

cia Hering

✕ HERING ✕ HERINGKIDS ✕ HERINGINTIMATES D Z A R M

Earnings
Release

1Q21

Highlights Of The Quarter

- Gross Revenue in 1Q21 was R\$ 333.4 million, an increase of 3.0% vs. 1Q20;
- E-commerce growth of 162.9%, representing 16.7% of the Company's sales in the domestic market;
- Gross margin of 38.6% and a reduction of 3.1% in operating expenses vs. the previous year;
- EBITDA of R\$ 14.3 million, EBITDA margin of 5.0%, and growth of 25.8% vs. 1Q20;
- Generation of free cash flow of R\$ 20.5 million and expansion of ROIC by 80 b.p. to 16.3%;
- Total cash position of R\$ 366.2 million with net cash of R\$ 283.1 million.

Digital Sales

- 75% traffic growth on the platform and 53% new customers on the website;
- 11% sales generated from the CRM platform;
- 28% of sales through Omnichannel operation and a reduction of 1.4 days in the delivery time;
- APP accounts for ~3% of online sales with 45,000 downloads since launch in Nov/20;
- Social Selling: 2,6 mil associates: 30% growth vs. 1Q20.

Physical Retail

- On average, 72% of stores were closed in March;
- Whatsapp Smart Sales tool, available in 577 stores;
- 35% of sales in closed stores made by digital tools;
- Improvement in own stores indicators, with an expansion of 1010 b.p. in conversion and 16% in the average ticket;
- New version of CRM Digital Seller.

Client

- 10.4 million registered customers (13% growth vs. the previous year);
- Recovery of Redame Aqui notes during the months of February and March;
- Frequency and average spend of the multichannel customer 2.2x and 2.3x higher than the single channel, respectively;
- 92% SLA in all service channels;
- NPS of 85 in physical stores, growth of 10 points vs 1Q20.

Brands

- Hering Brand with 9.1% growth in sales vs. 1Q20;
- Hering Intimates with growth of 54.3% vs. 1Q20;
- Sales of Dzarm with growth of 10.8% vs. 1Q20, now representing 6.8% of sales;
- International Women's Day Campaign: 24% new customers, reaching a new audience (A+ class); 50% of customers also added other products to the basket and 84% sell through;
- "New basic" capsule collection: 17% of new customers; reaching a new audience (average of 37 years), 75% of customers also added other products to the basket with 81% sell through.

Message from Management



Message From Management

As the world evolves to create new solutions that keep pace with today's transformative age, Cia. Hering is taking a stand. We are well aware of our role with each stakeholder. Confident in our vision, we are poised for new growth opportunities while staying grounded in our goals, strategic planning and brand architecture.

In 1Q21, we further advanced our positioning: a relevant step in our 140 years of successful company history. Our partnership with FutureBrand São Paulo only reinforced the company's objective to boost businesses that connect people with the brand.

This fuels our drive for entrepreneurship, connecting us with the future as far as portfolio comprehensiveness and digitalization are concerned. We are a business-connecting company, an expert in Brazilian fashion, committed to people. With bonds of trust, we built a sustainable ecosystem for all stakeholders involved. By activating a chain that surpasses 3,000 suppliers and 8,000 merchants, we join forces with partners, an essential factor of success.

Cia. Hering's customer-centric strategy focuses on humanizing relations by treating each customer individually. We have a customer base that exceeds 10 million+ people. This strategy blends brand management, expansions, channel integration, and the upgrading of supply chains. The strategy was built upon sustainability, culture, and digital transformation with operational excellence, growth, and innovation as its pillars.

With a deep understanding of the value chain that combines sourcing, logistics, distribution, and market intelligence, the company maintains sustainable relationships by fomenting a fairer and more inclusive fashion industry. With focus and experience, Cia. Hering pursues data intelligence with a formula that connects partners to channels, and people to fashion. The result is an ecosystem that creates a positive impact and balances high quality, exceptional designs, cutting-edge technology, and cost-benefits.

From a sustainability viewpoint, Cia. Hering's management addresses the key aspects of ESG indicators and adopts these concepts to guide any decision-making processes and eco-efficiency actions. The purpose is to foment entrepreneurship, develop products, and include various stakeholders.

Cia. Hering has undertaken sustainability initiatives and demonstrated results since the company's inception. A few examples include preserving an environmental reserve of 4.2 million square meters, innovating water treatment processes, and offering eco-friendly products since 1990. Cia. Hering has historic property and cultural adherence to rapidly evolve

Message From Management

and innovate on these fronts. Currently, our operations combine the pillars of the production chain, brands, environment, diversity, and governance. Next quarter, the company will announce its 2021-2025 goals, connecting the present day to the future.

Culturally speaking, Cia. Hering will empower all employees and partners as agents of a digital transformation. Initiated two years ago, this transformation currently is seeing the strongest momentum. Our culture is concerned with serving our customers as best as possible, improving their experience, and empowering people from end-to-end. Ultimately, the business priority agenda pertains to everyone involved.

Cia. Hering's digital transformation has continuously upgraded the system architecture to stimulate an environment of innovation, evolve data management, and make more efficient decisions. Partners, from the production chain to merchants, are included in this evolution, ranging from order management to omnichannel.

Paths of Growth

Confident in our capacity to execute and deliver the strategy proposed, Cia. Hering has rapidly evolved to explore new opportunities. Growth is the company's main focus. We aim to combine the customer base growth and a higher addressable market with more connections and conversions. From an operational viewpoint, the company's business model combining industry and retail allows a larger scale of delivery, margins, and sales performance. Concerning growth, Cia. Hering believes in brand development along with physical and online expansions.

The Hering brand is at the top of mind in the fashion category. The company has been stepping up its product pyramid and communications with a focus on its proprietary style: the fashion basics. Under the Hering umbrella lies the brands of Hering Kids and Hering Intimates. We have been exploring the best potential for these segments, and their synergies along with Hering's positioning.

Hering Kids has continued to advance the assortment offered, communications, and merging PUC's customer base. Hering Intimates has been redesigned with new assortments, sourcing, and channel analysis to improve its presence in the women's lingerie and nightwear segment, estimated at R\$ 25 billion. Within a short period, Dzarm, with denimwear as its core identity, has been delivering solid results, with same-store sales 49% higher than 1Q20.

Message From Management

With the Hering brand already consolidated along with the maturation of other brands, the company, fine-tuned to trends, has been developing new brands. Soon, the company will debut new launches in the market with sustainable brands in line with today's needs and the "phygital" experience. We hope to attract an inorganic agenda of new businesses that want to join Cia Hering, entrepreneurs who share the same values as the company and can contribute products, services, and experiences that meet new trends.

