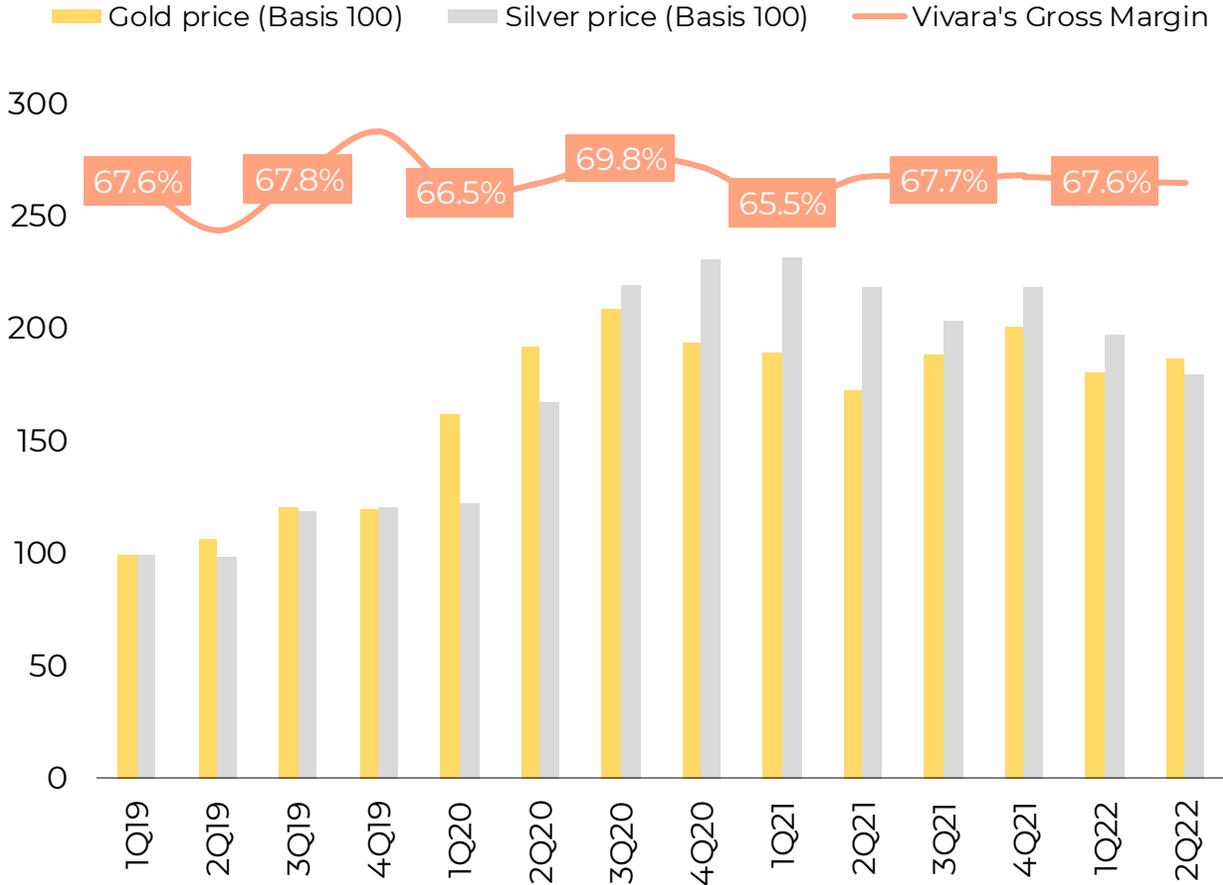
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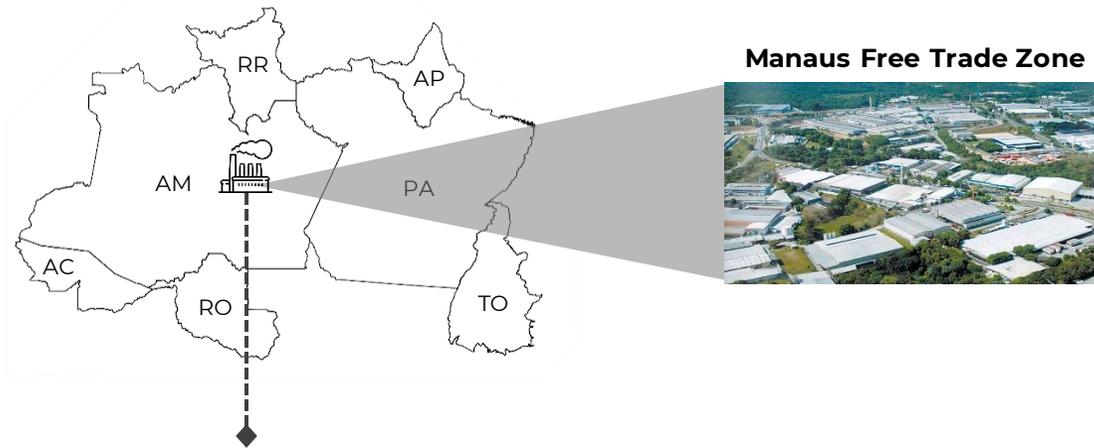


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Fiscal benefits took the company to another level

By having its factory located in Manaus, Vivara **enjoys fiscal benefits...**



The company enjoys two relevant fiscal benefits



ICMS tax reduction
Generated savings of R\$ 131 Mn in 2021

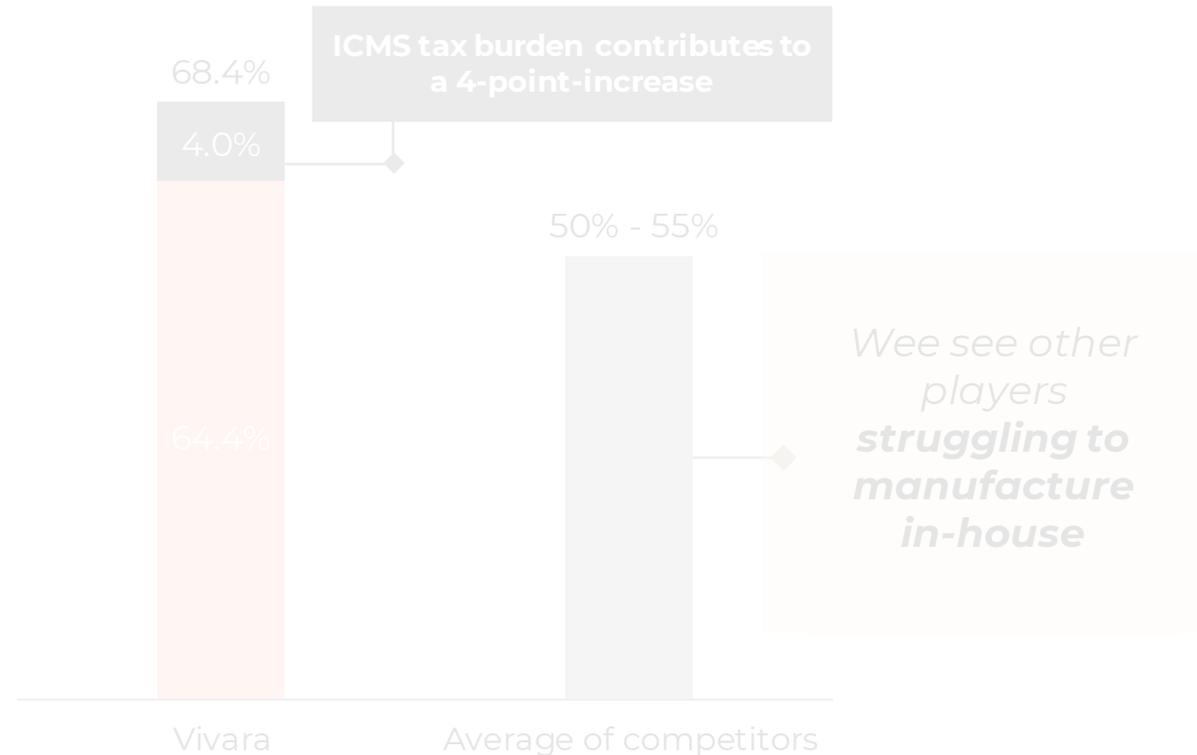


IRPJ tax reduction
Generated savings of R\$ 45 Mn in 2021

... that place the company's margin in a privileged position against competition

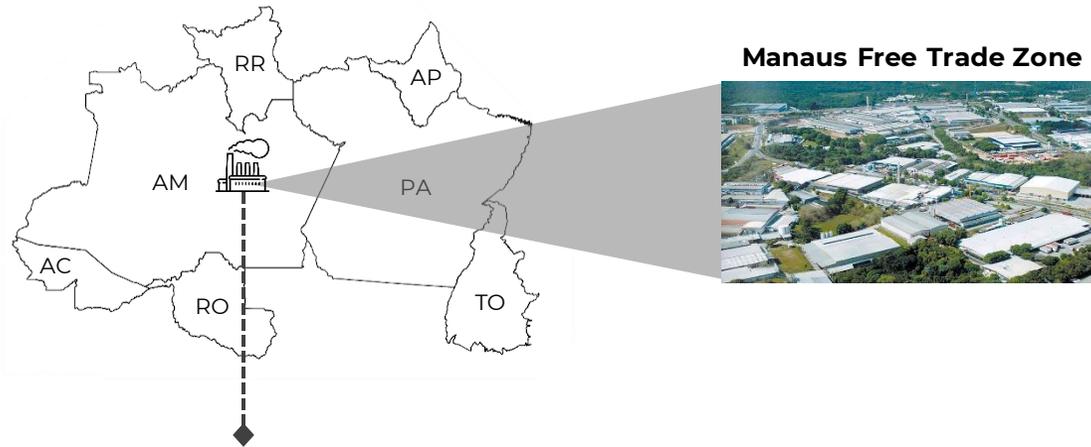
Gross margin comparison (%)

- Competitor's average gross margin
- Vivara's gross margin without ICMS benefit



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Manaus Free Trade Zone

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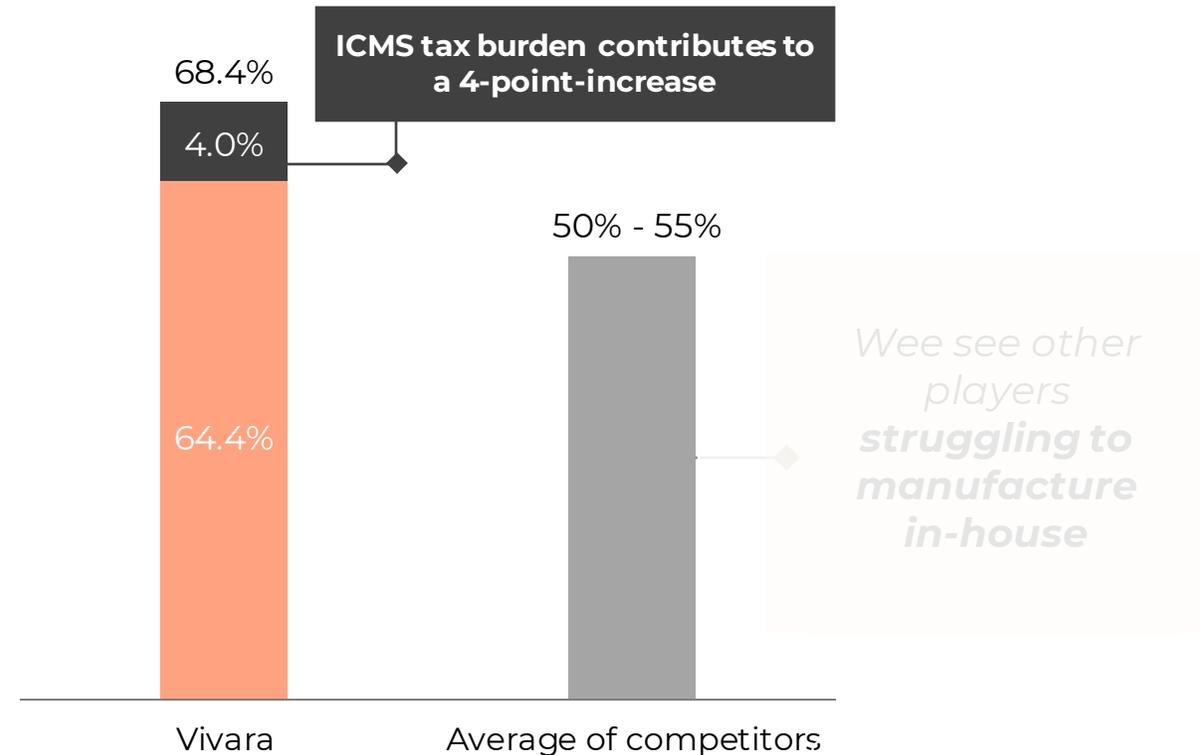
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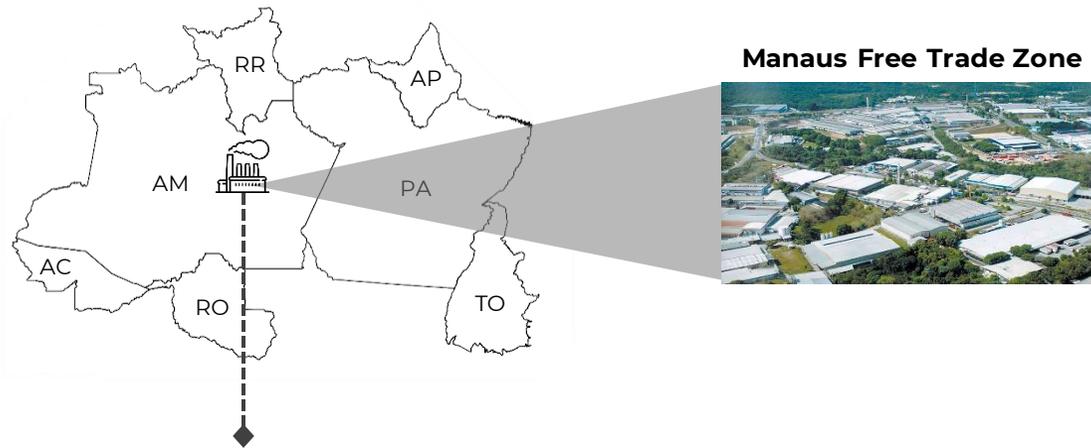
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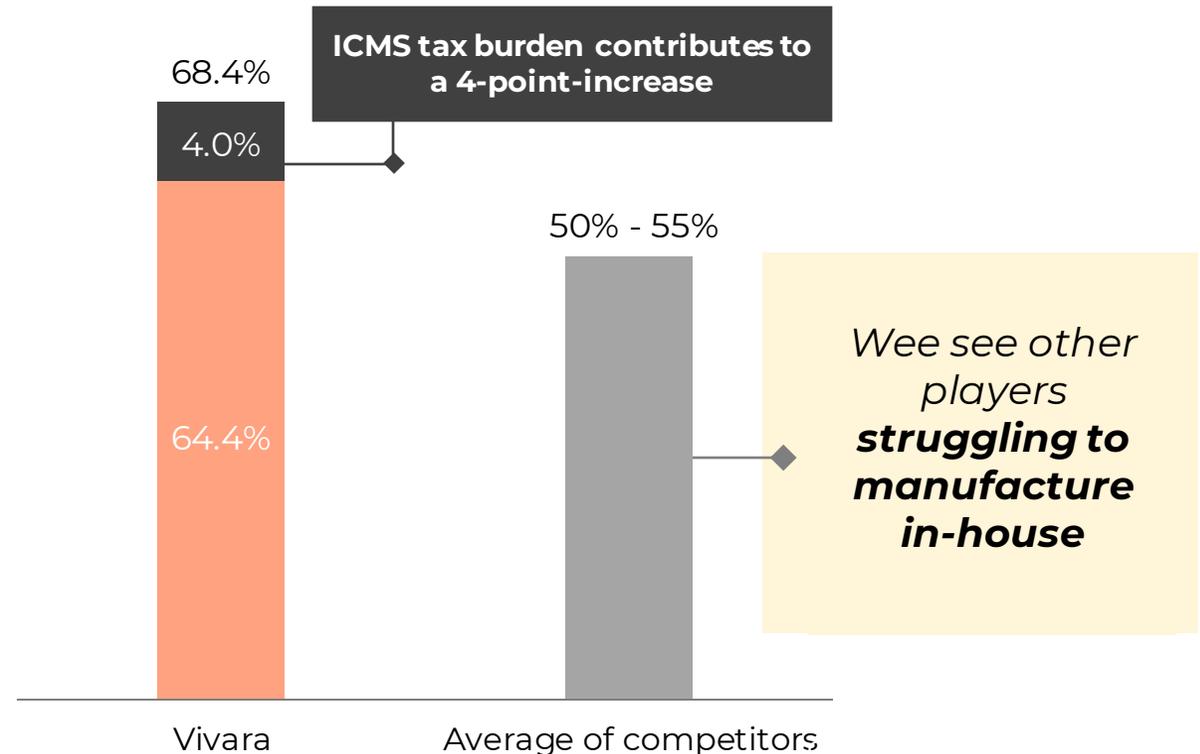
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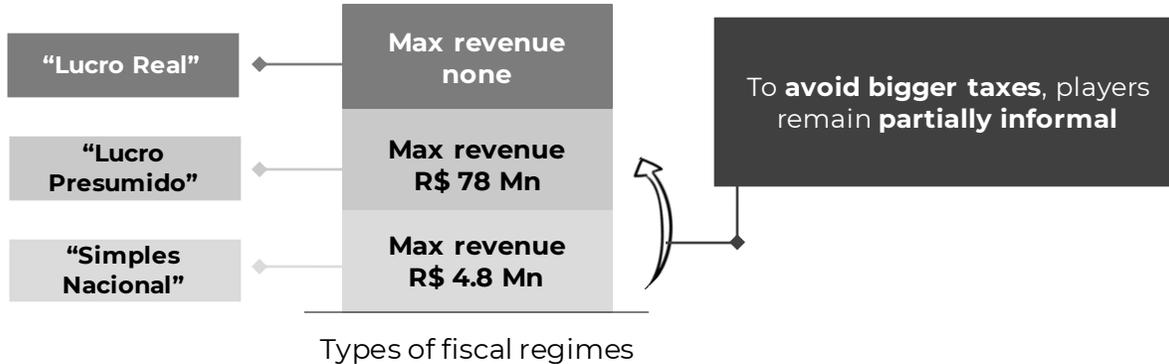
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Internalizing the production is not trivial

We see the **fiscal issue** as a **barrier** to small players trying to achieve **scale gains**...



... while big players are trying to close the gap to Vivara

20/10/2021

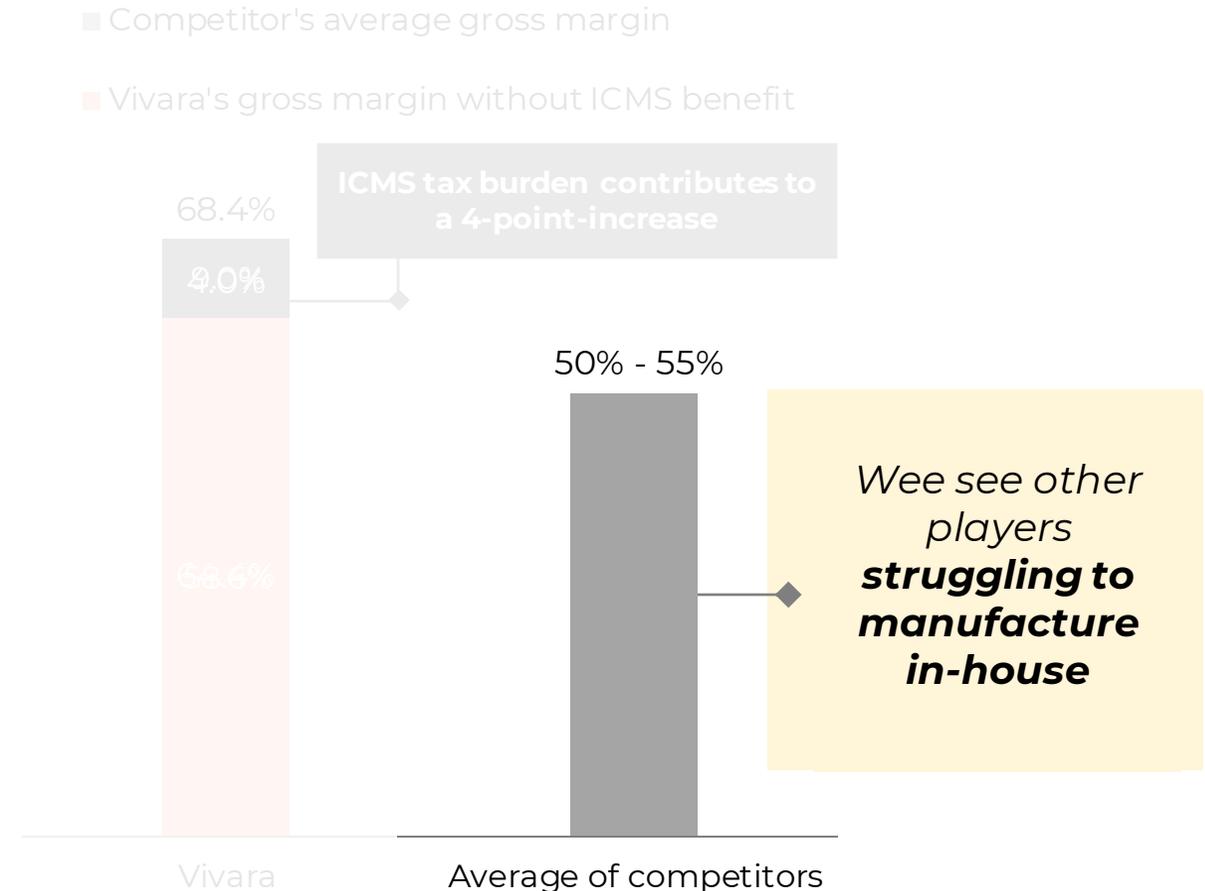
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Valor Econômico

"The aim is to reach 20% of internalization"
- Renato Balbi, Monte Carlo CEO

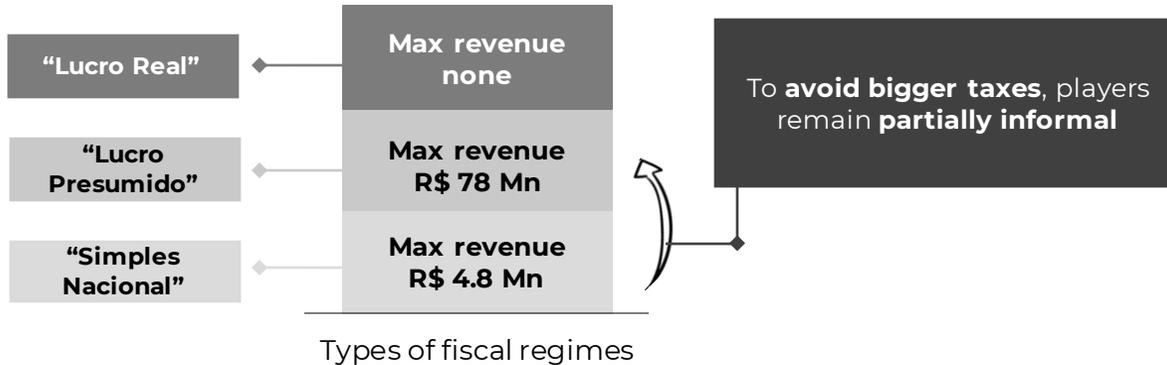
... and putting the company in a privileged position against competitors

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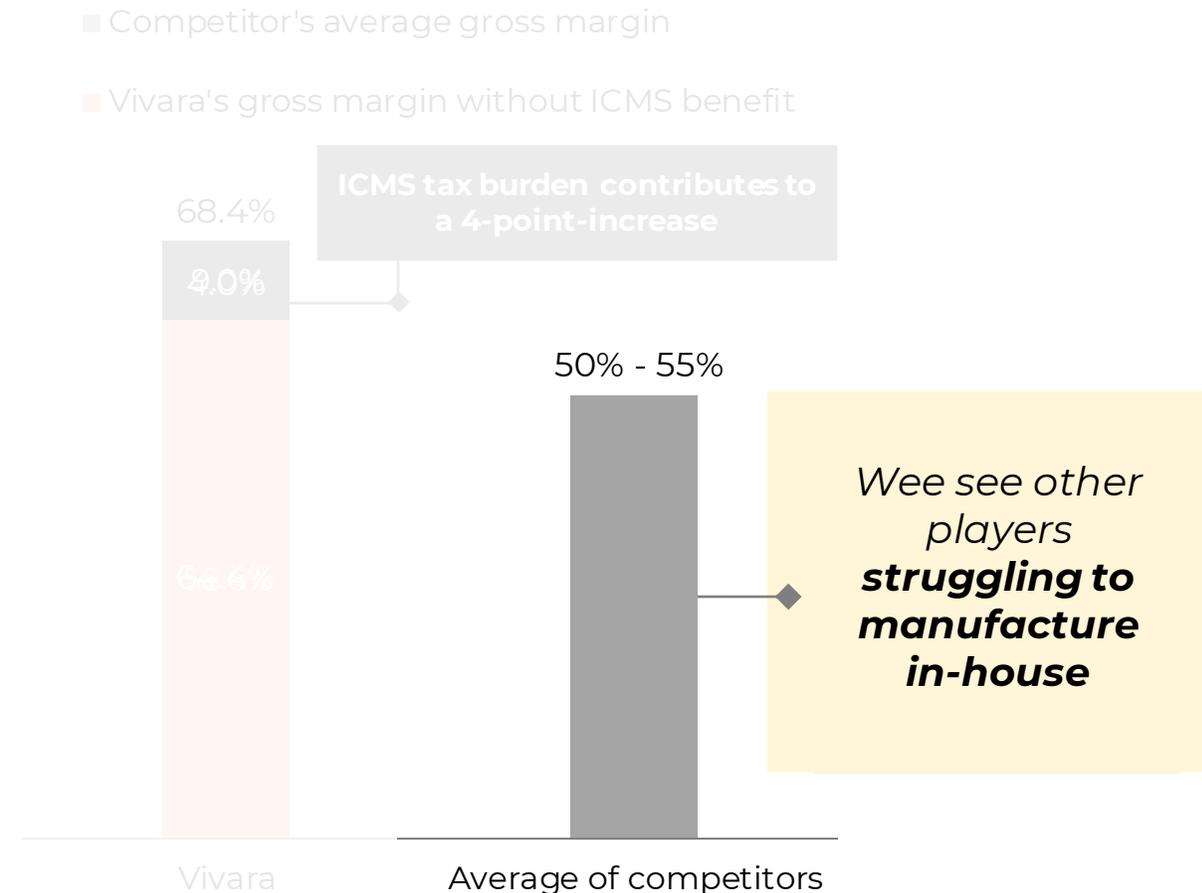
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Verticalized business model

Sources: Vivara's IR, Valor Econômico, Brazilian Government, Team 3

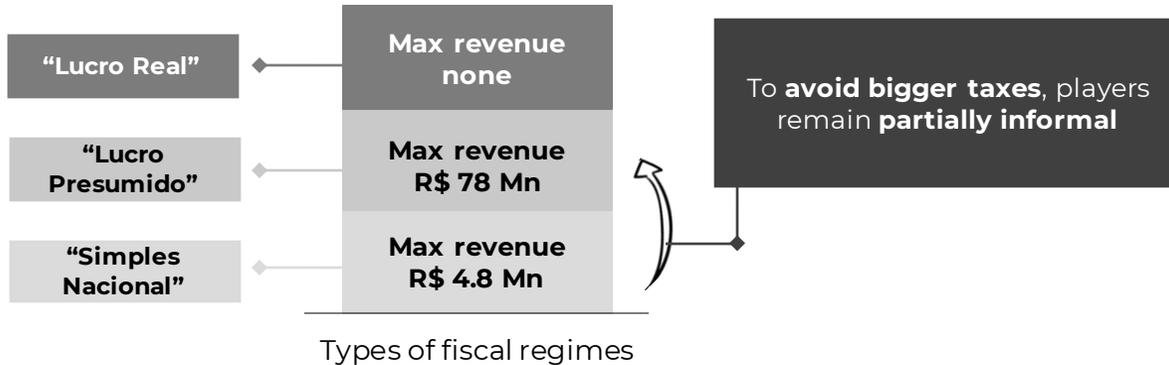
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... but are **still far behind**, as **Vivara internalizes** much **more** of its production



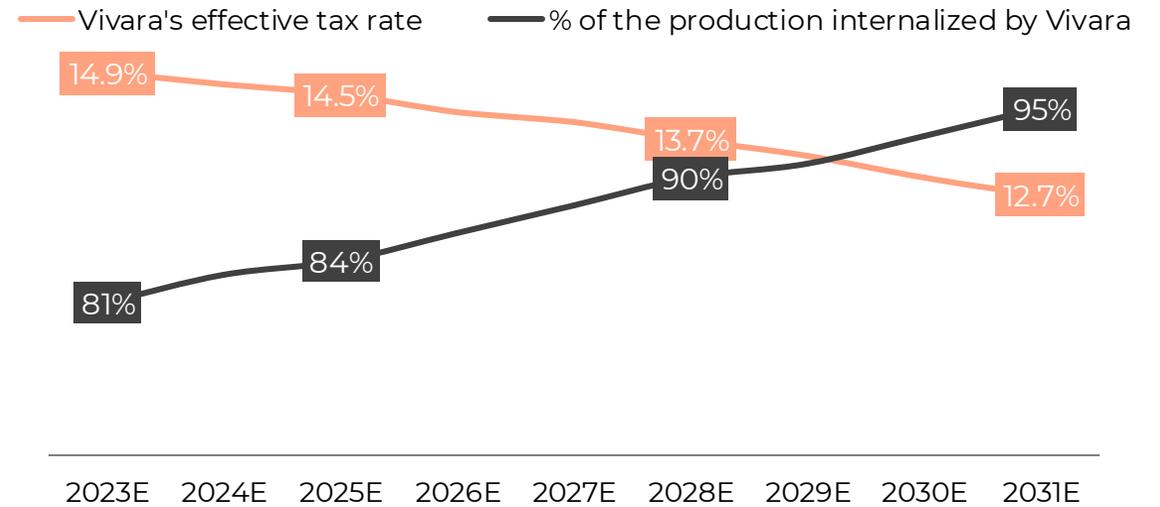
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Verticalized business model



Will the fiscal benefits be maintained?

Given that **fiscal benefits** are relevant to Vivara's value, **we sensitized them...**

Fiscal benefits sensibilization analysis

	IRPJ tax benefit (renewed in 2025)	ICMS tax benefit (renewed in 2032)	Target Price	Upside (downside)
Very likely scenario (base case)	✓	✓	R\$ 28.79	30.0%
	✓	✗	R\$ 25.71	16.1%
	✗	✓	R\$ 22.29	0.7%
Very unlikely scenario	✗	✗	R\$ 19.87	(10.3%)

Verticalized business model

Sources: Vivara's IR, Team 3

... and analyzed **factors that could impact them**

What factors can **impact its renewal?**

-  The approval of a **tax reform**
-  The **elected government**
-  The **impacts** on Manaus's economy

We see **both fiscal benefits being renewed**

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Pulling out fiscal benefits mean a **destructive impact on Manaus' economy**

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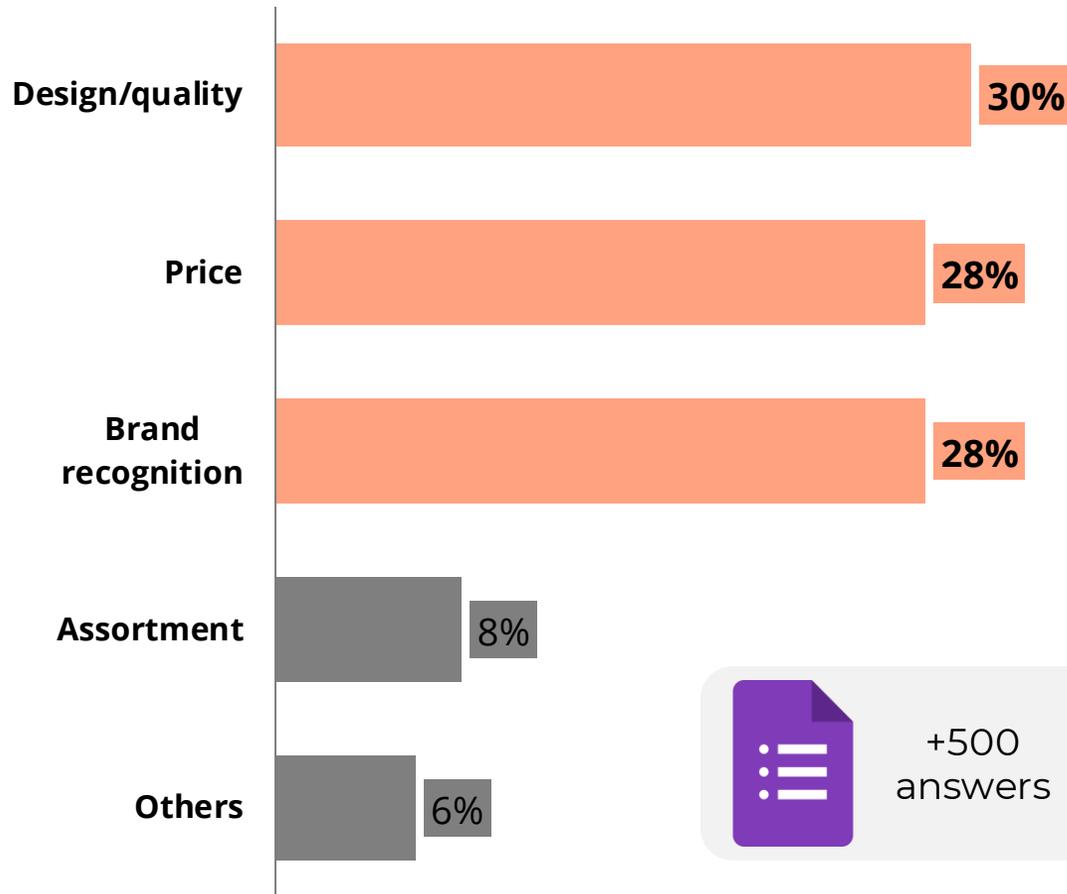
Catering to a greater market and offering higher profitability



It's all about design, price and brand

We did a survey with **500+ answers** to **understand consumers' priorities**

Consumers' top priorities when choosing a jewelry store



Brand recogniton

Sources: Team 3

Regarding design, we concluded that there is no relevant differentiation

Design comparison between brands



Vivara markets itself as neither the cheapest, nor the most expensive

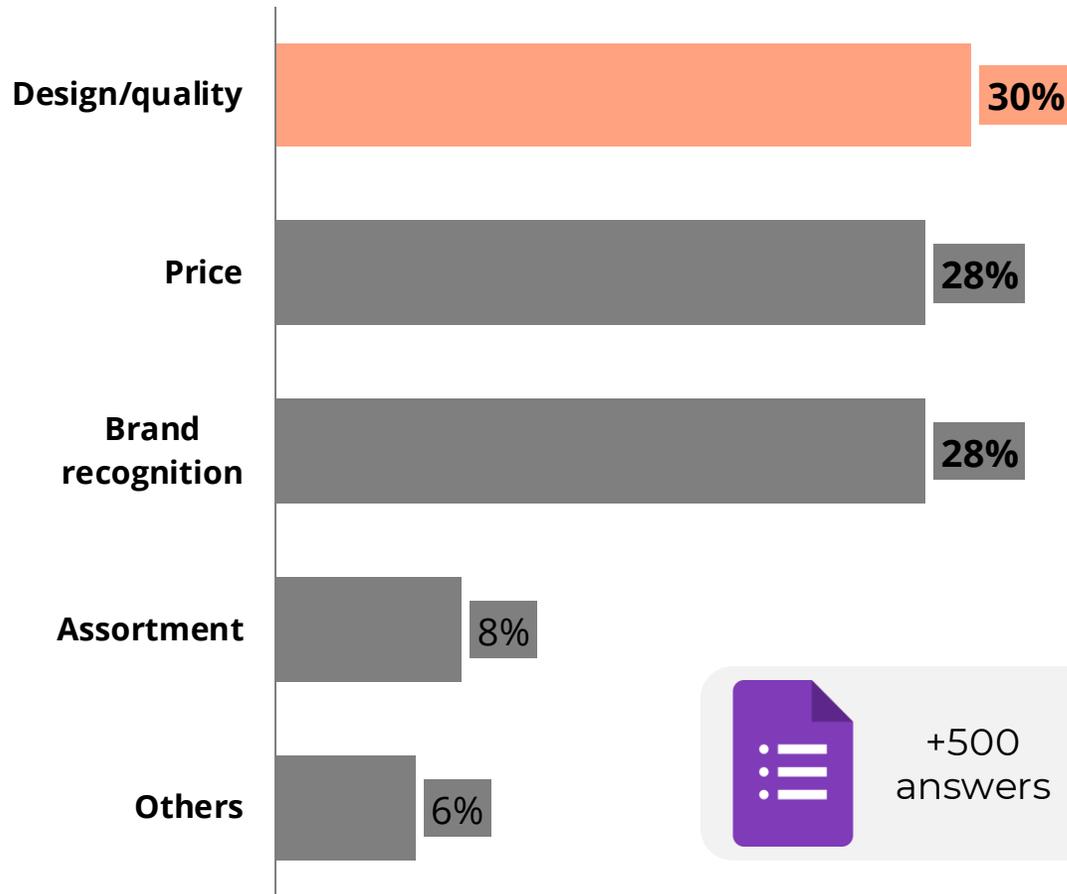
Price comparison between brands made with scrapping tools

Product	VIVARA		MONTE CARLO	
	SKUs	Median price (R\$)	SKUs	Median price (R\$)
Pendant	712	1.290	323	1.310
Earring	696	2.450	288	2.050
Ring	521	3.590	296	3.080
Bracelet	166	3.820	89	1.800
Watch	1.965	990	761	2.050

No big difference in designs

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 +500 answers

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Design comparison between brands

Do you see any major difference?

We don't!

VIVARA



MONTE CARLO



H:stern



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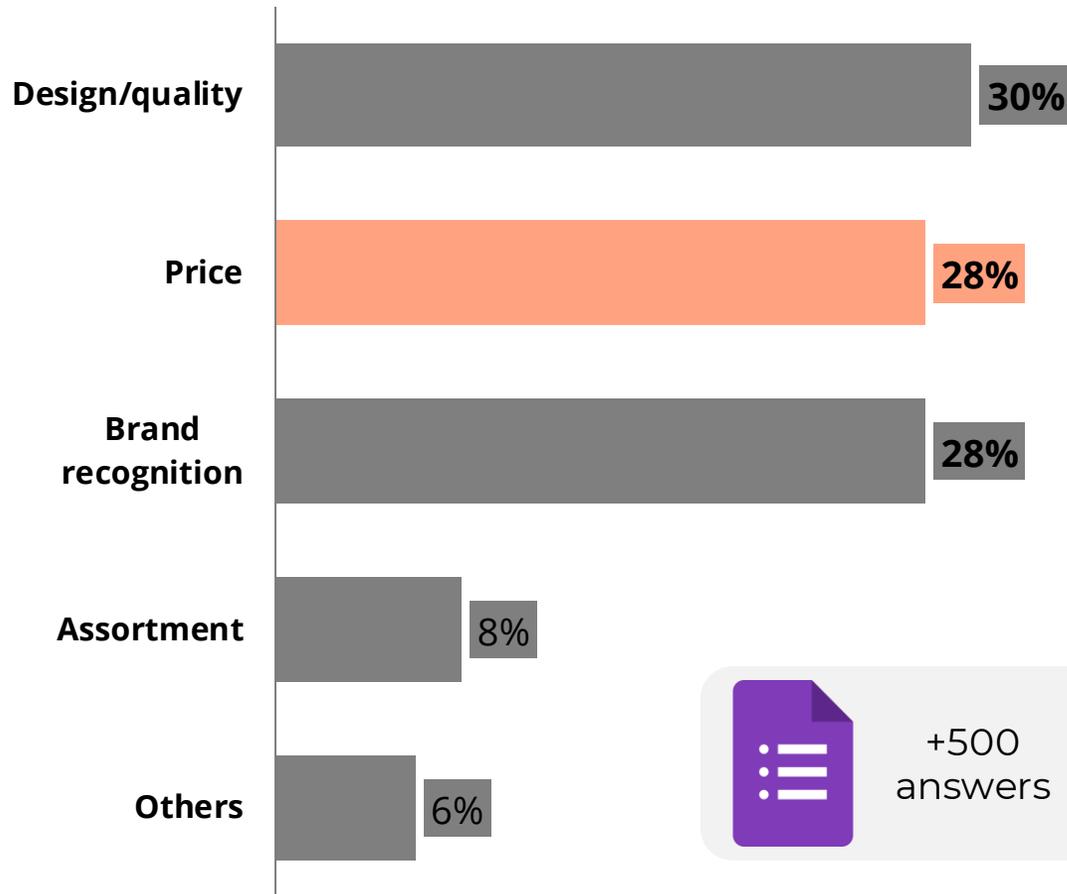
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From the consumer's perspective: how does Vivara differentiate itself?

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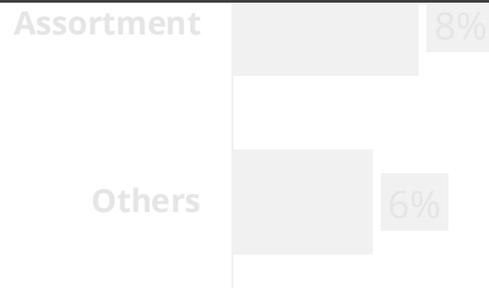
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Do you see Brand X Brand Y Brand Z

Brand recognition and awareness



+500 answers

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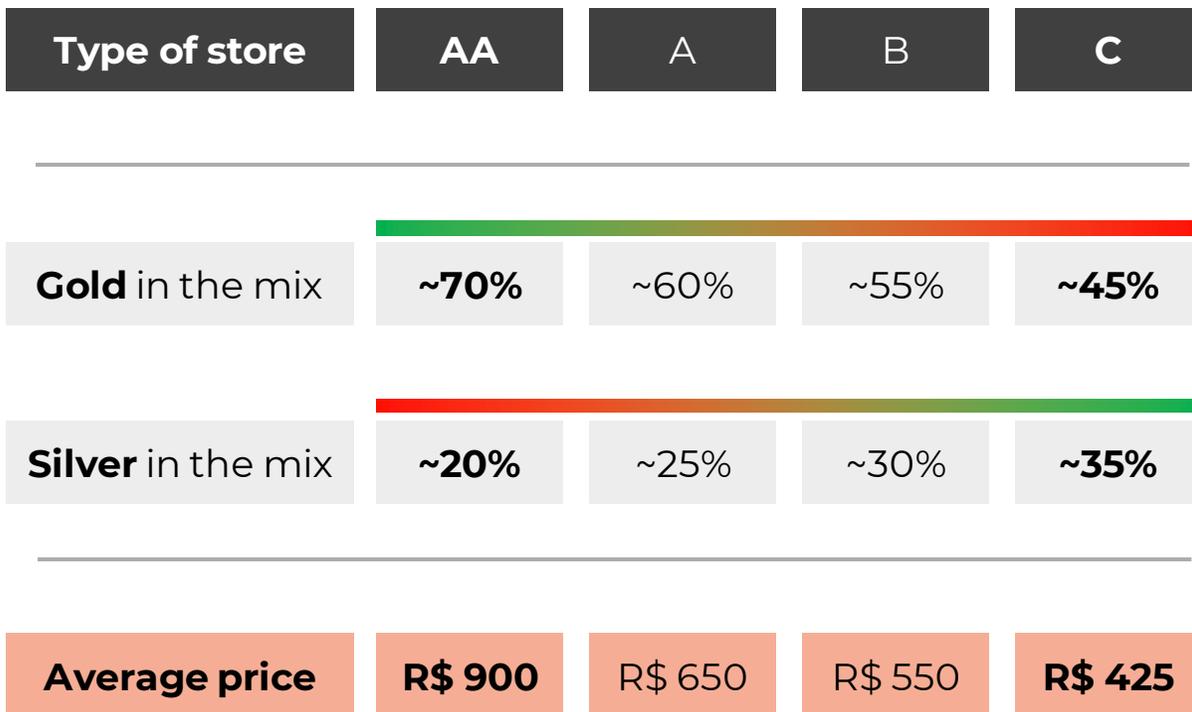
Brand recognition

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Flexible store format increases Vivara's brand awareness

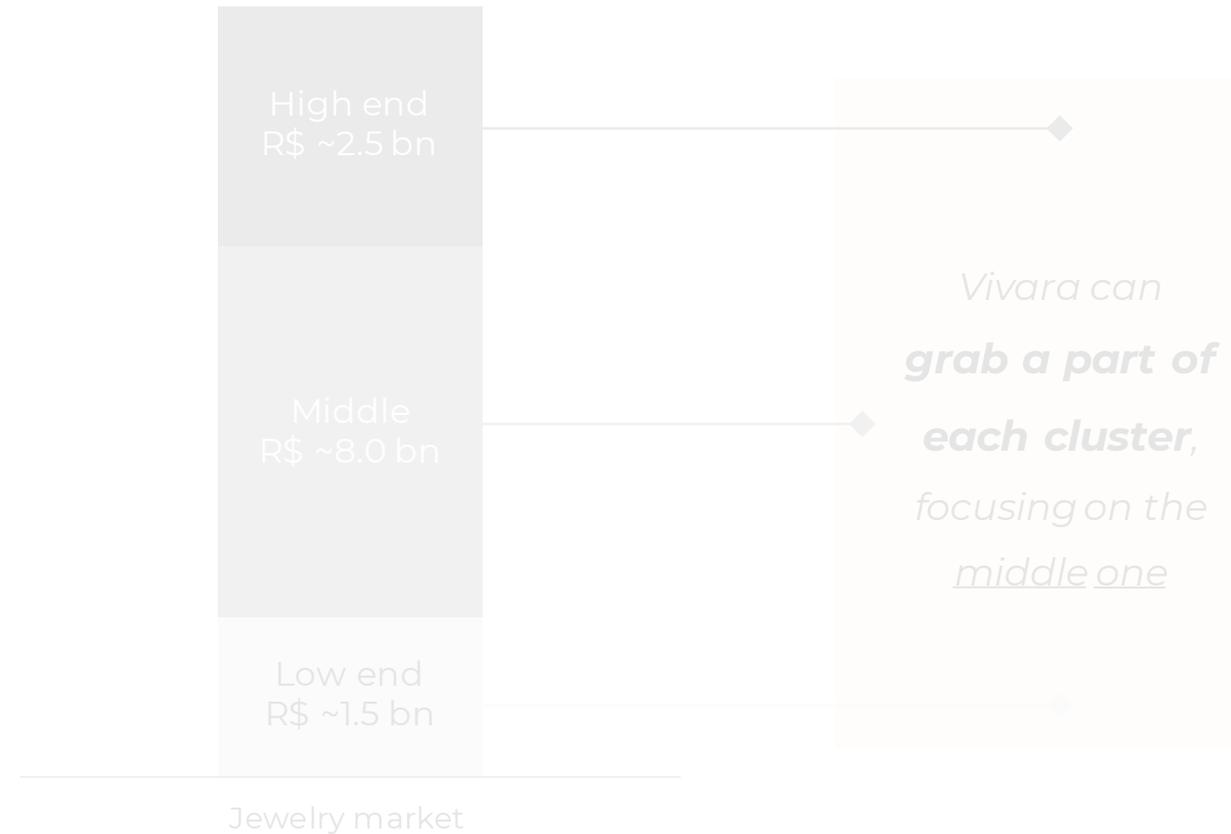
Vivara position itself in **different income clusters**, increasing its **awareness**...

Type of Vivara's stores per cluster



... and grabbing a bigger part of the jewelry sector total addressable market

Market size per cluster



Flexible store format increases Vivara's brand awareness

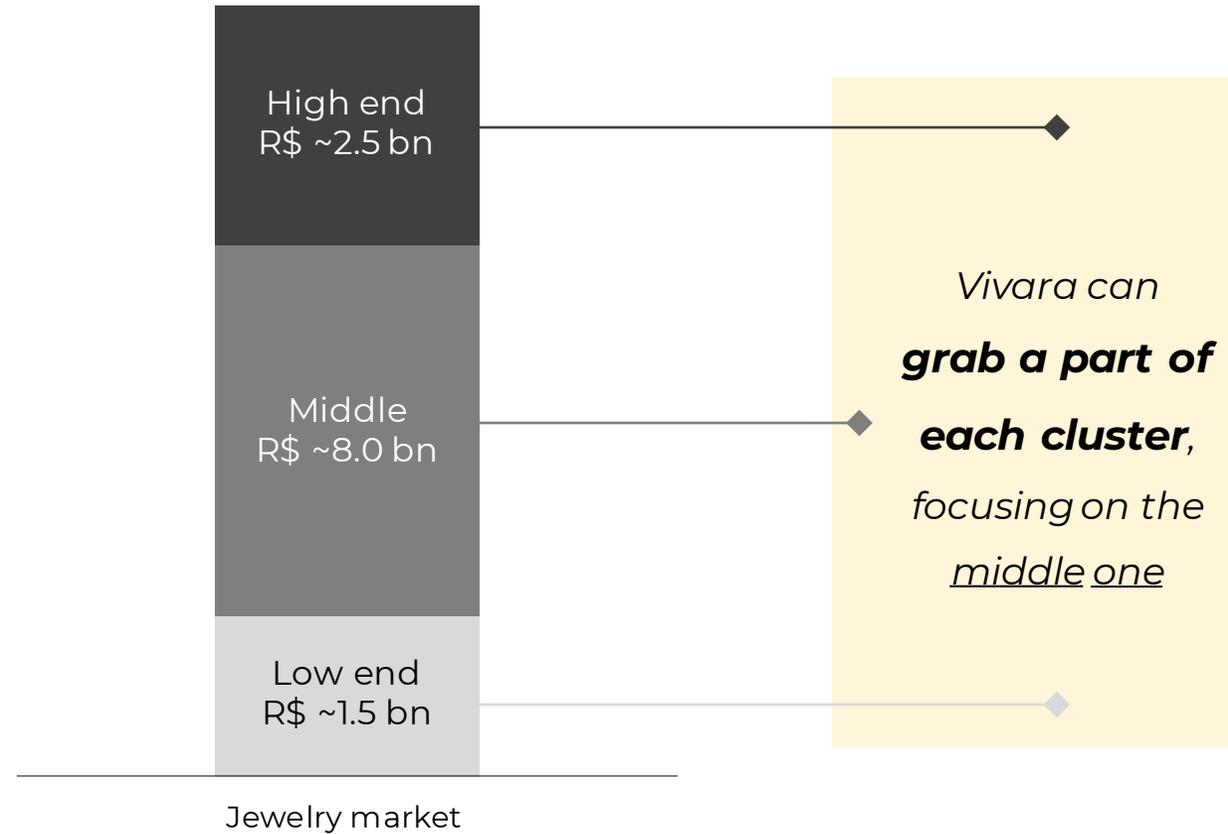
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Type of Vivara's stores per cluster

Type of store	AA	A	B	C
Gold in the mix	~70%	~60%	~55%	~45%
Silver in the mix	~20%	~25%	~30%	~35%
Average price	R\$ 900	R\$ 650	R\$ 550	R\$ 425

... and **grabbing a bigger part** of the jewelry sector **total addressable market**

Market size per cluster



When it comes to marketing, scale makes the difference

Vivara is **ahead of its competitors** when it comes to **social media engagement**...

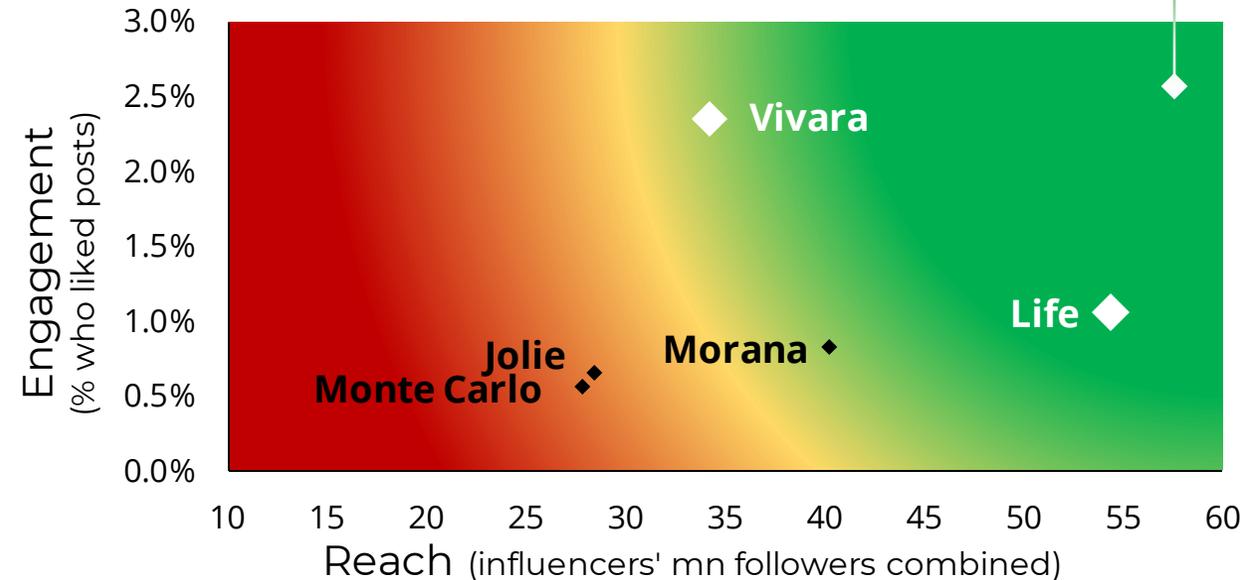
Marketing analysis: engagement and reach



Successful Instagram influencers

Engagement rate: +1%

Reach: 30mn+



...as it was revealed by **our analysis** of each influencer's **Instagram accounts**

Comparison of influencers' performance

Influencers	Followers	Engagement	Likes	Comments	Brand
Marina Ruy Barbosa	41,124,005	0.40%	161,070	1,757.33	Life
Pietra Quintela	6,812,698	0.73%	49,186.8	425.81	
Paulinha Sampaio	306,916	0.34%	990.75	50.88	
Camila Foletto	43,943	1.23%	504.75	34	
Gisele Bündchen	19,983,149	1.99%	393,174	3,756.31	Vivara
Vivi Villanova	41,859	3.18%	1,304.44	26.69	
Aline Luta	12,796	2.37%	290.06	13.31	
Verena Smit	1,384	1.86%	2,544.75	35.94	

Brand recognition

Sources: Instagram, Vivara's IR, Team 3, SocialBlade

When it comes to marketing, scale makes the difference

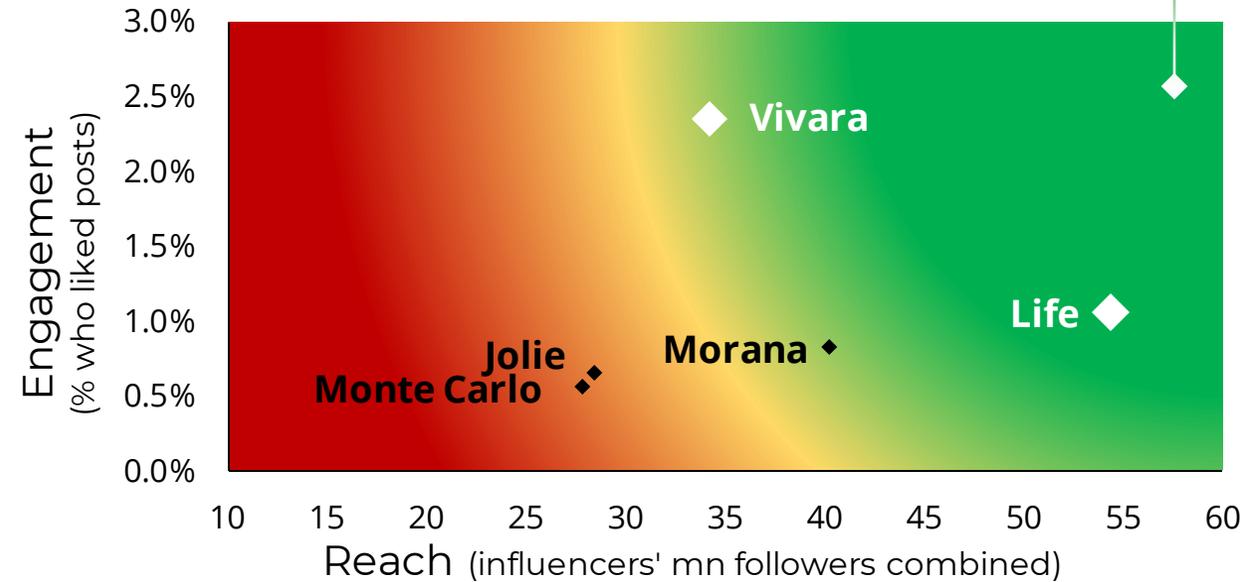
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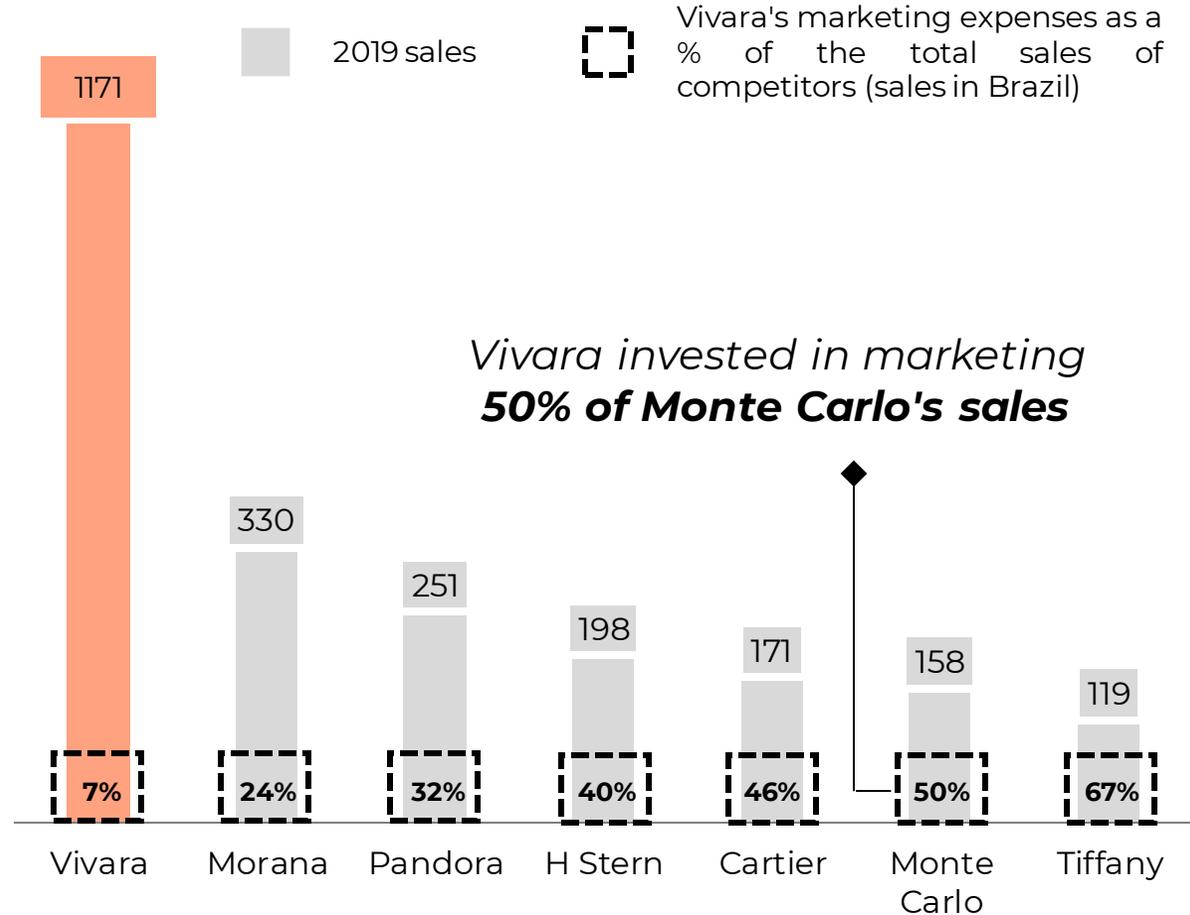


Brand recognition

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...as it can **invest a lot more than its competitors**, given the **scale** that it achieved

Vivara's marketing numbers comparison



Our geospatial analysis reveals bargaining power with malls

Vivara manages to position **most of its stores in corner locations inside malls...**

... which is only possible given its **huge bargaining power**

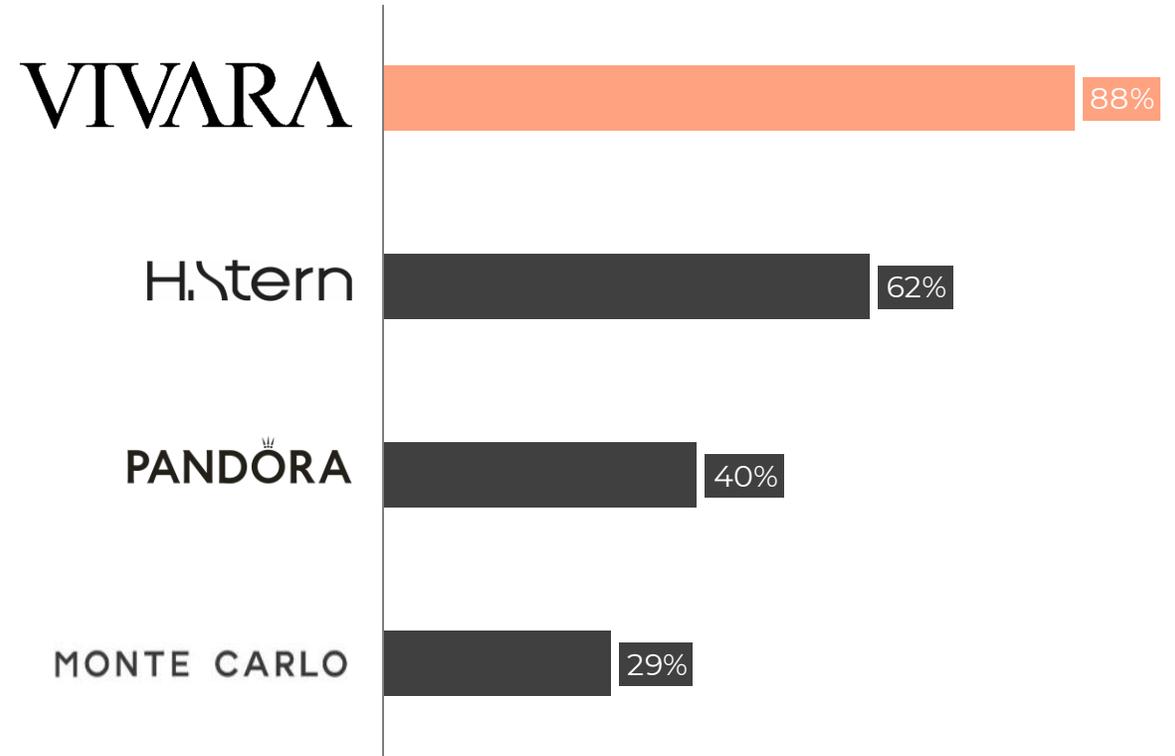
Stores positioning and corner location analysis



Pátio Batel, Curitiba

Vivara, Tiffany and Pandora

Proportion of stores in corner locations



Brand recognition

Sources: Google Indoors, Survey made in the entrance of malls, field research

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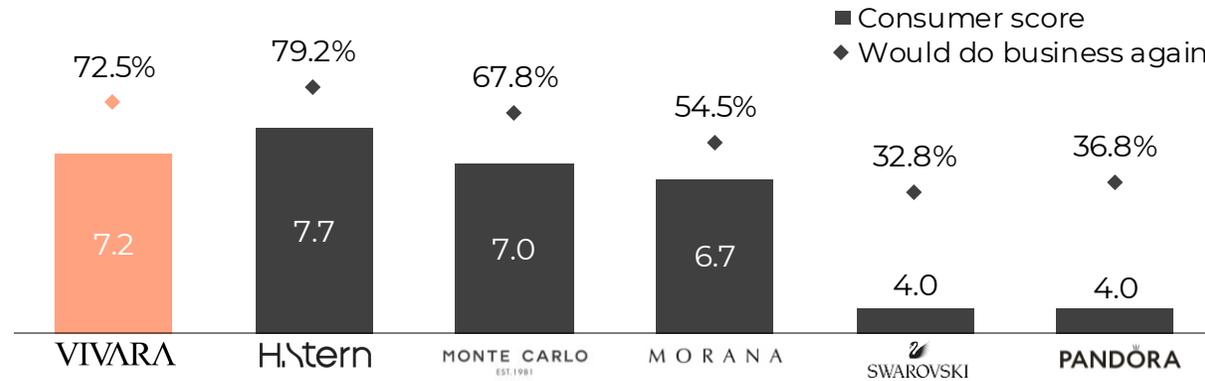


Vivara store in a corner location Jardim Pamplona, São Paulo

The numbers speak for themselves: a well-rated and recognized brand...

