



GRUPO DE MODA SOMA S.A.

Avenida Pasteur, nº 154, Botafogo
CEP 22290-240, Rio de Janeiro, RJ
Corporate Taxpayer Number (CNPJ/ME) 10.285.590/0001-08
Enrollment with the Board of Trade (NIRE) No. 33.3.0031538-1
Listed Company with Authorized Capital Stock
Enrollment with the Brazilian Securities Commission No. 2501-1

MATERIAL FACT

Combination of Businesses of Cia. Hering and Grupo de Moda Soma S.A.

Grupo de Moda Soma S.A. ("SOMA" or "Company" B3: SOMA3), in compliance with the provisions of the Brazilian Securities Commission ("CVM") Rule No. 44/2021, and updating the information contained in the notice of material fact disclosed on August 11, 2021, hereby informs its shareholders and the market in general as follows, in connection with the business combination transaction between the Company and Cia. Hering ("Hering" and together with SOMA, "Companies"), pursuant to the notice of material fact disclosed on April 26, 2021 ("Transaction") and pursuant to the Association Agreement and Other Covenants entered into between the Companies on the same date and amended on July 2, 2021 ("Association Agreement").

Terms that are not defined in this notice of material fact shall have the meaning ascribed to them in the *Protocol and Justification of the Incorporation of Shares Issued by Hering into Cidade Maravilhosa Indústria e Comércio de Roupas S.A., followed by the Merger of Shares Issued by Cidade Maravilhosa Indústria e Comércio de Roupas S.A. into GMSH Participações S/A, followed by the Incorporation of GMSH Participações S/A into Grupo de Moda Soma S.A.* ("Protocol"), entered into between the Companies, Cidade Maravilhosa and NewCo on August 11, 2021.

1. Cut-off Date

The process of substitution of common shares issued by Hering for common shares and redeemable preferred shares issued by Cidade Maravilhosa is planned to occur on September 17, 2021 ("Cut-off Date"), taking into consideration the extraordinary general shareholders' meetings of Cidade Maravilhosa and of the Companies that will resolve on the Transaction, which will take place on September 14, 2021, and the consequent approval of the Transaction in such meetings.

Therefore, for purposes of the Transaction, shareholders of Hering ("Hering Shareholders") will be deemed to be the holders of shares issued by Hering at the close of the trading session on September 17, 2021, who will receive, at the end of the Transaction, for each common share issued by Hering that they own, the Final Value of the Portion in Cash and the Final Quantity of SOMA Shares.



The substitution of the shares issued by Hering will take place on September 20, 2021, after which the shares issued by Hering will no longer be traded and Hering Shareholders will only trade shares issued by SOMA under the ticker SOMA3 credited to them under the Transaction.

2. Tax Treatment

Resident Investors

The potential gains earned by Hering Shareholders who are resident in Brazil, including individuals and legal entities, investment funds and other entities, as a result of the Transaction, may be subject to the incidence of income tax and other taxes, according to the legal and regulatory rules applicable to each category of investor, and these investors must consult their advisors on the applicable taxation and be responsible for any payment of said tax.

Non-Resident Investors

As for Hering Shareholders non-resident in Brazil, in the cases and conditions described below, the Withholding Income Tax ("IRRF") will be withheld on any amounts of capital gains and yield, which will be deducted from the Final Value of the Portion in Cash, according to the legal and regulatory rules applicable to each investor, as described in item 2.2 below. The capital gain will correspond to the positive difference between (i) the issuance value of common and preferred shares of Cidade Maravilhosa delivered to each non-resident Hering Shareholder, pursuant to the Protocol; and (ii) the acquisition cost of the Hering shares delivered by the Hering Shareholder.

2.1. Cost of Acquisition of Shares and Tax Residence

In order to allow the correct calculation of the eventual amount to be taxed in the Transaction, the Hering Shareholders shall fill out and deliver electronically to Hering, directly or through their custody agents, **until September 15, 2021**, the model spreadsheet contained in the **Exhibit I** of this notice of material fact, containing information about the cost of acquisition of the shares they own, as well as their tax residence.

Considering that the Transaction will be consummated on September 17, 2021, based on Hering's shareholding position at the close of trading on the Cut-off Date, Hering Shareholders non-resident in Brazil who are holders of shares issued by Hering on the Cut-off Date, directly or through its custody agents, who have traded in shares owned by them after sending the spreadsheet or after the deadline provided for in the paragraph above, shall fill out the model spreadsheet in the **Exhibit I** and deliver it electronically to Hering, **by 6:00 pm on September 17, 2021**, with information about the acquisition cost of the shares held by them, as well as their tax residence, both on the Cut-off Date.

The Companies also require that Hering Shareholders non-resident in Brazil, directly or through their custody agents, when sending the spreadsheet in the **Exhibit I**, expressly declare that the information presented reflects the data contained in the proper documentation and records presented by the non-



resident Hering Shareholders, providing pertinent documentation evidencing the cost of the shares provided.

The Companies will use the information provided to them by non-resident investors or their custody agents to calculate the capital gain, and such shareholders of Hering are responsible for the veracity and completeness of such information.

The model spreadsheet contained in the Exhibit I to this notice of material fact must be sent by email to the following address: ri@ciahering.com.br, for Hering; and ri@somagrupo.com.br for SOMA.

