Cia.Hering

HERING HERINGKIDS DZARM

EARNINGS RELEASE 2Q20

Blumenau, August 13th, 2020. Cia. Hering (B3: HGTX3), one of the largest retail and apparel designer and manufacturer in Brazil, announces the results of the second quarter of 2020 (2Q20). The Company information, unless otherwise indicated, is based on consolidated figures in thousands of reais, according to the International Accounting Standards (IFRS). All comparisons refer to the same period of 2019 (2Q19), except when otherwise indicated.

HIGHLIGHTS OF THE QUARTER

- Result strongly impacted by the pandemic
- E-commerce performance: growth of +165% vs. 2Q19, reaching 28.4% of revenue
- Gradual reopening of stores over the quarter: 62% of the chain at the end of 2Q and 76% at the end of July
- Implementation of social selling platform and new digital sales channels
- Acceleration in the conversion of qualified retailers into light franchises

MESSAGE FROM MANAGEMENT

The New Normal requires clarity and responsibility to make good choices, courage to take risks, energy and speed to make the necessary changes, making mistakes and having modesty to assume and correct them quickly. In a world of almost uninterrupted discontinuity, volatile and uncertain, understanding the cultural/digital context and evolution is an essential skill of our leaders. Aware of the challenges and opportunities that the moment reserves, through a holistic view, we want to design a systemic and sustainable response capable of generates value for all our stakeholders, society and the planet, by ensuring relevance and perpetuity to the business.

Important execution lessons were learned and improved as of 2Q20. We started the quarter with the protection of our People, our business and our cash. We made environments safe, guaranteed a solid cash position and extended support to our partner network. Along the way, we realigned the route to an attack agenda focused on strategic priorities, accelerating digitization and unlocking new sources of revenue. **We defend our purpose, stimulate our protagonists, and strengthen the entrepreneurial spirit that will always be the main force of our ecosystem.**

We believe in turning the crisis into opportunity and anticipate agendas and projects that were still on paper to accelerate our own transformation.

We got even closer to the stakeholders, innovated in the way of selling, created tools to mitigate physical obstacles, launched new digital products and sales formats with speed and diligence.

Today, after 140 years of entrepreneurship, we went through virtuous cycles and moments of overcoming and understand that the ability to reinvent ourselves, combined with the ambition to build a new legacy together, is key to overcoming this challenge.

Thus, we highlight the fundamental and enabling ideas of a new growth cycle for the Company, as shown below:

Comfort Journey

Comfort, an attribute present in the DNA of the Hering brand - the Basics of Brazil - and its growing demand and value by customers, offer an important opportunity to become an epicenter of conversations and an agent of cultural change. **We reinforce our ambition to lead and qualify the Comfort Journey**, to understand all its dimensions and meanings and serve the customer through products with quality, design, technology, fair price (smart choice), ease of purchase with the best experience and content wherever the customer is.

We challenged our R&D with the launch of new technologies and product lines, in addition to partnerships with synergistic brands, to strengthen the concept. E-commerce has functioned as a great long-tailed laboratory to test new trends, attributes, identify behaviors and solutions for our customers.

The moment offers a wide wealth of data and insights, the ability to interpret combined with a powerful hybrid and adaptable sourcing solution has broad potential to generate value. **We want the right product in the right place at the right time.**

We observed the strengthening of our basic core with strong demand for essential items, jeans, knitwear and sweatshirts. The launches of capsule collections gained rapid traction with attributes aligned with our proprietary style, such as colors, tie dye and marbled trends – all with sell through over 75% in less than 30 days

We invested in the generation of digital content by legitimately and proprietarily connecting our value proposition with the current context. We increased engagement on social networks with 3.5 million followers, in addition to the expansion of our direct customer service channels - SAC. **We are a centenary brand and at the same time contemporary, with strong awareness and consideration.**

End-to-end digitalization

The incredible acceleration of technological changes and the latest social phenomena, require a resilient and agile stance on the part of the Company and its leaders to anticipate disruptive events, keeping ahead of trends to translate quick and effective solutions for the human at the center of the journey.

We transform our centenary company that was born with an industrial DNA and became more than two decades ago a traditional retailer in a business platform with strong digital skills, increasing data usage, expanded knowledge of our customers and agility in decision making.

The digitalization journey operates on 6 main fronts: 1. **Data Awareness,** application of a predictive model to improve sales planning, recommendation of assortment, supply of stores and reduction of dispersion of results; 2. **Push and Pull logistics and the integration of the new web distribution center,** to increase our product offering and availability capacity to the consumer; 3. **"Go to Market" digitalization** with virtual showroom, shopping experience amplified by technological resources and direct impact in reducing our Time to Market, to improve the assertiveness of collections and the speed to translate new trends and behaviors; 4. **CRM** with value segmentation and offer customization; 5. **Omnichannel** expanded by new channels and sales tools; and 6. **UX and CX** with improved online and physical experience, ease of purchase and evolution in the service level.

We are already an Omnichannel ecosystem and we will enhance and transcend this modality through new digital sales channels. **Therefore, we involve the entire network in a Social Selling platform**, in which it is possible to make commissioned sales to micro communities (Friends & Family). Through this format, we have already reached the mark of more than 3 thousand digital resellers.

The ambition is to build an Anywhere Commerce environment to expand the points of contact with our customers, transact without friction and expand the experience when taking the store to the customer. A multichannel model with a new meaning for the role of the physical store, new formats and digital sales channels, the concept of revenue share and consolidation of sell-out by the Company.

Digital Transformation goes beyond the limits of technology and affects mainly Culture and People, challenging the status quo, to establish a new mentality and a new sense of urgency.

CONSOLIDATED HIGHLIGHTS

R$ Thousand	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
Gross Revenue	**142,284**	**422,225**	**-66.3%**	**465,929**	**860,083**	**-45.8%**
Domestic Market	140,738	412,489	-65.9%	457,300	840,411	-45.6%
Foreign Market	1,546	9,736	-84.1%	8,629	19,672	-56.1%
Net Revenue	**118,824**	**359,992**	**-67.0%**	**390,936**	**733,929**	**-46.7%**
Gross Profit	**25,084**	**156,353**	**-84.0%**	**134,443**	**318,728**	**-57.8%**
Gross Margin	*21.1%*	*43.4%*	*-2230 b.p.*	*34.4%*	*43.4%*	*-900 b.p.*
Net Income	**126,850**	**40,683**	**211.8%**	**131,893**	**87,368**	**51.0%**
Net Margin	*106.8%*	*11.3%*	*9550 b.p.*	*33.7%*	*11.9%*	*2180 b.p.*
EBITDA	**73,362**	**46,153**	**59.0%**	**84,744**	**103,187**	**-17.9%**
EBITDA Margin	*61.7%*	*12.8%*	*4890 b.p.*	*21.7%*	*14.1%*	*760 b.p.*
ROIC (a)	**13.7%**	**21.2%**	**-750 b.p.**	**13.7%**	**21.2%**	**-750 b.p.**
SSS[1]	**-69.4%**	**1.7%**	**-7110 b.p.**	**-47.9%**	**6.0%**	**-5400 b.p.**

(a) Last 12 months.

[1] Given the consolidation of Hering and Hering Kids brands, which from 2Q19 started to be managed within the same business unit, the data were unified.

