

**cia+hering**

✕ HERING ✕ HERINGKIDS ✕ HERINGINTIMATES D Z A R M

# *Earnings Presentation*

# *1Q21*

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## *Financial DATA*

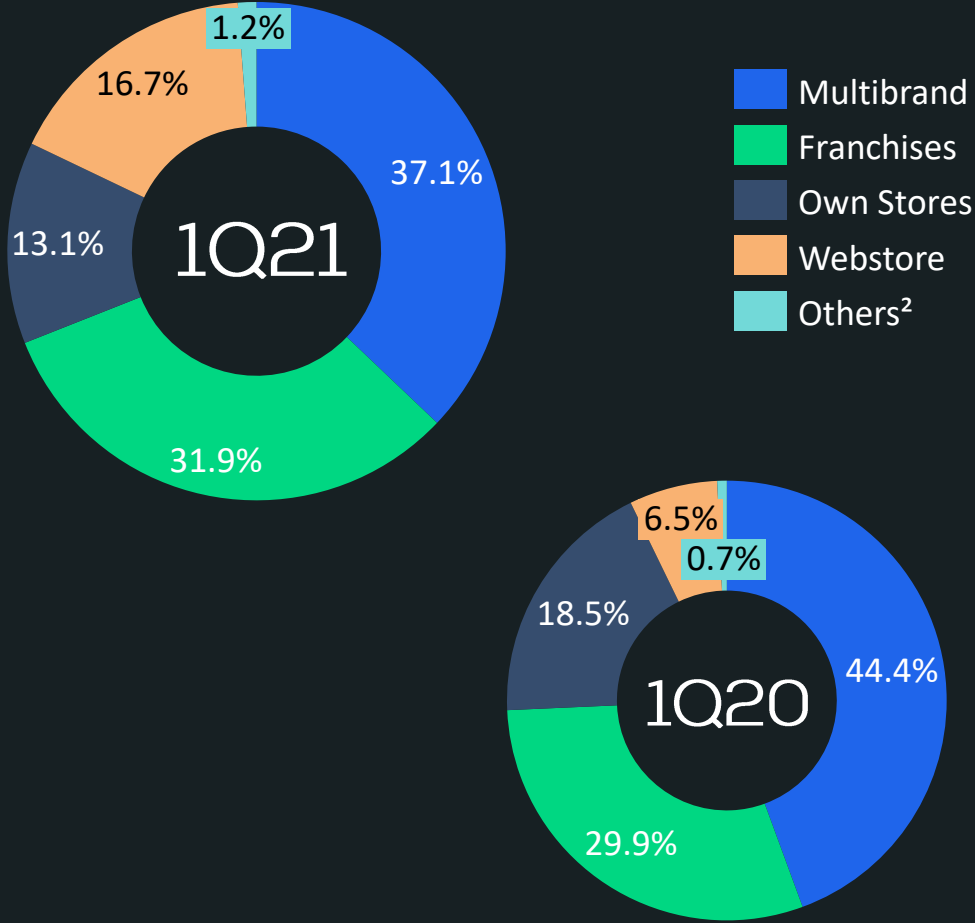
# Gross Revenue

## Brands (R\$ Million)

|                           | 1Q21         | 1Q20         | Var.        |
|---------------------------|--------------|--------------|-------------|
| <b>cia+hering</b>         | <b>333.4</b> | <b>323.6</b> | <b>3,0%</b> |
| <b>X HERING</b>           | 251.0        | 231.8        | 8.9%        |
| <b>X HERINGKIDS</b>       | 40.0         | 37.9         | 5.7%        |
| <b>X HERINGINTIMATES</b>  | 11.0         | 7.1          | 54.3%       |
| <b>D Z A R M</b>          | 22.2         | 20.0         | 10.8%       |
| <b>Others<sup>1</sup></b> | 0.8          | 19.7         | -95.6%      |
| <b>External Market</b>    | 8.3          | 7.1          | 17.9%       |

<sup>1</sup> It considers the sale of second line items, leftovers, Folha and PUC

## Channels (%)

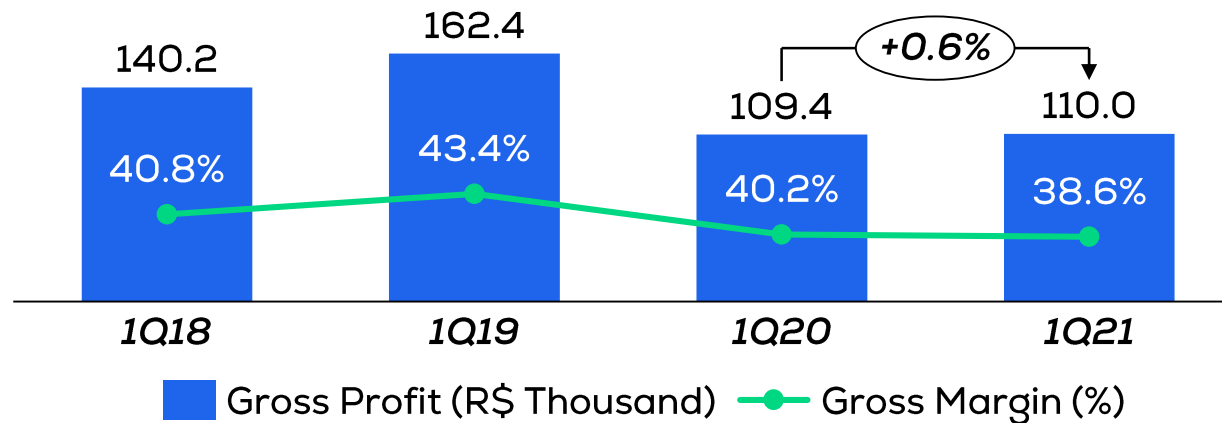


<sup>2</sup> It considers the sale of second line items and leftovers.

# Gross Profit and Gross Margin

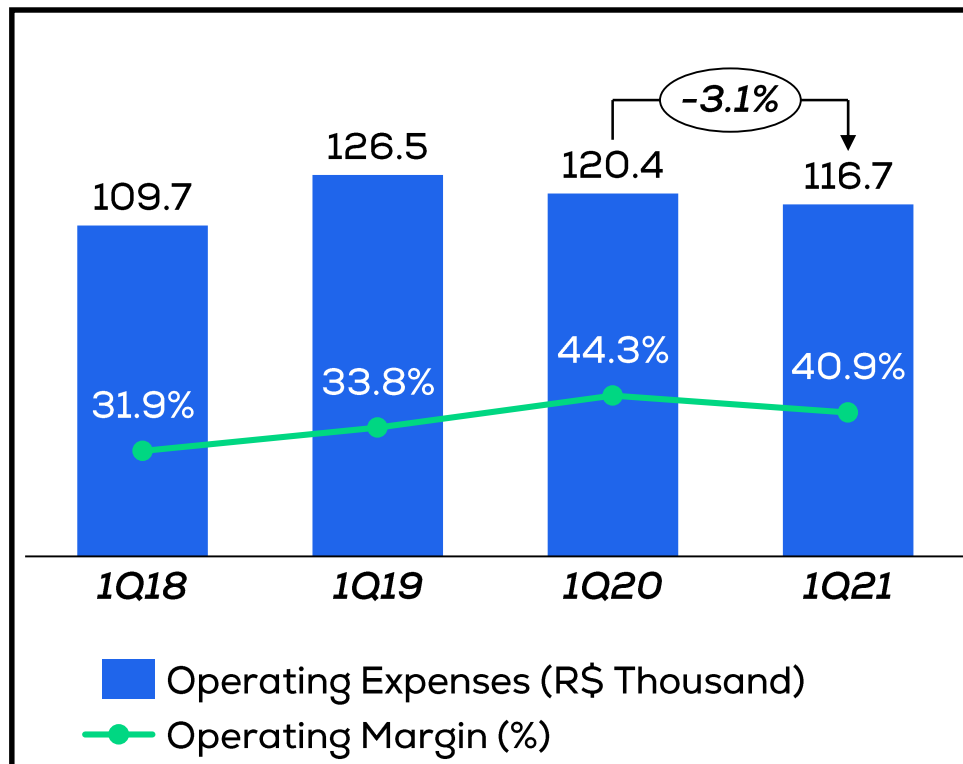
The gross margin decreased 160 b.p. vs. 1Q20, mainly influenced by:

- i. Increase in raw material costs, especially those with commodities, with lower pass-through prices.
- ii. Greater participation of Omncommerce in the sell-out channels and greater depth of markings at the end.