2.2. Tax Rates

For Hering Shareholders non-resident in Brazil, the following tax rates will be applied for the calculated capital gain:

- 25% (twenty-five percent), in the event of a shareholder who is resident in a country or dependency with favored taxation, pursuant to the legislation and regulations of the Federal Revenue Service of Brazil in force; or
- the following rates, provided for in article 21 of Law 8,981/1995, with wording given by Law 13,259/2016:
 - a. 15% (fifteen percent) on the portion of earnings that does not exceed BRL 5,000,000.00 (five million brazilian reais);
 - b. 17.5% (seventeen point five percent) on the portion of earnings that exceeds R\$5,000,000.00 (five million brazilian reais) and does not exceed BRL 10,000,000.00 (ten million brazilian reais);
 - c. 20% (twenty percent) on the portion of earnings that exceeds R\$10,000,000.00 (ten million brazilian reais) and does not exceed BRL 30,000,000.00 (thirty million brazilian reais); e
 - d. 22.5% (twenty-two point five percent) on the portion of the earnings that exceeds R\$ 30,000,000.00 (thirty million brazilian reais).

Concerning the yield, the withholding of IRRF will be applied at the rate of 22.5% (twenty-two point five percent), considering the nature of the financial yield and the short term for payment applicable.

2.3. General Information

Under the terms determined by the legislation and regulations of the Federal Revenue Service of Brazil: Cidade Maravilhosa (i) shall consider the acquisition cost equal to zero for the Hering Shareholders non-



resident in Brazil who do not submit the value of the acquisition cost of the shares issued by Hering within the deadlines indicated in item 1 above; and (ii) shall apply the 25% rate on earnings of Hering Shareholders non-resident in Brazil who fail to inform their country or area of residence or tax domicile within the same period.

Cidade Maravilhosa or the Companies will not be liable, under any circumstances, to Hering Shareholders non-resident in Brazil on the Cut-off Date, for any subsequent adjustment and/or refund of the amount paid in excess.

3. Rectification

The Company also rectifies the following information mentioned in the notice of material fact disclosed on August 11, 2021:

3.1. Without prejudice to the Exchange Ratio agreed, mentioned in the notice of material fact disclosed on April 26, 2021 and in the Association Agreement, which has never been modified, the intermediate replacement ratio provided for in the step of the merger of NewCo by SOMA, mentioned in the notice of material fact disclosed on August 11, 2021 as being 1.84603229202754, shall be read as 0.5417023333333333, maintaining, however, the receipt, at the end, by the Hering Shareholders, of 1.625107 shares issued by SOMA for each share issued by Hering held by them.

3.2. Without prejudice to the amount of the Portion in Cash agreed, mentioned in the notice of material fact disclosed on April 26, 2021 and in the Association Agreement, which has never been modified, the redemption amount to be paid for each redeemable preferred share issued by Cidade Maravilhosa, mentioned in the notice of material fact disclosed on August 11 as being BRL 9.630957, should be read as BRL 7.98947044946042, thus resulting in Hering Shareholders ultimately receiving BRL 9.630957 for each share issued by Hering held by them.

The Company also informs that it will make available, on SOMA's Investor Relations website (<https://www.somagrupo.com.br/investidores/>) and on the websites of the Brazilian Securities and Exchange Commission (<https://www.gov.br/cvm/>) and B3 S.A. – Brasil, Bolsa, Balcão (<http://www.b3.com.br>), a new version of the Management Proposal to reflect, in the documents (including the Protocol), the adjustments mentioned in item 3 above.

The Company will keep its shareholders and the market informed of the relevant progress of the matters discussed herein, including under the terms of CVM Rule No. 44/2021.

The **Exhibit II** of this notice of material fact contains the full notice of material fact disclosed on August 11, 2021 with the due inclusions and rectifications contained in the items above.

Rio de Janeiro, September 2, 2021.



Gabriel Silva Lobo Leite
Chief Financial and Investor Relations Officer



EXHIBIT I

Cost of acquisition of shares and tax residence

Name	CPF/CNPJ	TAX RESIDENCE PLACE	COMPLIANCE WITH THE TERMS OF RESOLUTION CMN 4.373/14?	NUMBER OF SHARES	COST OF ACQUISITION
		(Country)	[Yes/No]		



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MATERIAL FACT

Combination of Businesses of Cia. Hering and Grupo de Moda Soma S.A.

Grupo de Moda Soma S.A. ("SOMA" or "Company" B3: SOMA3), in compliance with the provisions of the Brazilian Securities Commission ("CVM") Rules No. 358/2002 and 565/2015, as amended, and updating the information contained in: (i) the notice of material fact disclosed jointly with Cia. Hering ("Hering", and together with SOMA, "Companies") on April 26, 2021, in which the business combination between the Companies, formalized through the execution, on the same date, of the Association Agreement and Other Covenants ("Association Agreement") and of the Voting Agreement and Other Covenants ("Voting Agreement"); (ii) the notice of material fact disclosed on July 5, 2021, in which the Companies informed about the execution, by them, of amendments to the Association Agreement and to the Voting Commitment, in order to formalize the new structure for the combination of its business ("Transaction"), hereby informs the shareholders and the market in general that, on this date, its Board of Directors approved, at a meeting, the execution of the *Protocol and Justification of the Merger of Shares Issued by Cia. Hering by Cidade Maravilhosa Indústria e Comércio de Roupas S.A., followed by the Merger of Shares issued by Cidade Maravilhosa Indústria e Comércio de Roupas S.A. by GMSH Participações S/A, followed by the Merger of GMSH Participações S/A by Grupo de Moda Soma S.A.* ("Protocol"), by means of which the terms and conditions for the Transaction were established, as well as the management proposal to the extraordinary general meeting that will resolve on the Transaction.