Values in the above table include the effects of IFRS16.

[1]The SSS calculation considers all chain stores opened and closed in 2Q20 and e-commerce sales.

SALES PERFORMANCE

Gross Revenue - R$ Thousand	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
Gross Revenue	**142,284**	**422,225**	**-66.3%**	**465,929**	**860,083**	**-45.8%**
Domestic Market	140,738	412,489	-65.9%	457,300	840,411	-45.6%
Foreign Market	1,546	9,736	-84.1%	8,629	19,672	-56.1%
Domestic Market Gross Revenue	**140,738**	**412,489**	**-65.9%**	**457,300**	**840,411**	**-45.6%**
Hering	123,253	365,428	-66.3%	400,061	746,249	-46.4%
Dzarm	8,563	19,688	-56.5%	28,571	37,904	-24.6%
Others[1]	8,922	27,373	-67.4%	28,668	56,258	-49.0%

Domestic Market Share	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
Multibrand	69,081	186,464	-63.0%	209,733	370,665	-43.4%
Franchise	17,992	129,283	-86.1%	112,761	284,089	-60.3%
Stores	11,615	80,157	-85.5%	70,058	153,715	-54.4%
Omnicommerce	39,983	15,087	165.0%	60,636	29,570	105.1%
Others[2]	2,067	1,498	38.0%	4,112	2,372	73.4%
Total	**140,738**	**412,489**	**-65.9%**	**457,300**	**840,411**	**-45.6%**
Multibrand	49.1%	45.2%	390 b.p.	45.9%	44.1%	180 b.p.
Frachise	12.8%	31.3%	-1850 b.p.	24.6%	33.8%	-920 b.p.
Stores	8.2%	19.4%	-1120 b.p.	15.3%	18.3%	-300 b.p.
Omnicommerce	28.4%	3.7%	2470 b.p.	13.3%	3.5%	980 b.p.
Others[2]	1.5%	0.4%	110 b.p.	0.9%	0.3%	60 b.p.
Total	**100.0%**	**100.0%**	**-**	**100.0%**	**100.0%**	**-**

[1] It considers the sale of second line items, leftovers, and PUC brand revenue, whose closure was announced in 1Q20.

[2] It considers the sale of second line items and leftovers.

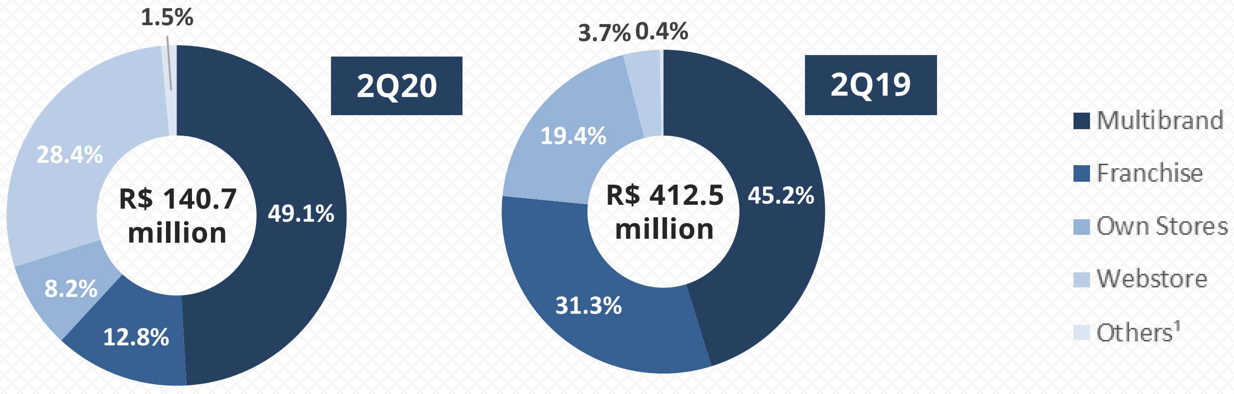
The 2Q20 result was mostly impacted by the closing of physical stores, which reflected both the slowdown in sell-in supply and sell-out sales in stores. Gross revenue for the quarter reached R$ 142.3 million, 66.3% lower than 2Q19. Physical channels lost representativeness in revenue, while e-commerce penetration grew by 2470 b.p..

With the instability in store openings, reduced opening hours and the limited circulation of consumers in the streets and shopping malls, the performance of the physical channels dropped with a significant retraction in the number of pieces sold.

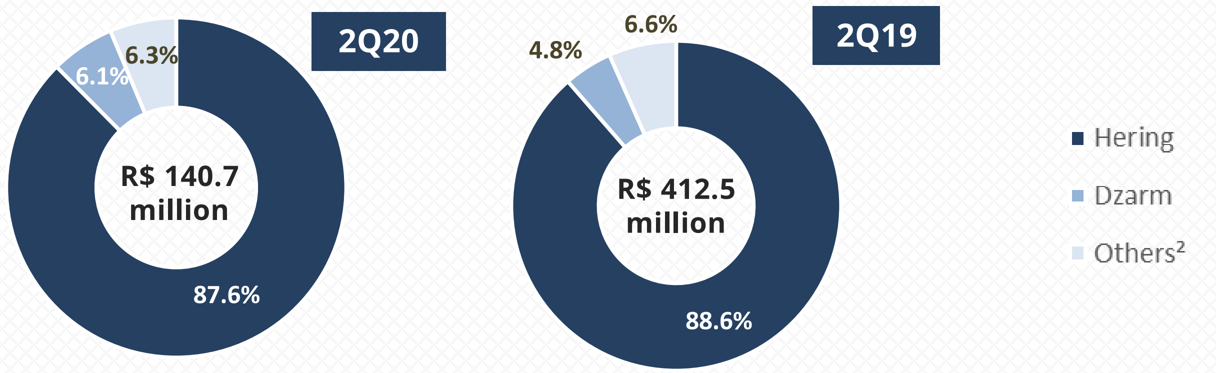
Sales to the multi-brand channel totaled R$ 69.1 million, highlighting the performance of key-account clients, which presented a positive performance (+237%) in line with the Company's strategy to develop this channel. Sales to the franchise chain totaled R$ 18.0 million, impacted by the decrease in sell-out and the consequent lower replacement of products, as explained above. However, the balance in the supply of this channel stands out, since the inventory levels in the network decreased 15.4% compared to 2Q19.

The stores operated by the Company totaled R$ 11.6 million in revenue. On the other hand, sales via the webstore stood out with growth of 165% compared to 2Q19, totaling R$ 40.0 million in revenue.