# Operational Expenses

In 1Q21, the operational expenses reached the amount of R\$ 116.7 million, a reduction of 3.1% compared to 1Q20



## Reduction in expenses with:

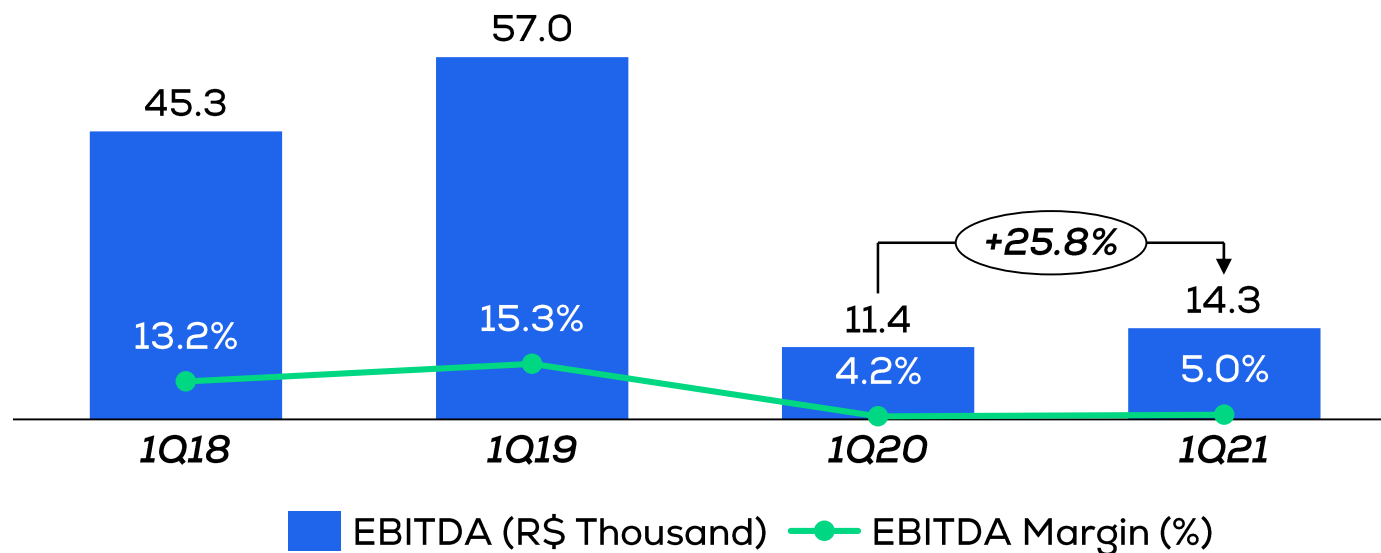
- Provision for doubtful accounts;
- Travels;
- Commissions related to sales performance;
- Real estate leasing;
- Other operating income referring to judicial credits.

## Increase in expenses with:

- Freights due to the increase in online sales;
- Third-party services related to investments in strategic areas;
- Strategic projects.

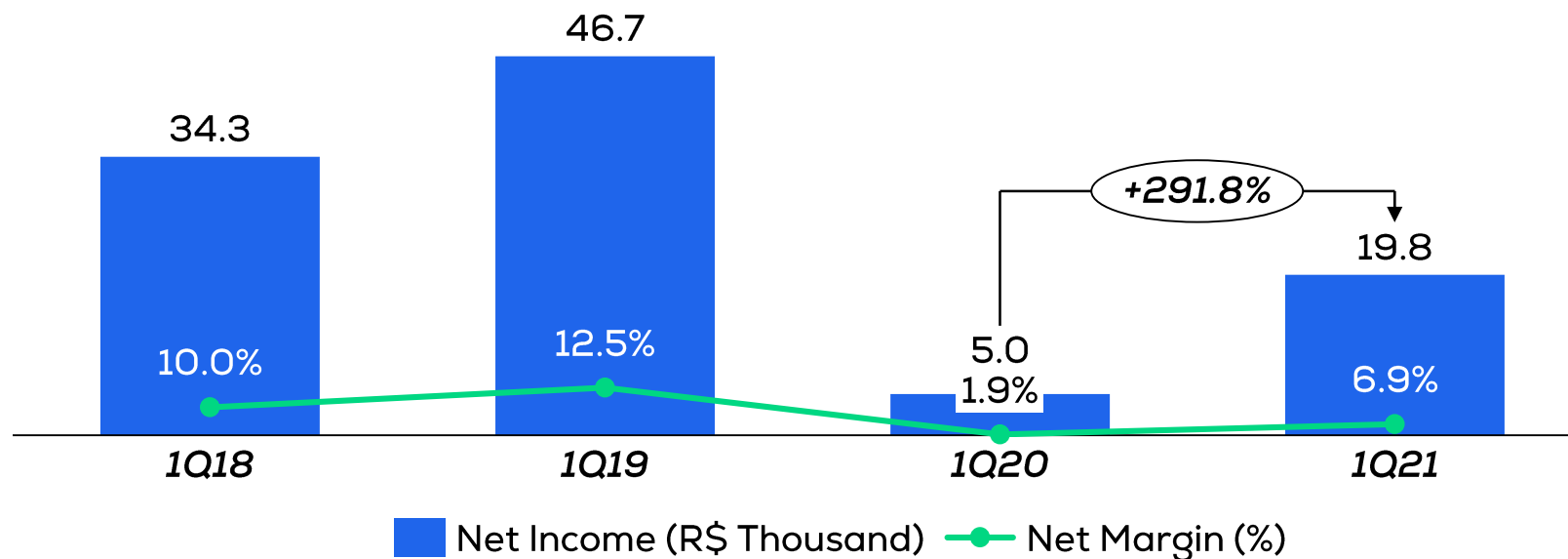
# EBITDA and Margin EBITDA

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) reached R\$ 14.3 million, 25.8% higher than 1Q20, essentially impacted by sales growth and reduction in operating expenses.



# Net Income and Net Margin

Net income in 1Q21 totaled R\$ 19.8 million, mainly due to the monetary restatement of PIS and COINFS credits in the amount of R\$ 28.9 million<sup>1</sup> and for the lower constitution of deferred tax.



<sup>1</sup> PIS and COFINS credit for the cumulative period recorded in the first quarter with interest and principal in the amount of R\$ 38.5 million, of which R\$ 28.9 million refers to interest and monetary restatements, which, if excluding the 34% income tax, would be R\$ 25.4 million.

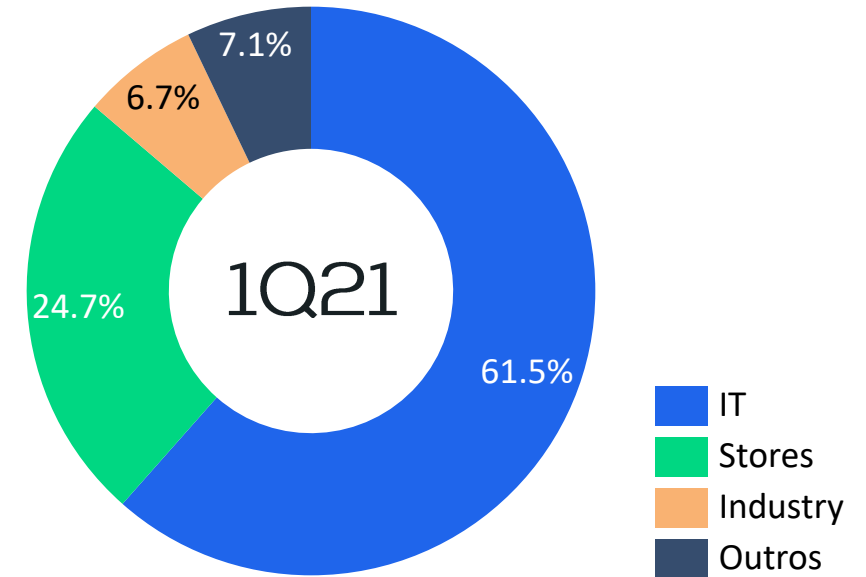
# Investments

The investments in 1Q21 totaled R\$ 9.0 million, 82.3% above 1Q20.

