



Viana, August 02, 2021 – Fertilizantes Heringer (FHER3) – Under Court-supervised Reorganization – announces today its results for the second quarter of 2021 – **Conference on August 03, 2021**

Investor Relations

Phone: +55 (19) 3322-2294
ri@heringer.com.br
www.heringer.com.br/ri

Conference in Portuguese

11:00 a.m. BR (10:00 a.m. U.S. ET)

 **PARTICIPANTS:**
[Click here](#)

Conference in English

(SIMULTANEOUS TRANSLATION)

11:00 a.m. BR (10:00 a.m. U.S. ET)

 **PARTICIPANTS:**
[Click here](#)

HIGHLIGHTS:

EBITDA in 2Q21 and 1H21 was much higher than in the same periods in 2020;

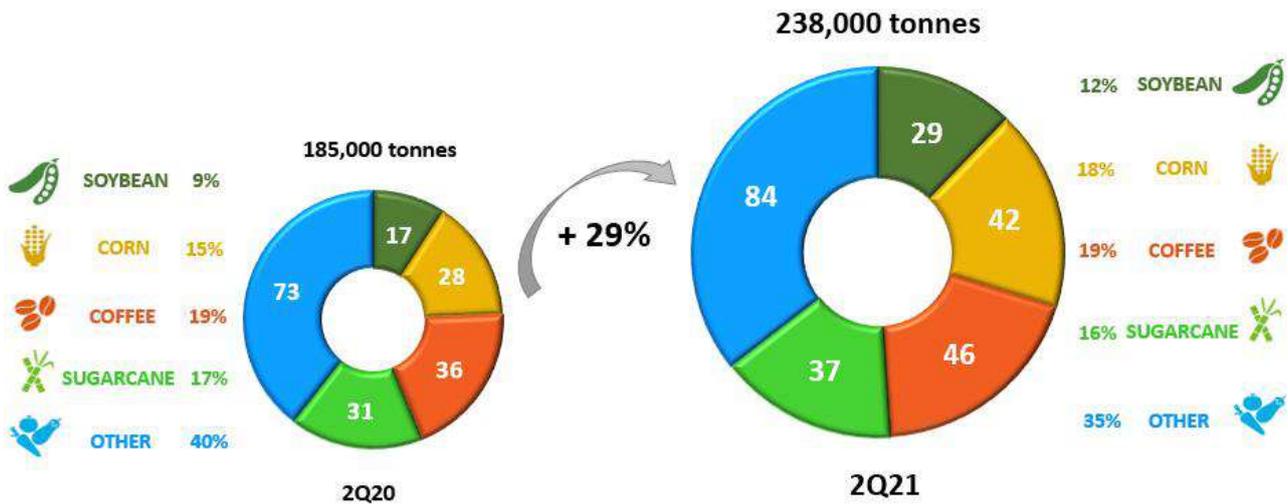
Improved Gross and EBITDA margins ever recorded for a second quarter and first half;

Positive net result in 2Q21 and 1H21.