The **brand stands out** regarding **consumer satisfaction**

Consumer satisfaction analysis



Positive = 61.9%
 Neutral = 15.0%
 Negative = 23.1%
 ~0.28% * 2.7 mi = 7,560 interactions/post



Positive = 57.7%
 Neutral = 18.0%
 Negative = 24.3%
 ~0.18% * 383k = 689 interactions/post

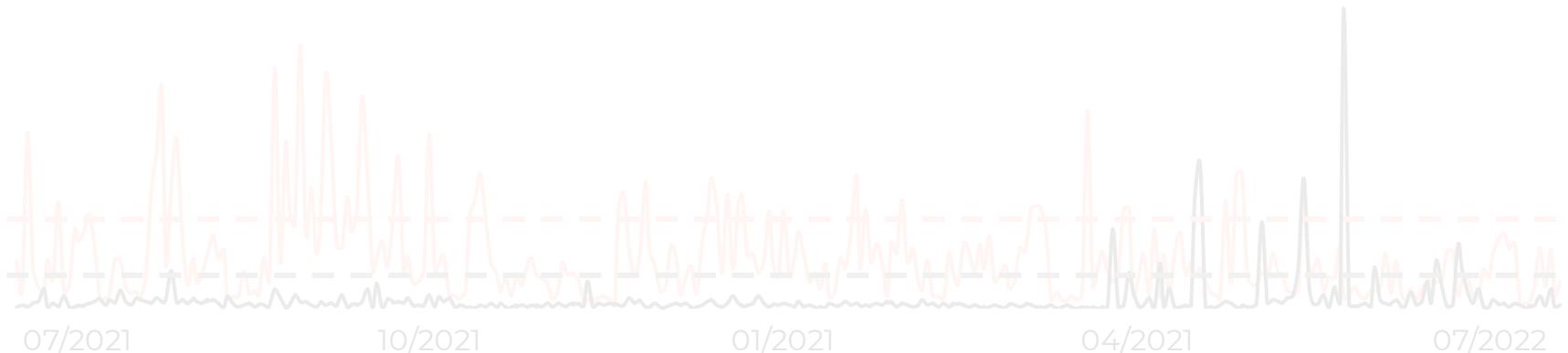


... and sentiment, which we analyzed with the help of programming tools

Percentage of followers that engaged in the company's Instagram posts

```

10 # neg + pos
11 tw_list.loc[indices, 'sentiment'] = "negative"
12 # all pos + neg
13 tw_list.loc[indices, 'sentiment'] = "positive"
14 else
15 tw_list.loc[indices, 'sentiment'] = "neutral"
16 tw_list.loc[indices, 'neg'] = neg
17 tw_list.loc[indices, 'pos'] = pos
18 tw_list.loc[indices, 'comp'] = comp
19 tw_list.head(10)
20
21 # creating new data frames for all sentiments (positive, negative, and neutral)
22 tw_list_negative = tw_list[tw_list['sentiment'] == "negative"]
23 tw_list_positive = tw_list[tw_list['sentiment'] == "positive"]
24 tw_list_neutral = tw_list[tw_list['sentiment'] == "neutral"]
25
26 # count values in column (data, feature)
27 total = data.loc[:, feature].value_counts(dropna = False)
28 percentage = round(data.loc[:, feature].value_counts(dropna = False, normalize = True)*100, 2)
29 return pd.concat([total, percentage], axis = 1, keys = ['total', 'percentage'])
30
31 # count values for sentiment
32 count_values_in_column(tw_list, "sentiment")
    
```



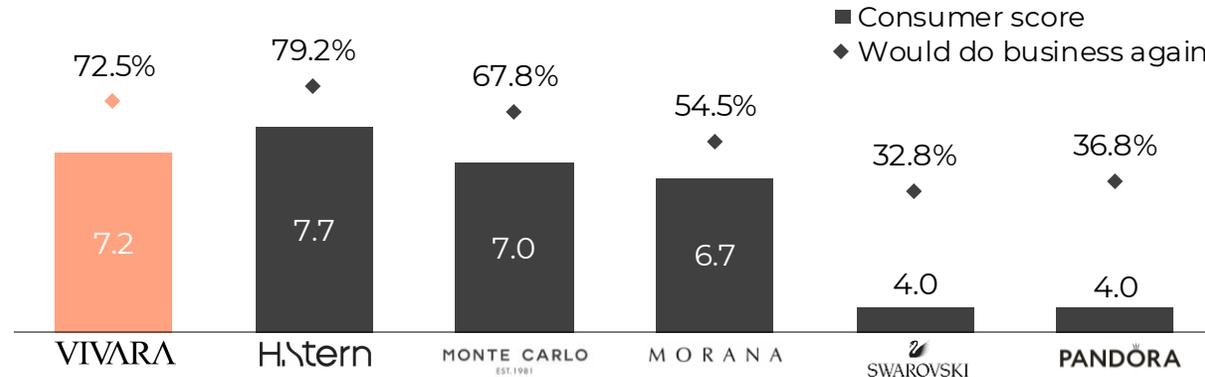
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...and we have done a web scraping to check it!

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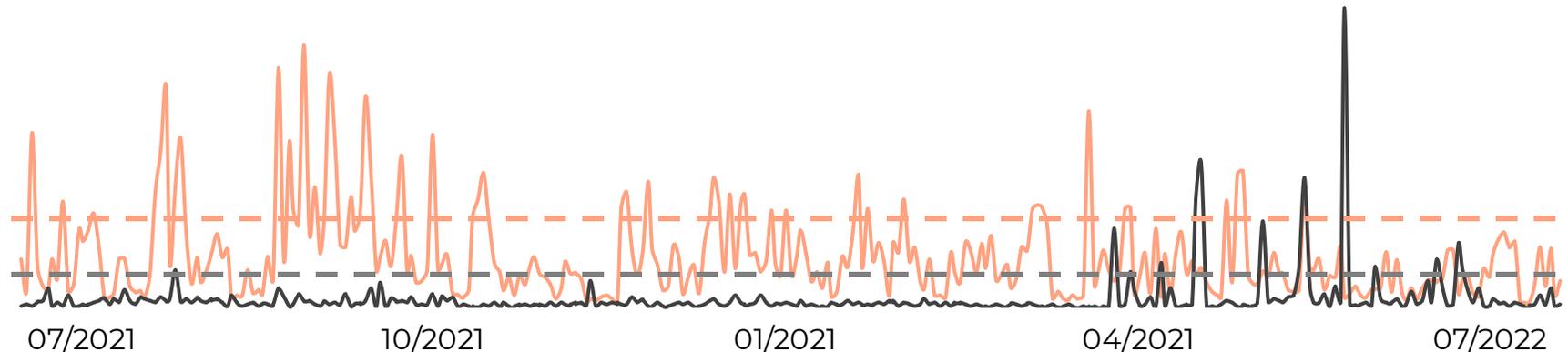
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~0.18% * 383k = 689 interactions/post



```

135 if neg > pos:
136     tw_list.loc[index, 'sentiment'] = "negative"
137 elif pos > neg:
138     tw_list.loc[index, 'sentiment'] = "positive"
139 else:
140     tw_list.loc[index, 'sentiment'] = "neutral"
141 tw_list.loc[index, 'neg'] = neg
142 tw_list.loc[index, 'neu'] = neu
143 tw_list.loc[index, 'pos'] = pos
144 tw_list.loc[index, 'compound'] = comp
145
146 tw_list.head(10)
147
148
149 # Creating new data frames for all sentiments (positive, negative, and neutral)
150
151 tw_list_negative = tw_list[tw_list['sentiment'] == "negative"]
152 tw_list_positive = tw_list[tw_list['sentiment'] == "positive"]
153 tw_list_neutral = tw_list[tw_list['sentiment'] == "neutral"]
154
155
156 def count_values_in_column(data, feature):
157     total = data.loc[:, feature].value_counts(dropna = False)
158
159     percentage = round(data.loc[:, feature].value_counts(dropna = False, normalize = True)*100, 2)
160     return pd.concat([total, percentage], axis = 1, keys = ['total', 'percentage'])
161
162 # Count values for sentiment
163
164 count_values_in_column(tw_list, "sentiment")
    
```



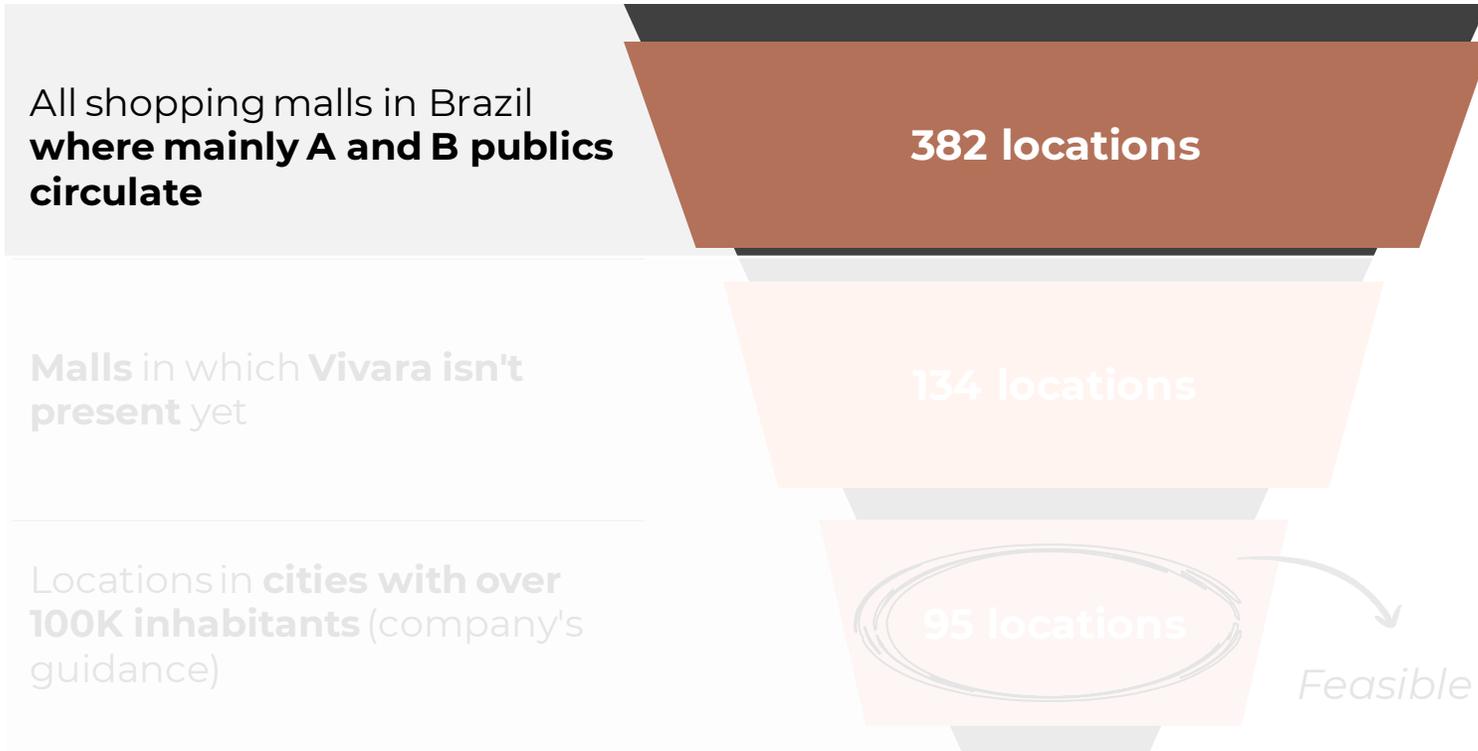
Brand recognition

Sources: Team 3, Reclame Aqui, SocialBlade, SimilarWeb

Is there room left for Vivara to expand? We did a sanity check

We have done a **geospatial analysis** to check if the company's **expansion plan is feasible**, and found that Vivara can achieve a **52% penetration at malls by 2031**

How did we arrive at 95 possible locations for Vivara to open stores?



Untapped opportunities for Vivara

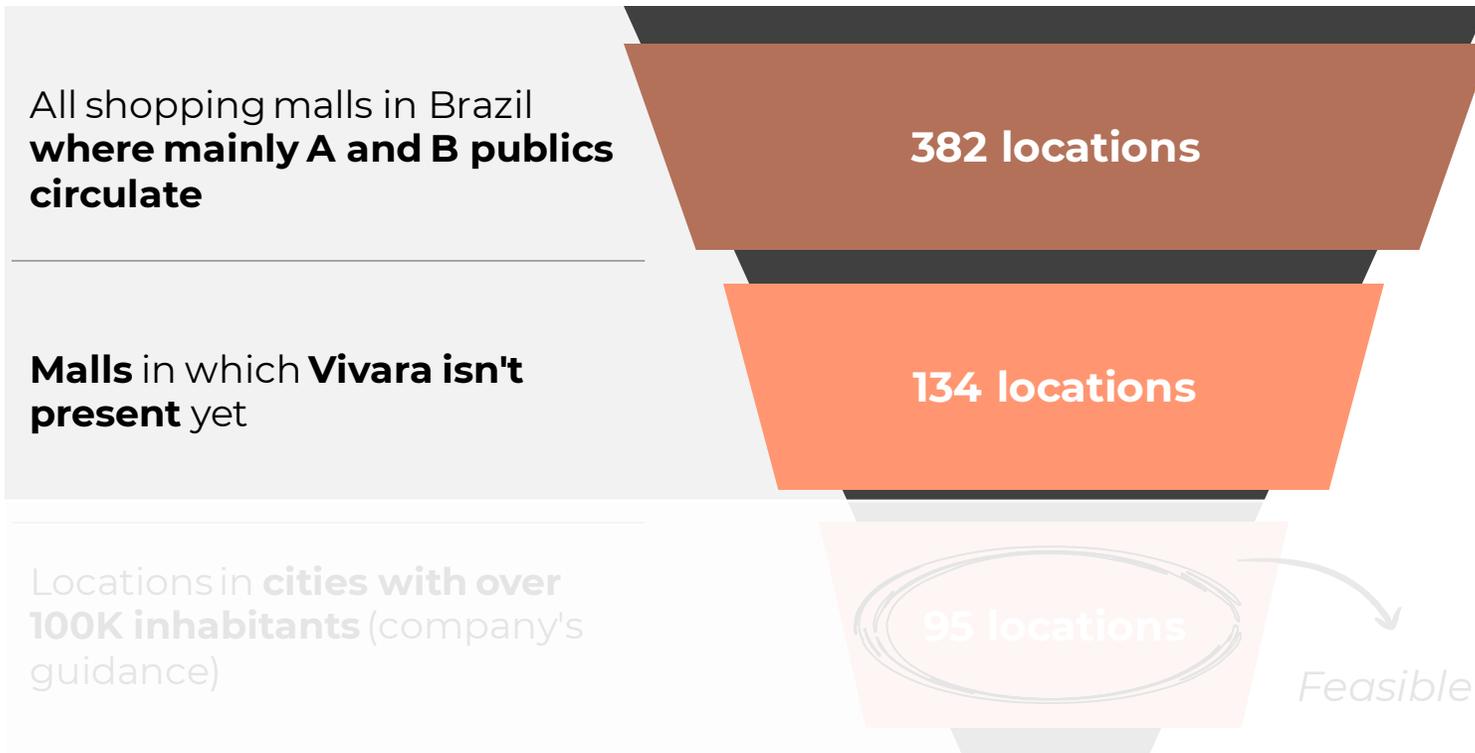


Feasible expansion plan!

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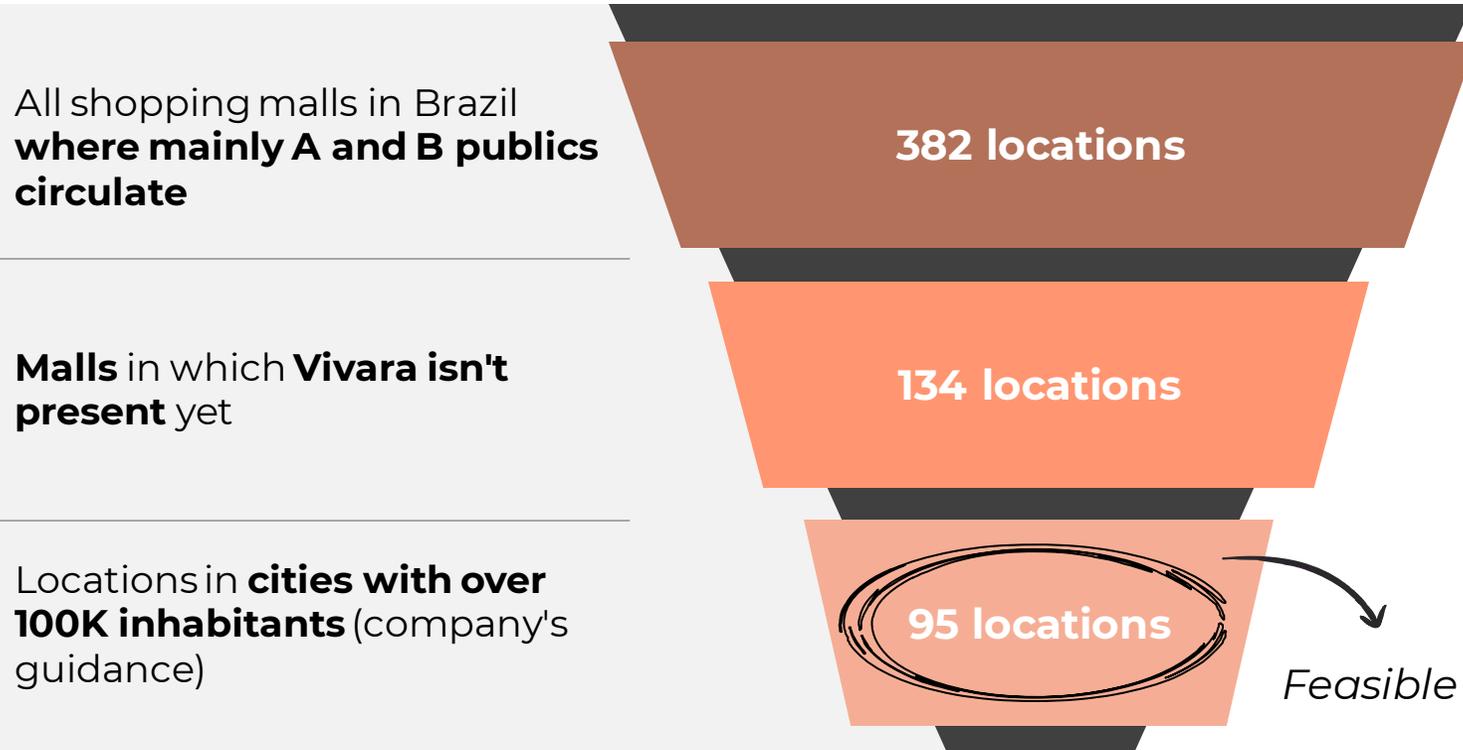


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Untapped opportunities for Vivara



Feasible expansion plan!

Investment Summary

01

Verticalized business model

Having a factory provides control of production and higher margins



02

Strong brand

Vivara presents high-quality products and huge brand recognition



03

Life's expansion

Catering to a greater market and offering higher profitability



The big gun: Life is Vivara's most promising bet

We view three main points through which **Life by Vivara can clearly aggregate value** for the company



Complementing Vivara's portfolio and expanding addressable market

Positioned as a **more accessible brand**, with lower prices, Life **complements** Vivara's portfolio in terms of price points



Key takeaways

- ✓ Vivara's portfolio is concentrated **above the R\$ 1k** threshold
- ✓ Life products usually hit a **maximum of R\$ 575**, very few surpassing R\$ 1k

```

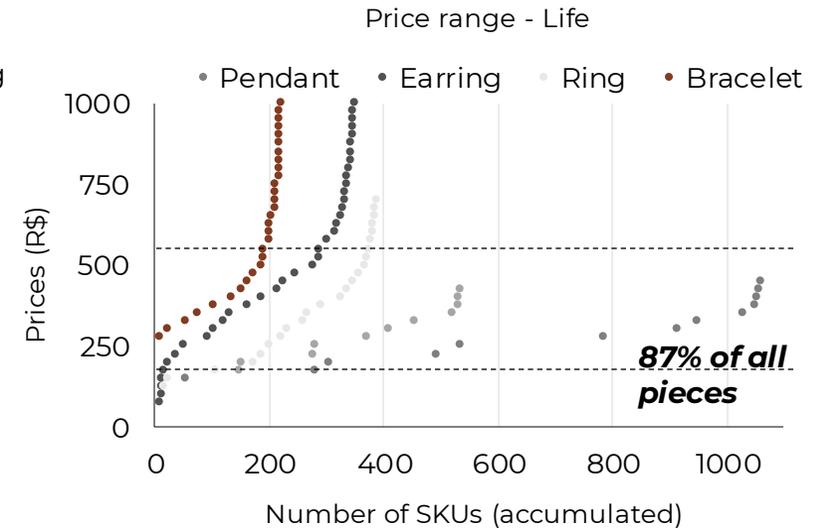
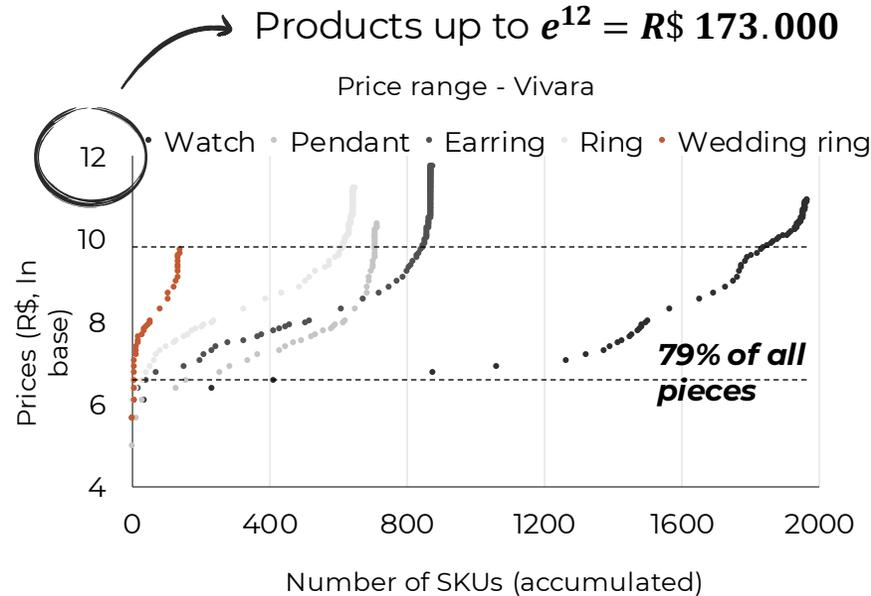
num_produtos = len(nome)
print(str(num_produtos) + " produtos na pagina " + str(pagina))

with open('vivarelogios3.csv','a') as file:
    for b in range(num_produtos):
        file.write(nome[b].text + ";" + precoantigo[b].text + ";" + "\n")

pagina = pagina + 1

try:
    element = driver.find_element("link text", "CARREGAR MAIS PRODUTOS").is_d
except NoSuchElementException:
    element = False

if element == False:
    
```



Life: the brightest jewel

Sources: Vivara's IR, Companies' websites , Team 3

Assortment is key in this business, and Life dominates in that area

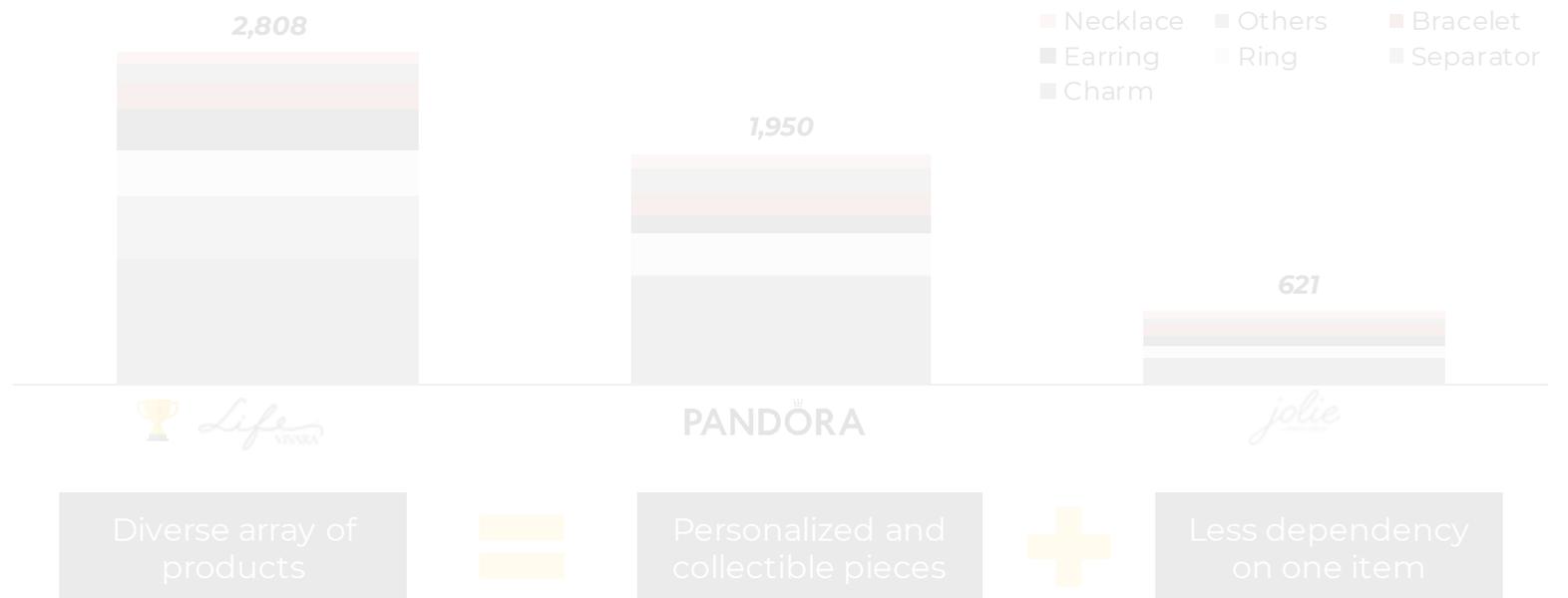
When compared to its main peers, Life is likely the **first choice** for consumers, due to its **branding and greater assortment of products**



Price comparison



Product assortment



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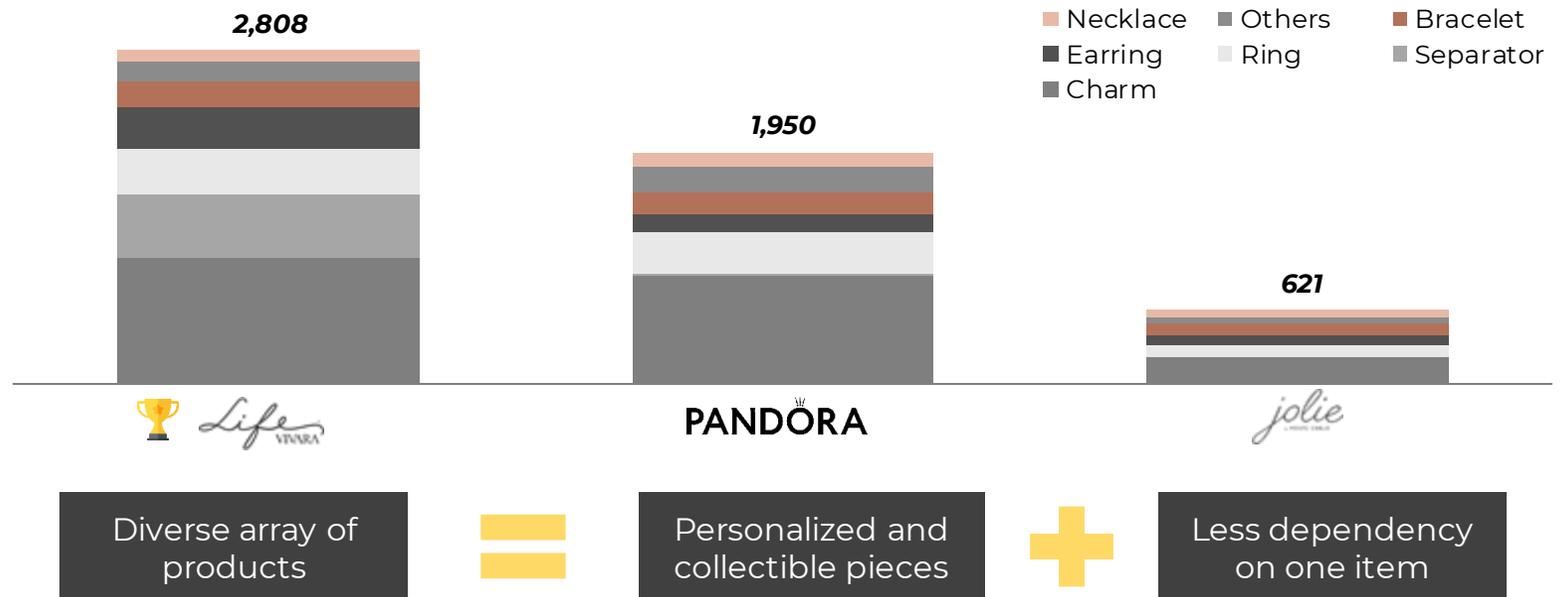
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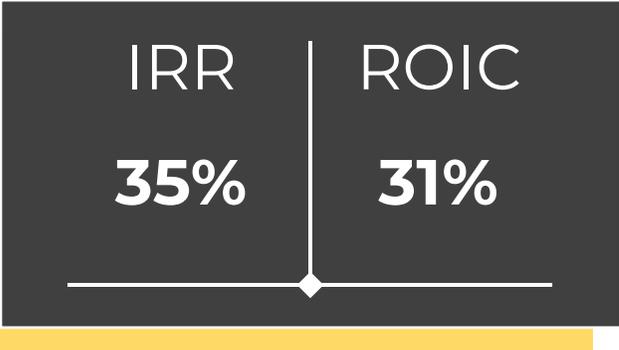


Life: the brightest jewel

Unit economics: the secret behind Vivara's success

Compared to new Vivara units, Life ones present **much better unit economics**, which will improve the company's performance as the expansion plan matures

Life stores' unit economics




Higher gross margins

80% vs. 65%



Less personnel

#7 vs. #9 /store



Better locations

Premium malls



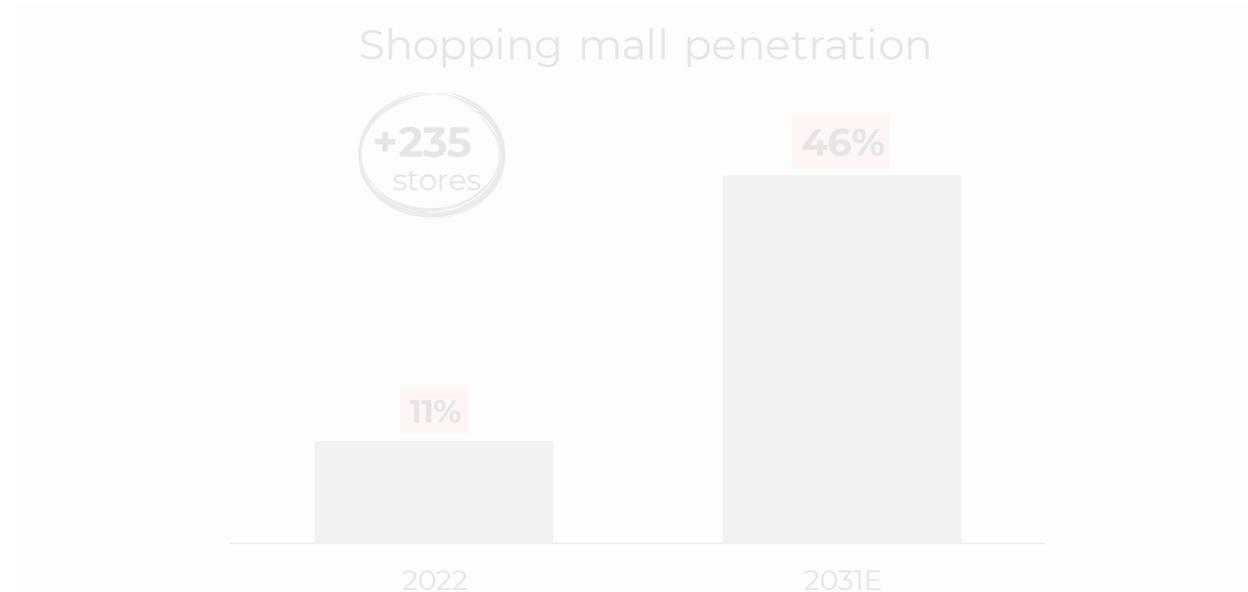
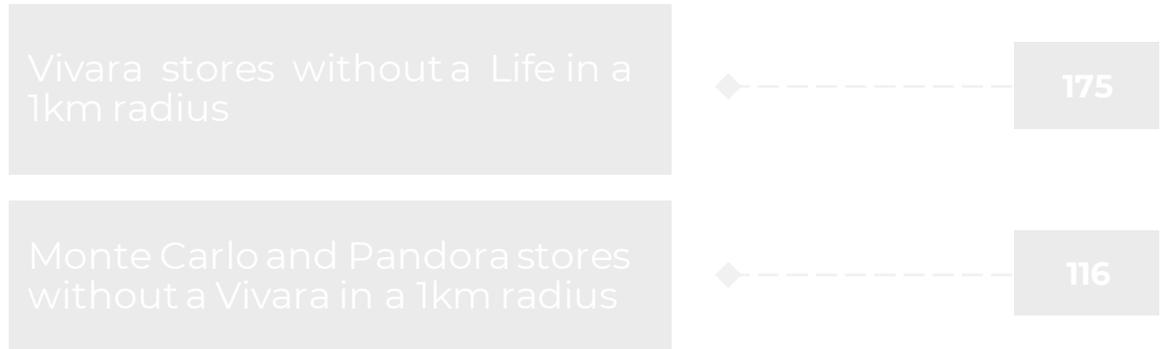
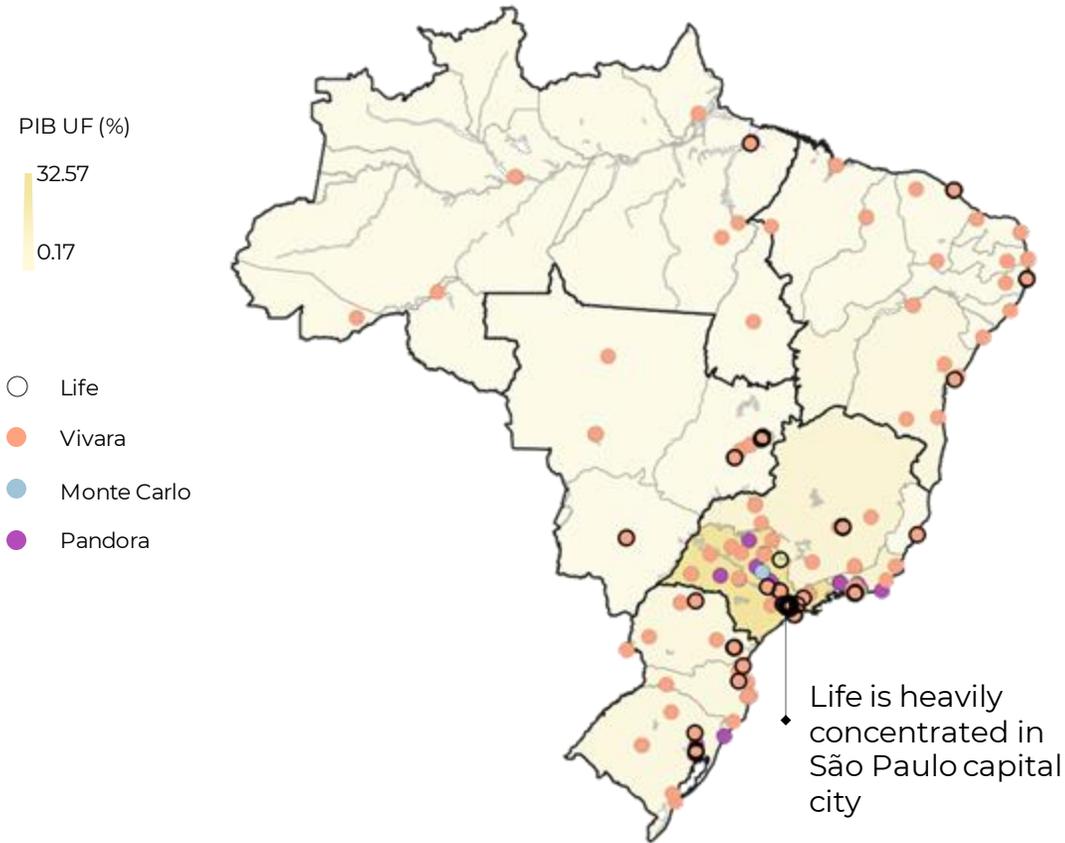
Reduced sales area

70 m2 vs. 90 m2

How will Life's expansion roll-out?

We did a **geospatial analysis** and concluded that there is a **huge space for Life's expansion**, considering all addressable locations

Distribution of Life, Monte Carlo and Pandora Stores

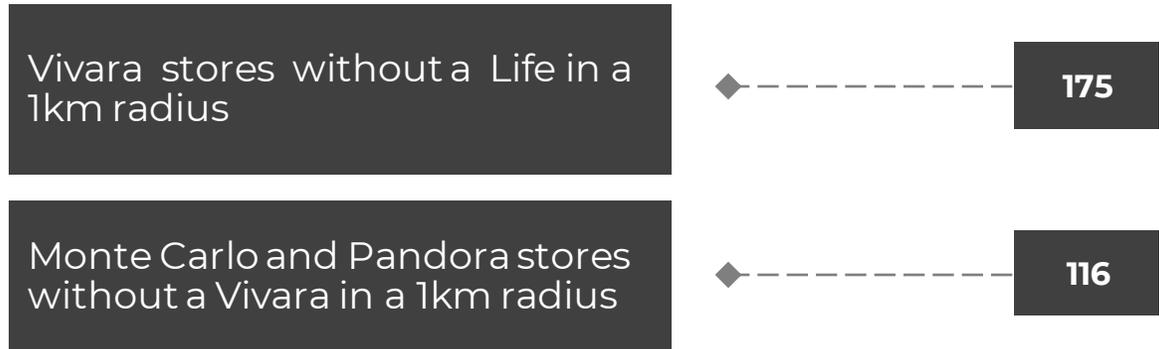
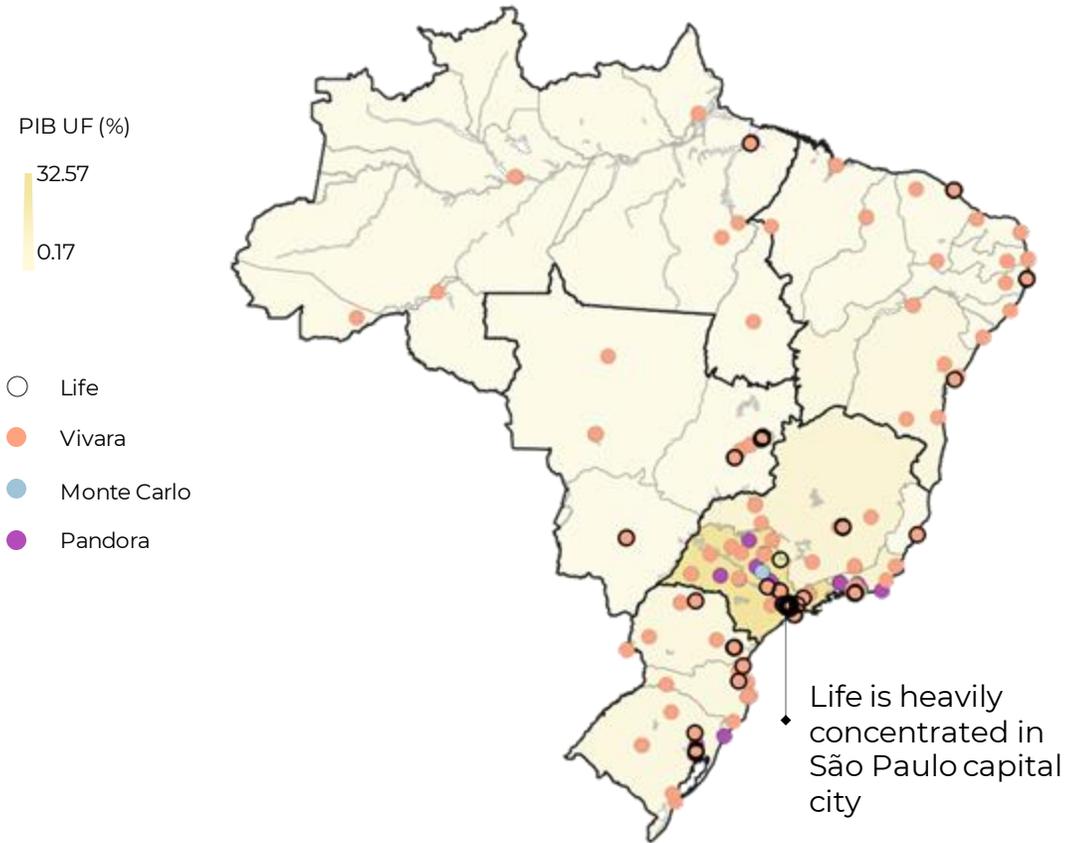


Life: the brightest jewel

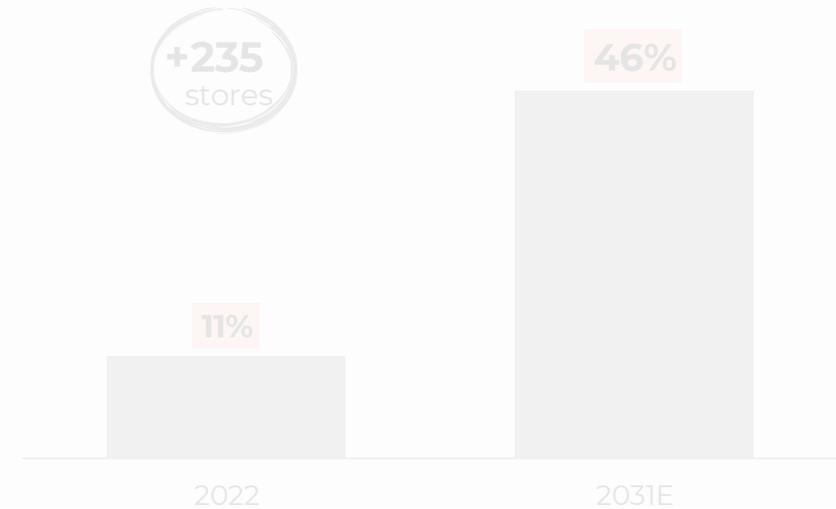
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Shopping mall penetration

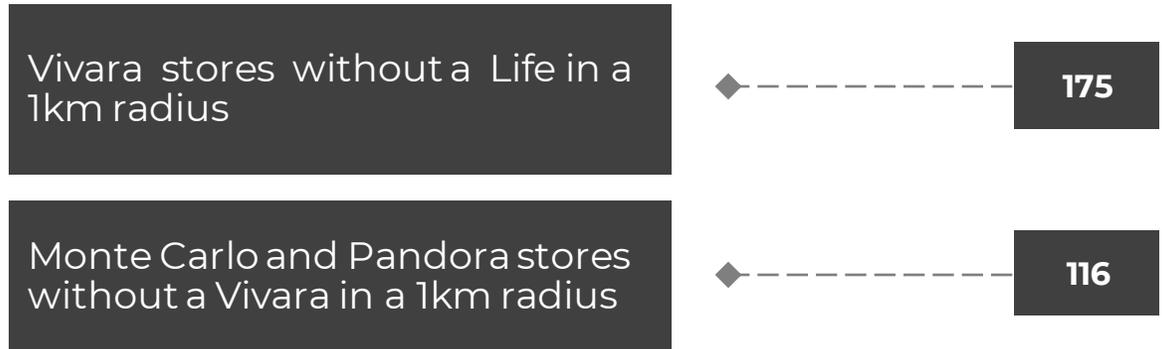
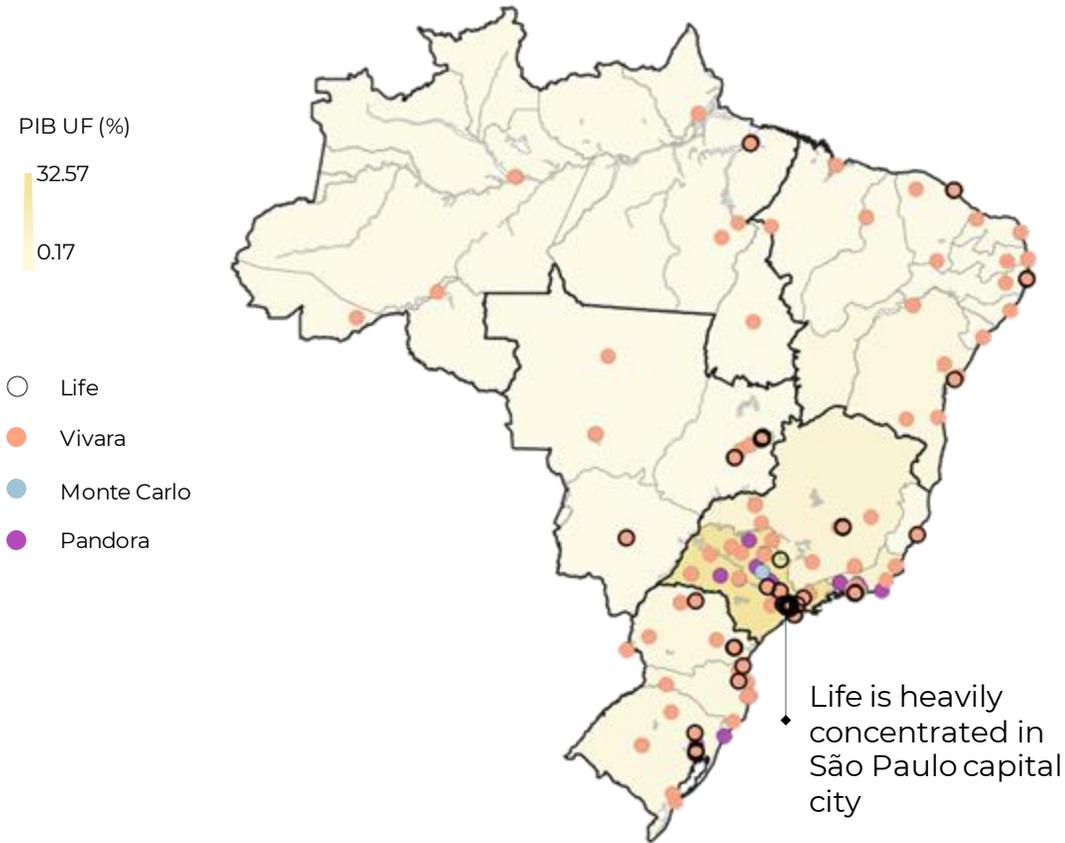


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Distribution of Life, Monte Carlo and Pandora Stores



Life: the brightest jewel

**ESG: how is Vivara aligned
with this agenda?**



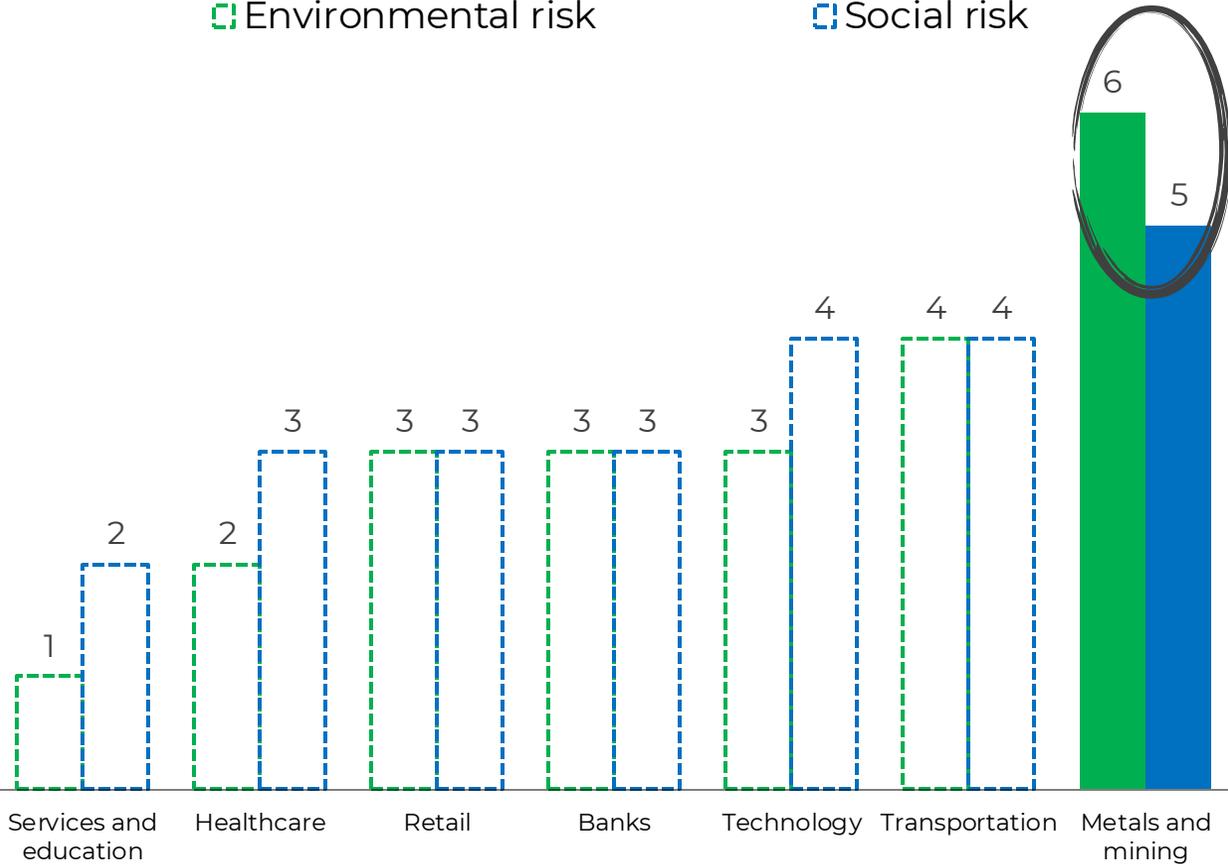
Environmental: its all about supplier auditing

Although retail presents low ESG risk, **metals and mining is ranked at highest risk...**

ESG Risk (from 1 to 6), measured by S&P

Environmental risk

Social risk



Which reinforces the importance for jewellers for supplier auditing



Environmental: its all about supplier auditing

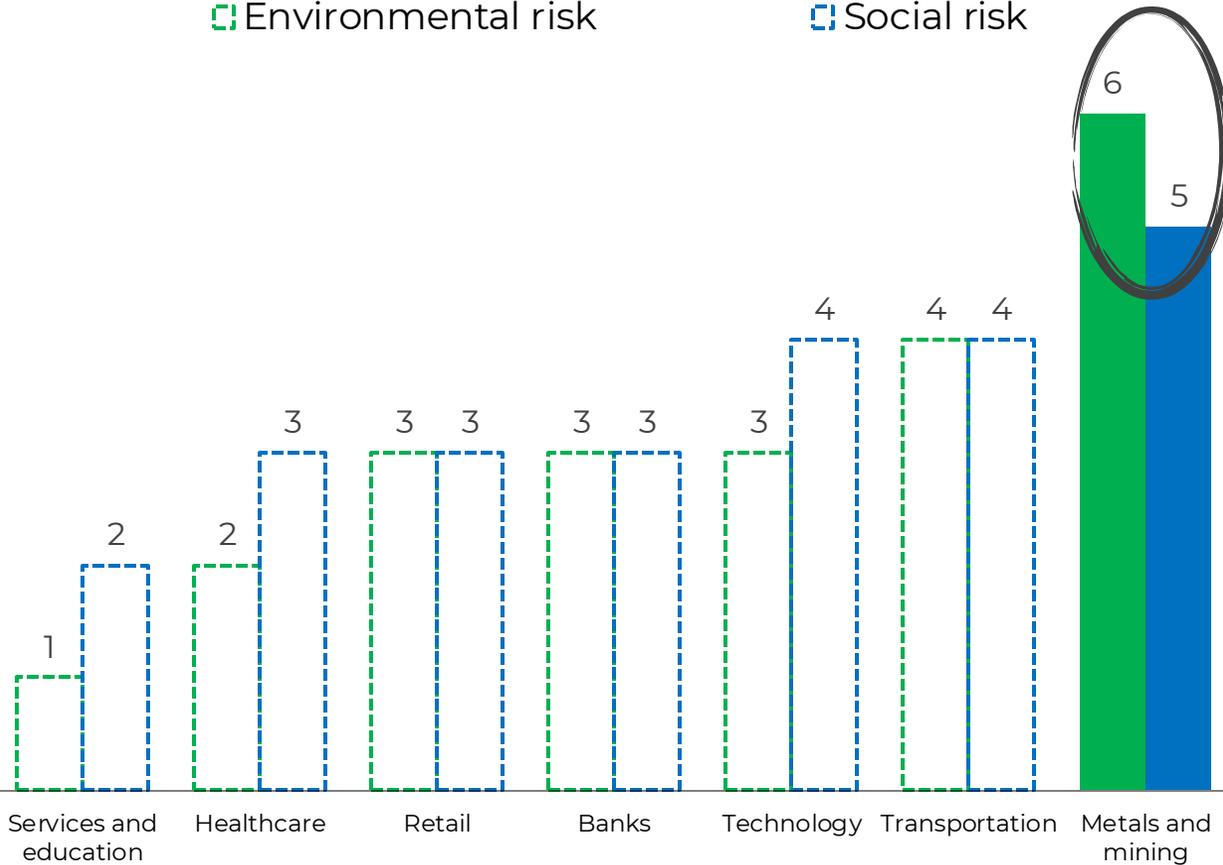
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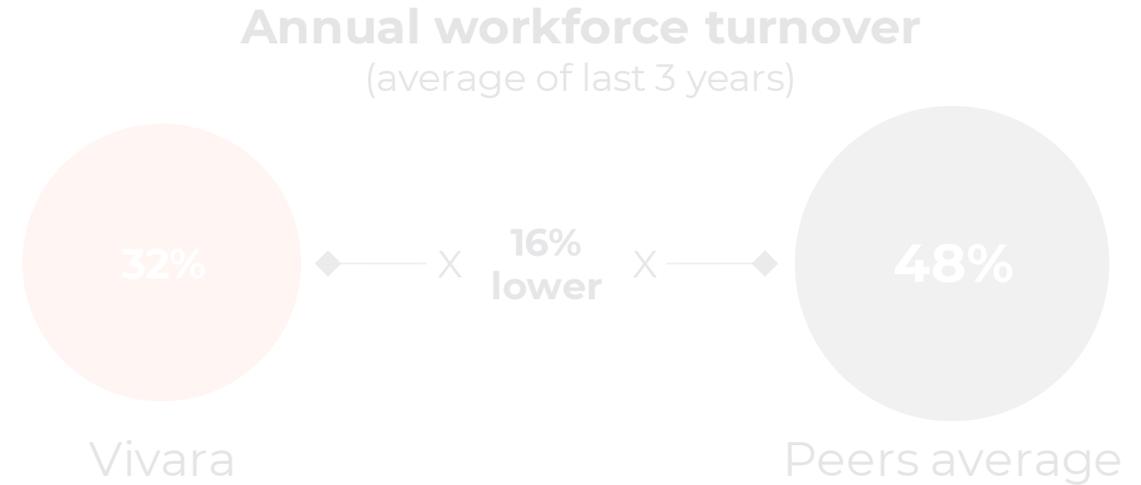
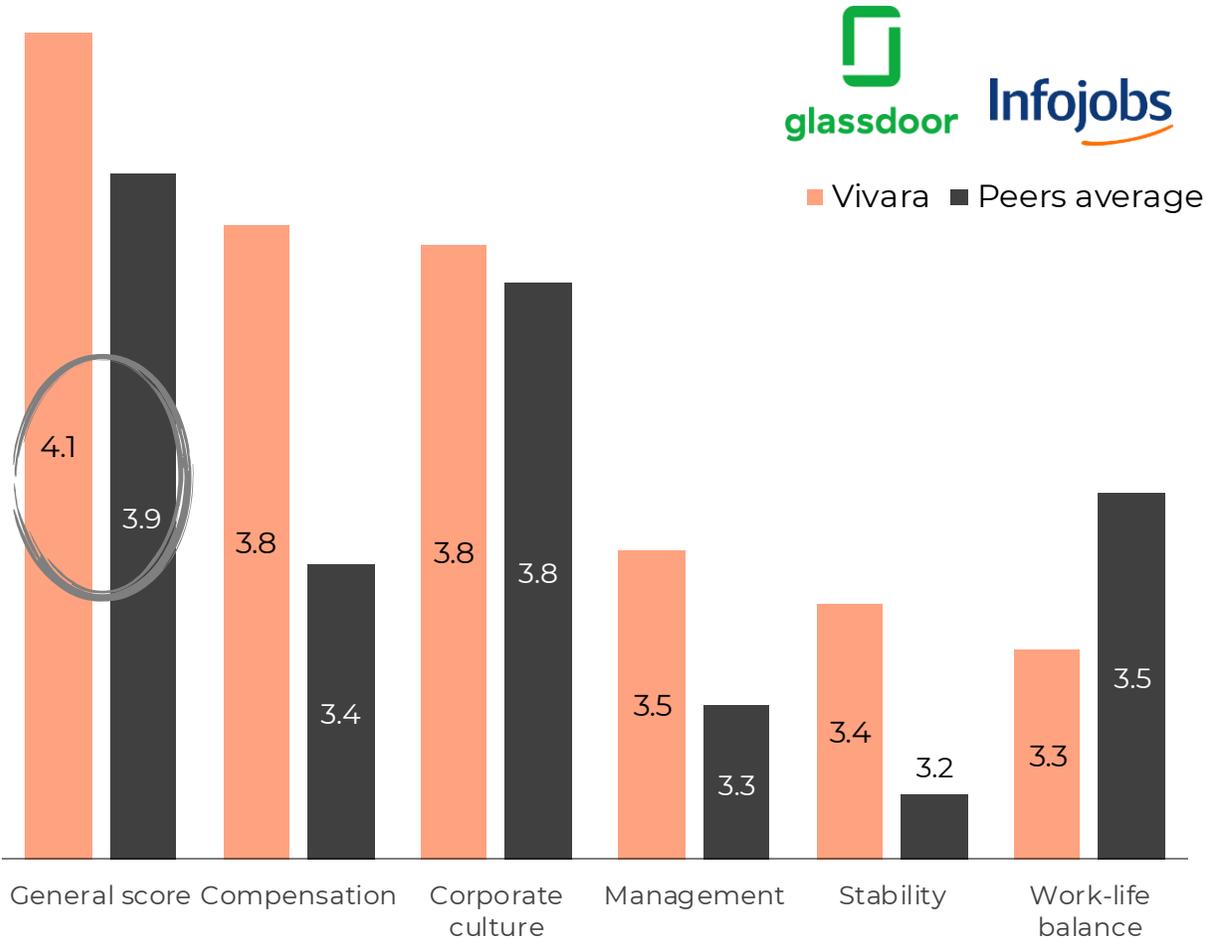


Social: a top-of-notch labor management

Worker's evaluations shows Vivara's **better-than-average labor management**...

