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Earnings Presentation 2Q21

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Financial DATA

Gross Revenue

Brands (R\$ Million)

	2Q21	2Q20	Var.	1S21	1S20	Var.
cia+hering	405.6	142.3	185.0%	738.9	465.9	58.6%
X HERING	293.4	98.4	198.2%	544.3	330.0	65.0%
X HERINGKIDS	54.9	17.2	218.8%	95.0	55.1	72.3%
X HERINGINTIMATES	19.6	7.7	153.6%	30.6	14.9	106.0%
D Z A R M	23.0	8.6	168.9%	45.2	28.6	58.2%
Others¹	4.5	8.9	-50.1%	5.3	28.7	-81.4%
External Market	10.2	1.5	559.4%	18.5	8.6	114.9%

¹ Considers second-line sales, leftovers, Folha and PUC

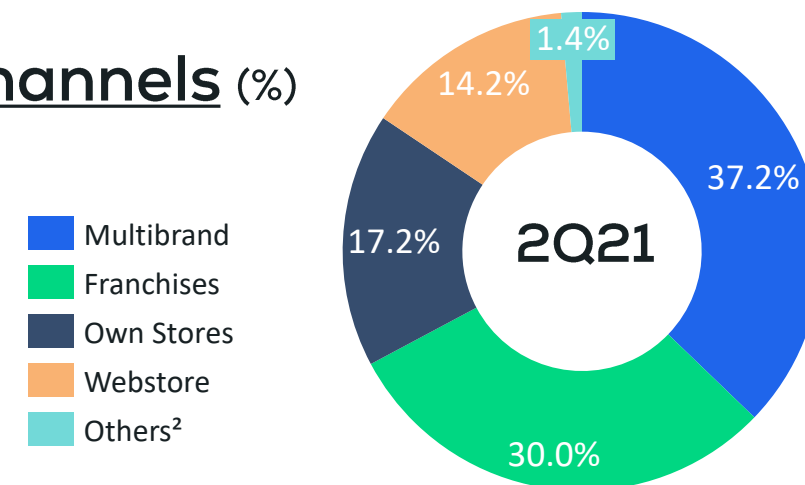
² Considers the sale of second-tier items and leftovers

³ Result not yet audited

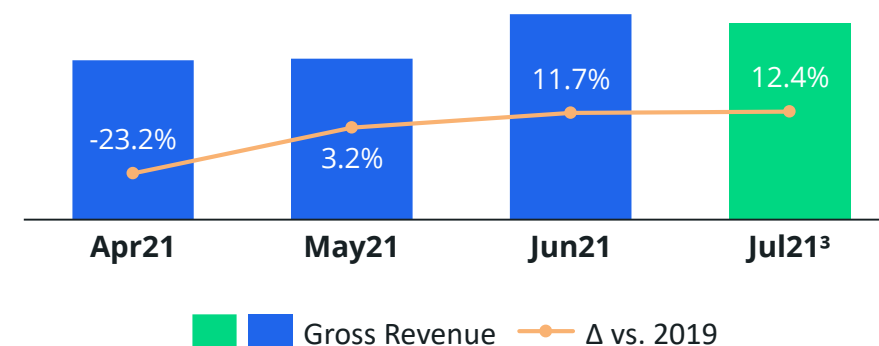
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Channels (%)



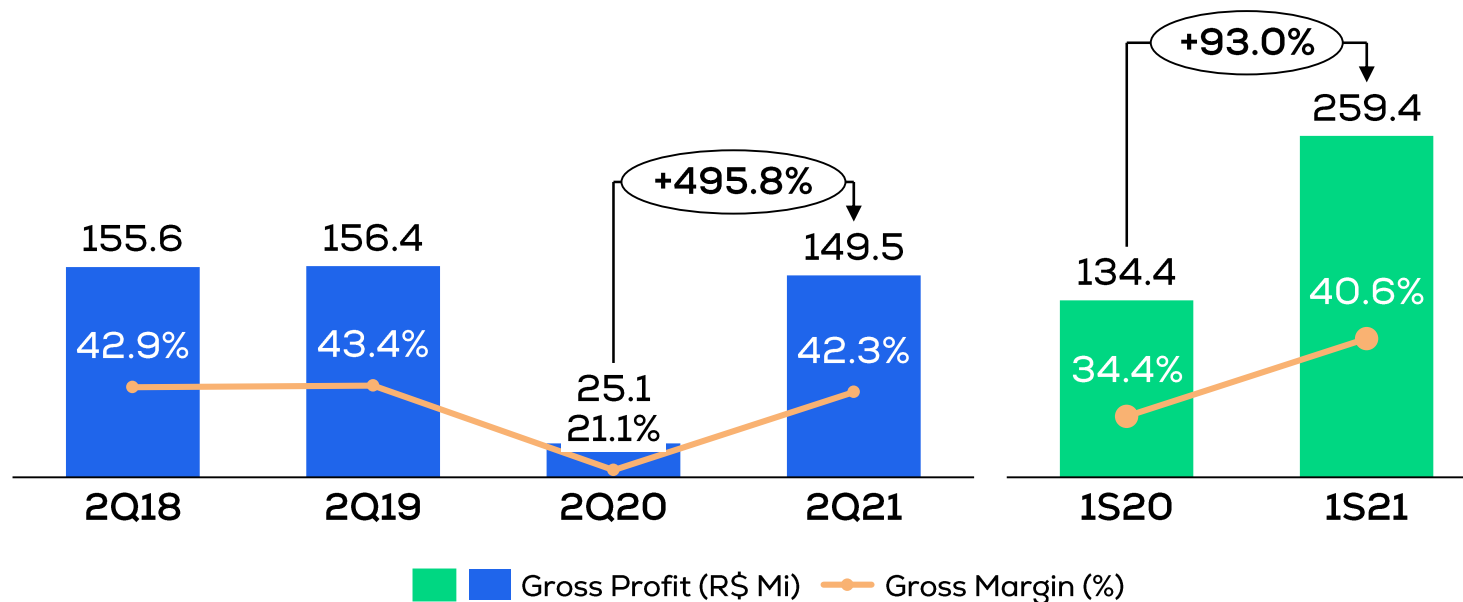
Revenue evolution (%)



Gross Profit and Gross Margin

Gross margin increased 2120 b.p. vs 2Q20 to 42.3% mainly due to higher operating leverage, 110 b.p. below 2Q19, pre-pandemic.

- i. Greater pressure on the purchase of raw materials, inputs and outsourced labor was partially mitigated by the factory fixed cost management.



