

GRUPO SOMA

May 2021

+soma



DIS CLAI MER

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AGENDA

1_ COMPANY OVERVIEW

2_ GROWTH AVENUES

3_ FINANCIAL RESULTS

4_ HERING – STRATEGIC PILLARS

1

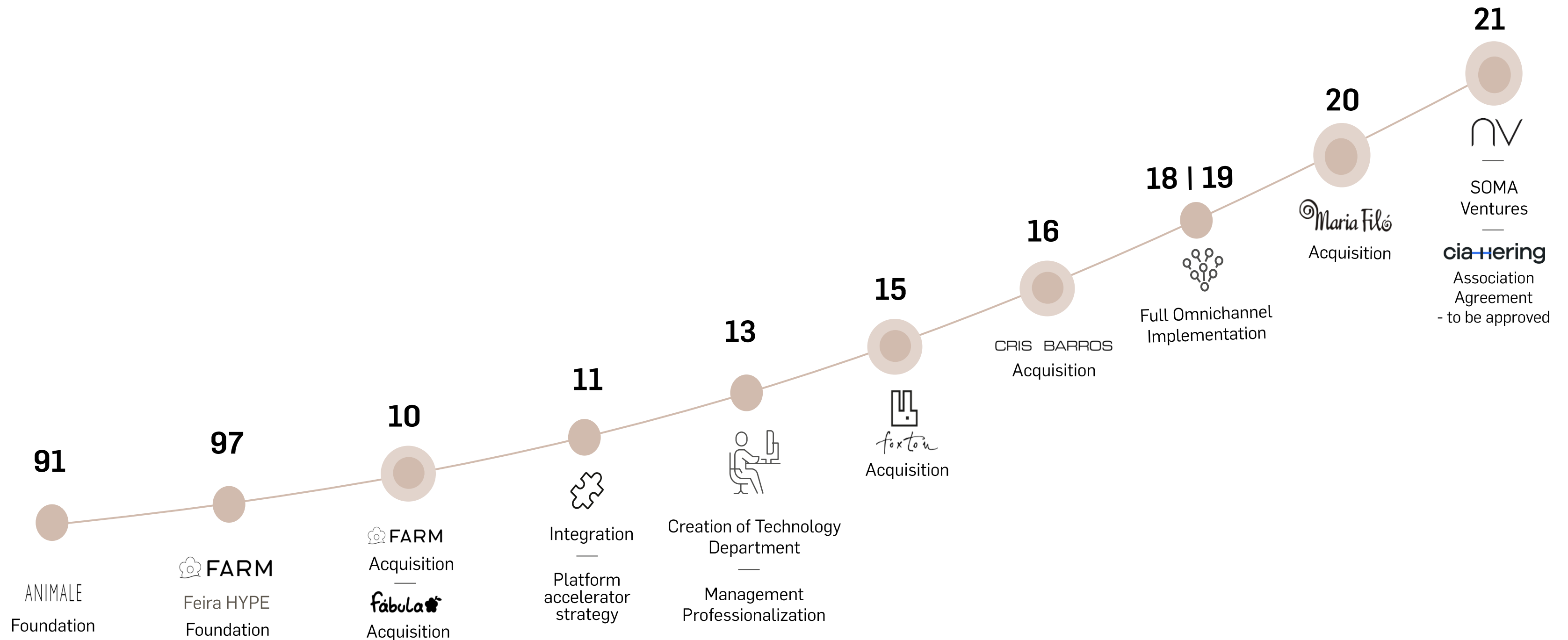
COMPANY

OVERVIEW

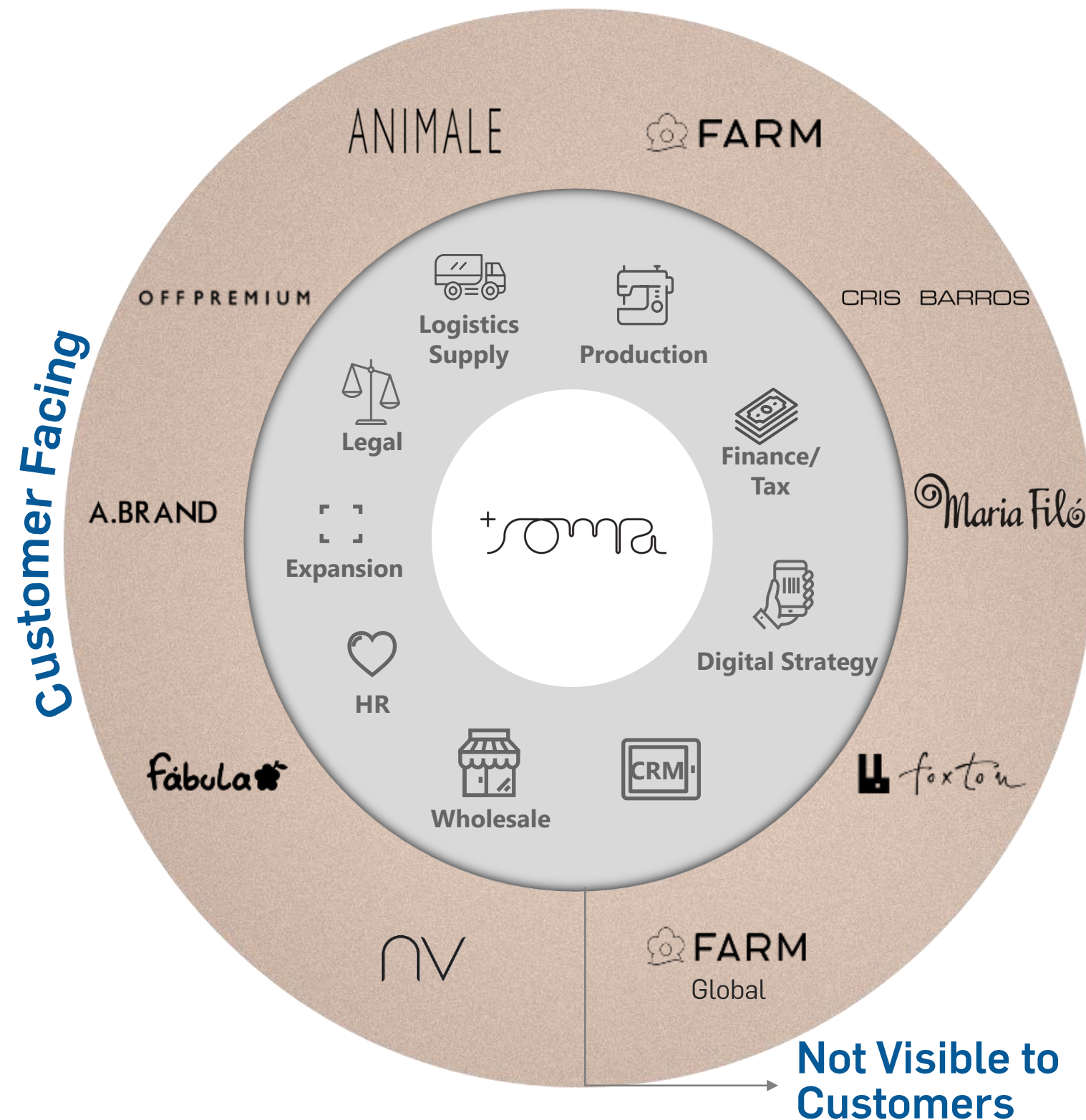


BACKGROUND


Grupo SOMA's pillars were built from 1991 to 2010





GRUPO SOMA'S BUSINESS MODEL





Our Principles

- 
Processes

Platform subordination to brands and not the opposite
- 
Brand

Respect to creative directors
- 
Creation

Perpetuation of brands creation through succession plan
- 
Partnership

Corporate alignment enhanced by partnership model
- 
Collaboration

Association between creative and business directors

UNIQUE PORTFOLIO

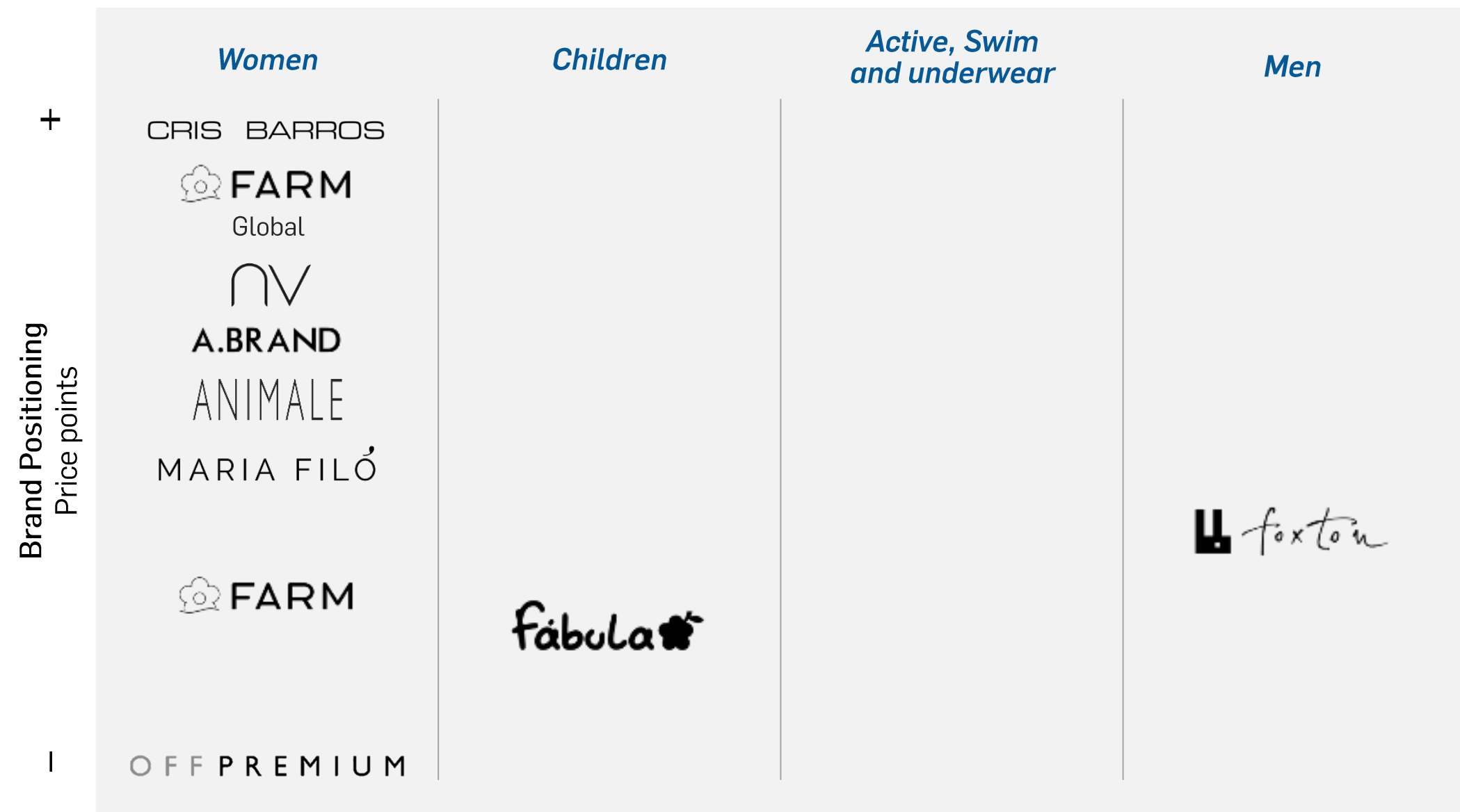
Building a *resilient portfolio of brands*

Effective Fashion Strategy

- Building a brand portfolio is a path to **balanced business growth** and **brand exclusivity**
- Brands are perceived as **independent**, despite sharing operational resources
- Brands with different value propositions can serve the same customer in **different consumption situations**
- **Digital and consumer-focused mindset** support brands continuity keeping them aligned with market trends

Portfolio of current brands

Fashion Segment



UNIQUE PORTFOLIO

Brands with *distinct cultures*



Culture

Independent
Sophisticate,
Sensual

Carioca Style
Colorful,
Lightweight

Classic And
Modern
Everyday Wear

Creative
Elegant,
High Fashion

Classical
Practical,
Comfortable

Imaginative
Comfortable,
Creative

Unique style of
FARM in the
USA

Modern,
Creative,
Color work

Founding
Year



1991

1997

1997

2002

2004

2008

2018

2009

Sales (%)
of Group¹



24%

42%

9%

5%

2%

3%

9%

10%

Number
of Stores²



71

76

50

10

21

13

2

5

(1) Considers 1Q21 figures. For NV, the % includes the total revenue of NV in 1Q21 (R\$ 47.3 mm / R\$ 450.5 mm)