The main projects are directly related to:

- i. Flow counters in stores;
- ii. improvements in operational efficiency with CRM, technology, robotization (RPA) projects and e-commerce platform (B2C);
- iii. Renovation of Shopping Morumbi Store to a Mega Store format;

## Share (%)

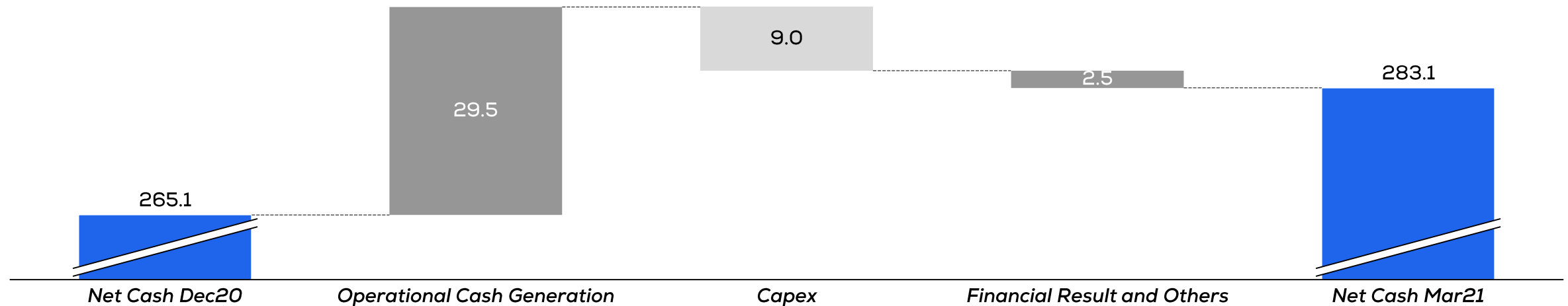


The capital investment plan for 2021 will continue to be executed, where it reinforces the guidance of R\$ 131 million, mainly directed to projects focused on digital transformation and opening and renovation of stores.



# Cash Flow and Net Cash

In 1Q21 the Company had free cash flow of R\$ 20.5 million, R\$ 5.5 million below 1Q20, due to the lower operating income and higher investments in capex.



Additionally, the Company obtained a financial loan, in the amount of R\$ 100 million, in April, mainly to strengthen the share buyback program and strategic projects.

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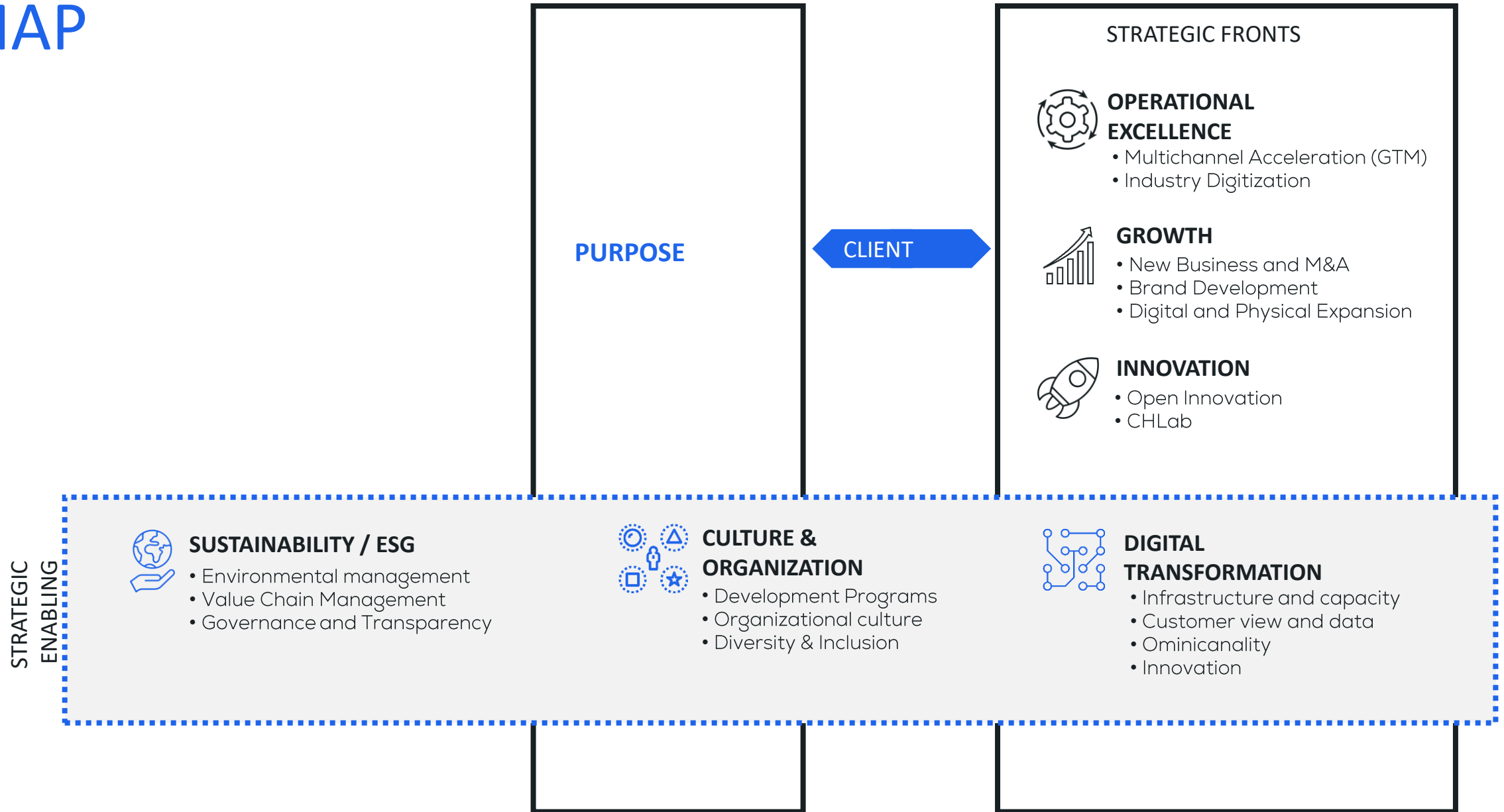
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# *Operational* **DATA**

# STRATEGIC MAP

Earnings 1Q21

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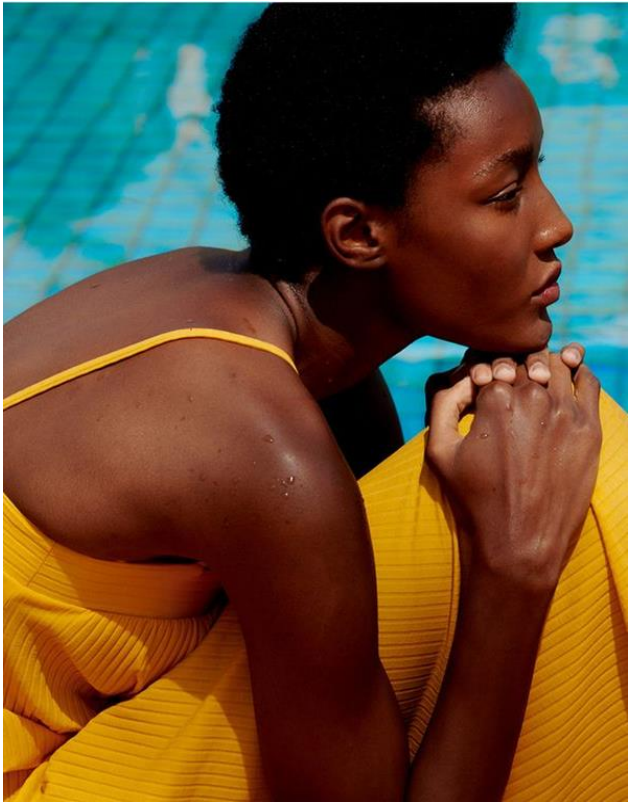
A fashion advertisement for the brand HERING. The image is split into two panels. The left panel shows a man and a woman sitting on white steps. The man is wearing a bright pink t-shirt and light-colored shorts, looking down. The woman is wearing a bright green t-shirt and matching pants, looking towards the camera. The right panel shows two women standing. The woman in the foreground is wearing a bright orange t-shirt and looking directly at the camera. The woman behind her is wearing a bright green t-shirt and has her eyes closed, smiling. The brand name 'HERING' is written in large, white, bold, sans-serif capital letters across the center of the image.