The evolution of channels is another path of growth for Cia. Hering. In 2020, we adopted a new platform for the Dzarm website which improved site browsing. We will also apply such improvements to Hering to make the shopping experience more intuitive. This also includes detailing the offering of content, promoting greater flow and conversions. In 2021, the company is making its largest investment in digitalization by consolidating all of the channels. With this omnichannel advancement, we can provide the best business experiences for everyone including franchisees and multi-brands.

As we become more digitally integrated, we will continue to consolidate megastores and diversify compact formats. With a surface area three times larger than a traditional store and a low incremental cost, this model has proved to be profitable. For the customer journey, this model reinforces the brand's image by offering a complete mix, convenient shopping, and the use of technology to facilitate the selection of products and purchases. The compact formats, light franchises and basic shops with an increased number of new franchisees participating in the transfer of know-how and accessible CapEx. With this partnership, the company and its brands now include regions not yet covered by competitors.

Having confidence in our business, a vision for the future, and sustainable value creation, we are moving the company into the next stages of growth.

Consolidated

Highlights



Consolidated Highlights

R\$ Thousand	1Q21	1Q20	VAR. 1Q21 1Q20
Gross Revenue	333,369	323,645	3.0%
Domestic Market	325,020	316,562	2.7%
Foreign Market	8,349	7,083	17.9%
Net Revenue	285,081	272,112	4.8%
Gross Profit	109,977	109,359	0.6%
<i>Gross Margin</i>	<i>38.6%</i>	<i>40.2%</i>	<i>-160 b.p.</i>
Net Income	19,758	5,043	291.8%
<i>Net Margin</i>	<i>6.9%</i>	<i>1.9%</i>	<i>500 b.p.</i>
EBITDA	14,317	11,383	25.8%
<i>EBITDA Margin</i>	<i>5.0%</i>	<i>4.2%</i>	<i>80 b.p.</i>
ROIC (a)	16.3%	15.5%	80 b.p.
SSS¹	11.4%	-22.2%	3360 b.p.

(a) Last 12 months.

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

Values in the above table include the effects of IFRS16.

Sales Performance

Gross Revenue - R\$ Thousand	1Q21	1Q20	VAR. 1Q21 1Q20
Gross Revenue	333,369	323,645	3.0%
Domestic Market	325,020	316,562	2.7%
Foreign Market	8,349	7,083	17.9%
Domestic Market Gross Revenue	325,020	316,562	2.7%
Hering	301,996	276,808	9.1%
Dzarm	22,159	20,008	10.8%
Others ¹	865	19,746	-95.6%

Domestic Market Share	1Q21	1Q20	VAR. 1Q21 1Q20
Multibrand	120,619	140,650	-14.2%
Franchise	103,609	94,770	9.3%
Stores	42,523	58,444	-27.2%
Omnicommerce	54,294	20,652	162.9%
Others ²	3,975	2,046	94.3%
Total	325,020	316,562	2.7%
Multibrand	37.1%	44.4%	-730 b.p.
Franchise	31.9%	29.9%	200 b.p.
Stores	13.1%	18.5%	-540 b.p.
Omnicommerce	16.7%	6.5%	1020 b.p.
Others ²	1.2%	0.7%	50 b.p.
Total	100.0%	100.0%	-

¹ Considers the sale of second-line items, leftovers, PUC and Folha brand² Considers the sale of second-line items and leftovers

Operational DATA



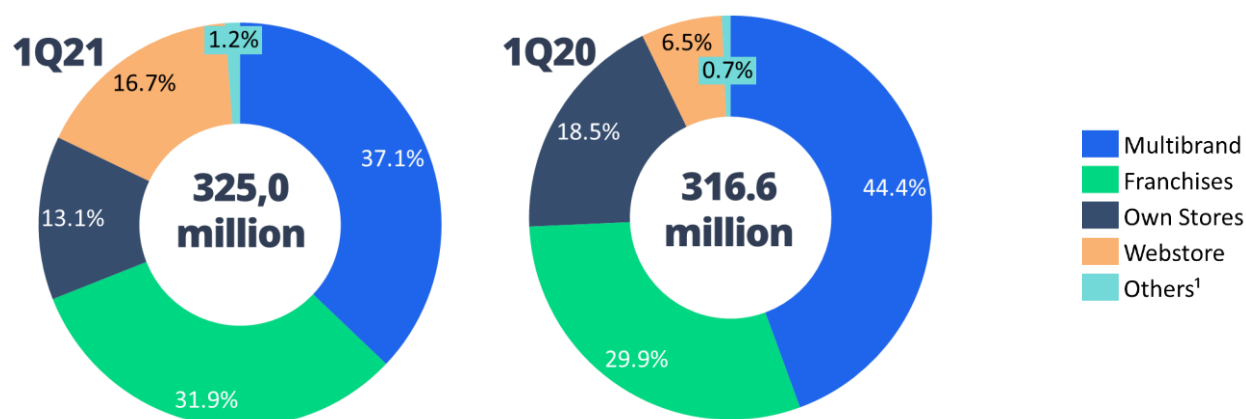
Performance in the Quarter

Gross Revenue for the quarter reached R\$ 333.4 million, an increase of 3.0% vs 1Q20. Sales were impacted, mainly in the month of March, by the new wave of restrictions in relation to Covid, which reflected in the drop in flow in physical stores, and by the challenges in supplying orders from sell-in channels which, still due to the processes normalization of the production chain, caused delays in deliveries and postponement of the portfolio for subsequent months.

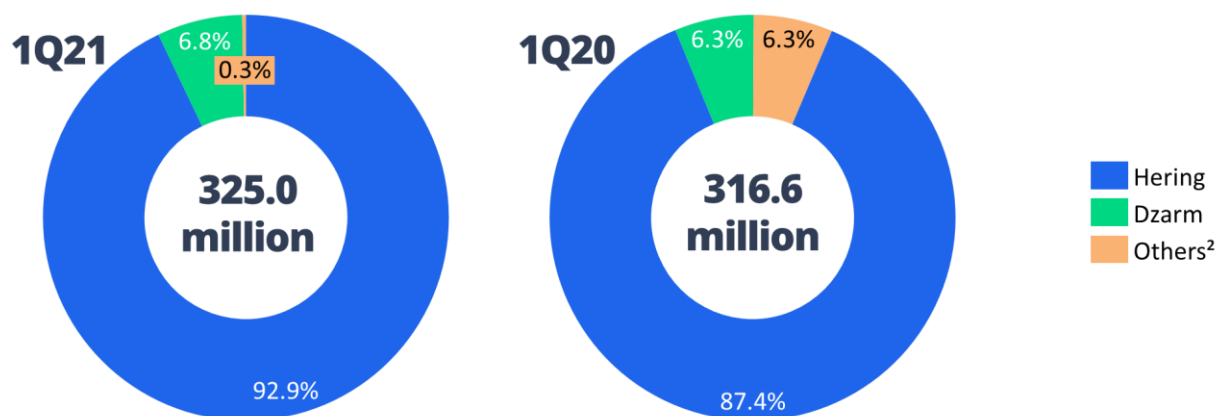
Even so, the Same Store Sales indicator for the quarter, adjusted to exclude closed days, was 11.4%.