(2) As of March 31, 2021. Considers owned stores and franchises of Maria Filó

2

GROWTH

AVENUES

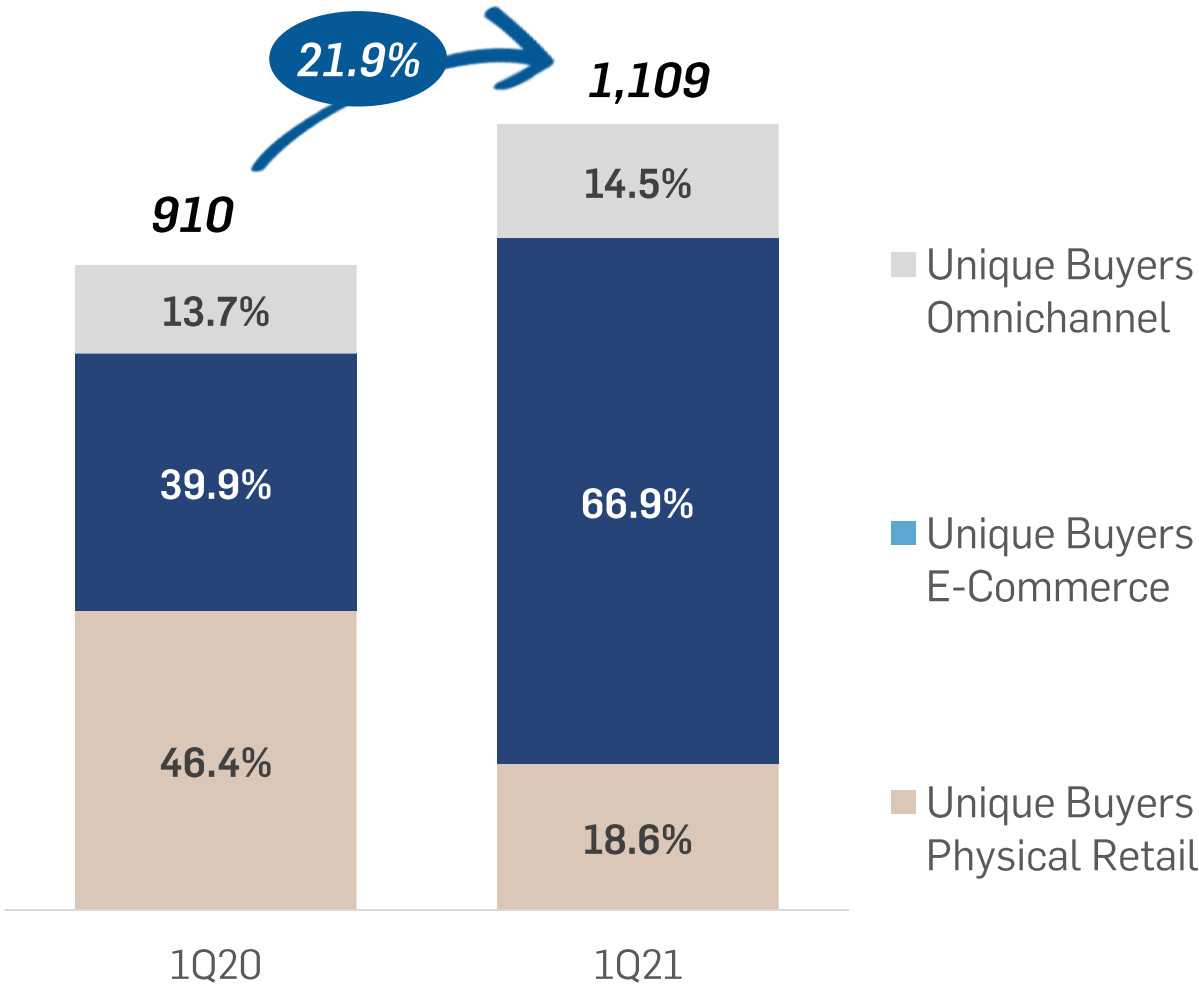


DIGITAL AS A CHANNEL OF DESIRE GENERATION

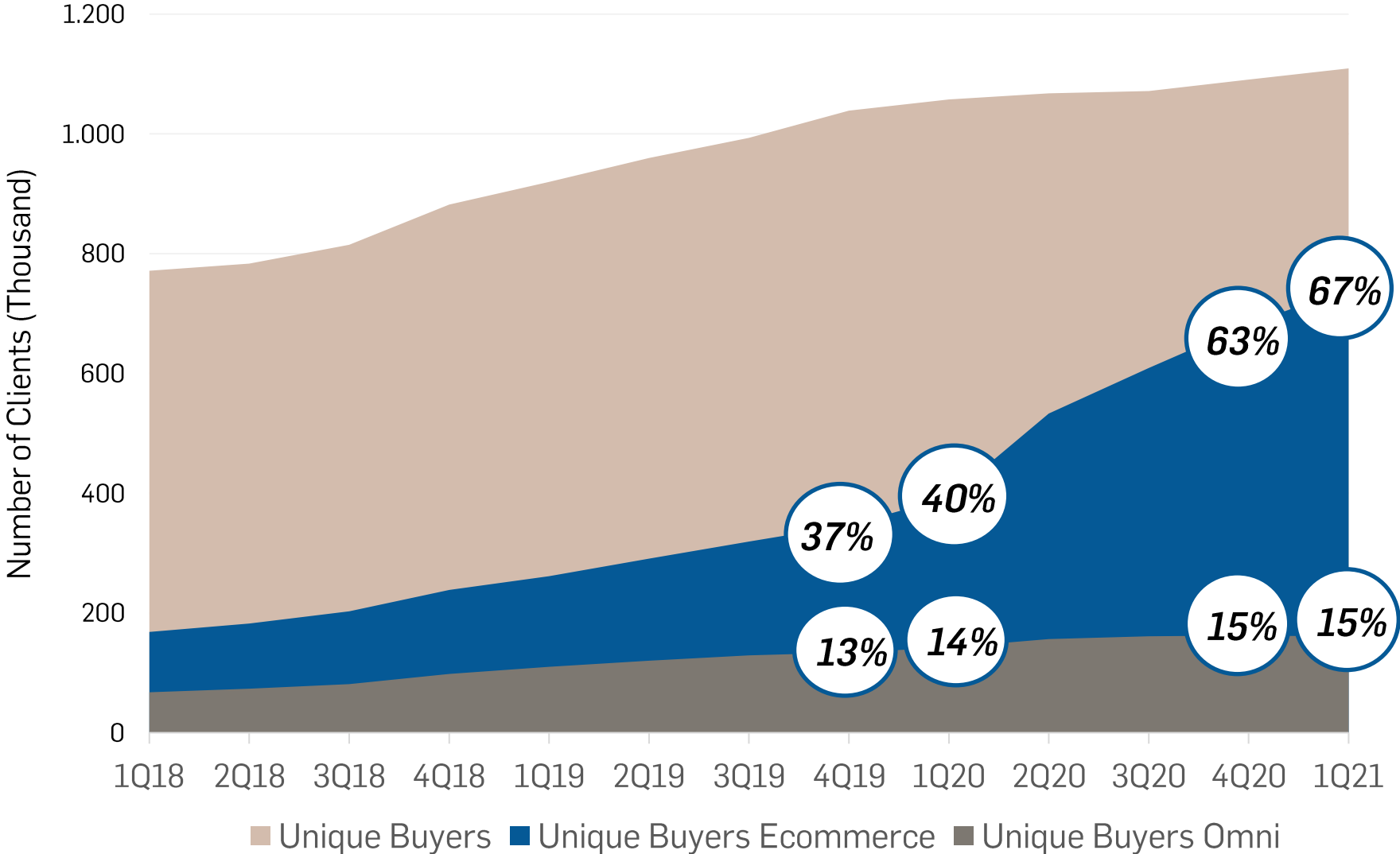


Digital channels expanding the active clients base

CLIENTS BASE EXPANSION



DIGITAL AND OMNICHANNEL PROGRESS



+21.9%

clientes base 1Q21 vs. 1Q20

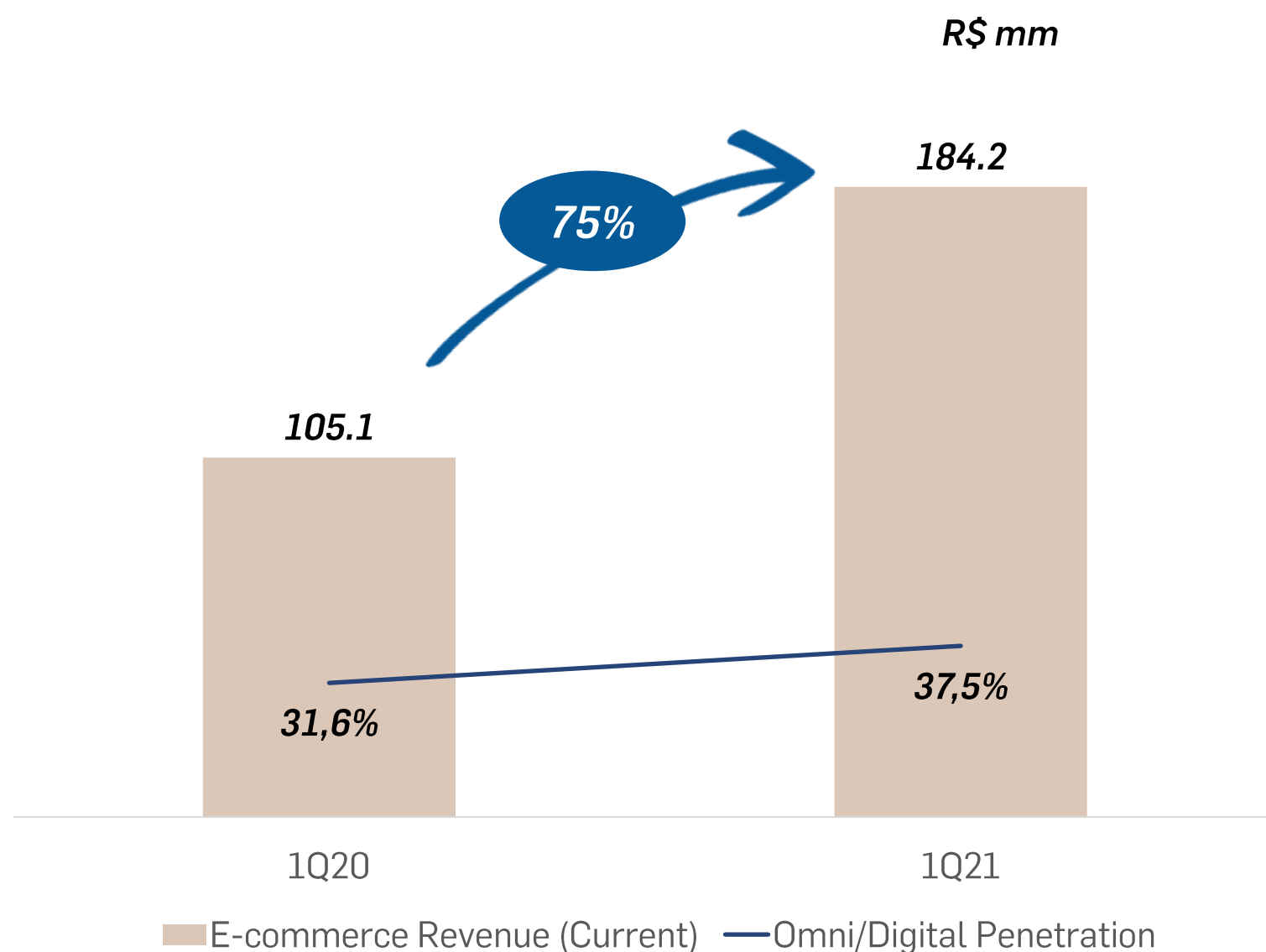
67%

of digital penetration

+350 k

digital clientes 1Q21 vs. 1Q20

75%
digital growth



44%

share in Company's total revenue

Gross margin growth vector for the Company

On the other hand we keep on being prepared for the return of normal levels in the physical retail

+VENDAS, A COMPLETE OMNICHANNEL

With the integration of the wholesalers on the + Vendas platform, the SOMA Group completed all of the stages of the omnichannel project.

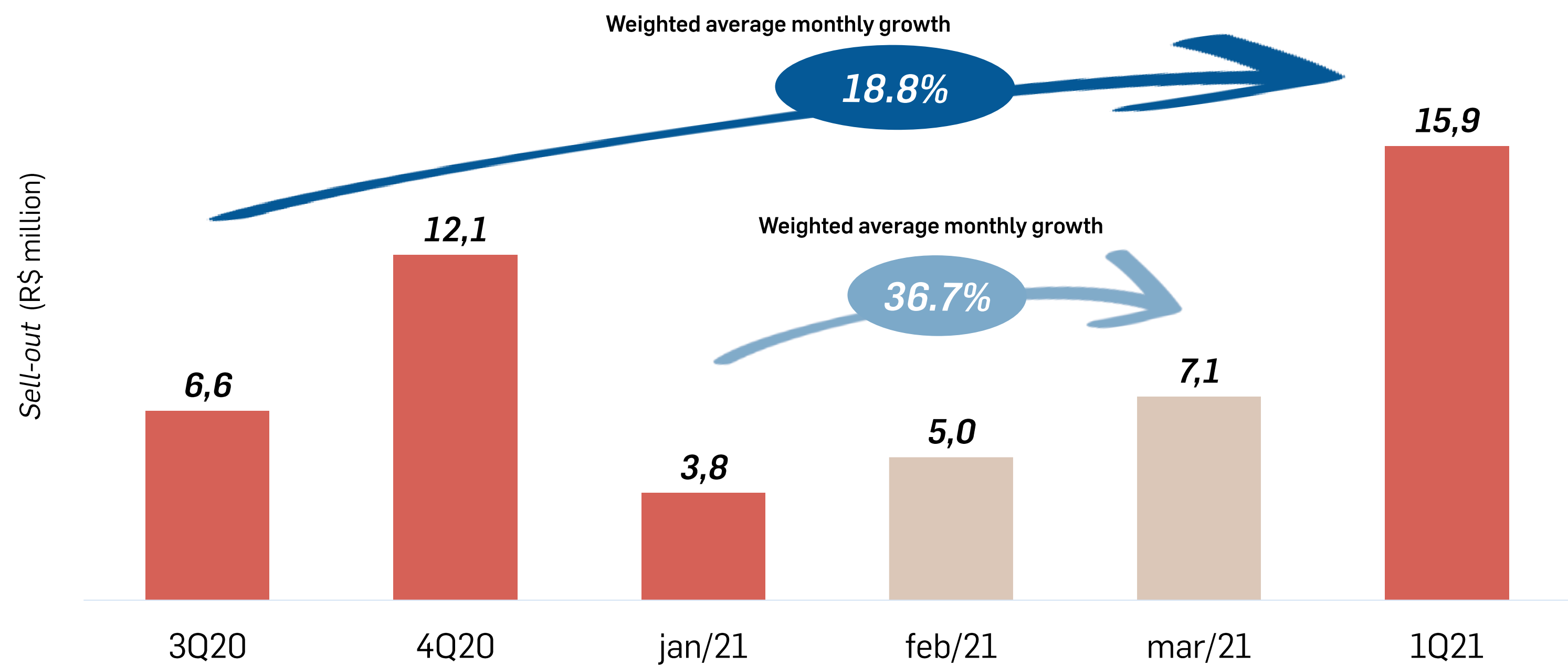
Today, **+ Vendas is a complete platform**, which not only integrates the inventory of Grupo SOMA to the multibrands, but also allows that the wholesalers to:

- have access to the **unified content of the Group**;
- launch **carts** for customers to complete purchases;
- track **sales in real time**;

+ 450 k
accesses on the quarter

*Full Omni with high maturity
and important value drive*

+VENDAS: REVENUE WITH MULTIBRANDS ACCESSING GRUPO SOMA'S INVENTORY



¹ Weighted average monthly growth since the beginning of the project, in april/20 until march/21

LIVE COMMERCE

100% digital and interactive platform, with *proprietary technology* of SOMA.