SALES REPRESENTATIVITY BY CHANNEL



SALES REPRESENTATIVITY BY BRAND

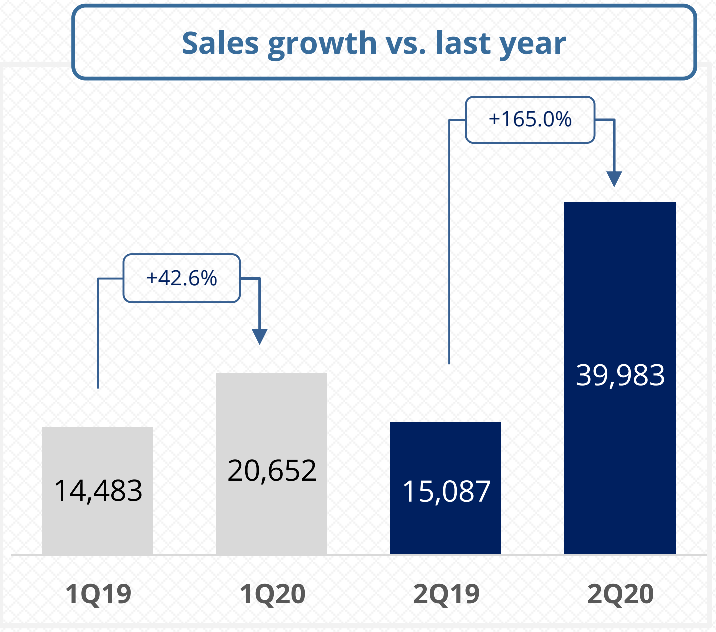


[1] It considers the sale of second line items and leftovers.

[2] It considers the sale of second line items, leftovers, and PUC brand revenue, whose closure was announced in 1Q20.

WEBSTORE

The webstore channel grown quickly in all indicators: sales, flow and conversion. The Company reached new levels of sales on the web in a matter of weeks, which was a challenge for the infrastructure and back office. After analysis, the addressing points were identified and progress was quickly made towards improving the level of service and logistics. Transversal and multidisciplinary teams are working on almost daily sprints to solve the complexities of the channel, promote experience and provide enchantment for customers.



A new level for the e-commerce operation was set. The Company is absolutely confident that even after the rest of the physical channels have been reestablished with the resumption of stores, the penetration of the web at high levels will be maintained. Thus, agendas such as the integration of the operation's distribution center on the web with our main DC were addressed to expand availability, evolution of the long tail with increased assortment, improvement in usability, amplification of the experience and consequent increase in navigation time. These initiatives translate into a strong evolution in conversion, a larger basket of selected products, an increase in the flow and loyalty of new customers "in digitalization", who today represent 71% of the base.

1.91% conversion, with peak of 3.12%

120% growth vs. 1Q20 Marketplace in and out

+75% sell through Exclusive online mini collections

-0.8 day on delivery vs 1Q20

+20K Orders via WhatsApp

+15% revenue in Omnicommerce

29% of repurchases on the site in 2Q20

R$557K Paid via commission

71% new customer

356 stores with "Ship from" active

395 stores with "Pick-up" active

R$ 4 million generated in Power Cash

OUR BRANDS

In the second quarter, the Company continued to promote investments in its brands in order to strengthen itself as a smart choice, through the delivery of products that offer quality, design, technology and value for money. The same period was also marked by the expansion of the communication strategy in online media and the intensification of the narrative focused on the Comfort Journey

HERING

In the **Hering** brand, in addition to all the comfort and "Stay at Home" storytelling, the Mother's Day and Valentine's Day campaigns were highlighted, in which the basics and essentials were emphasized and how they gained more value within the current context, in addition to several capsule collections that aimed to meet the demand for "desired-pieces", presenting new models and effects. In the social sphere, the brand launched the collections "Afeto" and "Amor Essencial" ("Essential Love"), of which part of the profits were destined for the CUFA project (Mothers of the Favela), in addition, on International Nursing Day, in honor of health professionals, T-shirts were donated to hospitals.

DZARM

In the **Dzarm** brand, focus was given to marketing actions on social media well adapted to the current context and to the strategy of strengthening the jeans line, the brand's protagonist, and differentiated basics. April was marked by the launch of the Movement Collection and the following months, by the presence of a group of digital influencers invited to promote Mother's Day campaigns, named #ObrigadaPorTudo ("#ThanksForEverything"), and Valentine's Day.

HERINGKIDS

At **Hering Kids**, activations with relevance to the target audience of the brand stand out, which throughout this period of social isolation identified the need to reinvent themselves in the routine at home with children. In this quarter, the Move, Colors and Tie-dye collections were launched.

EXPANSION - PHYSICAL RETAIL

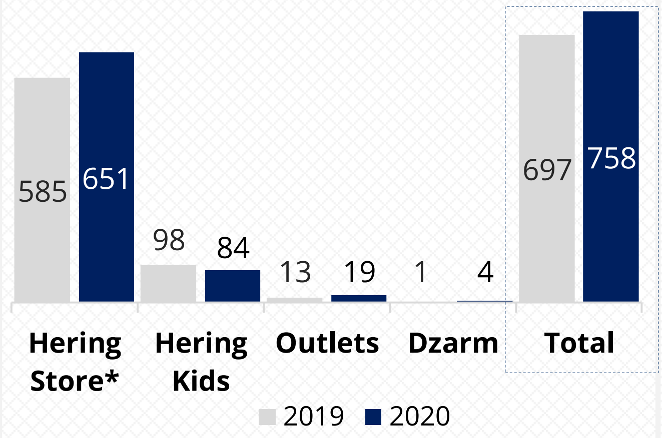
The role of the physical store has taken on a new meaning over the years, given its important function of adding experiences and incorporating services that go beyond the mere transactional relationship with the customer. The new physical retail reflects an environment with multisensory interactions with products, services and content. Through the Omnichannel agenda, the scope of the physical store was redesigned to also play a role as a distribution hub, with advanced virtual inventory and greater efficiency in the "last mile".

During 2Q20, 5 advanced hubs were tested in addition to the 365 stores that are enabled in the mode of super express delivery. Additionally, the expansion plan with a mega store format (One Stop Shop) based on the successful pilot at Park Shopping São Caetano was reinforced. The model in question translates with excellence a new retail experience and with significant commercial results.

The 2020 expansion plan contemplates: (i) 10 to 15 conversions from the Hering Store chain into mega stores (One Stop Shop); (ii) expansion with compact formats and the opening of 130 stores (combining Qualified Retail conversions and new stores); (iii) 6 new outlet operations; and (iv) 3 stores of the new Dzarm concept. It is estimated that there will still be a total of 65 store closings in 2020, most of which have already been completed in 1S.

On the multi-brand front, the Company continues with a life cycle and business acceleration vision. The customer segmentation process has been completed and the appropriate service model to find the best way to serve and relate to each partner, employing

Expected number of stores
2020 vs. 2019



*Includes Hering Store, Light Franchise and Basic Shop.

*One Stop Shop at Park Shopping São Caetano.

more economical solutions and reducing the cost of serving. This solution allows a greater focus on operations and investments linked to the growth of the client's share-of-wallet. In the initial phase, the interaction will take place through an active telesales system with remote assistance and, from a greater penetration and potential of the client, it evolves to a direct channel with more strategic performance, such as trade support, merchandising, among others, until this customer grows in such a way as to justify a conversion to compact store formats, establishing itself definitively as an exclusive partner of the Company's brands.