Operational Expenses

R\$ 149.3 M

Operational expenses 2Q21

Primarily impacted by the improvement of the PIS and COFINS Judicial Credit recognized in 2Q20

R\$ 13.7 M

One-off items and provision for profit sharing

R\$ 135.6 M

Recurring operating expenses
(+52.6% vs 2Q20 and +3.2% vs 2Q19)

2Q20: Higher investments in marketing and campaigns, in addition to variable sales and personnel expenses (MP 936 in the previous year)

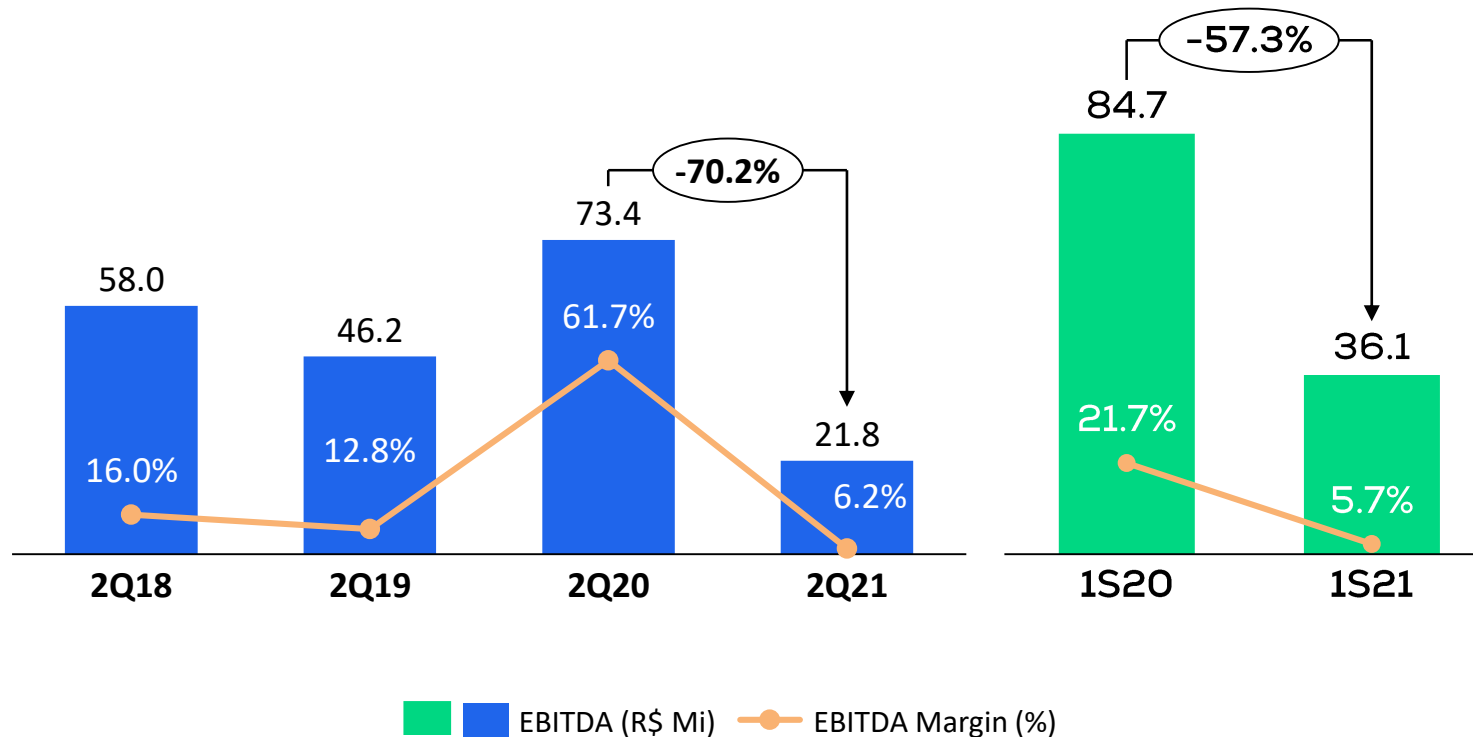
2Q19: Greater investments in marketing, customer service (SAC) and strengthening of strategic areas

Non-recurring items - R\$ Thousand	2Q21	2Q20	1S21	1S20
PIS and COFINS judicial credit ¹	-	150,344	9,545	150,344
Compensation from restructuring	(2,149)	(12,436)	(2,542)	(16,013)
Resizing of RN Plant and closure of PUC	-	(7,772)	-	(7,772)
Other exceptional items	(16,103)	(15,357)	(21,751)	(15,357)
Reversal of DIFAL provision ²	7,728	-	7,728	-
Total one off items	(10,524)	114,779	(7,020)	111,202
Provision for profit sharing	(3,136)	-	(3,136)	-
Total non-recurring items	(13,660)	114,779	(10,156)	111,202

Explanatory note to the financial statement: (1) Nr. 31, (2) Nr.31.

EBITDA and EBITDA Margin

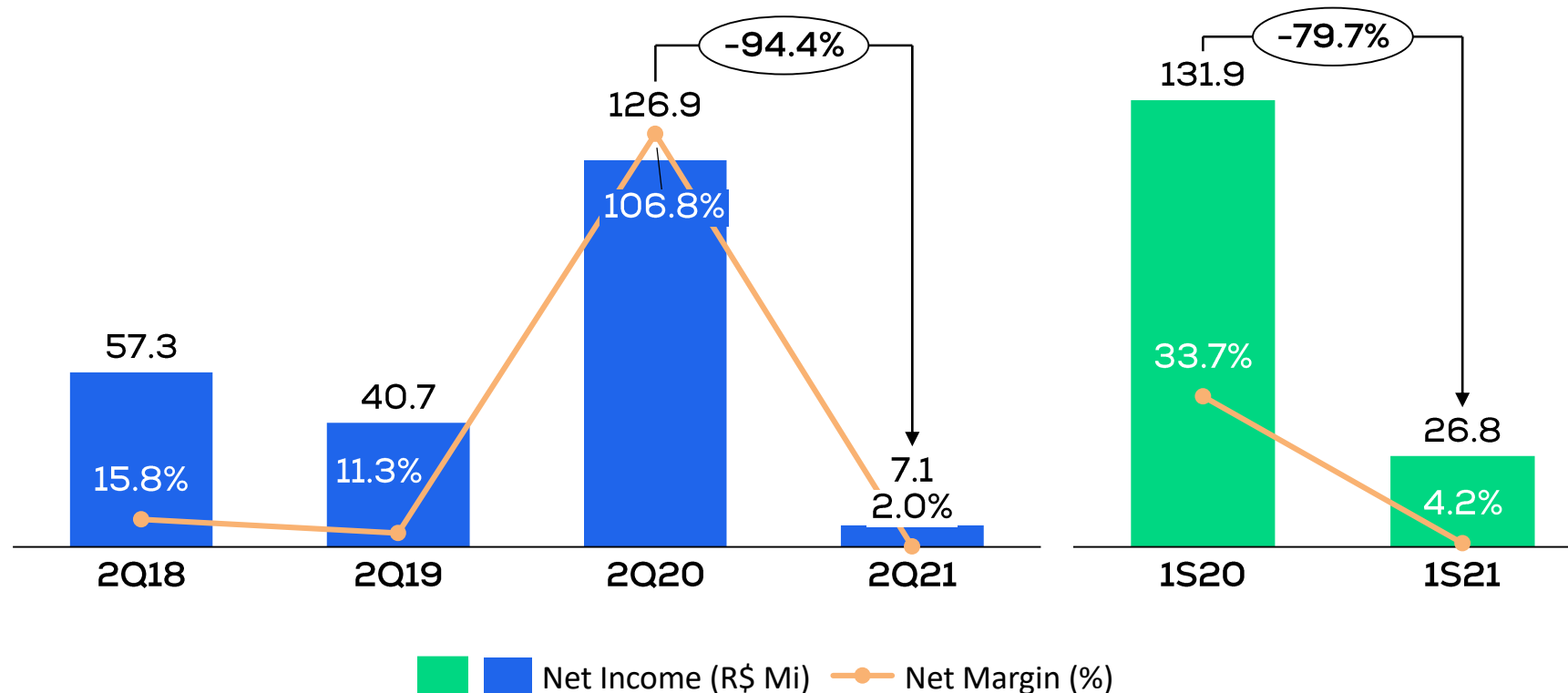
The Company's EBITDA reached R\$ 21.8 million, 70.2% lower compared to 2Q20, impacted by the PIS and COFINS Judicial Credit in 2Q20 and the increase in operating expenses.