... leading to lower turnover and certification by international consultancies

Compiled grades from Glasdoor, Indeed and InfoJobs regarding labor aspects



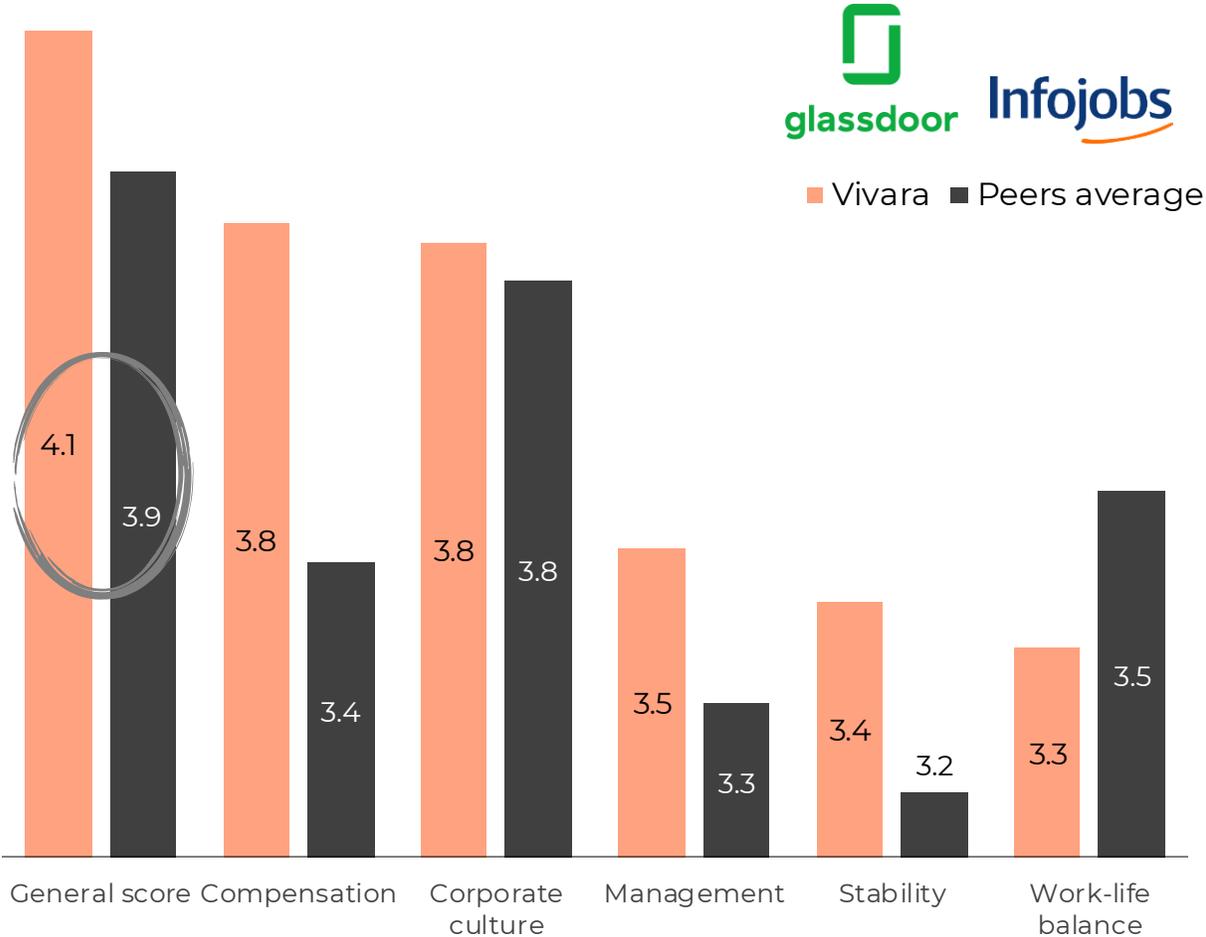
In 2022, Vivara was certified by Great Place to Work®



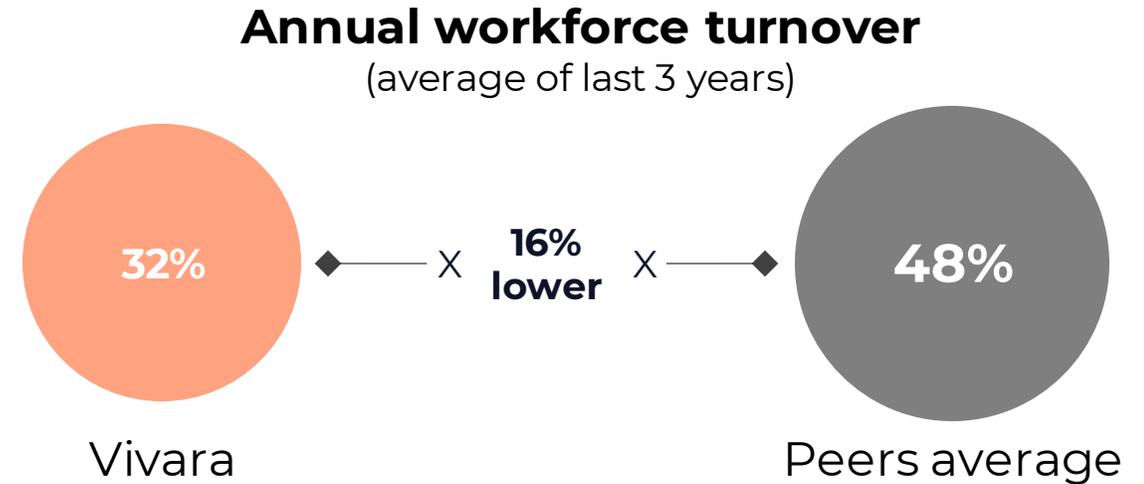
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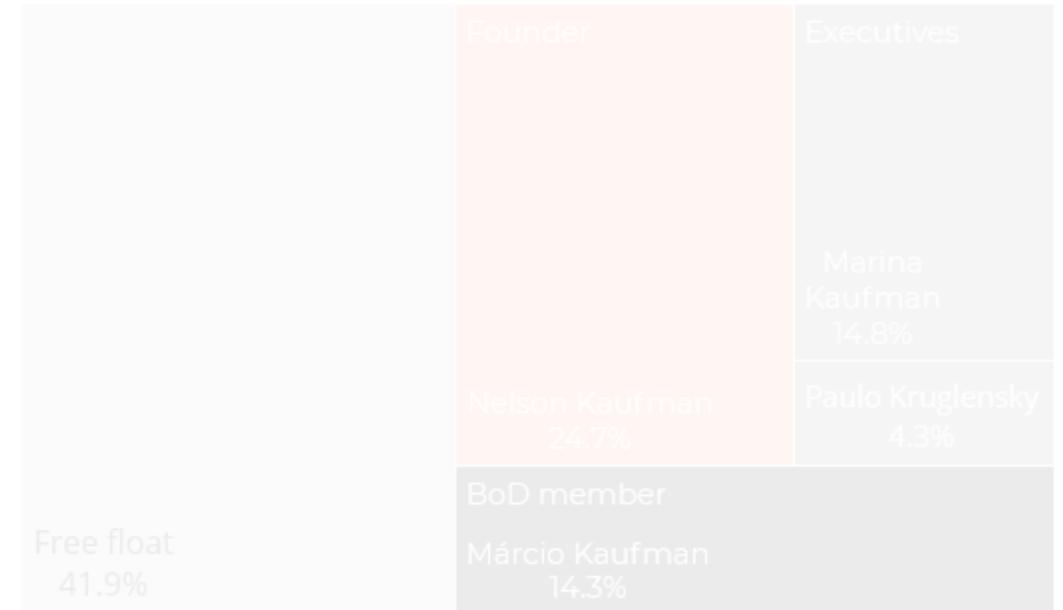
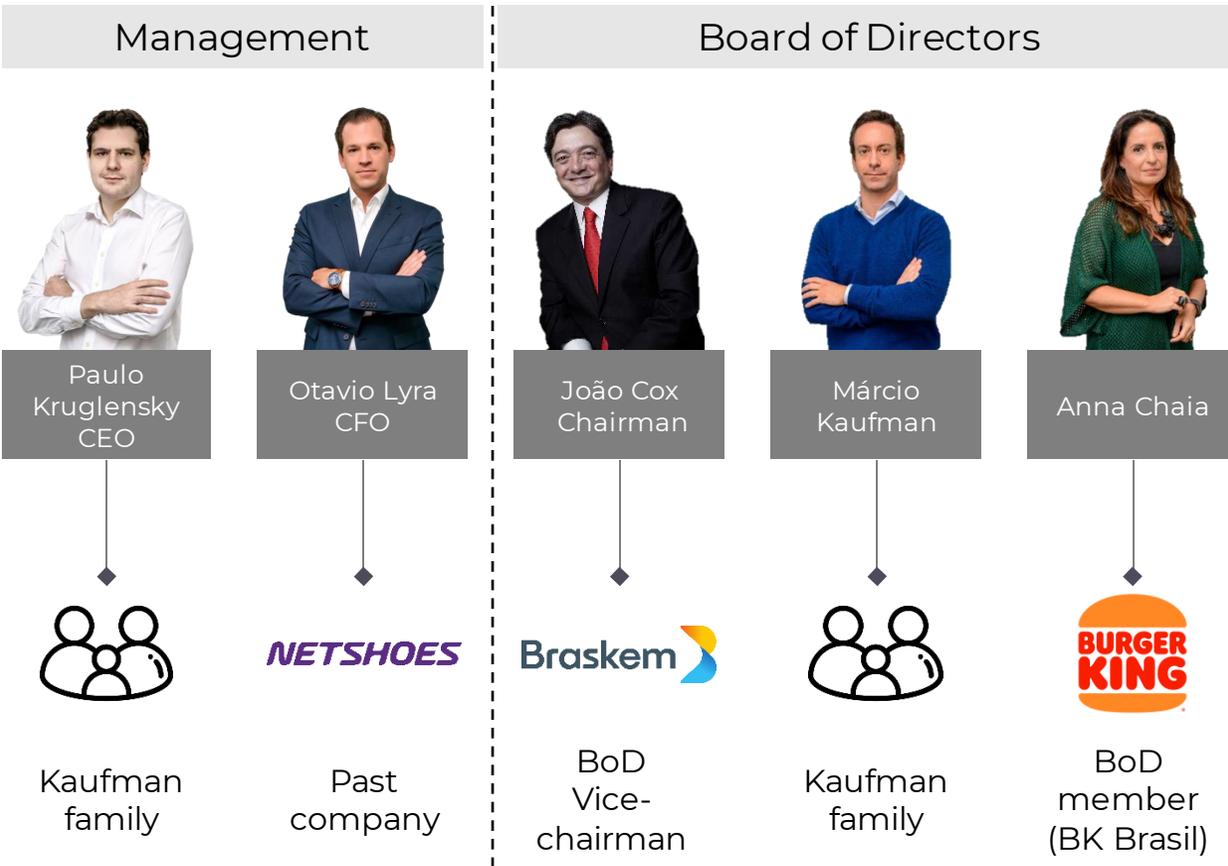
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Governance: Kaufman family aligned and delivering results

Management unites the **family's business knowledge with market executives...**

... and the family is aligned in terms of shares held, owning 62% of the company

Shareholder structure

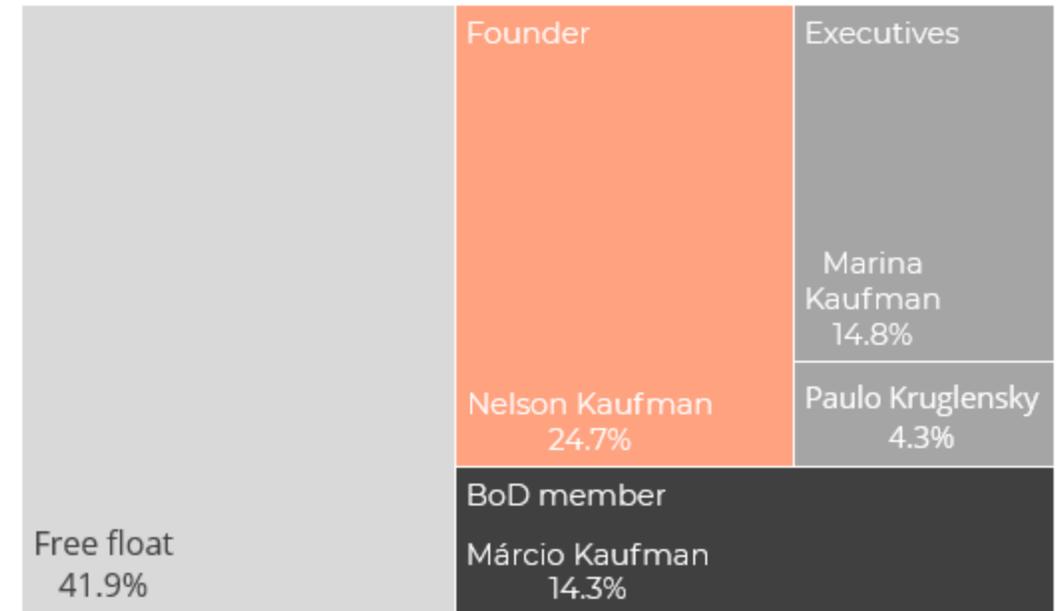
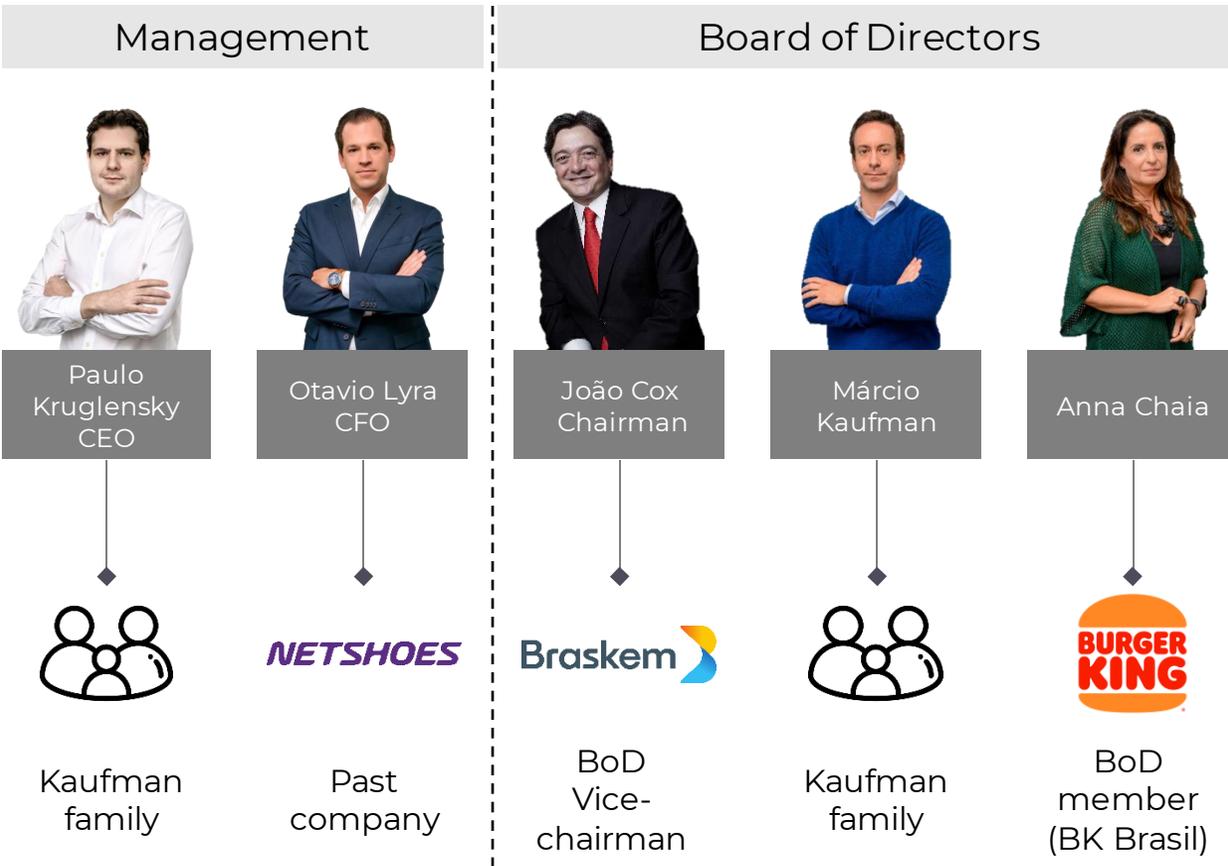


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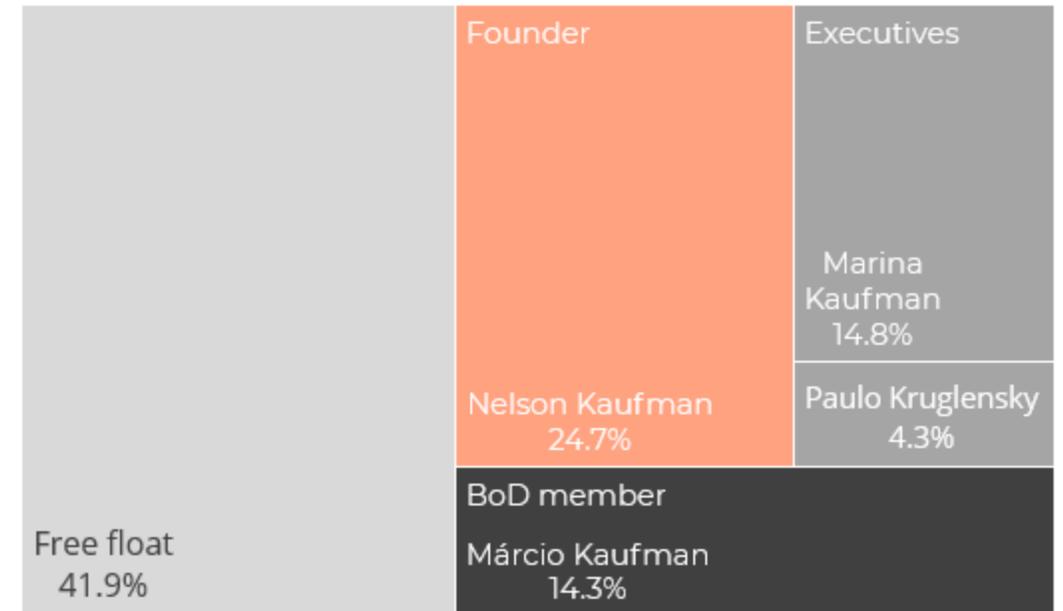
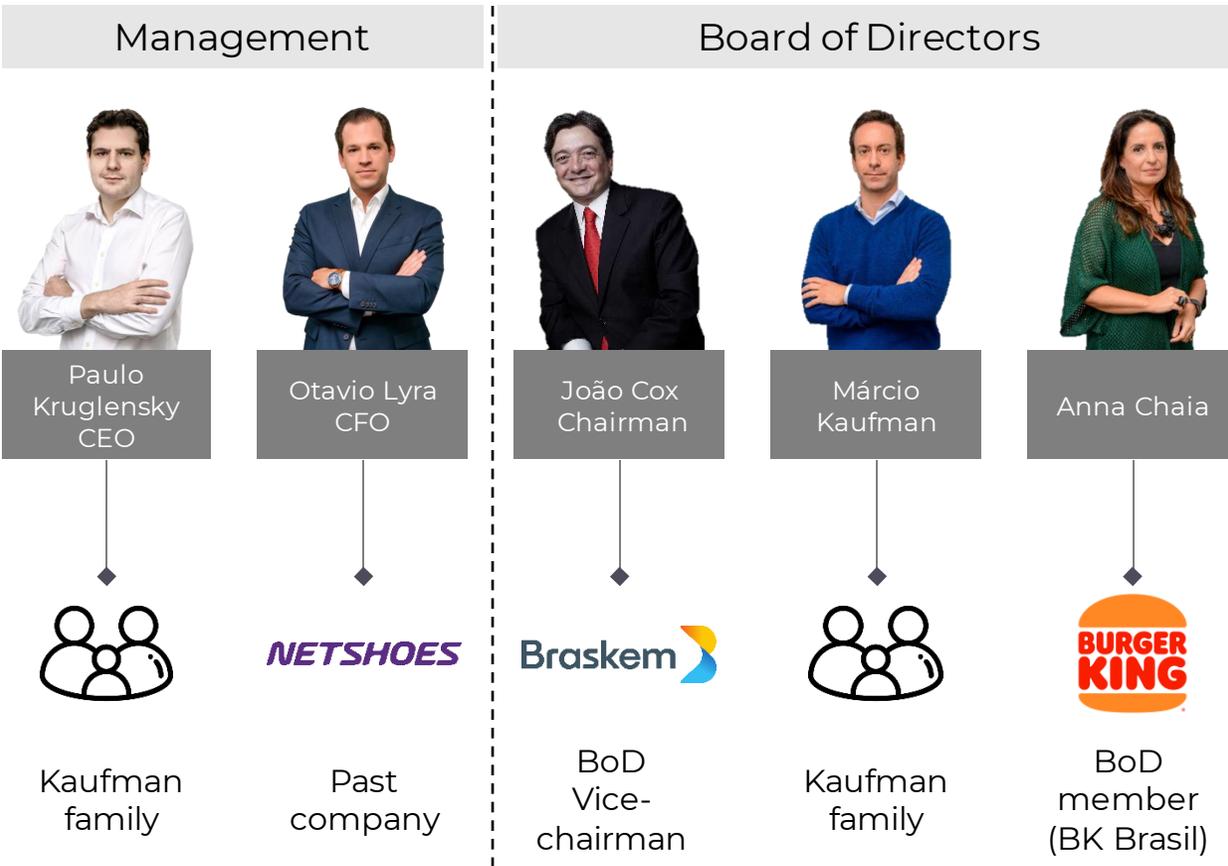
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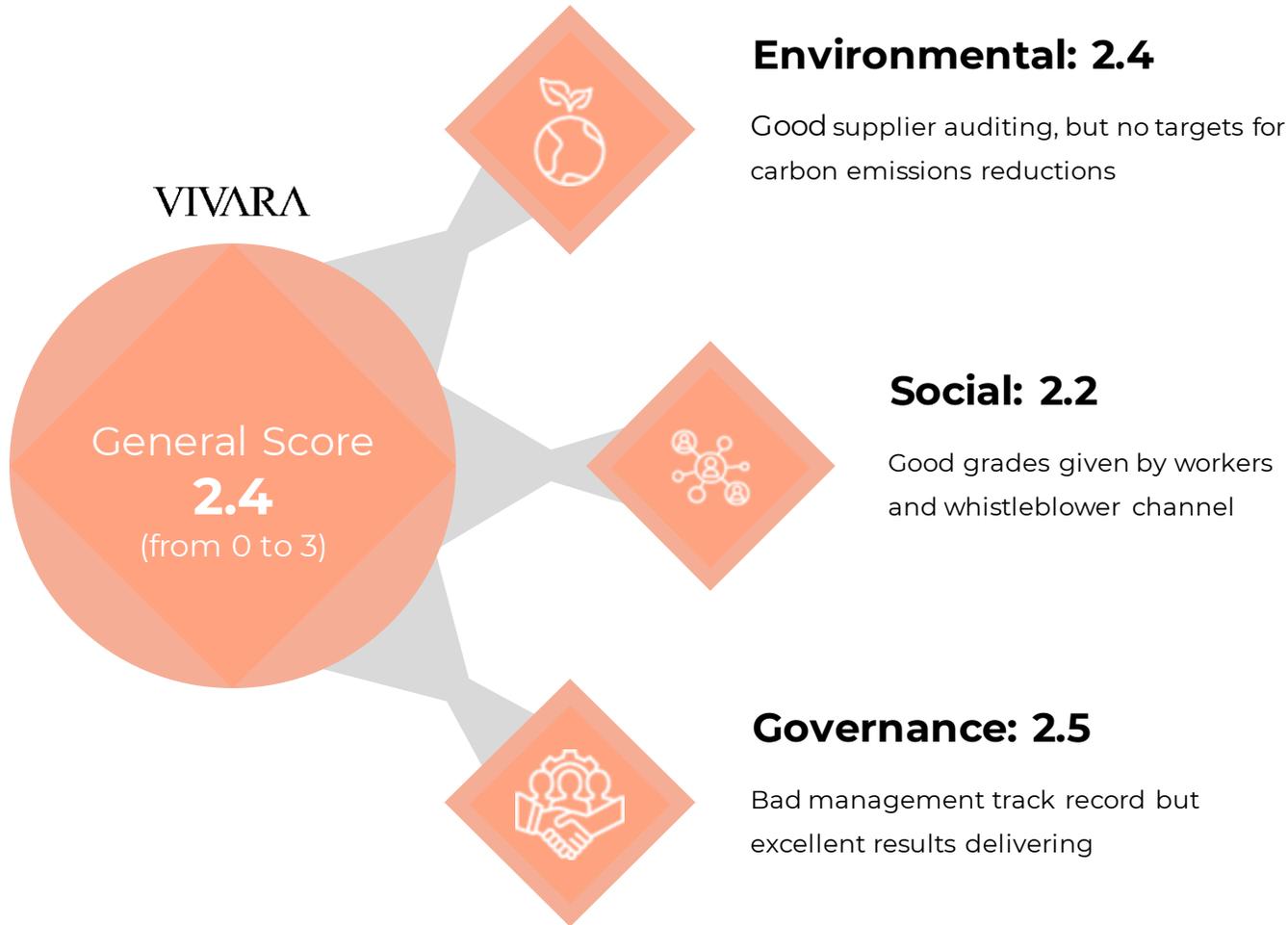
Shareholder structure



Amendment to the shareholders agreement **allowed 13.2% of family shares to be sold**

ESG Scoreboard: still a long way to go

Vivara is **ahead of national competitors**, but still lags behind international competitors and renowned Brazilian retailers



Company	ESG Score	E	S	G
RENNER	2.8	3.0	2.3	3.0
AREZZO	2.7	3.0	2.2	2.8
PANDORA	2.7	3.0	2.0	3.0
TIFFANY & CO.	2.6	3.0	2.1	2.8
<i>Cartier</i>	2.6	3.0	2.1	2.8
VIVARA	2.4	2.4	2.2	2.5
SWAROVSKI	2.3	3.0	1.4	2.4
H. Stern	1.3	1.1	2.2	0.6
MONTE CARLO	1.0	0.0	1.5	1.5

Financials & Valuation

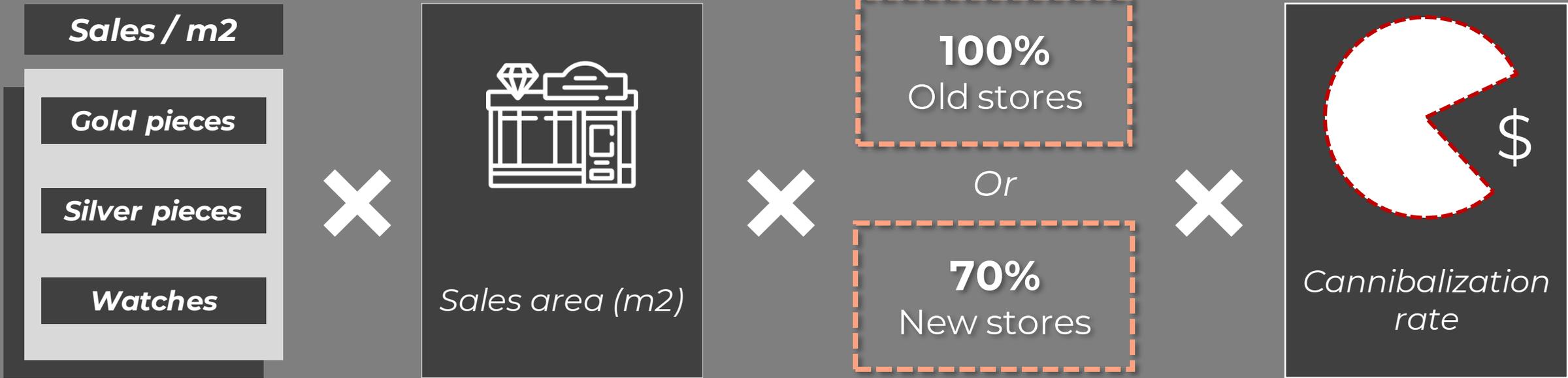


Revenue build-up: Vivara



Vivara stores are not the focus of the expansion plan

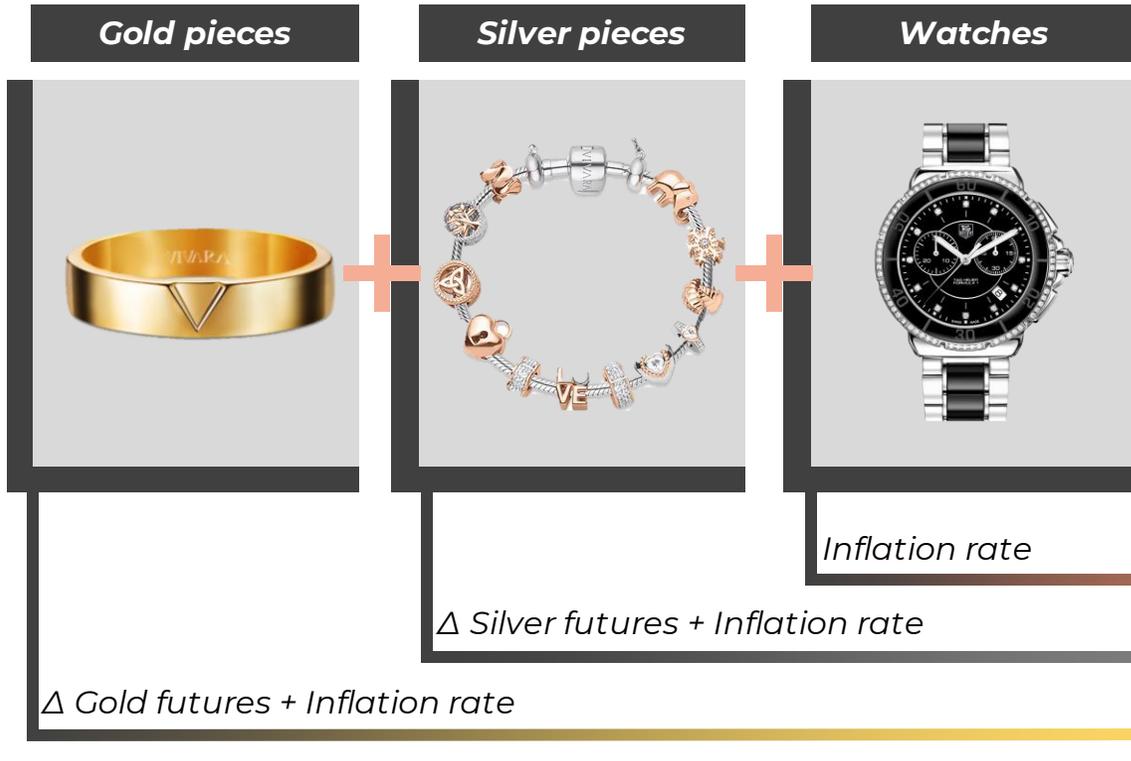
Store openings, # stores



Revenue build-up: Vivara

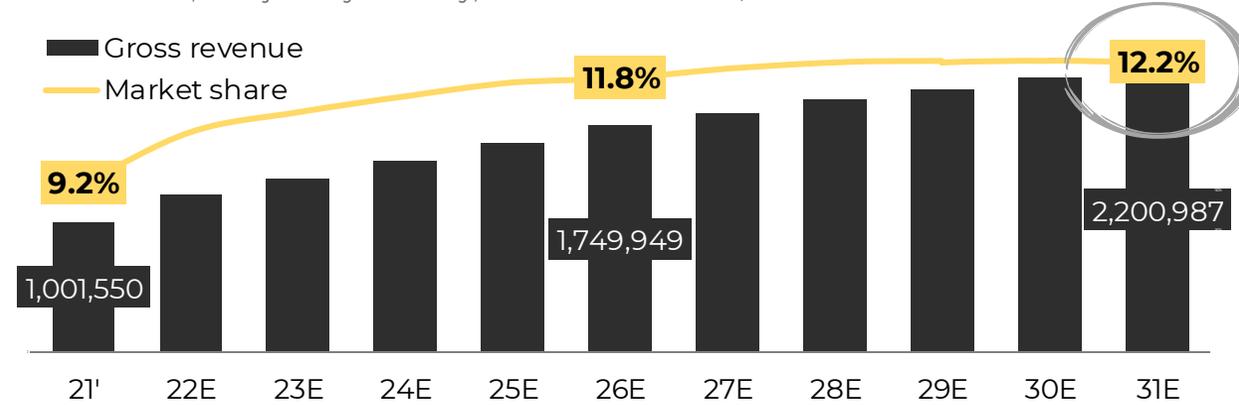


I. Sales per m² = **all products** in the mix



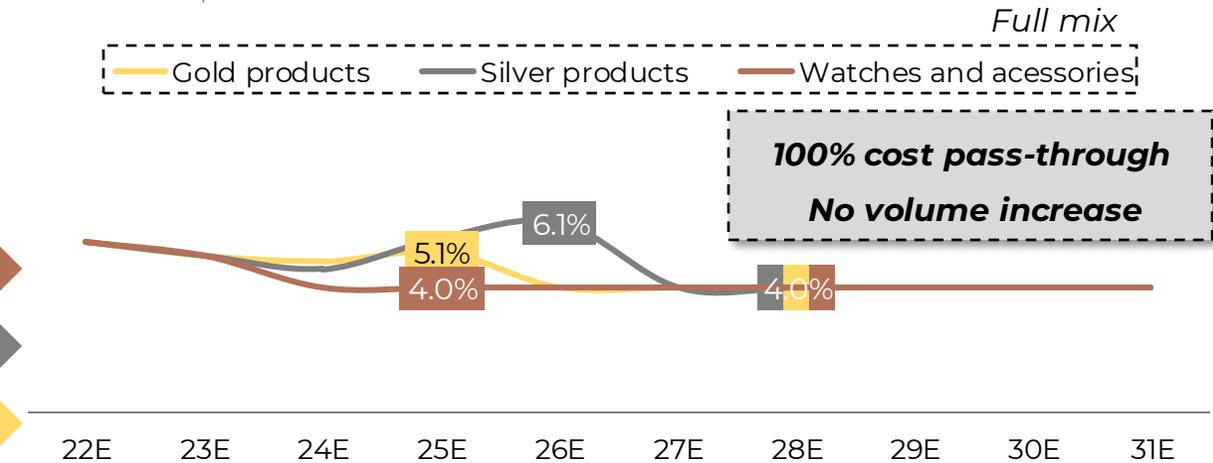
Vivara stores are not the focus of the expansion plan

Market share, % of jewelry industry; Gross revenue in R\$ thousand



Volume increases will come only from new stores

Price increase, % YoY variation



Revenue build-up: Vivara



I. Sales per m² = **all products** in the mix

II. Location of stores



Mature sales/m2

X 100%



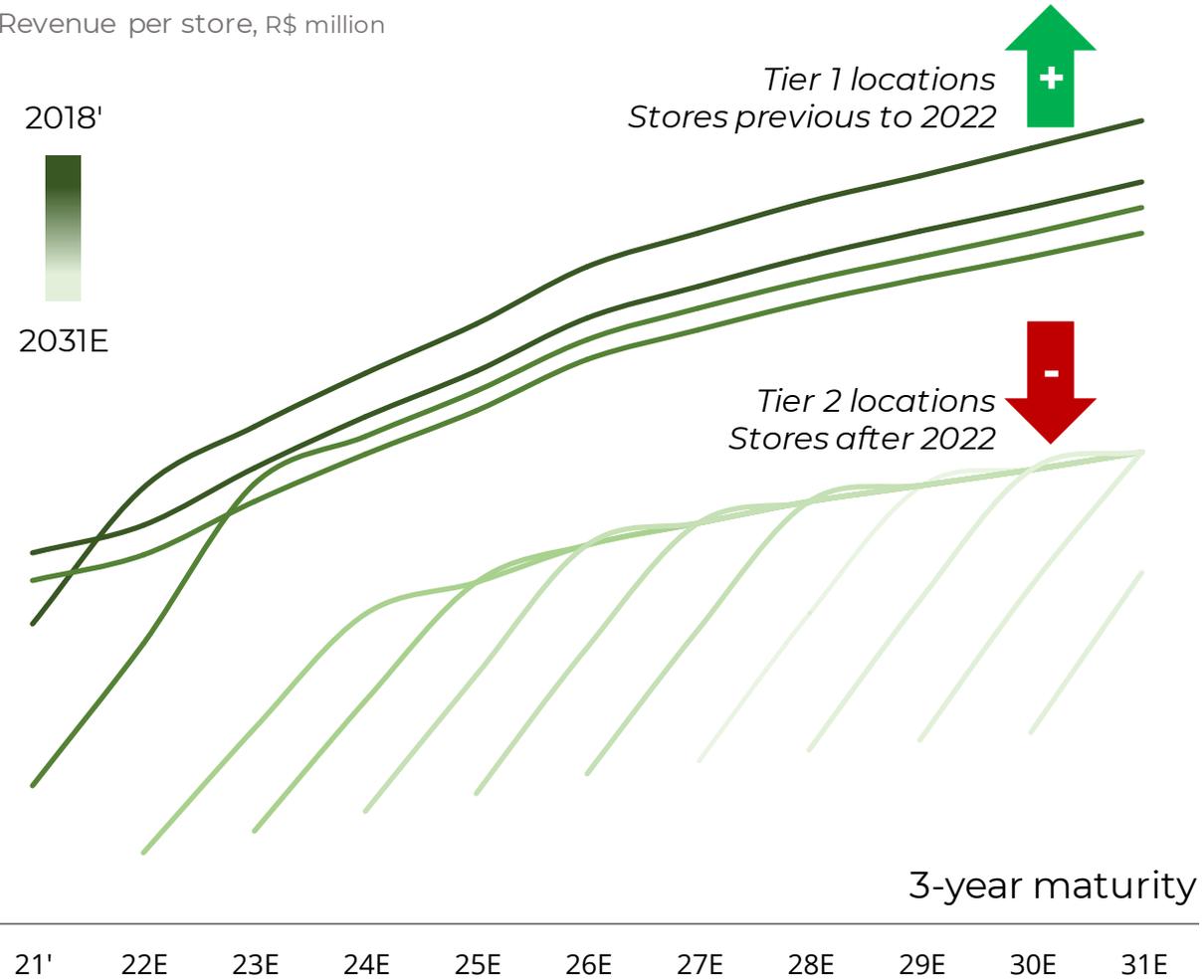
Mature sales/m2

X 75%

As of 2022

The **cohort analysis** reveals how sales per store will behave

Revenue per store, R\$ million

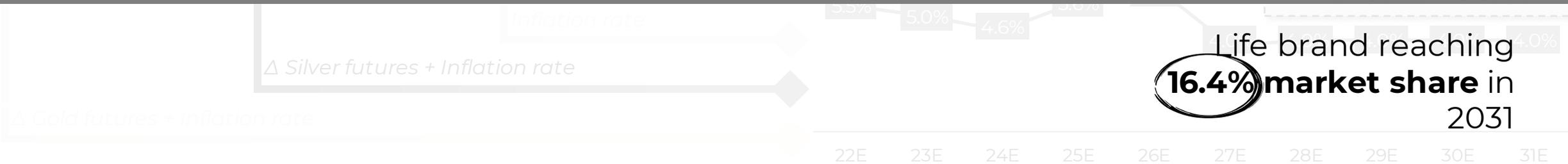
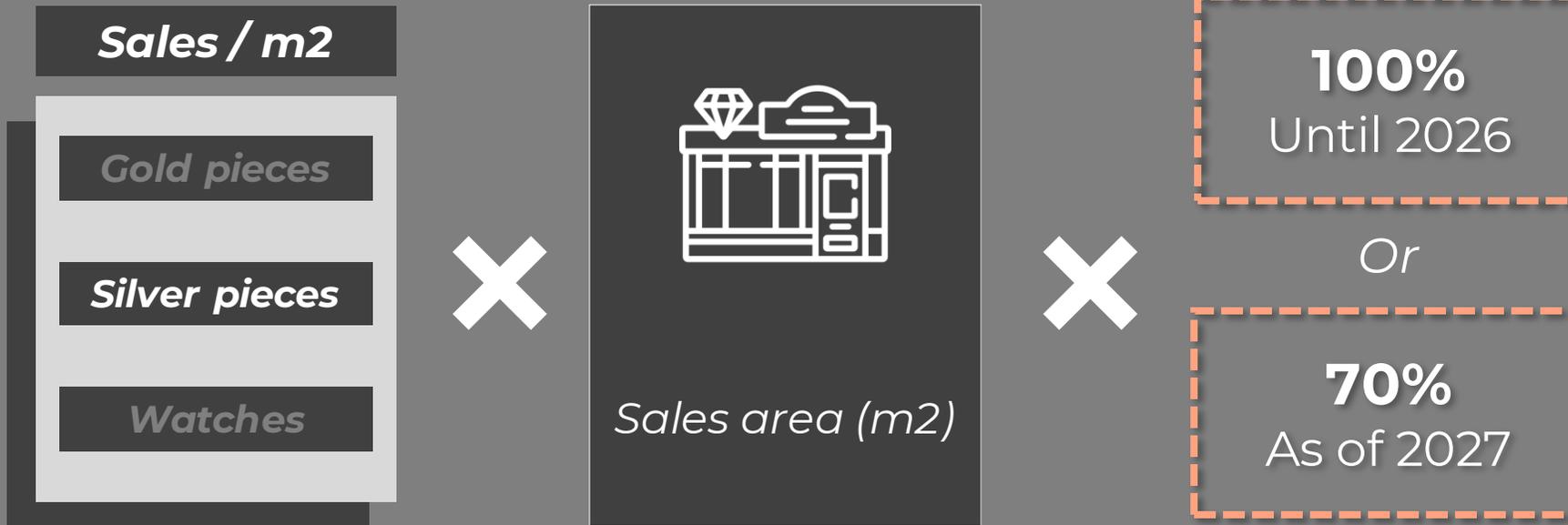


Revenue build-up: Life



The accelerated expansion plan will focus on Life stores

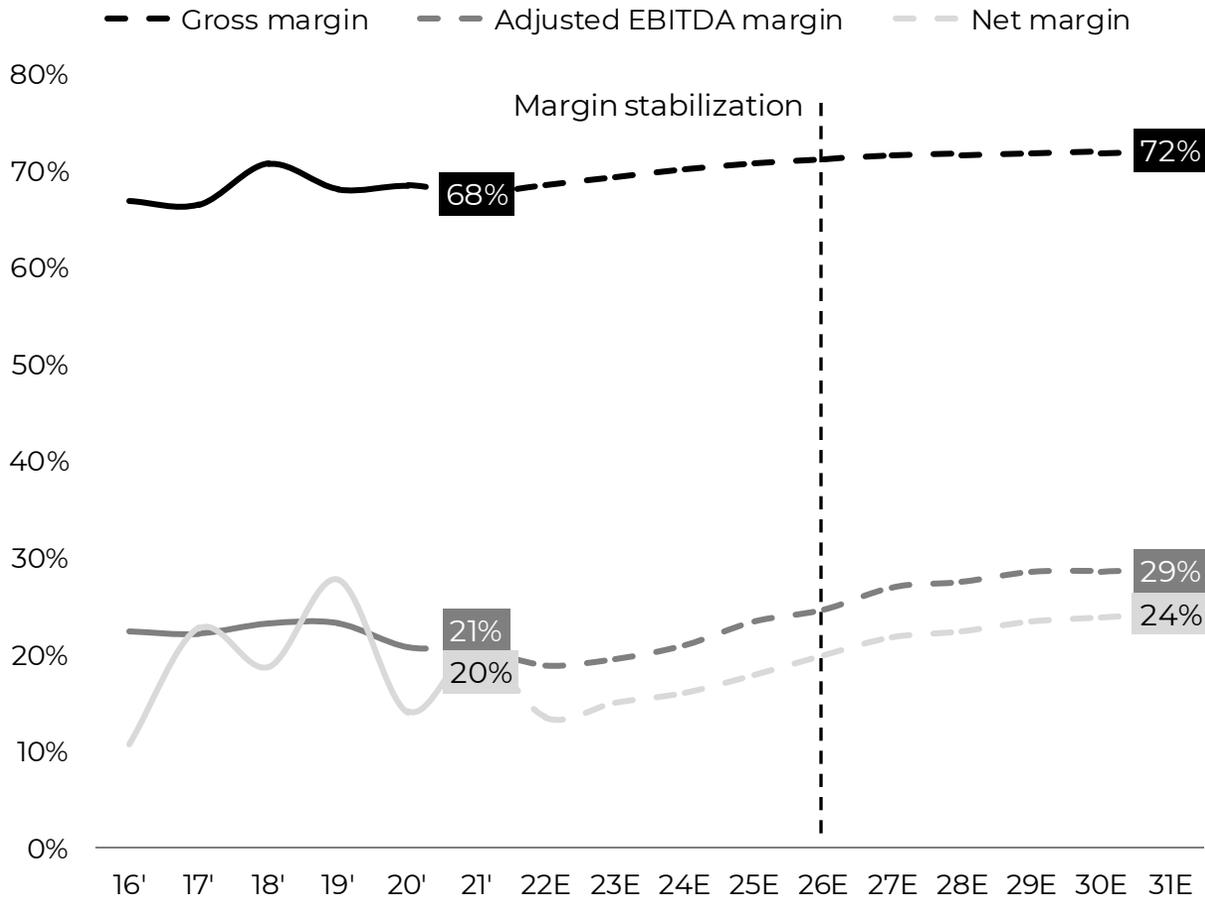
Store openings, # stores



Margin gains

We expect **considerable margin gains** during the forecast period

Vivara's margins



Reasons for margins improvement



Increase in the presence of Life (silver) in the mix



Openings of leaner units (less personnel and m²)



G&A expenses dilution

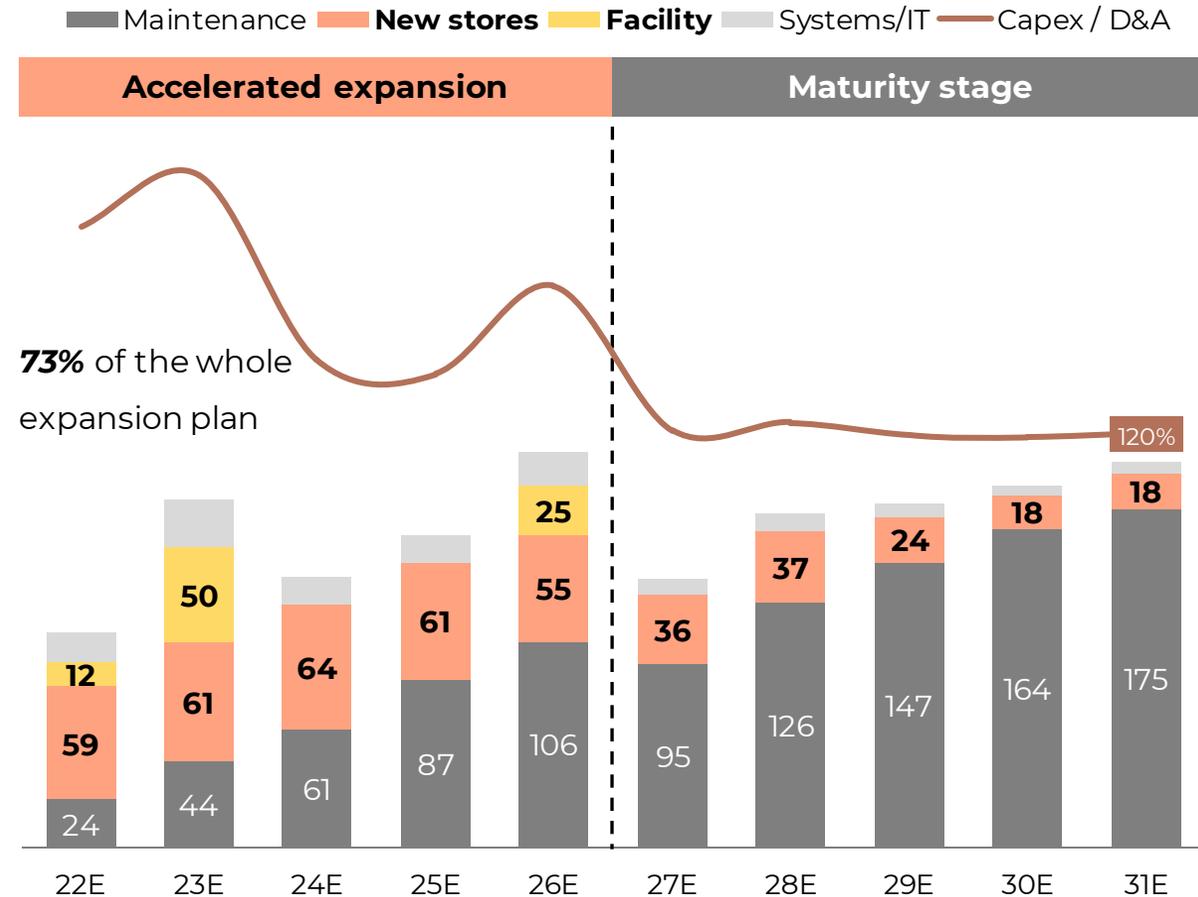


Production internalization

CapEx: the expansion phase will be the base for Vivara's future

Store openings and capacity expansion will represent most part of investments

CapEx breakdown, R\$ Mn



73% of the whole expansion plan

CapEx assumptions

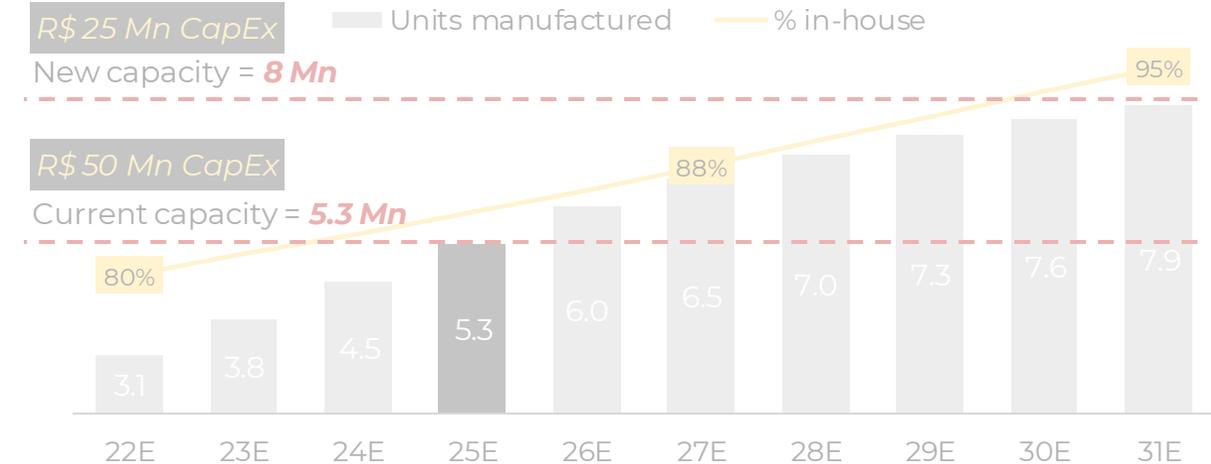
Management disclosure

R\$14k/m² for both layouts, adjusted by INCC

Equal to previous year depreciation + IPCA

Strong volume increase will soon require a larger factory

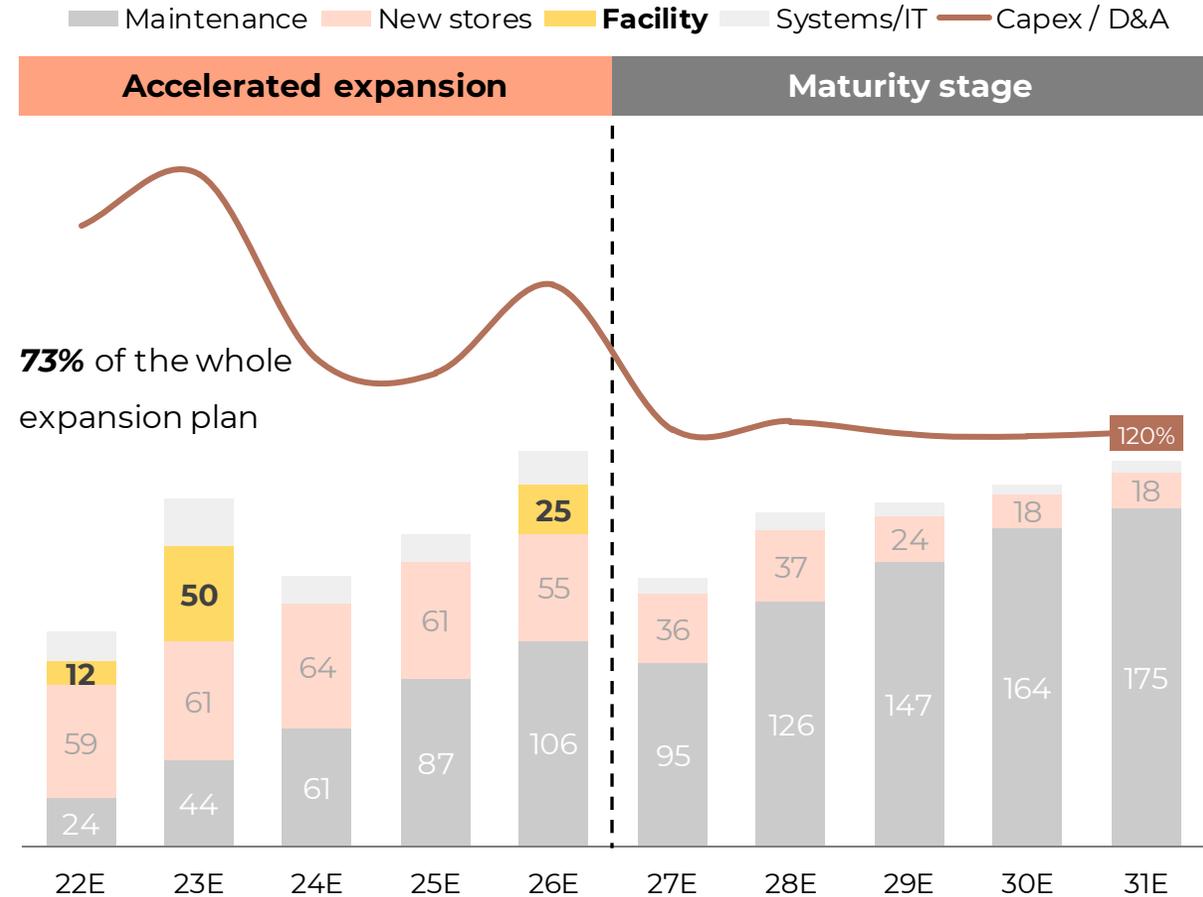
Procuts manufactured in-house, Mn units and % of total units sold