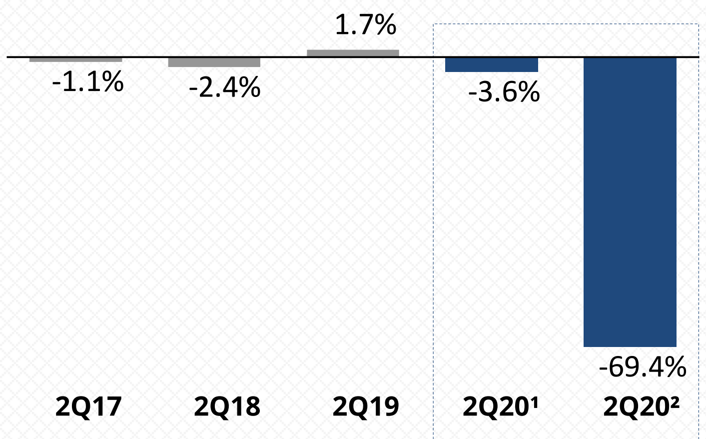
On all expansion fronts, the objective is to find the best combination of format and operator, mitigating risks and maximizing results for the partner and the Company.

[1]Does not consider the closings of PUC stores, since the termination of the brand was announced in 1Q20

HERING NETWORK

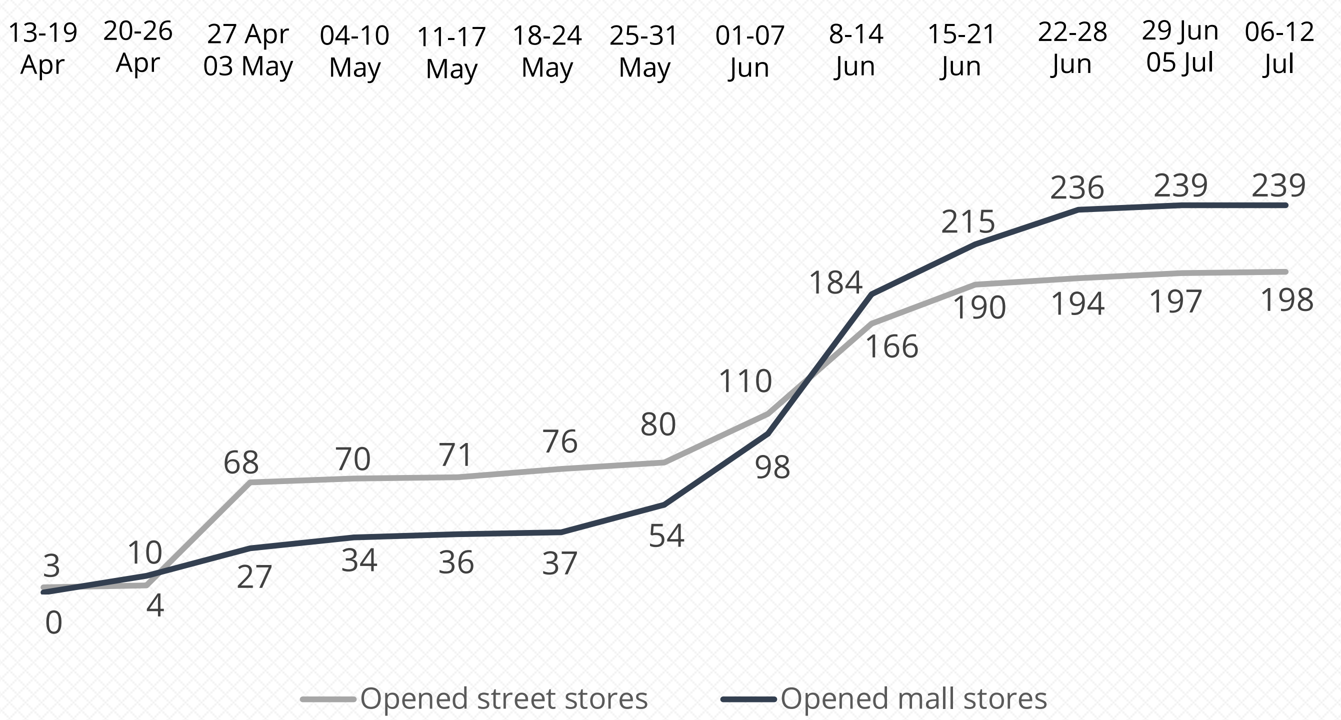
Total sales of the Hering chain (sell-out) in 2Q20 reached R$ 73.4 million, 79% lower than 2Q19, influenced by the closing of physical stores, impacting the number of check-outs in the quarter. Although 62% of the chain of physical stores were opened at the end of June, it should be noted that the reopening process was gradual and concentrated in the second half of June, and in some states the store's opening hours were reduced, jeopardizing the comparative sales indicators.

Same Store Sales



*Above we show the SSS in two ways: ¹ considers stores opened since the first day of April (8 stores), May (109 stores) and June (208 stores) and ² considers all stores in the chain open and closed in 2Q20. Both consider e-commerce sales.

Physical stores showed a change in the trend of consumer behavior. The basket of products was similar to online sales, however, in the physical purchase, the trend pointed to a shorter time in-store, less assisted sales, well-directed customers with a focus on essential products and key categories. Despite the drop in the flow and number of services mentioned above, it is worth noting that the number of items per check-out (+22.7%) and the average ticket (+12.7%) vs. 2Q19. Additionally, sell-out[3] performance in street stores was -35% and in shopping malls -58% vs 2Q19.



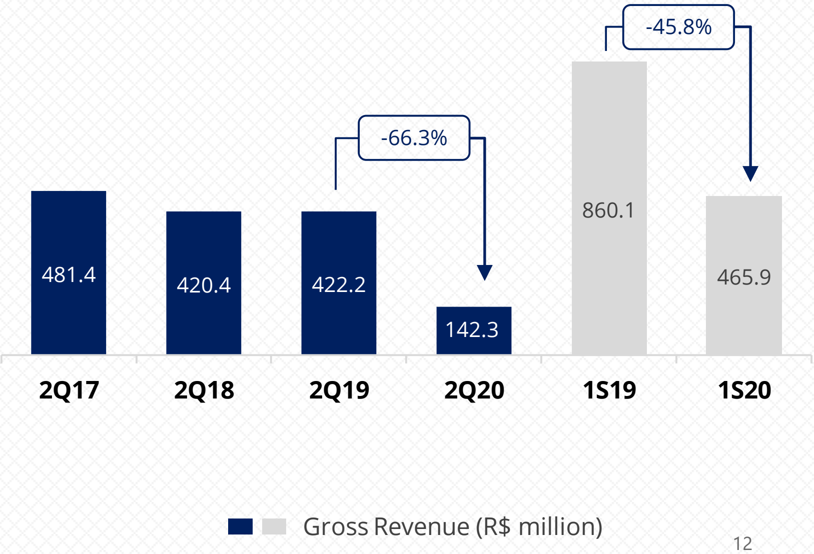
[3] Consider the sell-out of open stores in 2Q20.