Excluding non-recurring effects and profit sharing, EBITDA was R\$35.5 million, R\$77 million up vs 2Q20. Compared to 2Q19, current EBITDA decreased 24.2%, mainly impacted by lower sales and pressure on Gross Margin due to higher input and product cost inflation.

Net Income and Net Margin

Decrease in the net financial result, mainly influenced by the update of PIS and COFINS credits, recognized in the second quarter of 2020.



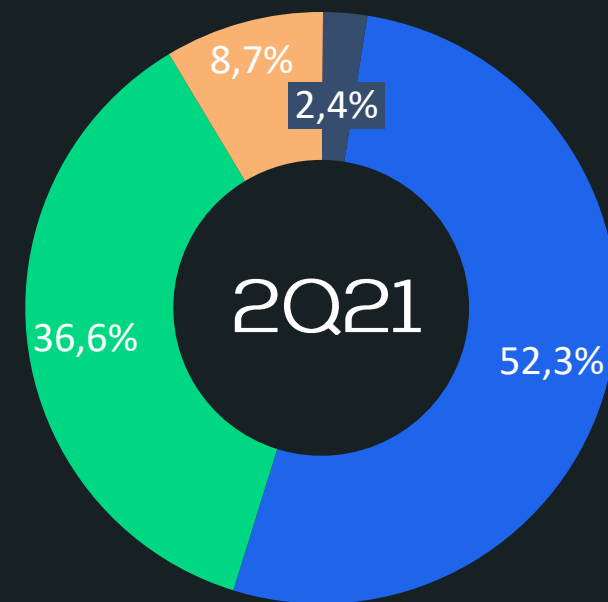
Investments

The investments in 2Q21 totaled R\$ 16.9 million, 249.4% above 2Q20

The main projects are directly related to:

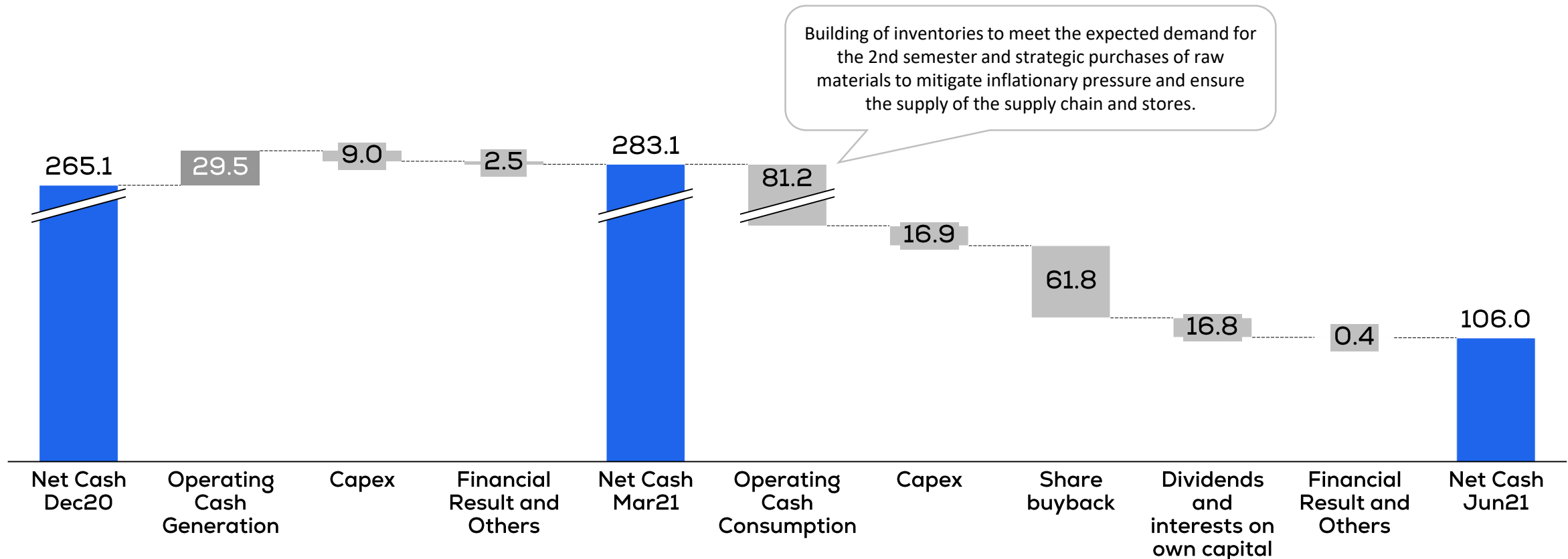
- i. Improvements in operational efficiency with CRM, technology, robotization (RPA) projects and e-commerce platform (B2C);
- ii. Stores' renovation and change of format to Mega Store;
- iii. Creation of a new clothing area in the manufacturing units in São Luiz de Montes Belos and Itororó

Share (%)



Cash Flow and Net Cash

In 2Q21, the Company had free cash consumption of R\$98.2 million, R\$39.8 million higher than in 2Q20, influenced by the higher investment in working capital in the operation.



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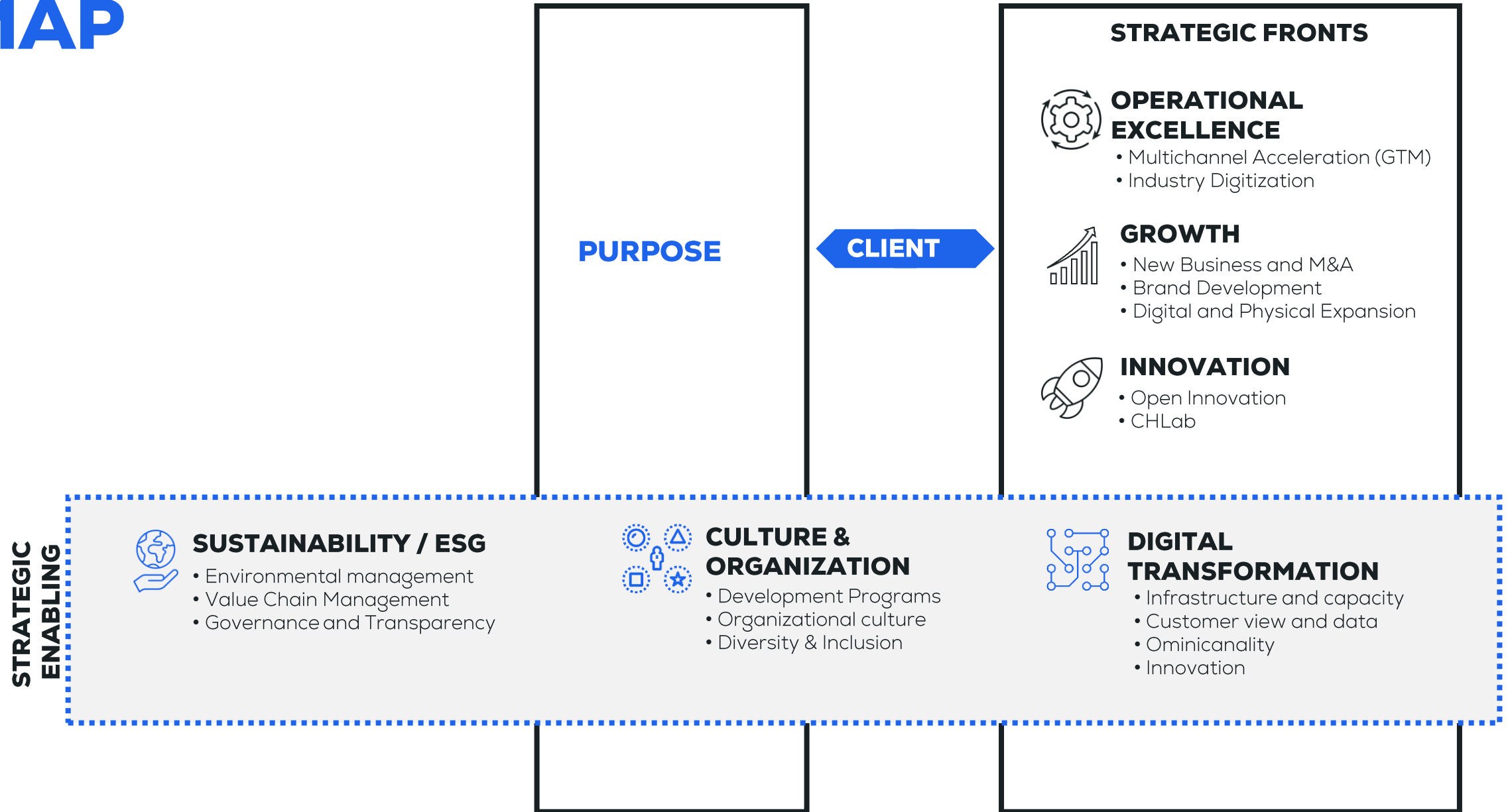
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Business VISION