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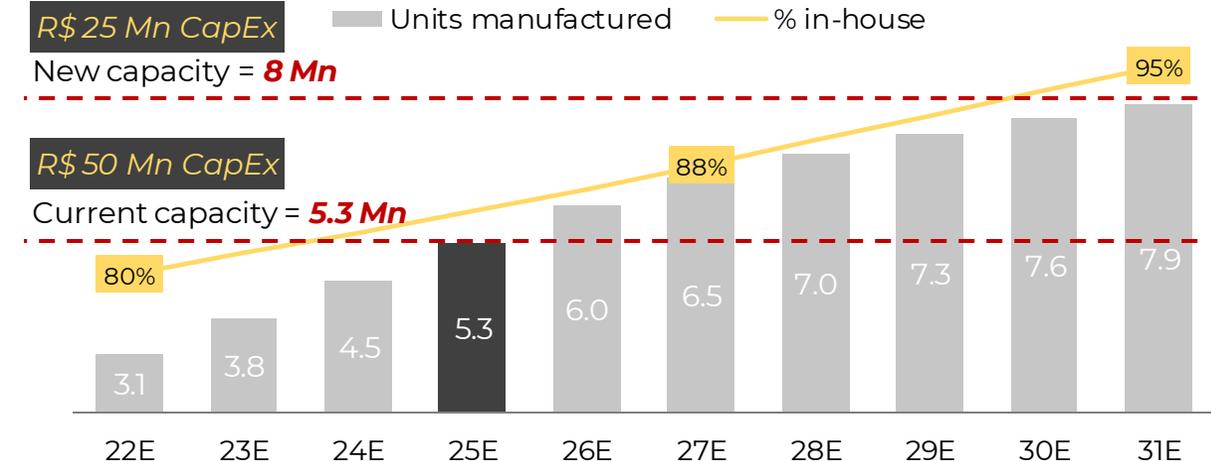
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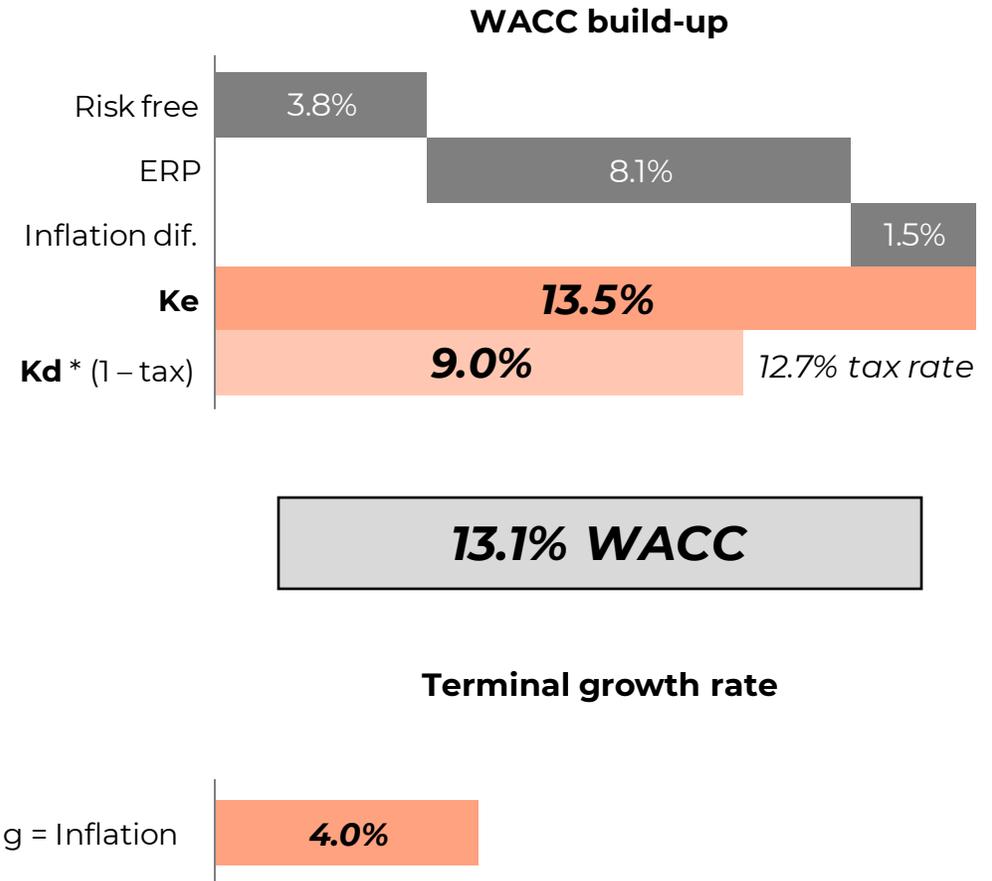
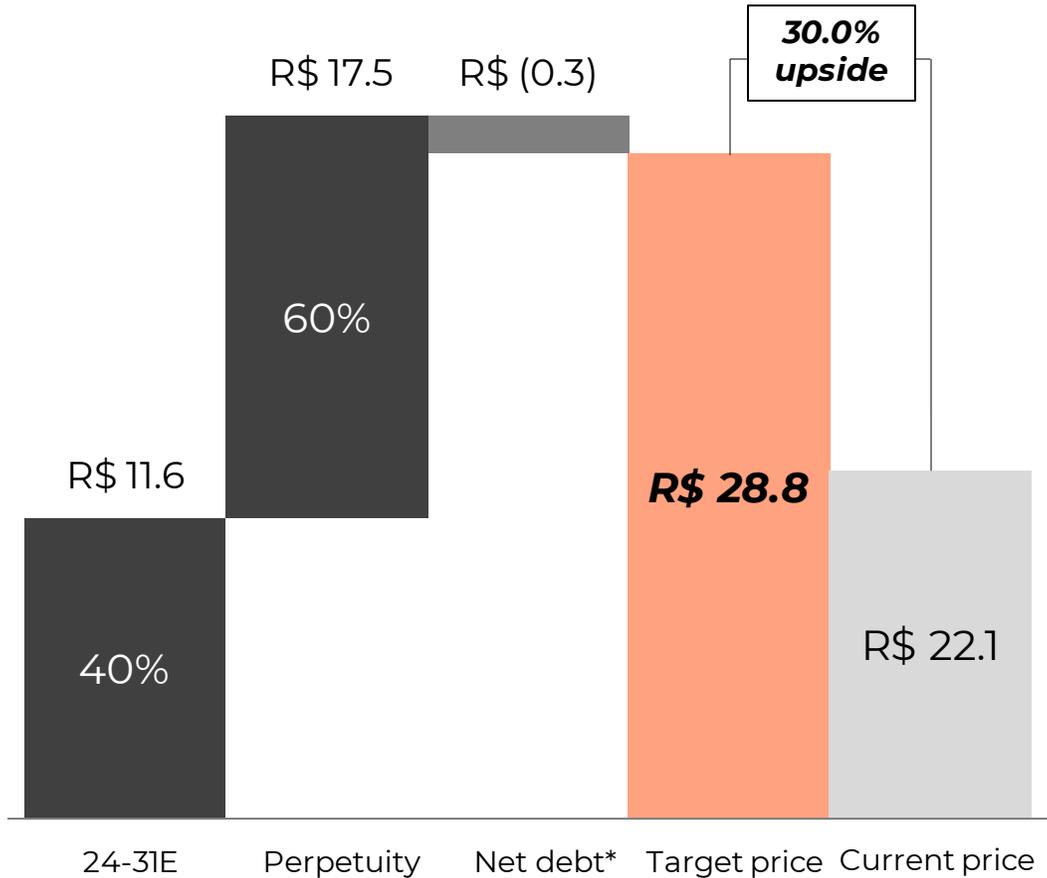
Procuts manufactured in-house, Mn units and % of total units sold



DCF arriving at a 30% upside

Total equity value is **equally distributed between perpetuity and projected period**

Target price breakdown, R\$, % of EV

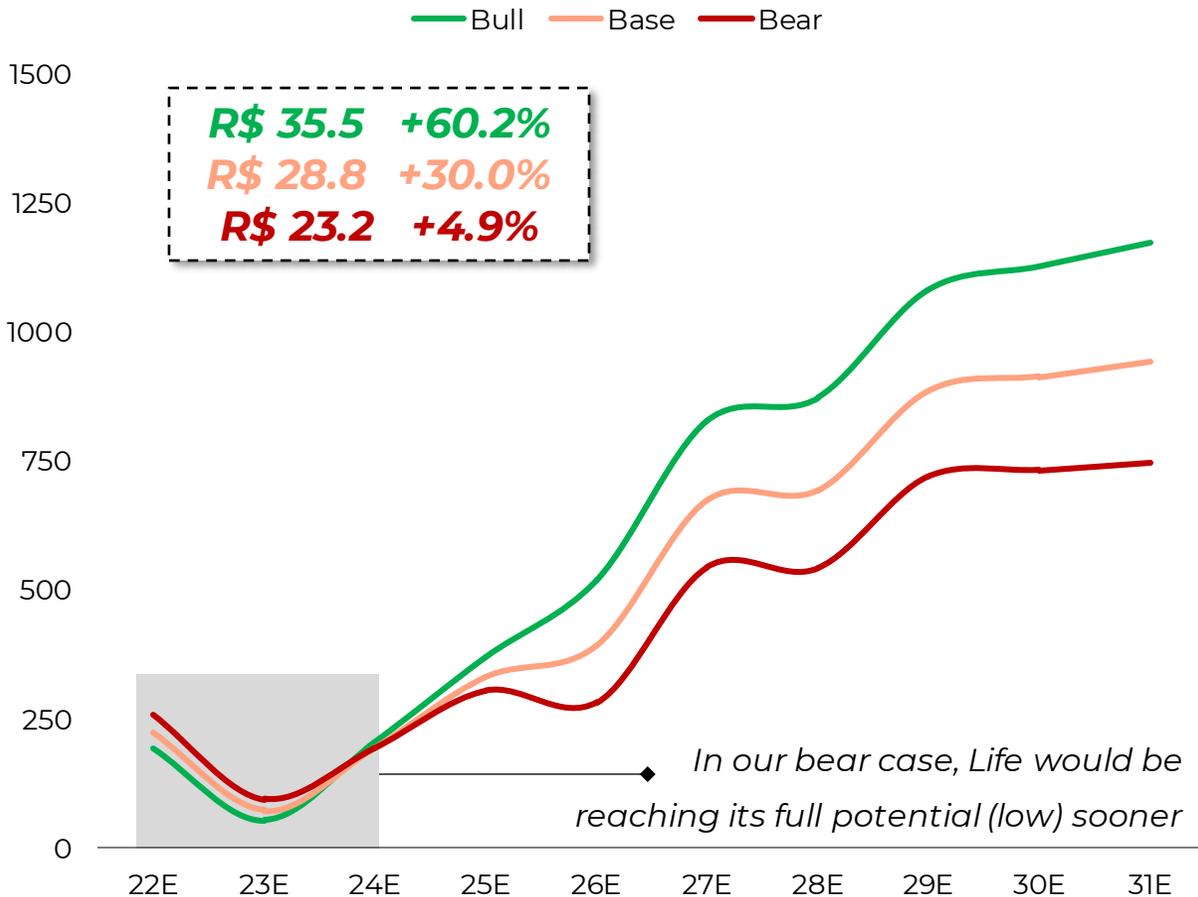


*Considers (1.9)/share of lease obligations and +1.6/share net cash

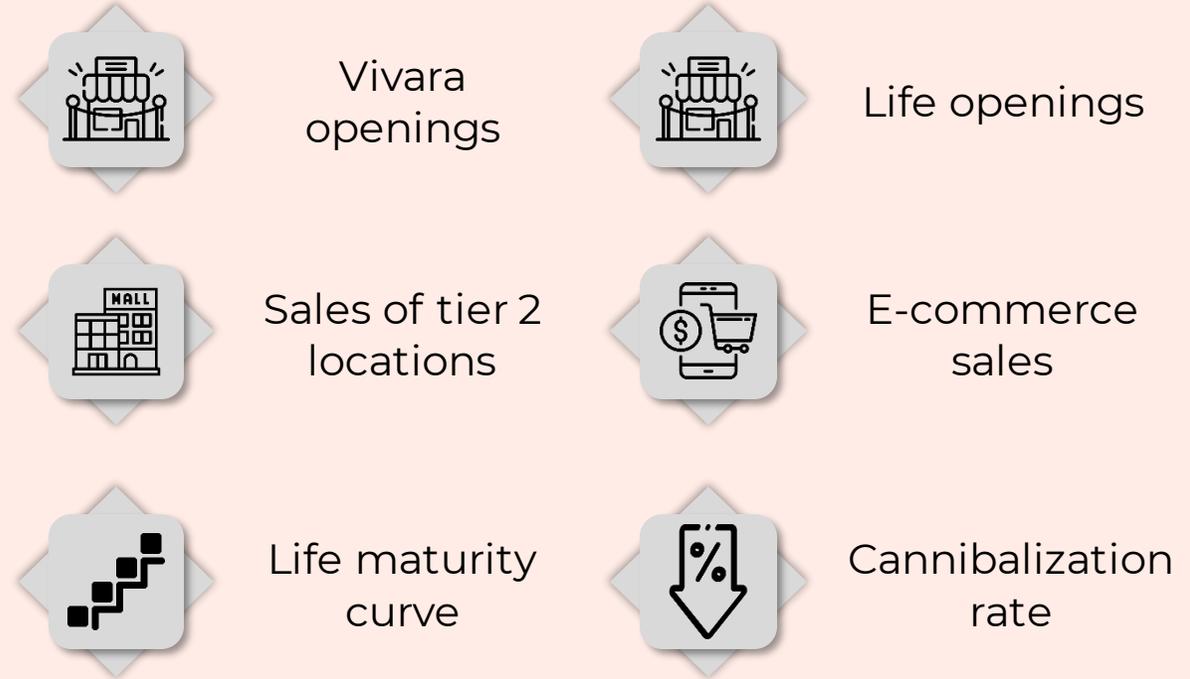
DCF scenarios

Even in our bear case we see an **attractive upside** for VIVA3

FCFF evolution, R\$ k



Variables sensitized

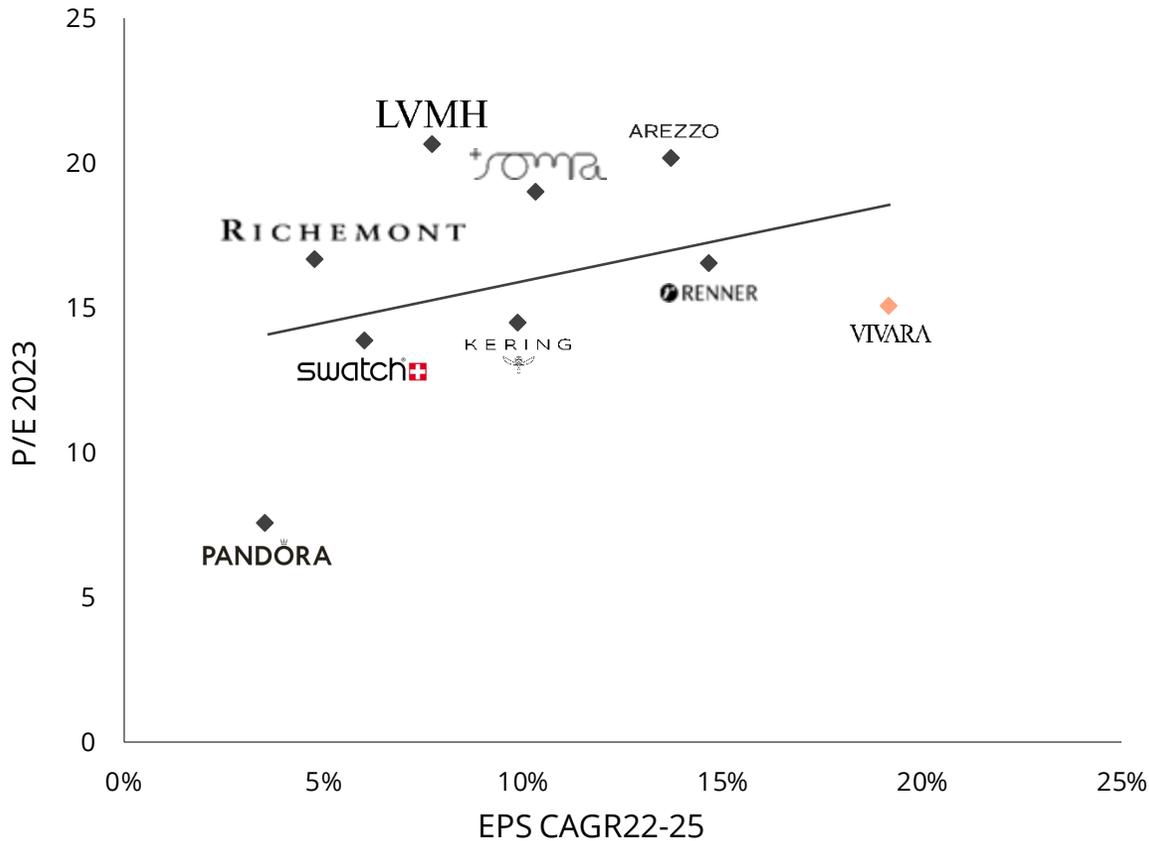


Assumptions related to Life stores have a greater impact on our valuation

Looking at multiples, we see an underpriced growth

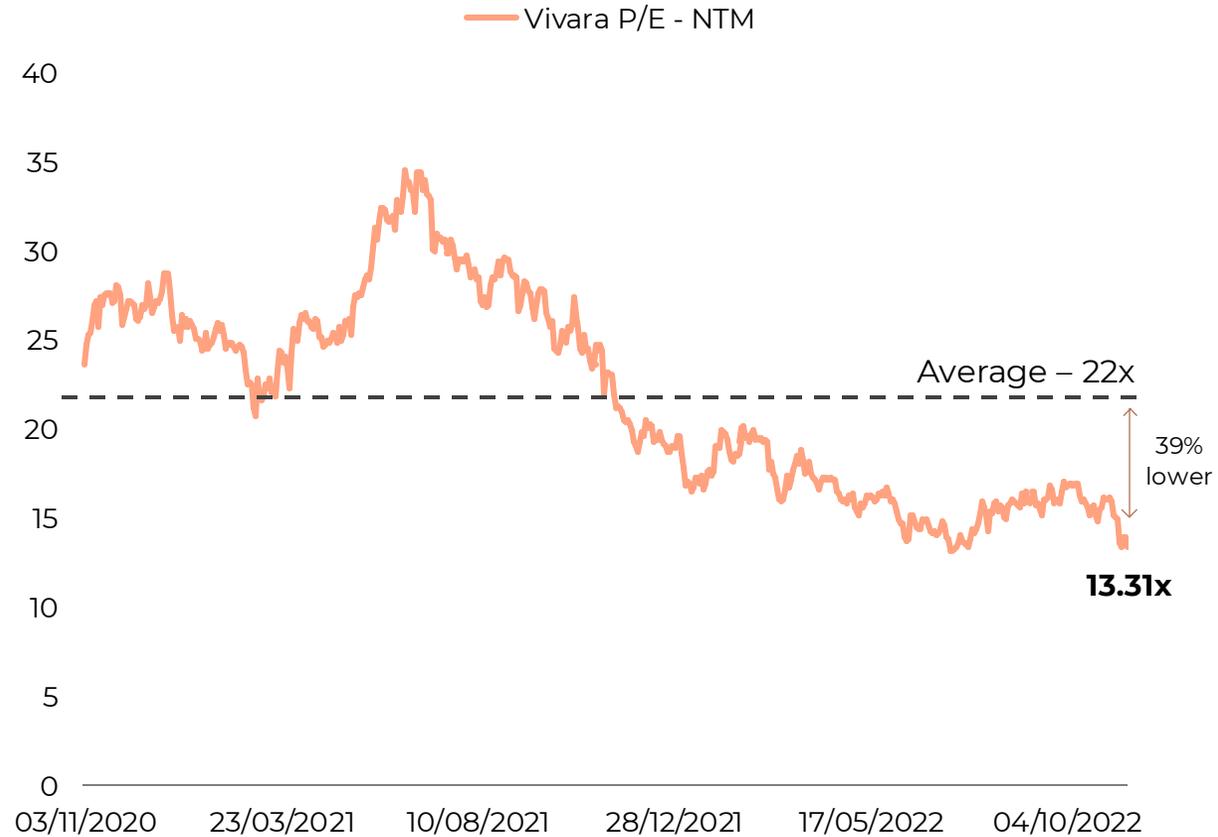
Comparing with global and local retailers, **Vivara's growth is underpriced...**

1y forward P/E vs. 3-year EPS CAGR



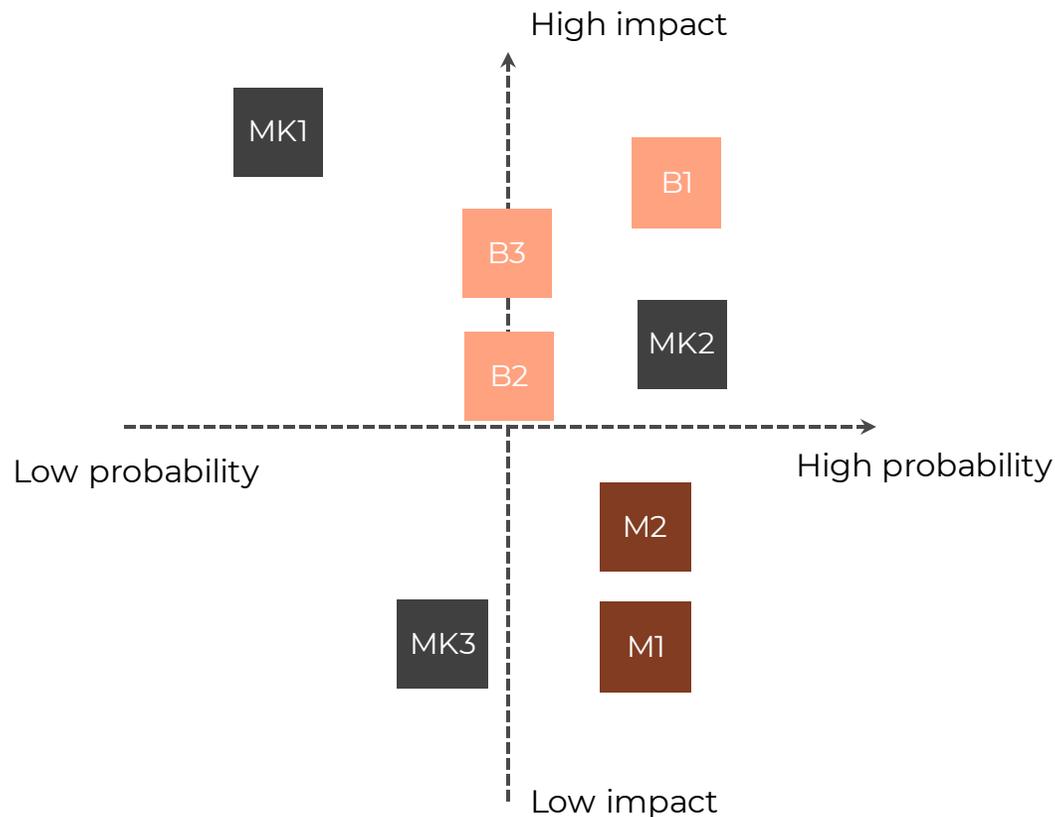
... while current P/E NTM multiple also stands **39% lower than historical average**

Historical 1y forward P/E for VIVA3



Risk Matrix: Life's expansion going wrong is the most material risk

Between our mapped risks, the **most relevant one** is Life's expansion going wrong...



Business Risks (B)

- B1: Life economics proven worse than expected**
- B2: Reputational damage
- B3: Higher cannibalization between Life and Vivara

Market Risks (MK)

- MK1: End of fiscal benefits
- MK2: Competitive threat of Monte Carlo**
- MK3: Life disruption

Macroeconomic Risks (M)

- M1: Deterioration of consumption and inflation
- M2: Long-term higher prices for gold and silver

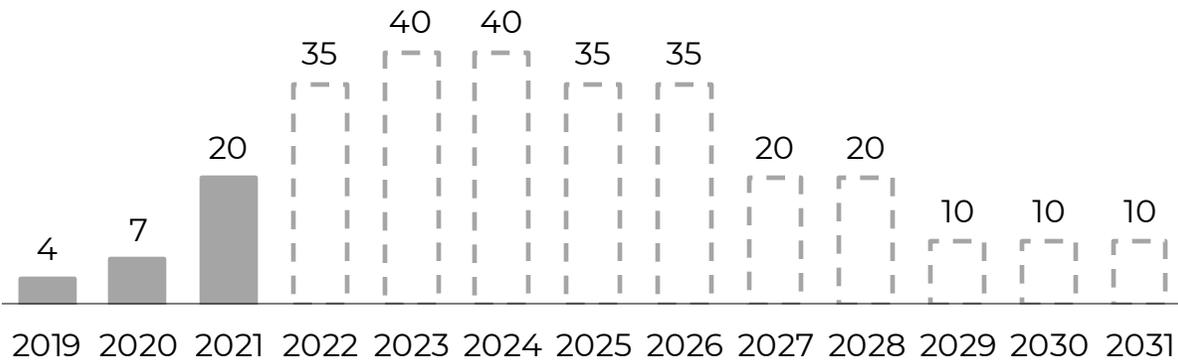
Life stores – little data to prove its success

Between our mapped risks, the **most relevant one** is Life's expansion going wrong...



- Started expanding in 2019 – little data of mature stores
- Unit Economics based on Management expectations
- 19% of our target price from new Life Stores (R\$ 5.4)

Realized and projected openings – Life stores



Business Risks (B)

- B1: Life economics proven worse than expected**
- B2: Reputational damage
- B3: Higher cannibalization between Life and Vivara

Market Risks (MK)

- MK1: End of fiscal benefits
- MK2: Competitive threat of Monte Carlo**
- MK3: Life disruption

Macroeconomic Risks (M)

- M1: Deterioration of consumption and inflation
- M2: Long-term higher prices for gold and silver

BUY!

Upside: **30.0%**

01

**Verticalized
business model**



02

**Strong
brand**



03

**Life's
expansion**



Q&A



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 2. [Expansion](#)
- 2. Industry**
 1. [Low-growth and behind inflation](#)
 2. [Informal market](#)
 3. [Consolidation](#)
- 3. Investment summary**
- 4. BUY recommendation**
- 5. Thesis pillar 1: Verticalized Business**
 1. [Types of business models](#)
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 3. [Fiscal benefits](#)
 4. [Internalizing the production is not trivial](#)
 5. [Will the fiscal benefits be maintained?](#)
- 6. Thesis pillar 2: Strong Brand**
 1. [Survey](#)
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 4. [Flexible store format and income clusters](#)
 5. [Marketing: our analysis](#)
 6. [Marketing: scale is a huge advantage](#)
 7. [Corner locations analysis](#)
 8. [Well-rated and recognized brand](#)
 9. [Is there room left to Vivara expand?](#)
- 7. Thesis pillar 3: Life's expansion**
 1. [Life complementing Vivara's portfolio](#)
 2. [Price, assortment and brand name](#)
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- 8. ESG**
 1. [Environmental](#)
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- 9. Financials**
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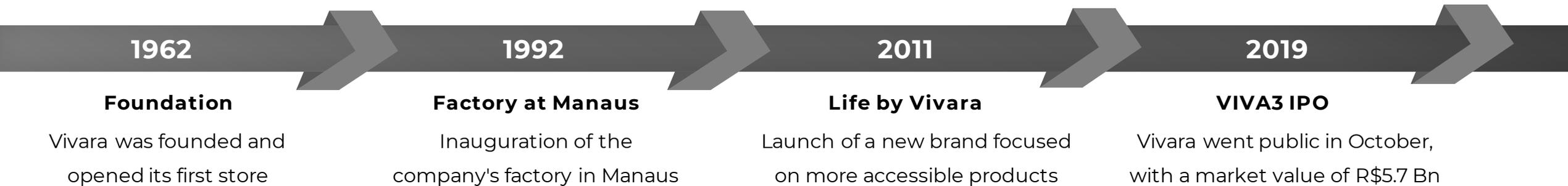
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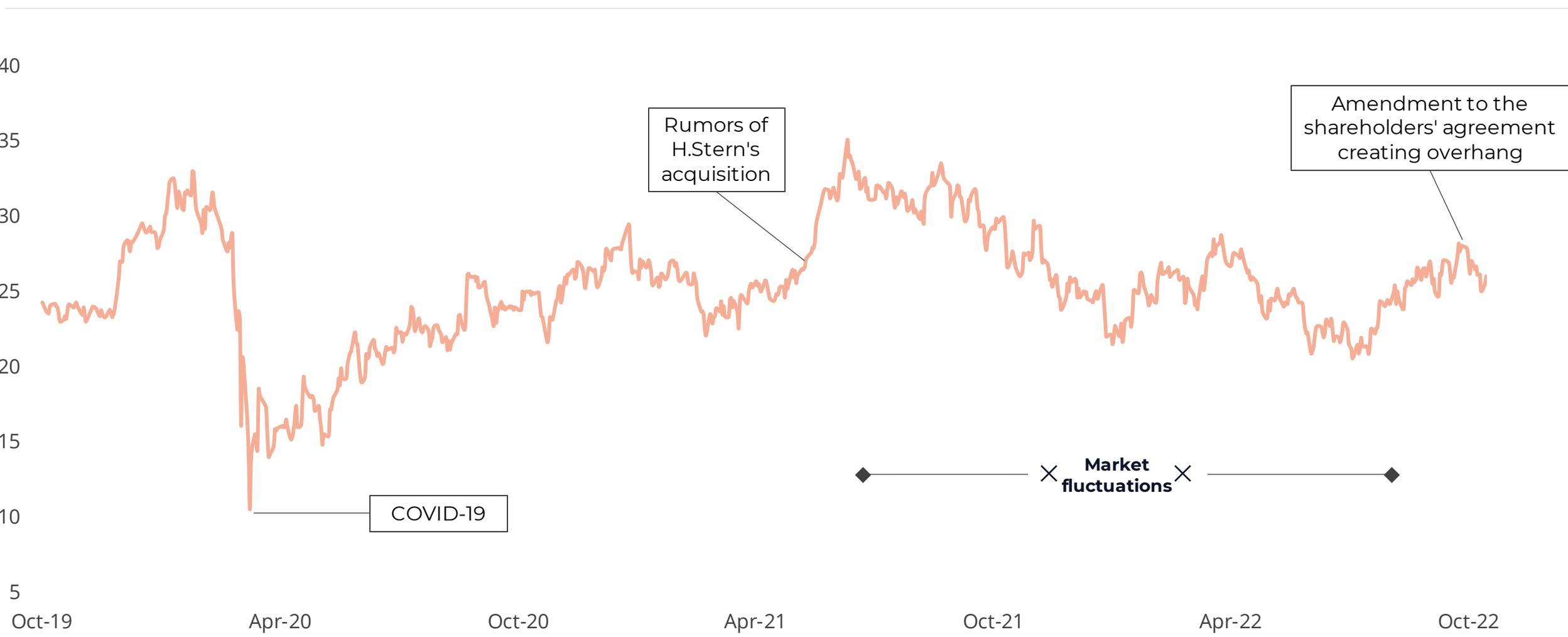
Vivara's history

Vivara's move to verticalization was one of the **game changers** for it to achieve its leading position nowadays

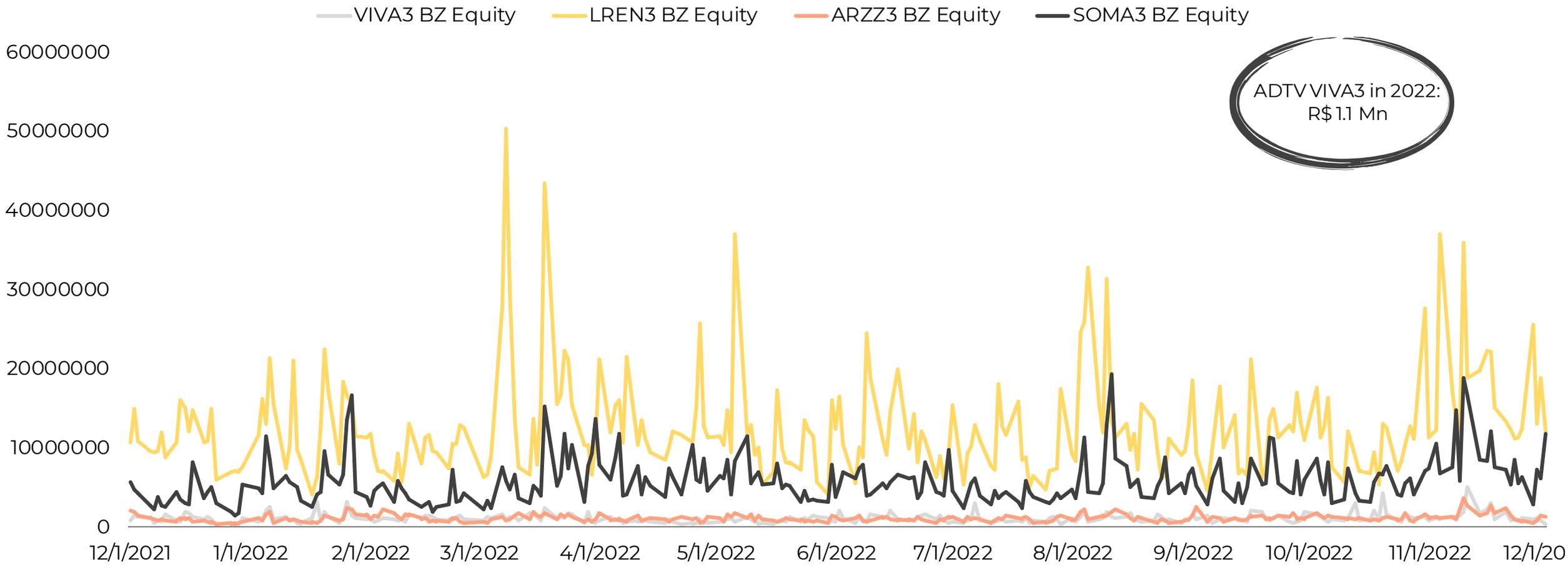
Timeline of main events for Vivara



Historical prices



Daily Trading Volume – Vivara and retail peers (R\$)



Breaking new ground: Vivara has been expanding in the past few years

The resources captured in the company's IPO, in 2019, are being heavily invested in **increasing the company's store footprint**

of Vivara and Life stores through time



Sales area (m2)

	2018	2019	2020	2021	3Q22
Total	16,225	17,969	19,919	23,207	25,873
Vivara	15,778	17,325	18,983	20,841	21,683
Life	86	288	640	2,196	4,047
Kiosks	361	356	296	170	143

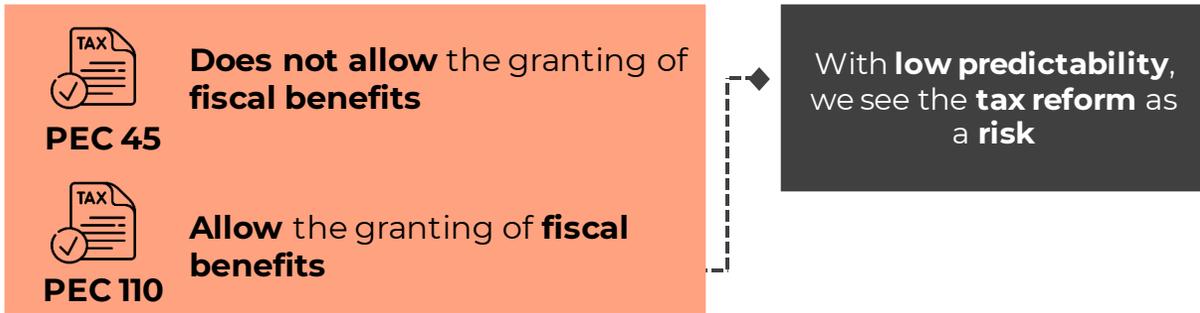
Fiscal regimes

Depending on the fiscal regime, the company faces more taxes

Types of fiscal regimes	Limit revenue	Tax rate (approximately)
Simples Nacional	R\$ 4.8 mn	4% - 23%
Lucro presumido	R\$ 78 mn	8% - 32%
Lucro real	None	34%

We see tax benefits being consecutively renewed, boosting Vivara's margins

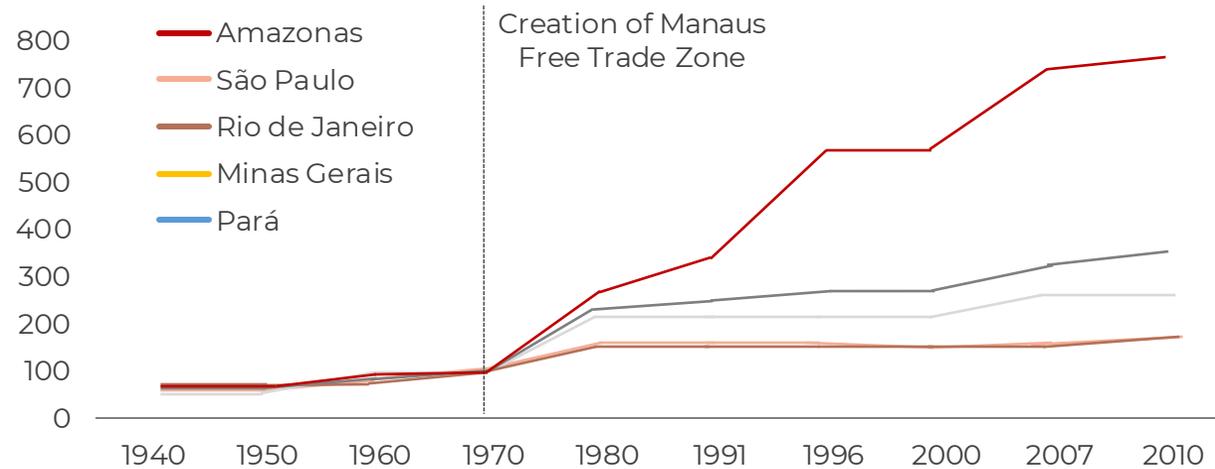
The tax reform can impact tax benefits, depending on the PEC approved...



... but the elected government already showed commitment with the issue

... and the importance of the Trade Zone to Amazonas also has to be considered

GDP per capita by selected states of Brazil (basis 100 on 1970)




Lula says he will **maintain comparative advantages** of the Manaus Free Trade Zone if elected

“(...) the people that wants to destroy the Manaus Free Trade Zone do not know its importance (...)”

31/08/2022



100k
direct jobs generated

400k
indirect jobs generated

Impacts of fiscal benefits

Valuation ignoring fiscal benefits in perpetuity



2023E	Gross margin	Net margin
<i>With both</i>	69.4%	14.4%
<i>IRPJ only</i>	65.4%	6.3%
<i>ICMS only</i>	69.4%	11.8%
<i>Without both</i>	65.4%	5.2%

Fiscal benefits valuation

	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
ICMS tax benefit	61,186	131,464	170,871	201,591	234,507	269,090	305,134	330,915	355,670	375,217	394,578	413,834
As % of gross revenue	5%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
IRPJ tax benefit	23,887	44,574	44,139	57,788	72,807	94,602	121,013	145,312	162,531	181,954	197,507	213,059
As % of EBT	15%	17%	15%	15%	16%	16%	16%	16%	17%	17%	17%	18%
Sum of tax benefits	85,073	176,038	215,010	259,378	307,314	363,692	426,148	476,226	518,200	557,171	592,084	626,893
PV of fiscal benefits					285,206	298,375	309,058	305,313	293,585	279,046	262,134	245,349

Sum of PV of fiscal benefits **during projection**

2,278,066

Percentage of EV

33%

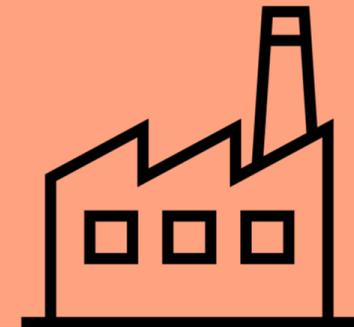
→ Represents 9.24 reais on the share price

The new factory will improve design quality

By using less metal in products and improving the quality and detail of them, the company can expand its margins

Vivara's new factory main highlights

- *Three times the space of the old factory*
- ***Improve design quality***
 - ***Products with less material and higher added value, allowing margin gains***
- *Reduce waste in the production*



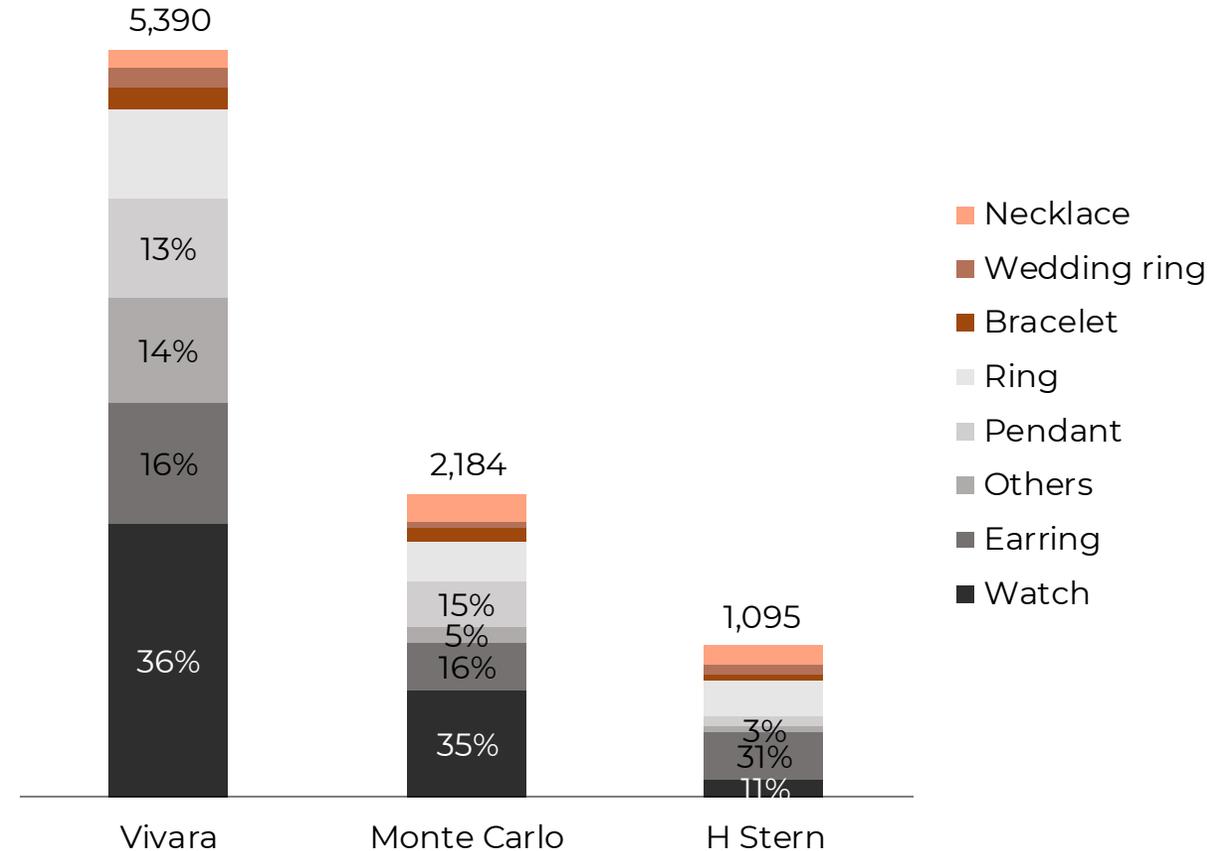
Large inventory to ensure cost control, but also to increase revenue

Inventory its used to maintain stores with high assortment...

...and this strategy can be seen when we compare peers

Inventory strategy

- 1/3 raw materials
 - Ensure cost control strategy
- 2/3 finished products
 - Strategy that consists in **maintaining stores and e-commerce with a great assortment**



Brand recognition: the key to success

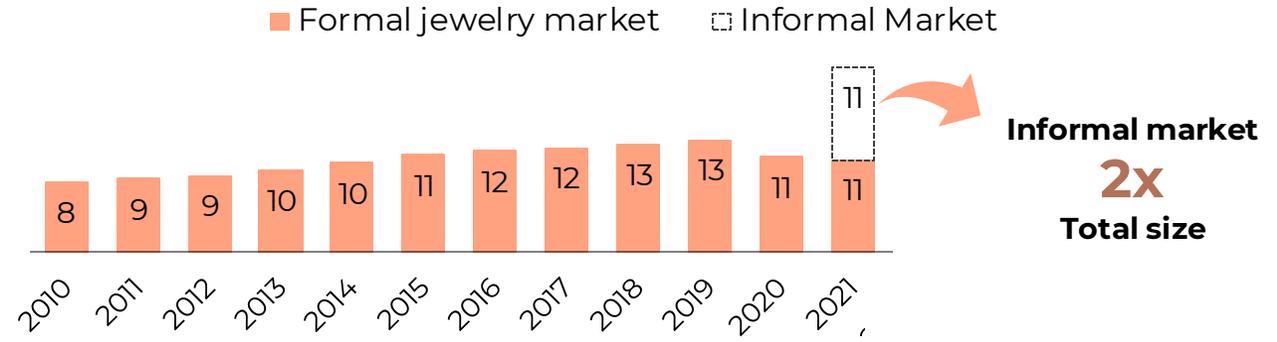
Jewelry is the most counterfeit product

Total value of goods seized for intellectual property violation in the U.S in 2020 (in millions)

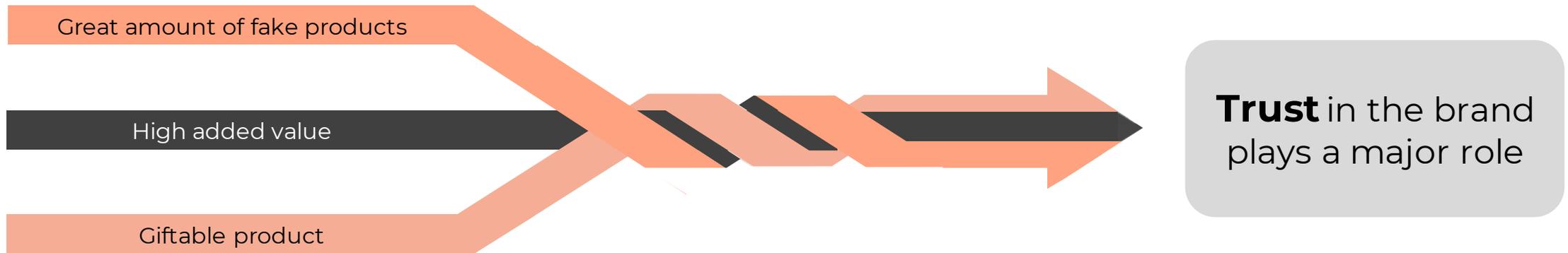


... which is something that Vivara achieved successfully

Jewelry market, in R\$ Bn



And peculiarities of this sector make trust in the brand something very important...



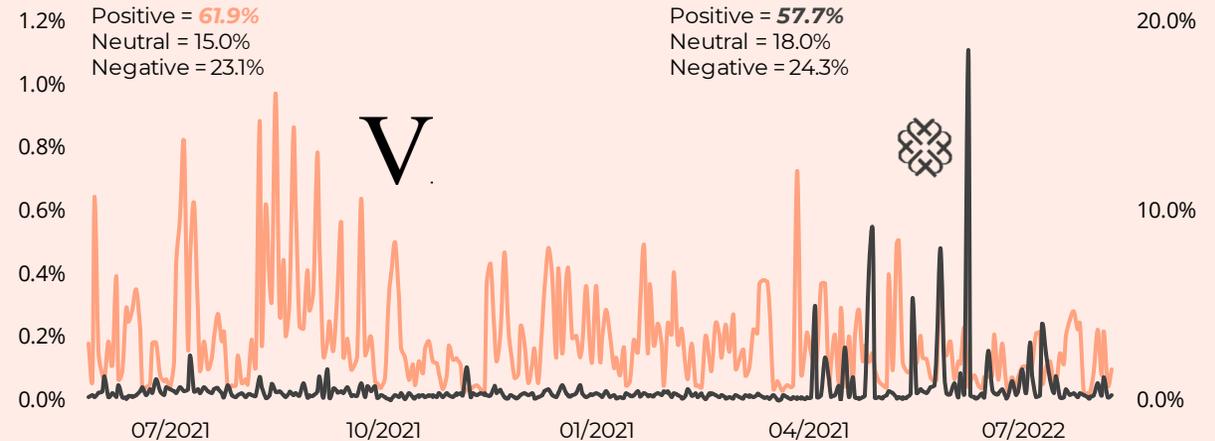
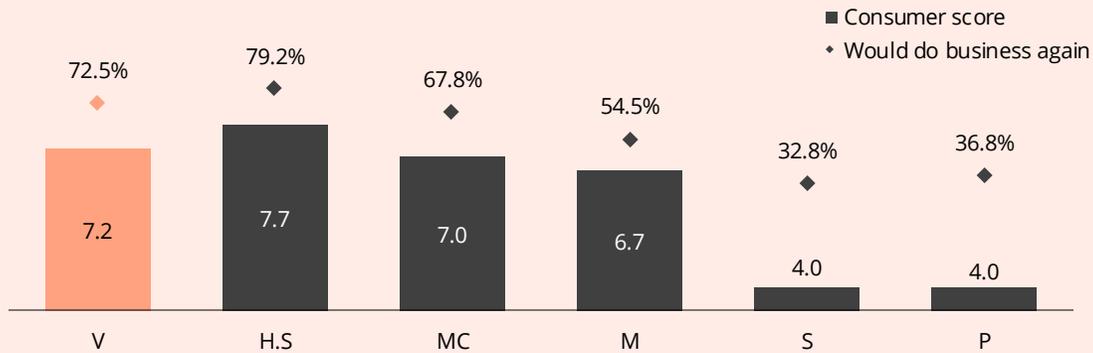
Digital presence and customer satisfaction

International brands lag behind Vivara in Brazilian territory: large brands surprisingly leave much to be desired when it comes to basic aspects of influencer marketing in Brazil. Pandora, for example, does not have its own Instagram account dedicated to the Brazilian audience, and lets its resellers and franchisees have their own visual identities. Swarovski, another brand without a dedicated account, at least guides its franchisees on how to take pictures and organize their social media. We understand that the lack of guidance is a problem for 2 reasons: **(I)** In the luxury market, players adopt the so-called Porter's generic strategy of differentiation. It is essential, therefore, to have impeccable visual communication to support brand positioning and allow it to sell products at higher prices. **(II)** As shown by Müller in his research "Referral Marketing on Social Media Platforms", 100% of people do research on some network before deciding their purchase. This, combined with our findings talking to saleswomen from different jewelry stores that, most of the time, the customer arrives at the store already asking for a collection that she saw on social media or website, leads to the conclusion that the social network works as both a virtual showcase of new products and a way to confirm the purchase.

```

135 if neg > pos:
136     tw_list.loc[index, 'sentiment'] = "negative"
137 elif pos > neg:
138     tw_list.loc[index, 'sentiment'] = "positive"
139 else:
140     tw_list.loc[index, 'sentiment'] = "neutral"
141 tw_list.loc[index, 'neg'] = neg
142 tw_list.loc[index, 'neu'] = neu
143 tw_list.loc[index, 'pos'] = pos
144 tw_list.loc[index, 'compound'] = comp
145
146 tw_list.head(10)
147
148
149 # Creating new data frames for all sentiments (positive, negative, and neutral)
150
151 tw_list_negative = tw_list[tw_list["sentiment"] == "negative"]
152 tw_list_positive = tw_list[tw_list["sentiment"] == "positive"]
153 tw_list_neutral = tw_list[tw_list["sentiment"] == "neutral"]
154
155
156 def count_values_in_column(data, feature):
157     total = data.loc[:,feature].value_counts(dropna = False)
158
159     percentage = round(data.loc[:,feature].value_counts(dropna = False, normalize = True)*100, 2)
160     return pd.concat([total, percentage], axis = 1, keys = ['Total', 'Percentage'])
161
162 # Count values for sentiment
163
164 count_values_in_column(tw_list, "sentiment")
    
```

We looked in more detail the comments left on Vivara and MC posts on Instagram. With the help of programming tools, such as scraping and codes for analyzing the sentiment that consumers wanted to convey with their comments, we noticed that both brands are doing great, with a mild advantage for Vivara.



Digital presence and customer satisfaction

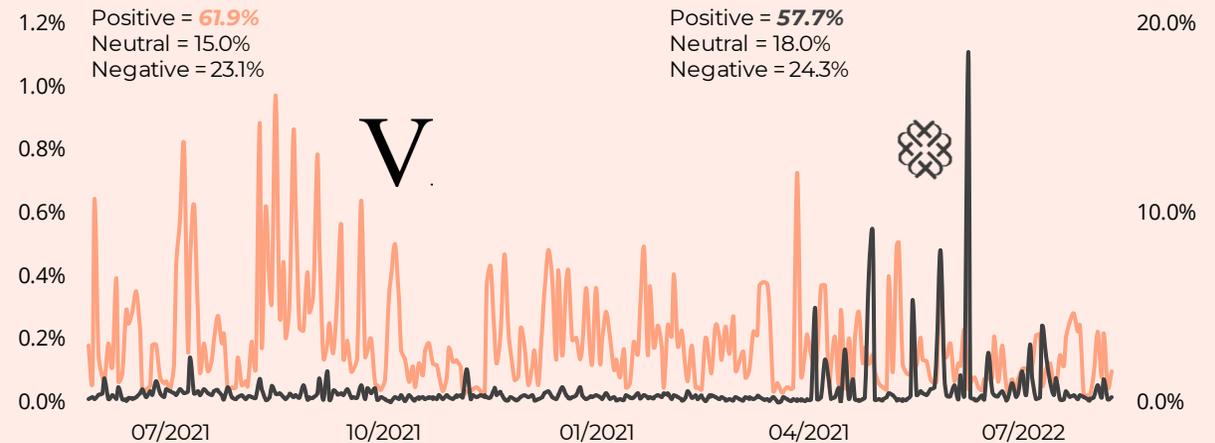
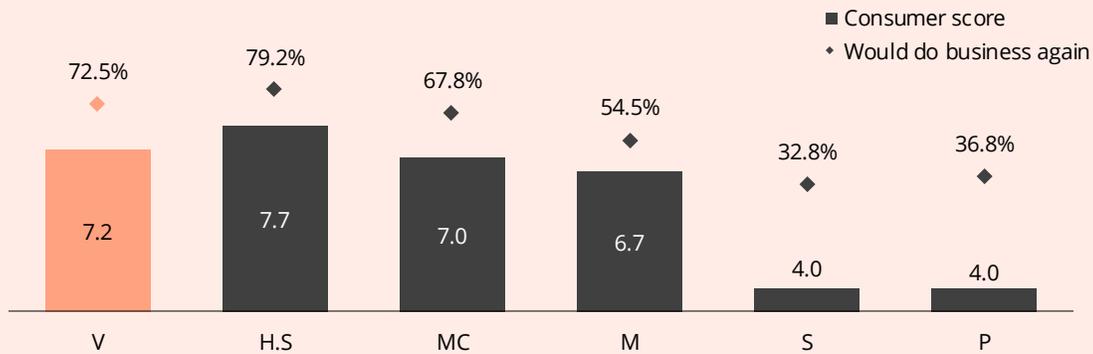
A brand that speaks with its customers – literally: with the help of multiple SocialBlade metrics, combined with Python Web Scraping and hours scrolling jewelry-related posts, we looked at the official Instagram accounts of Vivara's brands and its competitors in more detail. We mainly focused on total followers, number of comments, likes and views to check how engaged were followers of each brand.

As the number of followers increase, it is hard to keep a high percentage of engagement, but this relation is not linear, which is why we adopted a radial gradient line. Looking at our results, accounts under Vivara's control are doing well, especially Life, whose performance we suppose to be related to the younger public to whom the brand sells its products. Additionally, we regard the close contact between brand and client as an important driver for customer engagement and satisfaction.

```

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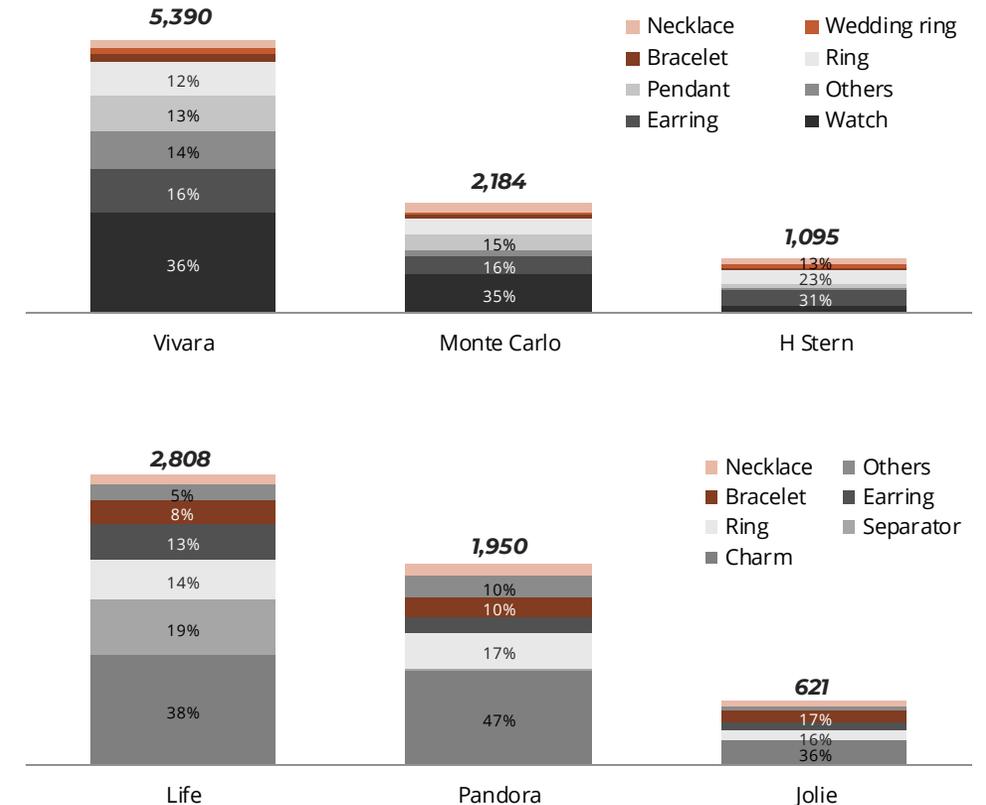


Web scraping – product assortment

VIVARA						MONTE CARLO						H.STERN					
Product	# SKUs	Avg	Median	Min	Max	Product	# SKUs	Avg	Median	Min	Max	Product	# SKUs	Avg	Median	Min	Max
Watch	1,965	3,812	990	290	57,790	Watch	761	2,402	2,050	40	9,900	Earring	343	14,551	10,300	575	59,000
Pendant	712	2,113	1,290	80	68,790	Pendant	323	1,738	1,310	170	32,750	Ring	248	13,482	12,850	738	38,400
Earring	696	5,078	2,450	390	131,990	Ring	296	4,648	3,080	260	45,310	Necklace	147	13,740	10,600	561	59,000
Ring	521	4,905	3,590	390	76,990	Earring	288	4,328	2,050	200	61,790	Watch	121	5,044	4,580	1,780	22,900
Hoop	177	3,362	2,850	790	12,490	Necklace	152	5,852	1,570	450	129,770	Pendant	82	2,492	1,530	561	17,100
Glasses	168	443	450	290	510	Bracelet	89	5,545	1,800	160	60,760	Bracelet	52	10,538	5,610	502	50,200
Bracelet	166	7,658	3,820	290	59,990	Hoop	61	2,480	815	200	16,990	Wedding ring	47	7,121	6,790	1,620	16,500
Solitaire	126	13,695	10,440	1,150	76,990	Chain	49	3,041	1,540	70	26,260	Charm	22	409	457	325	457
Pen	122	2,114	700	240	8,400	Wedding ring	49	4,109	3,790	150	11,890	Wedding band	17	13,297	9,440	6,490	29,500

LIFE						JOLIE						PANDORA					
Product	# SKUs	Avg	Median	Min	Max	Product	# SKUs	Avg	Median	Min	Max	Product	# SKUs	Avg	Median	Min	Max
Charm	1,059	232	230	130	440	Charm	223	188	200	90	400	Charm	912	1,106	779	239	9,049
Separator	532	236	210	130	410	Bracelet	104	454	510	203	640	Ring	338	1,513	934	409	22,219
Ring	387	276	230	110	690	Ring	101	326	330	138	750	Bracelet	192	1,878	1,134	525	44,029
Earring	260	410	390	70	1,790	Necklace	61	631	470	280	1,550	Earring	144	1,002	779	259	7,559
Bracelet	193	414	390	260	2,450	Earring	48	372	364	190	820	Necklace	105	1,716	1,379	409	14,149

Wide portfolio compared to competitors: using Python programming language, we analyzed the e-commerce websites of 6 different brands as shown by the two charts on the left. We also confirmed with salespeople that the items shown in the digital media correspond to the brands' complete portfolio. It is clear the strength of Vivara in this sense, which has more than twice as many SKUs as its main competitors, something fundamental to meet different demands and please demanding consumers with subjective tastes. About the Vivara brand, one can see that most of the products consist of a wide variety of watches offered, as well as earrings, pendants, and rings. As for Life and competitors, the enduring success of charms is evident, as they account for at least a third of the entire product assortment across all brands.



Web scraping – product assortment

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Portfolio	Weight	V	L	MC	J	H.S	P	S	M	T
Portfolio range	2	3	2	2	2	1	2	2	3	1
Price	3	3	3	3	3	1	2	2	3	1
Design	3	3	2	2	2	3	3	3	3	3
Quality	3	3	3	3	3	3	3	2	2	3
Gold/silver amount	1	2	1	2	1	3	2	2	1	3
Brand recognition	2	3	1	2	1	2	3	3	3	3
National footprint	1	3	1	2	-	2	3	3	2	1
Customer service	3	3	2	3	-	3	3	1	2	3
Location	1	3	3	3	-	3	2	2	2	3
		2,9	2,2	2,5	1,6	2,3	2,6	2,2	2,5	2,4

Product portfolio: we sought to understand how broad is, in the sense of collections and types of jewelry, the brands' catalog. Regarding price, how affordable is it for the average consumer? Regarding quality and design, we listened to the opinion of consumers on social media, complaint sites, digital field research, and day-to-day conversations. Another point we paid attention to was the positioning of each brand about the amount of precious metals in each piece and if this was valued by the final customer.

Service: our conclusions rely on visiting stores and talking to salespeople. By simulating that we were shoppers (on some occasions we dressed up, in others, we dressed down) we were able to get important insights about how a real customer is treated inside each store - criteria we designated weight equal to 3. Additionally, we considered the field research outputs and translated them into scores ranging from 1 to 3 to measure how well brands are recognized.

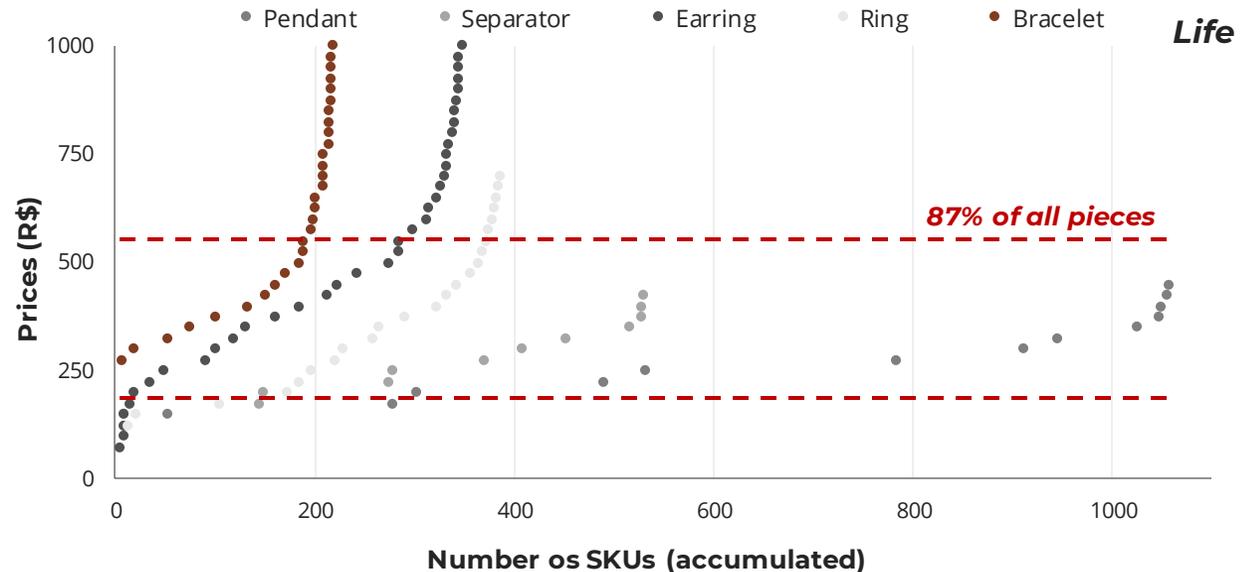
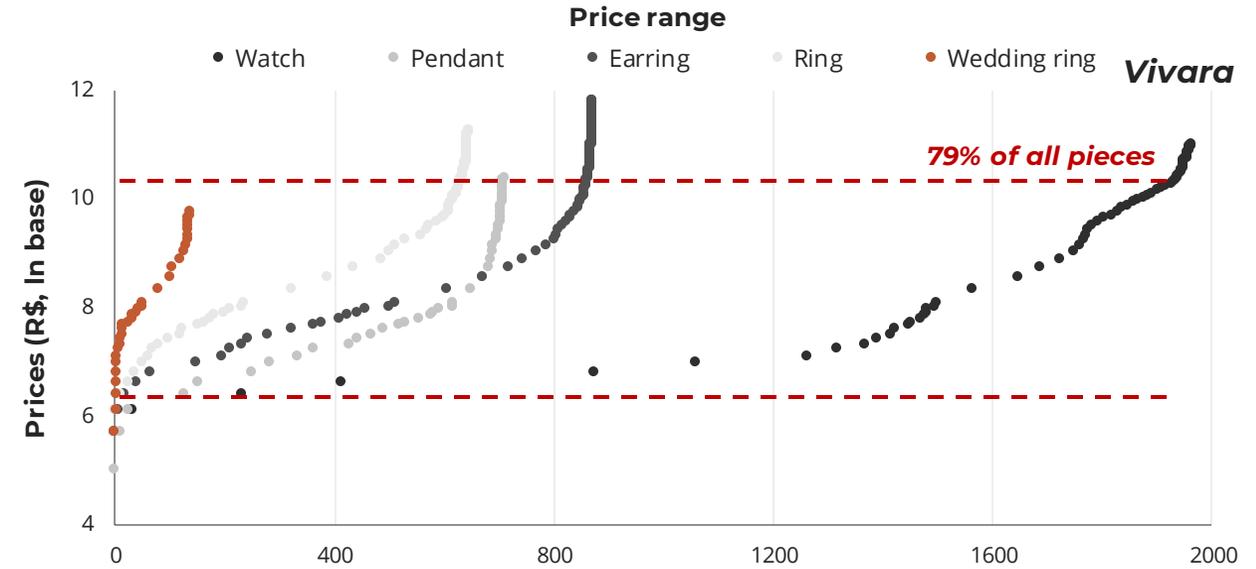
Web scraping – price range

Results point to a complementarity between portfolios: using the data collected, we were able to compare the price points of brands, as well as in which price ranges are items located. Since those cumulative charts may seem a little bit tricky to understand, we explain them with an example: i.e when looking at Vivara's watches we see that there are around 2k SKUs priced at an absolute maximum of R\$ e^11 (~ R\$ 57k). Now, if we look at Life's bracelets, we see that there are around 200 pieces priced at an absolute maximum of R\$ 500, but we still find a few pieces priced up until R\$ 1k. On the left, Vivara's portfolio is concentrated above the R\$ 1k threshold (~ e^7). We adopted a logarithmic scale due to outliers of more than R\$ 57k (~ e^11), Vivara's most expensive items. On the other hand, Life products usually hit a maximum of R\$ 575, with very few surpassing the R\$ 1k threshold.