17%
conversion

BRL 5.2mm
of sales in 1Q21

BRL 2.0mm

*Record of sales in one live
(12/May)*

BRL 6.7mm

of sales in the 2Q21¹

¹ Until 12/May



APPS

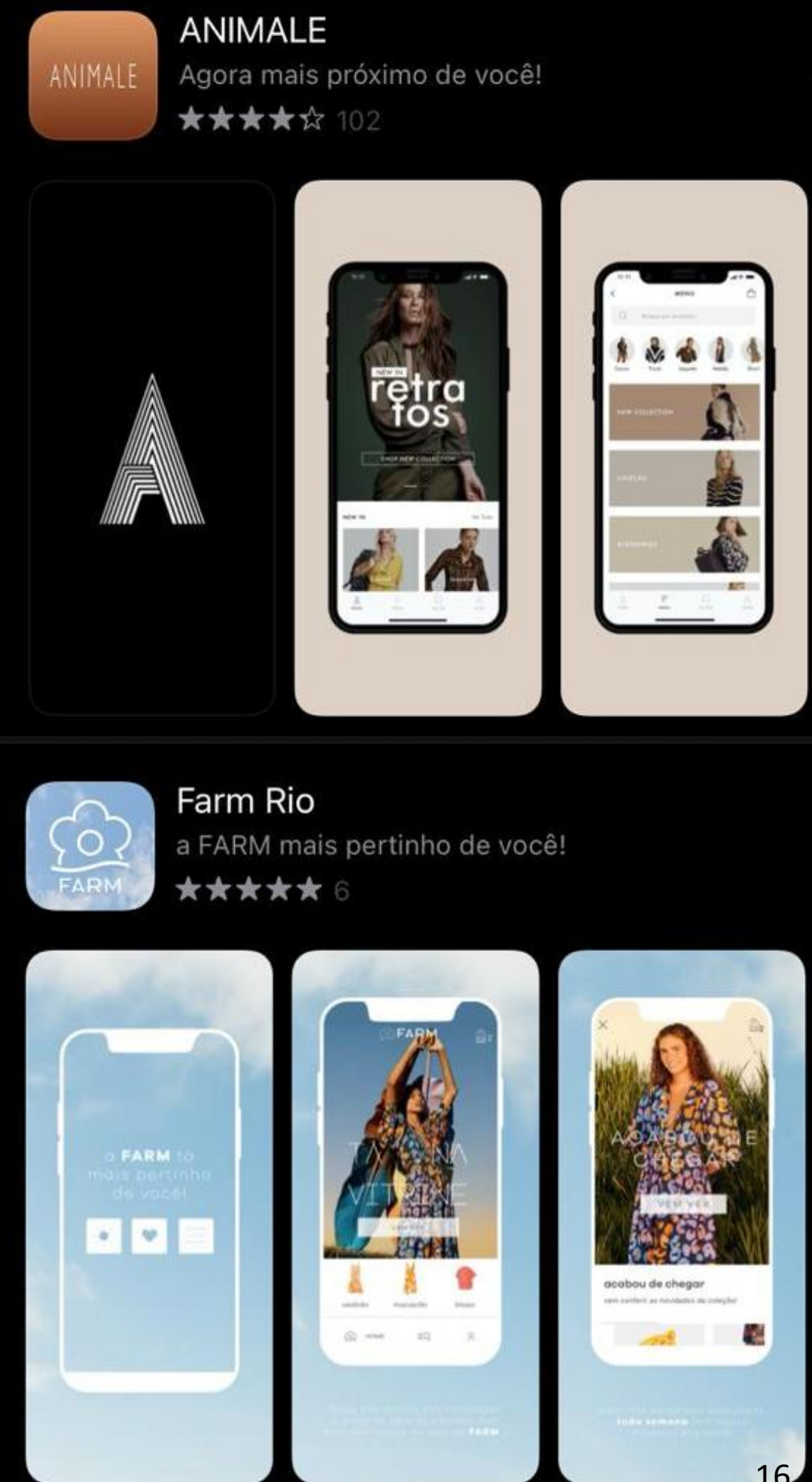
With its **accelerated growth**, more and more the app represents **Animale** brand in the palm of the client's hand.

28%
of digital sales

+3X
conversion in the web

We launched last week **the FARM app**, which will be a **great growing opportunity** for brand sales, given the digital traction of the brand.

IOS and Android launching
May/21



FARM GLOBAL, INTERNATIONAL GROWTH AVENUE



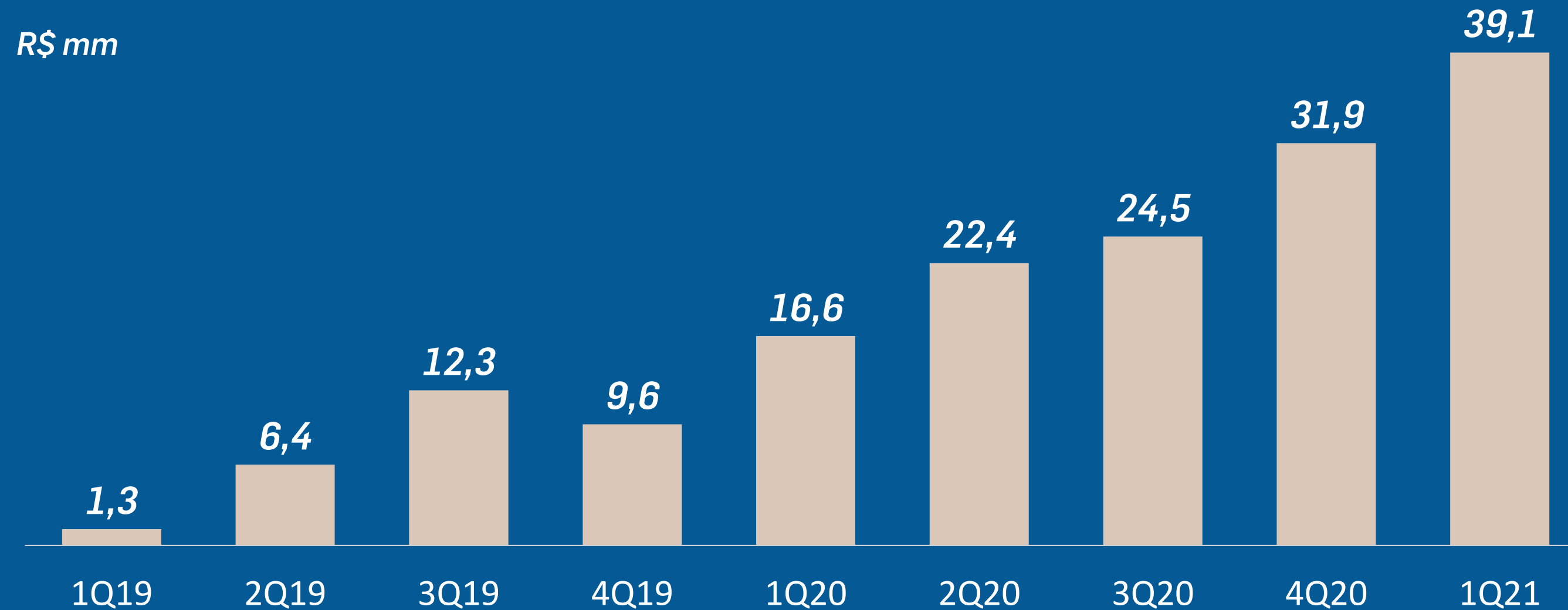
“Desire brand” in the North American market

Vigorous **return** of consumption in US

Present in the most renowned department stores worldwide

2nd largest gross margin in the Group

FARM GLOBAL GROSS REVENUE



Consistent top line growth even during the pandemic
A ***unique product*** in the North American market

Gross Revenue in 1Q21

BRL 39.1mm

+135.5%

vs.1Q20

Digital

BRL16.1mm

+152.8%

vs.1Q20

Wholesale

BRL21.8mm

+152.3%

vs.1Q20

Broad presence in the United States in only 2 Years of operation

PRESENT IN
159 STORE

IN THE 2Q21
+ 5 store-in-store
+ 2 pop-ups

74 THOUSAND CLIENTS IN ALL
UNITED STATES TERRITORY



Present in the main department stores, such as: Saks Fifth Ave, Neiman Marcus, Nordstrom, Anthropologie, Intermix, Shopbop and Rent The Runway

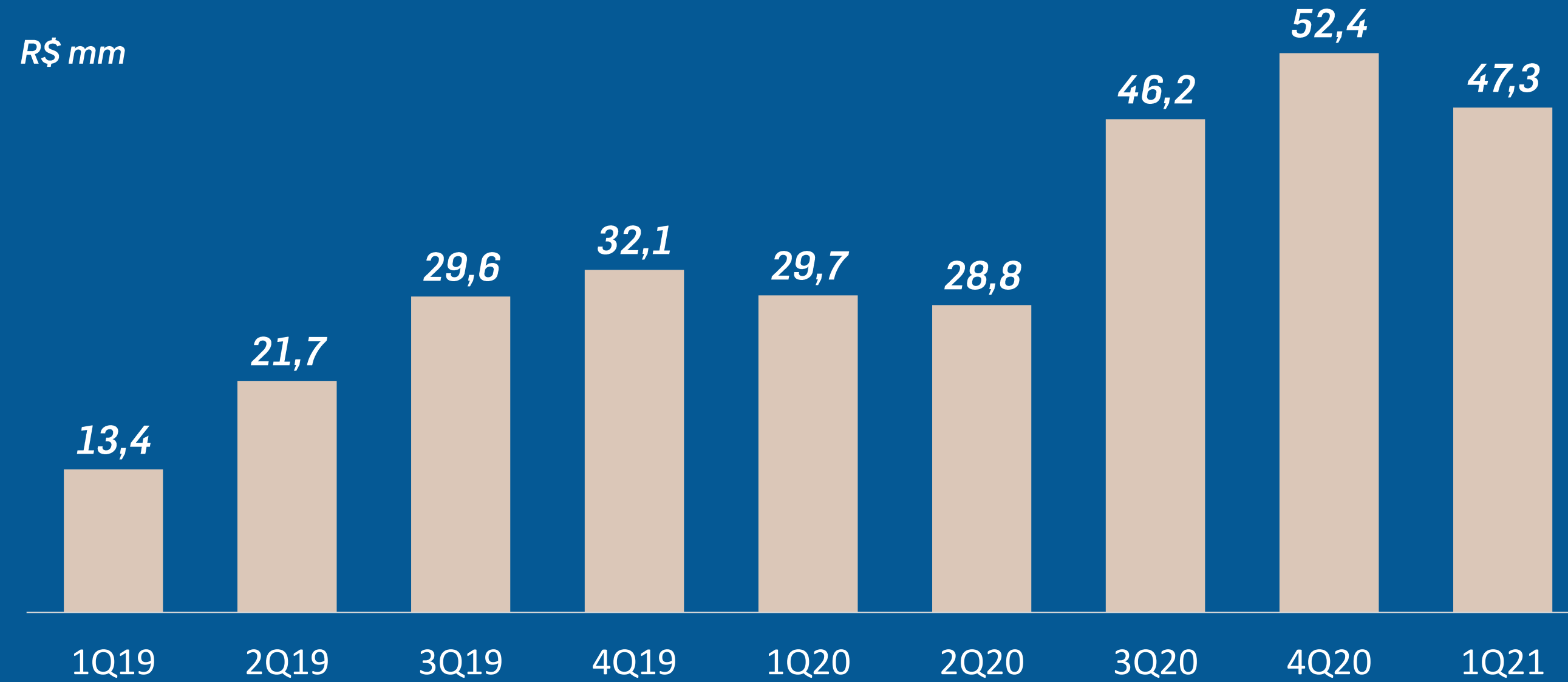


Already has clientes in all the USA, mainly due to the high participation of digital channel, which represents 93% in the retail sales in 1Q21.

NV, OPPORTUNITY TO RAMP UP GROWTH



NV GROSS REVENUE



- NV, a digital native brand with an *incredible audience*
- Opportunity of *growth throughout the national territory*

Acelerating top line in 1Q21

BRL 47.3¹ mm

+58.3%

vs.1Q20

¹ Considering aall of 1Q21,
including the period before the
incorporation of NV

NV results were incorporated in Grupo SOMA in march/21,
when occurred the closingo of the operation. The brand summed
BRL 14.9 millions in the Groups gross revenue in the 1Q21

Digital

R\$24.9¹mm

+79.5%

vs.1Q20

¹ Considering aall of 1Q21,
including the period before the
incorporation of NV

Desired brand with great audience.

Accelerate growth with SOMA's ***digital know-how***,
enational physical expansion, generating brand awareness.

+5 new stores in the 2S21 – Rio, BH, Recife e Curitiba - in
addition to the current 5 (all in SP).