STRATEGIC MAP

Earnings 2Q21

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MAIN CAMPAIGNS OF THE PERIOD



MOTHERS DAY

360° communication with campaign impact and strong commercial strategy



VALENTINE'S DAY

Weekly releases for the "Month of Love"



THE ORIGINAL BASICS

Campaign with strong sustainability appeal in which the World T-shirt offsets 2x its own carbon footprint



FATHER'S DAY

360° communication and activations

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RESULTS

MOTHERS DAY

BIG NUMBERS DIGITAL
24,820,791 **223,182,608**

range

impressions

BIG NUMBERS MÍDIA OFF
+ 150 million of impact

PRESS
87

Numbers of
content



VOGUE

ESTADÃO

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VALENTINE'S DAY

BIG NUMBERS DIGITAL
34,101,475 **171,392,765**

range

impressions

WEEKLY ACTIVATIONS:



Brasileiríssimos
HERING
+ Havaianas



Love in pieces
HERING
+ Looney Tunes



My Best Version
New Shapes



Basic is to love
your way
Mickey Rainbow

Partnership with Rappi.
In purchases above
R\$199.99, a R\$40.00
coupon to celebrate
Valentine's Day in the
campaign mood.


Comfort and
fashion trends that
brought 18% of
new customers.

Social action with
the NGO
"Casa Chama"

O BÁSICO ORIGINAL

Sempre em reinvenção

"The original Basics always being reinvented"

Cada  compensa **2x** sua própria pegada de carbono por meio da conservação da **Amazônia**.

"Each shirt offsets 2x its own carbon footprint through Amazon conservation"

HERING + MOSS

Access here the Campaign "The original Basics always being reinvented"



@dudabeat

@gabyamarantos

@majur

@silva

HERING DIA DOS PAIS
"FATHER'S DAY"

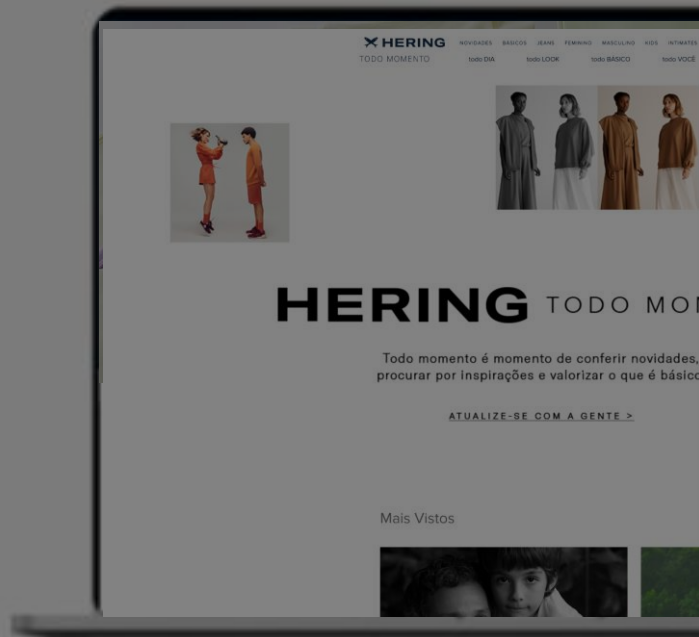
PAIS DE PALAVRA

EMICIDA

Rapper, escritor,
apresentador e pai

*Mais que homens de palavra.
Pais de palavra! Palavras de afeto, incentivo, cuidado.
Pais têm muito pra dizer e ensinar.
E nós, como filhos, temos que prestar atenção
em cada palavra.*

COMMUNICATION PILLARS



CONTENTS

Platform launch
“HERING ALL THE TIME”