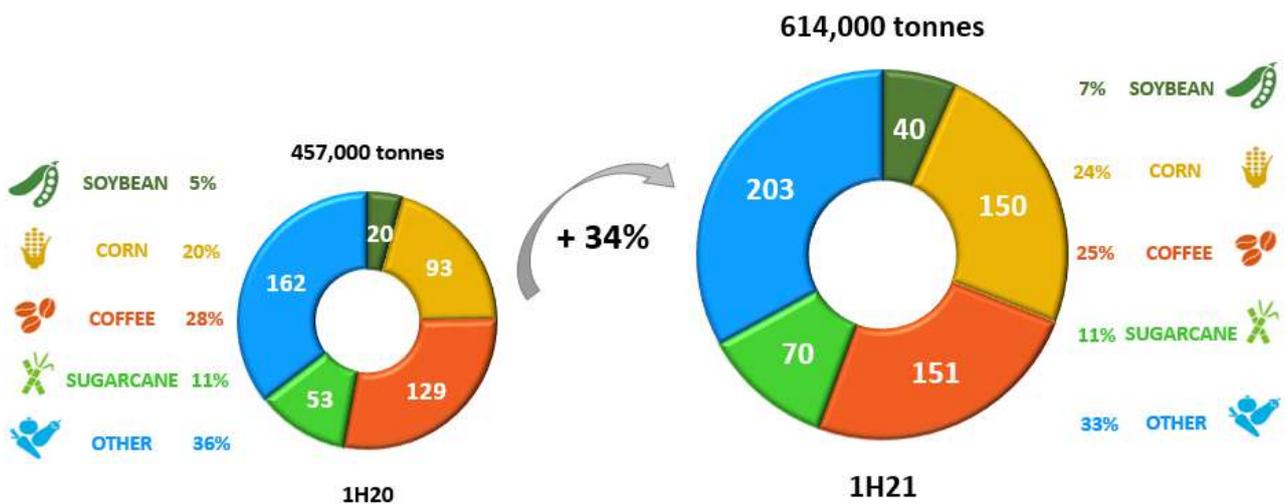


QUARTERLY DELIVERIES – VOLUME AND CROPS

Significant increase in the volume delivered in 2Q21 over 2Q20, maintaining sales diversity by crops. In both periods, deliveries were concentrated mainly in other crops (nearly 50 crops).



Delivered volume in 1H21 was higher than in 1H20, confirming the Company’s resumption process. In both periods, deliveries were concentrated mainly in other crops, followed by coffee and corn crops.





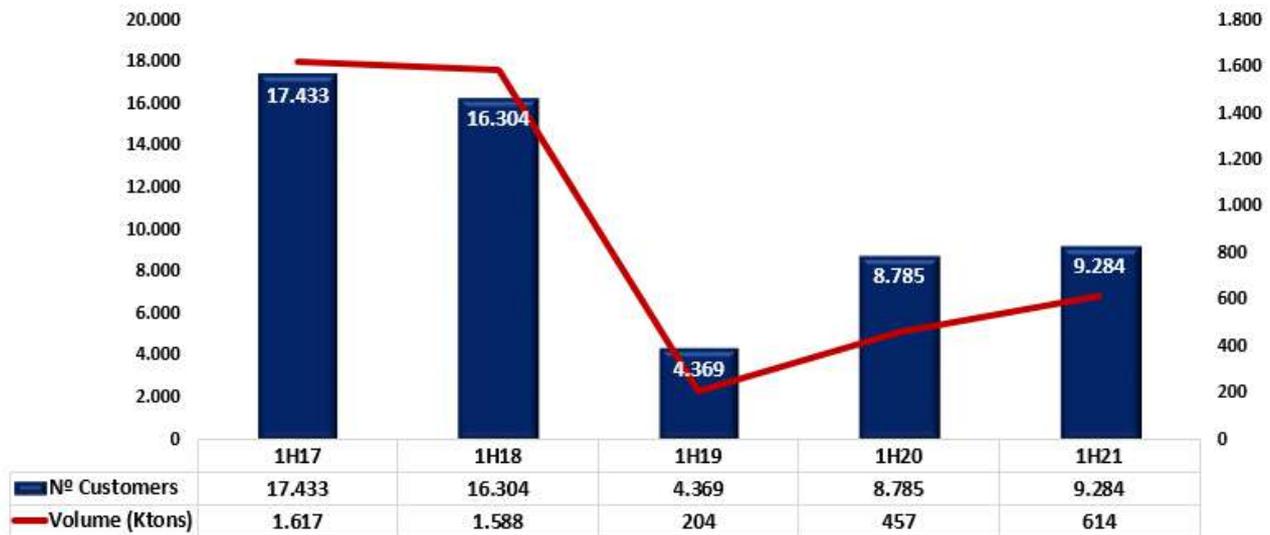
MIX OF DELIVERED PRODUCTS

The sales volume of specialty products has been growing consistently, corresponding to 49% of our accumulated year-to-date mix of delivered products (in 2Q21, these products surpassed the conventional ones, corresponding to 52% of total deliveries in the quarter). It is worth noting that Heringer's specialty products are fertilizers that, in most part, are produced exclusively by the Company and offer higher agronomic advantages compared to market standards. The Company has one of the largest specialty fertilizer portfolios in the market and its products can potentially be used in all crops. This product line was developed to meet the nutritional needs of crops, aiming at increasing productivity, improving the product quality, and providing greater financial returns to farmers and the Company.



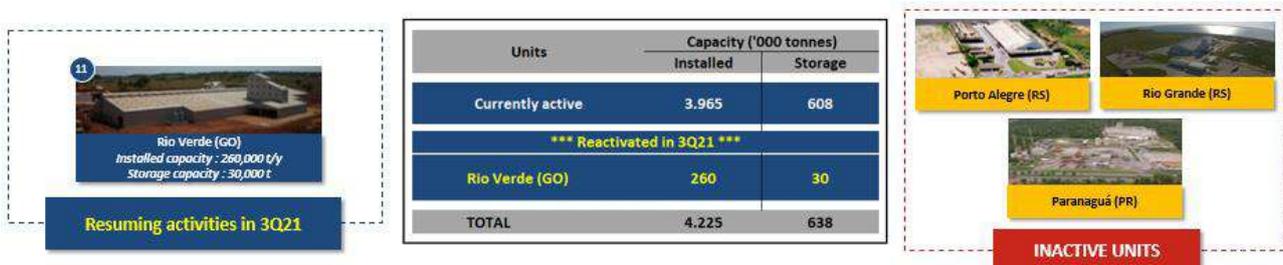
DELIVERED VOLUME / NUMBER OF CUSTOMERS

Important recovery in volumes and number of customers as a result of the Company's restructuring process.