3

***FINANCIAL
RESULTS***



HIGHLIGHTS

1Q21



BRL 418.1 MM
Revenue

+17.0%
vs. 1Q20

+19.0%
vs. 1Q19



BRL 184.2 MM
Digital

+75.3%
vs. 1Q20

+264.8%
vs. 1Q19



BRL 39.1 MM
FARM Global

+135.5%
vs. 1Q20

+2,907.7%
vs. 1Q19



64.6%
Gross Margin

+5.5 p.p.
vs. 1Q20

+3.0 p.p.
vs. 1Q19



BRL 23.4 MM
Adjusted EBITDA

+254.5%
vs. 1Q20

BRL 14.9 MM
Adj. Net Income

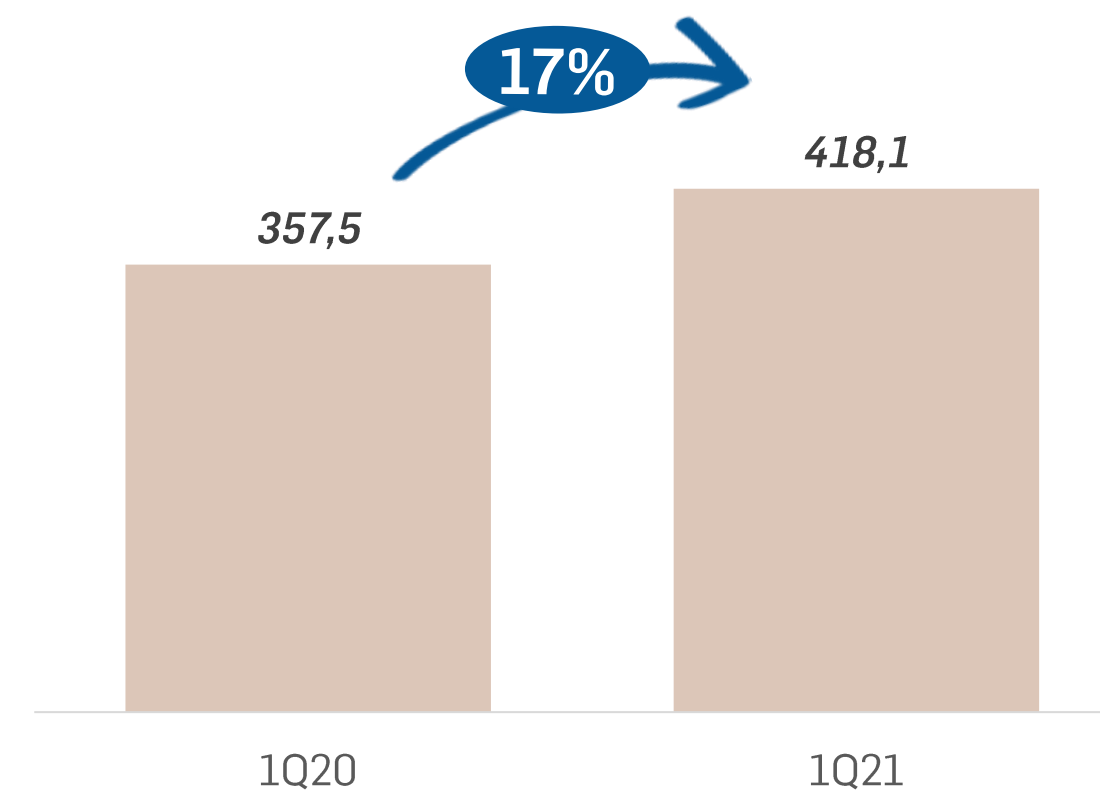
+446.5%
vs. 1Q20

Gross Revenue 1Q21

<i>BRL million Channel</i>	<i>1Q21</i>	<i>1Q20</i>	<i>1Q21 vs. 1Q20</i>
Retail (Physical + Digital)	306.6	274.3	11.8%
Wholesale	111.5	76.6	45.6%
Total (Current)	418.1	350.9	19.2%
Brands that were ended ¹	0.0	6.6	-100.0%
Total	418.1	357.5	17.0%

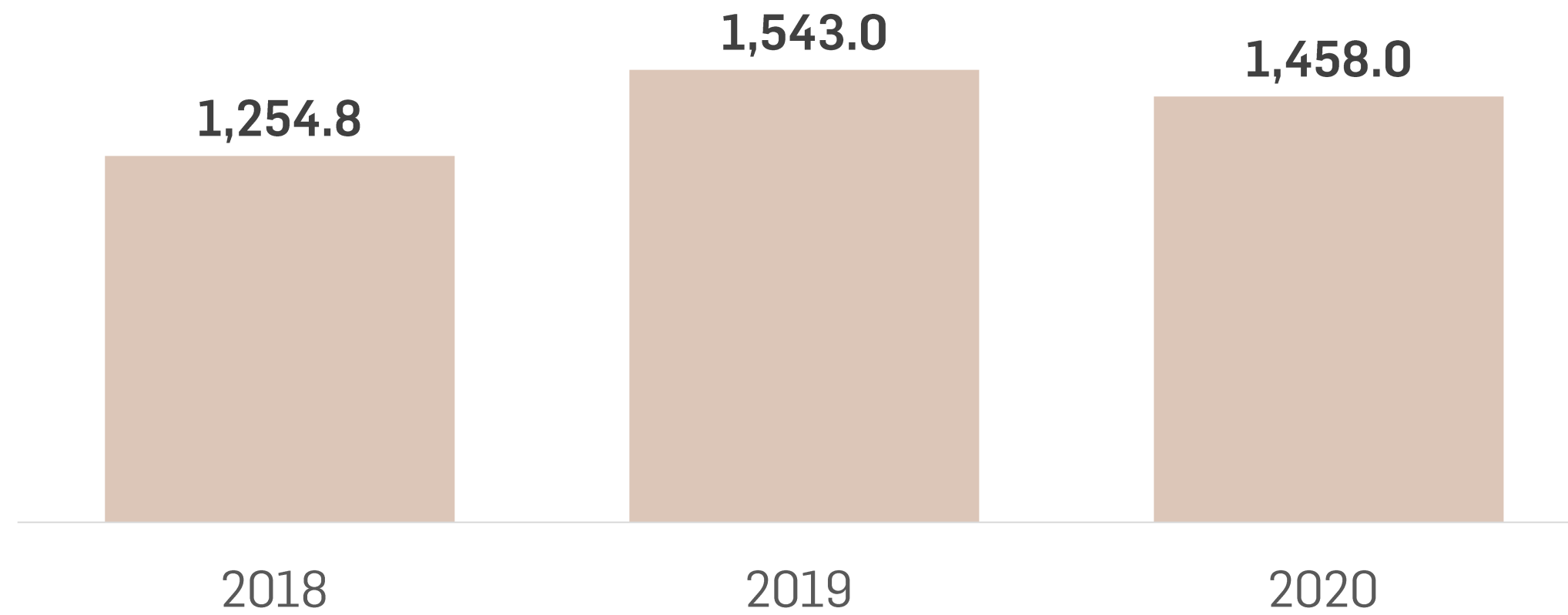
¹Results from FYI, a brand that the Company ended

TOTAL GROSS REVENUE (BRL mm)



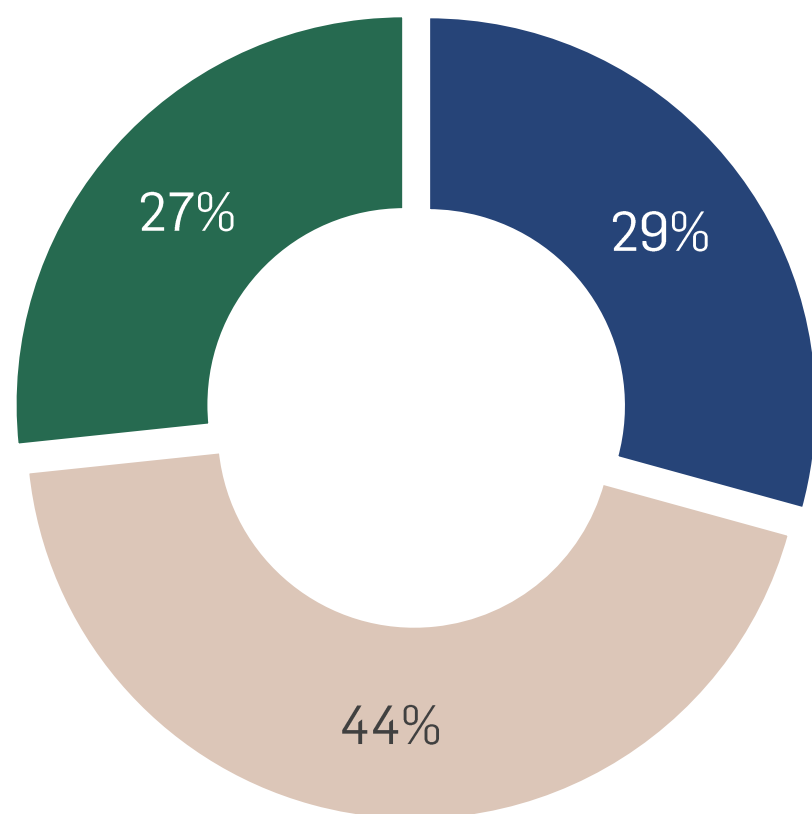
Gross Revenue Evolution

TOTAL GROSS REVENUE (BRL mm)