**HERING**

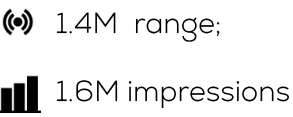


MAIN CAMPAIGNS OF THE PERIOD

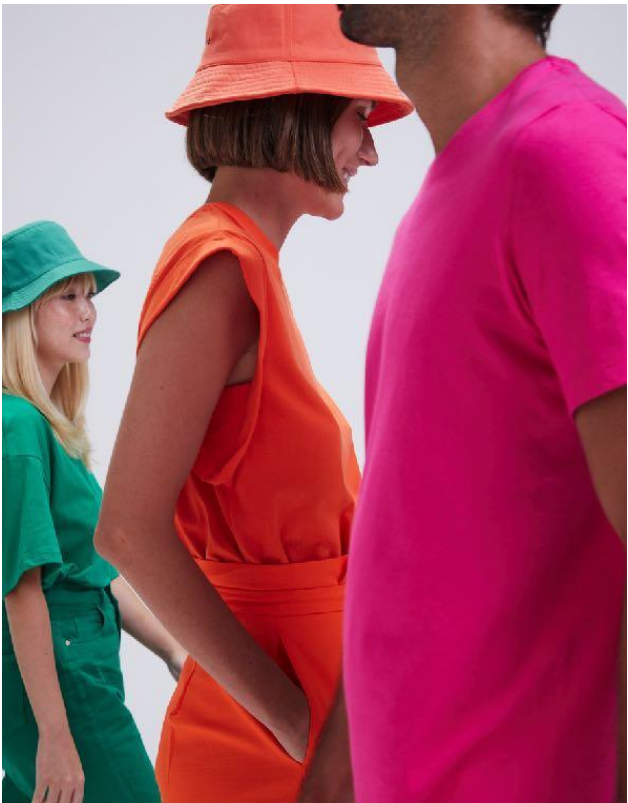
JANUARY



**“FEEL THE SUMMER”**



FEBRUARY



**HERING MOVEMENT**



MARCH



**WOMEN'S DAY - COLLAB @VERENASMIT**



Points of contact with the client reinforcing the proprietary positioning of **BASICS** and **COMFORT**





**Instagram**

📶 641,513,556 range

📊 669,513,556 impressions





- 💰 284,138 sessions;
- 💰 53,665 new users;
- 💰 Conversion rate 2.70%
- 💰 2.4% of e-commerce revenue

**HERING APP**

The basics of the time

**Influencers**

@luizaidan



Likes: **6.438k**  
Views: **517k**

@jtzano



Likes: **1.202k**  
Views: **104k**

@m\_@jtzano



Likes: **1.932k**  
Views: **113k**

@theobial



Likes: **871**  
Views: **101k**

## Women's Month

Collab of t-shirts with the artist Verena Smit with sale reverted to the Rede Mulher Empreendedora Institute.



**HERING**  
+ Verena Smit  
juntas.somos.infinito

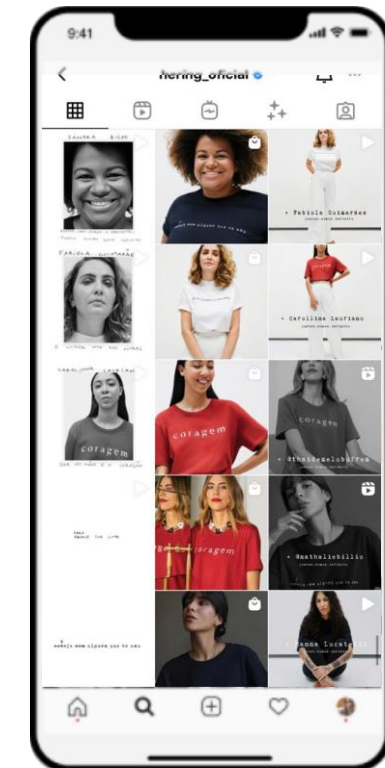
### CAMPAIGN

5 real women represented the message of the campaign: TOGETHER WE ARE INFINITE



### INFLUENCERS

10 influencers  
760,135 range



### SOCIAL CAUSE

The collab positively impacted the lives of 1,044 women through the Rede Mulher Empreendedora Institute

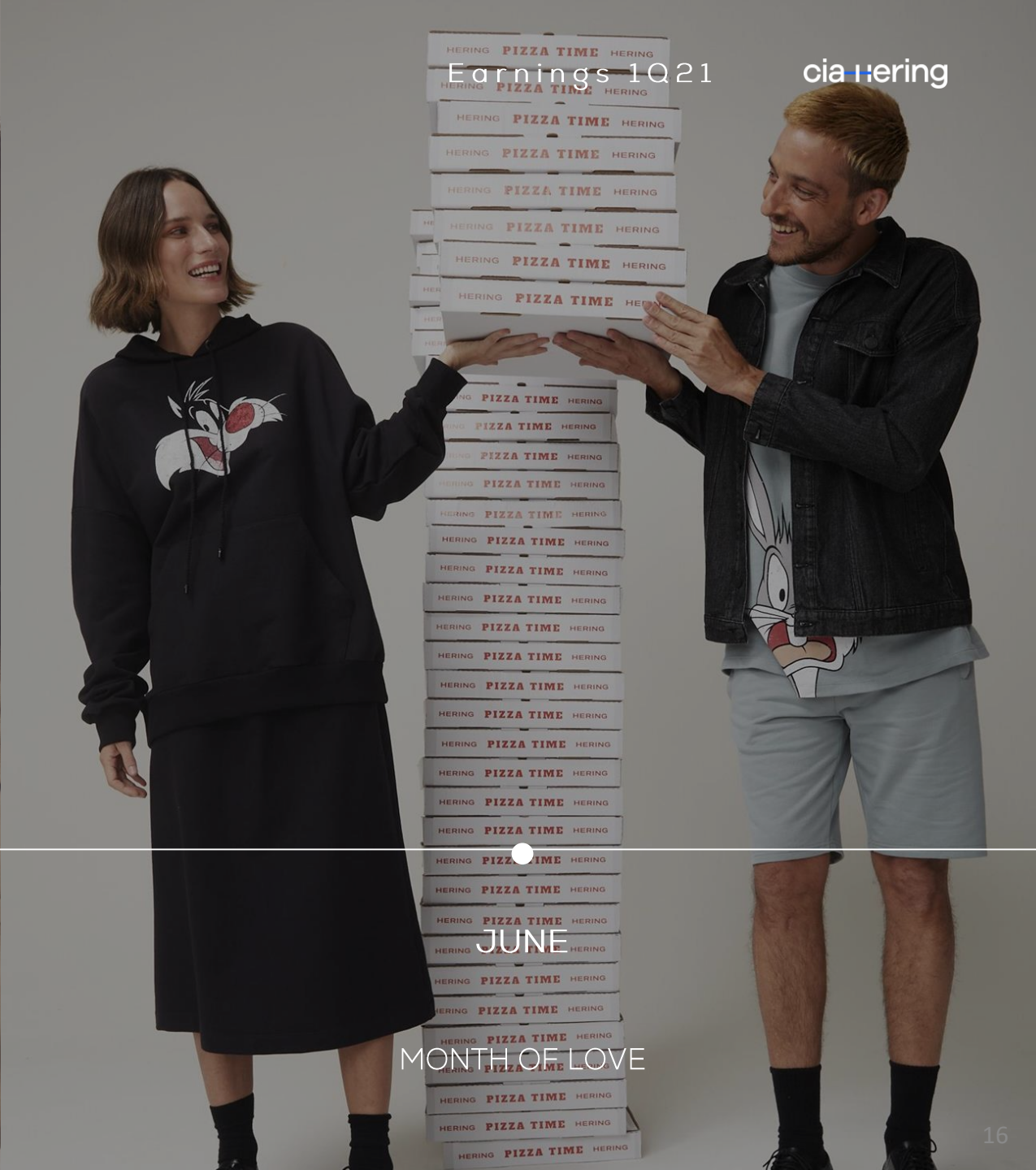


# 2Q21 Campaigns



APRIL/ MAY

“IN THE RHYTHM OF THE MOTHERS OF BRAZIL”



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JUNE

MONTH OF LOVE



# Mother's Day

Earnings 1Q21

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112% growth in searches for the brand after the campaign was broadcast on TV GLOBO

## BIG NUMBERS DIGITAL

24,820,791  
range

223,182,608  
impressions

VOGUE



PRESS

87

number of  
content

ESTADÃO



10 INFLUENCERS



6MM  
range

## BIG NUMBERS MIDIA OFF

+150 MILLION  
of impacts

TV Strategy: GNT and Globo News closed channels. Punctual insertions in the BBB break (3 insertions) + "Fantástico"







# MÊS DO AMOR

A cada semana, um lançamento apaixonante para fazer seu coração bater mais forte.