ACTIVE UNITS – INDUSTRIAL OPERATIONS

The Company currently has ten active units, one unit with operations to be resumed in 3Q21 and three other units that are still inactive, totaling 14 units.





2Q21 PROFIT AND LOSS STATEMENT (R\$ THOUSAND)

(R\$ thousand)	2Q21	% of NR	2Q20	% of NR	Δ % 2021/2020
Volume	237.769		184.495		28,9%
Net Revenue	568.622	100,0%	293.833	100,0%	93,5%
COGS	(462.731)	-81,4%	(252.445)	-85,9%	83,3%
Gross Profit	105.891	18,6%	41.388	14,1%	155,8%
Freight and Commissions	(13.371)	-2,4%	(9.197)	-3,1%	45,4%
SG&A	(28.114)	-4,9%	(25.114)	-8,5%	11,9%
Other operating revenue, net	34.687	6,1%	2.762	0,9%	1155,9%
EBITDA	105.869	18,6%	16.803	5,7%	530,1%
Net financial result	88.910	15,6%	(43.634)	-14,8%	303,8%
Net Result	144.729	25,5%	(47.102)	-16,0%	407,3%

- **Net Revenue:** Significant growth of more than 90%, impacted by increased volume delivered and better sales prices arising from the increase in market value of inputs and the margin recomposition.
- **Gross Profit:** The highest gross margin ever recorded in a first semester. The significant increase compared to the same period in 2020 was due to the transfer of higher input costs, associated with our focus on business opportunities that offer better profitability.
- **Freight and Commissions / SG&A:** Our effective gain in productivity was due to the decrease in variable expenses (freight and commissions) in relation to sales, and fixed expenses (SG&A) increased by less than half of the increase in sales volume.
- **Other:** It substantially includes the result of the sale of the Uberaba-MG Unit (R\$31 million).
- **EBITDA:** The best EBITDA and EBITDA Margin ever achieved by the Company in a second quarter, much higher when compared to 2Q20.
- **Net Financial Result:** Positive due to the appreciation of the Real in the period, generating unrealized exchange rate gains on the Judicial Reorganization's inscribed liabilities.
- **Net Result:** Positive by R\$144.7 million, much higher than in 2Q20, impacted by the excellent profitability performance and gains from foreign exchange rate in the quarter.



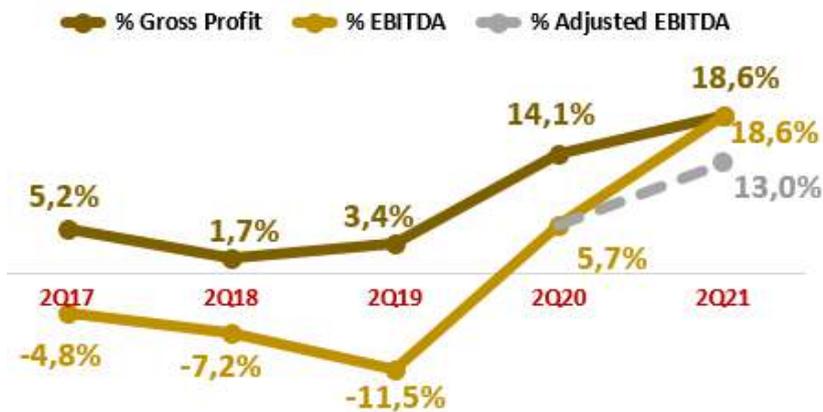
1H21 PROFIT AND LOSS STATEMENT (R\$ THOUSAND)

(R\$ thousand)	1H21	% of NR	1H20	% of NR	Δ % 2021/2020
Volume	614.319		457.137		34,4%
Net Revenue	1.309.915	100,0%	680.902	100,0%	92,4%
COGS	(1.054.632)	-80,5%	(604.902)	-88,8%	74,3%
Gross Profit	255.283	19,5%	76.000	11,2%	235,9%
Freight and Commissions	(32.379)	-2,5%	(22.843)	-3,4%	41,7%
SG&A	(62.006)	-4,7%	(49.236)	-7,2%	25,9%
Other operating revenue, net	35.283	2,7%	2.229	0,3%	1482,9%
EBITDA	209.666	16,0%	20.228	3,0%	936,5%
Net Financial Result	(17.777)	-1,4%	(275.987)	-40,5%	-93,6%
Net Result	137.272	10,5%	(252.095)	-37,0%	154,5%