```

22 pagina = 0
23 n = 0
24
25 while n == 0:
26
27     url1 = "https://www.vivara.com.br/categoria/relogios?category-1=vivara&category-2=relogios&brand=akium&brand=coach&brand=hugo
28     url2 = "https://www.vivara.com.br/categoria/relogios/?category-1=vivara&category-2=relogios&brand=victorinox-swiss-army&brand
29     url3 = "https://www.vivara.com.br/categoria/relogios?category-1=vivara&category-2=relogios&brand=tommy-hilfiger&brand=mvm&br
30
31     driver.get(url3)
32
33     wait = WebDriverWait(driver, 9)
34     wait.until(EC.presence_of_element_located((By.XPATH, "../main/div/div/div/ul/li/div/div/a/h3[@class = 'shelf-product-card-listing_
35
36     nome = driver.find_elements(By.XPATH, "../main/div/div/div/ul/li/div/div/a/h3[@class = 'shelf-product-card-listing_name-product']
37     precoantigo = driver.find_elements(By.XPATH, "../main/div/div/div/ul/li/div/div/div/p[1]/span[2]")
38
39     num_produtos = len(nome)
40     print(str(num_produtos) + " produtos na pagina " + str(pagina))
41
42     with open('vivararelogios3.csv','a') as file:
43         for b in range(num_produtos):
44             file.write(nome[b].text + ";" + precoantigo[b].text + ";" + "\n")
45
46     pagina = pagina + 1
47
48     try:
49         element = driver.find_element("link text", "CARREGAR MAIS PRODUTOS").is_displayed() # //main/div/div/div[4]/div[3]/a
50     except NoSuchElementException:
51         element = False
52
53     if element == False:
54         n = 1
55         driver.close()
56     else:
57         n = 0

```



How did we analyze new stores opportunities for Vivara?

We created a database with all malls listed on ABRASCE's website and crossed it with the database of Vivara's stores, offered by the company

Sample of Abrasce's database

Shopping mall	State	Cluster				AB?
		A	B	C	D	
Águas Claras Shopping	DF	27%	66%	7%	0%	1
Aguas Lindas Shopping	GO	1%	34%	49%	16%	0
Alameda Shopping	DF	14%	51%	33%	2%	1
Alto da XV Mall	PR	38%	58%	4%	0%	1
Amapa Garden Shopping	AP	10%	50%	30%	10%	1
Amazonas Shopping Center	AM	5%	45%	45%	5%	0
Américas Shopping	RJ	59%	29%	12%	0%	1
Anashopping	GO	0%	40%	60%	0%	0
Barra Garden Shopping	RJ	35%	50%	15%	0%	1
BH Shopping	MG	28%	62%	10%	0%	1

Sample of Vivara's database

Date	Region	State	City	Location	Type	Status
05/11/2022	SE	SP	Itu / SP	Itu Plaza Shopping	VIVARA	Open
05/11/2022	SE	SP	Bauru / SP	Boulevard Shopping Bauru	LIFE	Open
29/10/2022	SE	RJ	Rio de Janeiro / RJ	Carioca Shopping	VIVARA	Open
29/10/2022	SE	MG	Uberlandia / MG	Center Shopping Uberlandia	LIFE	Open

01

We crossed Vivara's database with Abrasce's, to filter for the AB malls where Vivara still doesn't have a store

02

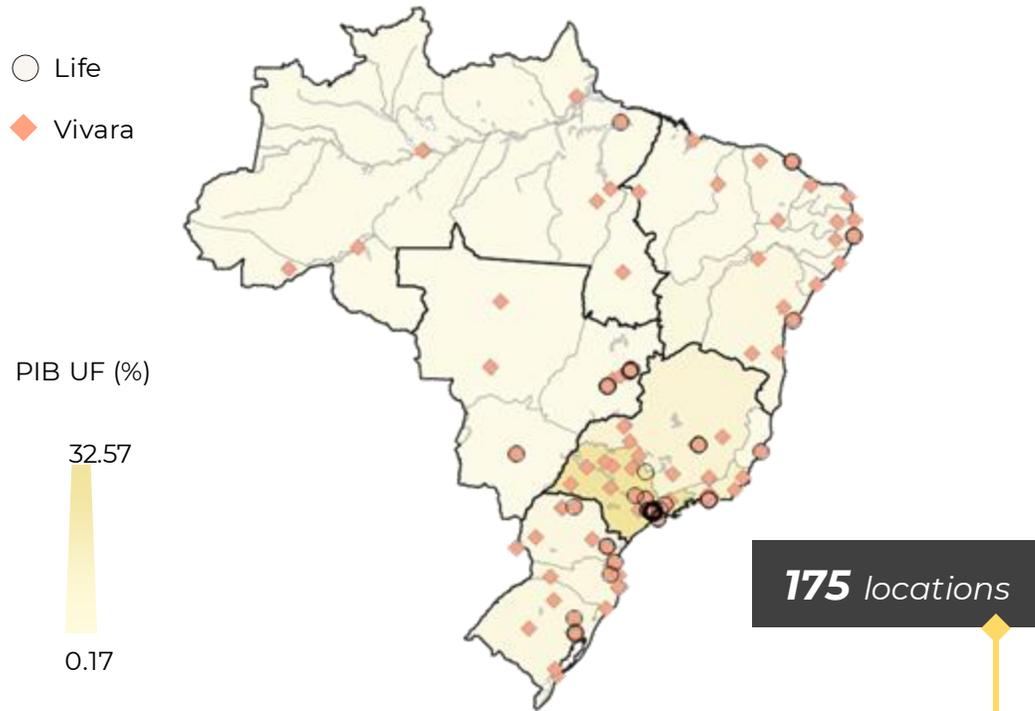
Our second filter considered the company's guidance to open stores in cities with at least 100K inhabitants

95 places to open stores

How did we analyze new stores opportunities for Life?

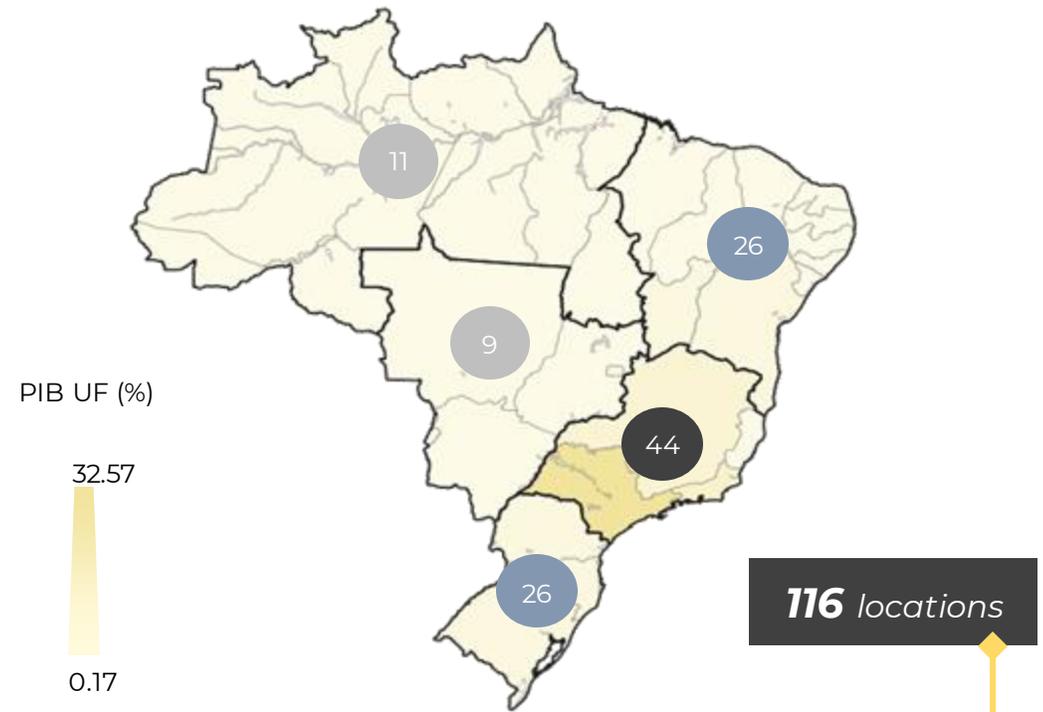
We performed a Geospatial analysis to understand locations for Life stores. Yet, we **were conservative in our projections and didn't include the full potential by 2031**

Distribution of Life and Vivara stores, % of country's GDP in each state



The company plans to open the **first Life units where there is already a Vivara store**, so we calculated Vivara units that do not have a Life in a **1km radius**.

MC and Pandora stores where there isn't a Vivara store in a 1km radius % of country's GDP



To consider other spaces, we calculated the **overlapping between Monte Carlo + Pandora and Vivara stores**, which will be the 'second wave' of openings.

Has the company delivered the results it promised?

In 2022, Vivara followed its expansion plan, opening stores as promised - however, it is still at a slower pace than forecasted

Stores up to 2022

	Promised openings (2022)	Realized openings (up to oct/2022)	Final stores (2022)
	15 – 20	10	239
	35 – 40	28	61

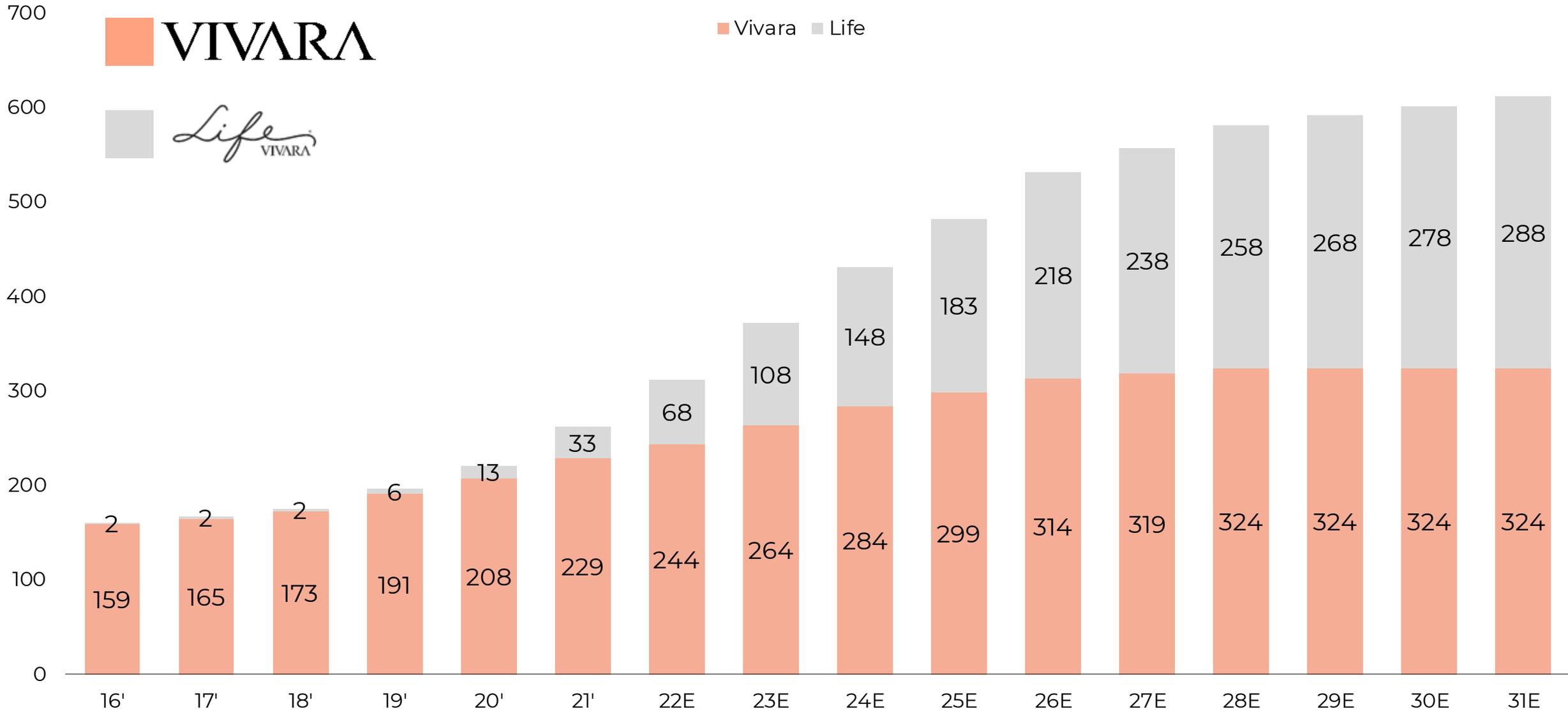
Keeping in mind our study on potential locations to open stores, we view **95** and **288** openings of Vivara and Life stores, respectively, by 2031.

Stores up to 2026

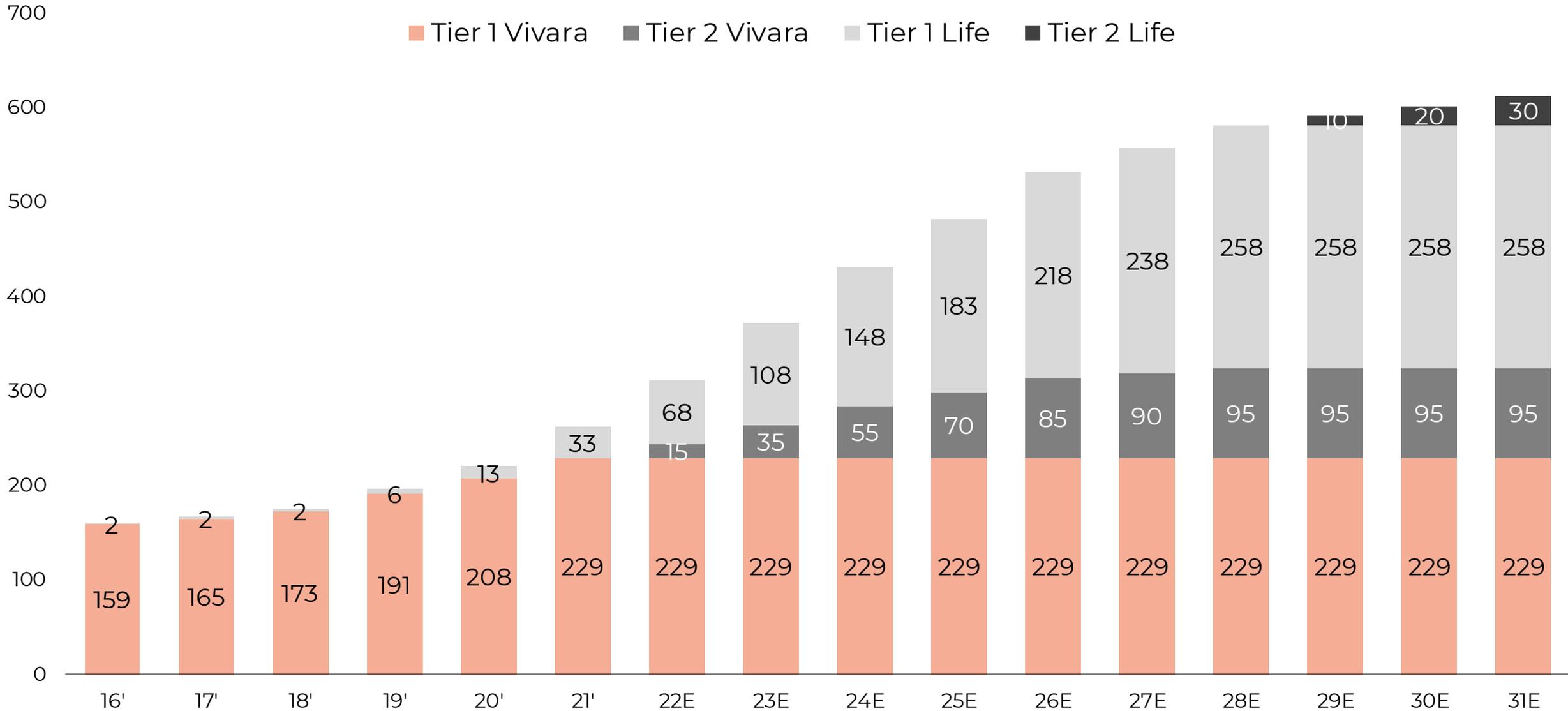
	Promised		Our numbers	
	Openings	Stores	Openings	Stores
	81	320	75	314
	169	230	157	218

We forecast a **slower expansion rhythm**, as seen by the comparison of 2026 expectations. The reason for that is that **we haven't yet seen the company deliver its complete expansion plan**, so we are adopting a more conservative pace for store openings.

Store count evolution

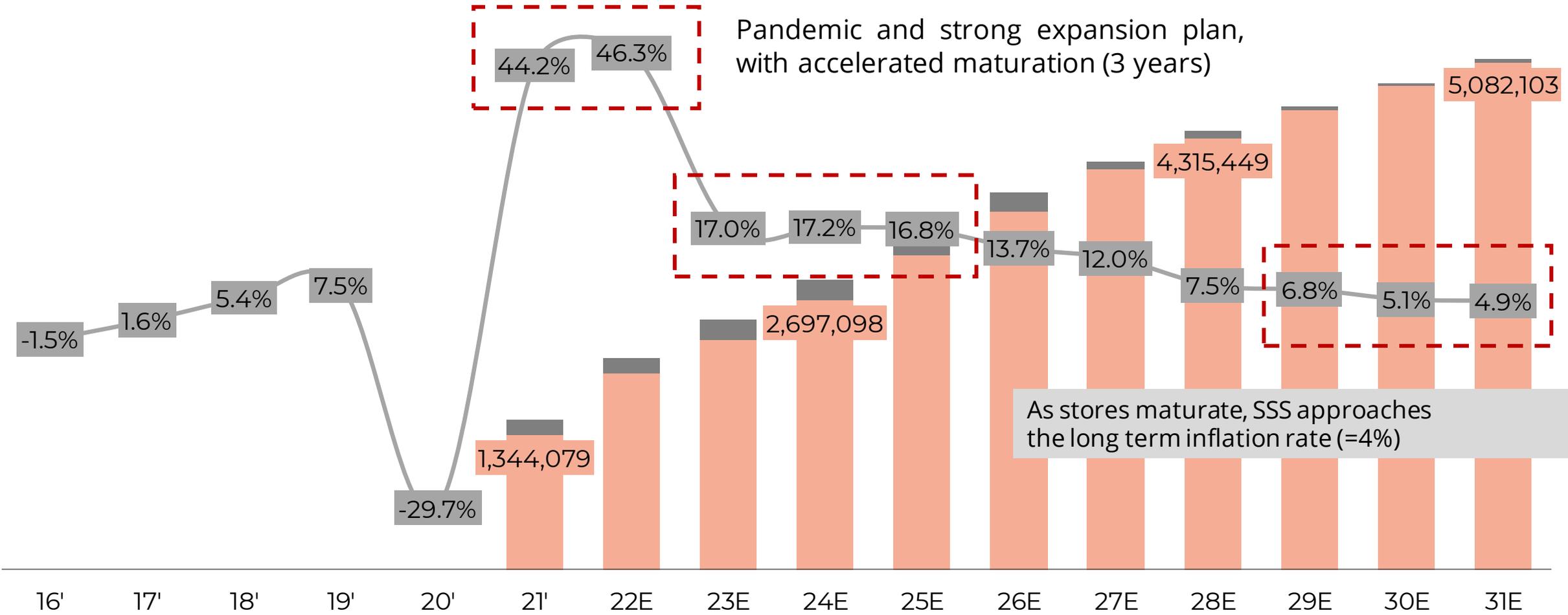


Store count evolution - cohorts



Same store sales (SSS)

Old stores sales New stores sales SSS (Physical Stores)



Selling giftable products increases frequency of purchases

Price point complementarity allows Vivara to achieve a greater addressable market, by catering to a new public and greater occasions for purchase

Gift options comparison



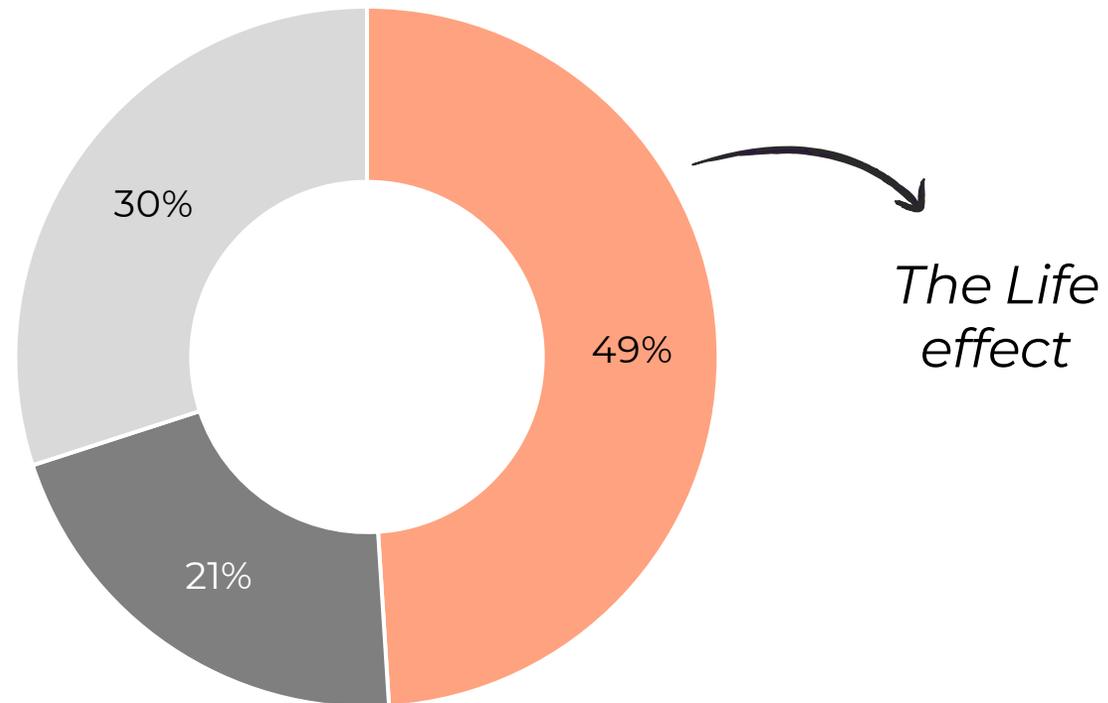
<i>Life</i> VIVARA	AREZZO	SCHUTZ	FARM
Colar Love II prata	Mini Bag Tiracolo	Sandália Slide	Mochila Macramê
			
R\$ 450	R\$ 459	R\$ 450	R\$ 460
Anel Ametista e Topázio	Tênis Branco Lona	Sandália Salto Bloco	Bolsa miçanga
			
R\$ 390	R\$ 389	R\$ 398	R\$ 398

The Life effect

The number of new customers of Vivara are becoming higher, due to the expansion of the addressable market driven by Life

Total clients of Vivara per type

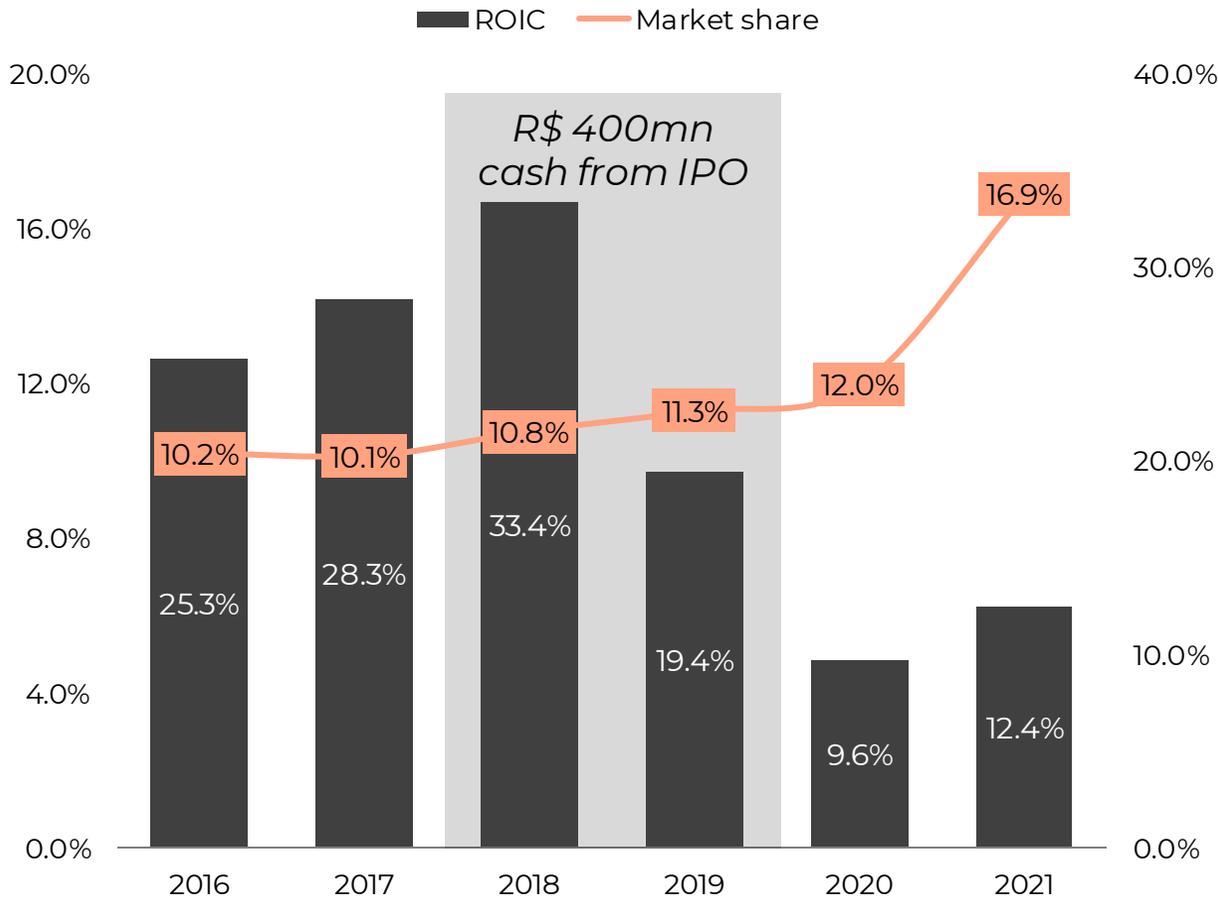
■ New customers ■ Reactivated customers ■ Retained customers



Growing market share with acceptable returns

Vivara can strengthen its leadership position and keep returns

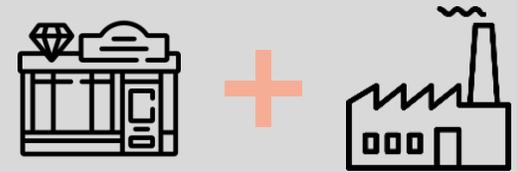
NOPAT as % of IC, % of Brazilian jewelry market



Customer captivity



Economies of scale



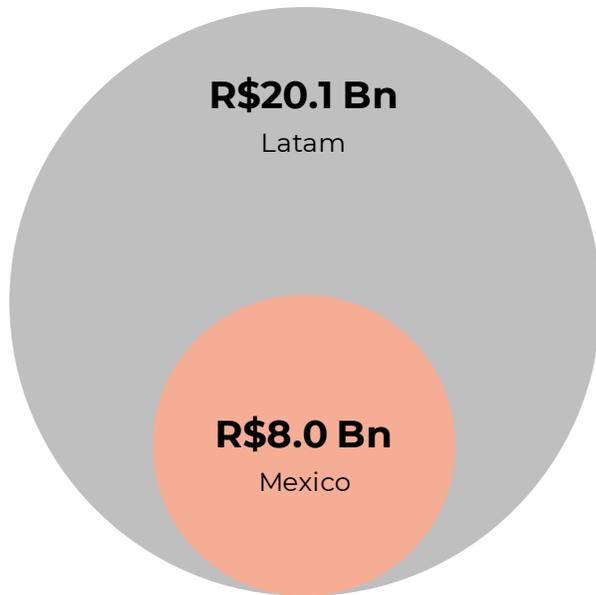
*Bruce Greenwald
Competition Demystified*



International expansion is also an opportunity for the future

Vivara's management indicates Mexico as its first target in Latam

Jewelry market share



Fragmented industry
The top 5 players contain only **23%** of revenue share

The Mexican market is the perfect ground for Vivara to establish itself

Jewelry brands in Mexico



The jewelry brands present in Mexico are mostly **high-end (AA cluster)**, indicating a huge space for Vivara to enter the market and achieve a public that is not addressed by these companies.

Inorganic expansion: M&As

Based on the company's guidance of using inorganic means to penetrate a higher-end market (A+ public), we mapped some brands that might be interesting for Vivara as an acquisition target. The table below shows the main characteristics of the potential targets.

Brand	Price range	# of stores	International?	Countries (ex-BR)
H.Stern *	R\$325 - 59,000	68	Yes	7
antonio bernardo	R\$200 - 67,290	28	Yes	9
CARLA AMORIM	R\$2,160 - 44,450	42	Yes	15
Julio Okubo	R\$128 - 104,904	16	No	-
JACK VARTANIAN	R\$450 - 74,500	4	No	-



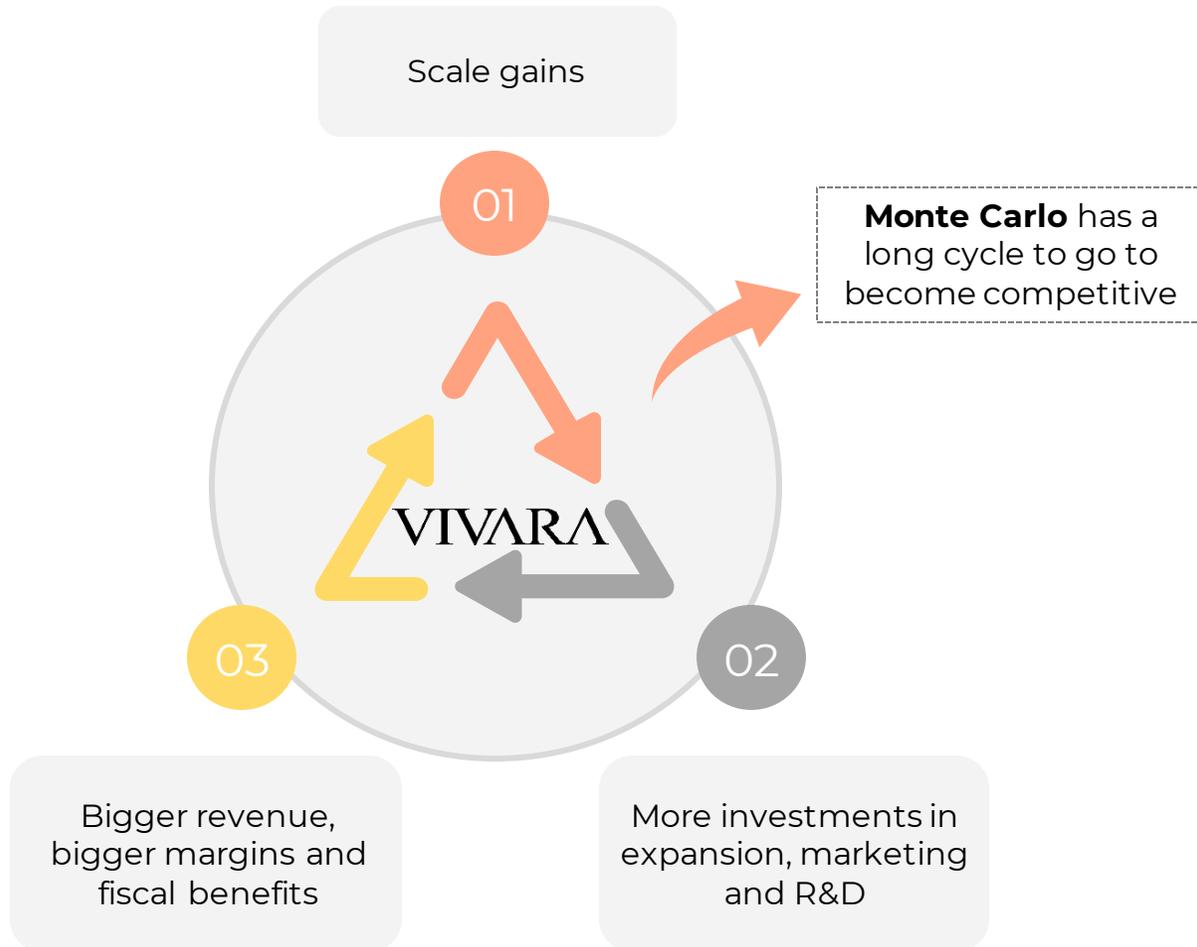
Jewelry market - 2022

*Last year, there were some rumors about Vivara buying H.Stern. However, the company denied the deal at the time.

Valor investe *“Vivara is close to buying H.Stern”*
01/06/2021

Will Monte Carlo be a threat?

Even with its new factory, and the possibility of a high internalization of the production, Vivara is much ahead regarding aspects that cannot be matched



Business Risks (B)

- B1: Life economics proven worse than expected
- B2: Reputational damage
- B3: Higher cannibalization between Life and Vivara

Market Risks (MK)

- MK1: End of fiscal benefits
- MK2: Competitive threat of Monte Carlo**
- MK3: Life disruption

Macroeconomic Risks (M)

- M1: Deterioration of consumption and inflation
- M2: Long-term higher prices for gold and silver

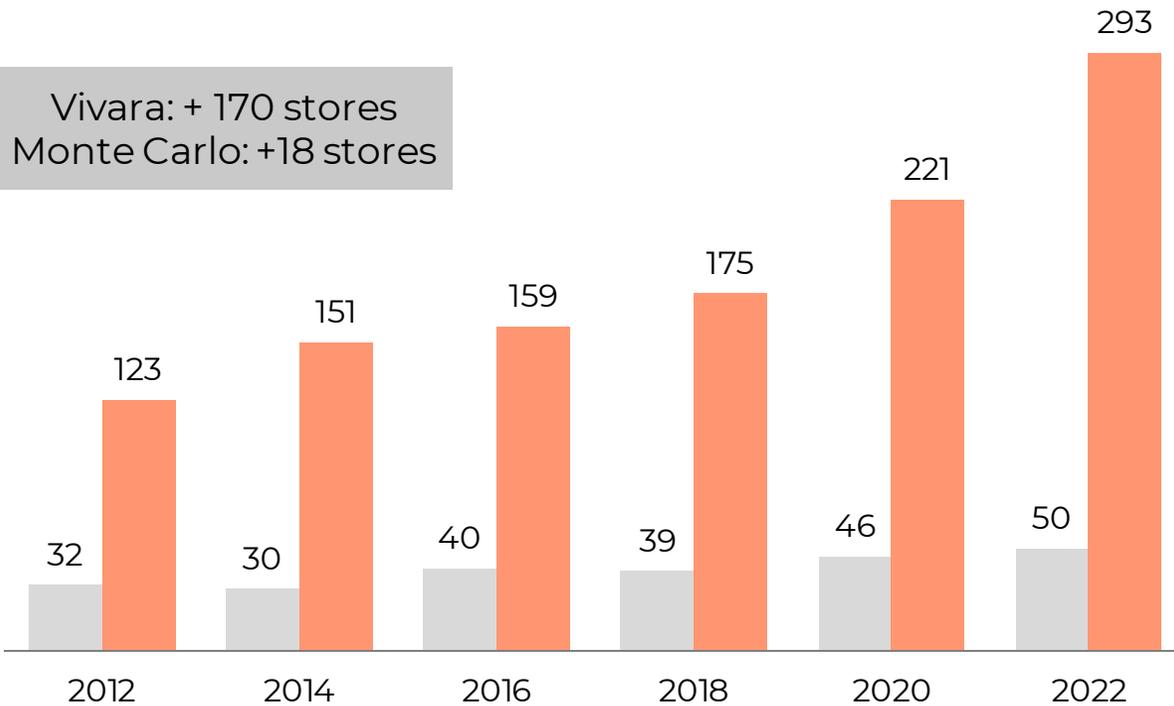
Will Monte Carlo be a threat?

Even with its new factory, and the possibility of a high internalization of the production, Vivara is much ahead regarding aspects that cannot be matched

Store count evolution (ex-kiosks)

■ Monte Carlo ■ Vivara

Vivara: + 170 stores
Monte Carlo: +18 stores



Business Risks (B)

- B1: Life economics proven worse than expected
- B2: Reputational damage
- B3: Higher cannibalization between Life and Vivara

Market Risks (MK)

- MK1: End of fiscal benefits
- MK2: Competitive threat of Monte Carlo**
- MK3: Life disruption

Macroeconomic Risks (M)

- M1: Deterioration of consumption and inflation
- M2: Long-term higher prices for gold and silver

Revenue CAGR21-26:
18%

Income statement

Income statement (BRL millions)	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Gross revenue	1,489,873	1,338,101	1,842,454	2,394,738	2,825,272	3,286,589	3,771,266	4,276,425	4,637,735	4,984,674	5,258,623	5,529,963	5,799,837
YoY	10%	-10%	38%	30%	18%	16%	15%	13%	8%	7%	5%	5%	5%
Deductions	(318,512)	(290,595)	(376,068)	(504,984)	(595,772)	(693,051)	(795,256)	(901,780)	(977,971)	(1,051,131)	(1,108,899)	(1,166,117)	(1,223,026)
% of revenue	-21%	-22%	-20%	-21%	-21%	-21%	-21%	-21%	-21%	-21%	-21%	-21%	-21%
Net revenue	1,171,361	1,047,506	1,466,386	1,889,753	2,229,500	2,593,538	2,976,010	3,374,644	3,659,764	3,933,543	4,149,724	4,363,846	4,576,811
YoY	10.5%	-10.6%	40.0%	28.9%	18.0%	16.3%	14.7%	13.4%	8.4%	7.5%	5.5%	5.2%	4.9%
COGS	(373,615)	(330,064)	(474,909)	(594,434)	(683,234)	(775,872)	(871,849)	(969,450)	(1,041,632)	(1,111,603)	(1,167,505)	(1,223,035)	(1,278,271)
YoY	20.3%	-11.7%	43.9%	25.2%	14.9%	13.6%	12.4%	11.2%	7.4%	6.7%	5.0%	4.8%	4.5%
Gross profit	797,746	717,442	991,477	1,295,320	1,546,266	1,817,666	2,104,161	2,405,194	2,618,132	2,821,941	2,982,219	3,140,811	3,298,540
Gross margin	68.1%	68.5%	67.6%	68.5%	69.4%	70.1%	70.7%	71.3%	71.5%	71.7%	71.9%	72.0%	72.1%
Operating expenses	(436,119)	(512,404)	(696,712)	(948,040)	(1,126,141)	(1,307,969)	(1,457,388)	(1,607,075)	(1,691,222)	(1,818,225)	(1,888,345)	(1,989,012)	(2,088,806)
YoY	-11%	17%	36%	36%	19%	16%	11%	10%	5%	8%	4%	5%	5%
Earnings before interest and taxes (EBIT)	361,627	205,038	294,765	347,280	420,125	509,697	646,773	798,120	926,910	1,003,716	1,093,874	1,151,799	1,209,734
EBIT margin	30.9%	19.6%	20.1%	18.4%	18.8%	19.7%	21.7%	23.7%	25.3%	25.5%	26.4%	26.4%	26.4%
Financial result	2,803	(41,542)	(31,420)	(53,020)	(41,695)	(41,503)	(49,659)	(48,778)	(44,516)	(36,088)	(31,861)	(21,428)	(13,614)
Earnings before taxes (EBT)	364,429	163,496	263,345	294,260	378,430	468,194	597,114	749,341	882,395	967,628	1,062,013	1,130,371	1,196,120
EBT margin	31.1%	15.6%	18.0%	15.6%	17.0%	18.1%	20.1%	22.2%	24.1%	24.6%	25.6%	25.9%	26.1%
Net income taxes	(40,914)	(16,865)	35,313	15,557	(56,481)	(68,818)	(86,509)	(106,575)	(123,535)	(132,375)	(142,005)	(147,335)	(151,863)
%	-11%	-10%	13%	5.3%	-14.9%	-14.7%	-14.5%	-14.2%	-14.0%	-13.7%	-13.4%	-13.0%	-12.7%
Net income (loss)	323,515	146,632	298,658	309,817	321,949	399,377	510,605	642,766	758,860	835,253	920,008	983,036	1,044,257
Net margin	27.6%	14.0%	20.4%	16.4%	14.4%	15.4%	17.2%	19.0%	20.7%	21.2%	22.2%	22.5%	22.8%
EBITDA	408,571	263,311	366,595	444,034	543,969	671,654	839,814	991,464	1,157,464	1,256,549	1,366,322	1,435,626	1,501,940
(-) Rental expenses (IFRS16)	(47,640)	(47,032)	(72,647)	(88,559)	(108,047)	(128,217)	(145,783)	(163,876)	(172,156)	(178,290)	(181,920)	(185,785)	(190,718)
(+/-) Non-recurring	(88,796)	0	7,520	0	0	0	0	0	0	0	0	0	0
Adjusted EBITDA	272,135	216,279	301,468	355,475	435,922	543,437	694,031	827,588	985,308	1,078,259	1,184,403	1,249,841	1,311,221
Adjusted EBITDA margin	23.2%	20.6%	20.6%	18.8%	19.6%	21.0%	23.3%	24.5%	26.9%	27.4%	28.5%	28.6%	28.6%

Balance sheet [assets]

Balance sheet (BRL millions)	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Total assets	1,879,529	2,140,697	2,563,869	2,795,048	3,138,729	3,467,248	3,887,487	4,382,810	4,707,162	5,041,531	5,251,542	5,456,132	5,691,833
Current assets	1,319,175	1,422,266	1,583,220	1,632,173	1,958,447	2,153,368	2,466,059	2,789,691	3,090,598	3,337,824	3,547,254	3,712,017	3,874,368
Cash and cash equivalents	435,844	492,609	325,588	454,670	650,338	672,004	785,399	893,153	1,004,144	1,075,610	1,133,950	1,159,475	1,188,840
Marketable securities and short-term investments	0	44,435	141,707	0	0	0	0	0	0	0	0	0	0
Trade receivables	425,833	410,263	531,777	569,394	642,767	737,921	846,924	965,449	1,070,503	1,167,001	1,249,970	1,325,843	1,397,983
Inventory	348,034	365,184	527,139	535,280	579,940	644,615	720,822	803,538	877,890	947,049	1,007,181	1,062,629	1,115,601
Recoverable taxes	95,247	94,745	47,627	61,378	72,412	84,236	96,658	109,606	118,866	127,758	134,780	141,734	148,651
Prepaid expenses	7,419	3,262	8,223	10,293	11,830	13,434	15,096	16,786	18,036	19,247	20,215	21,177	22,133
Derivatives	6,796	11,767	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159
Non-current assets	560,354	718,431	980,649	1,162,875	1,180,282	1,313,880	1,421,428	1,593,119	1,616,564	1,703,707	1,704,288	1,744,115	1,817,466
Marketable securities and short-term investments	0	164,876	186,405	186,405	0	0	0	0	0	0	0	0	0
Deferred taxes	54,200	67,831	112,318	183,785	198,182	215,743	237,651	264,839	296,006	330,094	367,220	406,704	448,463
Other non-current assets	184,989	135,836	171,064	171,064	171,064	171,064	171,064	171,064	171,064	171,064	171,064	171,064	171,064
PP&E	311,423	340,757	480,988	582,426	746,273	847,373	918,993	1,043,355	1,028,133	1,071,845	1,022,423	1,016,216	1,042,425
Intangible assets	9,743	9,131	29,874	39,195	64,763	79,700	93,721	113,861	121,361	130,704	143,582	150,131	155,514

Balance sheet [liabilities & equity]

Balance sheet (BRL millions)	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Total liabilities and equity	1,879,529	2,140,697	2,563,869	2,795,048	3,138,729	3,467,248	3,887,487	4,382,810	4,707,162	5,041,531	5,251,542	5,456,132	5,691,833
Current liabilities	458,813	589,043	674,296	572,705	641,663	721,329	817,637	925,758	1,010,126	1,078,606	1,135,740	1,183,428	1,232,436
Labor liabilities	65,175	49,922	78,046	97,328	117,929	140,043	161,653	184,672	200,371	216,368	230,055	244,213	258,898
Suppliers	36,421	53,198	157,556	145,775	149,893	162,393	179,460	198,994	216,897	233,734	248,454	262,072	275,107
Taxes payable	86,778	92,177	113,491	126,814	163,088	201,773	257,332	322,936	380,276	417,008	457,684	487,144	515,479
Loans and financing	190,934	277,821	127,176	0	0	0	0	0	0	0	0	0	0
Other liabilities	32,407	30,768	50,074	50,074	50,074	50,074	50,074	50,074	50,074	50,074	50,074	50,074	50,074
Rentals payable	14,856	10,435	17,141	17,141	17,141	17,141	17,141	17,141	17,141	17,141	17,141	17,141	17,141
Lease liabilities payable	24,119	39,887	59,920	64,681	72,645	79,014	81,084	81,049	74,475	73,388	61,440	51,891	44,846
Dividends payable	8,124	34,835	70,892	70,892	70,892	70,892	70,892	70,892	70,892	70,892	70,892	70,892	70,892
Non-current liabilities	330,992	380,178	496,842	666,957	772,658	811,838	867,702	917,451	939,263	965,017	940,792	908,460	894,133
Loans and financing	79,420	112,500	164,037	291,213	349,456	349,456	389,430	434,341	488,179	516,300	553,528	569,606	590,070
Lease liabilities payable	225,281	235,273	310,148	348,874	391,830	426,178	437,346	437,155	401,698	395,835	331,391	279,887	241,887
Taxes paid in installments	1,865	815	633	633	633	633	633	633	633	633	633	633	633
Other liabilities	0	0	3,703	3,703	3,703	3,703	3,703	3,703	3,703	3,703	3,703	3,703	3,703
Labor liabilities	9,193	6,954	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266	1,266
Tributary, labor and civil provisions	15,234	24,636	17,054	21,268	25,770	30,602	35,324	40,354	43,784	47,280	50,271	53,365	56,574
Shareholders' equity	1,089,724	1,171,476	1,392,731	1,555,385	1,724,408	1,934,081	2,202,149	2,539,601	2,757,773	2,997,908	3,175,010	3,364,244	3,565,264
Issued capital	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381	1,105,381
Capital reserves	(53,041)	(53,041)	(52,568)	-52,568	-52,568	-52,568	-52,568	-52,568	-52,568	-52,568	-52,568	-52,568	-52,568
Legal reserves	2,644	9,978	24,902	40,393	56,491	76,460	101,990	134,128	172,071	213,834	259,834	308,986	361,199
Statutory reserves	7,301	109,158	315,015	315,015	315,015	315,015	315,015	315,015	315,015	315,015	315,015	315,015	315,015
Profit reserves	27,439	0	0	0	0	0	0	0	0	0	0	0	0
Retained earnings	0	0	0	147,163	300,089	489,793	732,330	1,037,644	1,217,873	1,416,246	1,547,347	1,687,429	1,836,236

Cash flow statement

Cash flow statement (BRL millions)	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Cash flow from operating activities	44,528	252,052	219,939	298,565	366,285	448,647	581,403	706,232	862,702	951,300	1,076,314	1,148,470	1,220,981
Adjusted net income	283,730	246,253	397,042	382,391	484,211	603,011	745,739	874,868	1,022,631	1,113,634	1,213,691	1,276,895	1,337,196
Net income (loss) during the period	323,515	146,632	298,658	309,817	321,949	399,377	510,605	642,766	758,860	835,253	920,008	983,036	1,044,257
Depreciation and amortization	46,944	58,273	71,830	96,754	123,844	161,957	193,041	193,345	230,554	252,833	272,448	283,827	292,205
Charges on right of use assets	0	29,641	35,690	43,073	48,314	54,407	59,278	60,915	60,955	56,141	55,369	46,423	39,283
Provisions for labor, tributary and civil risks	0	11,345	9,704	4,213	4,502	4,832	4,722	5,030	3,431	3,496	2,991	3,094	3,209
Lease discounts	0	(16,491)	(5,735)	0	0	0	0	0	0	0	0	0	0
Other adjustments	(86,729)	16,854	(13,105)	(71,466)	(14,397)	(17,562)	(21,907)	(27,188)	(31,168)	(34,088)	(37,125)	(39,485)	(41,759)
Change in assets and liabilities	(172,820)	50,120	(91,595)	(40,754)	(69,612)	(99,957)	(105,059)	(107,722)	(98,974)	(106,194)	(82,007)	(82,002)	(76,931)
Trade receivables	(211,918)	15,793	(121,796)	(37,616)	(73,373)	(95,153)	(109,004)	(118,525)	(105,054)	(96,498)	(82,969)	(75,874)	(72,140)
Inventory	1,654	(18,593)	(168,193)	(8,141)	(44,660)	(64,674)	(76,207)	(82,716)	(74,352)	(69,159)	(60,132)	(55,448)	(52,972)
Recoverable taxes	(12,226)	38,305	15,787	(13,751)	(11,035)	(11,824)	(12,422)	(12,947)	(9,260)	(8,892)	(7,021)	(6,954)	(6,917)
Prepaid expenses	0	0	0	(2,070)	(1,538)	(1,604)	(1,662)	(1,690)	(1,250)	(1,212)	(968)	(962)	(956)
Accounts payable	(9,848)	16,777	104,358	(11,781)	4,118	12,500	17,067	19,534	17,902	16,837	14,719	13,618	13,035
Labor charges	0	(15,253)	22,436	19,282	20,602	22,113	21,610	23,019	15,699	15,997	13,687	14,158	14,684
Taxes payable	14,170	19,353	50,708	13,323	36,274	38,685	55,559	65,604	57,341	36,732	40,676	29,459	28,335
Other adjustments	45,348	(6,262)	5,105	0	0	0	0	0	0	0	0	0	0
Others	(66,382)	(44,321)	(85,508)	(43,073)	(48,314)	(54,407)	(59,278)	(60,915)	(60,955)	(56,141)	(55,369)	(46,423)	(39,283)
Interest added	0	(18,002)	(32,984)	(43,073)	(48,314)	(54,407)	(59,278)	(60,915)	(60,955)	(56,141)	(55,369)	(46,423)	(39,283)
Other items	(66,382)	(26,319)	(52,524)	0	0	0	0	0	0	0	0	0	0
Cash flow from investing activities	(32,430)	(269,313)	(207,589)	23,167	(16,201)	(163,467)	(178,940)	(235,112)	(153,661)	(190,688)	(185,746)	(205,860)	(217,407)
Marketable securities and short-term investments	14,070	(224,601)	(103,511)	141,707	186,405	0	0	0	0	0	0	0	0
Acquisitions of property and equipment	(40,917)	(40,782)	(80,704)	(99,835)	(165,876)	(134,377)	(148,828)	(197,180)	(126,023)	(160,201)	(158,729)	(185,954)	(198,098)
Acquisitions of intangible assets	(5,582)	(3,929)	(23,374)	(18,705)	(36,730)	(29,091)	(30,112)	(37,933)	(27,639)	(30,487)	(27,016)	(19,906)	(19,309)
Cash flow from financing activities	338,964	73,986	(179,372)	(192,608)	(154,416)	(263,513)	(289,068)	(363,365)	(598,050)	(689,146)	(832,229)	(917,085)	(974,208)
Capital increase	400,431	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	(67,418)	0	(12,481)	(147,163)	(152,926)	(189,704)	(242,537)	(305,314)	(540,688)	(595,118)	(742,907)	(793,801)	(843,237)
New loans and financing	49,447	308,113	120,343	0	58,243	0	39,975	44,910	53,838	28,121	37,228	16,078	20,464
Amortization of loans and financing	0	(222,927)	(231,163)	0	0	0	0	0	0	0	0	0	0
Principal elements of lease payments	(47,640)	(12,540)	(29,795)	(45,486)	(59,733)	(73,810)	(86,505)	(102,961)	(111,201)	(122,149)	(126,550)	(139,362)	(151,435)
Net revolver	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (Reduction) in Cash	351,063	56,725	(167,022)	129,123	195,668	21,666	113,395	107,754	110,991	71,466	58,340	25,525	29,366