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"Month of Love – Every week, a passionate release to make your heart beat faster"



## Month of Love

Strategy of weekly disclosure of stories and products for the month of love.

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### “BRASILEIRÍSSIMOS”

BEST SELLER - COLORS

Cor, ritmo, bossa e muito conforto!

### LOONEY TUNES

HERING + HERING INTIMATES

A collection with the most iconic and beloved characters in a cool and timeless aesthetic.

### SHADES OF LOVE

COLLAB COM ID\_BR

We are essentially inclusive and our basic thing is to go further. Saying yes to racial equality is an act of love.

### MICKEY PRIDE

Basic is to love your way







JANUARY



## PREVIEW OUTONO

**113%** revenue growth  
vs. 1Q20

FEBRUARY



## DAY BY DENIM

**+500%** Instagram followers  
vs 1Q20

**+17%** of JEANS  
representativeness

MARCH



## DENIM VIBES

- Highlight for the 360º Hoddies activation - combining fashion trends and comfort - +100% category representation vs. 1Q20

• **+28MM** impacts

- **1Q21 - +11% growth in the brand**, with emphasis on the web channel, which brought an increase of 65% vs 1Q20

## HODDIES

## DZARM WOMEN'S DAY

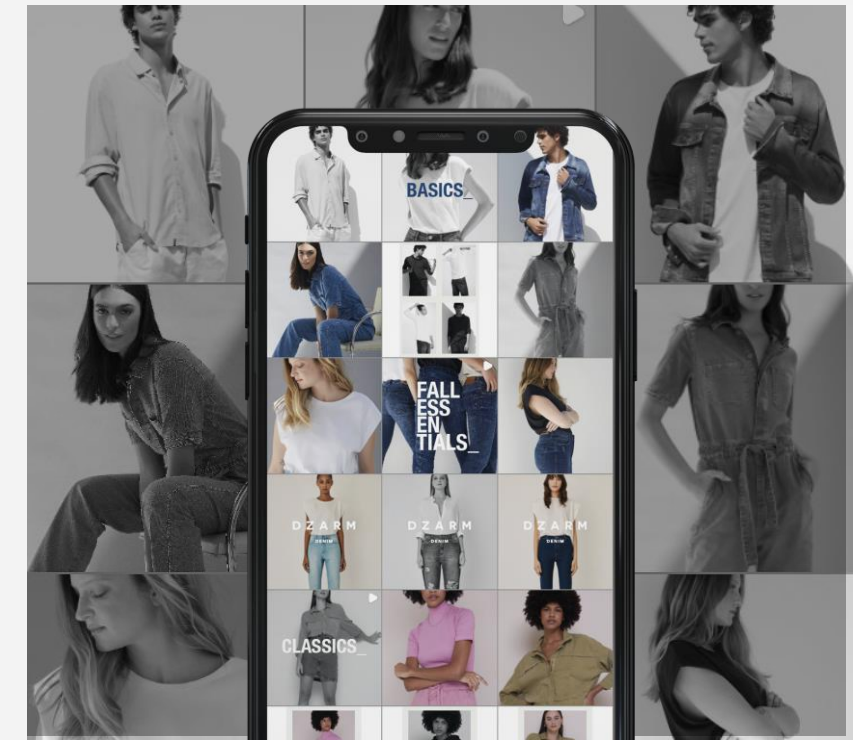
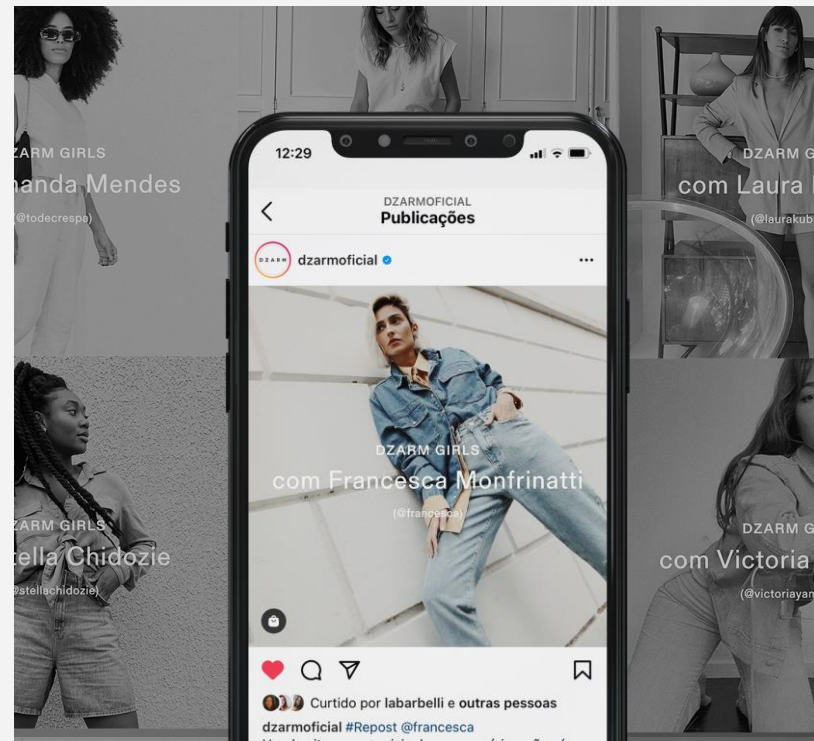
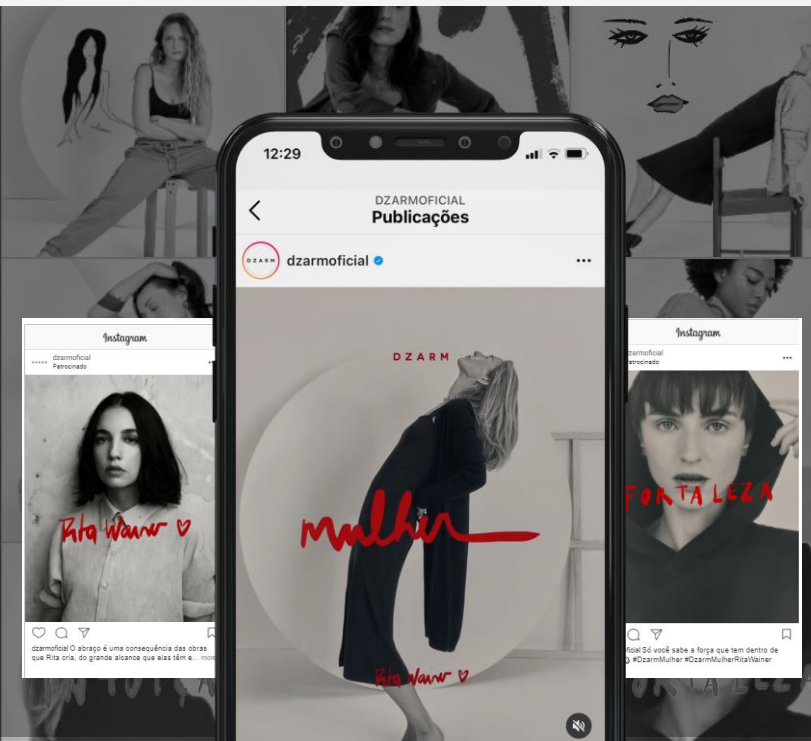
- Communication partnership Dzarm + Rita Wainer
- Strengthening the brand in the female universe
- +1M impressions
- +300k range

## #DZARM GIRLS

- Expansion of the influence network + 10 INFLUENCERS
- +400 thousand impacts
- +20 thousand interactions in content

## DIGITAL STRENGTHENING

- 50% growth in new database customers
- +27% new users on the site
- +2M impacts
- +250 thousand interactions in digital content
- 500% Instagram followers growth