- **Net Revenue:** Just as in 2Q21, in 1H21 was also significantly impacted by increased volume delivered and better sales prices arising from the increase in market value of inputs and the margin recomposition.
- **Gross Profit:** Better gross margin ever recorded for a first six months period. A substantial increase compared to the same period of last year, mainly due to an increase in net revenue from sales in the period.
- **Freight and Commissions / SG&A:** Our effective gain in productivity was due to the decrease in variable expenses (freight and commissions) in relation to sales, and fixed expenses (SG&A) increased by less than half of the increase in sales volume despite the increase in non-recurring expenses with the reopening of two units that were inactive.
- **Other:** During the period, we sold the Uberaba-MG Unit, generating sales revenue of approximately R\$31 million.
- **EBITDA:** The best EBITDA Margin ever achieved by the Company in a first six months period, much higher when compared to 1H20.
- **Net Financial Result:** Low level of short-term financial debt resulting in lower interests in the period, as well as a low exchange rate variation at the end of the first six months compared to December 31, 2020.
- **Net Result:** Significant improvement in the Company's overall performance, with a net income above 10% of net revenue and an expressive reversal in relation to 1H20.



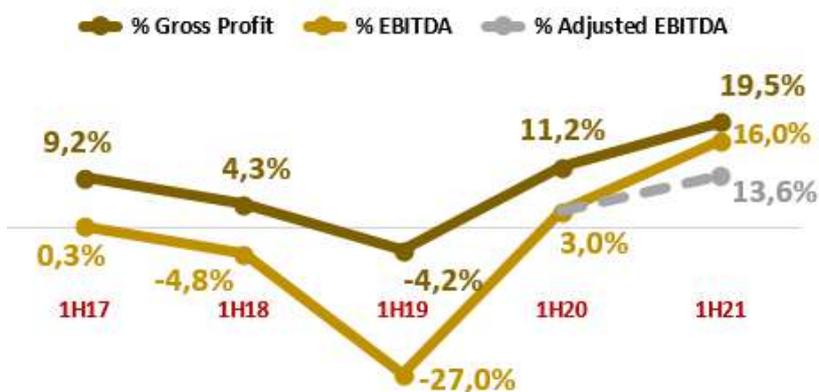
OPERATING RESULTS *



* Percentage of net revenue

(R\$ thousand)	2Q17	2Q18	2Q19	2Q20	2Q21
Net Revenue	813.771	885.245	190.495	293.833	568.622
Gross Profit	42.283	15.202	6.511	41.388	105.891
EBITDA	-38.885	-63.913	-26.228	16.803	104.412
Adjusted EBITDA	-38.885	-63.913	-26.228	16.803	74.184

In this period, we reported the best Gross and EBITDA margins ever recorded for a second quarter and first six months. Adjusted EBITDA in 2Q21 and 1H21 excludes the gains from the sale of the Uberaba-MG Unit (approximately R\$31 million).



* Percentage of net revenue



(R\$ thousand)	1H17	1H18	1H19	1H20	1H21
Net Revenue	1.820.098	1.926.605	325.881	680.902	1.309.915
Gross Profit	167.783	82.635	-13.702	76.000	255.283
EBITDA	5.905	-91.966	-87.867	20.228	209.666
Adjusted EBITDA	5.905	-91.966	-87.867	20.228	177.981

FINANCIAL RESULT

	2Q21	% of NR	2Q20	% of NR	Δ % 2021/2020
EBITDA	105.869	18,6%	16.803	5,7%	530,1%
Financial Expenses	88.910	15,6%	(43.634)	-14,8%	303,8%
Exchange Rate Variation, net (unrealized)	106.368	18,7%	(11.991)	-4,1%	987,0%
Interest on Judicial Reorganization Liabilities	(19.328)	-3,4%	(32.918)	-11,2%	-41,3%
Loans and financing	(3.387)	-0,6%	(5.925)	-2,0%	-42,8%
Other Net Financial Liabilities	5.257	0,9%	7.201	2,5%	-27,0%
Adjustments to Present Value (AVP)	3.589	0,6%	2.527	0,9%	42,0%
Monetary Variation	1.569	0,3%	7.778	2,6%	-79,8%
Other Expenses / Revenues	99	0,0%	(3.105)	-1,1%	103,2%
Net Result	144.729	25,5%	(47.102)	-16,0%	407,3%