ECONOMIC AND FINANCIAL PERFORMANCE

R$ Thousand	2Q20	Part. (%)	2Q19	Part. (%)	VAR. 2Q20 | 2Q19	1S20	Part. (%)	1S19	Part. (%)	VAR. 1S20 | 1S19
Gross Revenue	**142,284**	**119.7%**	**422,225**	**117.3%**	**-66.3%**	**465,929**	**119.2%**	**860,083**	**117.2%**	**-45.8%**
Sales Deduction	(23,460)	-19.7%	(62,233)	-17.3%	-62.3%	(74,993)	-19.2%	(126,154)	-17.2%	-40.6%
Net Revenue	**118,824**	**100.0%**	**359,992**	**100.0%**	**-67.0%**	**390,936**	**100.0%**	**733,929**	**100.0%**	**-46.7%**
Cost of Goods Sold	(87,829)	-73.9%	(204,399)	-56.8%	-57.0%	(249,451)	-63.8%	(417,400)	-56.9%	-40.2%
AVP (Adjustment to Present Value)	911	0.8%	5,341	1.5%	-82.9%	4,766	1.2%	10,553	1.4%	-54.8%
Subvention for Expenditure	1,840	1.5%	3,954	1.1%	-53.5%	5,659	1.4%	8,440	1.1%	-33.0%
Depreciation and Amortization	(8,662)	-7.3%	(8,535)	-2.4%	1.5%	(17,467)	-4.5%	(16,794)	-2.3%	4.0%
Gross Profit	**25,084**	**21.1%**	**156,353**	**43.4%**	**-84.0%**	**134,443**	**34.4%**	**318,728**	**43.4%**	**-57.8%**
Operating Expenses	**25,906**	**21.8%**	**(132,094)**	**-36.7%**	**-119.6%**	**(94,519)**	**-24.2%**	**(258,621)**	**-35.2%**	**-63.5%**
Selling Expenses	(49,121)	-41.3%	(93,856)	-26.1%	-47.7%	(123,368)	-31.6%	(175,549)	-23.9%	-29.7%
Loss due to non-recoverability of assets	(5,658)	-4.8%	(2,484)	-0.7%	127.8%	(14,597)	-3.7%	(5,433)	-0.7%	168.7%
Administrative and General Exp. and Management Remuneration	(11,301)	-9.5%	(15,082)	-4.2%	-25.1%	(25,278)	-6.5%	(30,443)	-4.1%	-17.0%
Depreciation and Amortization	(13,710)	-11.5%	(13,359)	-3.7%	2.6%	(27,353)	-7.0%	(26,286)	-3.6%	4.1%
Profit Sharing	-	-	-	-	-	-	-	(4,700)	-0.6%	-100.0%
Other Operating Income (Expenses), net	105,696	89.0%	(7,313)	-2.0%	-1.545.3%	96,077	24.6%	(16,210)	-2.2%	-692.7%
Operating Income Before Financial Results	**50,990**	**42.9%**	**24,259**	**6.7%**	**110.2%**	**39,924**	**10.2%**	**60,107**	**8.2%**	**-33.6%**
Financial income	128,716	108.3%	19,178	5.3%	571.2%	152,912	39.1%	35,921	4.9%	325.7%
Financial expenses	(15,616)	-13.1%	(8,194)	-2.3%	90.6%	(34,159)	-8.7%	(17,976)	-2.4%	90.0%
Total Financial Income	**113,100**	**95.2%**	**10,984**	**3.1%**	**929.7%**	**118,753**	**30.4%**	**17,945**	**2.4%**	**561.8%**
Operating Income Before Interest in Subsidiaries	**164,090**	**138.1%**	**35,243**	**9.8%**	**365.6%**	**158,677**	**40.6%**	**78,052**	**10.6%**	**103.3%**
Income and Social Contribution Taxes - Current	(26,558)	-22.4%	-	-	-	(26,558)	-6.8%	228	0.0%	-11.748.2%
Income and Social Contribution Taxes - Deferred	(10,682)	-9.0%	5,440	1.5%	-296.4%	(226)	-0.1%	9,088	1.2%	-102.5%
Net Income for the Period	**126,850**	**106.8%**	**40,683**	**11.3%**	**211.8%**	**131,893**	**33.7%**	**87,368**	**11.9%**	**51.0%**
Controlling shareholders	126,850	106.8%	40,683	11.3%	211.8%	131,893	33.7%	87,368	11.9%	51.0%
Basic earnings per share - R$										
Controlling shareholders	0.7836		0.2521		210.8%	0.8147		0.5408		50.6%
EBITDA	**73,362**	**61.7%**	**46,153**	**12.8%**	**59.0%**	**84,744**	**21.7%**	**103,187**	**14.1%**	**-17.9%**

GROSS REVENUE

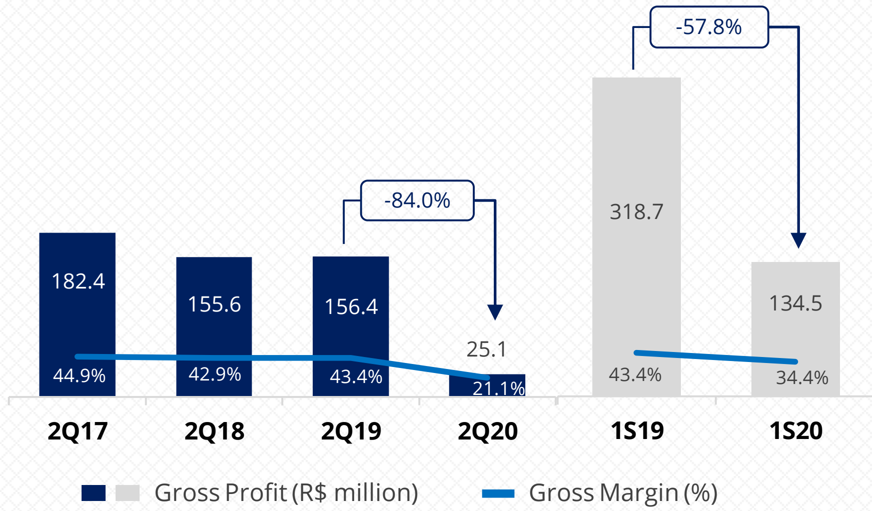
The Company's gross revenue reached R$ 142.3 million in the second quarter, a decrease of 66.3% in relation to the same period of the previous year (2Q19). This result was influenced by the growth of the Omnicommerce channel, 165% higher than 2Q19, and the retraction of the other channels, mainly impacted by the closing of physical stores due to the pandemic.



GROSS PROFIT AND GROSS MARGIN

The Company's Gross Profit reached R$ 25.1 million in 2Q20, a decrease of 84.0% compared to 2Q19, as a result of the lower revenue in the period.

Gross Margin fell 2230 b.p. in 2Q20 compared to 2Q19, mainly influenced by the items shown below:



- **Operational deleveraging (1240 b.p.)** Sales reduction despite fixed cost management
- **Increase in factory idleness (420 b.p.)**
- **Increase of promotional sales in the revenue mix (270 b.p.)**
- **Others (300 b.p.)**

OPERATIONAL EXPENSES

In 2Q20, operating expenses reached a positive balance of R$ 25.9 million, mainly impacted by non-recurring items in the amount of R$ 114.8 million, as shown in the table below.

Excluding these effects, the Company reached R$ 88.9 million, 32.4% below 2Q19, mainly impacted by savings in personnel, sales and marketing expenses. These savings were generated by reprioritizing expenses, contractual renegotiation efforts, taking advantage of the Law 14.020/2020 and reducing variable sales expenses despite the R$ 3.2 million increase in the provision for doubtful accounts due to the higher default rate.

It is worth mentioning the Company's strict management in controlling operating costs and expenses, which were 42% below what was planned for 2Q20.