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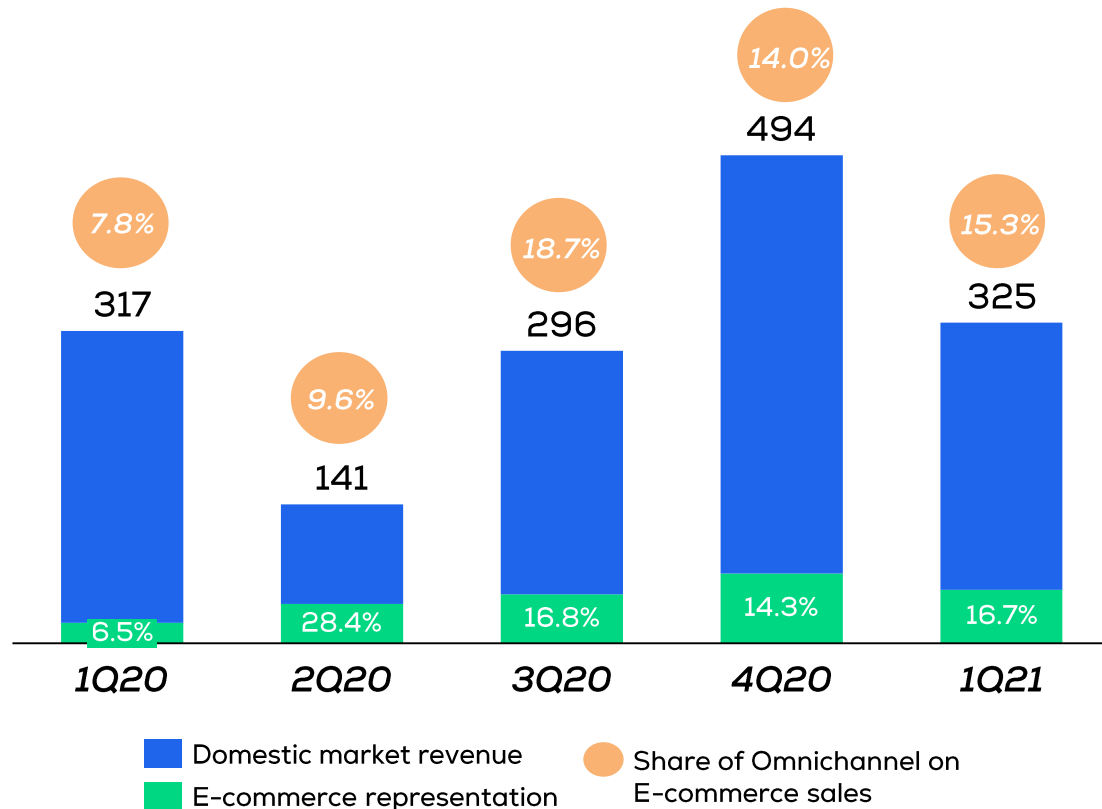
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# *Channels* **VISION**

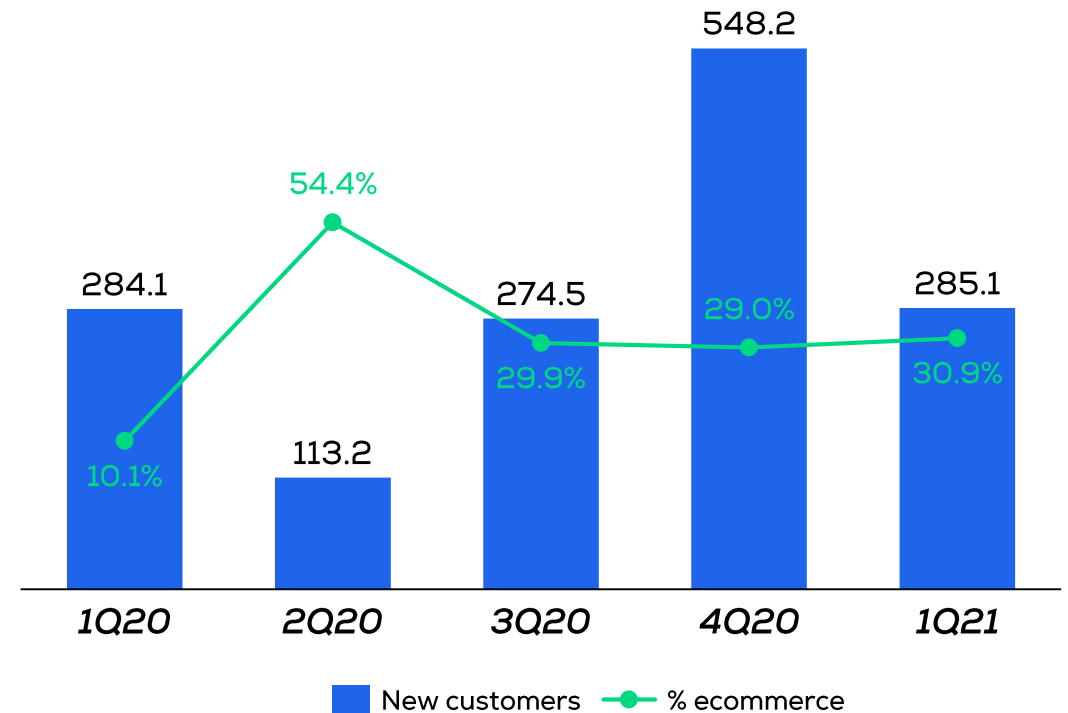
# E-commerce Boost

Channel followed the trend of previous quarters, showing growth of 162.9% vs 1Q20