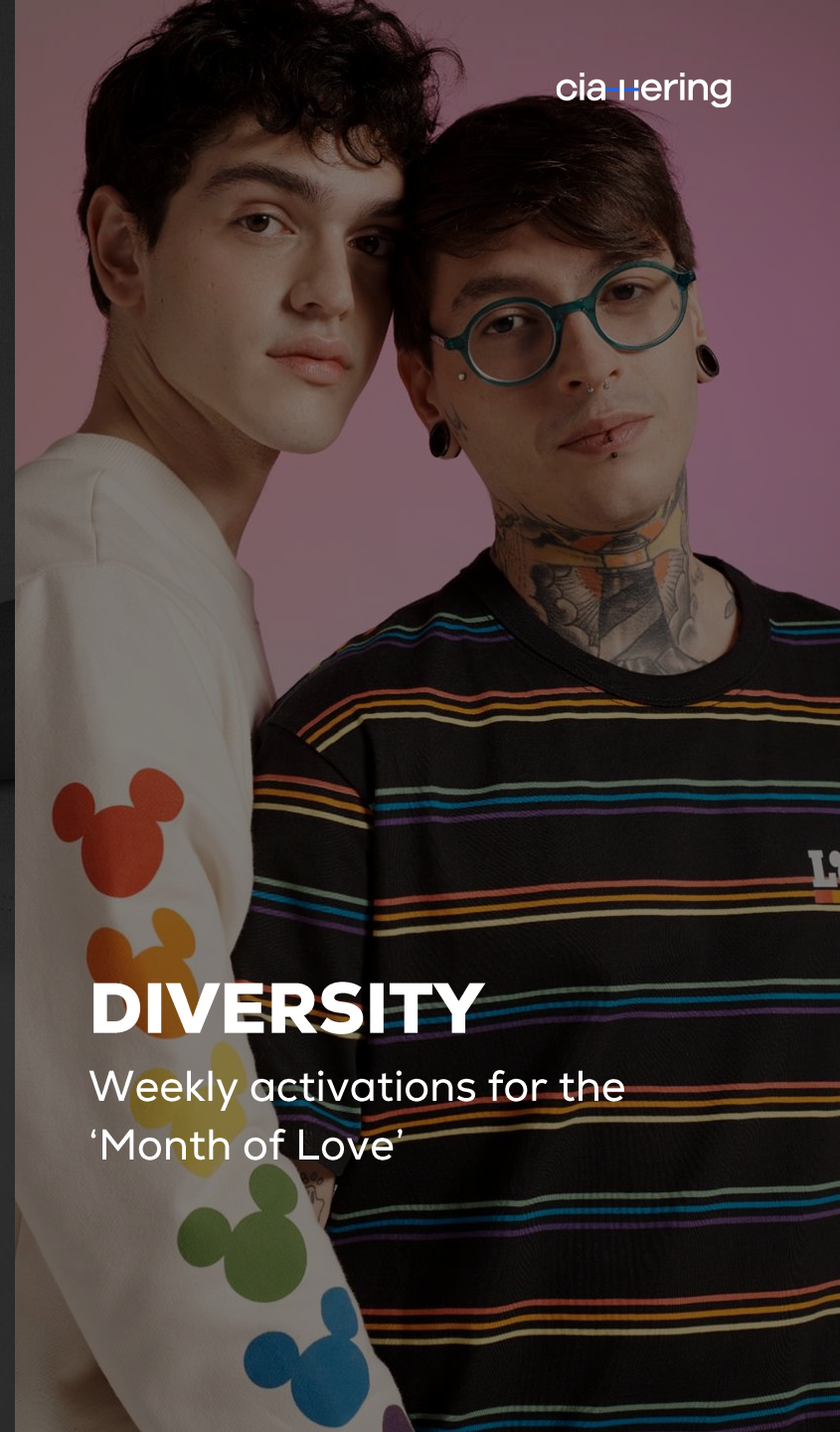
HERING Contra a Fome

O que é básico para você
pode ser essencial para o outro

SOCIAL AND SUSTAINABILITY

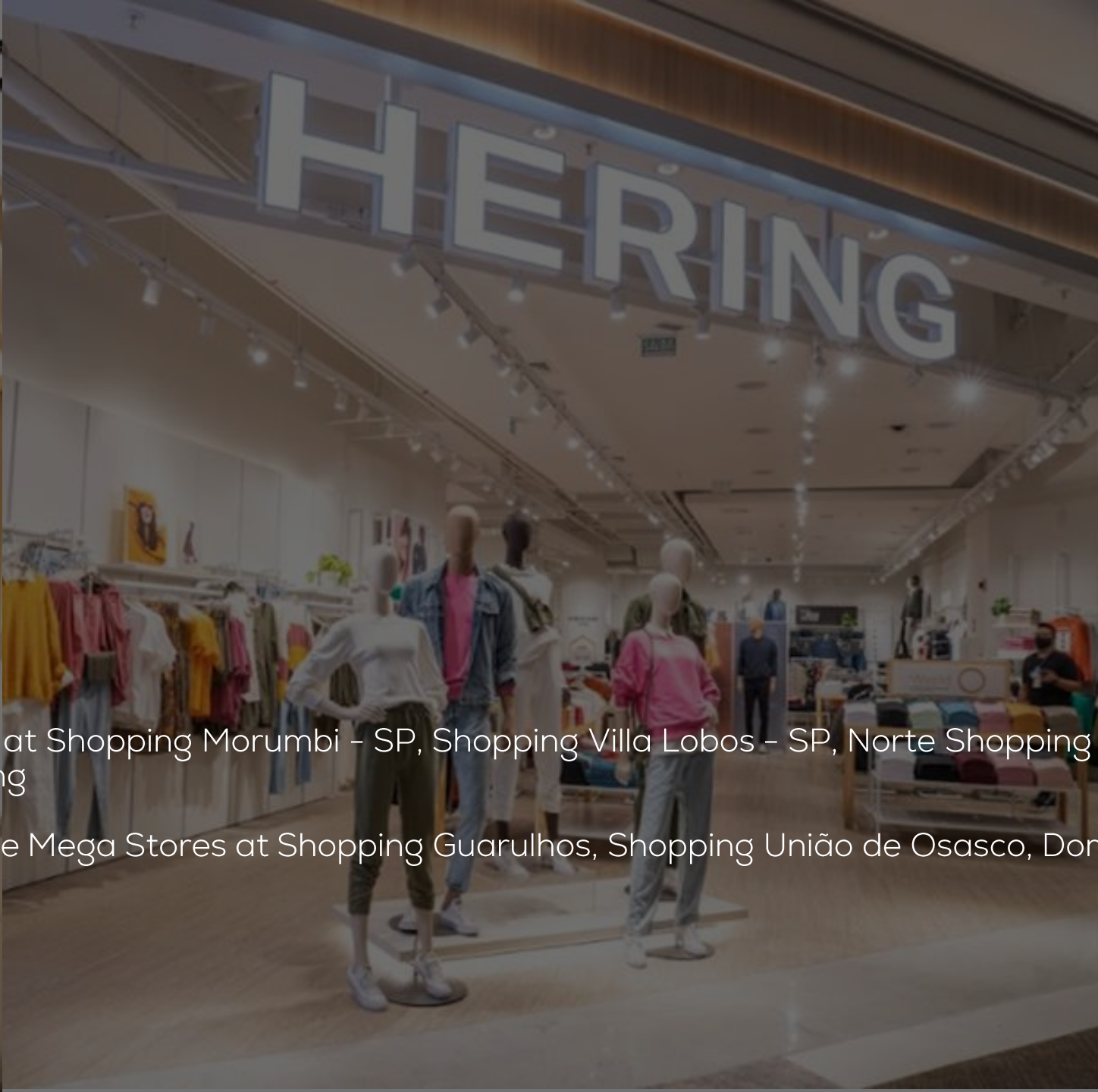
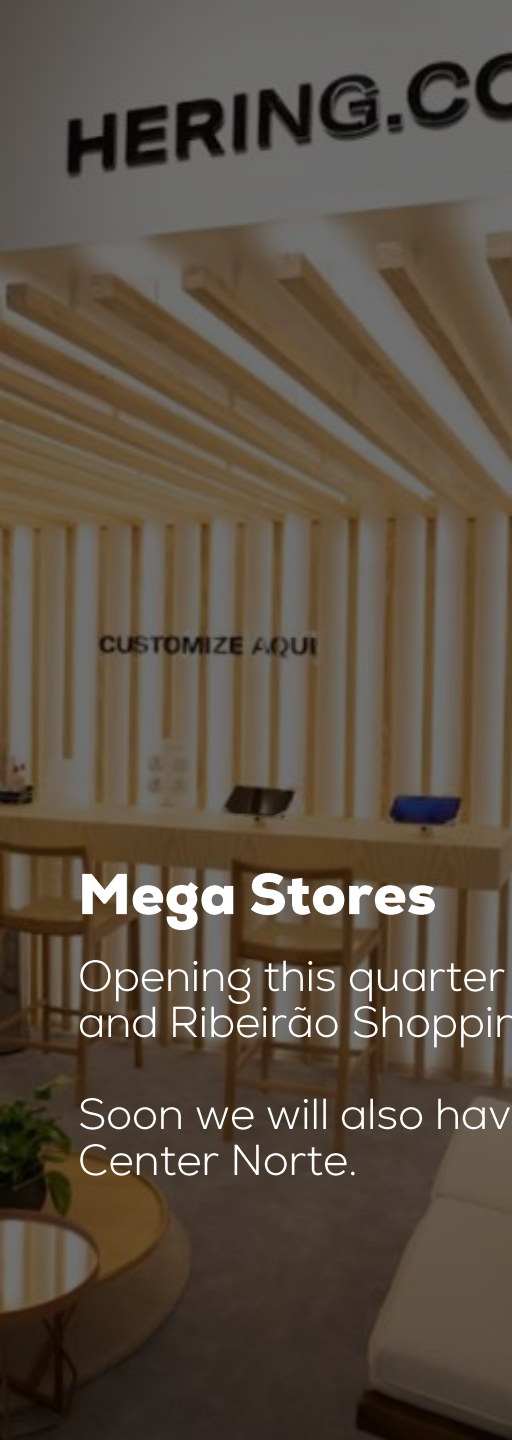
Action against hunger and Fashion
Revolution partnership
#WeDoOBásico

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DIVERSITY

Weekly activations for the
‘Month of Love’



Mega Stores

Opening this quarter at Shopping Morumbi – SP, Shopping Villa Lobos – SP, Norte Shopping – SP, Uberlândia – MG and Ribeirão Shopping

Soon we will also have Mega Stores at Shopping Guarulhos, Shopping União de Osasco, Dom Pedro Shopping and Center Norte.