The terms and conditions of the Transaction, described below, are contained in the Protocol, submitted together with the appraisal reports and other relevant documents to the board of directors of the Company, and signed by the management of the Companies, and will be submitted to the resolution of the general meetings extraordinary meetings of both Companies.

Terms that are not defined in this notice of material fact shall have the meaning ascribed to them in the Association Agreement.

Main Terms of the Transaction

The main terms of the Transaction, which comprise the Merger of Shares of Hering, are described below:

1. IDENTIFICATION AND ACTIVITIES DEVELOPED BY THE COMPANIES INVOLVED IN THE TRANSACTION



CIA. HERING, publicly-held company, headquartered in the city of Blumenau, State of Santa Catarina, at Rua Hermann Hering, No. 1.790, registered with the CNPJ/ME under No. 78.876.950/0001-71, herein represented in the form of its bylaws ("Hering").

GRUPO DE MODA SOMA S.A., publicly-held company with authorized capital, headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, Avenida Pasteur, no. 154, Botafogo, CEP 22290-240, registered with the CNPJ/ME under no. 10,285 .590/0001-08, herein represented in the form of its bylaws ("SOMA").

CIDADE MARAVILHOSA INDÚSTRIA E COMÉRCIO DE ROUPAS S.A., a privately held corporation, headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, at Rua General Bruce, nº 551, part, São Cristóvão, CEP 20921-030, registered in the CNPJ/ME under No. 09.611.669/0001-94, herein represented in the form of its bylaws ("Cidade Maravilhosa").

GMSH PARTICIPAÇÕES S/A, privately-held company, in the city of Rio de Janeiro, State of Rio de Janeiro, Avenida Pasteur, no. 154, part, Botafogo, CEP 22290-240, registered with the CNPJ/ME under no. 42,542.199/0001-20, herein represented in the form of its bylaws ("NewCo").

2. DESCRIPTION AND OBJECTIVE OF THE TRANSACTION

The Transaction will comprise the following steps, all interdependent and connected to each other, the completion of which will be subject to the applicable corporate approvals and compliance (or waiver, as the case may be) of the Conditions Precedent, and all steps must be coordinated in order to occur on the same date:

(a) Merger of all shares issued by Hering by Cidade Maravilhosa, at their economic value, resulting in the issuance, by Cidade Maravilhosa, in favor of the shareholders of Hering, holders of the merged shares ("Hering Shareholders"), of common shares and redeemable preferred shares issued by Cidade Maravilhosa, provided that, for each common share issued by Hering, Cidade Maravilhosa will deliver 3 common shares and 1.20545623904904 redeemable preferred shares issued by Cidade Maravilhosa (considering the adjustments mentioned in the Protocol) ("Merger of Shares of Hering"). After the Transaction is completed, Hering will preserve its own legal personality and equity, with no legal succession;

(b) on the same date, as a subsequent and interdependent act of the Merger of Shares of Hering, redemption of all preferred shares issued by Cidade Maravilhosa, with the payment, for each 1 preferred share issued by Cidade Maravilhosa redeemed, of the amount of BRL 7.98947044946042, resulting, therefore, in the receipt, in the end, by the Hering Shareholders, of the Final Value of the Portion in Cash (as defined below) ("Redemption of Shares"). Once redeemed, the preferred shares issued by Cidade Maravilhosa will be canceled against the capital reserve. For clarification purposes, Cidade Maravilhosa will make, upon Redemption of Shares, the payment of the amount of BRL 7.98947044946042, proportional to the whole and fractional parts of the redeemable preferred shares issued by Cidade Maravilhosa established in the exchange ratio of the Merger of Shares of Hering;



(c) on the same date, as a subsequent and interdependent act of Redemption of Shares, the merger of all shares issued by Cidade Maravilhosa by NewCo, at their book value (already considering the effects of the Merger of Shares of Hering and the Redemption of Shares), resulting in the issuance, by NewCo, in favor of the shareholders of Cidade Maravilhosa, including the Hering Shareholders who became holders of shares issued by Cidade Maravilhosa as a result of the Merger of Shares of Hering, of common shares issued by NewCo, and for each common share issued by Cidade Maravilhosa, NewCo will deliver 1 (one) common share issued by NewCo (considering the adjustments mentioned in the Protocol and Justification and disregarding the shares issued by Cidade Maravilhosa held by NewCo prior to this step) ("Merger of Shares of Cidade Maravilhosa"). After the completion of the Merger of Shares of Cidade Maravilhosa, Cidade Maravilhosa will preserve its own legal personality and equity, with no legal succession; and

(d) on the same date, as a subsequent and interdependent act of the Merger of Shares of Cidade Maravilhosa, the merger of NewCo by SOMA, at the book value of NewCo (already considering the effects of the Merger of Shares of Hering, the Redemption of Shares and of the Merger of Shares of Cidade Maravilhosa), with the consequent extinction of NewCo and succession, by SOMA, of all its assets, rights and obligations, with the consequent migration of NewCo shareholders, including Hering Shareholders who became owners of shares issued by NewCo as a result of the Merger of Shares of Cidade Maravilhosa, to SOMA's shareholding structure, resulting in the issue, by SOMA, in favor of NewCo shareholders, of common shares issued by SOMA, for each share common shares issued by NewCo, 0.5417023333333333 common shares issued by SOMA will be delivered, totaling the Final Quantity of SOMA Shares (as defined below) ("Merger").