	1H21	% of NR	1H20	% of NR	Δ % 2021/2020
EBITDA	209.666	16,0%	20.228	3,0%	936,5%
Financial Expenses	(17.777)	-1,4%	(275.987)	-40,5%	-93,6%
Exchange Rate Variation, net (unrealized)	21.237	1,6%	(217.429)	-31,9%	109,8%
Interest on Judicial Reorganization Liabilities	(39.094)	-3,0%	(53.104)	-7,8%	-26,4%
Loans and financing	(8.355)	-0,6%	(17.073)	-2,5%	-51,1%
Other Net Financial Liabilities	8.435	0,6%	11.619	1,7%	-27,4%
Adjustments to Present Value (AVP)	7.399	0,6%	6.458	0,9%	14,6%
Monetary Variation	1.702	0,1%	9.217	1,4%	-81,5%
Other Expenses / Revenues	(665)	-0,1%	(4.055)	-0,6%	-83,6%
Net Result	137.272	10,5%	(252.095)	-37,0%	154,5%

Excluding the impact from unrealized exchange variation, the financial result fell significantly due to a lower financial debt, year to date.



(R\$ thousand)	Year 2020	%	Last 12 Months Results*	%	Year 2020 x Last 12 Months (%)
Net Revenue	2,214,192	100.0%	2,843,205	100.0%	28.4%
Gross Profit	317,900	14.4%	497,183	17.5%	56.4%
EBITDA	182,507	8.2%	371,945	13.1%	103.8%
Net Result	-199,183	-9.0%	190,183	6.7%	195.5%

* Result of the last 12 months: sum of 2H20 plus 1H21.

The results for the last 12 months in 2021 compared to 2020 illustrate the best EBITDA and Net Income results ever achieved by the Company in its history.

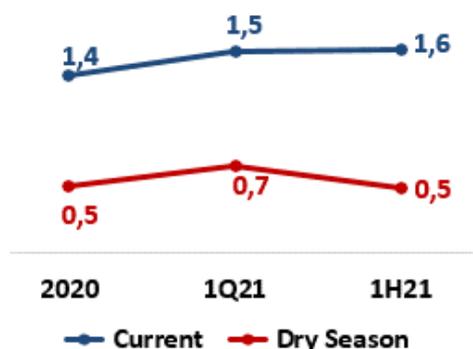
BALANCE SHEET – (R\$ THOUSAND)

ASSETS				LIABILITIES AND EQUITY			
	2Q21	1Q21	2020		2Q21	1Q21	2020
Current				Current			
Cash and cash equivalents	27.804	52.981	39.970	Suppliers	347.103	354.841	317.836
Trade receivables	184.192	203.155	186.650	Loans and financing	189.643	60.687	267.536
Inventories	723.002	466.951	587.931	Accounts payable - Court-Supervised Reorganization	1.779	1.564	8.353
Taxes recoverable	29.106	29.902	32.515	Other liabilities	143.501	116.990	98.729
Other assets	97.802	70.825	89.851				
	1.061.906	823.814	936.917		682.026	534.082	692.454
Non-current				Non-current			
Taxes recoverable	393.015	403.533	402.769	Suppliers	30.067	12.672	12.672
Other assets	48.303	47.230	45.969	Deferred taxes	257.634	255.657	258.065
Property, Plant and Equipment and Intangible Assets	446.018	428.455	425.258	Other liabilities	54.627	53.237	75.153
	887.336	879.218	873.996	Accounts payable - Court-Supervised Reorganization	935.735	1.002.959	920.688
					1.278.063	1.324.525	1.266.578
				Equity	-10.847	-155.575	-148.119
Total ASSETS	1.949.242	1.703.032	1.810.913	Total LIABILITIES and EQUITY	1.949.242	1.703.032	1.810.913

It is worth mentioning that the Company's cash is properly matched with its operating needs, aiming to cover its short-term obligations. Inventories increased in 2Q21, consequently increasing loans and financing for this acquisition given the projected increase in deliveries for 3Q21.



Liquidity Ratios



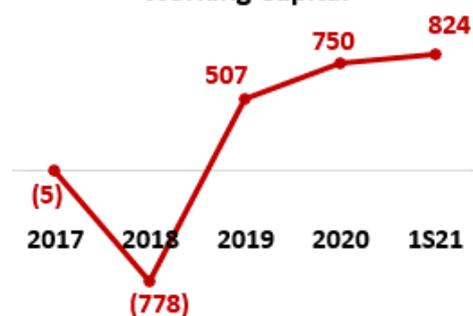
WORKING CAPITAL

The Company's Working Capital needs increased due to the growth in sales and higher input costs in recent quarters. However, the Company's growing profitability has helped minimize its working capital needs. The Company's cash generation in recent quarters is enough to cover its own working capital needs, as well as future payments approved for the Judicial Reorganization process.