HERING INTIMATES

Main assortment deliveries



BIG TURN IN UNDERWEAR FROM SUMMER COLLECTIONS

Completely redesigned category, focusing on basics, and new raw materials that enhance comfort and technology. Great acceptance of the network in sell in with 206% growth vs 2019



STRENGTHENING THE SLEEPWEAR PORTFOLIO

Category that Hering is already a reference and now becomes even more protagonist. Our best sellers were maintained and the portfolio expanded to meet new demands. 80% growth in the last sell in vs 2019



REPRIORIZATION OF THE SOURCING MODEL

Production allocated in expert sourcing in underwear and focused on new raw materials, with the opening of 6 new suppliers. In engineering, we continue our work in the cotton sleepwear and underwear category, reinforcing the basics

PILOT PROJECT

**20 STORES WITH THE NEW
PRODUCT PORTFOLIO,
CHANGE OF VM AND
EXPANSION OF THE
DEDICATED AREA**



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**INCREASE IN REVENUE PER
M²: IN 85% OF STORES, SALE
REPRESENTS MORE THAN
DOUBLE THE INTENDED
AREA**



POSITIVE RESULTS:

**THIS GROUP GREW 28%
HIGHER THAN THE OTHER
STORES IN THE CHAIN**





HERINGKIDS



BABY ALIVE

APRIL

Friends of the planet
The partnership stood out
for the girls' and dolls'
clothes with messages of
care for the planet.



PLAY MONTH

MAY

17,325,594

range

Activation with influencers
for each theme: Cooking,
sports, arts and music.



DZARM

2Q RESULTS

MAIN CAMPAIGNS OF THE PERIOD

APRIL | MAY

MOTHERS DAY

- STRONG AWARENESS STRATEGY
+5 MILLION IMPACTS
- PARTNERSHIP WITH ARTIST RITA WAINER CAMPAIGN WITH REAL CHARACTERS / WORLD OF FASHION

MAY

DZM*VCZ

- LAUNCH OF THE BRAND'S 1ST COLLAB
- + 200 PIECES SOLD IN THE LAUNCH PERIOD
- TOP 3 BEST SELLERS RAKING OF THE PERIOD
- + 50% INTERACTIONS IN OUR CONTENT
- **5.8 MILLION** IMPACTS

JUNE

LOVERS AND COLLEGE CAPSULE

- COLLEGE - CONNECTING WITH NEW AUDIENCES through the #OLHAELLE CAMPAIGN
- BOYFRIENDS - STRONG INFLUENCE STRATEGY
+8 MILLION IMPACTS
- 2Q21 GROWTH OF **170%** VS 2020, HIGHLIGHTS FOR THE MULTI-BRAND CHANNEL THAT PUSHED **+210%** IN REVENUE VS LY.
- E-COMMERCE CHANNEL **+21%** VS 2Q20, PULLED BY JEANS AND TWILL THAT BROUGHT **+38%** AND **+67%** RESPECTIVELY.

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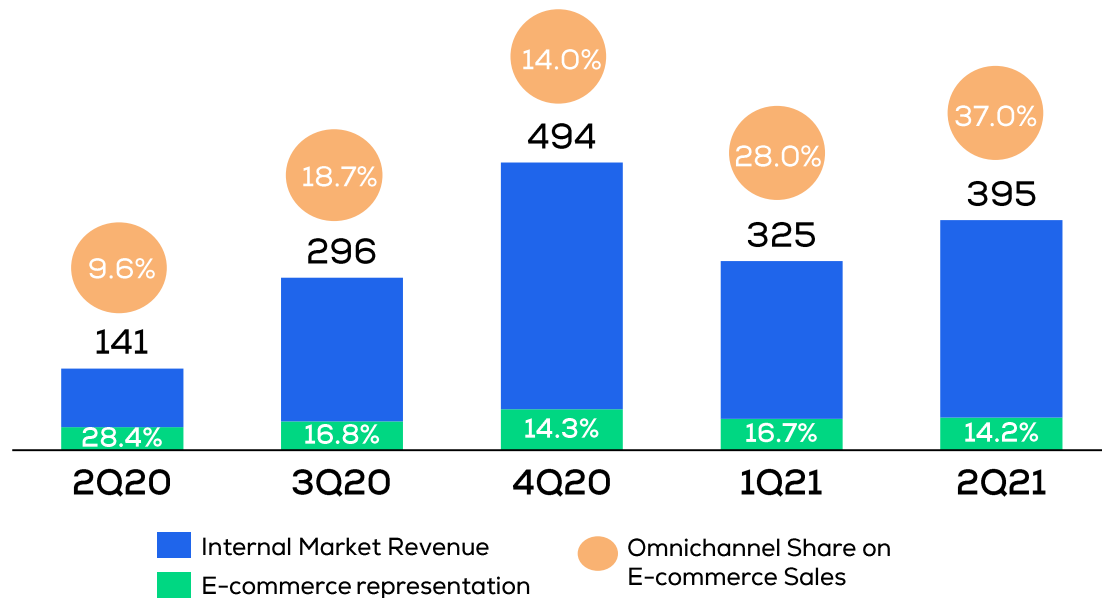
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Channels VISION

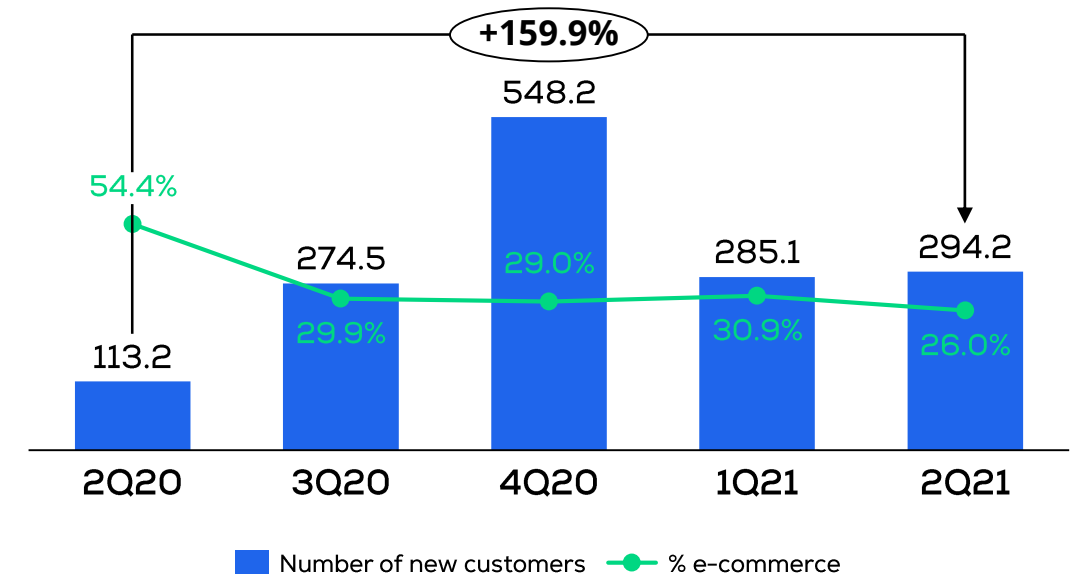
Boost no *E-commerce*

Channel grew 40.8% vs 2Q20 and 273.2% vs 2Q19

E-commerce representation (R\$ million)