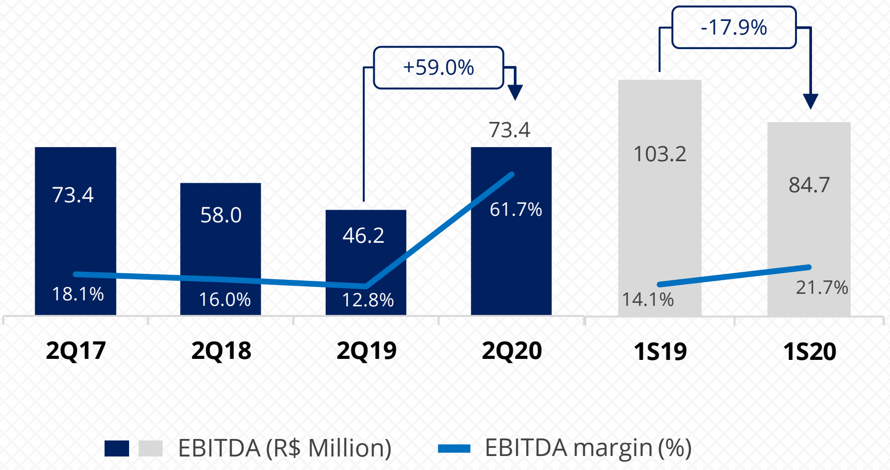
Non-recurring items - R$ THOUSAND	2Q20	2Q19	1S20	1S19
PIS and COFINS judicial credit[1]	150,344	8,533	150,344	8,533
Compensation from restructuring	(12,436)	(9,193)	(16,013)	(10,784)
Resizing of RN Plant and closure of PUC	(7,772)	-	(7,772)	-
Other exceptional items	(15,357)	-	(15,357)	-
Total non-recurring items	**114,779**	**(660)**	**111,202**	**(2,251)**

Explanatory note to the financial statement: (1) Nr. 31

EBITDA AND EBITDA MARGIN

Earnings before interest, taxes, depreciation and amortization ("EBITDA") reached R$ 73.4 million, 59.0% higher than in 2Q19, essentially due to the non-recurring items mentioned above and a reduction in operating expenses.

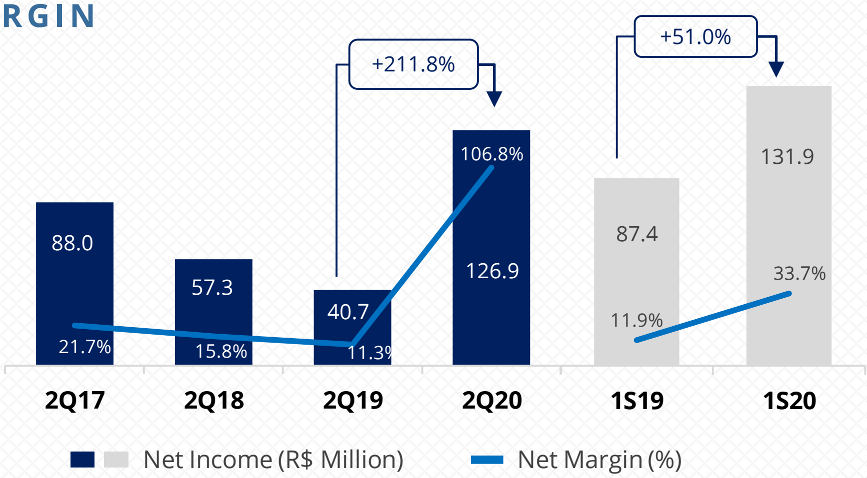
Excluding these effects, the Company's recurring EBITDA would be negative by R$ 41.4 million in 2Q20, 188.5% below 2Q19.



Reconciliation of EBITDA - R$ THOUSAND	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
Net Income	**126,850**	**40,683**	**211.8%**	**131,893**	**87,368**	**51.0%**
(+) Income and Social Contribution Tax	37,240	(5,440)	-784.6%	26,784	(9,316)	-387.5%
(-) Net Financial Income	(113,100)	(10,984)	929.7%	(118,753)	(17,945)	561.8%
(+) Depreciation and Amortization	22,372	21,894	2.2%	44,820	43,080	4.0%
(=) EBITDA	**73,362**	**46,153**	**59.0%**	**84,744**	**103,187**	**-17.9%**
EBITDA Margin	61.7%	12.8%	4890 b.p.	21.7%	14.1%	760 b.p.
Non-recurring items	114,779	(660)	-17490.8%	111,202	(2,251)	-5040.1%
(=) EBITDA, recurring	**(41,417)**	**46,813**	**-188.5%**	**(26,458)**	**105,438**	**-125.1%**
EBITDA Margin, recurring	-34.9%	13.0%	-4790 b.p.	-6.8%	14.4%	-2120 b.p.

NET INCOME AND NET MARGIN

Net income in the quarter totaled R$ 126.9 million, an increase of 211.8% when compared to 2Q19, as a result of the increase in net financial result, basically impacted by the update of Pis and Cofins credits in the net amount of R$ 110.1 million[1].



[1]Total impact of PIS/COFINS credit with interest and principal of R$ 260.9 million, which, excluding the 34% income tax, would be R$ 172.2 million

INVESTMENTS

Second quarter investments totaled R$ 4.9 million, 47.4% below 2Q19, as a result of the prioritization of investments and measures taken to prevent deterioration in cash during the pandemic period.

The main projects are directly related to items of maintenance of the industrial park and development of integrations of CRM and Data Driven.

The allocation of resources was distributed in the following order:

Investments (R$ Thousands)	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
IT	4,122	3,765	9.5%	5,931	6,976	-15.0%
Industrial Plant	495	3,259	-84.8%	1,756	7,018	-75.0%
Stores	65	2,156	-97.0%	1,557	4,215	-63.1%
Others	168	35	380.0%	554	280	97.9%
Total	**4,850**	**9,215**	**-47.4%**	**9,798**	**18,489**	**-47.0%**

NET CASH

The Company ended the 2Q with net cash of R$ 314.5 million. In order to preserve financial health for the sustainability and acceleration of the business, Management is monitoring the Company's cash daily. At the end of 1Q20, the Company obtained a financial loan, in the total amount of R$ 120.1 million and R$ 80.0 million in April.

Net cash - R$ Thousands	2Q20	2Q19	4Q19
Cash and Cash Equivalents	512,527	366,656	364,824
Interest-earning banc deposits - long term	5,153	4,952	5,064
Loans and financing - short term	(203,149)	-	-
Net cash	**314,531**	**371,608**	**369,888**

CASH FLOW

In 2Q20, Cia. Hering had negative free cash flow of R$ 58.4 million, R$ 77.7 million below 2Q19, mainly impacted by the lower operating result. Timely cash management by the Company stands out, including a focus on working capital management and re-prioritization of investments.