ACCOUNT	2017	2018	2019	2020	1H21
Inventories	770.025	293.422	344.761	587.931	723.002
receivable	437.688	157.669	172.293	186.650	184.192
Accounts payable	1.212.270	1.228.879	9.874*	24.276*	82.798*
Working Capital	-4.557	-777.788	507.180	750.305	824.396

* Accounts payable in 2019, 2020 and 1H21 according to balance sheet data, minus fiduciary sales with two suppliers.

Working Capital





CASH FLOW

At the end of 2Q21, Heringer's cash and cash equivalents totaled R\$27.8 million. See below the main items that make up the variation in comparison with the previous period:

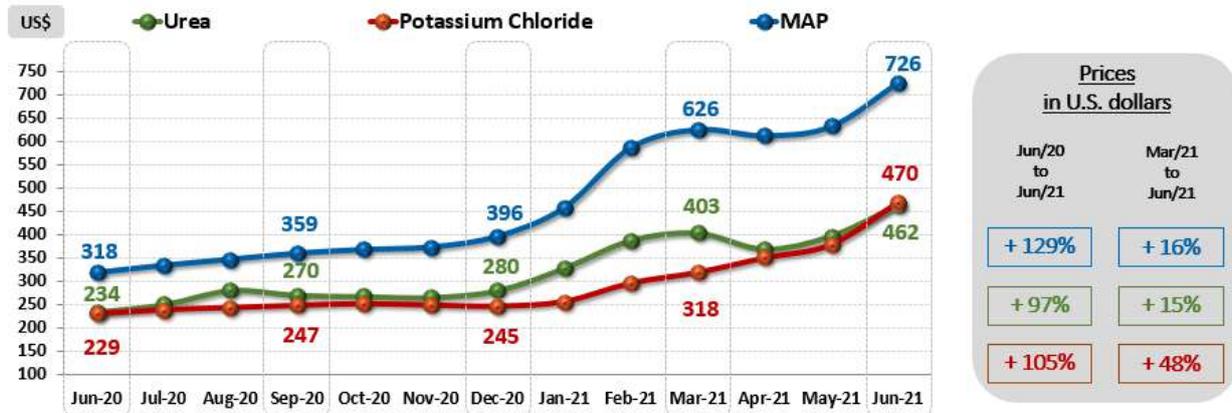
- Positive result before income and social contribution taxes of R\$188.0 million;
- Non-cash expenses of R\$129.8 million, mainly comprising interest and unrealized exchange gains;
- Increase of R\$234.6 million in asset accounts, especially in inventory;
- Increase of R\$49.0 million in liability accounts, mainly composed of suppliers;
- Net investment of R\$30.3 million;
- Positive net cash flow from financing activities in the amount of R\$132.5 million.

	1Q21	2Q21	1H21
Result before Income Tax and Social Contribution	(9.597)	188.003	178.404
Non-cash expenses (income)	118.857	(129.788)	(10.931)
Result after non-cash effects	109.260	58.215	167.473
Decrease/(increase) in assets	125.133	(234.602)	(109.467)
(Decrease)/increase in liabilities	7.262	49.023	56.284
Cash flow from operating activities	241.654	(127.363)	114.289
Cash flow from investing activities	(10.052)	(30.285)	(40.337)
Free cash flow	231.602	(157.648)	73.952
Cash flow from financing activities	(218.591)	132.473	(86.118)
	13.011	(25.176)	(12.166)
Cash			
Cash at the beginning of the period	39.970	52.981	39.970
Cash at the end of the period	52.981	27.804	27.804
Changes in cash in the period	13.011	(25.177)	(12.166)

In 2Q21, we balanced our leverage for inventory formation by using our operating cash flow and raising funds in the financial market, aiming to meet the increase in demand projected for 2H21.