New customers (in thousand)



E-commerce Indicators



+22.8%
website
traffic vs
2Q20



11,5%
of the
revenue
collected
from CRM



+46.3%
Hering App
users vs
1Q21



-2.5 days
in the
average
delivery time

Digital Channels

Earnings 2Q21

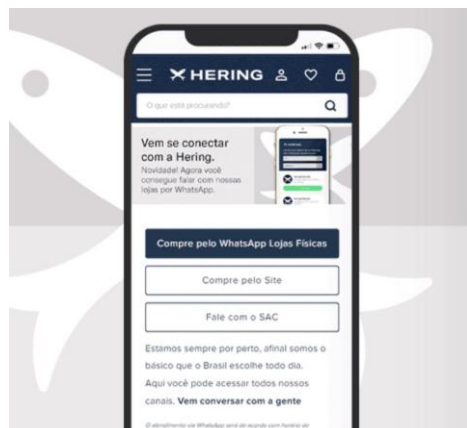
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CRM Digital Seller

Platform offers functions for the chain of stores to contact and retain their customers

Conversion of **3.9%** and average ticket **15%** above other channels



Whatsapp Smart Sales

Digital catalog with integrated stock

Sales **+240.1%** vs 2Q20

91% of stores registered sales through the platform

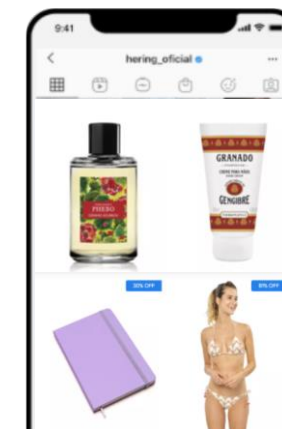


APP

Awareness drive channel

Loyalty

+46.3% users vs 1Q21
+358k sessions
3.4% of online sales



Marketplace in & out

Official Store

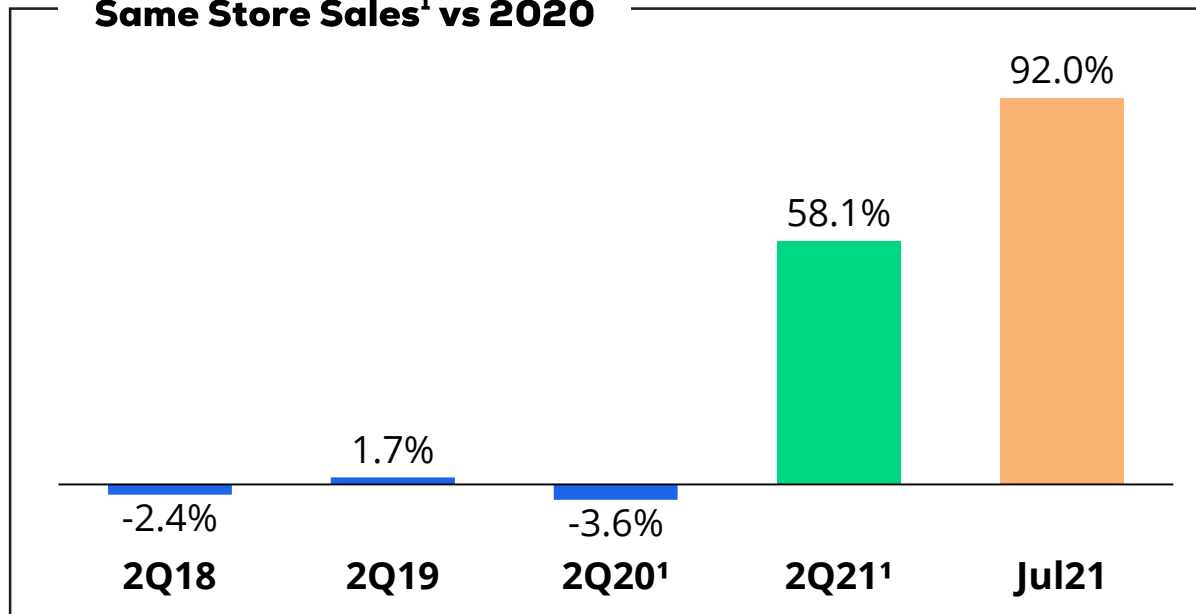
New categories

13% of Omncommerce sales
Sales **+745%** vs 2Q20

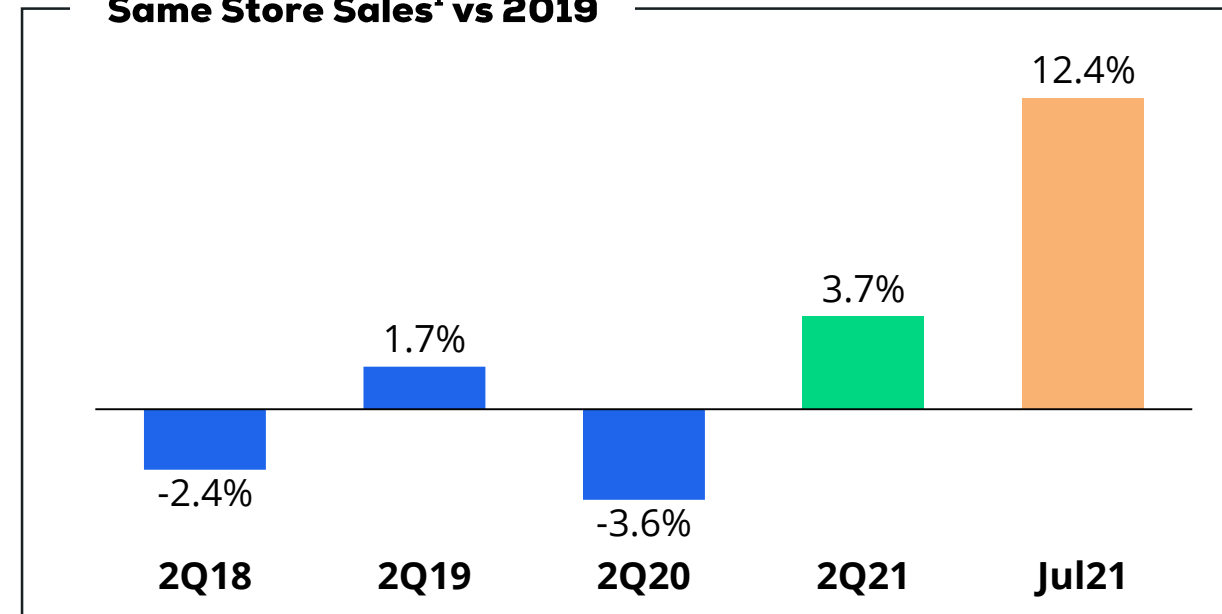
Migration of 65% of marketplace customers to the Company's platform

Hering Network Performance – Sell out

Same Store Sales¹ vs 2020



Same Store Sales¹ vs 2019



Physical store productivity indicators (vs 2019)



+19%
Average
ticket



+16%
Pieces by
service



24.1%
Conversion
rate²

¹ SSS in 2Q21 considers all the Company's brands, while 2Q20 considers only Hering Network (Hering + Hering Kids)