Although the steps occur subsequent to each other, they are all part of a single legal transaction, provided that each of the steps is not effective, individually, without the others also having it and being, in their entirety, implemented, or that is, all steps of the Transaction must be approved at all shareholders' meetings of the Companies.

As provided for in the Association Agreement, the obligation of the Parties to proceed with the Closing of the Transaction is subject to the satisfaction of certain Conditions Precedent.

3. MAIN BENEFITS, COSTS AND RISKS OF THE TRANSACTION

The Transaction will allow the Company to continue its plan to expand its portfolio of brands, expanding its product offering in a way that complements its businesses in the fashion and retail sector, enabling (i) the expansion of its operating potential in the fashion market, national clothing and accessories; and (ii) the consolidation of a brand platform in fashion retail, expanding its total addressable market, connecting different audiences and opening a new space and avenue for growth given the complementary portfolio.

The Company's management understands that the Transaction will allow the exchange of knowledge and expertise between the companies involved, boosting the development of the brands that make up its portfolio and the consequent increase in revenue. In addition, the Company believes that the integration will allow the capture of synergies between the parties, mainly derived from the reduction of operational, logistical and administrative costs and risks, with significant efficiency gains for the Company.



The expected benefits of the Transaction are necessarily based on projections and assumptions, which may not materialize as expected. The ability to achieve the expected benefits will depend on the Company's ability to successfully and efficiently integrate Hering's businesses and operations with its businesses and obtain the expected synergies. The Company may encounter significant challenges in integration and in its ordinary management before and after the Transaction, such as:

- Potential disruption or reduction in the growth of the Company's business due to diversion of management's attention and uncertainty with Hering's current supplier relationships;
- difficulties in consolidating and integrating corporate, information technology, financial and administrative infrastructures, and in integrating and harmonizing business and other back-office systems, which may be more challenging than anticipated;
- difficulties in achieving projected cost savings, synergies, business opportunities and growth prospects from the Hering business combination;
- limitations arising from the antitrust regulations, prior to the closing of the Transaction, prevent the Company from having access to Hering's information, and vice versa, so planning the integration of the two companies will be a challenge;
- increase in the scale and complexity of our operations resulting from the Transaction, which will bring management, coordination and integration challenges;
- difficulties in anticipating and responding to actions that may be taken by competitors in response to the transaction; and
- Hering's assumption and exposure to unknown or contingent liabilities.

If the Company fails in successfully manage these issues and the other challenges inherent in integrating an acquired business, then the Company may not achieve the anticipated benefits of the Transaction, incurring in unforeseen expenses and adversely affecting its operating results.

There are no relevant costs involved in the Transaction. The Company estimates that the costs and expenses incurred by it, including fees of legal advisors, appraisers and auditors, related to the Transaction, amount to approximately R\$13,500,000.00 (thirteen million and five hundred thousand reais).



4. CALCULATION AND ADJUSTMENTS OF THE EXCHANGE RATIO OF HERING-CIDADE MARAVILHOSA AND OF THE FINAL QUANTITY OF SHARES OF SOMA PER NEWCO COMMON SHARES

The Transaction will result (a) in the ownership, by Cidade Maravilhosa, of all shares issued by Hering; and (b) assuming that the total share capital of Hering is represented, on the Closing Date of the Transaction, by 158,224,925 (one hundred and fifty-eight million, two hundred and twenty-four thousand, nine hundred and twenty-five) common shares, ex-treasury, disregarding the shares arising from vesting of stock options plans, and the total share capital of SOMA is represented, on the Closing Date of the Transaction, by 527,614,940 (five hundred and twenty-seven million, six hundred and fourteen thousand, nine hundred and forty) common shares, ex-treasury, and subject to the adjustments mentioned below, upon receipt, by the shareholders of Hering, for each common share issued by Hering that they own on that date, of:

- (i) a portion in national currency of R\$9.630957 ("Portion in Cash"), adjusted as provided for in the Protocol (after the adjustments, the "Final Value of the Portion in Cash"), to be paid in cash, in a single installment, within 10 (ten) business days from the Closing Date of the Transaction, and this amount must be adjusted by the CDI rate from the date on which the general meetings of the Companies that approve the steps of the Transaction are held until the actual payment ("Financial Settlement Date"); and
- (ii) 1.625107 common share issued by SOMA ("Exchange Ratio"), adjusted as provided for in the Protocol (after the adjustments, the "Final Quantity of SOMA Shares"), and the shares to be issued into SOMA as a result of the Transaction will have the same rights as the other common shares currently issued by SOMA.

The Exchange Ratio will be adjusted in the amount of (a) any dividends, interest on equity and other proceeds declared and/or paid by SOMA and/or Hering from the date of execution of the Association Agreement and until the date of closing of the Transaction ("Closing"), including; (b) any payments and/or receipts related to long-term incentive programs of Hering and/or SOMA, including stock options or restricted shares, arising from the Closing of the Transaction; (c) any bonus payments, commissions, incentives or any kind of extraordinary compensation that exceed the total amount of R\$20,000,000.00 (twenty million reais); and (d) costs eventually incurred by Hering for hiring financial advisors, for the valuation or otherwise, in the context of any Competing Transactions (as defined in Clause 7.1(ii) of the Association Agreement), which exceed R\$ 5,000,000.00 (five million reais).

Any change in the total outstanding shares issued by SOMA and the total shares that can be converted based on the Hering Plans will impact, equally and in the same proportion, the Final Value of the Portion in Cash and the Exchange Ratio, increasing or reducing the total amount, for each Hering share, to be delivered in consideration for the Redemption of Shares and in the Merger.