**E-commerce representation (R\$ million)**



**New customers (in thousand)**

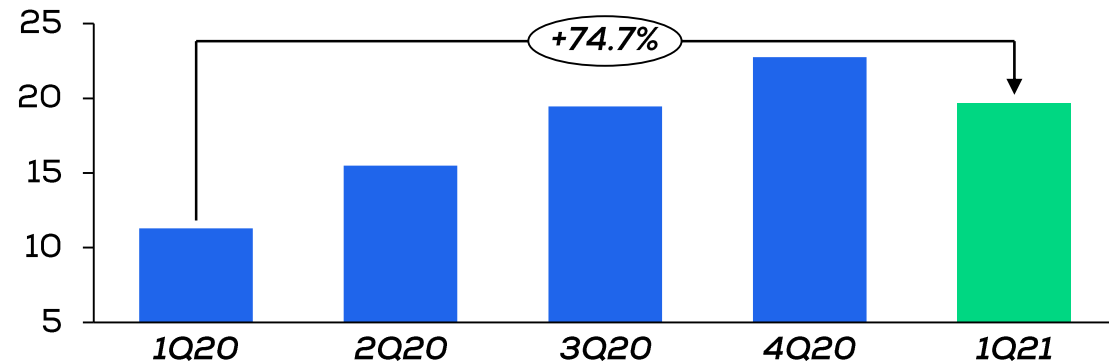




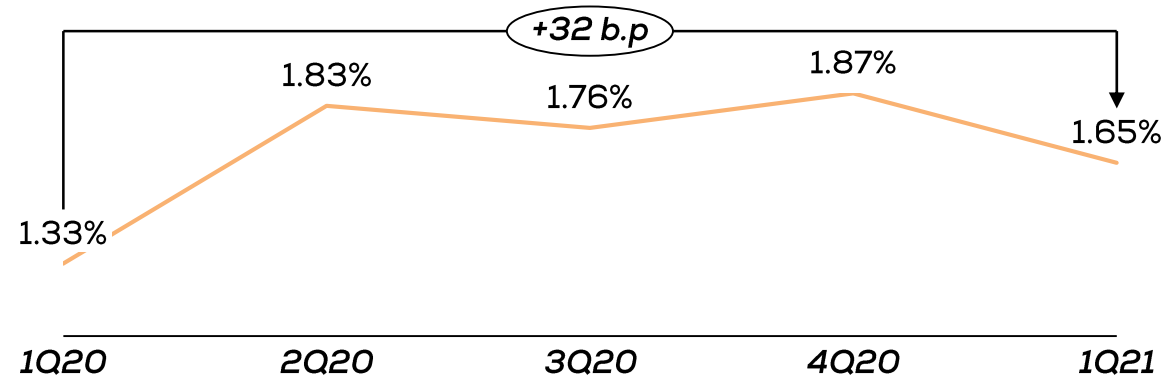
# Boost no E-commerce

Expected revenue in 2021: R\$ 300 million/year

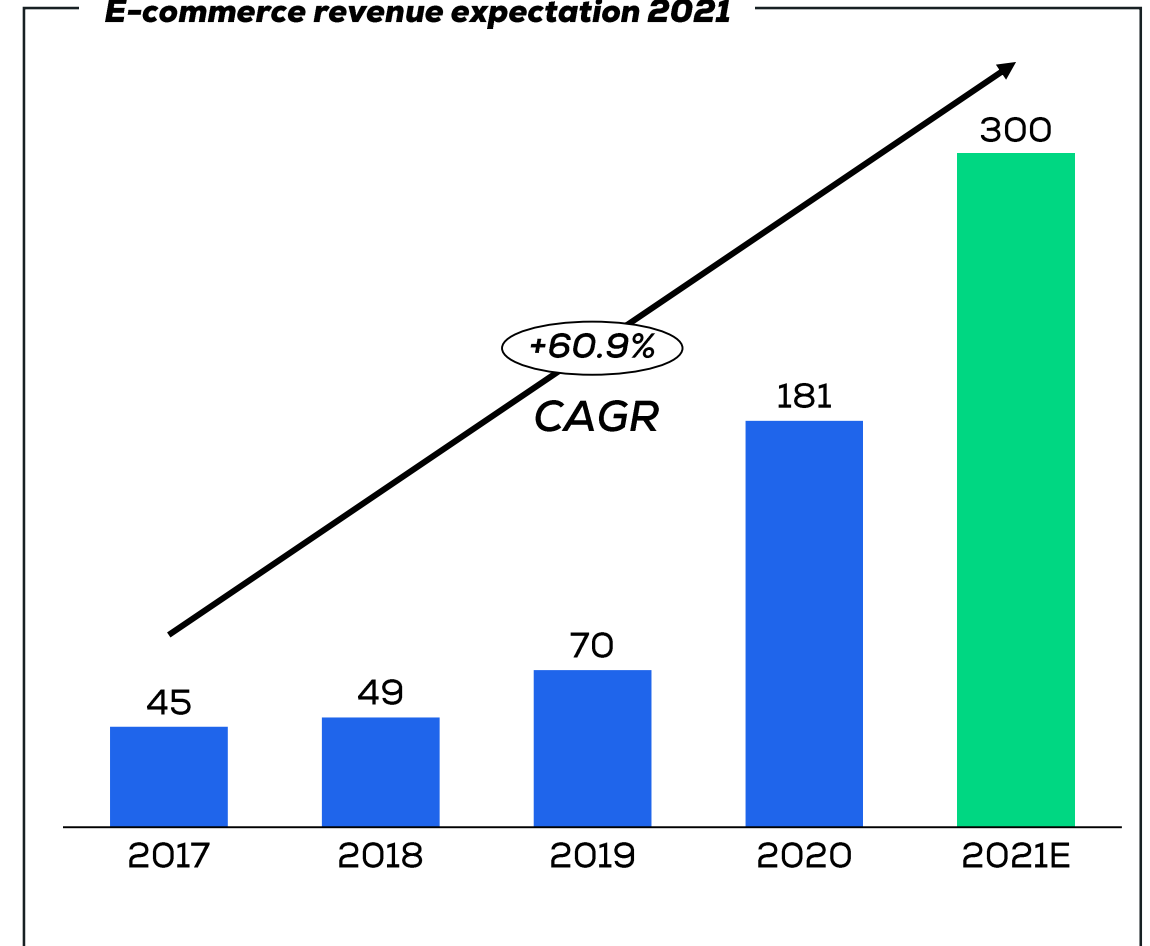
**E-commerce traffic (Accesses in millions)**



**Conversion Rate**



**E-commerce revenue expectation 2021**



# Digital Channels

Earnings 1Q21

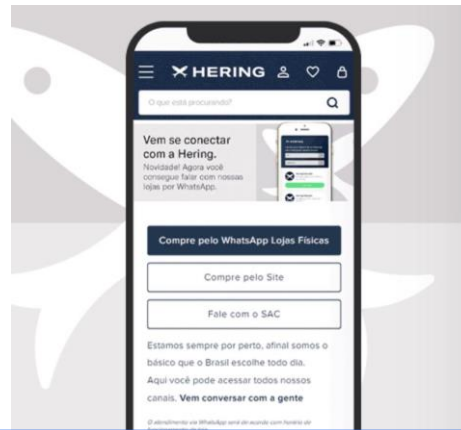
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## "Social Selling"

Digital platform and  
commission payment

+2.6k salespeople



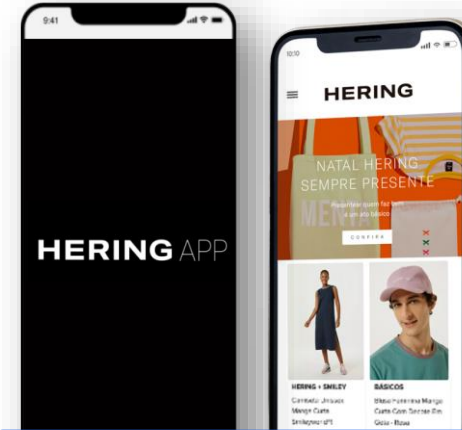
## Whatsapp Smart Sales

Digital catalog with  
integrated stock

+10k checkouts in the  
quarter

593 stores active with the  
modality

R\$171 average ticket, 29%  
higher than in the store

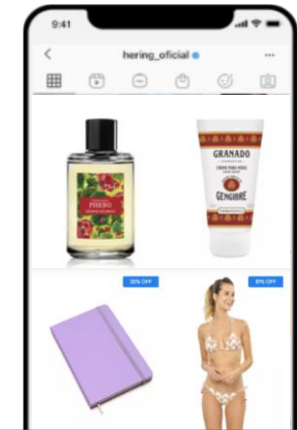


## APP

Channel with  
awareness drive

Loyalty

+65k users  
+280k sessions  
+7.7k transactions  
In the quarter



## Marketplace in and out

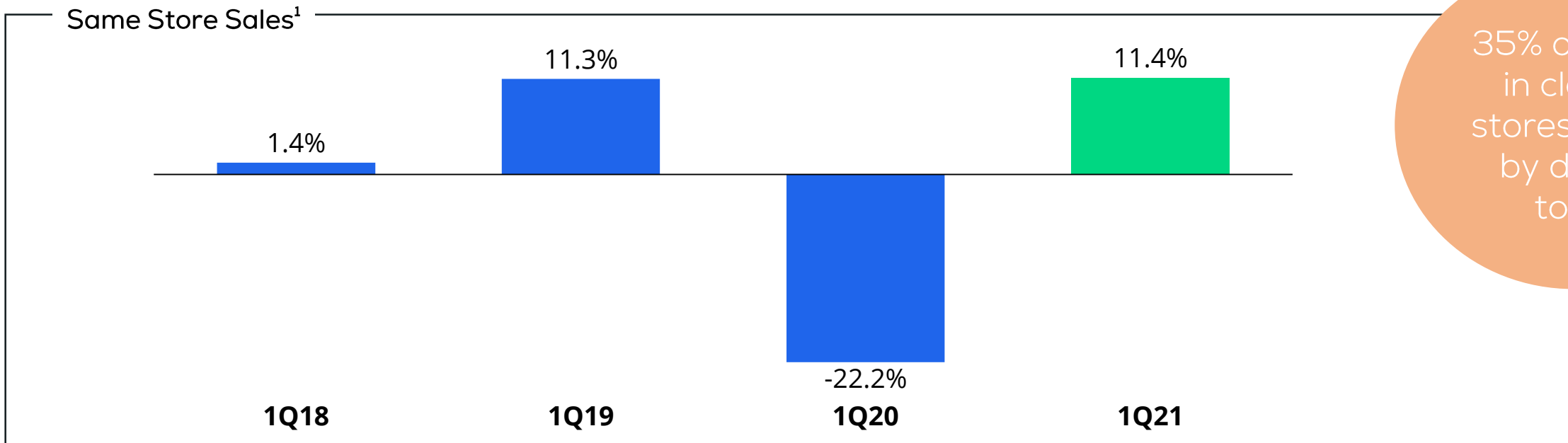
Official Store

New categories

12% of Omncommerce  
sales

65% customers migrated  
from the marketplace  
platform to the  
Company's website

# Hering Network Performance – Sell-out



Increased productivity of physical stores



**+12%**  
Average  
ticket



**+11%**  
Items per  
service



**+1350 b.p**  
Conversion  
rate<sup>2</sup>

<sup>1</sup> SSS in 1Q21 considers all brands of the Company, while 1Q20 only considers Rede Hering (Hering + Hering Kids)