The e-commerce channel, in turn, followed a positive trend, showing growth of 162.9% vs 1Q20, and penetration of 16.7% of sales, an increase of 1020 b.p. in relation to the same period of the previous year.

Representativeness of sales by channel



Representativeness of sales by brand



¹ Considers the sale of second-line items, leftovers, PUC and Folha brand

² Considers the sale of second-line items and leftovers

Sell-out

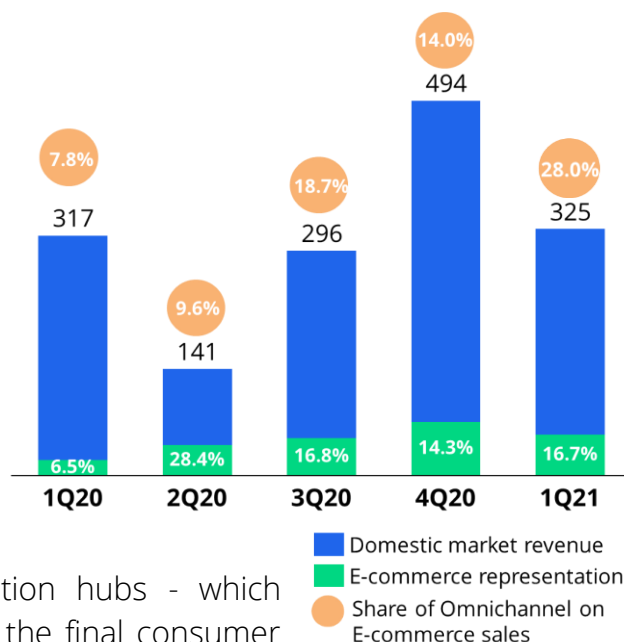
E-Commerce

The e-commerce channel followed the trend of previous quarters, showing a three-digit growth, 162.9% vs 1Q20. Revenue reached R\$ 54.3 million, with traffic growth of 75% and 53% of customers buying for the first time on the website. It is worth mentioning the continuous evolution in the shopping experience - without friction - in addition to the increase in the capacity to offer products, assortment and various services.

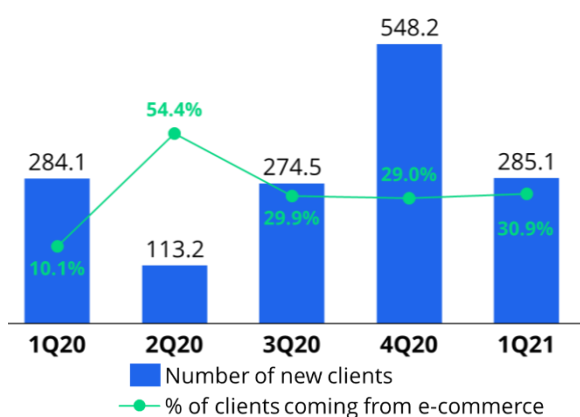
Sales through the *omnichannel* modality, once again showed growth, now representing 28.0% of online sales, driven mainly by regional distribution hubs - which presented itself as an effective resource to serve the final consumer more quickly and efficiently. In 1Q21, the 8 distribution hubs were responsible for more than 17 thousand deliveries, with an average delivery time 35% less than those coming from the DCs. In addition, the online channel had a reduction of 1.4 days in the average delivery time, an important evolution.

The successful integration with marketplace partners continues to bring positive results to the channel, which turns out to be a gateway for new customers, considering that around 65% of them made their first purchase on one of these platforms before migrating to Hering.com.br. In 1Q21, these sales represented 12% of total e-commerce sales.

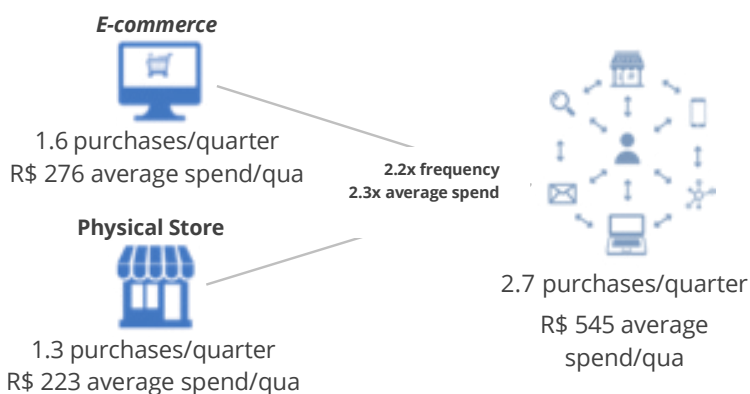
E-commerce representation (R\$ million)



New clients (in thousand)