BoP Cash	84,781	435,844	492,568	325,547	454,670	650,338	672,004	785,399	893,153	1,004,144	1,075,610	1,133,950	1,159,475
EoP Cash	435,844	492,568	325,547	454,670	650,338	672,004	785,399	893,153	1,004,144	1,075,610	1,133,950	1,159,475	1,188,840

SG&A build-up [Sales]

Operating expenses	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
SG&A	(436,119)	(512,404)	(696,712)	(948,040)	(1,126,141)	(1,307,969)	(1,457,388)	(1,607,075)	(1,691,222)	(1,818,225)	(1,888,345)	(1,989,012)	(2,088,806)
% of revenue	37%	49%	48%	50%	51%	50%	49%	48%	46%	46%	46%	46%	46%
YoY	-11%	17%	36%	36%	19%	16%	11%	10%	5%	8%	4%	5%	5%
Sales expenses	(360,069)	(331,679)	(457,531)	(665,449)	(789,793)	(906,003)	(997,168)	(1,117,256)	(1,145,173)	(1,229,705)	(1,258,776)	(1,325,314)	(1,392,585)
% of revenue	-31%	-32%	-31%	-35%	-35%	-35%	-34%	-33%	-31%	-31%	-30%	-30%	-30%
Personal	(175,324)	(158,850)	(224,883)	(279,996)	(337,956)	(400,260)	(461,074)	(525,401)	(571,630)	(618,011)	(654,317)	(691,318)	(729,156)
Variable	(113,961)	(103,253)	(146,174)	(189,990)	(224,147)	(260,747)	(299,199)	(339,277)	(367,942)	(395,467)	(417,201)	(438,728)	(460,139)
Variable as % of gross revenue	7.6%	7.7%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%
Fixed	(61,363)	(55,598)	(78,709)	(90,006)	(113,809)	(139,514)	(161,875)	(186,124)	(203,689)	(222,544)	(237,117)	(252,590)	(269,017)
# managers and salespeople	2,273	2,133	2,560	2,698	3,158	3,618	3,998	4,378	4,563	4,748	4,818	4,888	4,958
# personnel/ store	9.0	8.0	8.9	8.6	8.4	8.3	8.2	8.2	8.1	8.1	8.1	8.1	8.1
Annual salary per worker	(27.0)	(26.1)	(30.7)	(33.4)	(36.0)	(38.6)	(40.5)	(42.5)	(44.6)	(46.9)	(49.2)	(51.7)	(54.3)
Rentals and common area maintenance fees	(47,860)	(35,268)	(45,889)	(49,624)	(51,690)	(53,499)	(55,104)	(56,757)	(58,460)	(60,214)	(62,020)	(63,881)	(65,797)
Lease discounts	0	16,491	5,735	0	0	0	0	0	0	0	0	0	0
Freight	(20,613)	(26,541)	(26,542)	(21,842)	(26,041)	(30,562)	(35,326)	(40,352)	(43,910)	(47,317)	(49,998)	(52,652)	(55,292)
Commission on credit cards	(25,530)	(22,155)	(33,230)	(43,191)	(50,956)	(59,276)	(68,017)	(77,128)	(83,645)	(89,902)	(94,843)	(99,737)	(104,604)
Outsourced services	(11,711)	(9,917)	(8,570)	(9,753)	(10,243)	(10,653)	(11,079)	(11,522)	(11,983)	(12,462)	(12,961)	(13,479)	(14,018)
Marketing/selling expenses	(54,317)	(63,629)	(76,269)	(166,086)	(192,353)	(225,850)	(257,958)	(293,191)	(317,593)	(341,550)	(360,217)	(378,858)	(397,319)
Other selling expenses	(24,715)	(31,810)	(47,882)	0	0	0	0	0	0	0	0	0	0
Selling expenses as % of net revenue	6.7%	9.1%	8.5%	8.8%	8.6%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
Pre-operating expenses due to new stores				(94,957)	(120,554)	(125,902)	(108,609)	(112,905)	(57,951)	(60,248)	(24,420)	(25,390)	(26,399)
Per Life store				(1,828)	(1,926)	(2,011)	(2,090)	(2,173)	(2,259)	(2,349)	(2,442)	(2,539)	(2,640)
Salaries				(234)	(252)	(270)	(283)	(298)	(312)	(328)	(345)	(362)	(380)
Employee training				(82)	(88)	(94)	(99)	(104)	(109)	(115)	(121)	(127)	(133)
Advertisement				(825)	(866)	(901)	(937)	(975)	(1,014)	(1,054)	(1,096)	(1,140)	(1,186)
Rent / m2				(425)	(443)	(458)	(472)	(486)	(501)	(516)	(532)	(547)	(564)
Utilities / m2				(263)	(276)	(287)	(298)	(310)	(323)	(336)	(349)	(363)	(378)
Per Vivara store				(2,065)	(2,176)	(2,273)	(2,363)	(2,456)	(2,554)	(2,655)	(2,760)	(2,870)	(2,984)
Salaries				(300)	(324)	(347)	(364)	(383)	(402)	(422)	(443)	(465)	(488)
Employee training				(105)	(114)	(121)	(128)	(134)	(141)	(148)	(155)	(163)	(171)
Advertisement				(775)	(814)	(846)	(880)	(915)	(952)	(990)	(1,030)	(1,071)	(1,114)
Rent / m2				(547)	(570)	(589)	(607)	(625)	(644)	(663)	(683)	(704)	(725)
Utilities / m2				(338)	(355)	(369)	(384)	(399)	(415)	(432)	(449)	(467)	(486)

SG&A build-up [G&A]

General and Administratives	(137,997)	(131,544)	(161,246)	(185,837)	(212,504)	(240,010)	(267,179)	(296,475)	(315,495)	(335,687)	(357,121)	(379,871)	(404,015)
% of revenue	-12%	-13%	-11%	-9.8%	-9.5%	-9.3%	-9.0%	-8.8%	-8.6%	-8.5%	-8.6%	-8.7%	-8.8%
Personal	(72,376)	(55,685)	(79,297)	(99,333)	(121,667)	(145,548)	(168,959)	(194,347)	(209,303)	(225,269)	(242,309)	(260,489)	(279,882)
YoY	40%	-23%	42%	25%	22%	20%	16%	15%	8%	8%	8%	8%	7%
# personnel	508	586	523	604	685	765	846	927	951	975	998	1,022	1,046
Annual salaryper worker	(142)	(95)	(152)	(164.5)	(177.7)	(190.2)	(199.7)	(209.7)	(220.1)	(231.1)	(242.7)	(254.8)	(267.6)
Rentals and common area maintenance fees	(390)	(728)	(1,714)	(1,854)	(1,931)	(1,998)	(2,058)	(2,120)	(2,184)	(2,249)	(2,317)	(2,386)	(2,458)
Outsourced services	(35,238)	(49,241)	(51,438)	(54,269)	(56,997)	(59,277)	(61,648)	(64,114)	(66,679)	(69,346)	(72,120)	(75,005)	(78,005)
Other General and Administratives expenses	(29,993)	(25,890)	(28,797)	(30,382)	(31,909)	(33,186)	(34,513)	(35,894)	(37,330)	(38,823)	(40,376)	(41,991)	(43,670)
Depreciation and Amortization	(45,495)	(55,749)	(68,598)	(96,754)	(123,844)	(161,957)	(193,041)	(193,345)	(230,554)	(252,833)	(272,448)	(283,827)	(292,205)
% of revenue	-4%	-5%	-5%	-5%	-6%	-6%	-6%	-6%	-6%	-6%	-7%	-7%	-6%
Depreciation and Amortization	(15,107)	(19,463)	(20,754)	(42,292)	(58,317)	(84,977)	(106,087)	(96,117)	(129,318)	(150,043)	(168,105)	(177,915)	(183,914)
Depreciation and Amortization - Right of use (IFRS16)	(30,388)	(36,285)	(47,843)	(54,462)	(65,527)	(76,980)	(86,954)	(97,228)	(101,236)	(102,790)	(104,343)	(105,912)	(108,291)
Share of profit (loss) of subsidiaries	(247)	0	0	0	0	0	0	0	0	0	0	0	0
Other Operating Expenses (Revenues)	107,690	6,567	(9,338)	0	0	0	0	0	0	0	0	0	0
Personnel expenses	(247,700)	(214,535)	(304,180)	(379,329)	(459,623)	(545,809)	(630,033)	(719,747)	(780,934)	(843,280)	(896,626)	(951,807)	(1,009,038)
YoY	15.8%	-13.4%	41.8%	24.7%	21.2%	18.8%	15.4%	14.2%	8.5%	8.0%	6.3%	6.2%	6.0%
As % of gross sales	16.6%	16.0%	16.5%	15.8%	16.3%	16.6%	16.7%	16.8%	16.8%	16.9%	17.1%	17.2%	17.4%
Rentals + lease expense	(78,248)	(101,194)	(129,422)	(147,159)	(165,532)	(184,886)	(201,336)	(214,900)	(220,651)	(219,145)	(221,733)	(216,216)	(213,372)
YoY	-5.4%	29.3%	27.9%	13.7%	12.5%	11.7%	8.9%	6.7%	2.7%	-0.7%	1.2%	-2.5%	-1.3%
As % of gross sales	5.3%	7.6%	7.0%	6.1%	5.9%	5.6%	5.3%	5.0%	4.8%	4.4%	4.2%	3.9%	3.7%

Headcount increase (x)	% increase until 2026	Total headcount increase	Increase until 2026	Annual increase
2	77%	523	404	80.8

Variable portion	65%
Fixed portion	35%

Life workers	7
Vivara workers	9

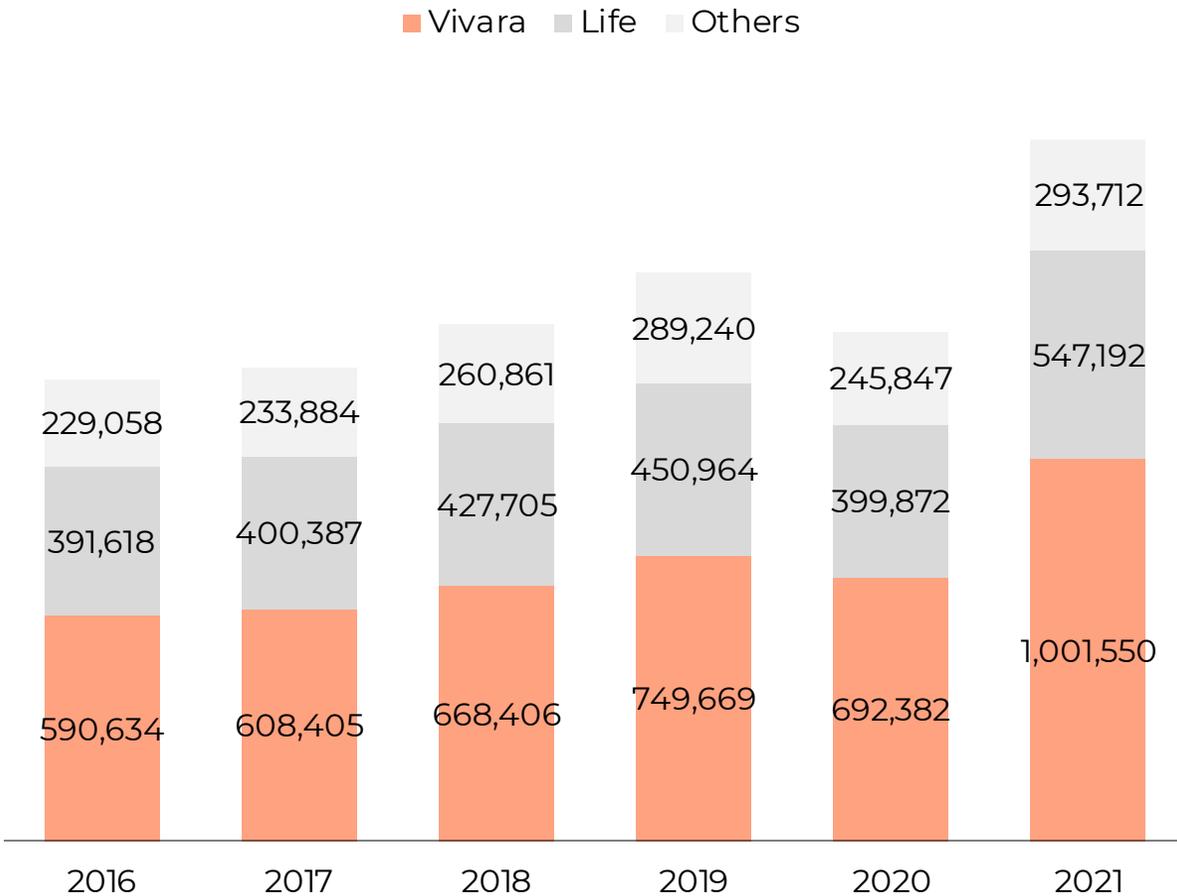
Real gain	3%
Real gain 2nd	1%

Revenue breakdown

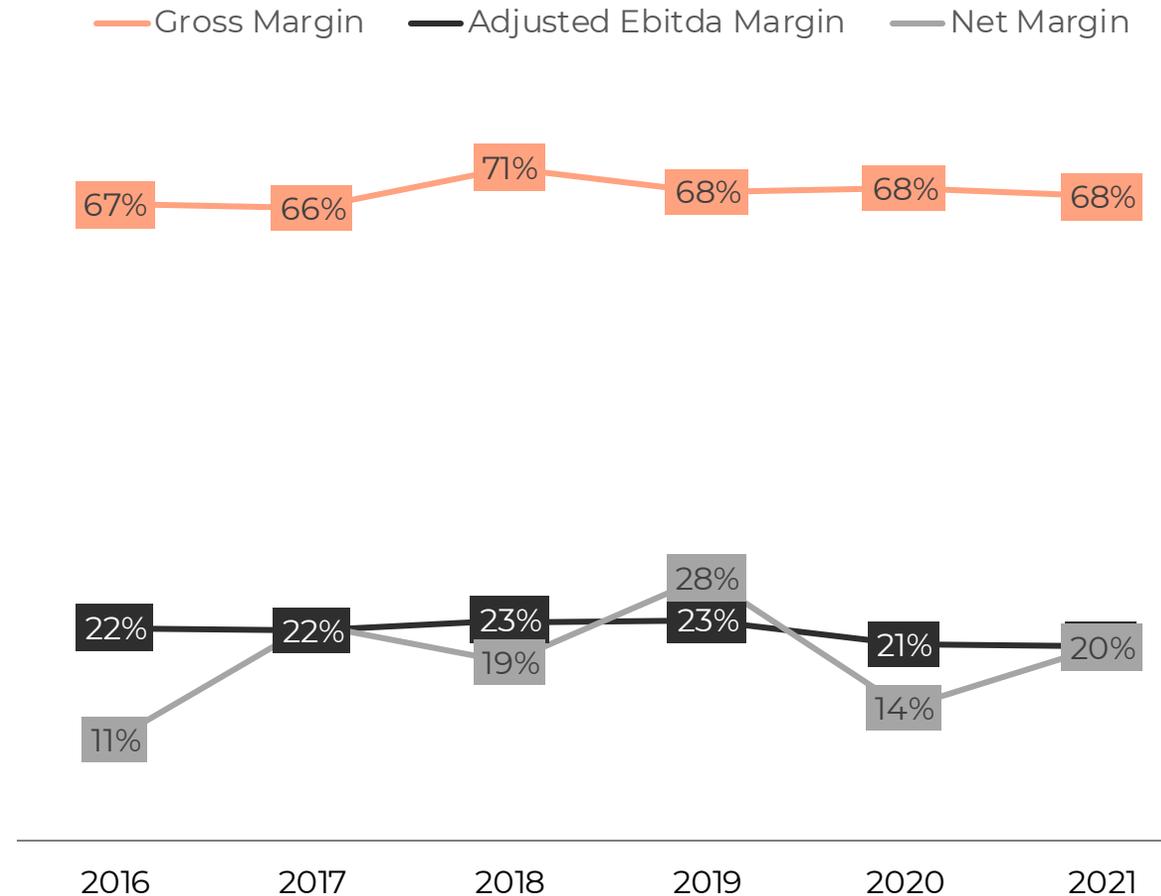
Revenue breakdown per product type	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Life	450,964	399,872	547,192	831,335	1,088,530	1,376,417	1,685,781	2,026,913	2,256,704	2,473,404	2,640,797	2,805,676	2,969,681
% of total gross revenue	30%	30%	30%	35%	39%	42%	45%	47%	49%	50%	50%	51%	51%
YoY	5%	-11%	37%	52%	31%	26%	22%	20%	11%	10%	7%	6%	6%
Jewelry	749,669	692,382	1,001,550	1,209,843	1,344,586	1,482,008	1,622,168	1,749,949	1,852,296	1,953,628	2,036,326	2,118,913	2,200,987
% of total gross revenue	50%	52%	54%	51%	48%	45%	43%	41%	40%	39%	39%	38%	38%
YoY	12%	-8%	45%	21%	11%	10%	9%	8%	6%	5%	4%	4%	4%
Watches	243,246	201,671	241,130	299,631	331,930	361,887	391,017	421,039	445,320	469,412	489,313	509,232	529,081
% of total gross revenue	16%	15%	13%	13%	12%	11%	10%	10%	10%	9%	9%	9%	9%
YoY	8%	-17%	20%	24%	11%	9%	8%	8%	6%	5%	4%	4%	4%
Accessories	39,233	40,313	45,553	45,177	49,914	54,296	58,564	62,963	66,546	70,106	73,071	76,043	79,010
% of total gross revenue	3%	3%	2%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
YoY	30%	3%	13%	-1%	10%	9%	8%	8%	6%	5%	4%	4%	4%
Revenue breakdown per sales channel	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Retail	1,253,033	1,360,642	1,016,119	1,509,345	2,122,590	2,500,937	2,906,062	3,331,535	3,774,267	4,091,358	4,395,957	4,636,580	4,874,937
Vivara - after cannibalization	1,180,404	1,264,434	951,638	1,401,710	1,867,961	2,077,707	2,287,364	2,504,292	2,717,452	2,877,283	3,035,528	3,164,675	3,293,647
YoY	9%	7%	-25%	47%	33%	11%	10%	9%	9%	6%	5%	4%	4%
% of retail sales	94%	93%	94%	93%	88%	83%	79%	75%	72%	70%	69%	68%	68%
Life, dedicated stores	0	9,851	18,441	62,919	207,945	374,648	568,441	775,078	1,002,577	1,158,025	1,302,495	1,412,012	1,519,360
YoY			87%	241%	230%	80%	52%	36%	29%	16%	12%	8%	8%
% of retail sales	0%	1%	2%	4%	10%	15%	20%	23%	27%	28%	30%	30%	31%
Kiosks	72,629	86,357	46,040	44,716	46,685	48,582	50,257	52,164	54,237	56,049	57,933	59,893	61,931
YoY		19%	-47%	-3%	4%	4%	3%	4%	4%	3%	3%	3%	3%
% of retail sales	6%	6%	3%	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
E-commerce	88,074	106,246	309,515	320,072	263,396	314,023	368,545	425,995	486,597	529,508	570,592	602,927	634,926
% of gross revenue	6%	7%	23%	17%	11%	11%	11%	11%	11%	11%	11%	11%	11%
% of retail sales	7%	8%	30%	21%	12%	13%	13%	13%	13%	13%	13%	13%	13%
YoY		21%	191%	3%	-18%	19%	17%	16%	14%	9%	8%	6%	5%
Others / adjustment	15,865	22,985	12,467	13,037	8,752	10,311	11,982	13,736	15,561	16,869	18,125	19,117	20,100

Historic Financials – Revenue breakdown and margins

Revenue Breakdown Evolution



Margins Evolution



Capital expenditure

Capital expenditure	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Total CAPEX	13,249	46,500	44,712	87,078	118,540	202,606	163,467	178,940	235,112	153,661	190,688	185,746	205,860
Capex as % of sales	1.33%	4.39%	3.82%	8.31%	8.08%	10.72%	7.33%	6.90%	7.90%	4.55%	5.21%	4.72%	4.96%
Capex / D&A (excl. IFRS-16)	83%	283%	209%	372%	280%	347%	192%	169%	245%	119%	127%	110%	116%
CAPEX [maintenance]					24,350	44,196	60,941	88,801	110,861	100,442	135,137	156,795	175,669
PP&E					21,654	34,390	49,276	74,010	94,047	81,849	114,092	134,699	160,895
Intangible assets					2,696	9,806	11,665	14,791	16,814	18,593	21,045	22,096	14,775
CAPEX [expansion]	13,249	46,500	44,712	87,078	94,191	158,410	102,526	90,139	124,251	53,219	55,551	28,951	30,191
New stores	4,749	16,516	24,815	44,732	58,520	74,028	77,359	66,781	69,786	35,504	37,101	14,670	15,330
Repairs and maintenance	5,565	14,597	8,357	5,474	6,022	6,293	6,576	6,872	7,181	7,504	7,842	8,195	8,564
Facility	884	6,633	3,490	11,340	12,474	50,000	0	0	25,000	0	0	0	0
Others	0	614	17	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
Systems/IT	2,051	8,139	8,032	24,366	16,009	26,924	17,426	15,320	21,118	9,045	9,442	4,921	5,131
As % of total CAPEX excluding Systems/IT	18.3%	21.2%	21.9%	38.9%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
YoY	-31%	248%	50%	80%	31%	27%	4%	-14%	4%	-49%	4%	-60%	5%

- Maintenance CaPex = previous year* D&A (not related to right-of-use-assets) * (1 + inflation rate)

*To avoid circularity

R\$25 Mn CapEx for factory expansion was obtained using a rule of three



Olá, time! Tudo bem?

Segue as respostas da Vivara para as perguntas do time:

A marca Life é a grande aposta da Vivara para os próximos anos. Com o grande sucesso do produto e margens altas, surgem diversos concorrentes. Como a empresa se defende da ameaça de novos entrantes nesse mesmo segmento? O que a empresa está fazendo para segurar o crescimento de uma "nova Life", um movimento que um grande competidor já está realizando?

Investimos no design autoral das peças como um diferencial, parcerias e colabs, e trabalho forte de marca e marketing.

O projeto de empoderamento da marca Life passa por todas as frentes da operação, desde processos, até portfólio de produtos. A marca nasceu em 2011, como uma coleção dentro da Vivara, e desde então, sempre se apropriou da jornada da Vivara, que é uma joalheria mais tradicional. O que estamos nos propondo a fazer com essa marca, é dar vida própria pra ela, com a possibilidade de explorar um mercado endereçável adicional ao de joalheria mais tradicional. Vimos nesse processo de estudos e análises, que a venda de produtos Life sempre foi muito focada naquele cliente Vivara que, muitas vezes, comprava para presentear. Com um canal exclusivo para marca, conseguimos atrair o cliente final de Life, dar mais foco na venda por parte das vendedoras e também atrair o cliente Vivara, para o self-purchase, através de uma expansão de portfólios mais elaborados.

2- Qual o Capex estimado para a nova fábrica? Durante quais anos se pretende fazer os desembolsos e quando a fábrica ficará pronta? Será uma fábrica dedicada para uma linha exclusiva de produtos? O investimento será feito com capital próprio ou dívida? Aproximadamente 50 milhões de reais, com desembolso 100% em 2023, a fábrica ficando pronta em 2023 também. A fábrica será dedicada as 3 linhas de produto que já temos hoje (a fábrica atual será descontinuada). Capital próprio, inicialmente.

3- Percebemos que a estrutura de capital da companhia é composta majoritariamente por equity e pouca dívida. Por que a empresa opta por se alavancar pouco? Não acreditam que poderiam diminuir o custo de capital se utilizassem mais dívida? Pensam em modificar a estrutura de capital em um futuro próximo? Por sermos uma empresa geradora de caixa não vemos a necessidade de alavancagem nesse momento, mas devemos ver uma leve alavancagem já no próximo ano, com os grandes investimentos que seguiremos tendo. Além disso, a estrutura de caixa líquido ainda reflete a capitalização que fizemos no IPO e a postergação dos investimentos em razão a pandemia. Em 2022, já devemos consumir caixa e começar a pensar em uma estrutura de capital mais alavancada.

Qualquer dúvida estou à disposição.

Abs,

Luana Peralta

Sales/m2 according to the number of equivalent mature stores

	16'	17'	18'	19'	20'	21'		19'	20'	21'
Vivara	1,067,070	1,081,952	1,180,404	1,264,434	951,638	1,401,710	Life	9,851	18,441	62,919
# m2	14,591	15,056	15,778	17,325	18,983	20,841	# m2	288	640	2,196
m2 in 1st year	0	465	722	1,547	1,658	1,858	m2 in 1st year	202	352	1,556
m2 in 2nd year	0	0	465	722	1,547	1,658	m2 in 2nd year	86	202	352
m2 in 3rd year	0	0	0	465	722	1,547	m2 in 3rd year	0	86	202
m2 in 4th year	0	0	0	0	465	722	m2 in 4th year	0	0	86
m2 in 5th year	14,591	14,591	14,591	14,591	14,591	15,056				
Sales/m2	73	72	75	73	50	67	Sales/m2	34	29	29
Weighted average stores' age	5.0	4.9	4.7	4.5	4.3	4.2	Weighted average stores' age	1.3	1.6	1.5
Previous age	5.0	4.0	4.0	4.0	4.0	4.0	Previous age	1.0	1.0	1.0
Difference from current age	0.0	0.9	0.7	0.5	0.3	0.2	Difference from current age	0.3	0.6	0.5
Next age	6.0	5.0	5.0	5.0	5.0	5.0	Next age	2.0	2.0	2.0
Base maturation stage	100%	100%	100%	100%	100%	100%	Base maturation stage	0.0	0.0	0.0
Next maturation stage	100%	100%	100%	100%	100%	100%	Base maturation stage	65%	65%	65%
% of next maturation stage reached	0%	88%	73%	46%	31%	22%	Next maturation stage	85%	85%	85%
Current maturation stage	100%	100%	100%	100%	100%	100%	% of next maturation stage reached	30%	58%	46%
Equivalent mature stores sales	1,067,070	1,081,952	1,180,404	1,264,434	951,638	1,401,710	0%	0.0	0.0	
Equivalent mature stores sales per m2	73	72	75	73	50	67	Current maturation stage	71%	77%	74%
							0	0	0	
							Equivalent mature stores sales	13,880	24,047	84,757
							Equivalent mature stores sales per m2	48	38	39

Equivalent mature stores: to arrive at a reasonable sales/m2 for Vivara and Life units, we did a reverse calculation by estimating how much of a mature store's full sales potential would previous stores be selling according to their age. I.e in the case of Life, if the weighted average age of units is 1.3 Years, and if we estimate that in the 1st year a new store will be selling 50% and in the 2nd 75%, then a 1.3 years old store should be selling 57%. Since sales/m2 in 2019 was R\$34 k, then an **equivalent mature store** should be selling R\$ 55 k. Following this approach, the target sales/m2 of a mature store is connected to the maturity curve expected for next stores, which makes total sense. When it comes to Vivara stores, since we estimate that in year 3 stores should already be completely mature, the target no longer depends on 1st and 2nd year maturity stage.

Cohort build-up [Vivara]

		21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Vivara store sales after cannibalization		1,675,163	1,867,961	2,077,707	2,287,364	2,504,292	2,717,452	2,877,283	3,035,528	3,164,675	3,293,647	3,421,818
Cannibalization due to Life openings	8%											
% of Vivara stores where there is also a Life store		14.4%	27.9%	40.9%	52.1%	61.2%	69.4%	74.6%	79.6%	82.7%	85.8%	88.9%
% of Life stores where there is also a Vivara store		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vivara sales transferred to Life stores		6,887	16,159	29,113	44,173	60,230	77,909	89,988	101,215	109,725	118,067	126,364
Vivara store sales		1,682,050	1,884,120	2,106,820	2,331,537	2,564,522	2,795,361	2,967,271	3,136,743	3,274,400	3,411,714	3,548,182
Mature store sales per m2 (tier 1 malls)	% mix in 2021	84	89	93	97	102	107	111	116	120	125	130
Jewelry	58%	49	52	54	57	60	62	65	67	70	73	76
Life	27%	23	24	25	26	28	29	30	32	33	34	36
Watches	13%	11	11	12	13	13	14	14	15	15	16	16
Accessories	2%	2	2	2	2	2	2	2	2	2	2	2
Mature store sales per m2 (tier 2 malls)	75%		66	70	73	77	80	83	87	90	94	98
		Maturation curve										
Time to maturity	3Y		Store age	1	2	3						
Average store size (m2)	90		% of mature store sales	70%	85%	100%						
Opening year	# new m2 and new stores											
2018 and before	15,778	1,324,658	1,397,564	1,467,831	1,536,248	1,614,662	1,688,375	1,755,910	1,826,146	1,899,192	1,975,160	2,054,166
2019	1,547	129,880	137,028	143,918	150,626	158,314	165,542	172,163	179,050	186,212	193,660	201,407
2020 m2	1,658	118,319	146,860	154,244	161,434	169,674	177,420	184,516	191,897	199,573	207,556	215,858
2021 m2	1,858	109,193	139,889	172,850	180,907	190,141	198,821	206,774	215,045	223,647	232,593	241,896
2022	15	Tier 2 malls	62,779	80,064	98,584	103,616	108,346	112,680	117,187	121,874	126,749	131,819
2023	20			87,914	111,728	138,154	144,461	150,239	156,249	162,499	168,999	175,759
2024	20				92,011	117,431	144,461	150,239	156,249	162,499	168,999	175,759
2025	15					72,531	92,094	112,680	117,187	121,874	126,749	131,819
2026	15						75,842	95,778	117,187	121,874	126,749	131,819
2027	5							26,292	33,203	40,625	42,250	43,940
2028	5								27,344	34,531	42,250	43,940
2029	0									0	0	0
2030	0										0	0
2031	0											0
Total openings	95											

- I) Revenue coming from **m2 already built** and in operation (2018 and previous m2 - 2021 sqm) from the revenue of **new stores**, since the old ones continue generating 100% of forecasted sales/m2 because they are placed in tier 1 malls.
- II) **Maturity curve** for the stores Sales/m2 according to the number of equivalent mature stores (highlighted in the different shades of green in the chart above), because we understand that a new store takes time to reach its full sales potential.
- III) Sales/m2 of a **fully mature store**, which is adjusted mainly according to the IPCA, but also by the U.S. dollar variation and the price of raw materials (gold and silver future contracts). This value represents a **composition of different sales/m2 according to the product mix of the store**: we chose to model the upcoming revenue of each type of product individually as we understand that the evolution of sales varies according to the type of SKU and its costs.
- IV) Reducer on the sales/m2 of new stores since there are **practically no more tier 1 mall left** to be explored by Vivara, making it necessary for the company to enter malls with lower profitability than the current ones.
- V) **Revenue loss** resulting from the opening of Life stores near Vivara ones, according to the company's expansion plan. The **sales volume transferred** to Life was obtained by estimating an expected cannibalization rate, then multiplying it by an intersection rate between stores - after all, the cannibalization occurs only over sales from a Vivara store positioned close to a new Life unit.

4-wall analysis [Vivara]

Vivara (B&M only)	0	1	2	3	4	5	6	7	8	9	10
% of maturation		70%	85%	100%	100%	100%	100%	100%	100%	100%	100%
Sales/m2 mature tier 2 malls		66	70	73	77	80	83	87	90	94	98
Gross sales		4,185	5,338	6,572	6,908	7,223	7,512	7,812	8,125	8,450	8,788
YoY			28%	23%	5%	5%	4%	4%	4%	4%	4%
Net sales		3,303	4,212	5,186	5,451	5,700	5,928	6,165	6,412	6,668	6,935
YoY			28%	23%	5%	5%	4%	4%	4%	4%	4%
Gross profit		2,227	2,840	3,498	3,680	3,852	4,006	4,166	4,333	4,506	4,687