Cash Flow - Consolidated (R$ thousand)	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
EBITDA	**73,362**	**46,153**	**27,209**	**84,744**	**103,187**	**(18,443)**
No cash items	(136,520)	6,087	(142,607)	(124,281)	13,056	(137,337)
Lease Effect	(8,265)	(7,025)	(1,240)	(16,405)	(13,885)	(2,520)
AVP (Adjustment to Present Value) - Clients and Suppliers	1,516	3,505	(1,989)	6,286	8,521	(2,235)
Current Income tax and Social Contribution	(26,558)	-	(26,558)	(26,558)	228	(26,786)
Working Capital Capex	**42,916**	**(20,163)**	**63,079**	**53,574**	**(1,242)**	**54,816**
Accounts receivable from clients	76,202	(2,588)	78,790	171,031	39,709	131,322
Inventories	9,192	(29,901)	39,093	(62,154)	(68,243)	6,089
Accounts payable to suppliers	(112,424)	14,044	(126,468)	(76,440)	36,362	(112,802)
Taxes payable	34,591	2,696	31,895	15,045	(8,265)	23,310
Others	35,355	(4,414)	39,769	6,092	(805)	6,897
CapEx	**(4,850)**	**(9,215)**	**4,365**	**(9,798)**	**(18,489)**	**8,691**
Free Cash Flow	**(58,399)**	**19,342**	**(77,741)**	**(32,438)**	**91,376**	**(123,814)**

The amount of R$ 150.3 million of the Pis and Cofins judicial credit, net of fees, which impacted EBITDA, was adjusted as non-cash items, as it will be realized in subsequent periods in accordance with the tax compensations due.

RETURN ON INVESTED CAPITAL - ROIC

In 2Q20, Cia. Hering's return on invested capital was 13.7%, 180 b.p. lower than 1Q20, due to the reduction in operating income.

Return on Invested Capital (ROIC) - R$ thousands	2Q20	1Q20	VAR. 2Q20 | 1Q20	2Q19	VAR. 2Q20 | 2Q19
EBITDA	246,214	219,004	12.4%	259,432	-5.1%
(-) Depretiation and Amortization	(90,164)	(89,687)	0.5%	(74,624)	20.8%
(+) Amortization - Right of use properties [1]	236	2,158	-89.1%	4,735	-95.0%
(+) Financial Results - APV [2]	14,068	15,908	-11.6%	15,236	-7.7%
(+) IR&CS - Effective rate [3]	(30,325)	12,355	-345.4%	11,329	-367.7%
Operating Income	**140,029**	**159,738**	**-12.3%**	**216,108**	**-35.2%**
Fixed Assets	453,817	461,311	-1.6%	435,977	4.1%
Accumulated amortization - Right of use properties	54,993	54,677	0.6%	51,097	7.6%
Working capital	515,897	520,590	-0.9%	532,798	-3.2%
Average Invested Capital*	**1,024,707**	**1,036,578**	**-1.1%**	**1,019,872**	**0.5%**
ROIC	**13.7%**	**15.5%**	**-180 b.p.**	**21.2%**	**-750 b.p.**

Notes to the financial statements: (1) Nr. 15; (2) Nr. 31; (3) Nr. 32

(*) Last 4 quarters average

SHAREHOLDERS REMUNERATION

At the Board of Directors' Meeting on 06/30/2020, the distribution of interest on equity in the amount of R$ 35.3 million (R$ 0.2196 per share) was approved based on the shareholding position of 06/07/2020. The shares of Cia. Hering started to be traded “ex dividends” as of 07/07/2020 and the payment will be made until 12/31/2020, on a date to be established by the Company's Management.

BUYBACK PROGRAM

There was no share buyback during the second quarter.

The return to the "new normality" has been slow and gradual, with important challenges and learnings, but with opportunities in sight for companies that know how to protect their business in the next period, quickly adapt their model and accelerate the cultural and digital transformation.

The Company is prepared and responds quickly to market changes, new consumer trends, interacting and generating relevant content in the media and channels, developing new products and services, expanding its sales channels with greater ease of purchase, better experience and achievement greater engagement of our customers, employees and partners.

In July, sales volume decreased approximately 50% compared to the previous year, while online sales grew by more than 150%, with emphasis on the 71% growth in the customer base, record conversion and greater penetration of ship-from-store, 20% of channel's revenue. The Company is absolutely confident that these indicators represent the new level of the e-commerce channel, in which it aims to achieve a 20% share of total revenue in 2021.

Physical stores have evolved in productivity over the weeks and have moved closer to historical levels, with emphasis on street stores that have been reaching, and sometimes even surpassing, the previous year.

The Company monitors and interacts with franchised partners on a high frequency, supporting them in financial planning, business management and action plan to increase sales and efficiency in the operation. In addition, in 2020, we expect approximately 130 stores between openings and conversions, in addition to converting more than 10 Hering Store stores into mega stores.

Last month, the multi-brand showroom was held in 100% digital format, generating content about the brand, product and store, as well as interactivity with more than 6,000 customers who were able to simultaneously select products and finalize purchases in an easy and intuitive way as in a B2C journey. The productivity indicators (conversion and average order) were also very positive.

The evolution in the vision and construction of a brand and business platform with strong digital skills, increasing use of data, increased knowledge of our customers and agility in decision making have been taking place quickly. It is worth mentioning that the Company remains well positioned, with a strengthened cash position to strategically take advantage of market movements to expand and strengthen in this direction.

In a world of almost uninterrupted discontinuity, volatile and uncertain, understanding the context, the cultural and digital evolution is an essential skill of our leaders, that aware of the challenges and opportunities that the moment holds, propose a holistic view and design a systemic and sustainable response capable of generating value for all stakeholders, society and the planet and guaranteeing relevance and perpetuity to the business.

Towards the legacy!

BALANCE SHEET

ASSETS - R$ thousand	06/30/2020	12/31/2019
Current assets	**1,322,689**	**1,213,615**
Cash and cash equivalents	512,527	364,824
Trade accounts receivable	259,417	441,508
Inventories	383,458	322,824
Recoverable taxes	147,973	63,239
Other accounts receivable	15,022	17,348
Derivative Financial Instruments	1,499	1,419
Prepaid expenses	2,793	2,453
Noncurrent assets	**739,562**	**598,158**
Long-term receivables	314,647	130,771
Interest-earning banc deposits	5,153	5,064
Notes accounts receivable	30,694	28,391
Accounts receivable	7,339	10,876
Recoverable taxes	212,650	27,399
Deferred income and social contribution taxes	58,811	59,041
Right of use	60,351	75,903
Property, plant and equipment	276,774	298,511
Intangible assets	87,790	92,973
TOTAL ASSETS	**2,062,251**	**1,811,773**

LIABILITIES AND SHREHOLDER'S EQUITY - R$ thousand	06/30/2020	12/31/2019
Current liabilities	**508,328**	**325,203**
Borrowing and financing	203,149	-
Trade payables	121,696	187,008
Payroll and related taxes	43,080	36,337
Taxes and social security contributions payable	42,445	24,830
Provisions for contigencies and other provision	34,952	31,804
Interest on equity and dividends payable	33,689	807
Leases	22,662	26,779
Other liabilities	6,655	17,638
Noncurrent liabilities	**55,890**	**60,173**
Provisions for contigencies and other provision	13,178	12,812
Employee benefits	6,067	5,769
Leases	31,797	38,704
Other liabilities	4,848	2,888
Shareholder's equity	**1,498,033**	**1,426,397**
Capital	381,166	381,166
Capital reserve	44,134	41,480
Treasury shares	(29,153)	(1,551)
Earnings reserve	998,325	998,325
Valuation adjustments to equity	6,910	6,977
Retained earnings	96,651	-
TOTAL LIABILITIES AND SHAREHOLDER'S	**2,062,251**	**1,811,773**