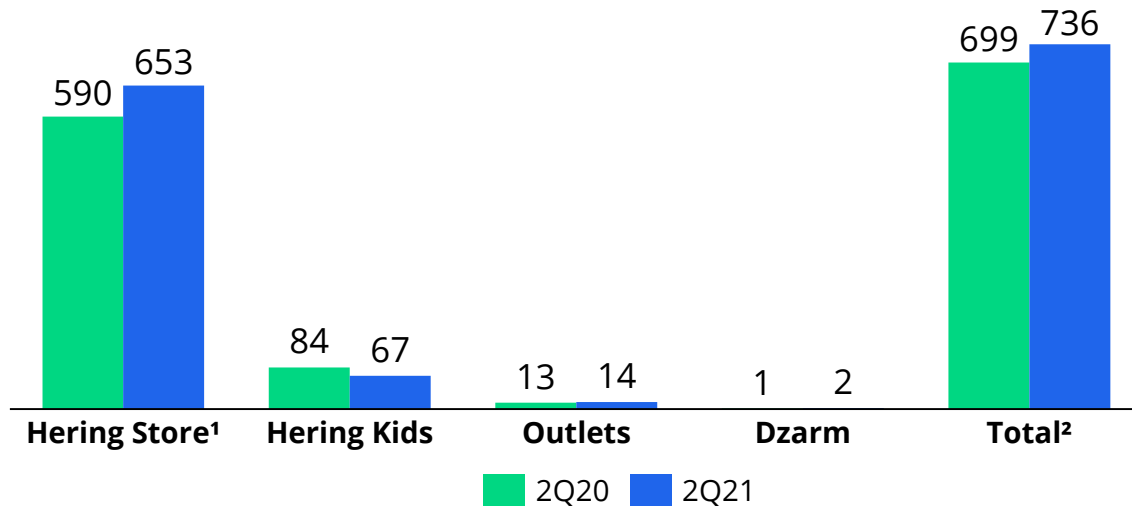
² Only considers Own Stores

Expansion Plan

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Number of stores 2Q21 - Brazil

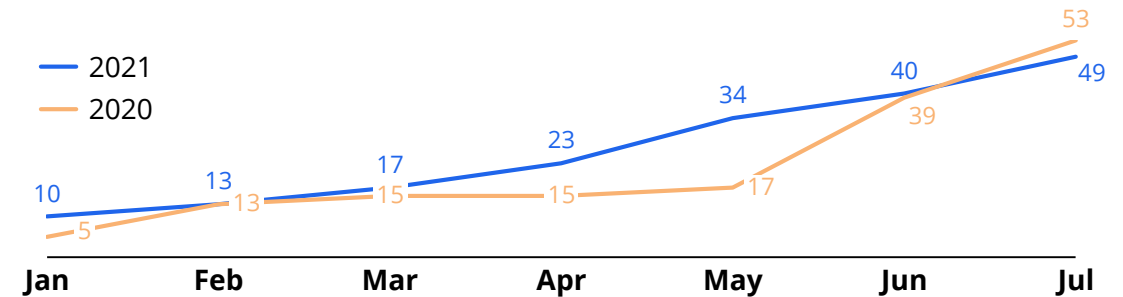


¹ Includes Hering Store, Light Franchise and Basic Shop

² 2Q20 total includes 11 PUC stores.

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

Evolution of Stores Expansion – 2021 vs 2020



Mega Store

- Average growth of 78% in sales after conversion
- 80% SSS on average
- Average Ticket 15% higher vs. 2020



Hering Light

- 25% productivity gain in VQ conversion
- CTO reduction of 2.0 p.p.
- Network Entrepreneurship Trail

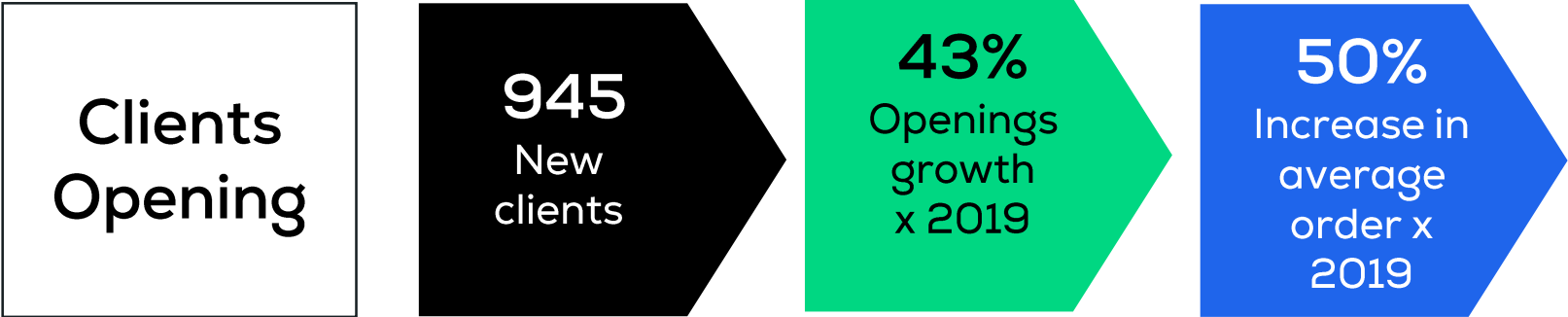
Showroom Projection


Summer and High Summer 2021

Projected Sales (in million)
Summer and High Summer Showrooms



Summer and High Summer 2021 clients opening projection





+ 1,600

Images and POS Materials sent

+ 126,000

Pieces on display

+ 1,500m²

Taken at the POS

Brand

- Update of POS portfolios
- Seasonal actions exclusive to the channel
- “Trade Facilita” platform

Expansion

- Launch of exhibitors
- New Qualified Retail + Hering
- Dzarm Pop Store

*does not include PUC brand

The completion of the S&OP project will allow the Company to improve operational and financial performance

■ Values calculated in the project

Summary of key benefits delivered

	Guidelines	Indicators	Hering previous	Hering at the moment	Global Reference
Portfolio and Collection	Efficient assortment management (quanti and quali) that drive product design	Time to Market: Design-to-retail	40 weeks	15-25 weeks	5-10 weeks
	Maintenance of raw material stock Fast-Movers Acceleration Cells	Time to Market: In-Season Replenishment	+60 days	40 – 60 days	30 – 40 days
	Designing markdown policies that are specific	Markdown performed	22%	10-15%	<10%
	Advice for more assertive purchases through historical reviews	Full Price Sell Through	Unaccompanied	75-80%	80-85%
Demand Management	Robust statistical tools Process that supports the alignment between planning, channels and recommendation	Basic MAPE (Average Absolute Forecast Error)	67%	15-25%	5-15%
		Basic BIAS (total forecast bias)	+18%	+ / - 7%	+ / - 5%
Manufacturing Management	Collection alignment with MP availability (product development only with the full-kit)	Fullfilment of the production plan (volume)	85%	90-95%	+95%
	Development of production management tools Inventory Policy Development	Fullfilment of the production plan (volume and mix)	57%		
Inventory Management	Inventory Policy Development Clear view of manufacturing and logistics lead-times	Basic PA DC Stock Coverage	35 days	57 days	40 days
		Stock Coverage in Basic PA Stores	50 days	45-60 days	35-45 days
		Breakage of basics in the Store	~22%	10-15%	5-10%
Order Management	Tools and indicators that enable E2E evaluation of the cycle	OTIF ¹	~20%	70-80%	+80%
	Management and efficiency in the last mile	% deliveries within e-commerce deadline	89%	+95%	+99%

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Q&A

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