IMPORTED RAW MATERIAL PRICE PERFORMANCE

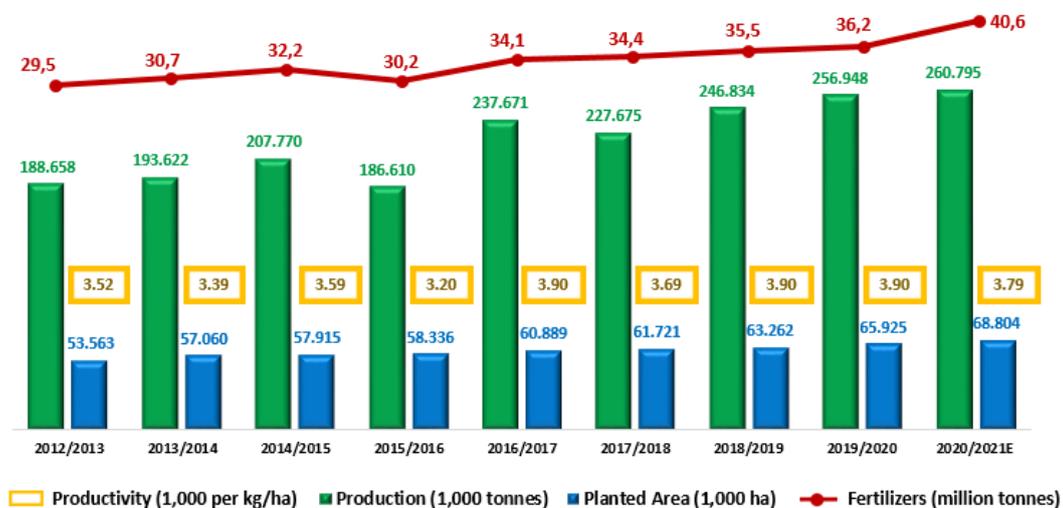


Source: SIACESP/FOB Brasil

Continuous increase in raw material prices in the NPK chain, mainly due to demand in the main agricultural producing markets, backed by good price levels for main agricultural commodities.

GRAIN PRODUCTION AND PLANTED AREA

We estimate a volume of 260.8 million tonnes for the current 2020/21 harvest. The delay in planting the first crops, along with irregular weather conditions, negatively impacted the productive potential for second crops, particularly corn, resulting in significant changes in productivity. Final grain production data still depends on the results from the second crop and cotton harvest still in progress, as well as third crops (beans and corn), in addition to winter crops, which are in the final planting stages. Despite this lower production expectation, farmers are being compensated by excellent grain prices.



Grain: Corn, soybean, rice, beans, sorghum, castor bean, cotton, sunflower, barley, rye, canola, oat, peanut, wheat and triticale.
Total Brazil (all crops) Source: 10th CONAB survey for the 2020/2021 harvest - July 2021



APPENDIX I – BALANCE SHEET

(in thousands of reais)

ASSETS	jun/21	dez/20	LIABILITIES AND DEFICIT EQUITY	jun/21	dez/20
Current			Current		
Cash and cash equivalents	27.804	39.970	Suppliers	347.103	317.836
Trade receivables	184.192	186.650	Accounts payable - Court-Supervised Reorganization	1.779	8.353
Inventories	723.002	587.931	Loans and financing	189.643	267.536
Taxes recoverable	29.106	32.515	Other liabilities	143.501	98.729
Other receivables	97.802	89.851		682.026	692.454
	1.061.906	936.917			
Non-current			Non-current		
Taxes recoverable	393.015	402.769	Deferred taxes	257.634	258.065
Other receivables	48.303	45.969	Other liabilities	84.694	87.825
Long-Term Receivables	441.318	448.738	Accounts payable - Court-Supervised Reorganization	935.735	920.688
				1.278.063	1.266.578
Property, Plant and Equipment and Intangible Assets	446.018	425.258	Total LIABILITIES	1.960.089	1.959.032
			Deficit Equity		
	887.336	873.996	Share Capital	585.518	585.518
			Equity valuation adjustments	38.096	38.393
			Accumulated Losses	-634.461	-772.030
				-10.847	-148.119
Total ASSETS	1.949.242	1.810.913	TOTAL LIABILITIES AND EQUITY (DEFICIT EQUITY)	1.949.242	1.810.913