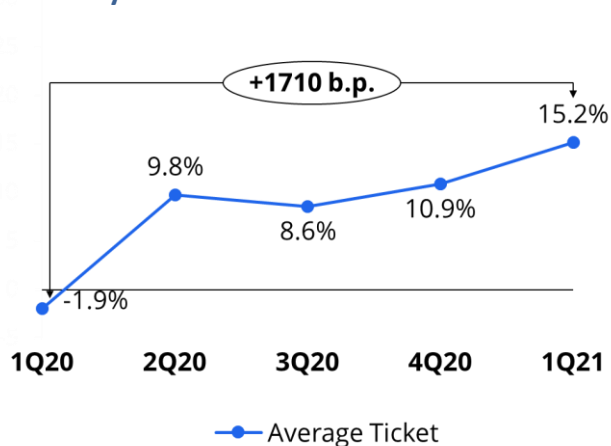
Multichannel Indicators



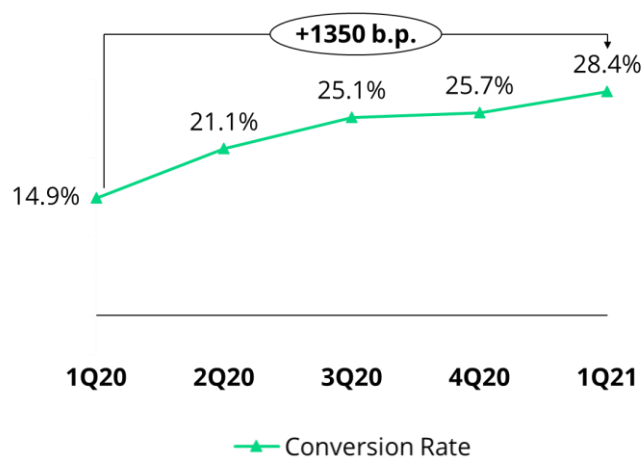
Own Stores

Sales of physical stores operated by the Company totaled R\$ 42.5 million, 27.2% lower than 1Q20. This result is linked to the closing of trade in March in several markets where the company's own stores are primarily located. It is worth highlighting the evolution in the efficiency indicators of the operation, such as the 1010 b.p. growth in sales conversion, 16% expansion in the average ticket and an NPS of 82 in the quarter.

**Average Ticket growth
vs. last year**



Conversion rate evolution



Sell-in

The performance of the sell-in channels (franchises and multi-brand) was strongly impacted by the total closure of the chain of stores throughout the month of March as well as of our industrial and logistics park in the state of Goiás for 22 days. The scenario in question brought important challenges to better supply the channels and necessary adjustments in the network's inventory planning (OTB).

Franchises

In 1Q21, sales to the Franchise chain totaled R\$ 103.6 million, an increase of 9.3% compared to 1Q20.

The challenge in supplying the sell-in channels, in addition to the closing of stores in practically the entire country, were the main offenders for the performance in the quarter. However, it is worth mentioning the sales effort and determination of the teams, some stores delivered 35% sales (vs. 1Q19) even with the stores closed, using the digital tools provided by the Company. Whatsapp sales were enabled in 77% of the stores, increasing the penetration of digital tools. There was also an evolution in the social selling platform, which already has more than 2,600 social sellers. In addition, we launched yet another digital solution: seller's CRM, which allows our store teams to activate their consumers locally through personalized campaigns, increasing the chance of customer loyalty and conversion of results.

In view of this scenario, the actions that continue to be taken by the Company to guarantee support to franchisees stand out, which include review of commercial planning, inventory management and markdowns, CRM initiatives, launch of new digital products, training and sharing of good practices and renegotiation of the main contracts aiming at the generation of new sources of revenue and the preservation and sustainability of the network.

Multibrand

Sales to the multi-brand channel totaled R\$ 120.6 million in the quarter, 11.4% below 1Q20. The channel's performance is also explained by the supply challenges and postponement of goods deliveries, as already mentioned. It is worth highlighting the continuous effort to develop and increase the productivity of key customers (Key-Account), which proved to be an important growth lever for the channel.

In 1Q21, there was an evolution in the customer activation rate, with a growth of 1410 b.p. compared to 1Q20 with more than 80% of customers making at least one purchase.

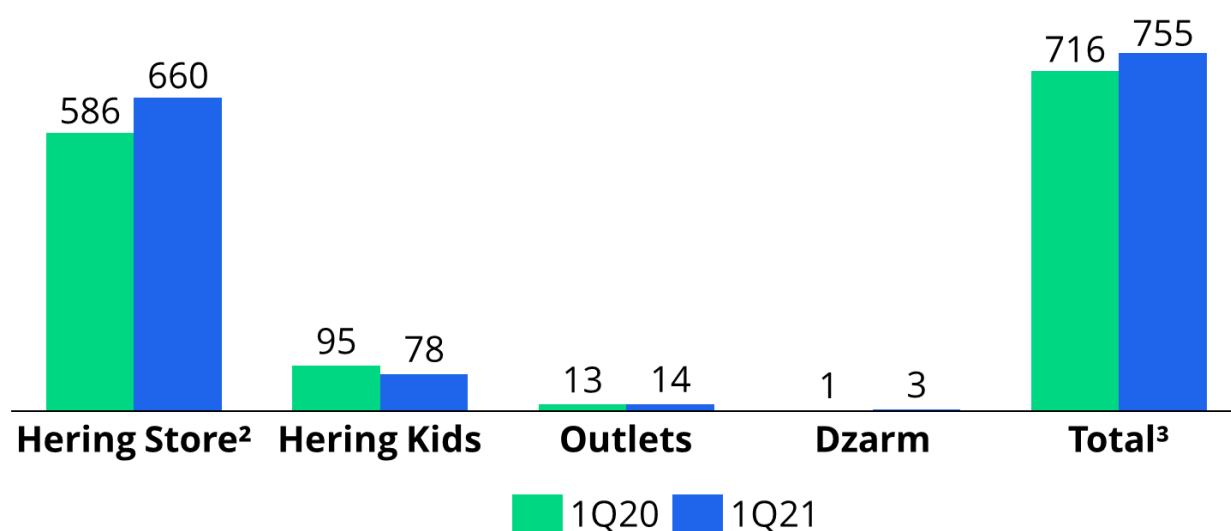
It is also important to highlight the conversion of Qualified Retail customers to the Light Franchise model, consolidating the B2B retail life cycle and consequent increase in productivity.

Geographic Expansion

The Company ended the quarter with 775 stores, of which 755 in Brazil and 20 in the international market. In the quarter, 3 new stores were opened and 4 were closed¹, of which two will have their revenues strategically reallocated in nearby stores, which already exist.

In 2Q21, the opening schedule should be resumed, in a scenario of less restriction of circulation caused by Covid. The Company reinforces the opening of stores guidance and should close 2021 with 125 new stores in compact formats and conversion of 10 mega stores.

Number of stores 1Q21 – Brazil



The Company is evolving in an integrated vision of online and offline channels, translating an intuitive and frictionless journey with ease of purchase and the best experience, expanding the offer of products and services through our Digital partners to deep Brazil.

The integrated expansion gains strength with the evolution of geomarketing tools and the revision of the rules of coexistence with a focus on capturing the total consumption potential and minimizing cannibalization between channels.

¹ Does not include 2 PUC stores

² Includes Hering Store, Light Franchise and Basic Shop

³ Total of 1Q20 includes 22 PUC stores.