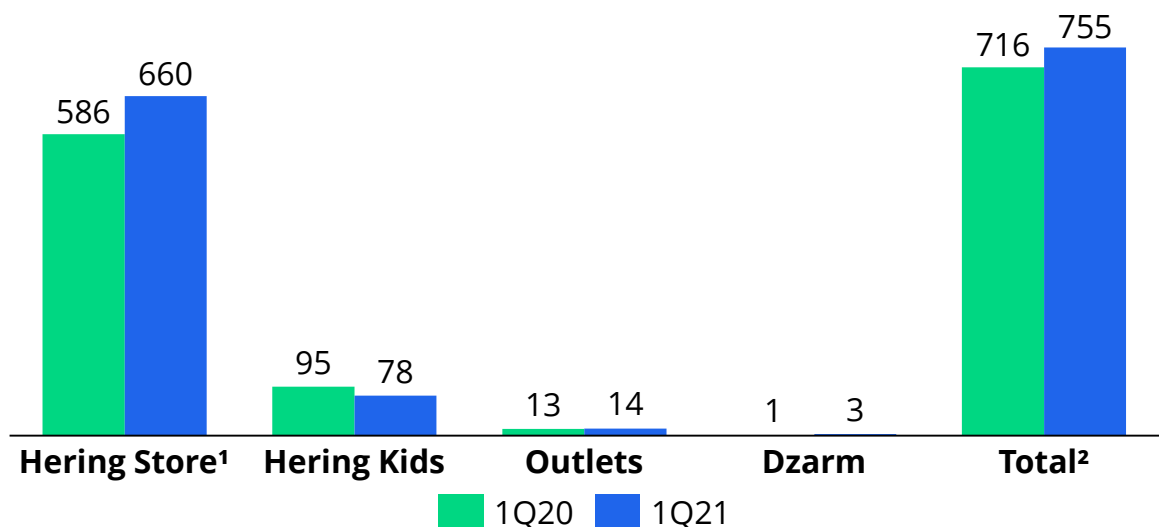
<sup>2</sup> Considers only own stores

# Expansion Plan

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**Number of stores 1Q21 - Brasil**

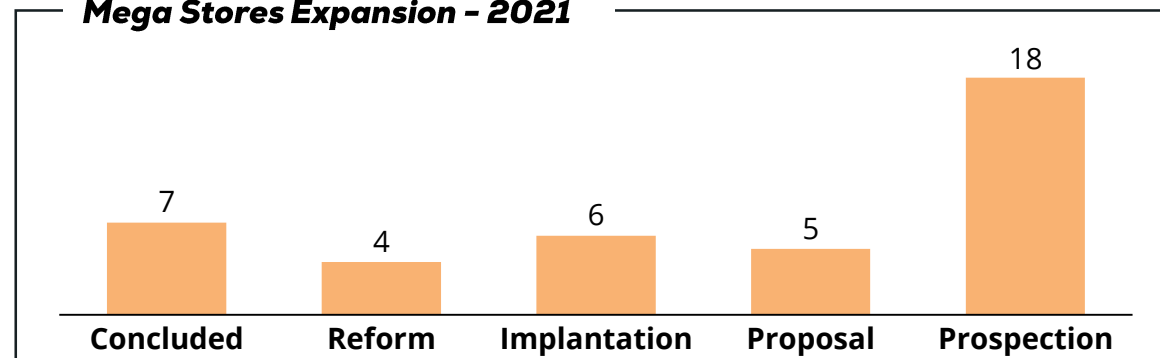


<sup>1</sup> Includes Hering Store, Light Franchise and Basic Shop.

<sup>2</sup> Includes two PUC brand stores

- The Company reinforces the guidance on openings presented in 4Q20 and should close 2021 with **110 new stores** in compact formats and conversion of 25 mega stores.
- The Company has developed a geomarketing model and integrated expansion of formats that enable **greater occupation of white areas and increased business capillarity in Brazil.**

**Mega Stores Expansion - 2021**



## Mega Stores Performance



The SSS of Mega Stores was **80%**, on average



**+115%** of High Frequent customers compared to customers in other stores.



Average Ticket grows more than the Network



**Productivity gain of 25%** in the conversion of Qualified Retail

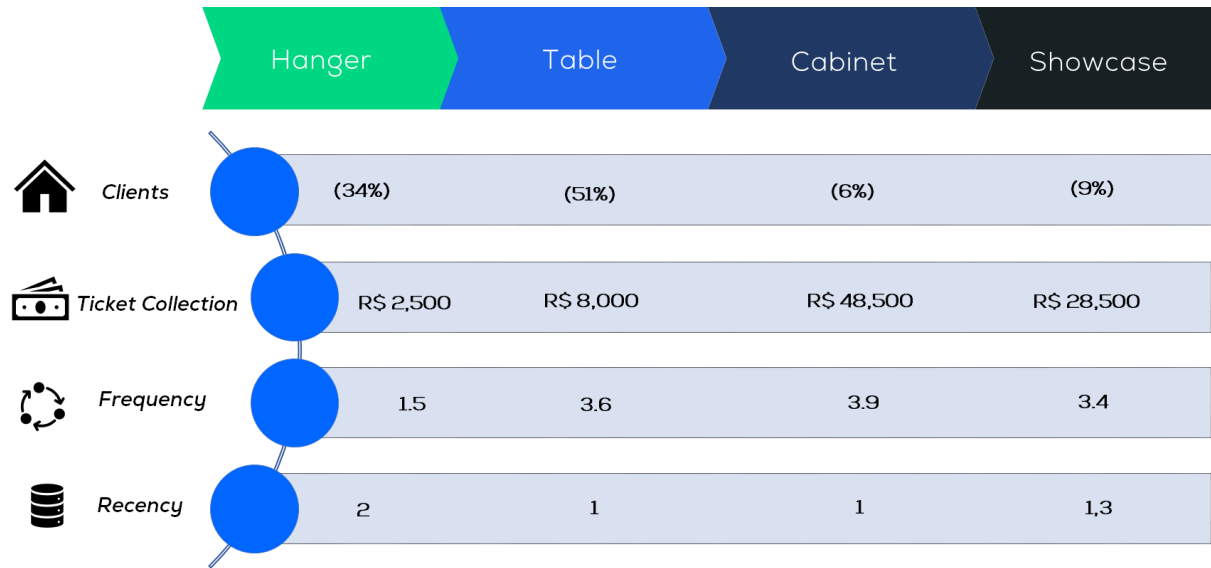


Total occupancy cost reduction of **200 b.p.**



Network entrepreneurship trail

# Clients segmentation



## Expansion

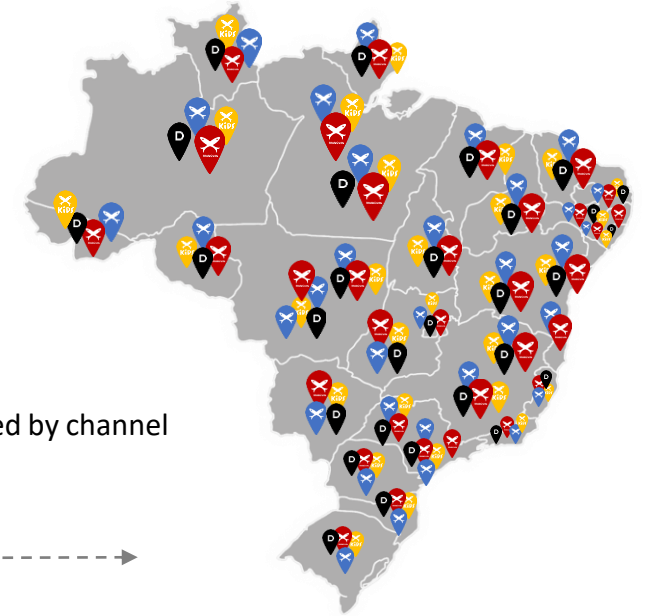
Coexistence Rule

Portfolio strategy differentiated by channel

Better Cia Hering share

Earnings 1Q21

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## GTM



### Showroom 100% Digital

- Modern Representative
- Tools digitalization
- Process agility



## Service menu



VM support



Trade Marketing



Product training



Wi-fi Hering



Payments



Hub Omni



Software PDV

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## Q&A

# Investor Relations

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