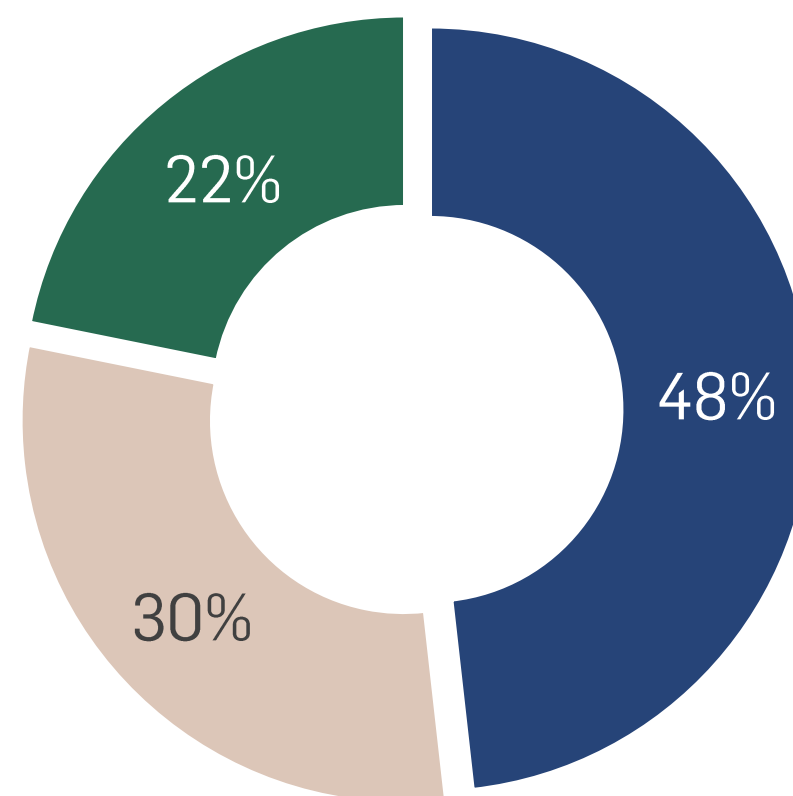
Digital share growth

1Q21



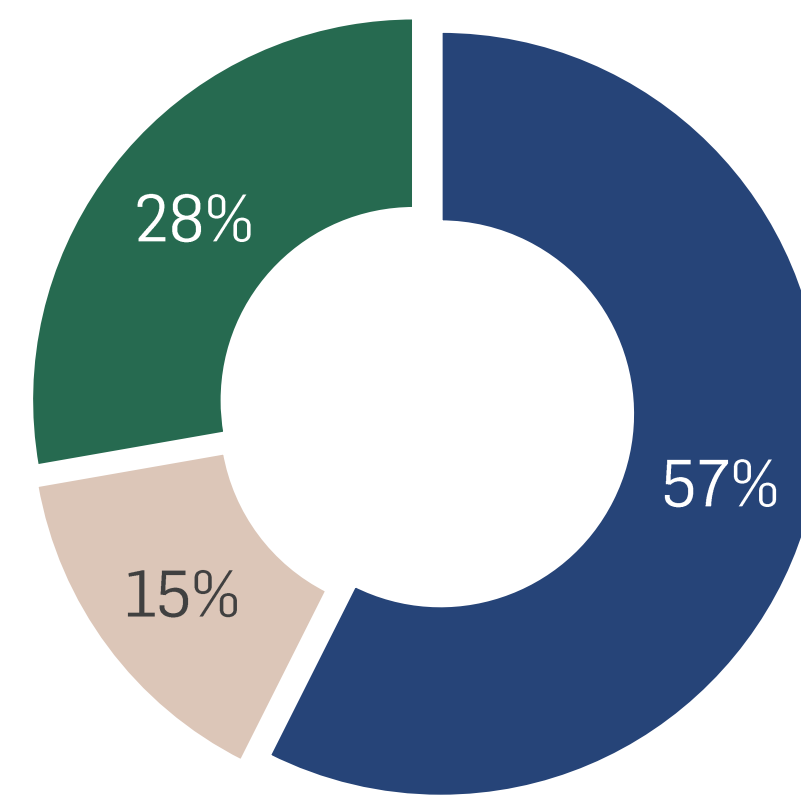
■ Physical Retail ■ Digital ■ Wholesale

1Q20



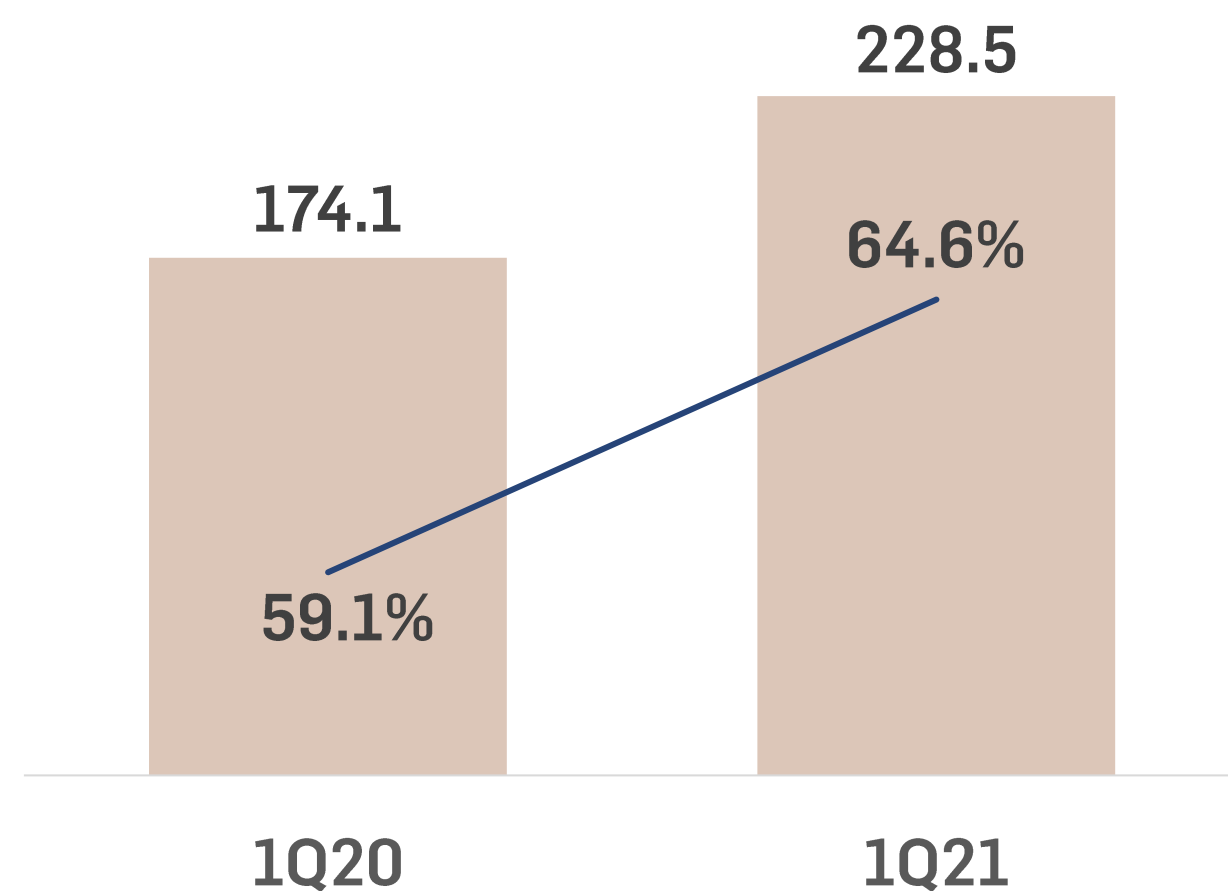
■ Physical Retail ■ Digital ■ Wholesale

1Q19



■ Physical Retail ■ Digital ■ Wholesale

Gross Profit and Expansion of Gross Margin 1Q21



Growth of **31.3%** of the **Gross Income**

Expansion of **5.5 p.p.** of **Gross Margin**

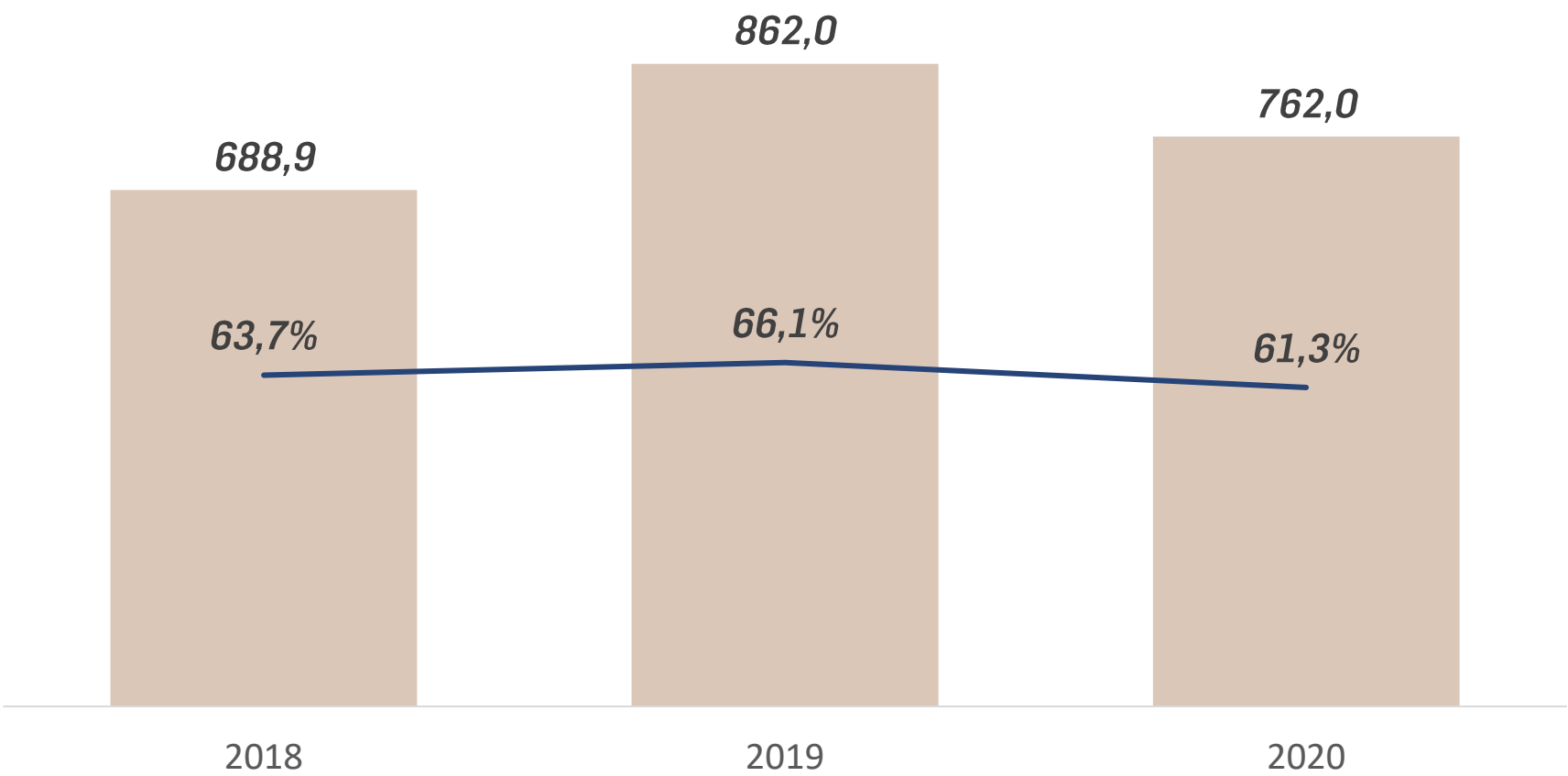
High sales in full price on digital

Better management of off inventory

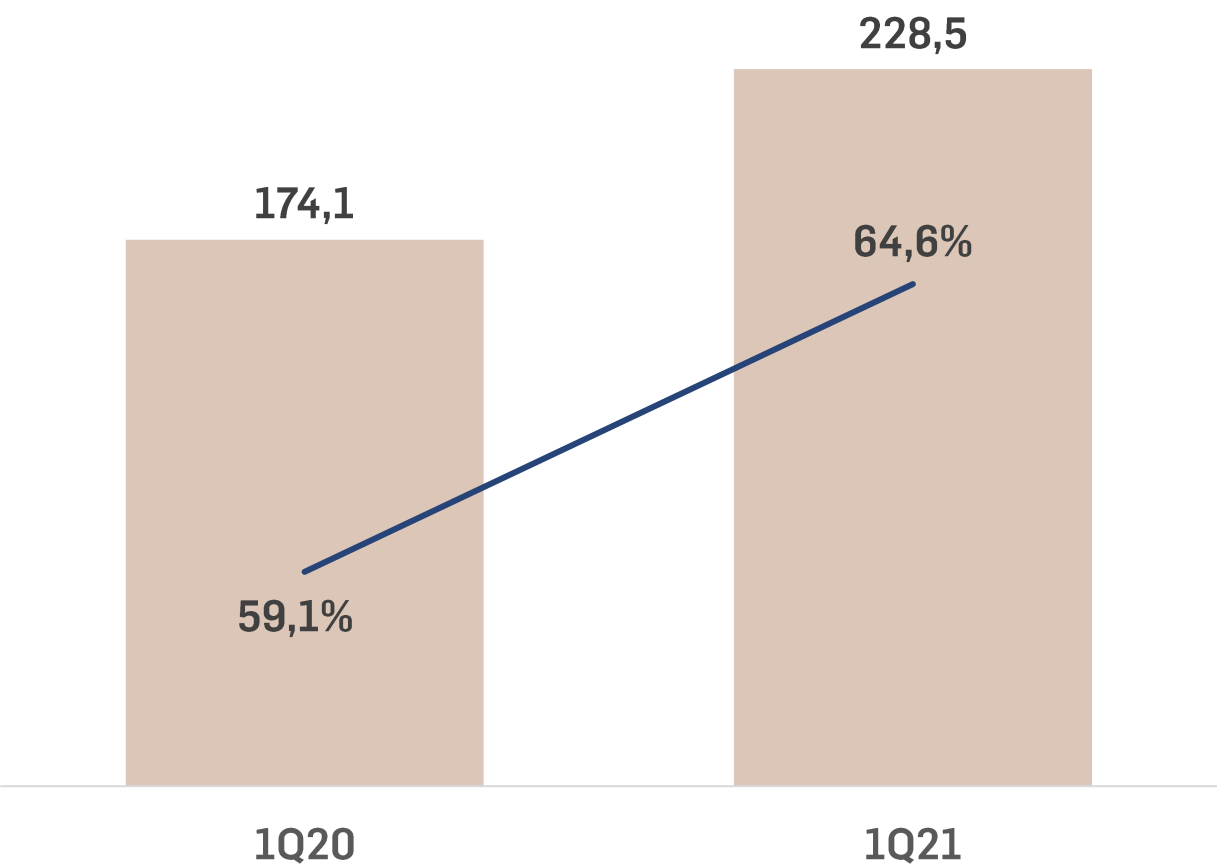
Higher gross margin of **FARM Global**

Gross Profit and Gross Margin Evolution

HISTORICAL EVOLUTION (BRL mm)

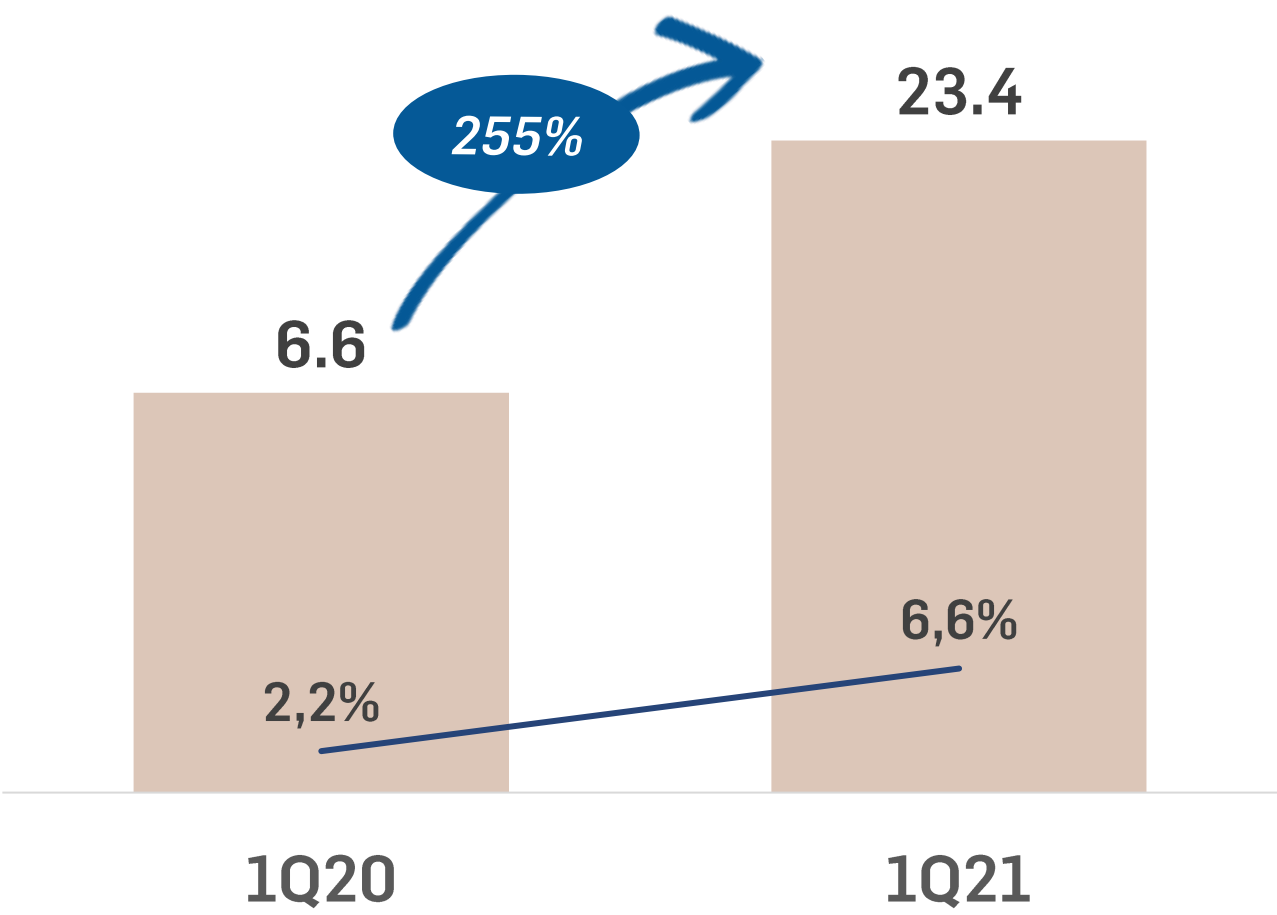


1Q21 vs. 1Q20 (BRL mm)

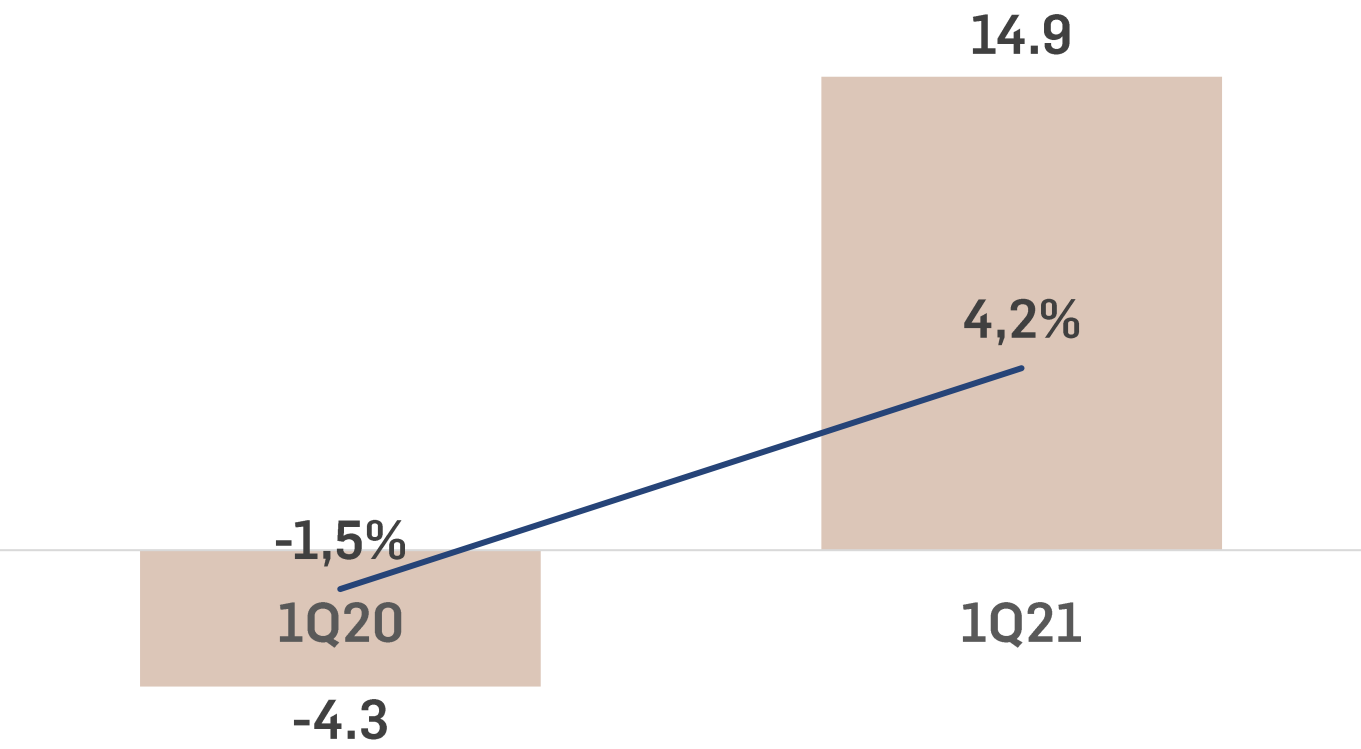


EBITDA e Net Income 1Q21

EVOLUTION OF ADJUSTED EBITDA (BRL mm)