Gross margin		67%	67%	67%	68%	68%	68%	68%	68%	68%	68%
SG&A		(998)	(1,207)	(1,439)	(1,510)	(1,581)	(1,648)	(1,718)	(1,791)	(1,867)	(1,946)
% of sales		-30%	-29%	-28%	-28%	-28%	-28%	-28%	-28%	-28%	-28%
Adjusted 4-wall EBITDA		1229	1633	2059	2170	2271	2359	2449	2542	2640	2741
YoY			33%	26%	5%	5%	4%	4%	4%	4%	4%
Adjusted 4-wall EBITDA margin		37%	39%	40%	40%	40%	40%	40%	40%	40%	40%
Operating income		1,090	1,494	1,921	2,031	2,132	2,220	2,310	2,404	2,501	2,602
Taxes		58	(223)	(282)	(294)	(303)	(311)	(316)	(321)	(326)	(330)
Tax rate		5.3%	-14.9%	-14.7%	-14.5%	-14.2%	-14.0%	-13.7%	-13.4%	-13.0%	-12.7%
NOPAT		1,148	1,271	1,638	1,737	1,829	1,909	1,994	2,082	2,175	2,272
D&A		139	139	139	139	139	139	139	139	139	139
Maintenance CapEx		(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)
Change in WC		(702)	(490)	(524)	(140)	(130)	(122)	(127)	(132)	(138)	(143)
Lease CapEx		(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)
FCF		221	556	889	1,372	1,473	1,562	1,641	1,725	1,812	1,903
Inventory acquisition	(1,076)										
Pre-operating expenses	(1,828)										
Initial CapEx	(1,386)										
Invested capital	4,290	5,131	5,759	6,421	6,700	6,969	7,230	7,496	7,767	8,044	8,326
LT IRR	(4,290)	221	556	889	1,372	1,473	1,562	1,641	1,725	1,812	23,601
ROIC year 10		22%	22%	26%	26%	26%	26%	27%	27%	27%	27%

Vivara	
Main assumptions and return metrics	
LT IRR	31%
LT ROIC	27%
Payback period (non discounted)	4.7
NPV	14,065
Gross margin	67%
# workers	9
Sales/m2 2022	66
Sales area m2	90
Capex/store	1386
Capex/m2	15
Maturation	3Y
g	4%
WACC	13%

SG&A: freight (% gross revenue), commissions on credit cards (% gross revenue), fixed (IPCA adjusted) and variable (% of gross revenue) personnel expenses, marketing (% gross revenue).

Pre-operating expenses: same as SG&A + G&A headcount + utilities + interest on lease liabilities.

Lease CapEx: fixed installments considering PV and discount rate of current contracts.

Inventory acquisition: cost of goods sold in year one.

Working capital: Inventory level equal to COGS, receivables (% gross revenue), suppliers (% inventory).

Cohort build-up [Life]

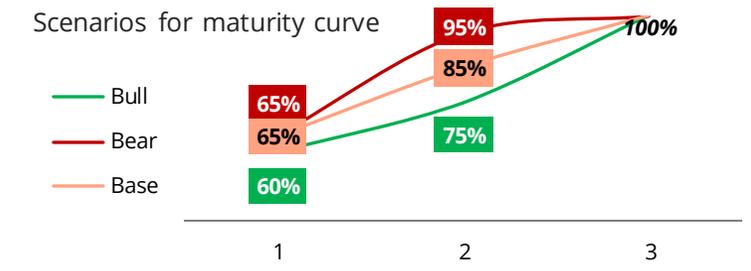
	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Life store sales	88,627	207,945	374,648	568,441	775,078	1,002,577	1,158,025	1,302,495	1,412,012	1,519,360	1,626,136

Mature store sales per m2 (tier 1 malls)	55	58	61	64	68	72	75	78	81	84	88
Mature store sales per m2 (tier 2 malls)	75%						56	58	61	63	66

Time to maturity	3Y	Maturation curve			
Average store size (m2)	70	Store age	1	2	3
Opening year	# new m2 and new stores	% of mature store sales	65%	85%	100%

2018 and before	86	4,768	5,030	5,283	5,526	5,838	6,194	6,441	6,699	6,967	7,246	7,536
2019	202	11,199	11,815	12,409	12,980	13,712	14,548	15,130	15,735	16,364	17,019	17,700
2020	352	16,588	20,589	21,624	22,619	23,893	25,351	26,365	27,419	28,516	29,657	30,843
2021	1,556	56,073	77,361	95,589	99,988	105,620	112,062	116,544	121,206	126,054	131,096	136,340
2022	35		93,148	127,934	157,436	166,304	176,447	183,504	190,845	198,478	206,418	214,674
2023	40			111,808	152,938	190,062	201,653	209,719	218,108	226,832	235,906	245,342
2024	40				116,953	161,552	201,653	209,719	218,108	226,832	235,906	245,342
2025	35					108,098	149,980	183,504	190,845	198,478	206,418	214,674
2026	35						114,690	155,979	190,845	198,478	206,418	214,674
2027	20							51,119	69,522	85,062	88,465	92,003
2028	20								53,164	72,303	88,465	92,003
2029	10									27,645	37,597	46,002
2030	10										28,751	39,101
2031	10											29,901
Total openings	255											

- I) Sales/m2 composition is simpler in this case because we are talking about an **exclusive store for Life products**
- II) The segmentation of stores in tier 1 and 2 malls: we see that **only after 2027 the opportunities in more profitable locations will be exhausted**, therefore only the sales from this year on are affected by the reducer, which follows the same procedure adopted for Vivara stores.



Second year maturation	Upside sensitivity					
	RS 0.30	55%	60%	65%	70%	75%
75%		45%	39%	34%	29%	24%
80%		43%	37%	32%	27%	23%
85%		40%	35%	30%	26%	22%
90%		38%	33%	28%	24%	20%
95%		36%	31%	27%	23%	19%

4-wall analysis [Life]

Life (B&M only)	0	1	2	3	4	5	6	7	8	9	10
% of maturation		65%	85%	100%	100%	100%	100%	100%	100%	100%	100%
Sales/m2 mature		58	61	64	68	72	75	78	81	84	88
Gross sales		2,661	3,655	4,498	4,752	5,041	5,243	5,453	5,671	5,898	6,134
YoY			37%	23%	6%	6%	4%	4%	4%	4%	4%
Net sales		2,100	2,884	3,550	3,750	3,978	4,137	4,303	4,475	4,654	4,840
YoY			37%	23%	6%	6%	4%	4%	4%	4%	4%
Gross profit		1,733	2,380	2,928	3,093	3,282	3,413	3,550	3,692	3,840	3,993
Gross margin		83%	83%	83%	83%	83%	83%	83%	83%	83%	83%
SG&A		(677)	(857)	(1,017)	(1,071)	(1,134)	(1,182)	(1,233)	(1,285)	(1,340)	(1,397)
% of sales		-25%	-23%	-23%	-23%	-22%	-23%	-23%	-23%	-23%	-23%
Adjusted 4-wall EBITDA		1055	1523	1911	2022	2148	2231	2317	2407	2500	2596
YoY			44%	26%	6%	6%	4%	4%	4%	4%	4%
Adjusted 4-wall EBITDA margin		50%	53%	54%	54%	54%	54%	54%	54%	54%	54%
Operating income		948	1,415	1,804	1,914	2,040	2,124	2,209	2,299	2,392	2,488
Taxes		50	(211)	(265)	(277)	(290)	(297)	(302)	(307)	(312)	(316)
Tax rate		5.3%	-14.9%	-14.7%	-14.5%	-14.2%	-14.0%	-13.7%	-13.4%	-13.0%	-12.7%
NOPAT		998	1,204	1,539	1,637	1,750	1,826	1,907	1,992	2,080	2,172
D&A		108	108	108	108	108	108	108	108	108	108
Maintenance CapEx		(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)	(108)
Change in WC		(533)	(336)	(285)	(86)	(98)	(68)	(71)	(74)	(77)	(80)
Lease CapEx		(198)	(198)	(198)	(198)	(198)	(198)	(198)	(198)	(198)	(198)
FCF		267	867	1,253	1,551	1,652	1,758	1,836	1,918	2,003	2,092
Inventory acquisition		(368)									
Pre-operating expenses		(1,828)									
Initial CapEx		(1,078)									
POS acquisition		(850)									
Invested capital		4,124	4,764	5,208	5,601	5,795	6,000	6,176	6,355	6,537	6,909
LT IRR		(4,124)	267	867	1,253	1,551	1,652	1,758	1,836	1,918	2,003
ROIC year 10			21%	23%	27%	28%	29%	30%	30%	30%	31%

Life	
Main assumptions and return metrics	
LT IRR	35%
LT ROIC	31%
Payback period (non discounted)	4.1
NPV	16,029
Gross margin	83%
# workers	7
Sales/m2 2022	58
Sales area m2	70
Capex/store	1078
Capex/m2	15
POS	850
Maturation	3Y
g	4%
WACC	13%

SG&A: freight (% gross revenue), commissions on credit cards (% gross revenue), fixed (IPCA adjusted) and variable (% of gross revenue) personnel expenses, marketing (% gross revenue).

Pre-operating expenses: same as SG&A + G&A headcount + utilities + interest on lease liabilities.

Lease CapEx: fixed installments considering PV and discount rate of current contracts.

Inventory acquisition: cost of goods sold in year one.

Working capital: Inventory level equal to COGS, receivables (% gross revenue), suppliers (% inventory).

POS acquisition: down payment to malls.

Volume sold

		16'	17'	18'	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
Avg ticket	R\$	323	360	384	371	503	559	616	603	594	598	606	618	634	653	674	697
YoY			11%	7%	-3%	36%	11%	10%	-2%	-1%	1%	1%	2%	3%	3%	3%	3%
Units manufactured								3,097	3,805	4,570	5,308	6,053	6,562	7,018	7,327	7,614	7,882
# items sold	k	3,739	3,442	3,521	3,995	2,652	3,281	3,871	4,672	5,511	6,281	7,028	7,472	7,835	8,019	8,171	8,297
YoY			-8%	2%	13%	-34%	24%	18%	21%	18%	14%	12%	6%	5%	2%	2%	2%
Life, silver		391,618	400,387	427,705	450,964	399,872	547,192	831,335	1,088,530	1,376,417	1,685,781	2,026,913	2,256,704	2,473,404	2,640,797	2,805,676	2,969,681
Average ticket		135	149	151	150	205	223	272	285	299	315	335	348	362	376	391	407
Volume sold		2,895	2,684	2,830	2,997	1,952	2,449	3,059	3,813	4,610	5,345	6,057	6,484	6,834	7,016	7,167	7,294
Jewelry, gold		590,634	608,405	668,406	749,669	692,382	1,001,550	1,209,843	1,344,586	1,482,008	1,622,168	1,749,949	1,852,296	1,953,628	2,036,326	2,118,913	2,200,987
Average ticket		1,359	1,575	1,596	1,589	2,225	2,427	2,952	3,100	3,251	3,418	3,555	3,697	3,845	3,999	4,159	4,325
Volume sold		435	386	419	472	311	413	410	434	456	475	492	501	508	509	510	509
Watches		207,606	207,784	225,528	243,246	201,671	241,130	299,631	331,930	361,887	391,017	421,039	445,320	469,412	489,313	509,232	529,081
Average ticket		608	625	634	631	746	814	990	1,040	1,081	1,125	1,170	1,216	1,265	1,316	1,368	1,423
Volume sold		342	332	356	386	270	296	303	319	335	348	360	366	371	372	372	372
Accessories		17,719	21,717	30,072	39,233	40,313	45,553	45,177	49,914	54,296	58,564	62,963	66,546	70,106	73,071	76,043	79,010
Average ticket		277	285	289	287	340	371	451	474	493	512	533	554	576	599	623	648
Volume sold		64	76	104	136	119	123	100	105	110	114	118	120	122	122	122	122

2022 median ticket

272

2952

990

451

Vivara can increase sales without increasing volume: despite growing sales between 2016 and 2021, the volume sold didn't grow accordingly. It has even decreased. This is a clear sign of the company's pricing power, as it can increase the product's average ticket and keep customers buying them anyway.

If disclosures about units sold are hard to find, more granular data about each product line is even scarcer. To get that info, we used 2022 median tickets to “reverse calculate” the previous volume sold. The question to be answered was: “if we have an X median ticket in 2022, this was the cost increase Vivara had to face in each year and gross margins stayed almost flat, what should have been the median ticket in previous years?”

2022 median ticket calculation: Results were calculated by the Team using Python Selenium to scrape Vivara's website. More than 8,000 products were plotted and categorized, from which we were able to establish several median tickets (there are outliers in the portfolio), which were weighted by the number of SKUs they refer to (see appendix 22).

Revenue build-up: Life



- I. Sales per m² = **silver** only
- II. Location of stores



Mature sales/m2

X 100%



Mature sales/m2

X 75%

As of 2027

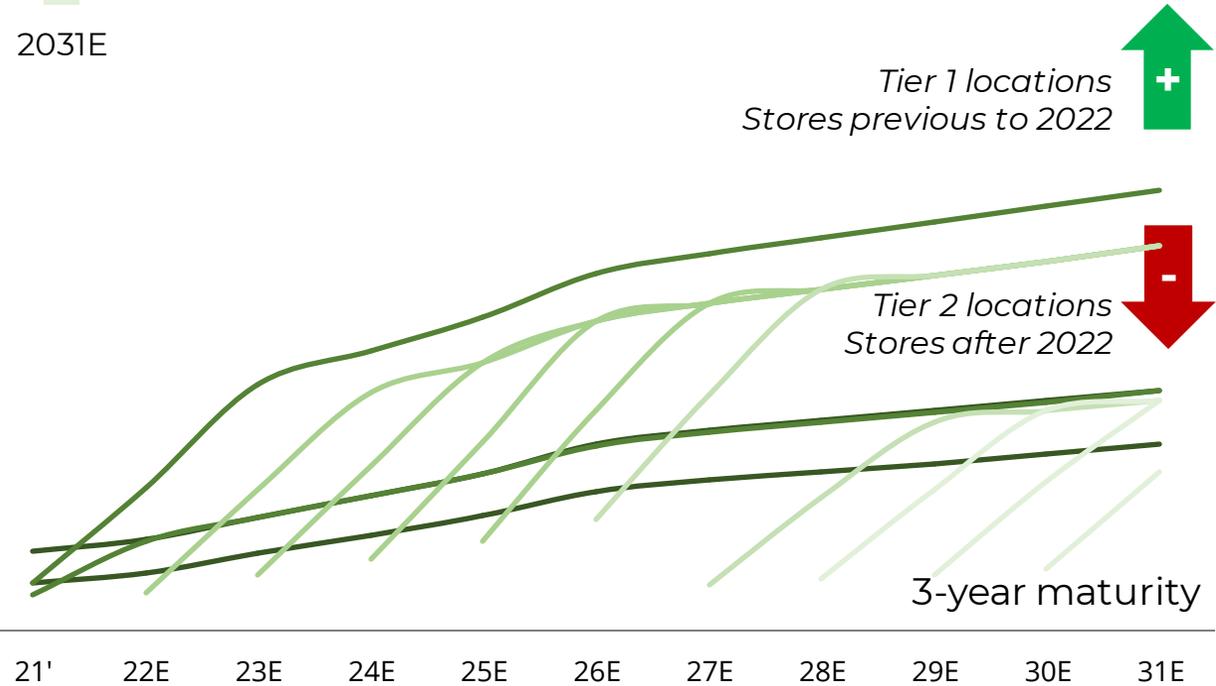
The cohort analysis reveals how sales per store will behave

Revenue per store, R\$ million

2018'



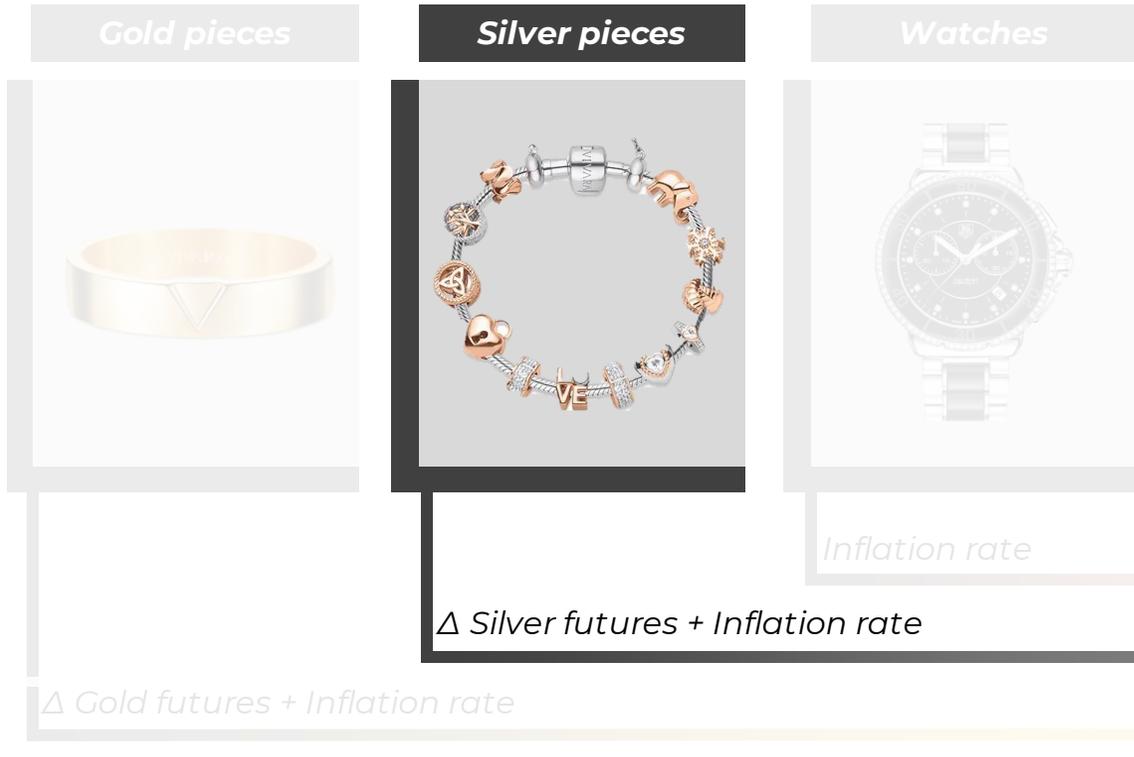
2031E



Revenue build-up: Life

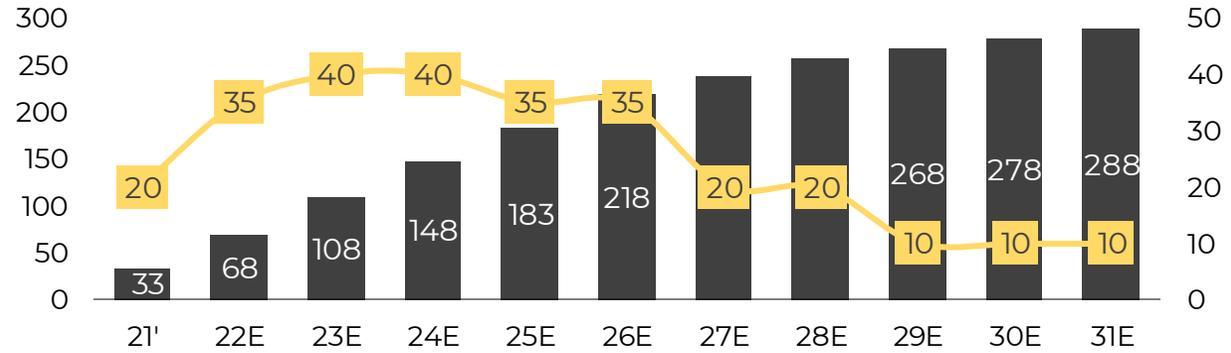


I. Sales per m² = **silver** only



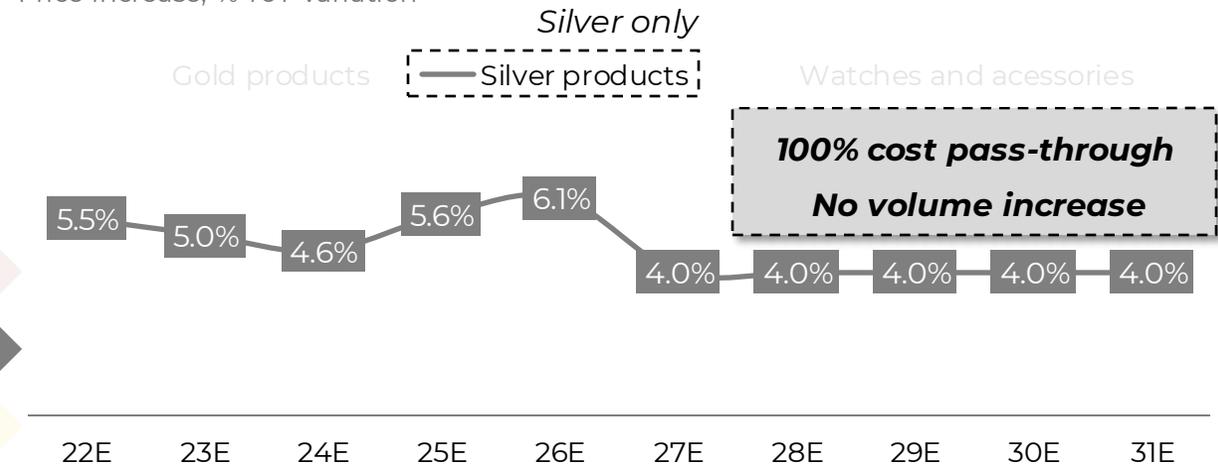
The accelerated expansion plan will focus on Life stores

Store openings, # stores



Volume increases will come only from new stores

Price increase, % YoY variation



IFRS-16 modeling

Right-of-use asset build-up	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
EoP, gross Right-of-use assets	274,996	320,442	462,183	551,157	661,810	776,335	876,078	978,813	1,047,983	1,163,183	1,213,341	1,291,650	1,398,040
Annual additions, net		45,446	141,741	88,974	110,653	114,526	99,743	102,735	69,170	115,200	50,158	78,309	106,390
Depreciation (acumulated)	(30,522)	(67,246)	(115,302)	(169,764)	(235,291)	(312,271)	(399,225)	(496,453)	(597,689)	(700,479)	(804,822)	(910,735)	(1,019,026)
Annual depreciation		(36,724)	(48,056)	(54,462)	(65,527)	(76,980)	(86,954)	(97,228)	(101,236)	(102,790)	(104,343)	(105,912)	(108,291)
Lease increase		45,446	141,742	88,974	110,653	114,526	99,743	102,735	69,170	115,200	50,158	78,309	106,390
New lease agreements		16,127	46,164										
Remeasurement		27,517	82,466										
% m2 vivara		82%	54%										
% m2 life		18%	46%										
Lease VIVARA		13,303	25,124	19,406	26,952	27,896	21,549	22,196	7,621	7,849	0	0	0
Lease LIFE		2,824	21,040	39,817	47,400	49,059	44,214	45,541	26,804	27,608	14,218	14,645	15,084
Lease renewals	# contracts												
	9								13,717				
	37									58,084			
	15										24,254		
	31											51,629	
	46												78,908
	91												
Lease / VIVARA store		783	1,196	1,294	1,348	1,395	1,437	1,480	1,524	1,570	1,617	1,665	1,715
Lease / LIFE store		403	1,052	1,138	1,185	1,226	1,263	1,301	1,340	1,380	1,422	1,464	1,508
Direct costs - POS		2,352	14,210	29,750	35,415	36,655	33,035	34,026	20,027	20,628	10,623	10,942	11,270
POS cost per Life store		0	0	850	885	916	944	972	1,001	1,031	1,062	1,094	1,127
Others		(550)	(1,098)	0	0	0	0	0	0	0	0	0	0
Depreciation		(36,866)	(48,430)	(54,462)	(65,527)	(76,980)	(86,954)	(97,228)	(101,236)	(102,790)	(104,343)	(105,912)	(108,291)

IFRS-16 modeling

Previous lease contracts depreciation

Maturity	VP											
5 y	14,544	2,909	2,909	2,909	2,909	2,909						
6 y	59,793	9,965	9,965	9,965	9,965	9,965						
7 y	24,240	3,463	3,463	3,463	3,463	3,463	3,463					
8 y	50,097	6,262	6,262	6,262	6,262	6,262	6,262	6,262		6,262		
9 y	74,337	8,260	8,260	8,260	8,260	8,260	8,260	8,260	8,260	8,260	8,260	
10 y	147,058	14,706	14,706	14,706	14,706	14,706	14,706	14,706	14,706	14,706	14,706	14,706
	VP											
2022 new lease depreciation	88,974	8,897	8,897	8,897	8,897	8,897	8,897	8,897	8,897	8,897	8,897	8,897
2023 new lease depreciation	110,653		11,065	11,065	11,065	11,065	11,065	11,065	11,065	11,065	11,065	11,065
2024 new lease depreciation	114,526			11,453	11,453	11,453	11,453	11,453	11,453	11,453	11,453	11,453
2025 new lease depreciation	99,743				9,974	9,974	9,974	9,974	9,974	9,974	9,974	9,974
2026 new lease depreciation	102,735					10,274	10,274	10,274	10,274	10,274	10,274	10,274
2027 new lease depreciation	69,170						6,917	6,917	6,917	6,917	6,917	6,917
2028 new lease depreciation	115,200							11,520	11,520	11,520	11,520	11,520
2029 new lease depreciation	50,158								5,016	5,016	5,016	5,016
2030 new lease depreciation	78,309									7,831	7,831	7,831
2031 new lease depreciation	106,390											10,639

- New leases (= present value of rental contracts) = # stores opened * average PV of previous contracts (IGP-M adjusted)
- Linear depreciation (average maturity of 10 years)
- Lease increase considered as CapEx in Free Cash Flow to Firm

IFRS-16 modeling

Lease liability build-up	19'	20'	21'	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
BoP		249,400	275,161	370,068	413,556	464,476	505,192	518,430	518,203	476,172	469,223	392,831	331,778
Lease increase		45,446	141,742	88,974	110,653	114,526	99,743	102,735	69,170	115,200	50,158	78,309	106,390
Interest payment		29,641	35,690	43,073	48,314	54,407	59,278	60,915	60,955	56,141	55,369	46,423	39,283
Cash payments		0	0	(88,559)	(108,047)	(128,217)	(145,783)	(163,876)	(172,156)	(178,290)	(181,920)	(185,785)	(190,718)
Lease discounts		(16,491)	(5,735)	0	0	0	0	0	0	0	0	0	0
Others		(424)	(966)	0	0	0	0	0	0	0	0	0	0
EoP	249,400	277,030	383,113	413,556	464,476	505,192	518,430	518,203	476,172	469,223	392,831	331,778	286,733
EoP current		39,955	59,920	64,681	72,645	79,014	81,084	81,049	74,475	73,388	61,440	51,891	44,846
EoP current as % of total		14%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
EoP non-current		237,075	323,193	348,874	391,830	426,178	437,346	437,155	401,698	395,835	331,391	279,887	241,887
Principal elements of lease payments	(47,640)	(12,540)	(29,795)	(45,486)	(59,733)	(73,810)	(86,505)	(102,961)	(111,201)	(122,149)	(126,550)	(139,362)	(151,435)
Interest added		(18,002)	(32,984)	(43,073)	(48,314)	(54,407)	(59,278)	(60,915)	(60,955)	(56,141)	(55,369)	(46,423)	(39,283)

- Interest payments = lease discount rate * BoP lease liabilities
- Cash payments = PMT(lease discount rate; average maturity of 10 years; lease increase)
- Principal elements of lease payments = cash payments – interest payment
- Interest expenses impact income statement (financial expense) and are offset in cash flow statement
- Cash payments impact cash flow statement (financing activities)

IFRS-16 modeling

Previous lease contracts cash payments

Maturity	VP											
5 y	14,544	3,903	3,903	3,903	3,903	3,903	3,903					
6 y	59,793	14,154	14,154	14,154	14,154	14,154	14,154	14,154				
7 y	24,240	5,204	5,204	5,204	5,204	5,204	5,204	5,204	5,204			
8 y	50,097	9,927	9,927	9,927	9,927	9,927	9,927	9,927	9,927	9,927		
9 y	74,337	13,803	13,803	13,803	13,803	13,803	13,803	13,803	13,803	13,803	13,803	
10 y	147,058	25,899	25,899	25,899	25,899	25,899	25,899	25,899	25,899	25,899	25,899	25,899
	VP											
2022 new lease cash payments	88,974	15,670	15,670	15,670	15,670	15,670	15,670	15,670	15,670	15,670	15,670	15,670
2023 new lease cash payments	110,653		19,488	19,488	19,488	19,488	19,488	19,488	19,488	19,488	19,488	19,488
2024 new lease cash payments	114,526			20,170	20,170	20,170	20,170	20,170	20,170	20,170	20,170	20,170
2025 new lease cash payments	99,743				17,566	17,566	17,566	17,566	17,566	17,566	17,566	17,566
2026 new lease cash payments	102,735					18,093	18,093	18,093	18,093	18,093	18,093	18,093
2027 new lease cash payments	69,170						12,182	12,182	12,182	12,182	12,182	12,182
2028 new lease cash payments	115,200							20,289	20,289	20,289	20,289	20,289
2029 new lease cash payments	50,158								8,834	8,834	8,834	8,834
2030 new lease cash payments	78,309									13,792	13,792	13,792
2031 new lease cash payments	106,390										18,737	18,737

Lease discount rate (p.y)	Prazo (anos)	Qtd. contratos	% do total	desconto	inflação futura	VF	Juros	VP, sem juros	Depreciação	Cash payments	Interest expense
11.59%	5	9	4%	10.67%	5.52%	20113	5569	14544	-2909	-4023	1114
	6	37	16%	11.05%	5.56%	82687	22895	59793	-9965	-13781	3816
	7	15	7%	11.36%	5.66%	33522	9282	24240	-3463	-4789	1326
	8	31	14%	11.55%	5.70%	69279	19182	50097	-6262	-8660	2398
	9	46	20%	11.72%	5.61%	102801	28464	74337	-8260	-11422	3163
	10	91	40%	11.88%	5.55%	203366	56309	147058	-14706	-20337	5631
		229				511768	141700	370068			
Lease discount rate (p.y)											
11.88%	Ponderação por quantidade, não por valor, assumindo que sejam contratos com valores semelhantes)										
	Média ponderada da taxa de desconto dos contratos										
Average maturity (y)											
10											

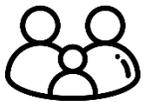
ESG Scoreboard

Indicator	Weight	Vivara	Monte Carlo	Hstern	Swarovski	Pandora	LVMH (Tiffany)	Richemont (Cartier)	Arezzo	Renner	Grade criteria
ESG Score		2.4	1.0	1.3	2.3	2.7	2.6	2.6	2.7	2.8	
Environment		2.4	0	1.1	3	3	3	3	3	3	
Emissions targets	3	1	0	0	3	3	3	3	3	3	Relevance given to carbon emissions by the company and emissions reduction targets
Resource using	3	3	0	1	3	3	3	3	3	3	Relevance given to reduction in resource using in operations
Sourcing	4	3	0	2	3	3	3	3	3	3	Supplier requirements of sustainability and good practices
Social		2.2	1.5	2.2	1.4	2.0	2.1	2.1	2.2	2.3	
Labor management	3	2	2	2	2	2	2	2	2	2	Score on proprietary index translated for scale 0-3
Inclusion politics	2	2	2	2	2	2	2	2	2	3	Glassdoor diversity grade translated for scale 0-3
Customer relationship	2	2	2	2	1	1	2	2	2	2	ReclameAqui grade translated for scale 0-3
Whistleblower channel	2	3	0	3	0	3	3	3	3	3	0: Doesn't have a channel; 3: Has an independent whistleblower channel
Governance		2.5	1.5	0.6	2.4	3.0	2.7	2.8	2.8	3	
Board independency and diversity	2	3	0	0	2	3	2.5	3	3	3	Board independency and diversity
Management track-record	3	2	2	2	3	3	3	3	3	3	Management education, companies worked in past and performance
Integrity (corruption schemes)	3	3	3	0	3	3	3	3	3	3	A lower grade is given based on the size and gravity of possible corruption schemes the company was involved
Shareholders concentration and power of decision	2	2	0	0	1	3	2	2	2	3	0: Privately owned; 1: family owned and run, but publicly traded; 2: Some degree of controller interference; 3: Corporation

Management composition



Paulo Kruglensky
CEO



Kaufman family



Otavio Lyra
CFO

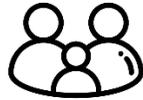


NETSHOES

Past companies



Marina Kaufman
Marketing and HR Director



Kaufman family



Patricia Butrico
COO



Works at Vivara since 2002



Helena Spindel
Head of Product



Works at Vivara since 2008

Board of Directors composition



João Cox
Chairman



Márcio Kaufman



Anna Chaia



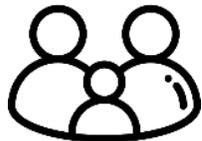
Fábio Coelho



Sylvia Leão



Braskem BoD
Vice-chairman
*from 2019 to 2021 in Petrobras



Kaufman
family

Advent International
GLOBAL PRIVATE EQUITY



BK Brasil
BoD member



President at
Google Brasil



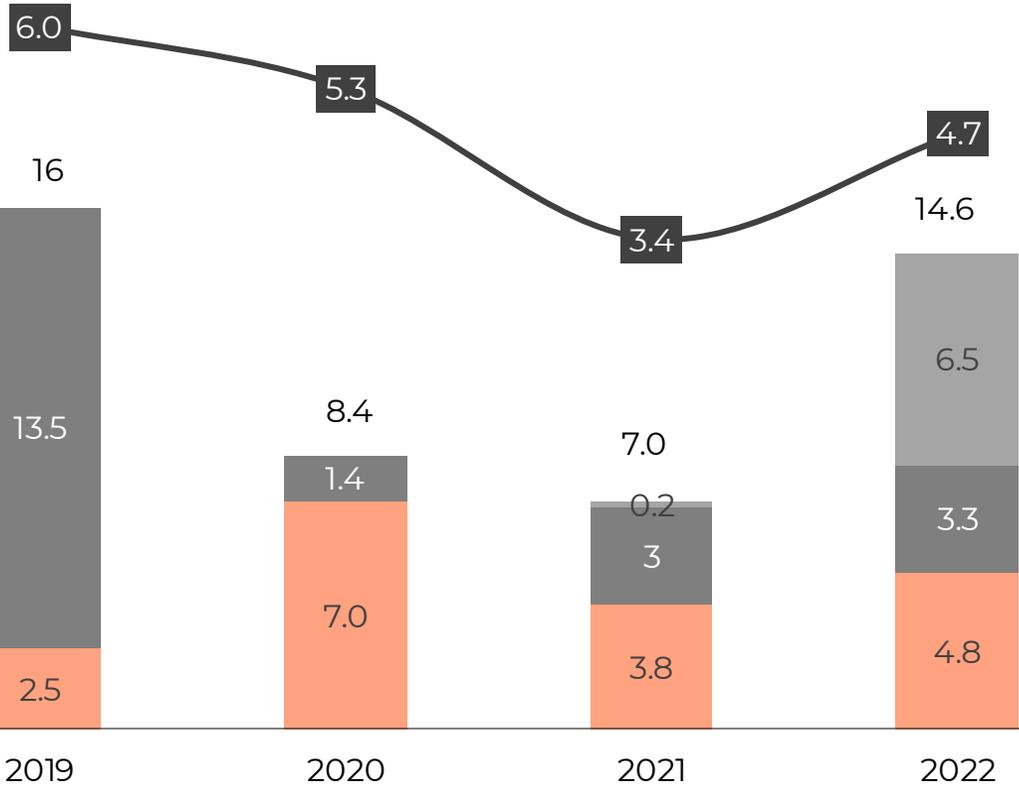
BoD Member at
Raia Drogasil

Management compensation

Increasing variable portion and total compensation for management...

Management compensation, in R\$ Mn

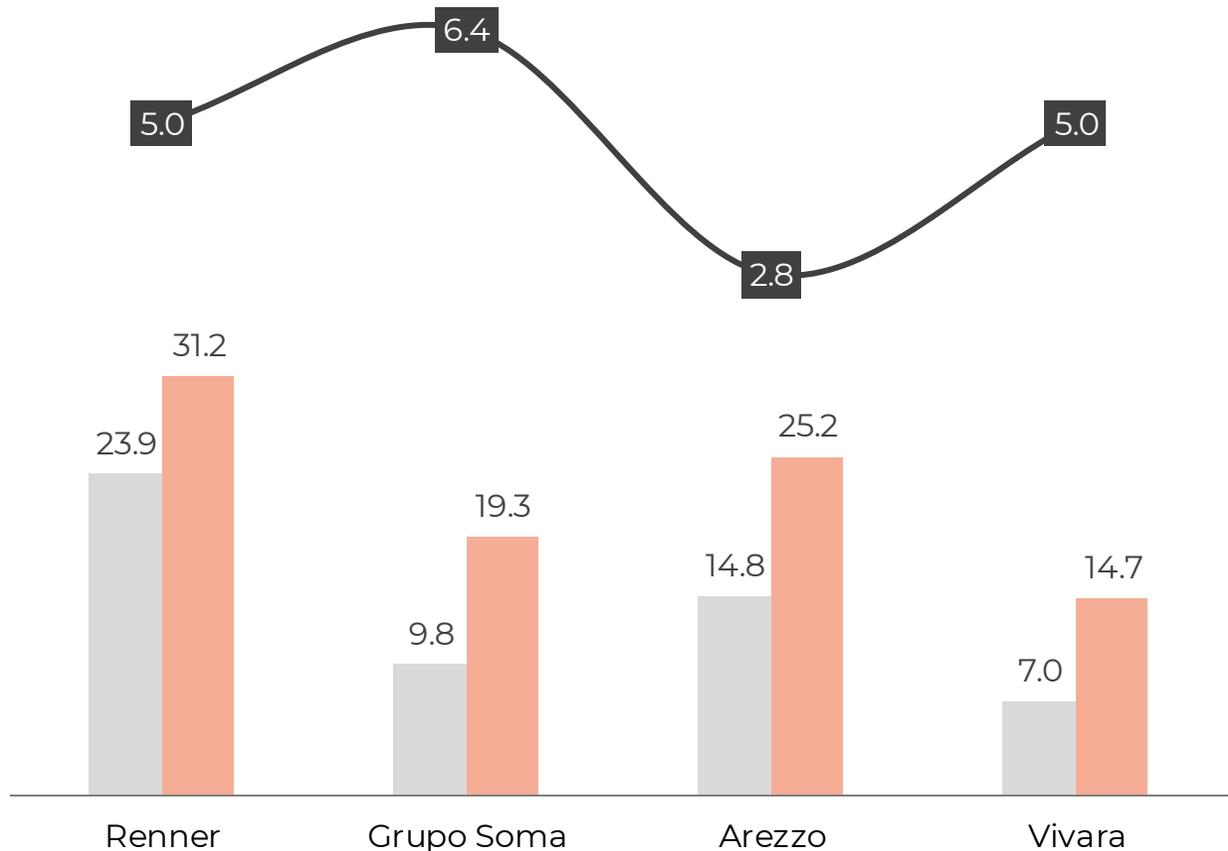
Fixed Variable Stock-option Members



