

**LOCAWEB INTERNET SERVICES S.A.**

Publicly Held Company

CNPJ/ME 02.351.877/0001-52

NIRE 35.300.349.482

**MATERIAL FACT**

São Paulo, October 05<sup>th</sup>, 2021 - **Locaweb Serviços de Internet S.A.** ("Company") pursuant to the Resolution of the Brazilian Securities and Exchange Commission of Brazil ("CVM") nº 44, of August 23, 2021, and the provisions of Paragraph 4 of article 157 of Law No. 6.404, of December 15, 1976, as amended ("Corporation Law"), hereby informs the market that, on the date hereof, it was signed a Sale and Purchase of Quotas and Other Covenants Agreement between the Company and the quotaholders of **Squid Digital Media Channel Ltda.** ("Squid" and "Agreement", respectively), to regulate the acquisition of the totality of the capital stock of Squid, on a fully diluted basis, by the Company ("Transaction").

***About the Acquisition***

Founded in 2014 in the city of São Paulo, Squid is the most relevant company in the Creators Economy segment in Brazil, offering the best solutions and platforms to connect influencers and content creators to brands. The company was born believing in the importance of humanizing digital strategies and in the power of the voice of companies and people for the market.

By means of machine learning and a robust platform, Squid automates the entire identification, recruitment, management, and payment processes for digital influencers, bringing together a platform and a specialized team that helps brands and companies in all segments and sizes to give thrust to the result of their campaigns, this enhancing the sales conversion process.

Squid's background counts upon significant recognitions such as the passing through an Endeavor acceleration program (Scale-up) and was elected one of the most promising startups in Brazil in the "100 Startups to Watch" ranking.

With this transaction, Locaweb further consolidates its ecosystem for technological solutions, strengthening the social commerce / live commerce portfolio with powerful and immediate synergy with all Locaweb's clients.

Squid has been posting strong growth since its foundation. Currently, its base gathers over 100 thousand influencers that produced over 300 thousand content pieces in 2021, which, in turn, generated more than 700 million impacts. Squid's ARR (annual recurrent revenues) surpass R\$ 100 million, with a triple digit growth in 2021.

Following the Company's model in other acquisitions, Mr. Felipe Oliva and Mr. Carlos Tristan, the founding partners at Squid, will remain in the operation along with their team of employees.

### ***Transaction***

The closing price for the acquisition of all quotas of Squid, on a fully diluted basis, is approximately R\$176.5 million. The closing price is subject to certain adjustments of net debt and working capital, which are usual in this type of transaction.

Additionally, the sellers may be entitled to receive an earnout, depending on the achievement of certain financial targets calculated based on the net pass-through revenue of Squid, as defined in the Agreement. As a guarantee to the Company of certain indemnification obligations assumed by the sellers in the Agreement, a portion of the earnout to be paid based on the net pass-through revenue for fiscal year 2024 will be retained by the Company and may be subsequently released to the sellers, in accordance with the rules and procedures set forth in the Agreement.

On the date hereof, the acquisition of the totality of the quotas currently issued by Squid was completed. After the date hereof, in addition to compliance with certain post-closing obligations usual for this type of transaction, it may occur the conversion of a loan, whose lender is an individual, into new quotas to be issued by Squid, and all sellers, the above mentioned lender and the Company have agreed that these quotas will also be acquired by the Company after such conversion for the same aggregate amount and on the same terms of the acquisition carried out on this date, so that the Company will hold the totality of Squid's capital stock, on a fully diluted basis.

The Company informs that it is still evaluating with its advisors whether the acquisition About the Acquisition of Squid will be subject to the terms of Article 256 of the Corporation Law and, if it is the case, if the shareholders will have withdrawn rights. In case Article 256 of the Corporation Law applies, the Company will submit the Transaction to the general shareholders meeting for ratification, pursuant to the applicable law.

The Company will keep its shareholders and the market in general timely and adequately informed about the subsequent facts and the conclusion of such transactions, in accordance with the applicable law.

**Rafael Chamas Alves**

CFO and IRO