Any repurchase or issuance of new shares by SOMA, whether in a context of mergers and acquisitions (M&A), capital increase, public offering or private offering, will not imply any adjustment in the Exchange Ratio. Likewise, incentive or share programs aimed at its executives or exercise of stock options (stock options), provided that they are carried out within the normal course of business, will not imply adjustments in the Exchange Ratio.

There are currently 2,442,864 options outstanding in relation to Hering under the stock option plans (stock options) and 566,271 shares restricted to be granted that will be anticipated at the Closing. At Closing, the issuance of 2,477,169 shares is expected, of which 1,910,898 in relation to the acceleration of open options and 566,271 in relation to the acceleration of restricted shares, leaving 531,966 Hering options that are not expected to be issued, with none remaining obligation under any of the plans, which will be fully canceled by Closing. Additionally, Hering managers who remain at Hering or at SOMA after the Closing will be eligible for any incentive or share programs aimed at SOMA executives, under the terms and conditions of said programs.

The Portion in Cash will be subject to adjustment at the CDI rate from the date on which the general meetings of the Companies that approve the steps of the Transaction are held until the Financial Settlement Date.

Merger of Shares of Hering

It is proposed that, as a result of the Merger of Shares of Hering, new common shares and new redeemable preferred shares issued by Cidade Maravilhosa (considering the adjustments mentioned in the Protocol), all registered and without par value, in replacement of the common shares issued by Hering owned by it, in the proportion of 3 (three) common shares and 1.20545623904904 redeemable preferred share issued by Cidade Maravilhosa for each common share issued by Hering (considering the adjustments mentioned in Protocol and Justification). For clarification purposes, Cidade Maravilhosa will make the payment proportional to the whole and fractional part received by each Hering shareholder who owns the merged shares, through the Redemption of Shares, as defined below.

The new common shares issued by Cidade Maravilhosa will be entitled to the same rights and advantages attributed to the common shares issued by Cidade Maravilhosa now existing. The new preferred shares issued by Cidade Maravilhosa will not have voting rights, will have priority in the reimbursement of capital in the event of liquidation, without premium, and will be automatically redeemed at Closing, therefore without the need for a special meeting, and must be paid, for each 1 preferred share issued by Cidade Maravilhosa redeemed, the amount of BRL 7.98947044946042, resulting, therefore, in the receipt, in the end, by the Hering Shareholders the Final Value of the Portion in Cash.

Merger of Shares of Cidade Maravilhosa

Subsequently, it is proposed that, as a result of the Merger of Shares of Cidade Maravilhosa, new common shares are issued by NewCo, in favor of the former shareholders of Hering (at that time, already shareholders of Cidade Maravilhosa), all of which to be registered and without par value, in



exchange of the common shares issued by Cidade Maravilhosa held by them. Thus, 1 (one) common share of NewCo will be issued to each common share issued by Cidade Maravilhosa.

New shares issued by NewCo will entitle their holders to the same rights and advantages ascribed to the common shares issued by NewCo and currently existing.

Since, on the date of the shareholders' meeting of Cidade Maravilhosa that will resolve on the Merger of Shares of Cidade Maravilhosa, NewCo will be the sole shareholder of Cidade Maravilhosa, there will not be any dissenting shareholder or withdrawal right arising from the Merger of Shares of Cidade Maravilhosa.

Merger of NewCo

Furthermore, it is proposed that, as a result of the Merger of NewCo, new common shares issued by SOMA, all registered and with no par value, be issued, in favor of the former shareholders of Hering (at that time, shareholders of NewCo), in exchange of the common shares issued by NewCo held by it. It will then be issued by SOMA, in favor of NewCo shareholders, of common shares issued by SOMA, for each common share issued by NewCo, 0.5417023333333333 common share issued by SOMA, totaling the Final Number of SOMA Shares (according to defined below).

Any fractions of shares issued by SOMA arising from the Merger of NewCo will be grouped into whole numbers and then sold on the spot market managed by B3 after the closing of the Transaction, pursuant to a notice to shareholders to be disclosed in due course. The amounts earned in said sale will be made available, net of fees, to the former shareholders of Hering, holders of the respective fractions, in proportion to their participation in each share sold.

The new shares issued by SOMA will be entitled to the same rights and advantages attributed to the common shares issued by SOMA now existing and will participate in the results of the current fiscal year from the date of their issue.

As, on the date of NewCo's shareholders' meeting resolving on the NewCo Merger, SOMA will be NewCo's sole shareholder, there will not be any dissenting shareholder or withdrawal right arising from the Merger of NewCo.

The appraisal reports referred to below, prepared pursuant to Brazilian Corporate Law, in the context of the Transaction, will have as base date May 31, 2021 ("Reference Date for Reports").

The management of SOMA, on behalf of SOMA, Cidade Maravilhosa and NewCo, hired **APSIS CONSULTORIA EMPRESARIAL LTDA.**, headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, at Rua do Passeio, nº 62, 6th floor, Centro, in the city of Rio de Janeiro, State of Rio de Janeiro, registered with the CNPJ/ME under No. 27.281.922/0001-70 ("Apsis") to (a) carry out the valuation and determine the economic value of the shares of the issue of Hering to be merged by Cidade Maravilhosa, within the scope of the Merger of Shares of Hering ("Appraisal Report of Hering Shares"); (b) carry out the valuation and determine the book value of the shares issued by Cidade Maravilhosa to be merged by



NewCo, within the scope of the Merger of Shares of Cidade Maravilhosa, already considering the effects of the Merger of Shares of Hering and the Redemption of Shares ("Appraisal Report of Cidade Maravilhosa Shares"); and (c) carry out the valuation and determine the book value of the net equity of NewCo to be transferred to SOMA, within the scope of the Merger of NewCo, already considering the effects of the Merger of Shares of Hering, the Redemption of Shares and the Merger of Shares of Cidade Maravilhosa ("Appraisal Report of NewCo"). Appraisal Report of Hering Shares, Appraisal Report of Cidade Maravilhosa Shares and Appraisal Report of NewCo are attached to the Protocol, pursuant to the Brazilian Corporate Law.