APPENDIX II – 2Q21 STATEMENT OF PROFIT AND LOSS

(in thousands of Reais)					
	2Q21	% of NR	2Q20	% of NR	2020 vs. 2021
Gross Sales Revenue	577.160		299.268		92,9%
Taxes and other sale deductions	(8.538)		(5.435)		57,1%
Net Sales Revenues	568.622	100,0%	293.833	100,0%	93,5%
Cost of goods sold	(462.731)	-81,4%	(252.445)	-85,9%	83,3%
Gross Profit	105.891	18,6%	41.388	14,1%	155,8%
Operating Expenses	(6.798)	-1,2%	(31.550)	-10,7%	-78,5%
Selling expenses	(24.383)	-4,3%	(16.736)	-5,7%	45,7%
General and administrative expenses	(17.102)	-3,0%	(17.576)	-6,0%	-2,7%
Other operating revenue, net	34.687	6,1%	2.762	0,9%	n.m.
Operating Profit (Loss)	99.093	17,4%	9.838	3,3%	907,2%
Net Financial Result	88.910	15,6%	(43.634)	-14,8%	303,8%
Financial revenue	7.813	1,4%	27.052	9,2%	-71,1%
Financial expenses	(25.271)	-4,4%	(58.695)	-20,0%	-56,9%
Exchange rate variation, net	106.368	18,7%	(11.991)	-4,1%	987,1%
Profit (loss) before Income Tax and Social Contribution	188.003	33,1%	(33.796)	-11,5%	656,3%
Income Tax and Social Contribution	(43.274)	-7,6%	(13.306)	-4,5%	225,2%
Current	(41.297)	-7,3%	-	0,0%	0,0%
Deferred	(1.977)	-0,3%	(13.306)	-4,5%	-85,1%
Net Result for the Period	144.729	25,5%	(47.102)	-16,0%	407,3%
EBITDA	105.869	18,6%	16.803	5,7%	530,1%
Loss before financial result and taxes	99.093	17,4%	9.838	3,3%	907,2%
Depreciation and amortization	6.776	1,2%	6.965	2,4%	-2,7%



APPENDIX III – 1H21 STATEMENT OF PROFIT AND LOSS

(in thousands of Reais)

	1H21	% of NR	1H20	% of NR	2020 x 2021
Gross Sales Revenue	1.326.153		691.659		91,7%
Taxes and other sale deductions	(16.238)		(10.757)		51,0%
Net Sales Revenues	1.309.915	100,0%	680.902	100,0%	92,4%
Cost of goods sold	(1.054.632)	-80,5%	(604.902)	-88,8%	74,3%
Gross Profit	255.283	19,5%	76.000	11,2%	235,9%
Operating Expenses	(59.102)	-4,5%	(69.850)	-10,3%	-15,4%
Selling expenses	(50.844)	-3,9%	(36.808)	-5,4%	38,1%
General and administrative expenses	(43.541)	-3,3%	(35.271)	-5,2%	23,4%
Other operating revenue, net	35.283	2,7%	2.229	0,3%	n.m.
Operating Profit (Loss)	196.181	15,0%	6.150	0,9%	3089,9%
Net Financial Result	(17.777)	-1,4%	(275.987)	-40,5%	-93,6%
Financial revenue	15.049	1,1%	34.985	5,1%	-57,0%
Financial expenses	(54.063)	-4,1%	(93.543)	-13,7%	-42,2%
Exchange rate variation, net	21.237	1,6%	(217.429)	-31,9%	109,8%
Profit (loss) before Income Tax and Social Contribution	178.404	13,6%	(269.837)	-39,6%	166,1%
Income Tax and Social Contribution	(41.132)	-3,1%	17.742	2,6%	-331,8%
Current	(41.563)	-3,2%	-	0,0%	0,0%
Deferred	431	0,0%	17.742	2,6%	-97,6%
Net Result for the Period	137.272	10,5%	(252.095)	-37,0%	154,5%
EBITDA	209.666	16,0%	20.228	3,0%	936,5%
Loss before financial result and taxes	196.181	15,0%	6.150	0,9%	3089,9%
Depreciation and amortization	13.485	1,0%	14.078	2,1%	-4,2%



EBITDA (earnings before interest, tax, depreciation and amortization) is presented as additional information, given our belief that it is an important indicator of our operating performance, as well as useful for comparing our performance with that of other companies in the sector. However, no single figure should be considered a substitute for net income calculated in accordance with the Brazilian corporate law (BR GAAP), or even as a measure of Heringer's profitability. Moreover, our calculations may not be comparable with similar measures adopted by other companies in the sector.

We make forward-looking statements that are subject to risks and uncertainties. Such forward-looking statements are based on the beliefs and assumptions of Heringer's Management and information to which the Company currently has access. Statements about future events include information about our intentions, beliefs or current expectations, as well as those of the members of the Heringer's Board of Directors and Officers.

The reservations related to forward-looking statements also include information on possible or presumed operating results, as well as any statements preceded, followed or including words such as "believe", "may", "will", "continue", "expect", "foresee", "intend", "plan", "estimate" or similar expressions.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions, as they refer to future events, thus depending on circumstances that may or may not occur. Future results and value creation for shareholders may differ significantly from those expressed or implied in these forward-looking statements. Many factors that may determine these results and figures are beyond Heringer's control or ability to predict.