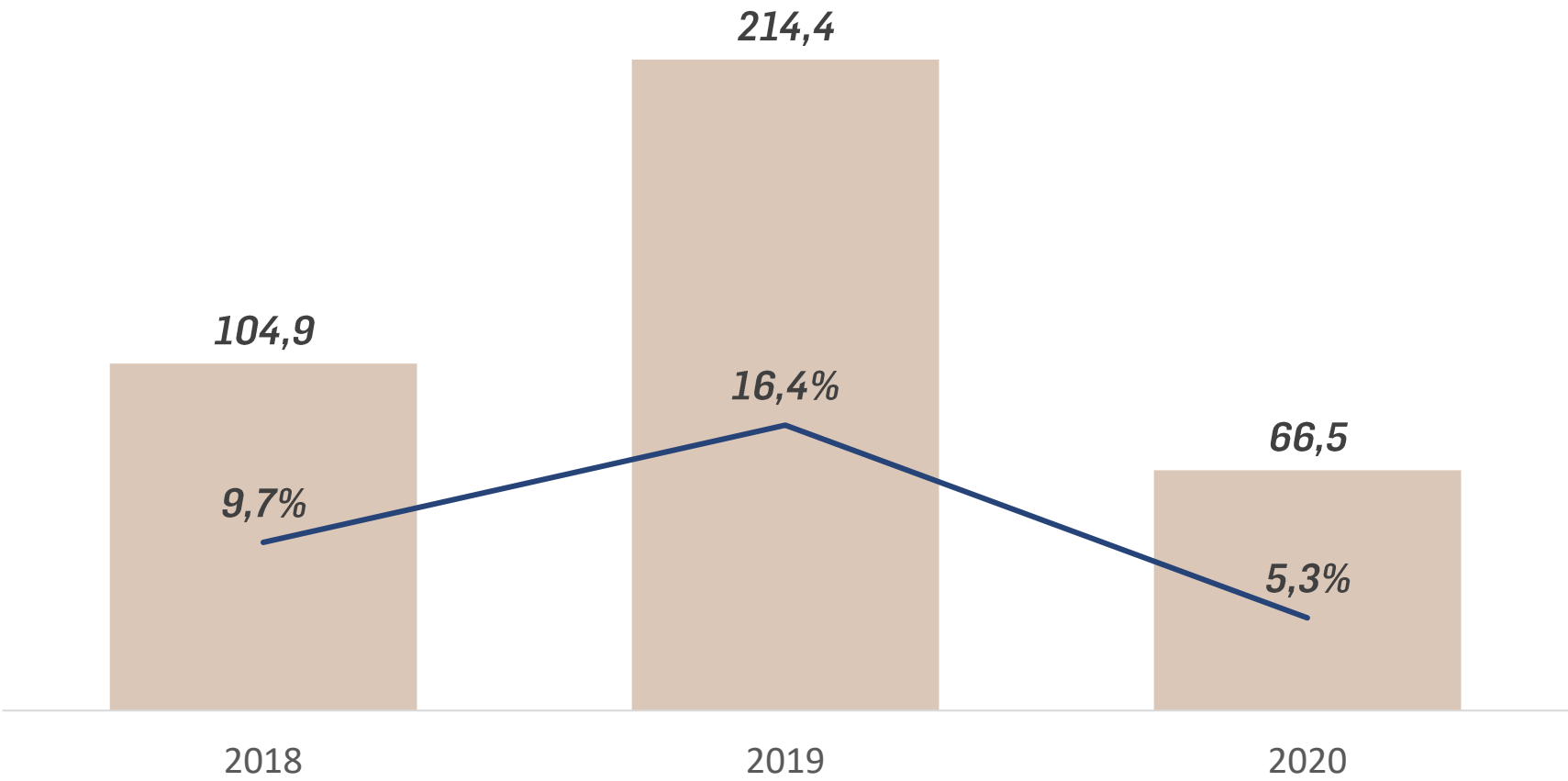


EVOLUTION OF ADJUSTED NET INCOME (BRL mm)

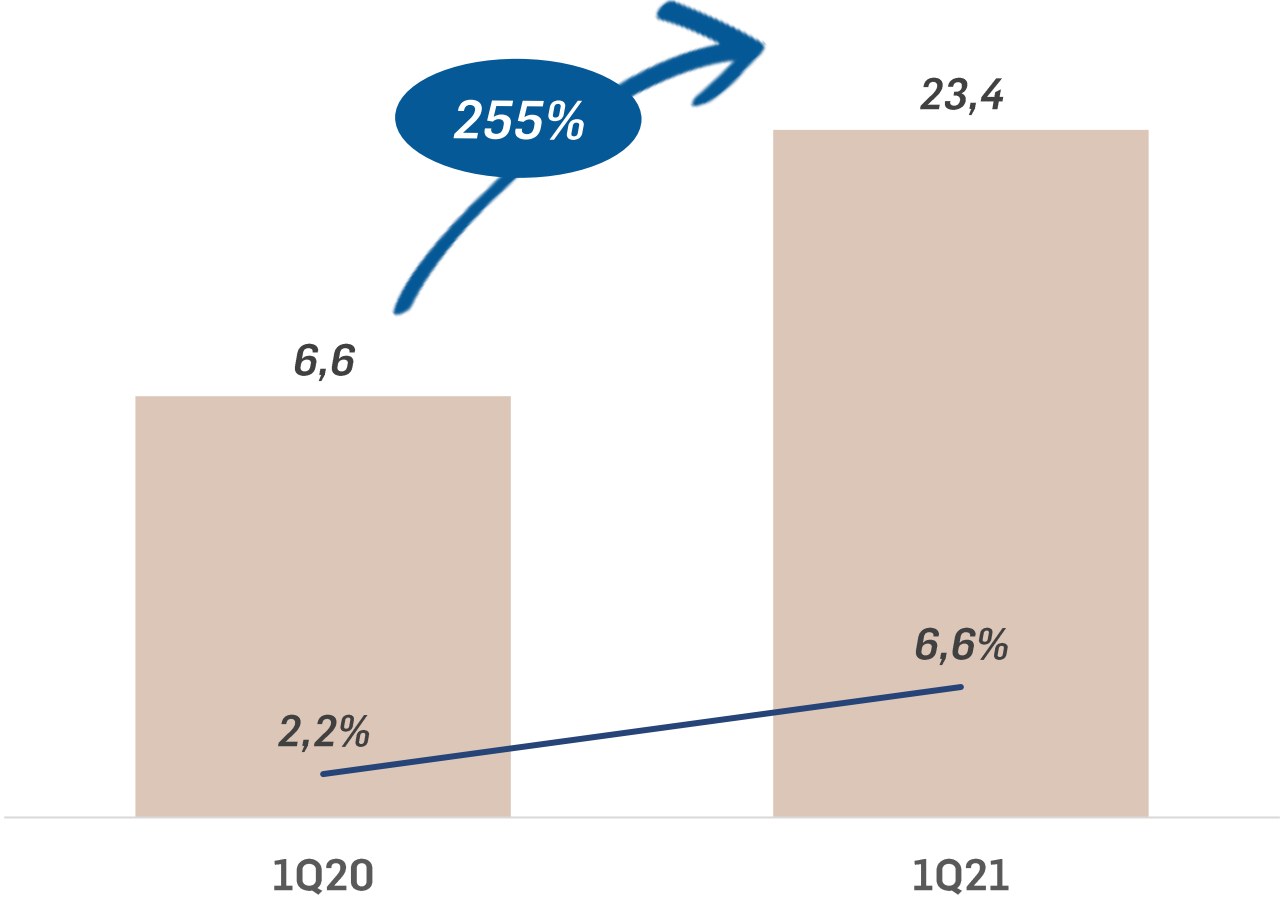


ADJUSTED EBITDA EVOLUTION

HISTORICAL EVOLUTION (BRL mm)

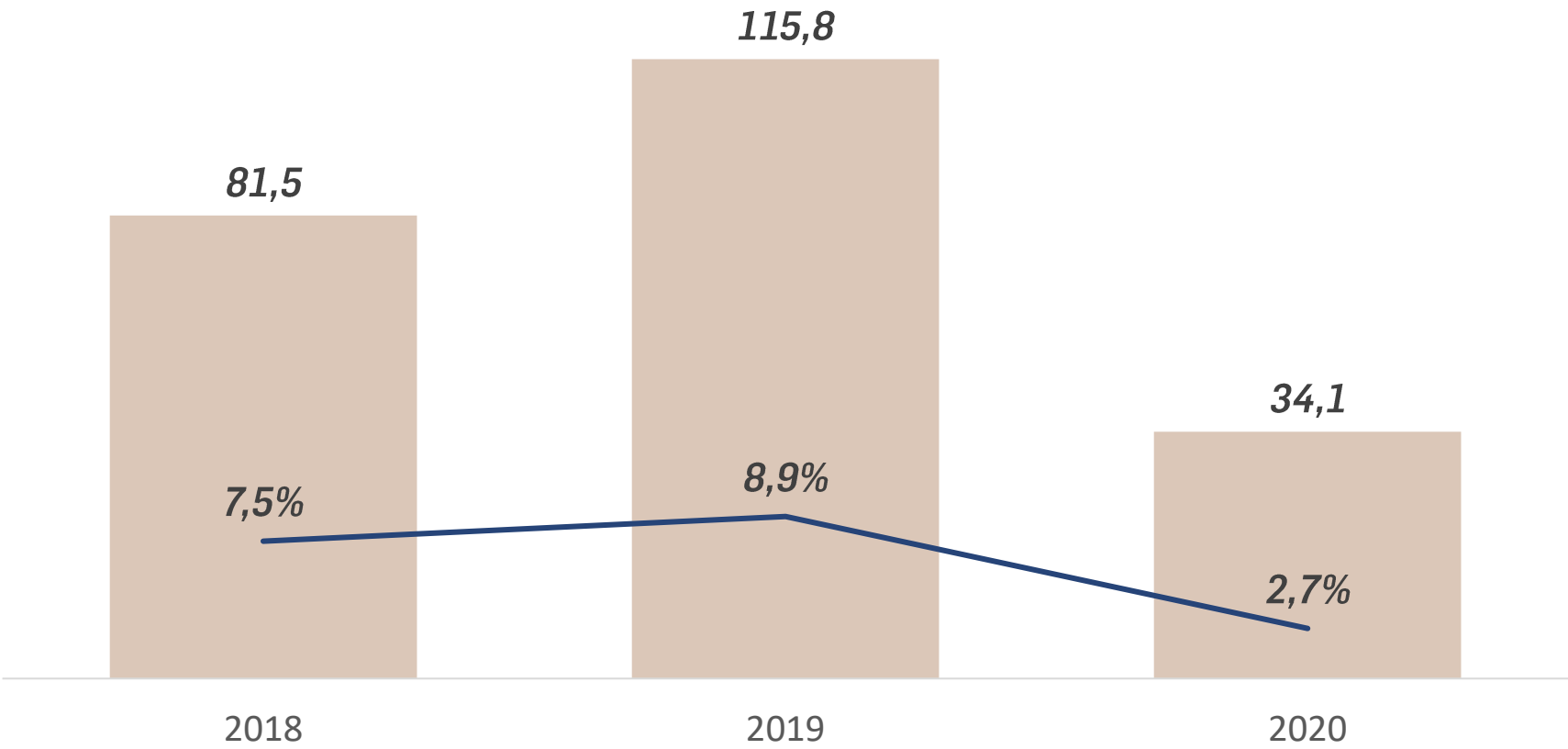


1Q21 vs. 1Q21 (BRL mm)

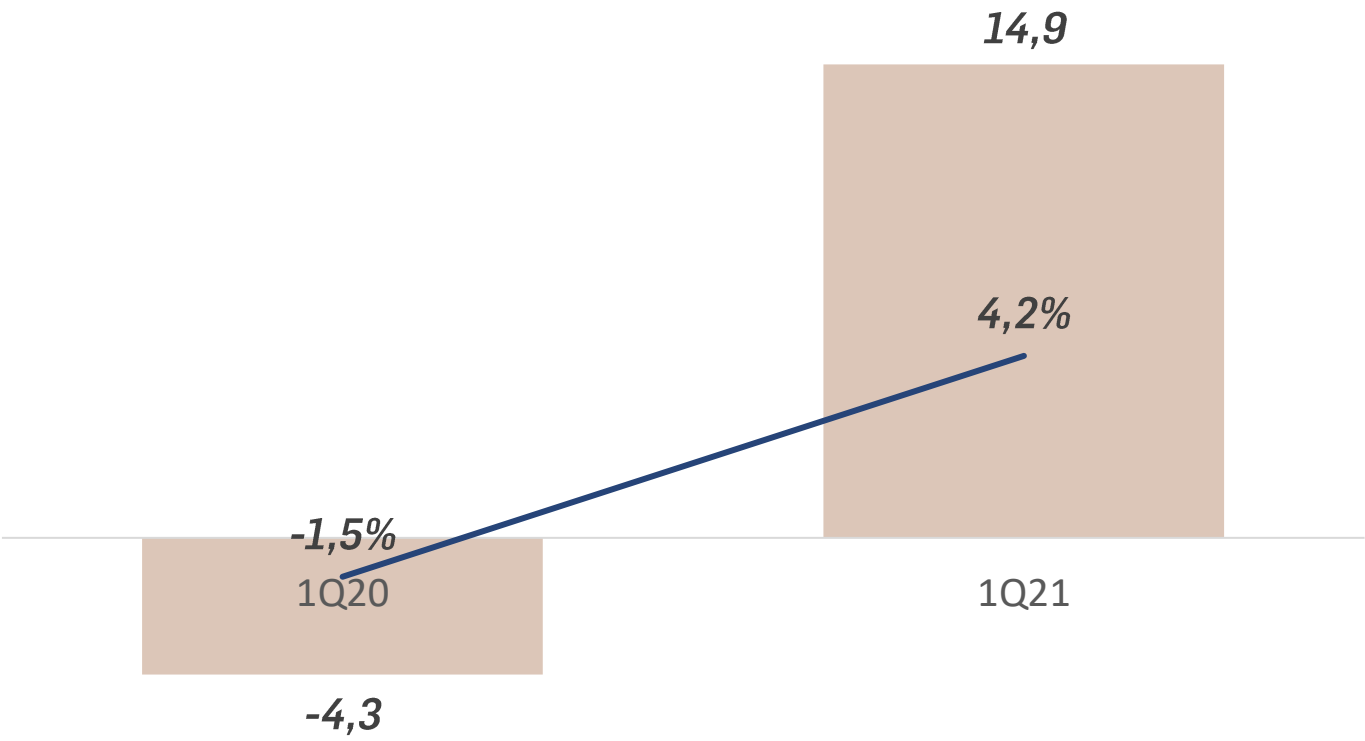


NET INCOME EVOLUTION

HISTORICAL EVOLUTION (BRL mm)