The Merger of Shares of Hering will result in an increase in the equity of Cidade Maravilhosa in an amount supported by the Appraisal Report of Hering Shares, part of which will, as defined by the general meeting, be allocated to the formation of a capital reserve and the balance will be allocated to its share capital.

The Merger of Shares of Cidade Maravilhosa will, in turn, result in an increase in NewCo's shareholders' equity in an amount equivalent to the portion of Cidade Maravilhosa's shareholders' equity corresponding to the investment of Hering's shareholders in Cidade Maravilhosa, after the Redemption of Shares, of which will be allocated to NewCo's share capital. The shares issued by Cidade Maravilhosa owned by NewCo at the time of the Merger of Shares of Cidade Maravilhosa will be extinguished.

The Merger of NewCo will, in turn, result in an increase in SOMA's shareholders' equity in an amount equivalent to the portion of NewCo's shareholders' equity corresponding to the Hering Shareholders' investment in NewCo, which will be allocated to SOMA's share capital. The shares issued by NewCo and owned by SOMA at the time of the Merger of NewCo will be extinguished. Equity variations calculated as of the Base Date and up to the date on which the Merger of NewCo is consummated will be appropriated by SOMA.

Pursuant to art. 227, §1 of the Brazilian Corporate Law, the appointment of Apsis will be submitted for ratification (a) by the general meeting of Cidade Maravilhosa that resolves on the Merger of Shares of Hering; (b) by the general meeting of NewCo that resolves on the Merger of Shares of Cidade Maravilhosa; and (c) by the general meeting of SOMA that resolves on the Merger of NewCo.

Apsis declared (a) that there is no conflict or communion of interests, current or potential, with the shareholders of the Companies, or, still, with respect to the Merger of Shares of Hering, Merger of Shares of Cidade Maravilhosa or Merger of NewCo, as the case may be; and (b) the Companies' shareholders or managers have not directed, limited, hindered or performed any acts that have or may have compromised the access, use or knowledge of information, assets, documents or work methodologies relevant to quality of its conclusions. Apsis was selected for the works considering the wide and notorious experience that the specialized company has in the preparation of reports and assessments of this nature.

SOMA, Cidade Maravilhosa and NewCo, as the case may be, will bear all costs related to the hiring of Apsis for the preparation of the Appraisal Report for Hering Shares, the Appraisal Report of Cidade Maravilhosa Shares and the Appraisal Report of NewCo, as applicable.



The managements of SOMA and Hering, individually, contracted advisory services from internationally renowned investment banks to assist their respective boards of directors in the process of informed decision-making regarding the financial parameters of the Transaction. These financial institutions did not indicate any impediment or conflict for such advice.

The managements of SOMA, Cidade Maravilhosa, NewCo and Hering also prepared pro forma financial information for SOMA and Cidade Maravilhosa, as if they already existed, with reference to the base date of March 31, 2021, prepared in accordance with the Brazilian Corporate Law and with the rules of the Brazilian Securities Commission and submitted to reasonable assurance by an independent auditor registered with the Brazilian Securities Commission.

5. CORPORATE APPROVALS

The completion of the Merger of Shares of Hering, the Redemption of Shares, the Merger of Shares of Cidade Maravilhosa and the Merger of NewCo will depend on the performance of the following acts, all interdependent and with effects subject to compliance with the Conditions Precedent, which shall be coordinated in order to occur on the same date:

- a. Hering's extraordinary general meeting will take place to resolve on the following matters, considering the order of events indicated therein, with effectiveness conditioned on the satisfaction (or waiver, as the case may be) of the Conditions Precedent, without prejudice to other matters necessary to formalize the provisions of the Protocol: (i) to approve the waiver of the public offering for the acquisition of shares issued by Hering provided for in Articles 36 and 37 of Hering's Bylaws in connection with the Transaction; (ii) approve the Protocol; (iii) approve the Transaction; (iv) authorize the subscription, by its administrators, of new shares to be issued by Cidade Maravilhosa; and (v) to approve the capitalization of Retained Earnings Reserves, Legal and Investment Subsidies, in the total amount of R\$1,176,428,121.84 (one billion, one hundred and seventy-six million, four hundred and twenty-eight thousand, one hundred and twenty-one reais and eighty-four cents), increasing Hering's capital stock to R\$1,557,593,938.61 (one billion, five hundred and fifty-seven million, five hundred and ninety-three thousand, nine hundred and thirty-eight reais and sixty-one cents), without changing the number of shares ("Hering EGM");
- b. Cidade Maravilhosa's extraordinary general meeting will take place to resolve on the following matters, considering the order of events indicated therein, with effectiveness conditioned on the satisfaction (or waiver, as the case may be) of the Conditions Precedent, without prejudice to other matters necessary to formalize the provisions of the Protocol: (i) to approve the Protocol; (ii) ratify the appointment of the entity responsible for the appraisal report of the shares issued by Hering; (iii) to approve the appraisal report of the shares issued by Hering; (iv) to approve the creation of a new class of redeemable preferred shares, with the consequent amendment of its bylaws, pursuant to the Association Agreement; (v) to approve the Merger of Shares of Hering; (vi) to approve the capital increase to be subscribed and paid in by Hering's managers, with the consequent amendment of its bylaws; (viii) to approve the Redemption of Shares, with the consequent amendment of its bylaws; (ix) to approve the Merger of Shares of Cidade Maravilhosa; and (x)



authorize the subscription, by its administrators, of the new shares to be issued by NewCo ("Cidade Maravilhosa EGM");