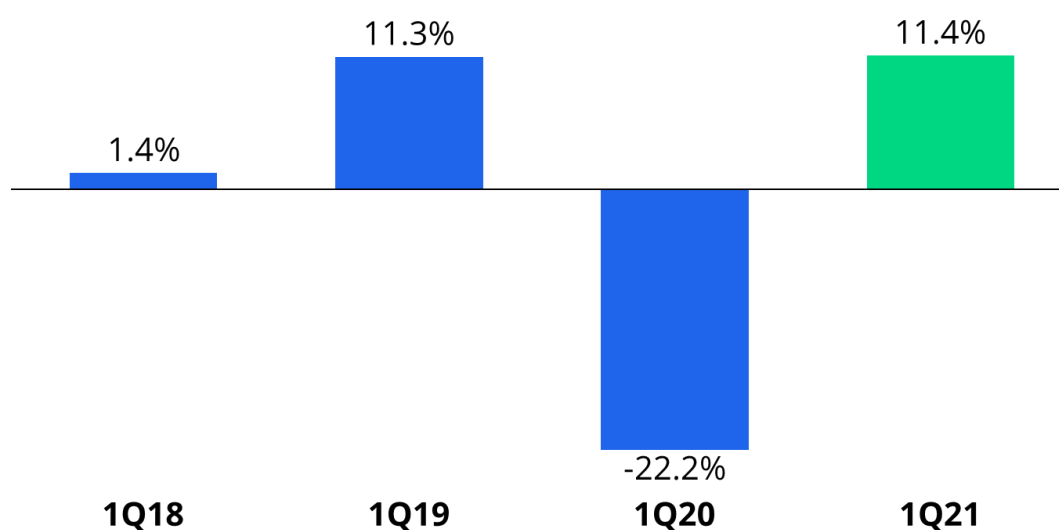
Hering Network Performance

The total sales of the Hering chain (sell-out) in 1Q21 reached R\$ 186.6 million, 18.4% lower than 1Q20. Noteworthy is the growth in important productivity indicators such as: parts per service (+11.4%) and average ticket (+11.5%).

Despite the closing of stores in large markets and the reduction in the opening hours of physical stores in the last month of the quarter, the adjusted SSS¹ of all chains, which does not consider days when stores were closed, grew by 11.4% vs 1Q20. NPS of 85 in physical stores, growth of 10 points vs 1Q20.

The South and Southeast regions, which represent about 67% of revenue, were impacted by reduced operating hours according to the new restrictions imposed by Covid.

Same Store Sales - SSS¹



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

Growth in efficiency indicators vs 1Q20



+11%
Pieces per
service



+11%
Average
ticket

Our Brands

Cia Hering reinforces the brands strategy by developing narratives that connect emotionally with our customers and having the product as the protagonist. Developing a platform vision and focusing on digital channels, investing in experience, content and personalization to expand customer touch points and strengthen the smart choice value proposition combining design, quality, technology, comfort and price are key points of this journey.

HERING

The year 2020 at **Hering** ended with consistency in the communication of storytelling from basic to comfort. The first quarter of 2021 continued the proprietary positioning of the basics in an assertive way to ensure brand reputation and commercial return.

January and February were months marked by the renovation of the wardrobe for the summer. With a focus on promoting news for the season, the pieces and fabrics characteristic of the hottest season of the year stand out, such as dresses, shorts and shorts and linen.

In March, the Women's Month, the brand joined visual artist Verena Smit and the "Rede Mulher Empreendedora Institute" to launch the "Juntas Somos Infinito" capsule collection. The items sold positively impacted the lives of 1,044 women through the "Rede Mulher Empreendedora Institute", the first female entrepreneurship support network in Brazil.



HERINGKIDS

For **Hering Kids**, the bet was on attractive content about the main products in all categories: boy, girl, toddler and baby.

In tune with Hering, stories were presented with a focus on summer and the basics. For this reason, the activation of light pieces for children to enjoy the season, as well as the swimwear line, were prioritized.

In the month of January, the collection "Meu Paraíso" presented to the children audience practical clothes with fluid fabrics for the freshness of summer days. In February, the comfort identity gave rise to the "Basic is to be happy" capsule, and the last month of the quarter, was the moment of "Coloring Stories", for children from 1 to 3 years old.



HERING INTIMATES

Hering Intimates reinforces the basics of Hering and launches a portfolio with underwear, pajamas and loungewear for women and men. In the last year, comfort has taken on a new meaning and now is the time for an increasingly versatile wardrobe that works both inside and outside the home.

Soon, in addition to news in the entire line, the big launch will be in the reformulation of the entire Hering Intimates brand with new products, raw materials and collections, in addition to greater presence in online and visual merchandising. The main focus will be on the consumer experience, through representativeness and diversity in all communications.

In May, it will be the start of the pilot project in store formulated with a 360° strategy. At Hering Intimates, comfort and technology come together to inspire pieces that enhance and value the best of each person. There are four product attributes that guide our products: cotton, known for maximum comfort, microfiber with versatility and technology, seamless and the appeal of invisibility, and the piece for the whole day, like lace.



D Z A R M

In January, **Dzarm** launched the Endless Summer collection, which, with the promotional season, was responsible for a boom in sales in the period and a new record in e-commerce, surpassing the results of Black Friday 2020, with a 113% revenue growth vs 1Q20.

In February, the Day By Denim and In Natura collections were launched. As a result of the new digital media strategy, in the month, the brand gained 500% more followers on Instagram vs 1Q20. March was an intense stage of campaigns and activations: launch of the Denim Vibes campaign and International Women's Day in partnership with the artist Rita Wainer. In addition, the Hoodies collection was responsible for the greater reach and impressions of online media campaigns focused on awareness of the period, closing the month with 28.4 million impacts.

The 1Q21 ends with a growth of +10.8% in the brand, with emphasis on the online channel, which brought an increase of 65% vs 1Q20 in e-commerce. In the Multibrand channel, the highlights were the 25% and 57% growth in January and February, respectively.