1Q21 vs. 1Q20 (BRL mm)



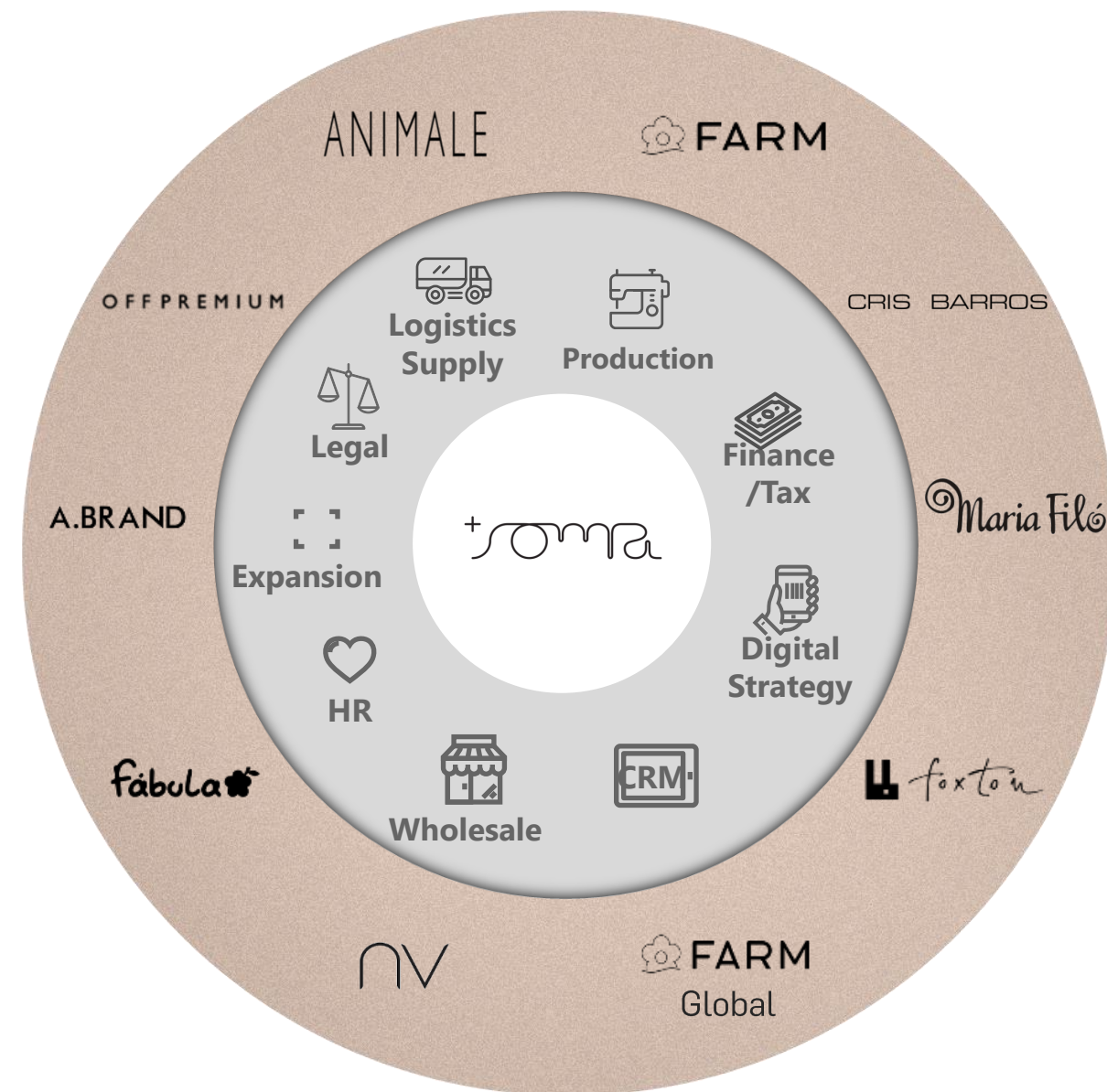
4

HERING

***ESTRATEGIC
PILLARS***



Consolidation Strategy



The strategy was maintained...

- Support and accelerate the **growth of brands** through our platform
- **Consolidation strategy** in different price points and niches
- Build a **diversified and complementary brand portfolio of “desire brands”** in different stages of maturation and with potential growth

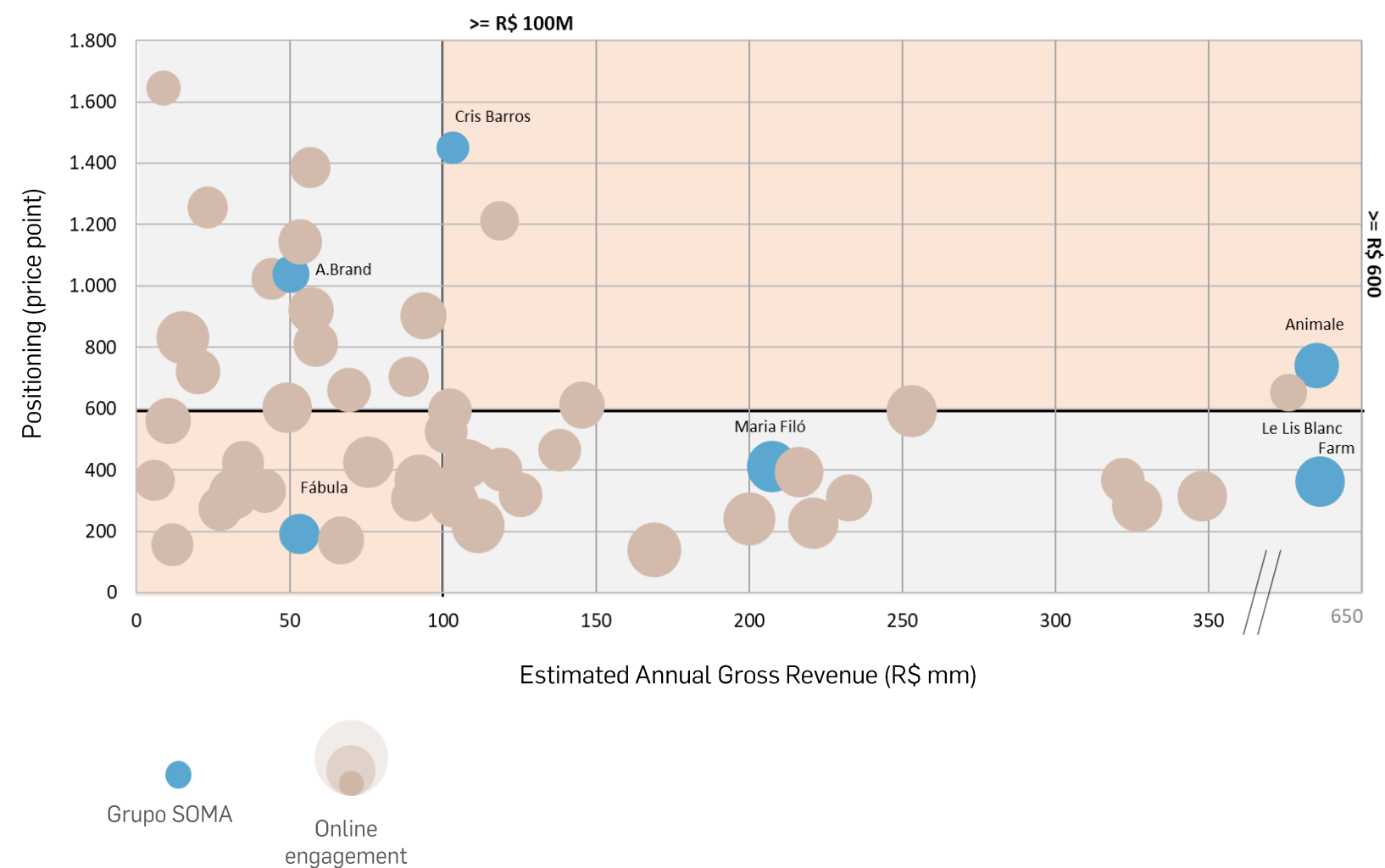
Going back to the IPO thesis

... the tactic has changed

The brands were strongly affected by the pandemic with a drop in results and high leverage, which made new acquisitions unfeasible

Our vision for the future

- **Polarization** of large mature brands and digital native brands
- **Absence of assets** available in our sweet spot (R\$ 15 - 40 mm EBITDA)
- **Digital natives**, still small and with unknown cycles
- **Risk of deceleration** in the pace of future growth of the Company
- **Hering as a unique opportunity and transformation for value generation**, with focus and attention on an iconic asset



Motivations for the deal

Hering is **top of mind**

Operation led by creative directors, specially, from FARM

140-year-old, traditional, resilient brand that delivered **BRL 255M¹** of EBITDA (average in 2018, 19, 21 and 22) and strong cash generation

The brand is recognized, **desirable** and loved by Brazilian consumers

Large asset that we will focus on for a long period, with a greater potential for incremental results

A **less “modal”** product

Motivations for the deal

Complementarity of skills from both sides

Industrial efficiency (cost, lead time and SLA), added to gains in scale, positively impacting the group's gross margin

Greater opportunity in the collaborative process ("collabs" and brand activations) with Hering, due to the generational transition

Great growth potential in **digital channels**, due to the **desirability potential**

Brand with a strong **footprint** in the national market

Motivations for the deal

Great expansion of Grupo SOMA's addressable market (increase of **BRL 51 Bi²** considering clothing for classes A, B and C1)

More than **9mm** customers, with CRM and financial product potential

Good level of **compliance** and a very mature ESG agenda

(2) Source: Statista, IPC Maps mercado de vestuário confeccionado 2019 and Cia Hering IR. Considered potencial of consumption A, B1, B2 e C1.