- c. NewCo's extraordinary general meeting will take place to resolve on the following matters, considering the order of events indicated therein, with effectiveness conditioned on the satisfaction (or waiver, as the case may be) of the Conditions Precedent, without prejudice to other matters necessary to formalize the provisions of the Protocol: (i) to approve the Protocol; (ii) ratify the appointment of the entity responsible for the appraisal report of the shares issued by Cidade Maravilhosa; (iii) to approve the appraisal report on the shares of Cidade Maravilhosa; (iv) approve the Merger of Shares of Cidade Maravilhosa; (v) to approve the capital increase to be subscribed and paid in by the managers of Cidade Maravilhosa, with the consequent amendment of its bylaws; (vi) approve the Merger of NewCo; and (vii) authorize the subscription, by its managers, of the new shares to be issued by SOMA ("NewCo EGM"); and
- d. SOMA's extraordinary general meeting will take place to resolve on the following matters, considering the order of events indicated therein, with effectiveness conditioned on the satisfaction (or waiver, as the case may be) of the Conditions Precedent, without prejudice to other matters necessary to formalize the provisions of the Protocol: (i) approve the Protocol; (ii) ratify the appointment of the entity responsible for NewCo's appraisal report; (iii) approval the Appraisal Report of NewCo; (iv) approve the Transaction; (v) approve the capital increase to be subscribed and paid in by managers of NewCo, with the consequent amendment to its bylaws, also reflecting the capital increase arising from the public offering of primary distribution of shares issued by SOMA, approved at the board of directors meeting held on July 20, 2021; (vi) change in the composition of SOMA's Board of Directors to 9 (nine) members; and (vii) election of 2 (two) members to SOMA's Board of Directors ("SOMA EGM").

6. SUBMISSION OF THE TRANSACTION TO THE BRAZILIAN AND FOREIGN AUTHORITIES

The Companies have submitted, on June 2, 2021, the Transaction to the Brazilian antitrust authority. As informed to the market by Hering and by SOMA on July 1, 2021, the Transaction had been approved by CADE in an order of the General Superintendence. On July 19, 2021, CADE issued the final and unappealable certificate regarding the Transaction, certifying its completion and filing, with a view to the approval without restrictions mentioned above.

7. CALCULATION OF THE EXCHANGE RATION PURSUANT TO ARTICLE 264 OF THE BRAZILIAN CORPORATE LAW

Considering that the exchange ratios used in the Transaction were freely negotiated between the managements of SOMA and Hering, which are absolutely independent parties from each other, the presentation of the exchange ratio based on the net equity value of the shares issued will not be applicable to the companies involved, evaluated according to the same criteria and on the same date, pursuant to art. 264 of the Brazilian Corporate Law, both in relation to the Merger of Shares of Cidade Maravilhosa and in relation to the Merger of NewCo.



8. WITHDRAWAL RIGHT AND REIMBURSE AMOUNT

Clarifying the information contained in the notice of material fact disclosed by the Company on April 26, 2021, regarding the signing of the Association Agreement relating to the Transaction, the Company informs that the approval of the Transaction by the SOMA EGM will not ensure the right of withdrawal to its dissenting shareholders, as it is a merging company, pursuant to the Brazilian Corporate Law.

9. CUT-OFF DATE

The process of substitution of common shares issued by Hering for common shares and redeemable preferred shares issued by Cidade Maravilhosa is planned to occur on September 17, 2021 ("Cut-off Date"), taking into consideration the extraordinary general shareholders' meetings of Cidade Maravilhosa and of the Companies that will resolve on the Transaction, which will take place on September 14, 2021, and the consequent approval of the Transaction in such meetings.

Therefore, for purposes of the Transaction, shareholders of Hering ("Hering Shareholders") will be deemed to be the holders of shares issued by Hering at the close of the trading session on September 17, 2021, who will receive, at the end of the Transaction, for each common share issued by Hering that they own, the Final Value of the Portion in Cash and the Final Quantity of SOMA Shares.

The final delivery of the shares issued by SOMA will take place on September 20, 2021, after which the shares issued by Hering will start trading under the ticker SOMA3.

10. TAX TREATMENT

Resident Investors

The potential gains earned by Hering Shareholders who are resident in Brazil, including individuals and legal entities, investment funds and other entities, as a result of the Transaction, may be subject to the incidence of income tax and other taxes, according to the legal and regulatory rules applicable to each category of investor, and these investors must consult their advisors on the applicable taxation and be responsible for any payment of said tax.

Non-Resident Investors

As for Hering Shareholders non-resident in Brazil, in the cases and conditions described below, the Withholding Income Tax ("IRRF") will be withheld on any amounts of capital gains and yield, which will be deducted from the Final Value of the Portion in Cash, according to the legal and regulatory rules applicable to each investor, as described in item concerning tax rates below. The capital gain will correspond to the positive difference between (i) the issuance value of common and preferred shares of



Cidade Maravilhosa delivered to each non-resident Hering Shareholder, pursuant to the Protocol; and (ii) the acquisition cost of the Hering shares delivered by the Hering Shareholder.