Financial Data



Economic and Financial Performance

R\$ Thousand	1Q21	Part. (%)	1Q20	Part. (%)	VAR. 1Q21 1Q20
Gross Revenue	333,369	116.9%	323,645	118.9%	3.0%
Sales Deduction	(48,288)	-16.9%	(51,533)	-18.9%	-6.3%
Net Revenue	285,081	100.0%	272,112	100.0%	4.8%
Cost of Goods Sold	(173,195)	-60.8%	(161,621)	-59.4%	7.2%
AVP (Adjustment to Present Value)	3,703	1.3%	3,854	1.4%	-3.9%
Subvention for Expenditure	1,766	.6%	3,819	1.4%	-53.8%
Depreciation and Amortization	(7,378)	-2.6%	(8,805)	-3.2%	-16.2%
Gross Profit	109,977	38.6%	109,359	40.2%	0.6%
Operating Expenses	(116,668)	-40.9%	(120,424)	-44.3%	-3.1%
Selling Expenses	(80,362)	-28.2%	(74,247)	-27.3%	8.2%
Loss due to non-recoverability of assets	(3,121)	-1.1%	(8,939)	-3.3%	-65.1%
Administrative and General Exp. and Management Remuneration	(15,563)	-5.5%	(13,976)	-5.1%	11.4%
Depreciation and Amortization	(13,630)	-4.8%	(13,643)	-5.0%	-0.1%
Other operating income/expenses	(3,992)	-1.4%	(9,619)	-3.5%	-58.5%
Operating Income Before Financial Results	(6,691)	-2.3%	(11,065)	(4.07%)	-39.5%
Financial income	40,559	14.2%	24,196	8.9%	67.6%
Financial expenses	(15,845)	-5.6%	(18,544)	-6.8%	-14.6%
Total Financial Income	24,714	8.7%	5,652	2.1%	337.3%
Operating Income Before Interest in Subsidiaries	18,023	6.3%	(5,413)	(1.99%)	-433.0%
Income and Social Contribution Taxes - Current	-	-	-	-	-
Income and Social Contribution Taxes - Deferred	1,735	0.6%	10,456	3.8%	-83.4%
Net Income for the Period	19,758	6.9%	5,043	1.9%	291.8%
Controlling shareholders	19,758	6.9%	5,043	1.9%	291.8%
Basic earnings per share - R\$					
Controlling shareholders	0.1238		0.0311		298.2%
EBITDA	14,317	5.0%	11,383	4.2%	25.8%

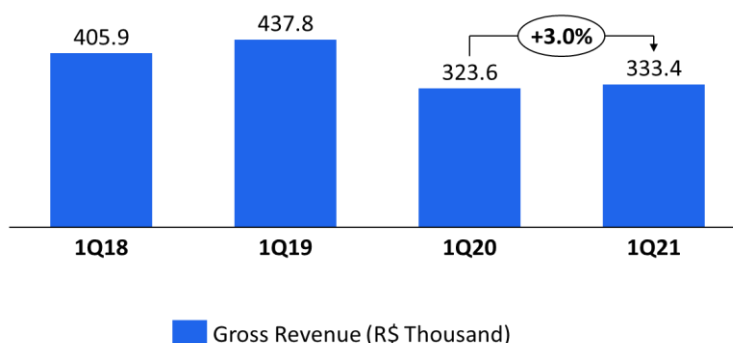
Values in the above table include the effects of IFRS16 (see reconciliation table – page 8).

Gross Revenue

The Company's gross revenue reached R\$ 333.4 million in the first quarter, 3.0% higher than the same period of previous year (1Q20).

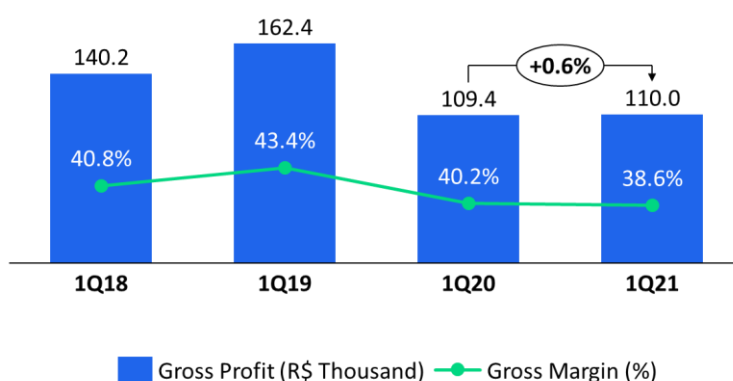
The sales performance in the sell-out channels presented an increase of 22.4% vs. 1Q20, highlight mainly for the Omncommerce Channel with a growth of 162.9%, offsetting the reduction in the flow in the own stores and the closure in large centers in march due to the pandemic. It is worth mentioning the increase in productivity indicators in own stores, in addition to the increase in flow and conversion on the website.

The performance of the sell-in channels (franchises and multi-brand) was strongly impacted by the total closure of the chain of stores throughout the month of March as well as of our industrial and logistics park in the state of Goiás for 22 days. The scenario in question brought important challenges to better supply the channels and necessary adjustments in the network's inventory planning (OTB).



Gross Profit and Gross Margin

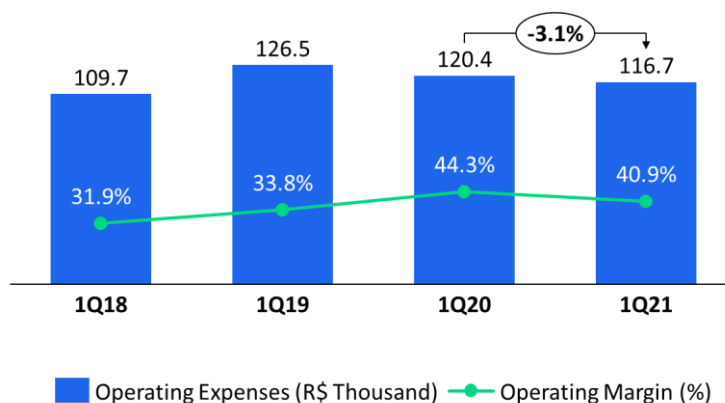
The Company's gross profit reached R\$ 110.0 million in 1Q21, increase of 0.6% related to 1Q20. The gross margin decreased 160 b.p. in 1Q21 vs. 1Q20, mainly influenced by higher share of Omncommerce in sell-out channels and great depth of markdowns on this channel. In addition, was an increase in raw material costs, especially those with commodities, with lower price transfer to consumer in this period.



Operational Expenses

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

Despite the increase in freight expenses due to increased online sales and expenditure on third-party services related to investments in strategic areas (SAC, CRM and Web store), the Company emphasizes a strict management in controlling costs and expenses with focus on maintaining the business sustainability.

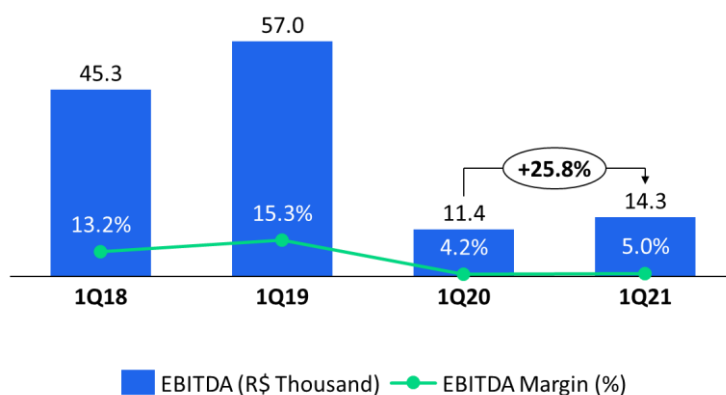


On the other hand, there was a considerable reduction in travel expenses, commissions related to sales performance, rental of real estate through timely renegotiations and lower provision for doubtful accounts.