INCOME STATEMENT

R$ Thousand	2Q20	2Q19	VAR. 2Q20 | 2Q19	1S20	1S19	VAR. 1S20 | 1S19
Revenues	**142,284**	**422,225**	**-66.3%**	**465,929**	**860,083**	**-45.8%**
Domestic Market	140,738	412,489	-65.9%	457,300	840,411	-45.6%
Foreign Market	1,546	9,736	-84.1%	8,629	19,672	-56.1%
Sales Deduction	(23,460)	(62,233)	-62.3%	(74,993)	(126,154)	-40.6%
Net Revenue	**118,824**	**359,992**	**-67.0%**	**390,936**	**733,929**	**-46.7%**
Cost of Goods Sold	(93,740)	(203,639)	-54.0%	(256,493)	(415,201)	-38.2%
Gross Profit	**25,084**	**156,353**	**-84.0%**	**134,443**	**318,728**	**-57.8%**
Operating Expenses	**25,906**	**(132,094)**	**-119.6%**	**(94,519)**	**(258,621)**	**-63.5%**
Selling Expenses	(49,121)	(93,856)	-47.7%	(123,368)	(175,549)	-29.7%
Loss due to non-recoverability of assets	(5,658)	(2,484)	127.8%	(14,597)	(5,433)	168.7%
Management Remuneration	(1,838)	(2,273)	-19.1%	(4,256)	(4,637)	-8.2%
Administrative and General Expenses	(9,463)	(12,809)	-26.1%	(21,022)	(25,806)	-18.5%
Depreciation and Amortization	(22,372)	(21,894)	2.2%	(44,820)	(43,080)	4.0%
(-) Allocated to Cost	8,662	8,535	1.5%	17,467	16,794	4.0%
Profit Sharing	-	-	100.0%	-	(4,700)	-100.0%
Other Operating income (expenses), net	105,696	(7,313)	-1.545.3%	96,077	(16,210)	-692.7%
Operating income before financial result	**50,990**	**24,259**	**110.2%**	**39,924**	**60,107**	**-33.6%**
Financial income	128,716	19,178	571.2%	152,912	35,921	325.7%
Financial expenses	(15,616)	(8,194)	90.6%	(34,159)	(17,976)	90.0%
Total financial income	**113,100**	**10,984**	**929.7%**	**118,753**	**17,945**	**561.8%**
Operating income before interest in subsidiaries	**164,090**	**35,243**	**365.6%**	**158,677**	**78,052**	**103.3%**
Income and social contribution taxes - current	(26,558)	-	-	(26,558)	228	-11.748.2%
Income and social contribution taxes - deferred	(10,682)	5,440	-296.4%	(226)	9,088	-102.5%
Net income for the period	**126,850**	**40,683**	**211.8%**	**131,893**	**87,368**	**51.0%**
Controlling shareholders	126,850	40,683	211.8%	131,893	87,368	51.0%
Basic earnings per share - R$						
Controlling shareholders	**0.7836**	**0.2521**	**210.8%**	**0.8147**	**0.54080**	**50.6%**
EBITDA	**73,362**	**46,153**	**59.0%**	**84,744**	**103,187**	**-17.9%**

CASH FLOW

R$ Thousand	2Q20	2Q19	1S20	1S19
Cash flow from operating activities				
Net income for the period	126,850	40,683	131,893	87,368
Deferred taxes	10,682	(5,440)	226	(9,088)
Monetary variation, foreign exchange, unrealized interest and discounts on leases	2,008	1,241	3,298	2,543
Depreciation and amortization	22,372	21,894	44,820	43,080
Write-of f of f ixed assets	1,721	625	1,717	994
Loss by reduction of recoverable amount f rom accounts receivable	5,658	2,484	14,597	5,433
Stock option plan	1,280	1,502	2,654	2,729
(Reversal) net of formation of provision for adjustment to the realizable value of inventory	1,546	739	1,520	1,257
(Reversal) net of formation of provisions for contingencies	2,235	649	4,041	2,466
Employee Benef its	148	89	298	178
Provision for write-off of fixed assets	7,772	-	7,772	-
ICMS credit Pis and Cofins base	(267,024)	-	(267,024)	-
Assets and liabilities variation				
Trade accounts receivable	76,202	(2,588)	171,031	39,709
Inventories	9,192	(29,901)	(62,154)	(68,243)
Recoverable taxes	13,354	(2,813)	9,191	(3,535)
Other accounts receivable	13,699	(4,194)	(397)	1,030
Accounts payable to suppliers	(112,424)	14,044	(76,440)	36,362
Accounts payable and provisions	8,302	2,593	(2,702)	1,700
IRPJ and CSLL	25,710	-	25,581	(56)
Tax obligations	8,881	2,696	(10,536)	(8,209)
Interest paid on loans and leasing	(1,128)	(1,242)	(2,299)	(2,543)
Cash provided by operating activities	**(42,964)**	**43,061**	**(2,913)**	**133,175**
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,397)	(7,370)	(6,430)	(13,095)
Purchase of intangible	(1,453)	(1,845)	(3,368)	(4,334)
Purchase of rights use assets	-	-	-	(1,060)
Cash used in investing activities	**(4,850)**	**(9,215)**	**(9,798)**	**(18,489)**
Cash flows from financing activities				
Capital increase	-	4,439	-	4,439
Interest-earning bank deposits	(48)	(65)	(89)	(122)
Interest on equity and dividends	(1)	(24,938)	(10)	(64,918)
Disposal of shares in treasury, by exercise of call option	-	523	-	3,373
Acquisition of treasury shares	-	-	(27,602)	-
Lease payments	(4,928)	(5,783)	(11,885)	(11,342)
Loans taken	80,000	-	200,000	-
Cash used in financing activities	**75,023**	**(25,824)**	**160,414**	**(68,570)**
Increase (decrease) in cash and cash equivalents	**27,209**	**8,022**	**147,703**	**46,116**
Increase (decrease) in cash and cash equivalents	**27,209**	**8,022**	**147,703**	**46,116**
At beginning of period	**485,318**	**358,634**	**364,824**	**320,540**
At end of period	**512,527**	**366,656**	**512,527**	**366,656**

Cia.Hering

HERING HERINGKIDS DZARM

CAPITAL MARKETS 06/30/2020

HGTX3: R$ 14.14 per share

Market cap: R$ 2.3 billion

CONFERENCE CALL

08/14/2020 – 11am (BR) | 10am (NY) | 3pm (London)

In Portuguese – simultaneous translation to English

Brazil: (+55) 11 3181-8565 or (+55) 11 4210-1803

EUA: (+1) 412 717-9627

Toll-Free: (+1) 844 204-8942

Access Code: Cia. Hering

Webcast in English

Webcast in Portuguese

INVESTOR RELATIONS

Fabio Hering - CEO

Rafael Bossolani - CFO and IRO

Mariana Santo

Bianca Goyanna

Gabriela Oliveira

Melissa Dupas

PRESS RELATIONS

Ana Claudia Camara

anaclaudia.camara@approach.com.br

+55 (11) 3846-5787 / +55 (11) 96318-2165