... although still lower than retail peers

Total management compensation in R\$ Mn and average management members

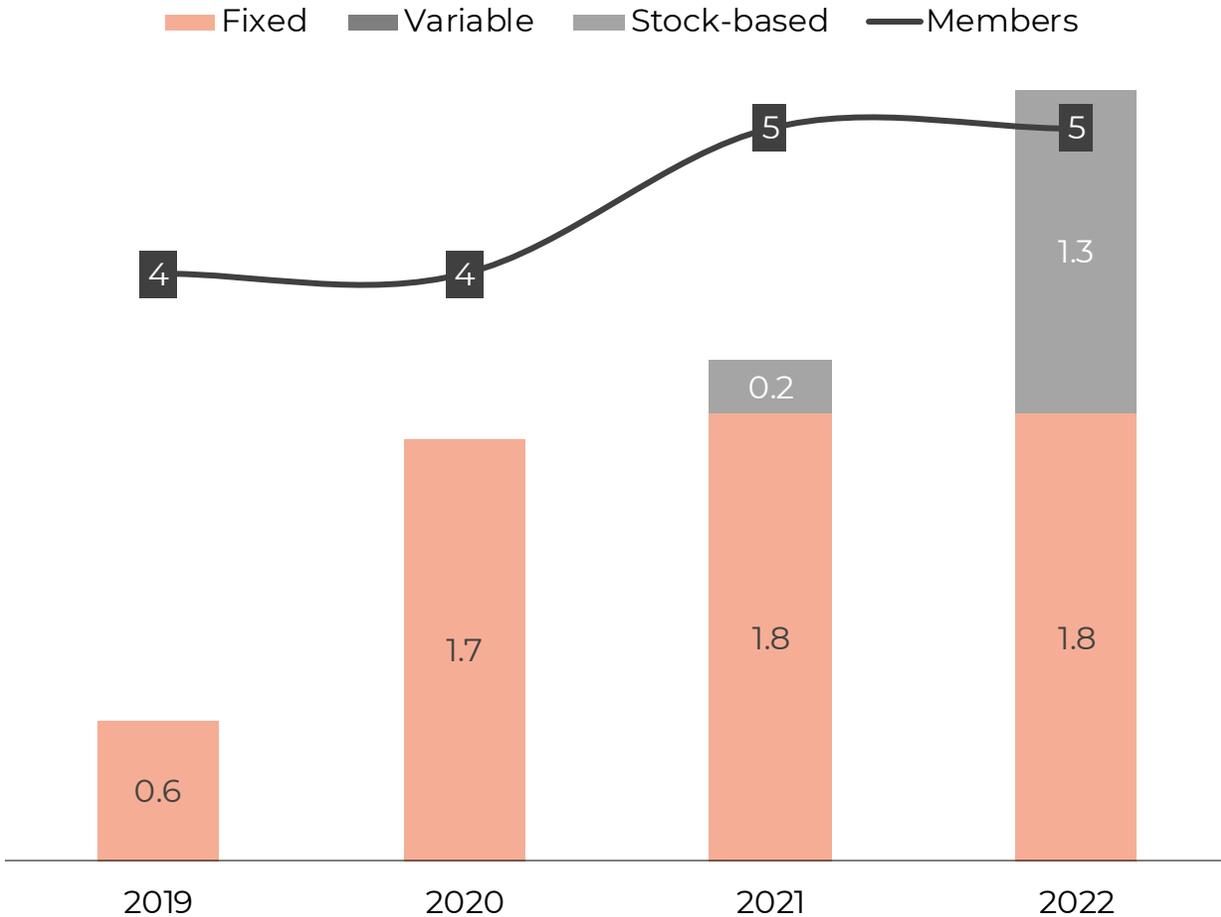
2021 2022 Members



Board compensation

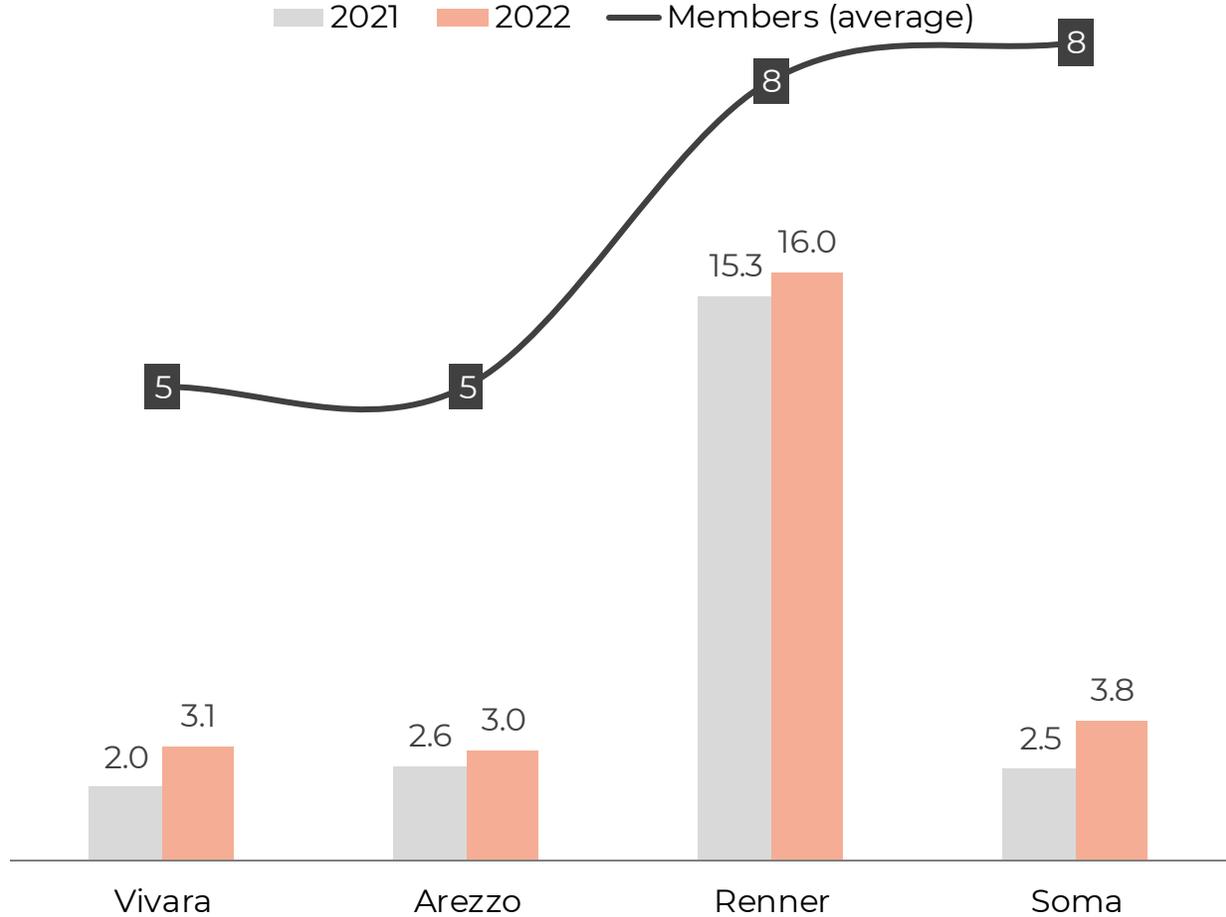
Vivara is increasing variable compensation for board members

Board compensation breakdown (R\$ Mn) and members



However, it is still a bit behind its main peers in retail

Board total compensation in R\$ Mn



Changes in SA should benefit investors

An amendment to SA will lead to a lower family control and higher stock liquidity

... being these benefits a consequence of a higher free float

Shareholder structure

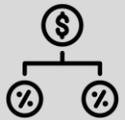


Amendment to shareholders agreement

10/11/2022



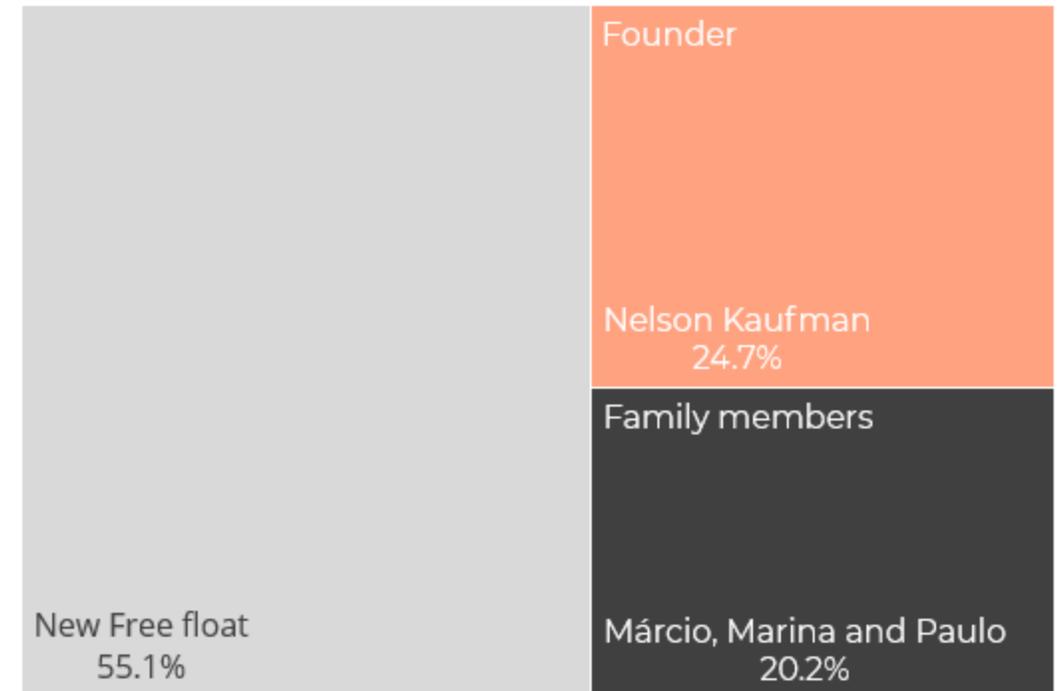
13,2% of Kaufman's shares are **allowed to be sold**



Probable **decrease in family control**, turning Vivara into a **Corporation**



Free float and **shares liquidity** should increase



Shares incentive plan – key takeaways

Approved in 2021. The past plan, approved in 2019, never issued a share

Matching Shares and Shares grant plan won't pass 5% of total shares

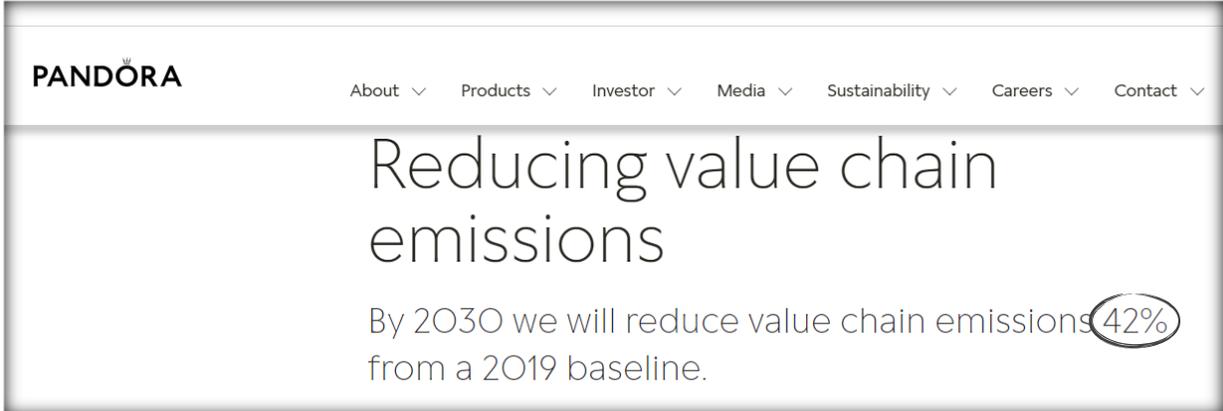
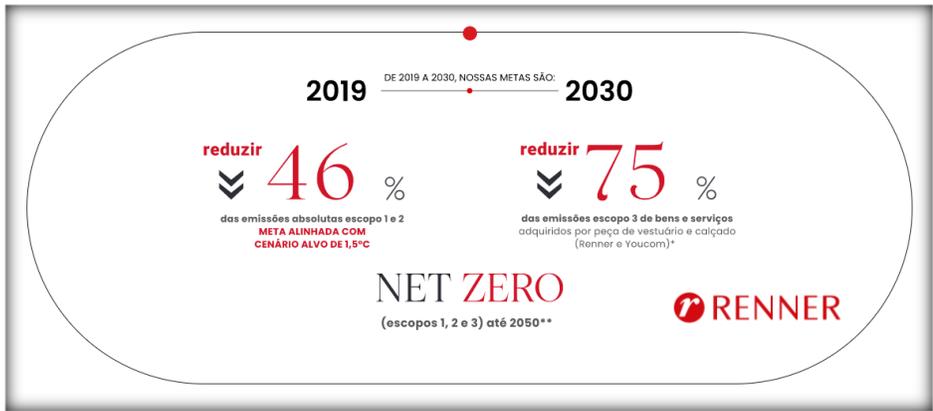
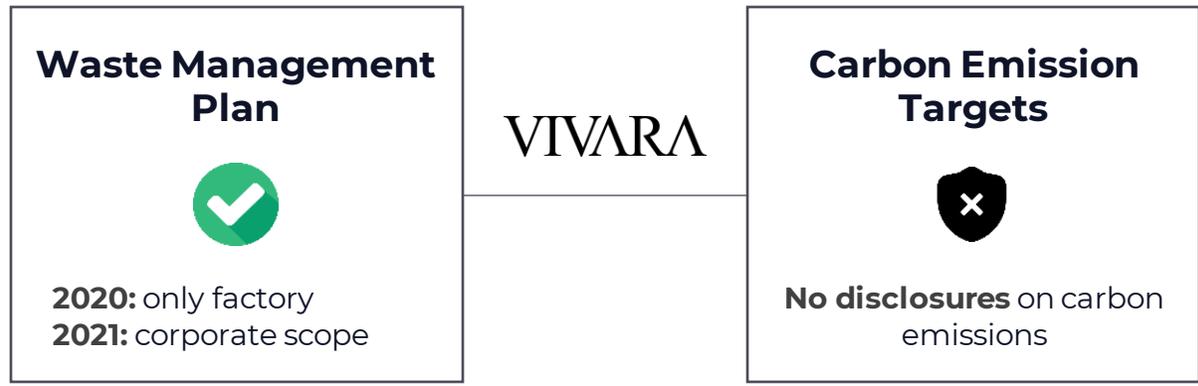
Management should buy shares to participate on the plan

Performance metrics: ROIC and Total Shareholder Return (TSR)

1st program (Only board) granted 0.024% of total shares

2nd program (management) granted 0.06% of total shares

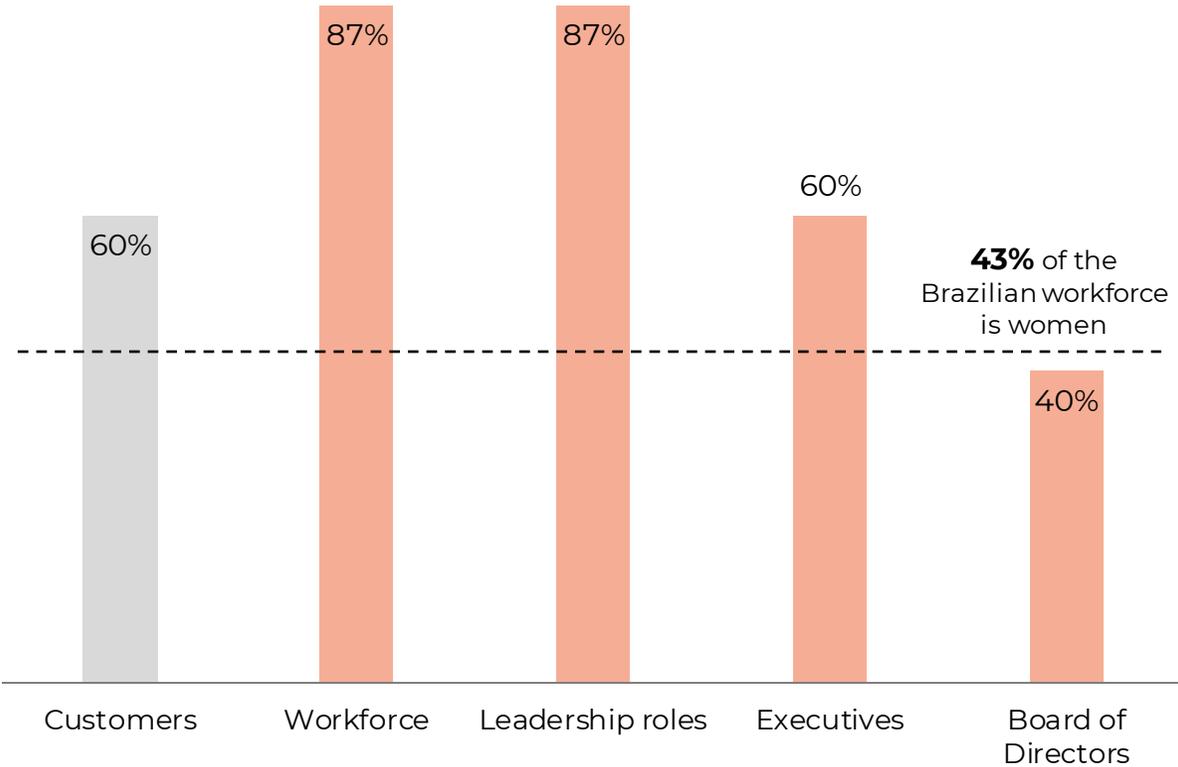
Environmental: Carbon emissions targets



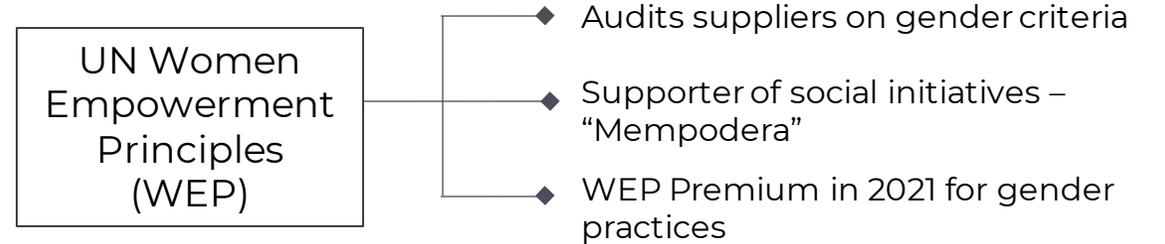
Social: made by women and for women

Vivara has a much higher than average proportion of women in its workforce...

% composed by Women



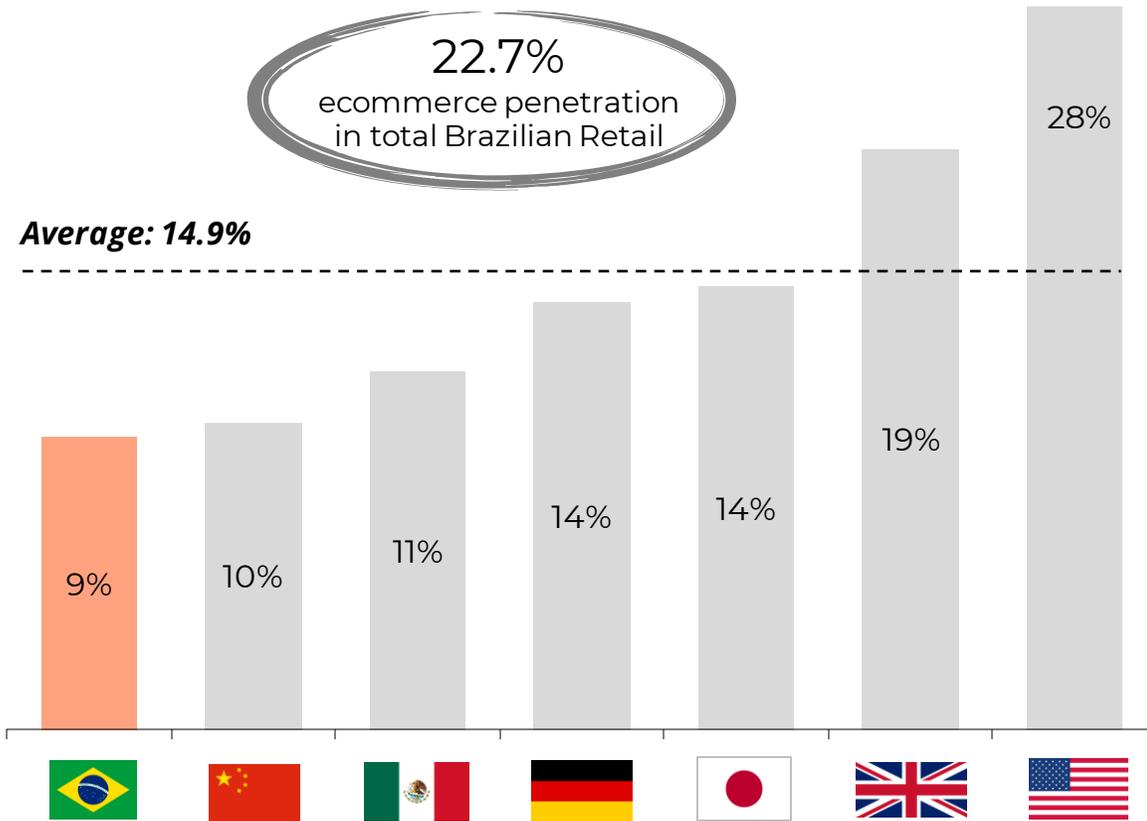
... being supportive to gender equality through internal and external initiatives



Ecommerce could be a value lever

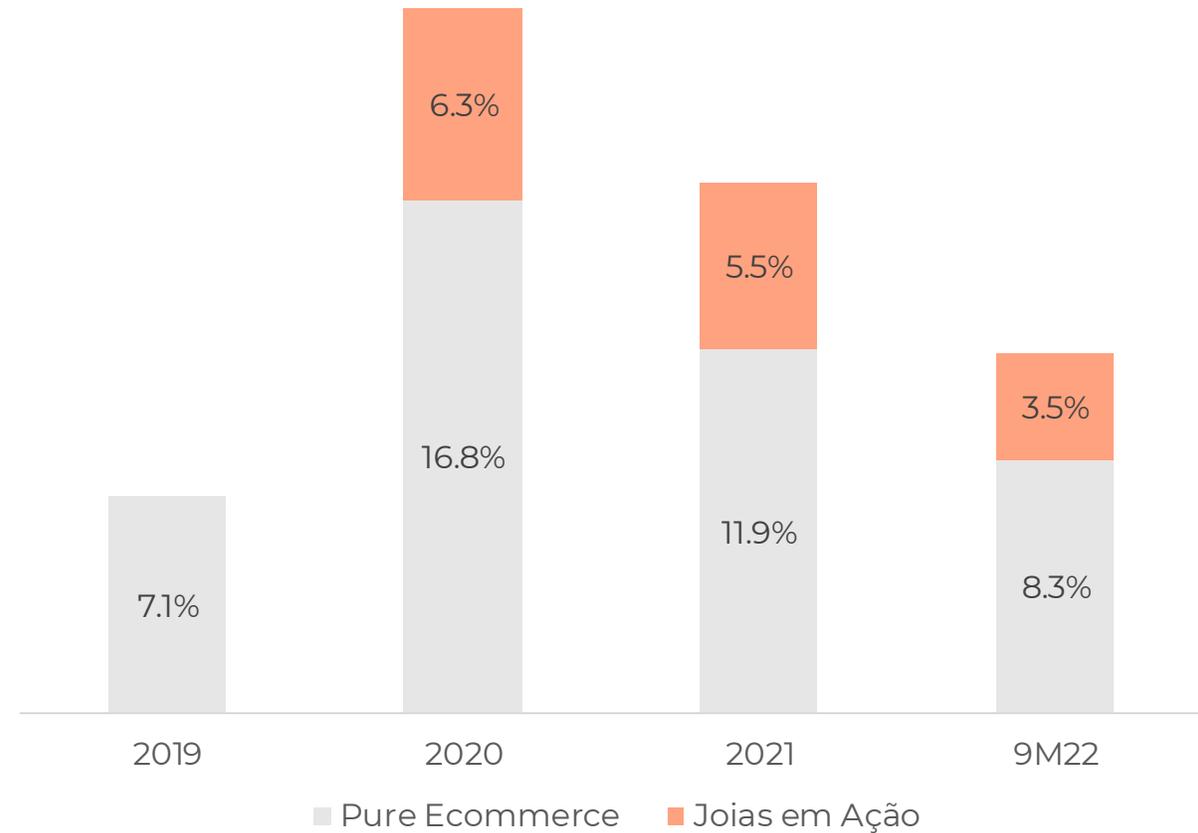
Brazil jewelry ecommerce has a lower penetration than average retail...

Ecommerce penetration (%) on total jewelry sales, 2021



But Vivara historically presents a penetration higher than industry

Share of ecommerce channel in Vivara's total sales



Countries by jewelry market size and market share of top player

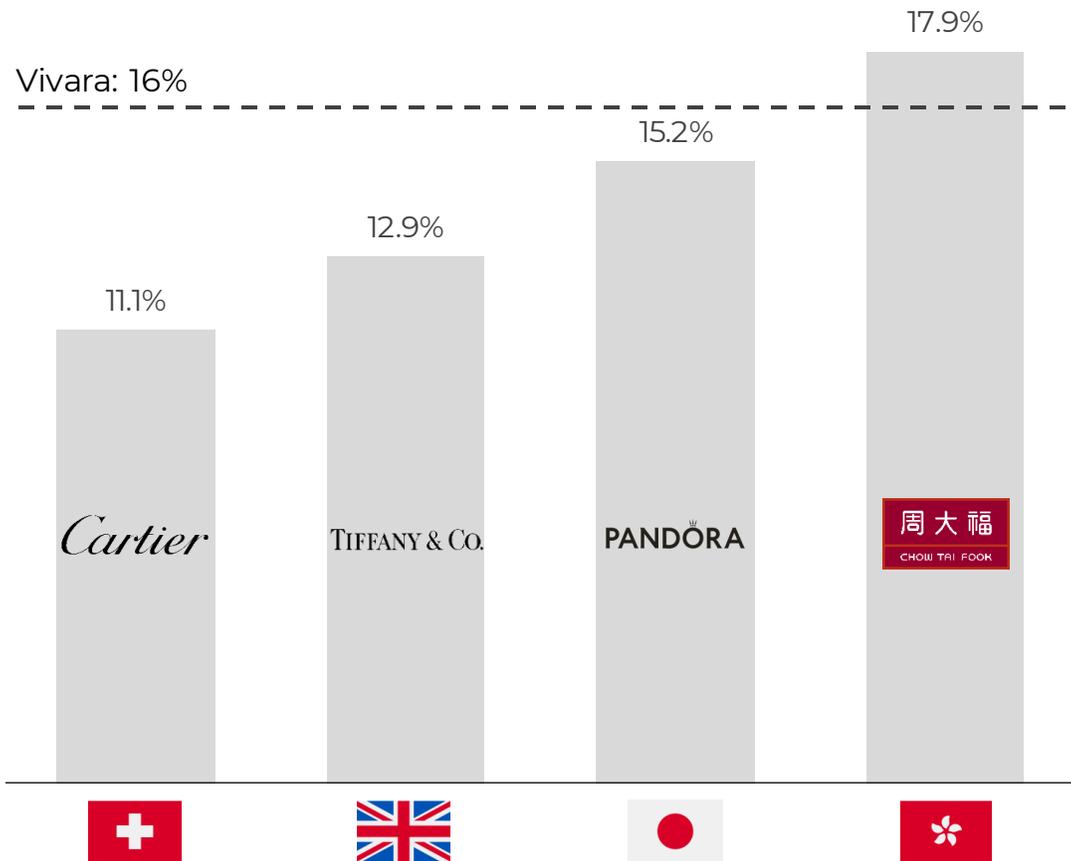
We identified a negative correlation between market size and the size of the top jewelry company in the country

	Countries	Market size	Market share of 1 ^o player
Large jewelry market size	 India	\$76.0bn	6.0% (Tanishq)
	 China	\$65.0bn	7.6% (Chow Tai Fook)
	 United States	\$55,4bn	1.6% (Tiffany)
Small/medium jewelry market size	 Japan	\$8.3bn	15.2% (Pandora)
	 Hong Kong	\$4.5bn	17.9% (Chow Tai Fook)
	 United Kingdom	\$4.0bn	12.9% (Tiffany)
	 Brasil	\$2.1bn	16.0% (Vivara)
	 Switzerland	\$1.0bn	11.1% (Cartier)

Why will Brazil consolidate more than other countries?

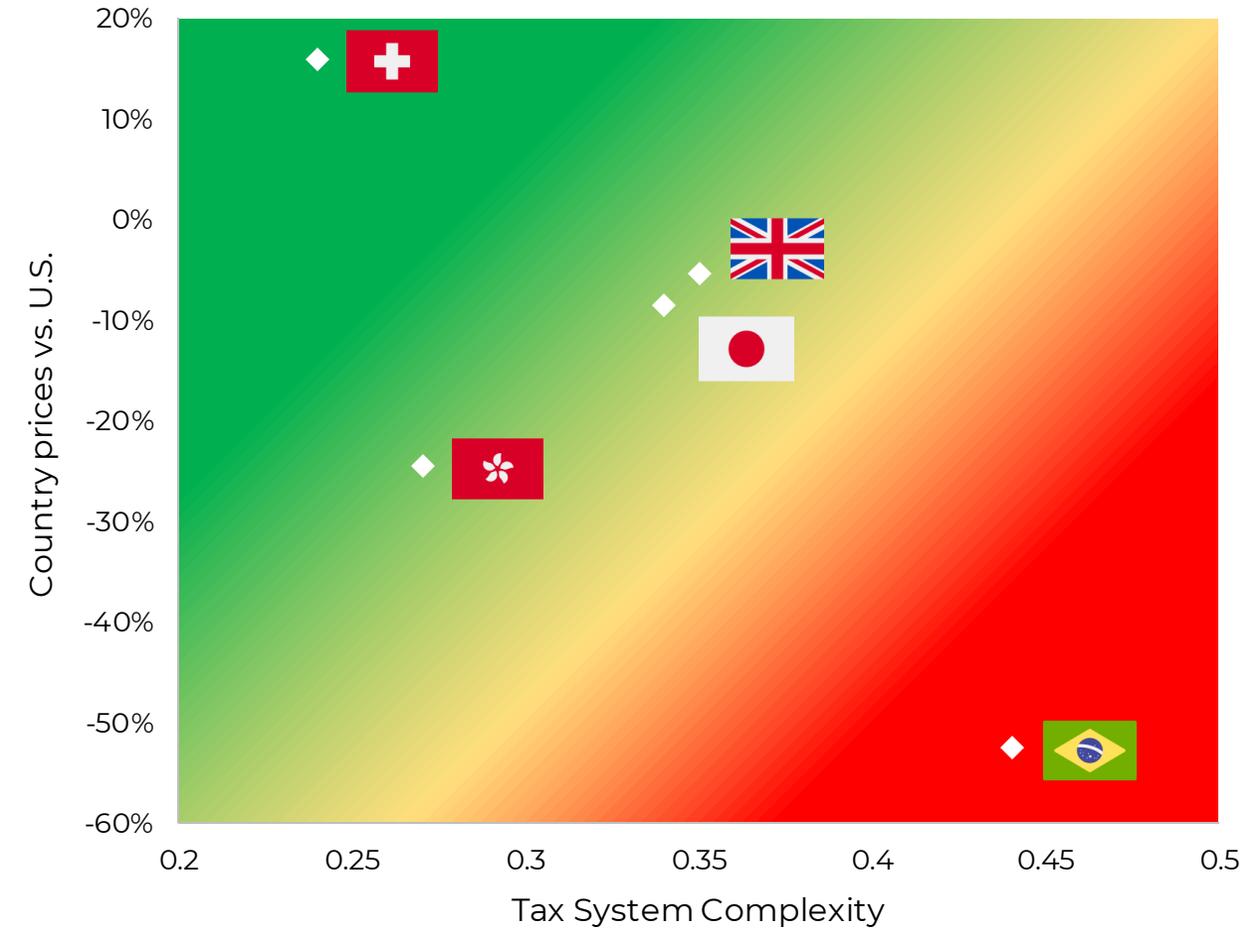
Although developed markets aren't a benchmark for consolidation...

Share of top 1 player in developed markets (2021)



... Brazil has a tougher business environment

Tax System Complexity (X-Axis) and general prices in relation to U.S. (Y-Axis)

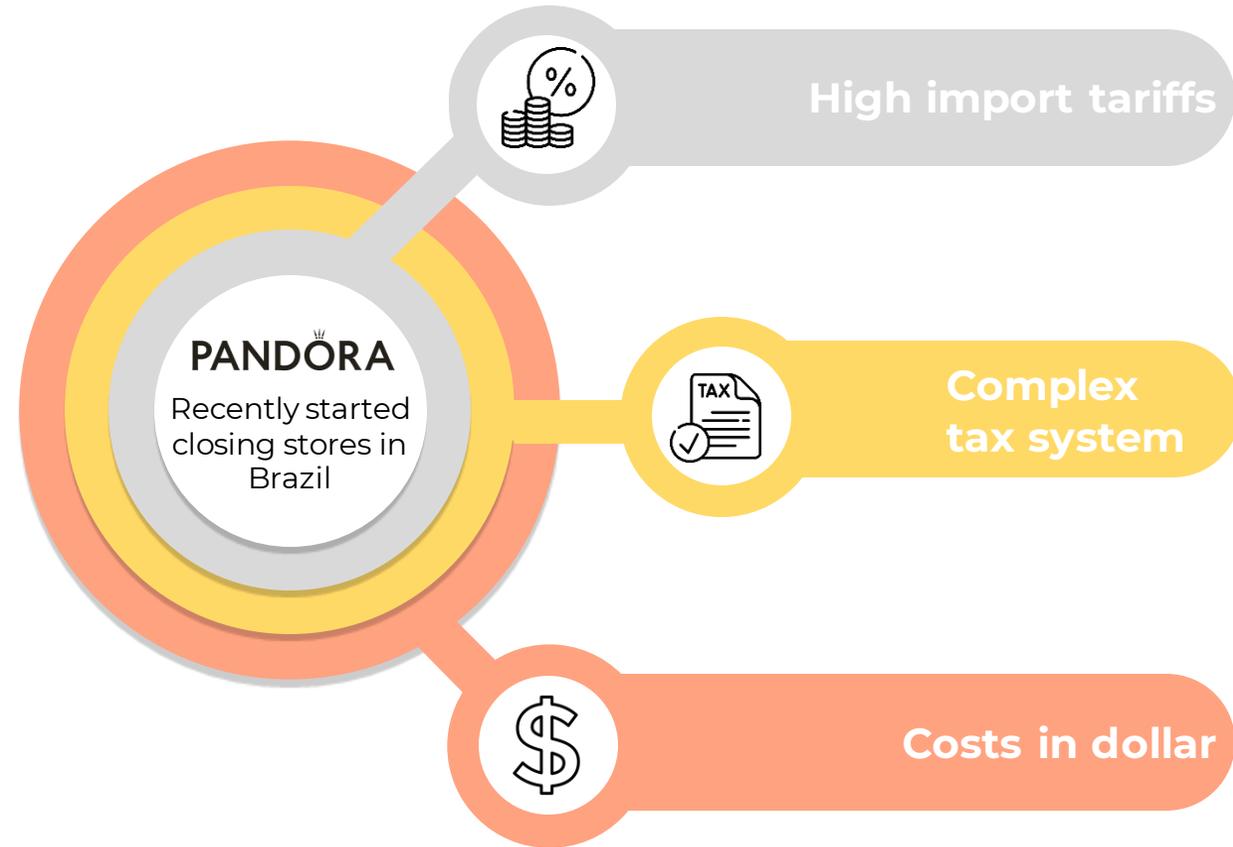
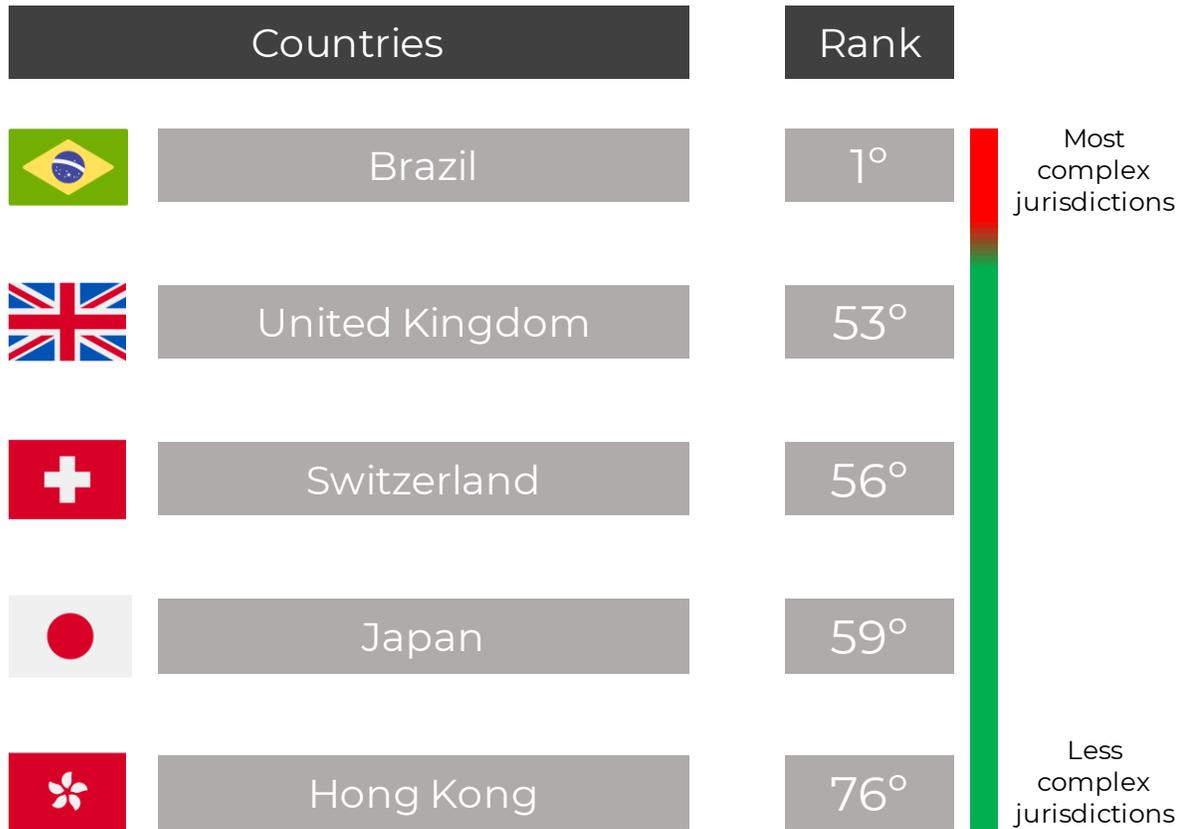


Why will Brazil consolidate more than other countries?

Brazil has the most complex jurisdiction to operate business...

... and is also the worst in tax complexity and relative prices

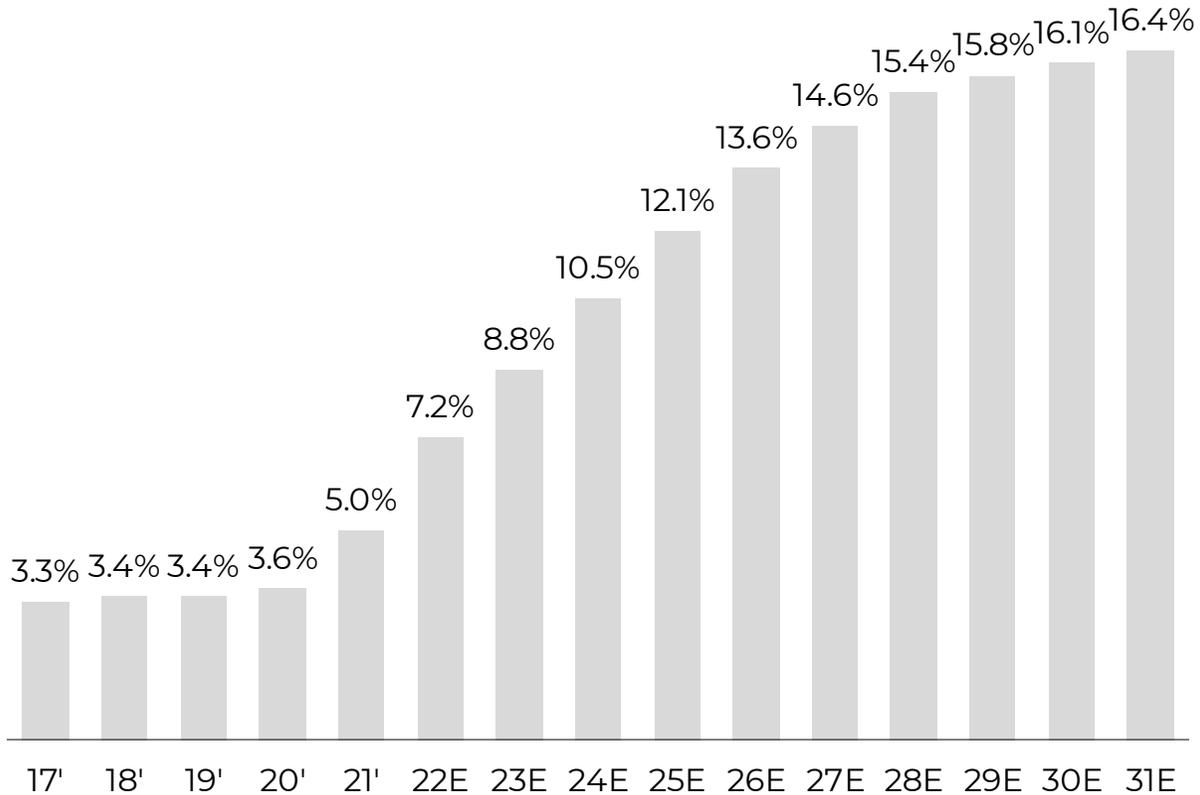
Most complex countries to do business (Global Business Complexity Index 2021)



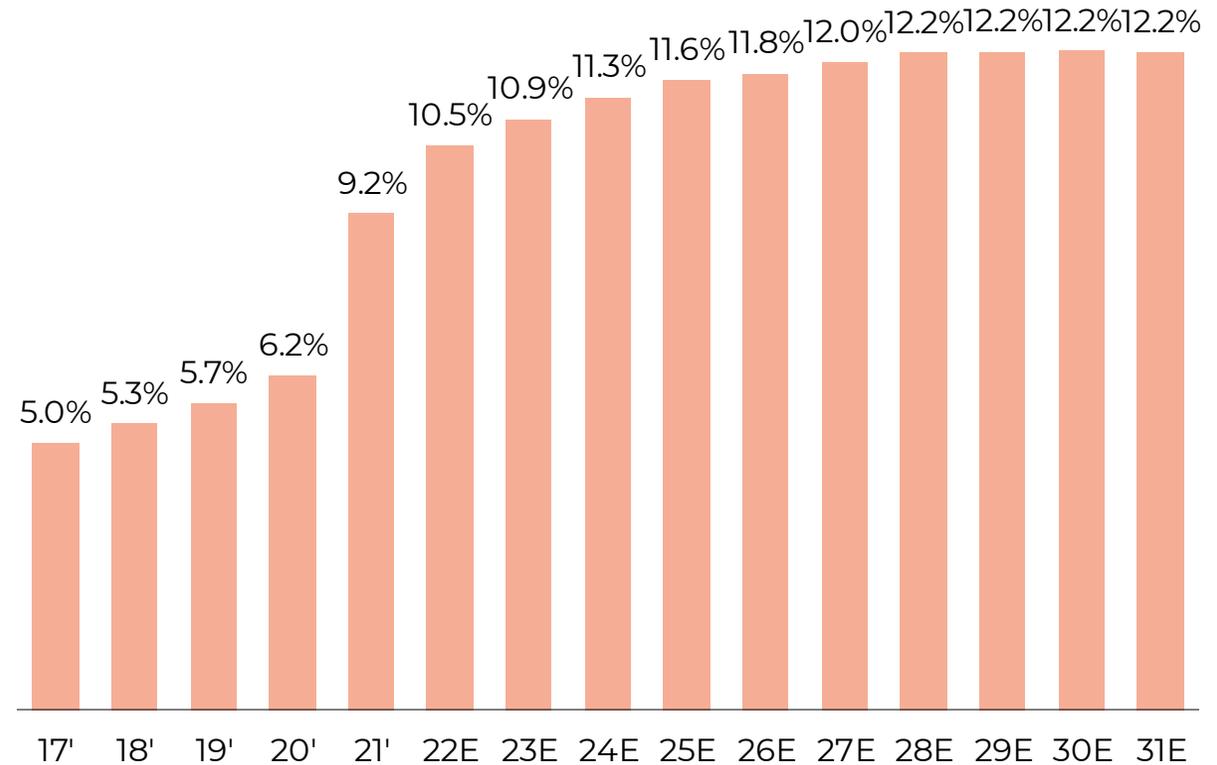
Market share evolution – Vivara and Life (by product, not store)

Jewelry market grows accordingly to Euromonitor projections until 2026, and then its growth equals inflation

Life Market Share



Vivara's Market Share



Fiscal benefits protect local players against international ones too

Fiscal benefits in Brazil also serves as a barrier to international players, which we don't see in other countries...

Company	Tax benefits
	Tax incentives in Brazil reduce income taxes in 57%
	Tax incentives in Thailand reducing 3-4% income tax
	No relevant tax break
	Tax incentives in China reducing 1% income tax
	No relevant tax break

Historical market share - Euromonitor

Brand Name	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vivara (Jóias Vivara Ltda)	10.6	8.7	7.5	9.5	10.3	10.2	10.1	10.8	11.4	13.1
Morana (Morana Acessórios Ltda)	1.4	1.5	1.7	1.8	1.9	2.1	2.3	2.2	2.5	2.4
H Stern (H Stern Co & Ind, SA)	2.4	2.7	2.4	2.2	2.2	1.9	1.7	1.7	1.5	2.3
Cartier (Richemont SA, Cie Financière)	0.8	0.9	1	1.1	1.1	1.1	1	1.3	1.3	2.1
Pandora (Pandora A/S)	0.3	0.4	0.7	0.9	1.5	2	2	2	1.9	2
Tiffany & Co	0.7	0.8	0.8	0.9	0.8	0.8	0.8	0.9	0.9	1.5
Monte Carlo (Monte Carlo Jóias Ltda)	0.8	1	1	1	1	1	1	1.1	1.2	1.2
Emporio de Aco (Dipi Comercio de Joias e Acessorios Eireli Ltda)	0	0.3	0.6	0.9	0.9	1	1.1	1.1	1	1
Bruna Semijóias	0.9	0.9	0.9	0.9	0.9	0.9	1	0.9	1	0.9
Swarovski (Swarovski AG)	0.1	0.2	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.9
H'lu Semijóias (H'lu Semijóias Ltda)	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Avon (Natura&Co)	-	-	-	-	-	-	-	-	-	0.5
Jaspe Semijóias (Jaspe Semijóias Ltda)	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Amsterdam Sauer	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Guerreiro	-	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Balonè (Morana Acessórios Ltda)	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
MyGloss	0.1	0.1	0.2	0.2	0.3	0.3	0.4	0.4	0.3	0.3
Van Cleef & Arpels (Richemont SA, Cie Financière)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Bvlgari (LVMH)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Hermès (Hermès International SCA)	0	0	0	0	0.1	0.1	0	0.1	0.1	0.1
Accessorize (Monsoon Accessorize Ltd)	1.2	1.2	1.3	1.4	1.1	0.4	-	-	-	-
Avon (Avon Products Inc)	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	-
Others	78	78.4	78.5	75.7	74.4	76.5	76.9	76	75.5	72.6
Each one of others (worst case)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Total	100	100	100	100	100	100	100	100	100	100

HHI Index – each company weight

	2020
Jóias Vivara Ltda	171.61
Morana Acessórios Ltda	5.76
H Stern Co & Ind, SA	5.29
Richemont SA,	4.41
Pandora A/S	4
Tiffany & Co	2.25
Monte Carlo Jóias Ltda	1.44
Dipi	1
Bruna Indústria Semijóias	0.81
Swarovski AG	0.81
H'lu Semijóias	0.49
Jaspe Semijóias	0.16
Amsterdam Sauer Joalheiros	0.16
Joca Industria e Comércio de Jóias	
Morana Acessórios	0.09
Majus Comercio de Bijuterias e Artigos em Couro	0.09
Richemont SA, Cie Financière	0.04
LVMH Moët Hennessy Louis Vuitton SA	0.01
Hermès International SCA	0.01
Sum of others (worst case)	3.6
HHI Index	202.1

$$\text{Herfindahl-Hirshman Index} = S_1^2 + S_2^2 + S_3^2 + \dots + S_n^2$$

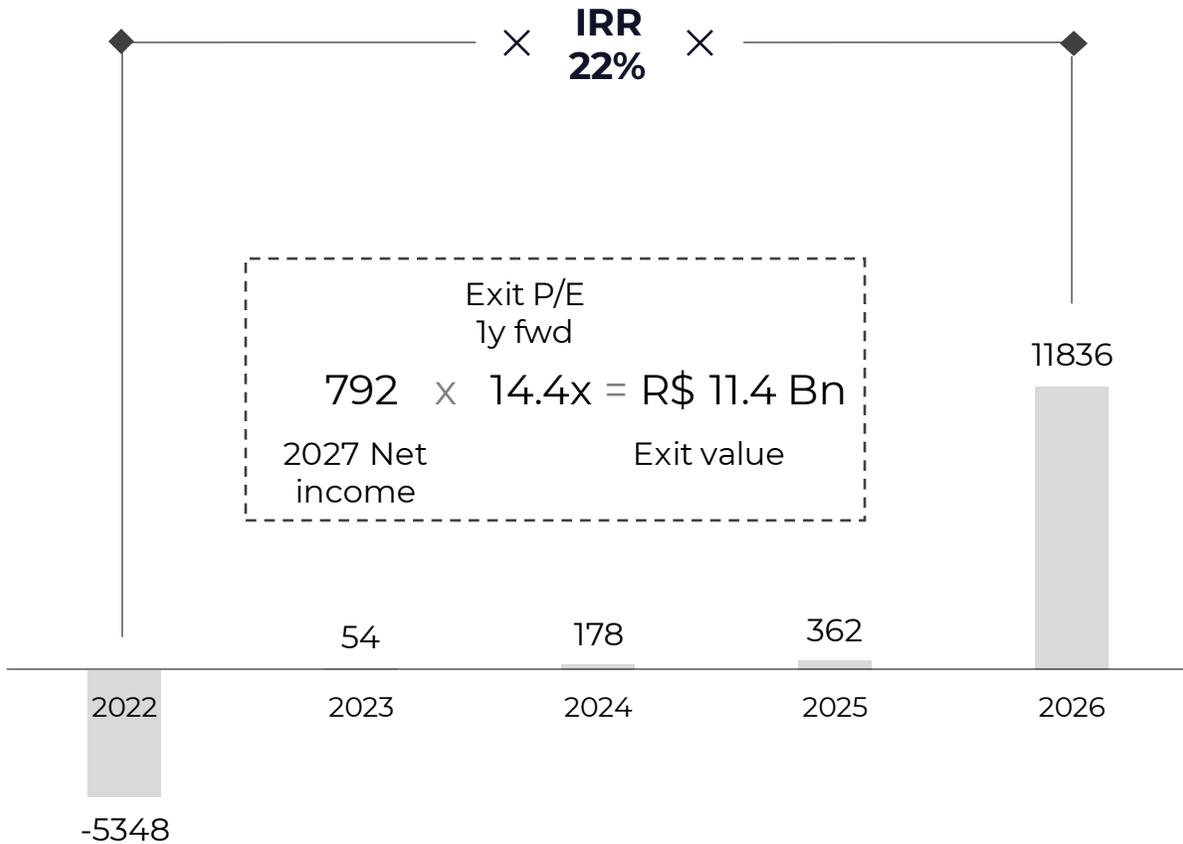
Being S_i the market share, in percentage, of company i .

- The index goes from 0 (all companies have insignificant share) to 10.000 (one company has 100% of market share)
- The lower the index, the more fragmented the market

IRR: comfortable returns

A healthy base case IRR is arrived using our estimates and current multiple...

Cash Flows structure (in R\$ Mn), considering FCFEs



...and our sensitivity analysis indicates a buy in 82% of the cases...

IRR Sensitivity analysis

	P/E NTM Exit 2026						
	9.0	11.0	13.0	15.0	17.0	19.0	21.0
500	0.8%	5.3%	9.2%	11.7%	14.4%	17.5%	20.3%
600	4.9%	9.6%	13.7%	16.4%	19.2%	22.5%	25.5%
700	8.5%	13.4%	17.8%	20.5%	23.5%	26.9%	30.1%
792	11.5%	16.6%	21.1%	24.0%	27.1%	30.6%	33.9%
900	14.7%	20.1%	24.8%	27.8%	30.9%	34.6%	38.0%
1,000	17.5%	23.0%	27.8%	30.9%	34.2%	38.0%	41.5%
1,100	20.1%	25.7%	30.7%	33.9%	37.3%	41.1%	44.7%

WACC – sources and weights

Cost of equity	
Risk-free rate	3.83%
Equity risk premium	7.21%
Beta	1.14
Inflation differential	1.5%
Ke	13.48%
Cost of debt	
Long term CDI	8.27%
Weighted average default spread	2.05%
Pre-tax cost of debt	10.32%
Tax rate perpetuity	12.70%
Kd	9.01%
Lease discount rate	11.59%

- 10Y Treasury bond (USA)
- ERP* Aswath Damodaran
*CRP already included in ERP calculation
- USA LT inflation = 2.5%
- Brazil LT inflation = 4%

- Pre-tax Kd = long term CDI (ItaúBBA) + weighted average spread on current loans
- Tax rate of perpetuity

- Lease discount rate according to company filings

Weighted average cost of capital	2022E	Weight
Market value of equity	R\$ 5,241,413,108.90	88%
Market value of debt	R\$ 299,691,176.58	5%
Lease commitments	R\$ 413,555,607.46	7%
WACC	13.12%	

- Market value of equity (2022) to avoid circularity
- Market value of debt (2022) – leverage mechanism adopted to keep a constant weight
- Lease obligations from balance sheet (2023)
- *If a variable WACC (different weights during the forecast period) was to be considered, it wouldn't be far from 13.1%

Beta

COMPANY	STOCK EXCHANGE	BETA CALCULATION							
		Beta	MKT CAP (bn)	EV	Net debt (bn)	Tax Rate	Unlev. Beta	Net debt/Mkt cap	
Arezzo	B3	0.9	11,187	11,691	504	34%	0.90	0.05	
Grupo Soma	B3	1.1	11,034	11,869	836	34%	1.06	0.08	
Swatch Group	SWX	1.2	11,524	8,967	(2,557)	20%	1.40	-0.22	
Pandora	CPH	1.0	36,147	39,030	2,883	22%	0.91	0.08	
LVMH	EPA	1.2	319,619	343,507	23,888	28%	1.11	0.07	
Kering	EPA	1.2	56,907	61,576	4,670	28%	1.12	0.08	
Richemont	JSE	1.3	57,271	55,732	(1,539)	28%	1.31	-0.03	
Chow Tai Fook	HKG	0.9	160,000	171,037	11,037	17%	0.85	0.07	
							Median	1.08	0.07
Market cap	R\$ 5,241,413,108.90								
Net debt	-R\$ 25,896,424.42								
Tax rate	34%								
Levered Beta	1.14								

$$\text{Levered Beta Formula} = \text{Unlevered Beta} \times \left[1 + (1 - \text{Tax Rate}) \times \frac{\text{Debt}}{\text{Equity}} \right]$$

*Levered using the average capital structure of peers

DCF: free cash flow to firm

	22E	23E	24E	25E	26E	27E	28E	29E	30E	31E
EBIT	347,280	420,125	509,697	646,773	798,120	926,910	1,003,716	1,093,874	1,151,799	1,209,734
NOPAT	365,640	357,421	434,779	553,069	684,607	797,143	866,404	947,609	1,001,671	1,056,143
(+) D&A	96,754	123,844	161,957	193,041	193,345	230,554	252,833	272,448	283,827	292,205
(-) CapEx	(118,540)	(202,606)	(163,467)	(178,940)	(235,112)	(153,661)	(190,688)	(185,746)	(205,860)	(217,407)
(+/-) Change in working capital	(30,961)	(96,915)	(125,459)	(138,470)	(149,656)	(132,146)	(120,327)	(99,270)	(88,278)	(82,212)
(-) Lease capex	(88,974)	(110,653)	(114,526)	(99,743)	(102,735)	(69,170)	(115,200)	(50,158)	(78,309)	(106,390)
Free Cash Flow to Firm	223,919	71,091	193,283	328,958	390,448	672,720	693,022	884,884	913,051	942,340
YoY		-68%	172%	70%	19%	72%	3%	28%	3%	3%

Discounted FCFF			179,379	269,879	283,168	431,286	392,630	443,174	404,235	368,806
YoY				50%	5%	52%	-9%	13%	-9%	-9%

Present value of free cash flows	2,772,556
% of total value	40%
Growth in perpetuity	4.0%
Perpetuity value	10,743,153
Present value of perpetuity	4,204,576
% of total value	60%
Total enterprise value	6,977,133
Debt 23E	349,456
Cash 23E	650,338
Lease liability 23E	464,476
Total equity value	6,813,539
Shares outstanding	236,632,646
Target Price	R\$ 28.79
Current Price 29/11	R\$ 22.15
Upside	30.0%

Case	Base
Target price	R\$ 28.79
Tier 2 malls	75%
Cannibalization	8%
E-commerce	
Others	15%
Jewelry	10%
New stores	
Vivara	95
Life	255
Maturity curve	
1	70%
2	85%
3	100%

Cost of equity	
Risk-free rate	3.83%
Equity risk premium	7.21%
Beta	1.14
Inflation differential	1.46%
Ke	13.48%

Cost of debt	
Long term CDI	8.27%
Weighted average default spread	2.05%
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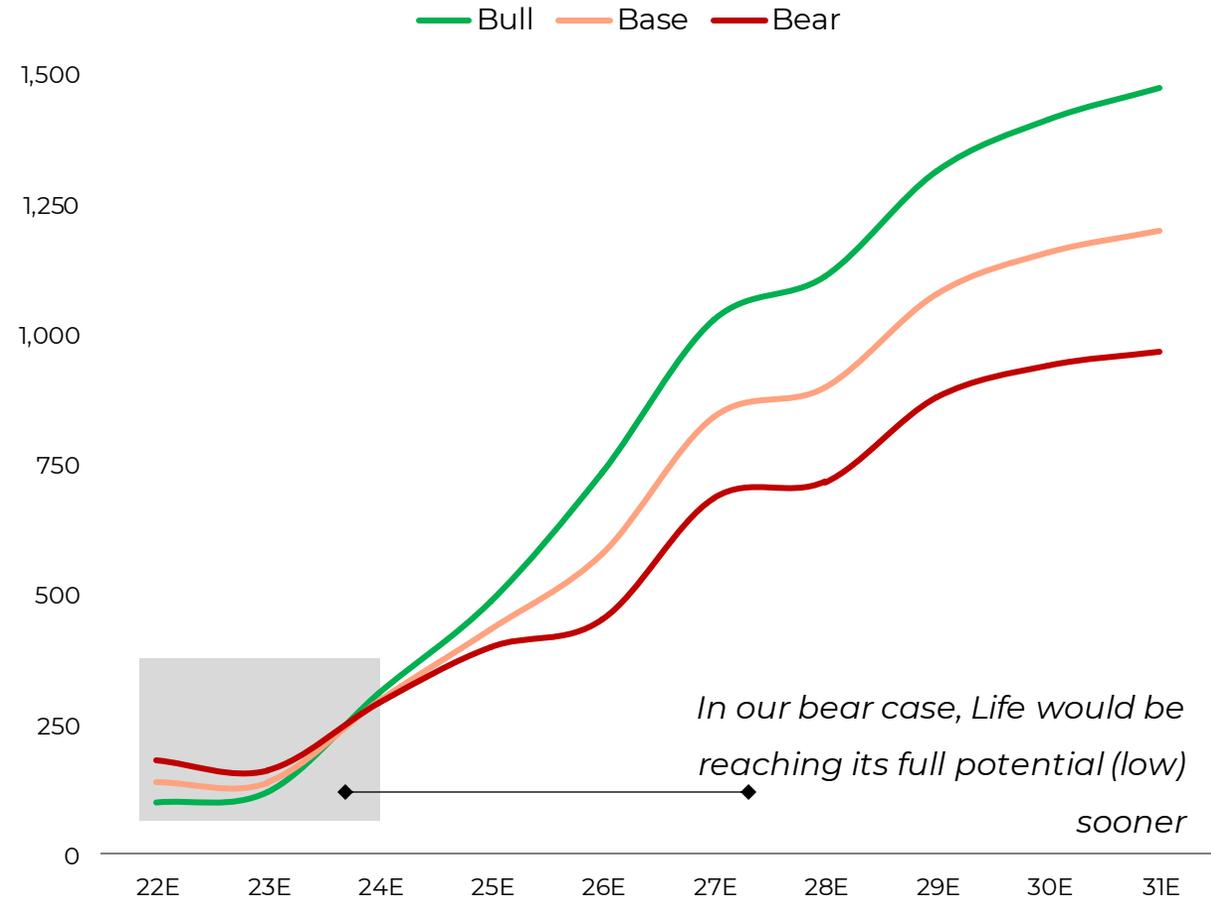
WACC	R\$ 0.30	Growth				
		5.0%	4.5%	4.0%	3.5%	3.0%
12.1%		63%	55%	48%	42%	37%
12.6%		51%	44%	39%	33%	29%
13.1%		41%	35%	30%	25%	21%
13.6%		32%	27%	22%	18%	15%
14.1%		23%	19%	15%	12%	9%

DCF scenarios

	Bull	Base	Bear
Store openings	Vivara: 75 -20 Life: 235 -20	Vivara: 95 Life: 255	Vivara: 115 +20 Life: 275 +20
Cannibalization	5.8% -2p.p	7.8%	9.8% +2p.p
Tier 2 malls	85% +10p.p	75%	65% -10p.p
Maturity curve	V: 80 - 90 - 100% L: 60 - 75 - 100%	V: 70 - 85 - 100% L: 65 - 85 - 100%	V: 70 - 85 - 100% L: 65 - 95 - 100%
E-commerce	Jewelry: 12% Others: 17%	Jewelry: 10% Others: 15%	Jewelry: 8% Others: 13%
Target price	R\$ 35.49	R\$ 28.79	R\$ 23.25
Upside (downside)	60.2%	30.0%	4.9%

Scenarios evolution during projection

FCFF evolution, R\$ k



Tax benefits requirements

IRPJ tax benefit requirements

IRPJ tax benefit

- Provisional Measure n. 2199-14/2001
- Present a project that promotes:
 - Installation
 - Expansion
 - Modernization
 - Diversification
- In sectors of the economy considered important for national development
- Submit the Project to SUDAM explaining its feasibility
- The company has to follow a series of requirements during the period that enjoys the benefit

ICMS tax benefit requirements

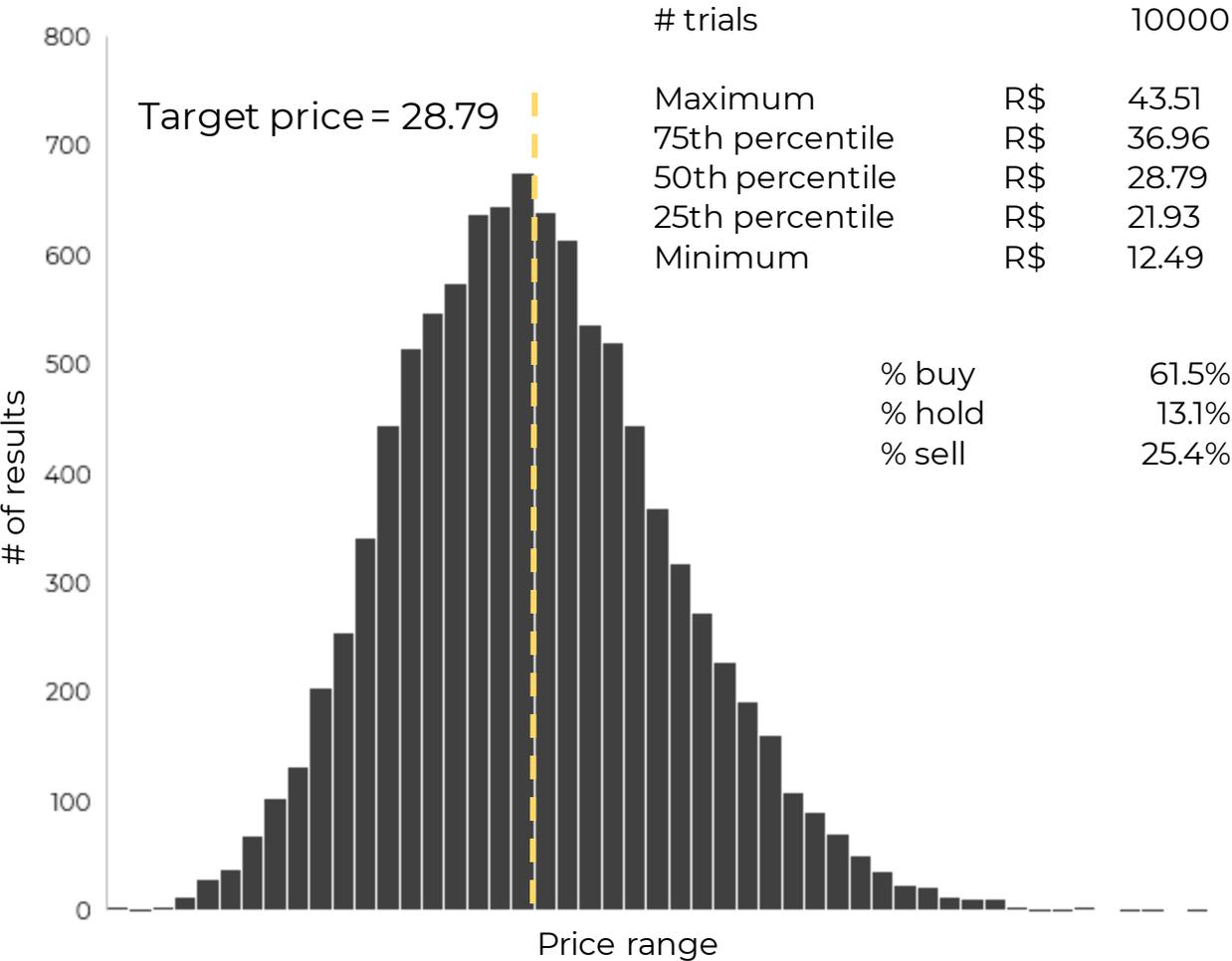
ICMS tax benefit

- Law n. 2.826/2003
- Present a Project that promotes at least 6 of the objectives foreseen in the law (generate Jobs, increase exportation, invest in R&D...)
- Submit the Project to SEFAZ/AM explaining its feasibility
- The company must follow a series of requirements during the period that enjoys the benefit

Monte Carlo simulation

In almost all cases our simulation yielded buy recommendations

Monte Carlo simulation



Vivara openings

Life openings

Sales of tier 2 locations

E-commerce sales

Life maturity curve

Cannibalization rate

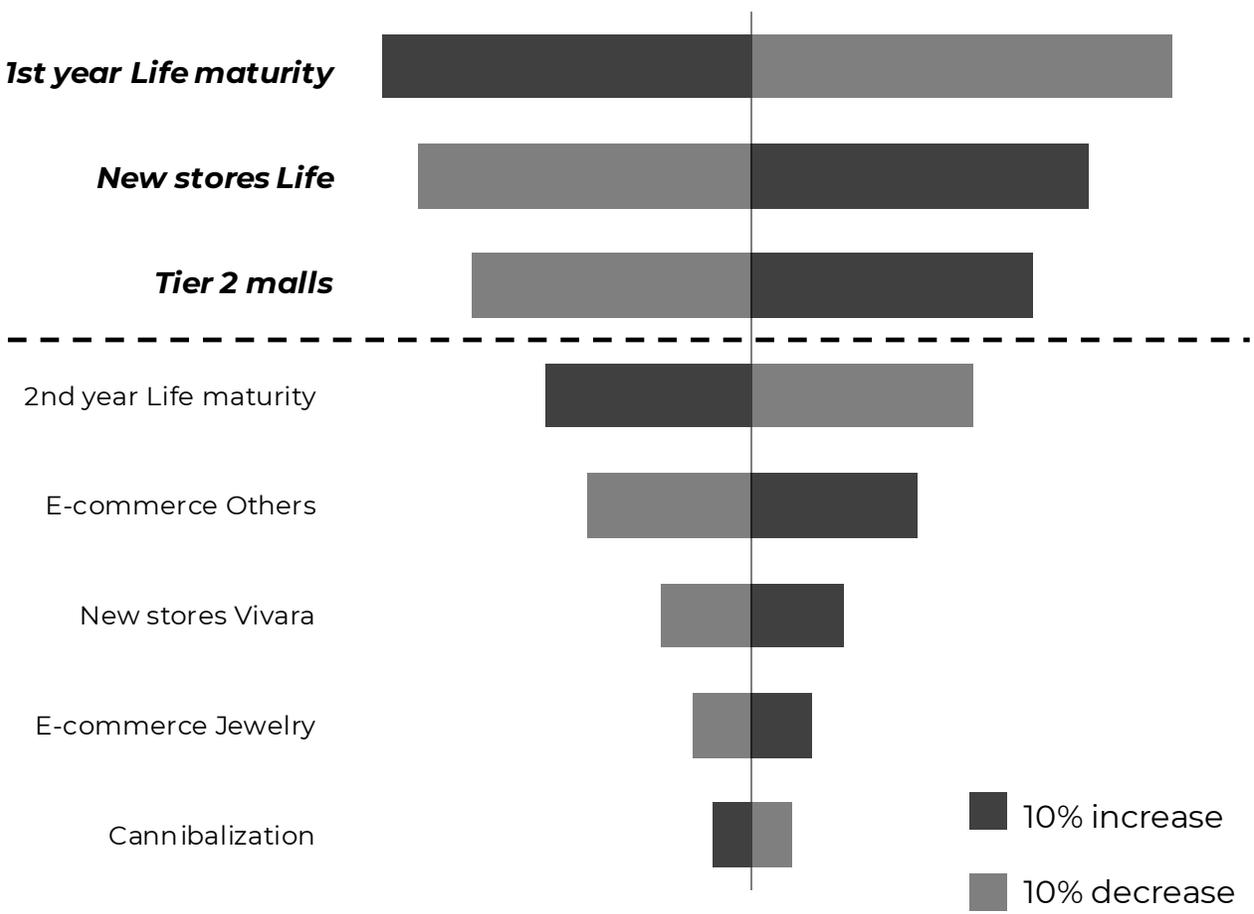
*Normal distribution
Standard deviation = 10% of the mean*

Tornado analysis: Life performance as a heavy driver

Variables sensitized

The target price is most sensitive to assumptions related to sales performance

Tornado analysis





Vivara openings



Life openings



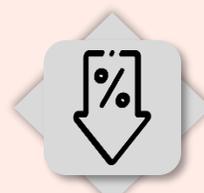
Sales of tier 2 locations



E-commerce sales



Life maturity curve



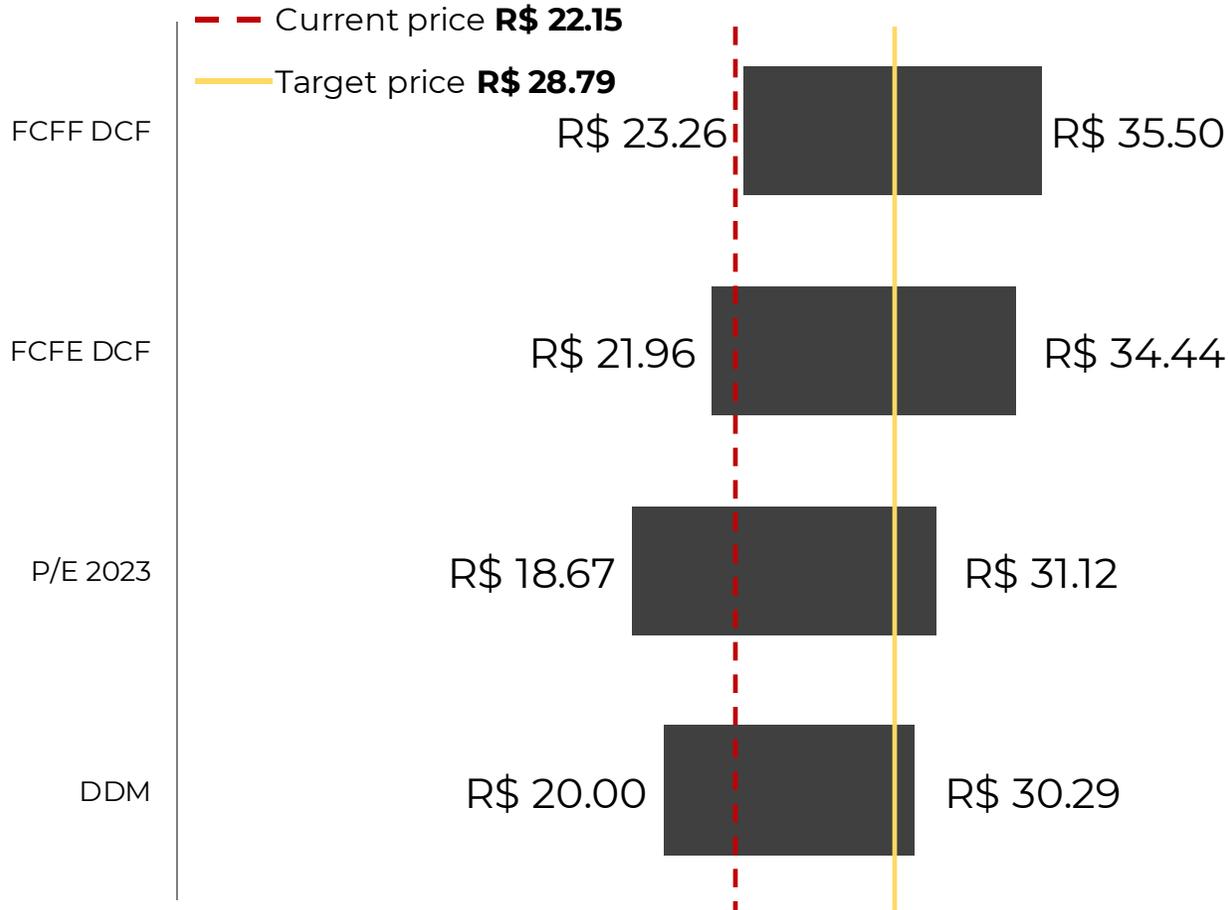
Cannibalization rate

Assumptions related to Life stores have a greater impact on our valuation

Supporting models

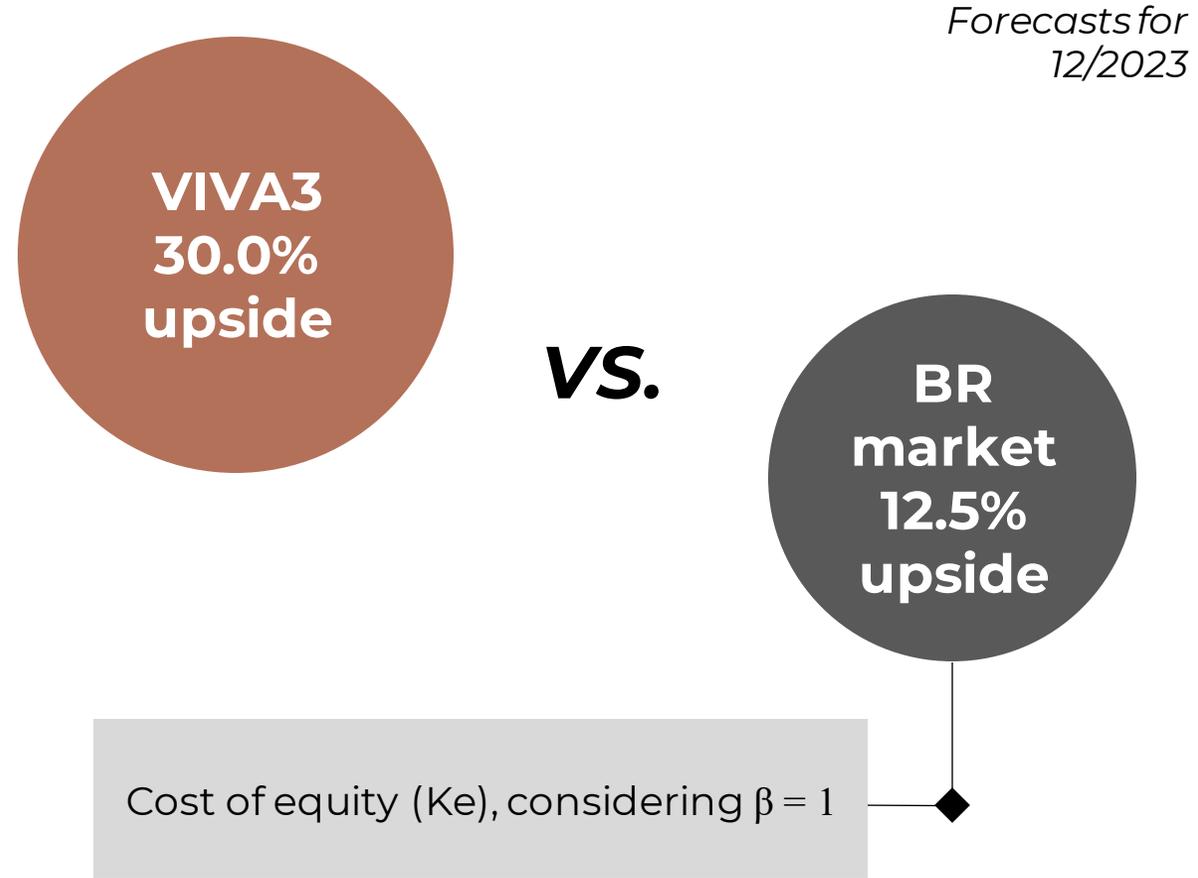
Different valuation methodologies support our belief that Vivara is underpriced

Football field, R\$



Our forecast beats expected market return in Brazil

VIVA3 and IBOV 2023E returns

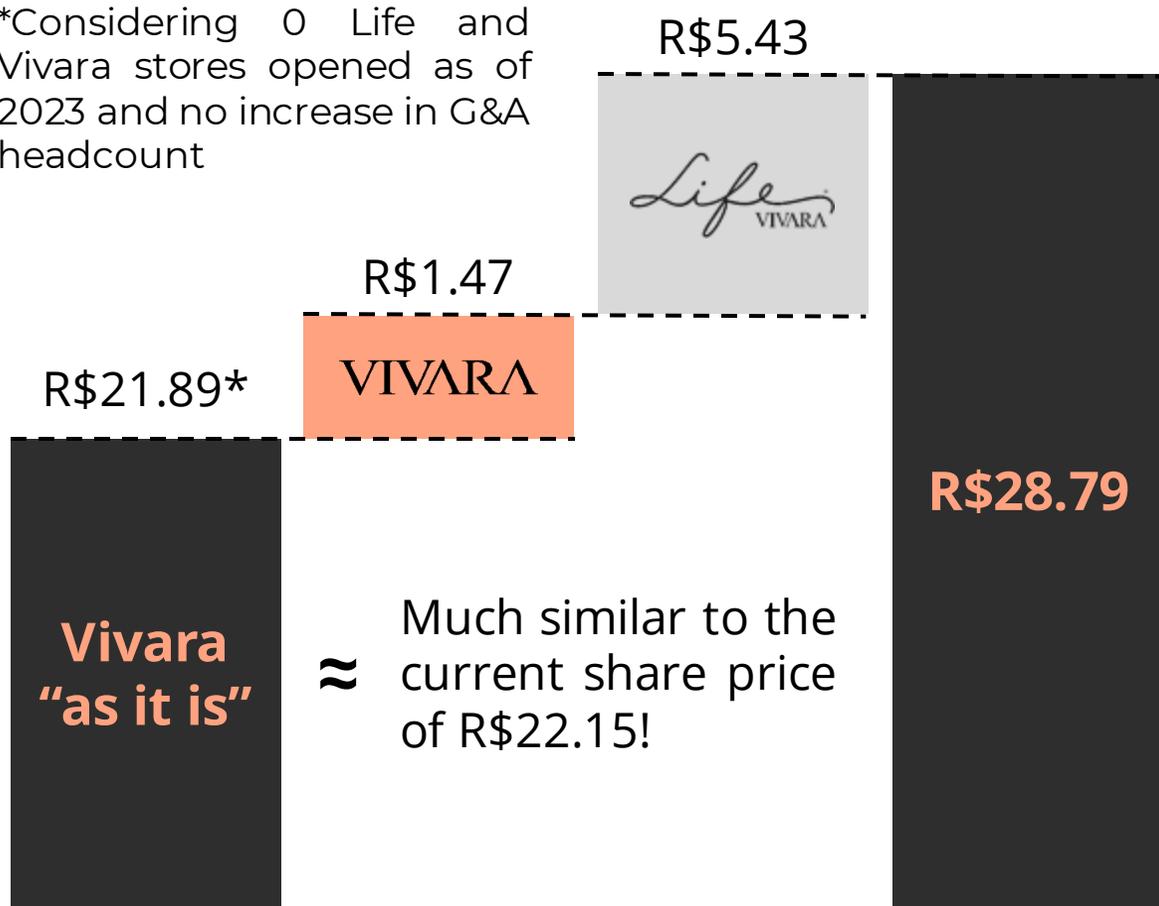


Buy VIVA3 and get Life stores for free!

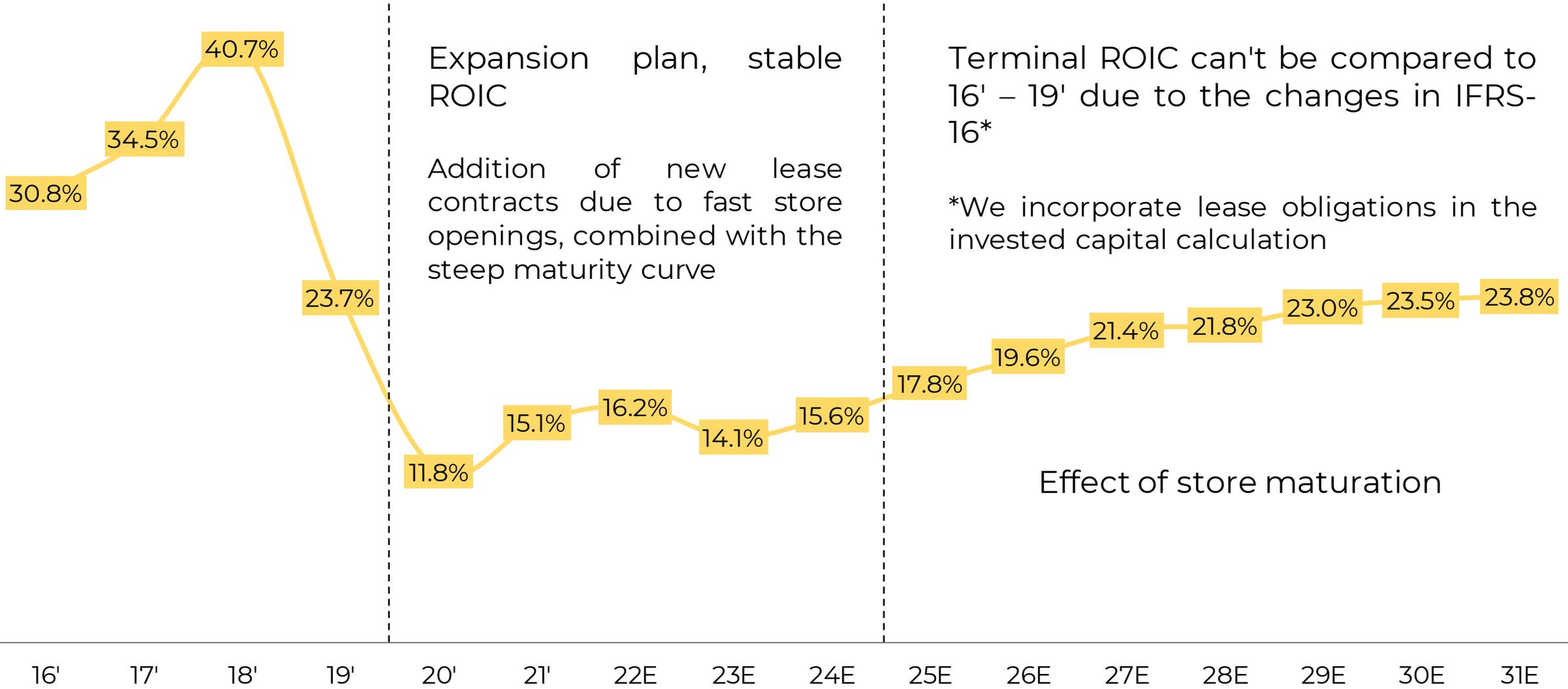
Market seems to be considering Life's expansion a complete failure

Share price waterfall

*Considering 0 Life and Vivara stores opened as of 2023 and no increase in G&A headcount



ROIC evolution – impacts of the expansion plan



Expansion plan, stable ROIC

Addition of new lease contracts due to fast store openings, combined with the steep maturity curve

Terminal ROIC can't be compared to 16' – 19' due to the changes in IFRS-16*

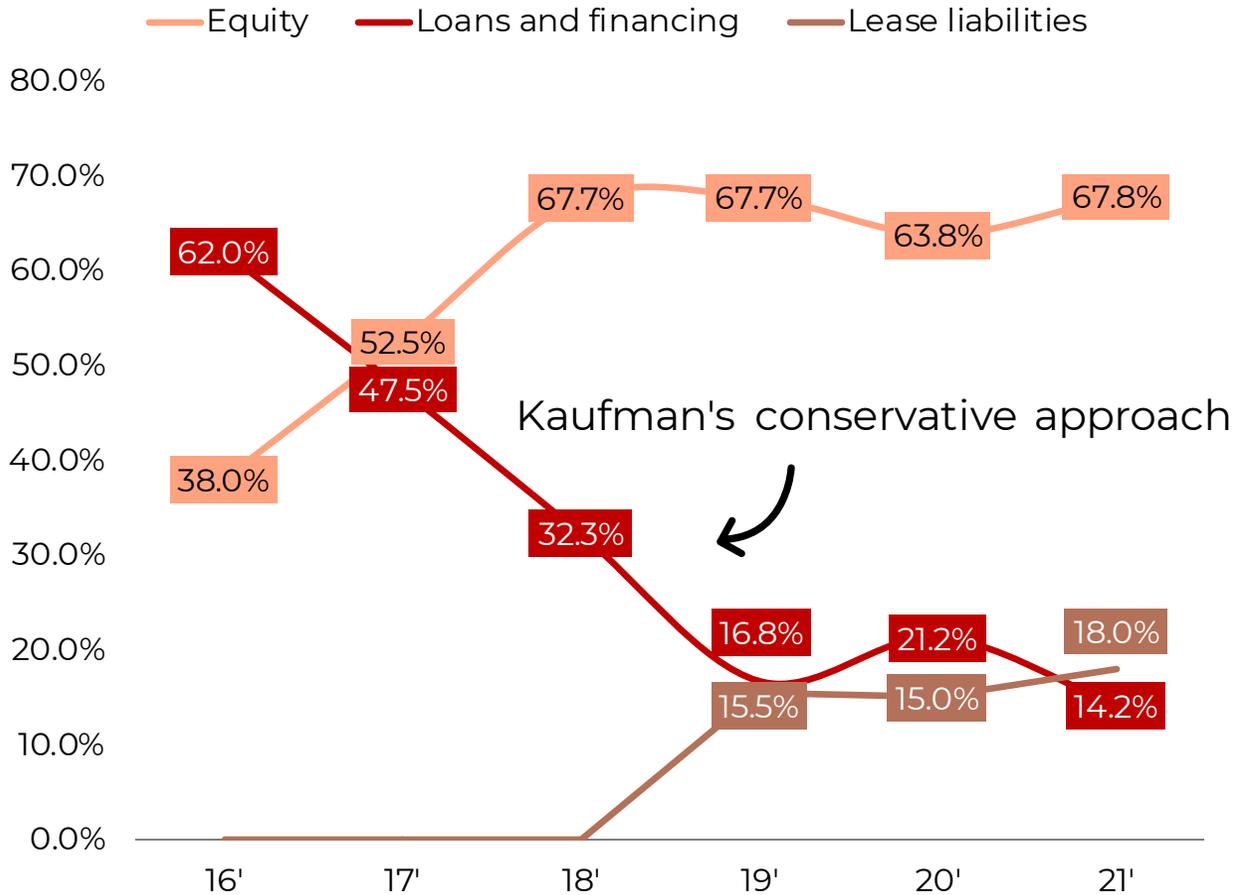
*We incorporate lease obligations in the invested capital calculation

Effect of store maturation

Capital structure and cash position

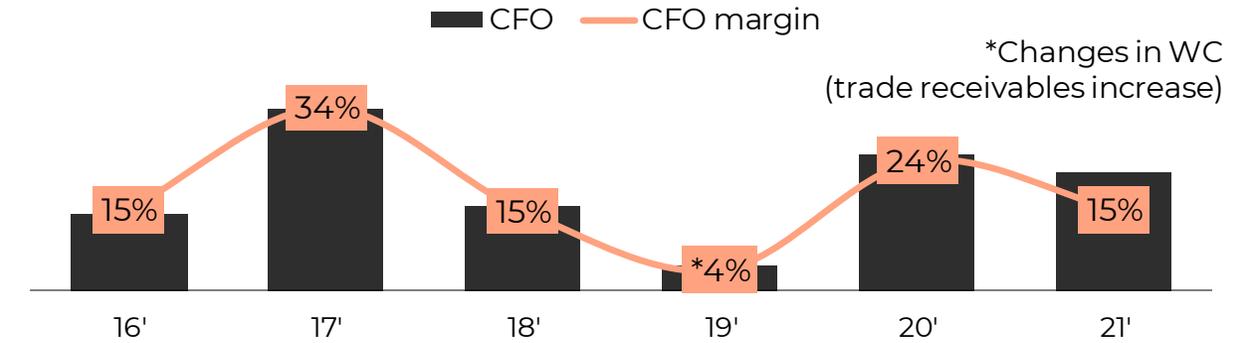
Capital structure is not at its optimal level

Capital structure



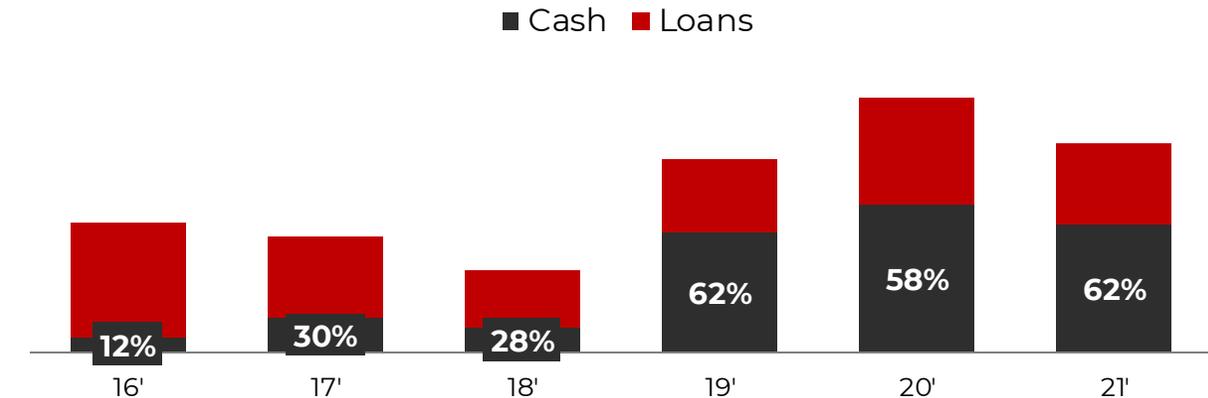
Vivara is a cash-generation machine

Free cash flow margin, % of net revenue



The company is conservative when it comes to funding

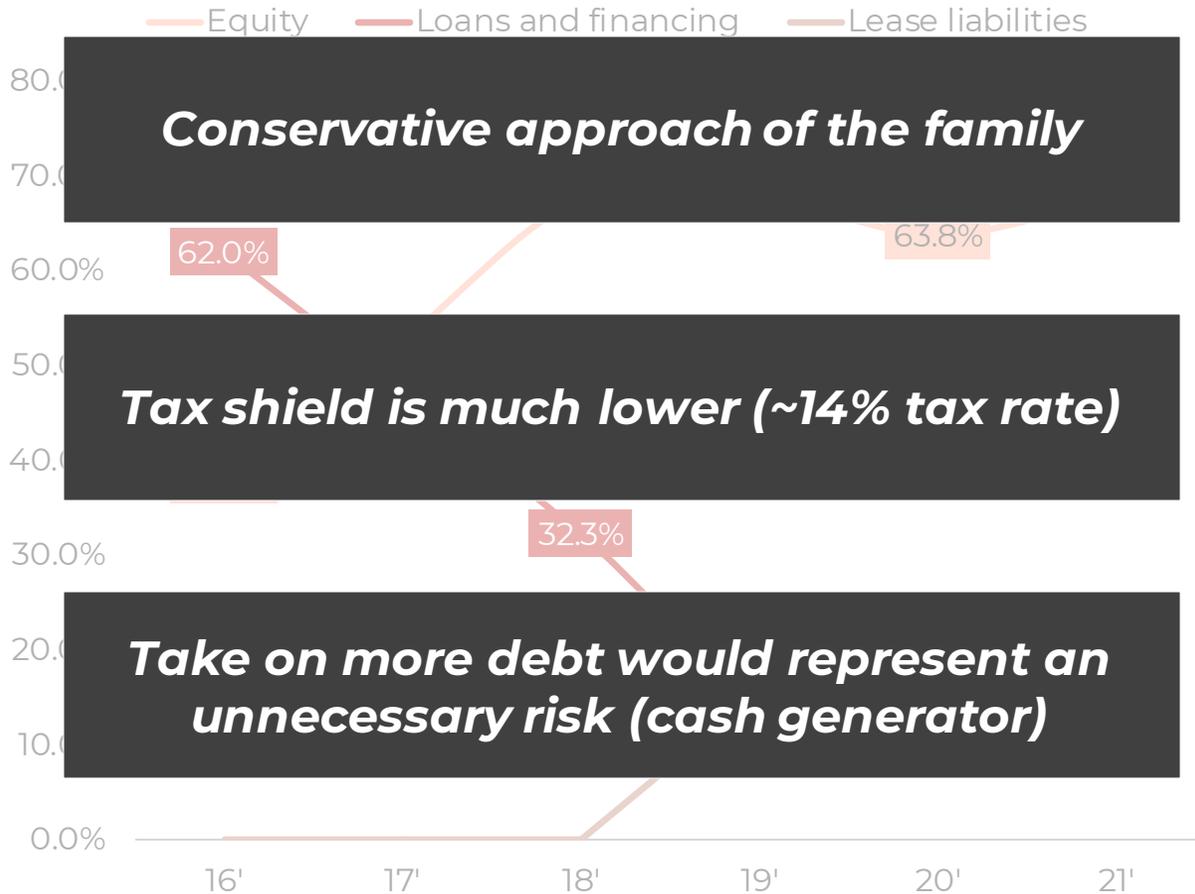
Cash position



Not the optimal structure, so it could be an “upside risk”

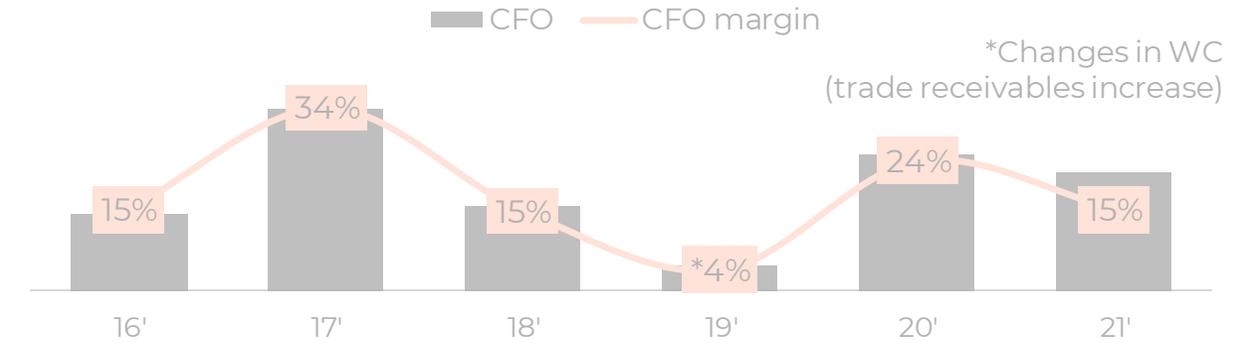
Capital structure is not at its optimal level

Capital structure



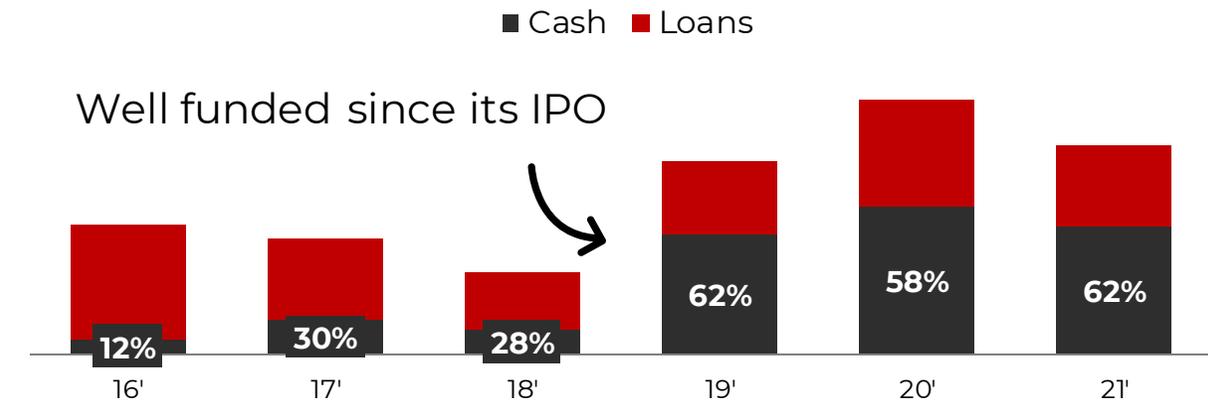
Vivara is a cash-generation machine

Free cash flow margin, % of net revenue



The company is conservative when it comes to funding

Cash position



What would make us change our recommendation for VIVA3?

What would make it a **sell**?

01 Fiscal benefits being withdrawn

02 Strong damages to brand image

◆ Both are **very unlikely**

What would make it a **hold**?

01 Failure of Life's expansion plan

Higher than expected cannibalization

New stores presenting low revenue

◆ *Life store openings don't seem to be included in the current share price*

Sensitivity analysis

Upside **Perpetuity Growth**

R\$	0.30	5.0%	4.5%	4.0%	3.5%	3.0%
12.1%		63%	55%	48%	42%	37%
12.6%		51%	44%	39%	33%	29%
13.1%		41%	35%	30%	25%	21%
13.6%		32%	27%	22%	18%	15%
14.1%		23%	19%	15%	12%	9%

WACC

Upside **First year maturation - Life**

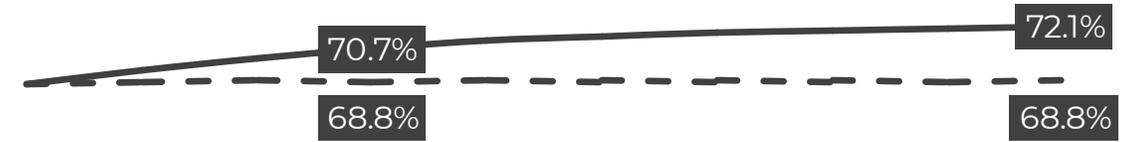
R\$	0.30	55%	60%	65%	70%	75%
75%		45%	39%	34%	29%	24%
80%		43%	37%	32%	27%	23%
85%		40%	35%	30%	26%	22%
90%		38%	33%	28%	24%	20%
95%		36%	31%	27%	23%	19%

Second year maturation - Life

Upside **Cannibalization rate**

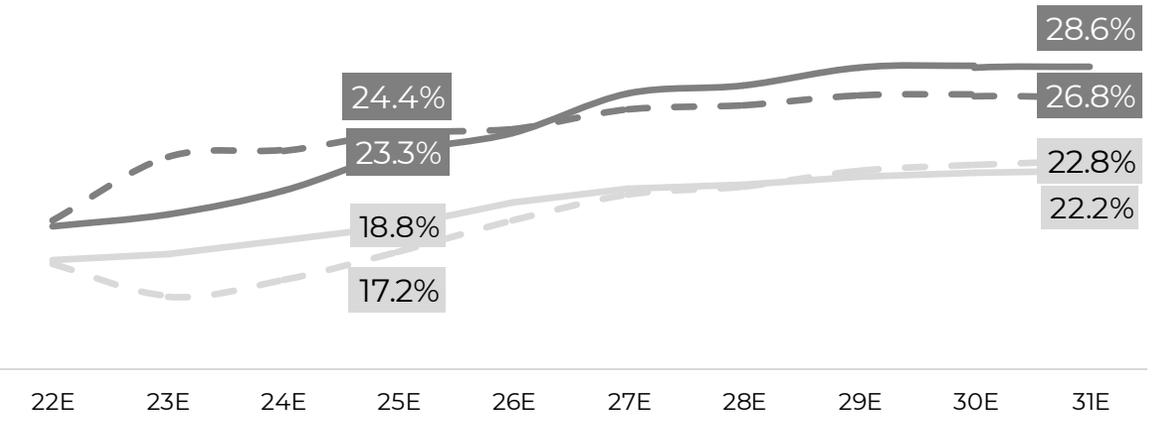
R\$	0.30	3.8%	5.8%	7.8%	9.8%	11.8%
85%		40%	38%	37%	35%	34%
80%		36%	35%	33%	32%	30%
75%		33%	31%	30%	29%	27%
70%		29%	28%	26%	25%	24%
65%		26%	24%	23%	22%	20%

Tier 2 malls



Margin comparison

— *With Life*
 - - - *Without Life*

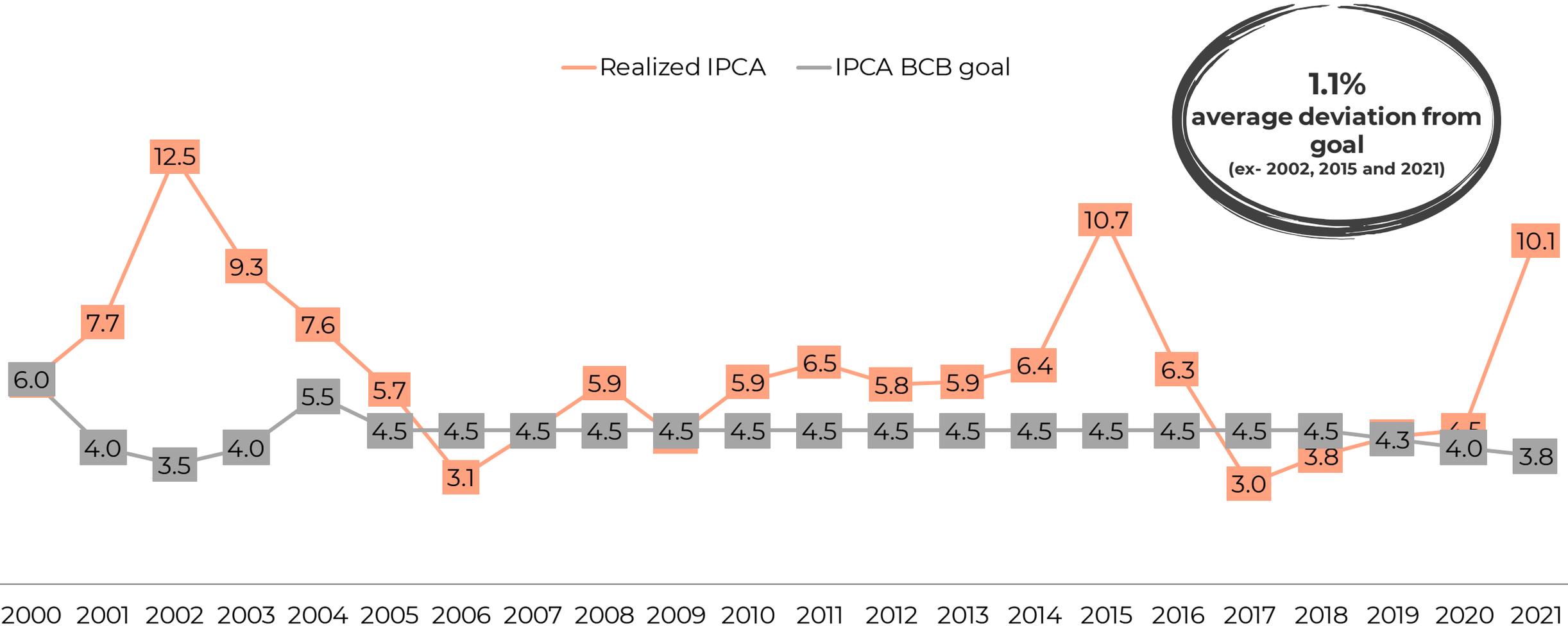


Sensitivity analysis

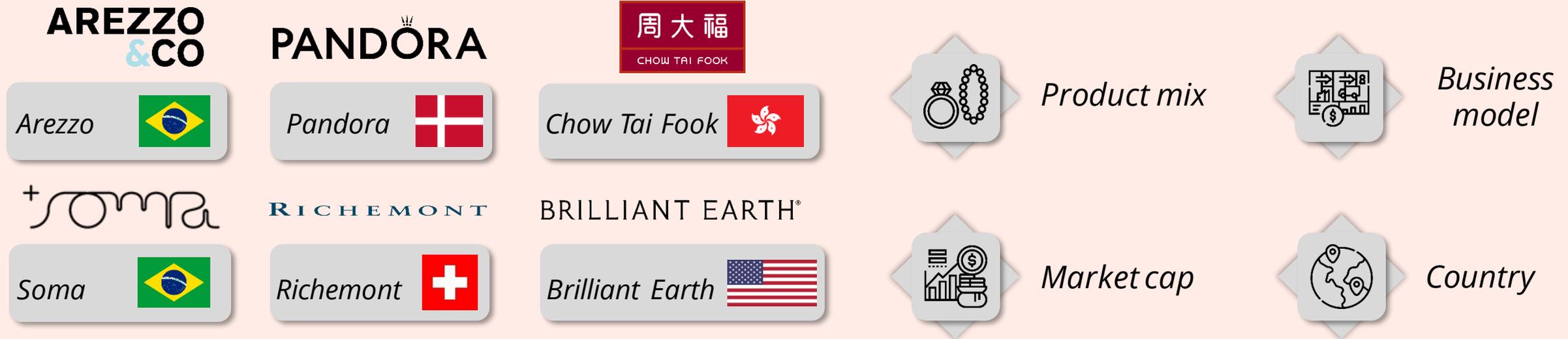
		% of Life's expansion plan completed											# of stores			
		100.0%	90.0%	80.0%	70.0%	60.0%	50.0%	40.0%	30.0%	20.0%	10.0%	0.0%	Life	Vivara		
% of Vivara's expansion plan completed	RS 0,30 b	100%	30%	26%	23%	19%	16%	12%	9%	5%	2%	-2%	-5%	100%	255	95
		90%	29%	25%	22%	18%	15%	11%	8%	4%	1%	-3%	-6%	90%	230	86
		80%	27%	24%	20%	17%	13%	10%	7%	3%	0%	-4%	-8%	80%	204	76
		70%	26%	23%	19%	16%	12%	9%	5%	2%	-2%	-5%	-9%	70%	179	67
		60%	25%	21%	18%	14%	11%	8%	4%	1%	-3%	-6%	-10%	60%	153	57
		50%	24%	20%	17%	13%	10%	6%	3%	-1%	-4%	-8%	-11%	50%	128	48
		40%	22%	19%	15%	12%	9%	5%	2%	-2%	-5%	-9%	-13%	40%	102	38
		30%	21%	18%	14%	11%	7%	4%	0%	-3%	-7%	-10%	-14%	30%	77	29
		20%	20%	16%	13%	10%	6%	3%	-1%	-4%	-8%	-11%	-15%	20%	51	19
		10%	19%	15%	12%	8%	5%	1%	-2%	-6%	-9%	-13%	-17%	10%	26	10
		0%	17%	14%	11%	7%	4%	0%	-3%	-7%	-10%	-14%	-18%	0%	0	0

Inflation 4% assumption: Brazil is systematically above expectations

We consider an inflation higher than official bodies (of 3%) because of consistent high inflation in Brazil



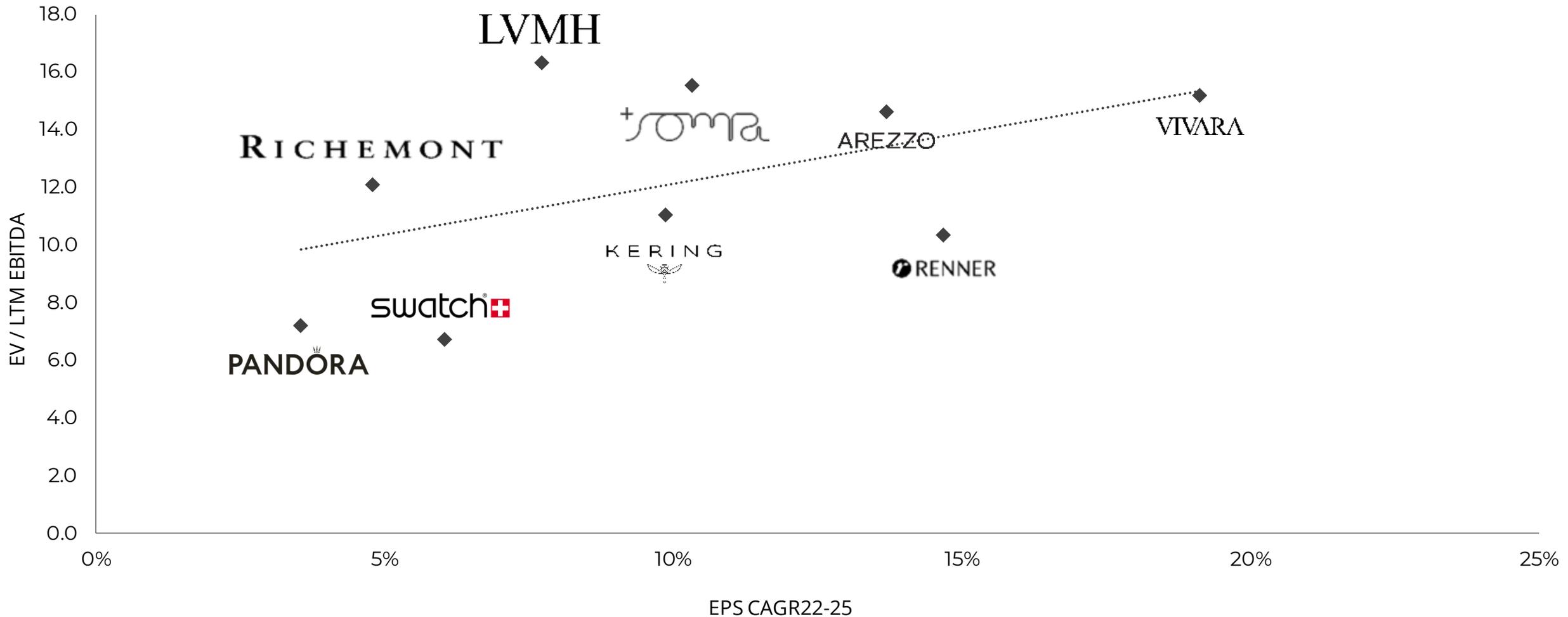
Peer selection for relative valuation



Stock exchange	Ticker	Name	EBITDA Margin	Gross Income Margin	MktVal Co USD	FE Val Mcap_Fcf Mean FY1 Roll	Return on Avg Total Equity	Current Ratio	FE Val Netdebt_Ebit da Mean FY1 Roll	Cash Conv Cycle	Inven Turnovr	Price / NTM EPS	NTM PE / LT Growth PEG ratio	Business description - key takeaway
B3	VIVA3	Vivara Participacoes SA	25.0	62.9	1,015.4	-0.7	23.3	2.3	0.4	380.1	1.2	13.4	0.8	
Brazilian high-end retailers														
B3	ARZZ3	Arezzo Industria e Comercio S.A.	15.2	52.6	1,816.5	-0.6	23.5	1.1	0.0	79.3	3.8	18.1	1.5	House of brands, footwear
B3	SOMA3	Grupo de Moda Soma SA	14.2	53.2	1,778.3	2.9	6.9	2.2	0.8	247.2	2.0	16.9	0.6	House of brands, clothes
European jewelry retail														
SWX	UHR	Swatch Group Ltd. Bearer	19.5	39.6	13,798.5	5.1	6.8	7.3	-1.8	544.0	0.7	13.5	2.1	Mostly watches
CPH	PNDORA	Pandora A/S	33.1	73.5	6,941.3	8.0	57.8	0.7	0.6	10.6	2.5	9.3	0.8	Silver only
EPA	MC	LVMH Moet Hennessy Louis Vuitton SE	34.5	68.3	367,004.2	4.1	28.5	1.2	0.1	207.7	1.4	22.4	2.0	Luxury brands conglomerate
EPA	KER	Kering SA	36.7	60.2	70,053.9	5.5	25.1	1.3	0.0	137.0	2.3	15.8	1.8	Luxury brands conglomerate, mostly clothes
JSE	CFR	Compagnie Financiere Richemont SA	26.6	61.0	71,816.7	4.6	11.1	2.4	-1.0	309.9	1.1	19.2	2.0	Luxury brands conglomerate
Asian jewelry retail														
HKG	1929	Chow Tai Fook Jewellery Group Limited	11.5	23.6	20,647.0	7.3	20.9	1.6	0.1	260.6	1.5	18.5	1.4	Mostly gold
HKG	5090	Luk Fook Holdings (International) Limited	16.7	23.9	1,350.1		11.9	3.3	-1.6	336.3	1.1	6.3		Gold and platinum
USA jewelry retail														
NYSE	BRLT	Brilliant Earth Group, Inc. Class A	10.8	49.1	570.7	6.2	4.1	2.2	-3.8		10.1	18.9		Gold and diamond
NYSE	MOV	Movado Group, Inc.	17.6	57.2	554.7		20.4	3.7		190.2	2.0	7.8		Watches only
NYSE	SIG	Signet Jewelers Limited	13.6	39.9	3,056.8	12.9	38.0	1.8	-0.6	97.1	2.3	6.5	2.6	Diamond only

EV/EBITDA Comparison

Comparing EV/EBITDA – that doesn't consider IRPJ fiscal benefits – Vivara's price seems to be on a fair price



Sources: Bloomberg (EV, EPS Estimates) and companies IR (adjusted EBITDA)