Additionally, there was an increase in other operating income referring to judicial credits, more than offsetting expenses with strategic projects.

EBITDA and EBITDA Margin

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.

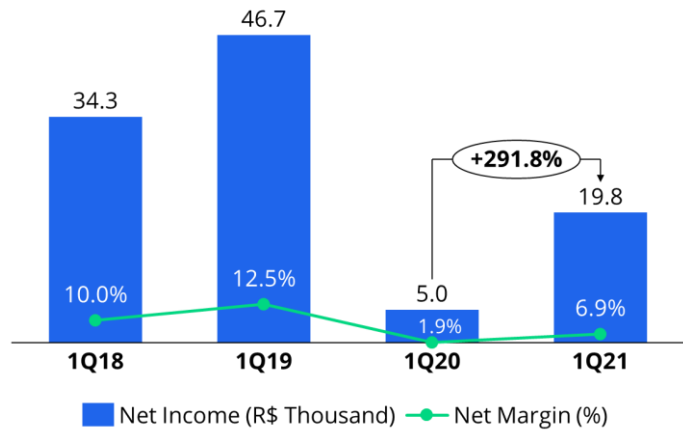


Financial Data

Reconciliation of EBITDA - R\$ Thousand	1Q21	1Q20	VAR. 1Q21 1Q20
Net Income	19,758	5,043	291.8%
(-) Income and Social Contribution Tax	(1,735)	(10,456)	-83.4%
(-) Net Financial Income	(24,714)	(5,652)	337.3%
(+) Depreciation and Amortization	21,008	22,448	-6.4%
(=) EBITDA	14,317	11,383	25.8%
EBITDA Margin	5.0%	4.2%	80 b.p.

Net Income and Net Margin

Net income in 1Q21 totaled R\$ 19.8 million, an increase of 291.8% compared to 1Q20 and reaching 6.9% of net margin, influenced by better operating result, an increase in the net financial result of R\$ 19.1 million, mainly due to the monetary restatement of PIS and COFINS credits in the amount of R\$ 28.9 million¹, more than offsetting the lower income tax constitution deferred.



Investments

The investments in 1Q21 totaled R\$ 9.0 million, 82.3% above 1Q20. The main projects are directly related store experience, improvements in operational efficiency with CRM, technology, robotization (RPA) projects and e-commerce platform (B2C), in addition to the renovation of Shopping Morumbi Store to a Mega Store format.

¹ 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.

Financial Data

It is worth mentioning that 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.

The allocation of resources was distributed in the following order:

Investments - R\$ Thousands	1Q21	1Q20	VAR. 1Q21 1Q20
IT	5,545	1,809	206.5%
Stores	2,226	1,492	49.2%
Industrial Plant	600	1,261	-52.4%
Others	649	386	-
Total	9,020	4,948	82.3%

Cash Flow

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

It is worth mentioning that the reduction in working capital investments, as a result of the timely management of cash by the Company.

Cash Flow - Consolidated - R\$ Thousand	1Q21	1Q20	VAR. 1Q21 1Q20
EBITDA	14,317	11,383	2,934
No cash items	617	12,238	(11,621)
Lease Effect	(7,267)	(8,140)	873
AVP (Adjustment to Present Value) - Clients and Suppliers	(604)	4,770	(5,374)
Working Capital Capex	22,434	10,659	11,775
Accounts receivable from clients	105,141	94,829	10,312
Inventories	(72,009)	(71,346)	(663)
Accounts payable to suppliers	25,037	35,984	(10,947)
Others	(35,735)	(48,808)	13,073
CapEx	(9,020)	(4,948)	(4,072)
Free Cash Flow	20,477	25,962	(5,485)

Net Cash

The Company ended 1Q21 with cash of R\$ 366.2 million, and net cash of R\$ 283.1 million.

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

Net Cash - R\$ Thousand	1Q21	4Q20	1Q20
Cash and Cash Equivalents	360,945	467,842	485,318
Interest-earning bank deposits - long term	5,214	5,194	5,105
Loans and financing - short term	(83,076)	(207,967)	(120,119)
Net Cash	283,083	265,069	370,304

Return on Invested Capital - ROIC

In 1Q21, the return on invested capital was 16.3%, 90 b.p. below 4Q20 and 80 b.p. above 1Q20, with an impact resulting the reduction in operating income despite the control of invested capital with a decrease by 6.6%.

Return on Invested Capital (ROIC) - R\$ Thousands	1Q21	4Q20	VAR. 1Q21 4Q20	1Q20	VAR. 1Q21 1Q20
EBITDA	172,938	170,005	1.7%	219,004	-21.0%
(-) Depretiation and Amortization	(87,391)	(88,831)	-1.6%	(89,687)	-2.6%
(+) Amortization - Right of use properties ¹	290	447	-35.1%	2,158	-86.6%
(+) Financial Results - APV ²	2,656	8,030	-66.9%	15,908	-83.3%
(+) IR&CS - Effective rate ³	69,631	78,352	-11.1%	12,355	463.6%
Operating Income	158,124	168,003	-5.9%	159,738	-1.0%
Fixed Assets	435,140	436,785	-0.4%	461,311	-5.7%
Accumulated amortization - Right of use properties	55,170	55,068	0.2%	54,677	0.9%
Working capital	477,843	486,906	-1.9%	520,590	-8.2%
Average Invested Capital*	968,153	978,759	-1.1%	1,036,578	-6.6%
ROIC	16.3%	17.2%	-90 b.p.	15.5%	80 b.p.

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

(*) Average for the last 12 months.

Shareholders Remuneration

In 1Q21 no earnings were deliberated.

Buyback Program

No share buyback was made during the first quarter of 2021.

Subsequent Events

After March 31, 2021, the Company obtained a new loan in the amount of R\$ 100,000,000 with an average rate of CDI + 1.98% p.y., term of 720 days, payment of semiannual interest and principal at the end of the contract, to strengthen the Company's liquidity, strategic projects and the share buyback program.

On April 26, 2021, the Company published a Material Fact celebrating an Association Agreement with Grupo Soma. Hering and Grupo Soma estimate that the Transaction will be transformational regarding the consolidation of a brand platform in the fashion retail market, expanding its total addressable market, connecting different audiences and opening up a new space and growth avenue given the highly complementary portfolio. The Transaction offers relevant opportunities for generating value by capturing operational synergies between the parties, especially with regard to revenue and gross margin growth, as well as through greater efficiency in expenses and investments.