Cost of Acquisition of Shares and Tax Residence

In order to allow the correct calculation of the eventual amount to be taxed in the Transaction, the Hering Shareholders shall fill out and deliver electronically to Hering, directly or through their custody agents, **until September 15, 2021**, the model spreadsheet contained in the **Exhibit A** of this notice of material fact, containing information about the cost of acquisition of the shares they own, as well as their tax residence.

Considering that the Transaction will be consummated on September 17, 2021, based on Hering's shareholding position at the close of trading on the Cut-off Date, Hering Shareholders non-resident in Brazil who are holders of shares issued by Hering on the Cut-off Date, directly or through its custody agents, who have traded in shares owned by them after sending the spreadsheet or after the deadline provided for in the paragraph above, shall fill out the model spreadsheet in the **Exhibit A** and deliver it electronically to Hering, **by 6:00 pm on September 17, 2021**, with information about the acquisition cost of the shares held by them, as well as their tax residence, both on the Cut-off Date.

The Companies also require that Hering Shareholders non-resident in Brazil, directly or through their custody agents, when sending the spreadsheet in the **Exhibit A**, expressly declare that the information presented reflects the data contained in the proper documentation and records presented by the non-resident Hering Shareholders, providing pertinent documentation evidencing the cost of the shares provided.

The Companies will use the information provided to them by non-resident investors or their custody agents to calculate the capital gain, and such shareholders of Hering are responsible for the veracity and completeness of such information.

The model spreadsheet contained in the Exhibit A to this notice of material fact must be sent by email to the following address: ri@ciahering.com.br, for Hering; and ri@somagrupo.com.br for SOMA.

Tax Rates

For Hering Shareholders non-resident in Brazil, the following tax rates will be applied for the calculated capital gain:

- 25% (twenty-five percent), in the event of a shareholder who is resident in a country or dependency with favored taxation, pursuant to the legislation and regulations of the Federal Revenue Service of Brazil in force; or
- the following rates, provided for in article 21 of Law 8,981/1995, with wording given by Law 13,259/2016:



- a. 15% (fifteen percent) on the portion of earnings that does not exceed R\$ 5,000,000.00 (five million brazilian reais);
- b. 17.5% (seventeen point five percent) on the portion of earnings that exceeds R\$5,000,000.00 (five million brazilian reais) and does not exceed R\$10,000,000.00 (ten million brazilian reais);
- c. 20% (twenty percent) on the portion of earnings that exceeds R\$10,000,000.00 (ten million brazilian reais) and does not exceed R\$30,000,000.00 (thirty million brazilian reais); e
- d. 22.5% (twenty-two point five percent) on the portion of the earnings that exceeds R\$ 30,000,000.00 (thirty million brazilian reais).

Concerning the yield, the withholding of IRRF will be applied at the rate of 22.5% (twenty-two point five percent), considering the nature of the financial yield and the short term for payment applicable.

General Information

Under the terms determined by the legislation and regulations of the Federal Revenue Service of Brazil: Cidade Maravilhosa (i) shall consider the acquisition cost equal to zero for the Hering Shareholders non-resident in Brazil who do not submit the value of the acquisition cost of the shares issued by Hering within the deadlines indicated in the item concerning the cost of acquisition of shares and tax residence above; and (ii) shall apply the 25% rate on earnings of Hering Shareholders non-resident in Brazil who fail to inform their country or area of residence or tax domicile within the same period.

Cidade Maravilhosa or the Companies will not be liable, under any circumstances, to Hering Shareholders non-resident in Brazil on the Cut-off Date, for any subsequent adjustment and/or refund of the amount paid in excess.

11. OTHER RELEVANT INFORMATION

The applicable documents will be available to the Companies' shareholders at their respective registered offices from the date in which the extraordinary general meetings of the Companies are called, and/or, as the case may be, on SOMA's Investor Relations website (<https://www.somagrupo.com.br/investidores/>) and Hering (<https://ri.ciahering.com.br>) and on the websites of the Brazilian Securities Commission (<https://www.cvm.gov.br>) and B3 SA - Brasil, Bolsa, Balcão (<http://www.b3.com.br>).

Hering and SOMA have identified a material error in Clause 1.1. of the Amendment to the Association Agreement and Other Covenants, entered into on July 5, 2021, and the version adjusted and in force of the document is disclosed on SOMA's Investor Relations website (<https://www.somagrupo.com.br/investidores/>) and Hering (<https://ri.ciahering.com.br>).



12. CALL NOTICES

Hering and SOMA will call, for September 14, 2021, at 10:00 am and 4:00 pm, respectively, their respective extraordinary general meetings, in order to resolve on the corporate acts related to the Transaction. In addition to approval by the Companies' shareholders, the Transaction is also subject to compliance with the Conditions Precedent, as provided for in the Association Agreement.

The Company will keep its shareholders and the market informed of the relevant progress of the matters discussed herein, including under the terms of CVM Instruction No. 565/2015, as amended.

Rio de Janeiro, September 2, 2021.

Gabriel Silva Lobo Leite
Chief Financial and Investor Relations Officer



EXHIBIT A

Cost of acquisition of shares and tax residence

Name	CPF/CNPJ	TAX RESIDENCE PLACE	COMPLIANCE WITH THE TERMS OF RESOLUTION CMN 4.373/14?	NUMBER OF SHARES	COST OF ACQUISITION
		(Country)	[Yes/No]		