Financial Statements



Balance Sheet

ASSETS - R\$ Thousand	03/31/2021	12/31/2020
Current assets	1,303,275	1,429,280
Cash and cash equivalents	360,945	467,842
Trade accounts receivable	325,143	431,802
Inventories	444,705	373,266
Recoverable taxes	155,947	140,224
Other accounts receivable	11,588	12,092
Derivative Financial Instruments	1,521	-
Prepaid expenses	3,426	4,054
Noncurrent assets	924,229	911,325
Long-term receivables	475,275	451,579
Interest-earning banc deposits	5,214	5,194
Notes accounts receivable	30,976	30,072
Accounts receivable	1,986	3,589
Recoverable taxes	368,896	346,261
Deferred income and social contribution taxes	68,203	66,463
Right of use	85,650	89,506
Property, plant and equipment	264,628	271,383
Intangible assets	98,676	98,857
TOTAL ASSETS	2,227,504	2,340,605

LIABILITIES AND SHREHOLDER'S EQUITY - R\$ Thousand	03/31/2021	12/31/2020
Current liabilities	500,907	634,068
Borrowing and financing	83,076	207,967
Trade payables	284,738	259,701
Payroll and related taxes	39,638	35,572
Taxes and social security contributions payable	7,738	29,639
Provisions for contingencies and other provision	36,257	50,651
Interest on equity and dividends payable	17,476	17,614
Leases	22,013	22,753
Other liabilities	9,971	9,508
Other liabilities	-	663
Noncurrent liabilities	82,789	84,239
Provisions for contingencies and other provision	18,108	13,890
Employee benefits	6,273	6,116
Leases	56,577	60,706
Other liabilities	1,831	3,527
Shareholder's equity	1,643,808	1,622,298
Capital	381,166	381,166
Capital reserve	49,303	47,542
Treasury shares	(66,968)	(66,968)
Earnings reserve	1,254,687	1,254,687
Valuation adjustments to equity	5,813	5,871
Retained earnings	19,807	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	2,227,504	2,340,605

Income Statements

R\$ Thousand	1Q21	1Q20	VAR. 1Q21 1Q20
Revenues	333,369	323,645	3.0%
Domestic Market	325,020	316,562	2.7%
Foreign Market	8,349	7,083	17.9%
Sales Deduction	(48,288)	(51,533)	-6.3%
Net Revenue	285,081	272,112	4.8%
Cost of Goods Sold	(175,104)	(162,753)	7.6%
Gross Profit	109,977	109,359	0.6%
Operating Expenses	(116,668)	(120,424)	-3.1%
Selling Expenses	(80,362)	(74,247)	8.2%
Loss due to non-recoverability of assets	(3,121)	(8,939)	-65.1%
Management Remuneration	(2,291)	(2,418)	-5.3%
Administrative and General Expenses	(13,272)	(11,558)	14.8%
Depreciation and Amortization	(21,008)	(22,448)	-6.4%
(-) Allocated to Cost	7,378	8,805	-16.2%
Other operating income/expenses	(3,992)	(9,619)	-58.5%
Operating income before financial result	(6,691)	(11,065)	-39.5%
Financial income	40,559	24,196	67.6%
Financial expenses	(15,845)	(18,544)	-14.6%
Total financial income	24,714	5,652	337.3%
Operating income before interest in subsidiaries	18,023	(5,413)	-433.0%
Income and social contribution taxes - current	-	-	-
Income and social contribution taxes - deferred	1,735	10,456	-83.4%
Net income for the period	19,758	5,043	291.8%
Controlling shareholders	19,758	5,043	291.8%
Basic earnings per share - R\$			
Controlling shareholders	0.1238	0.0311	298.2%
EBITDA	14,317	11,383	25.8%

Cash Flow

R\$ Thousand	1Q21	1Q20
Cash flow from operating activities		
Net income for the period	19,758	5,043
Deferred taxes	(1,735)	(10,456)
Monetary variation, foreign exchange, unrealized interest and discounts on leases	4,535	1,290
Depreciation and amortization	21,008	22,448
Write-off of fixed assets	1,955	(4)
Loss by reduction of recoverable amount from accounts receivable	3,121	8,939
Stock option plan	1,761	1,374
(Reversal) net of formation of provision for adjustment to the realizable value of inventory	570	(26)
(Reversal) net of formation of provisions for contingencies	4,806	1,806
Employee Benefits	157	149
Provision for write-off of fixed assets	(2,208)	-
ICMS credit Pis and Cofins base	(38,491)	-
Assets and liabilities variation		
Trade accounts receivable	105,141	94,829
Inventories	(72,009)	(71,346)
Recoverable taxes	(14,036)	(4,163)
Other accounts receivable	(1,293)	(14,096)
Accounts payable to suppliers	25,037	35,984
Accounts payable and provisions	(14,493)	(11,003)
IRPJ and CSLL payment	(226)	(129)
Tax obligations	(5,687)	(19,417)
Interest paid on loans and leasing	(1,303)	(1,171)
Interest paid on loans and leasing	(8,123)	-
Cash provided by operating activities	28,245	40,051
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,731)	(3,033)
Purchase of intangible	(4,931)	(1,915)
Purchase of rights use assets	(2,358)	-
Cash used in investing activities	(9,020)	(4,948)
Cash flows from financing activities		
Interest-earning bank deposits	(20)	(41)
Interest on equity and dividends	(138)	(9)
Acquisition of treasury shares	-	(27,602)
Lease payments	(5,964)	(6,957)
Loans taken	-	120,000
Loans payments	(120,000)	-
Cash used in financing activities	(126,122)	85,391
Increase (decrease) in cash and cash equivalents	(106,897)	120,494
Increase (decrease) in cash and cash equivalents	(106,897)	120,494
At beginning of period	467,842	364,824
At end of period	360,945	485,318



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CAPITAL MARKETS 03/31/2021

HGTX3 R\$ 16.09 per share

MARKET CAP R\$ 2.7 billion

CONFERENCE CALL

05/13/2021 – 1:00pm (BR) | 12:00pm (NY) | 5:00pm (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

[Access to the Webcast in English](#)

INVESTOR RELATIONS

Thiago Hering - CEO

Rafael Bossolani - CFO and IRO

Kenny Damazio

Gabriela Oliveira

Mayra Silva

Melissa Dupas

+55 (11) 3371-4867

PRESS RELATIONS

Marina Ricciardi

marina.ricciardi@ciahering.com.br

+55 (11) 97375-9687