The Hering investment thesis consists of 9 large quantifiable levers

Sinergies in Revenue

Sinergies in Cost and Expense

Sinergies in Cash Flow

Opportunities in Digital and Whosale

1. Acceleration of digital presence

2. Cross-selling Hering wholesaler POS for Grupo SOMA

SOMA impact

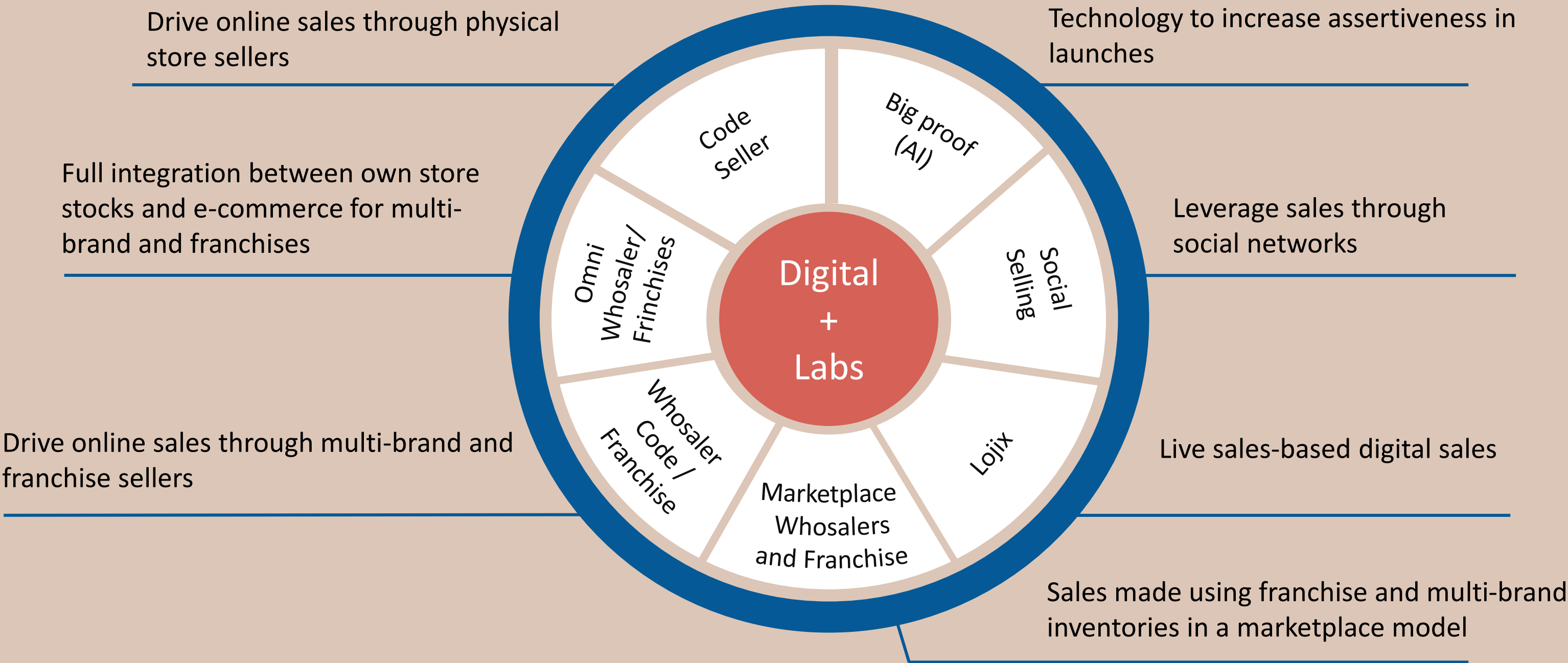
Hering impact

Both impact



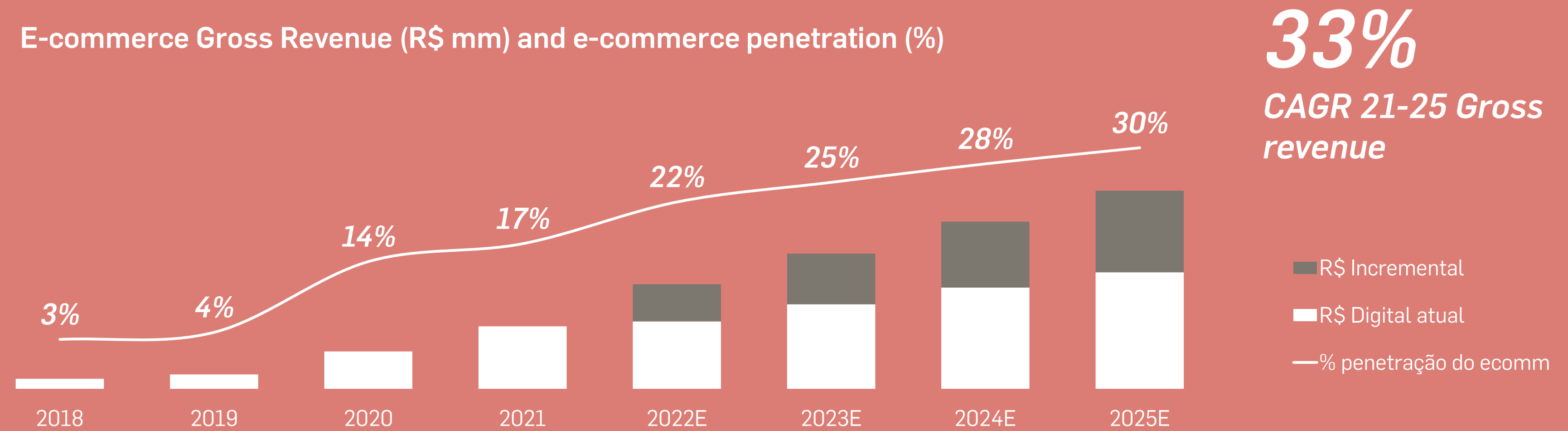
Acceleration of digital presence, generating desire for the on and off brand

Major digitization projects:

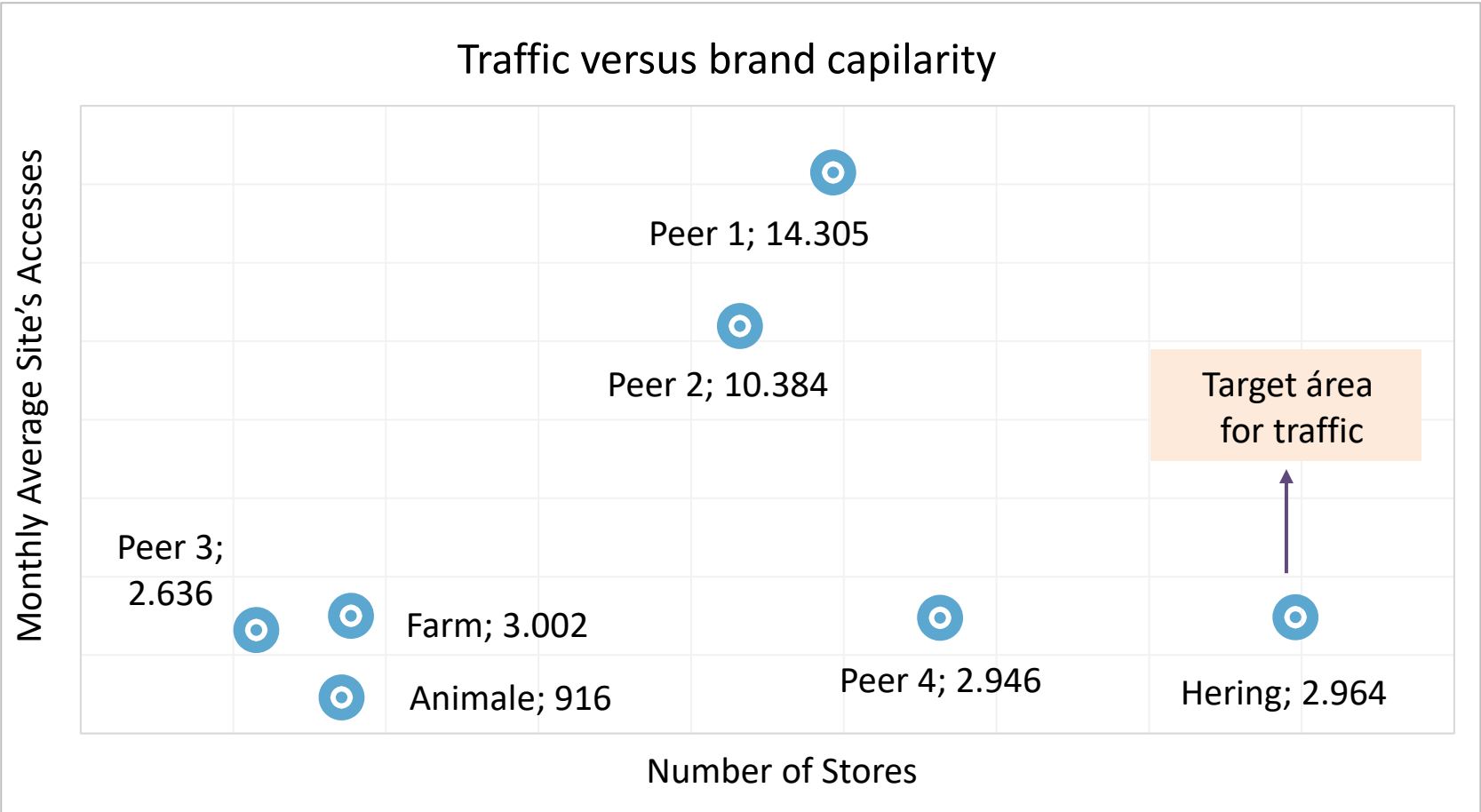
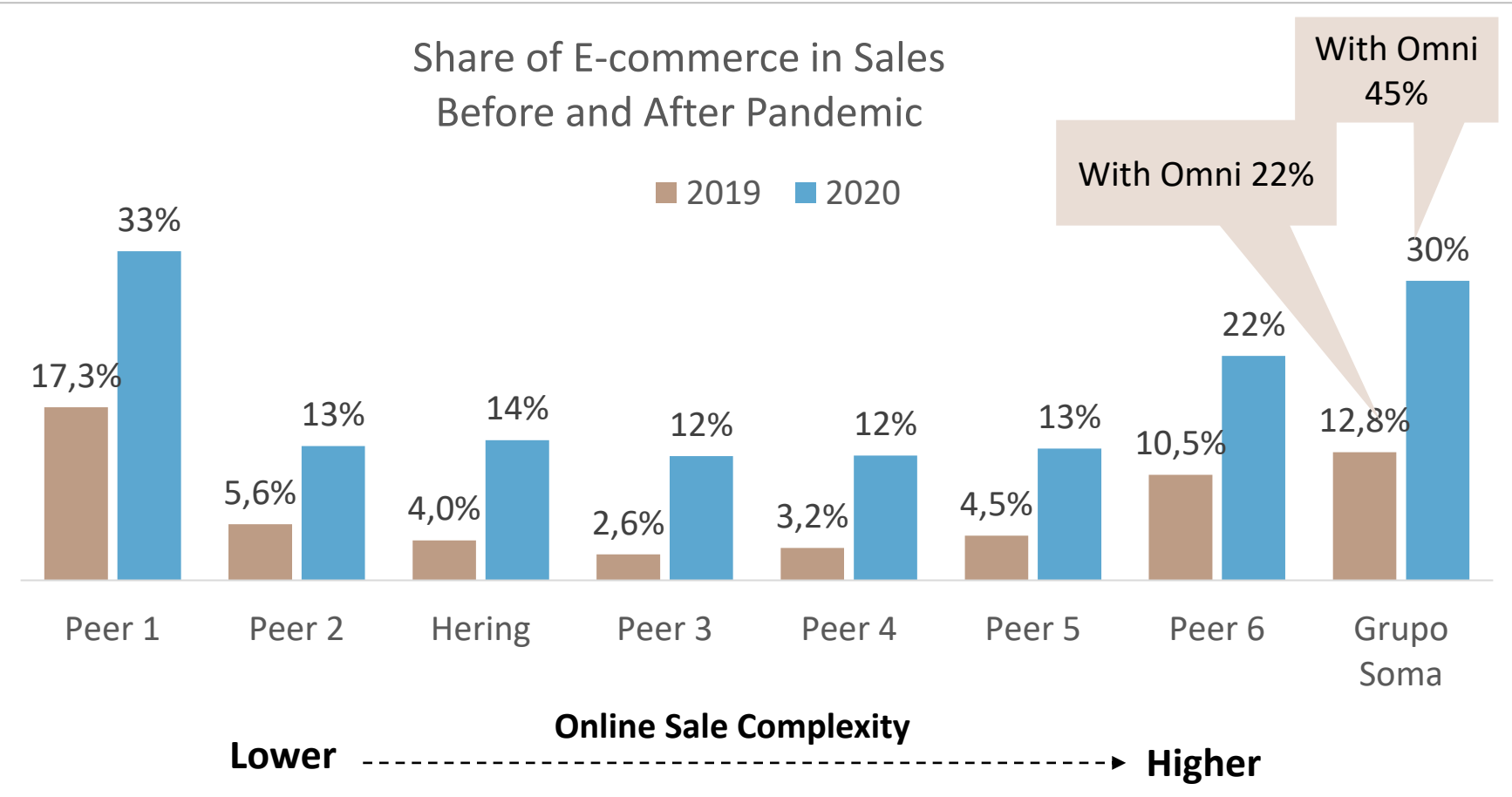


Acceleration of the digital presence, generating desire for the on and off brand

E-commerce Gross Revenue (R\$ mm) and e-commerce penetration (%)



Acceleration of the digital presence, generating desire for the on and off brand

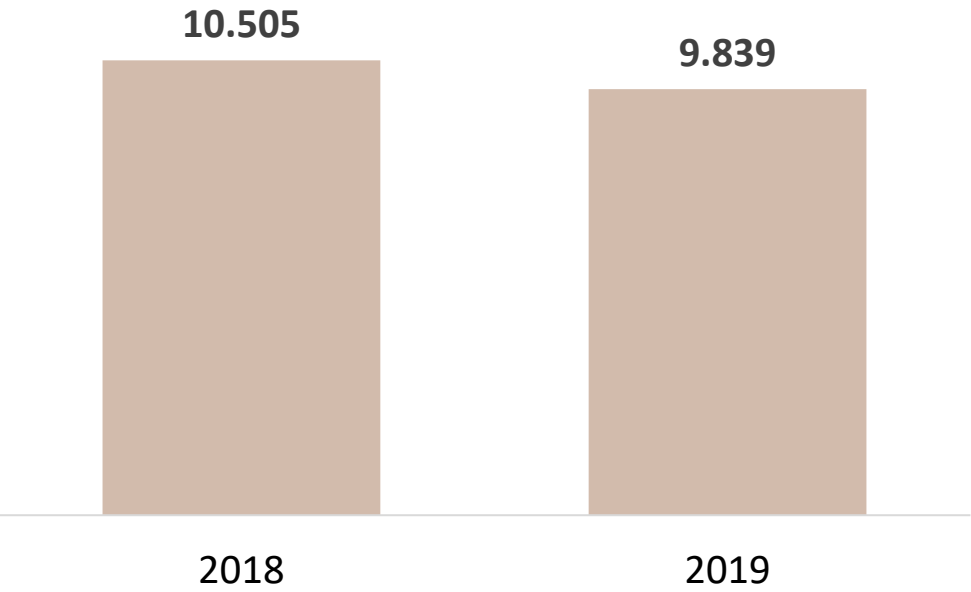


Hering wholesale with know-how and footprint to boost the SOMA



Hering has almost 10,000 active wholesalers and a relationship with around 20,000, with national sales and logistical footprint

of Sales points



Gente é o que soma.

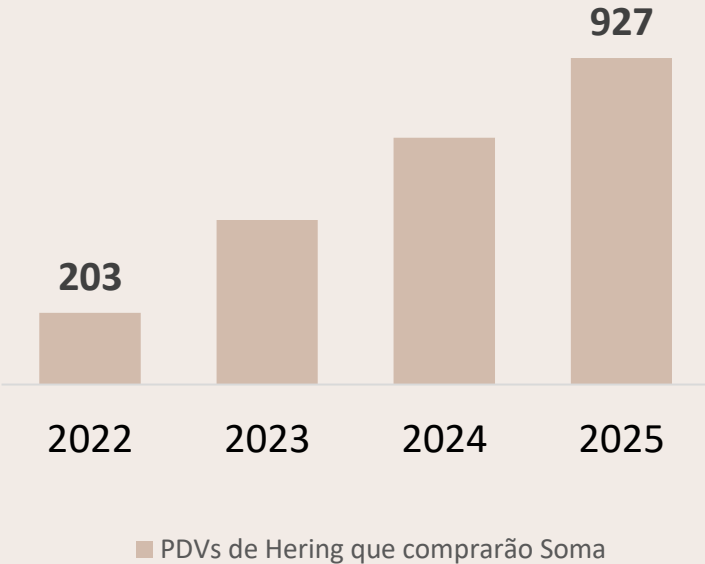
Grupo SOMA has increased the volume of wholesaler POS in the last few years, with more than 3 thousand wholesalers

of Sales points



Cross-selling whosalers Hering-SOMA

of Sale points



Unquantified: Hering sales increase by digitizing the sale

The Hering investment thesis consists of 9 large quantifiable levers

Sinergies in Revenue

Sinergies in Cost and Expense

Sinergies in Cash Flow

Hering industry, scale and purchasing intelligence

3. Cost optimization due to scale gains and tax benefits

4. Verticalization of the chain, especially in the fabrics

5. Better shopping quality and assertiveness

6. Increased brand responsiveness with gross margin optimization

7. Synergy in expenses

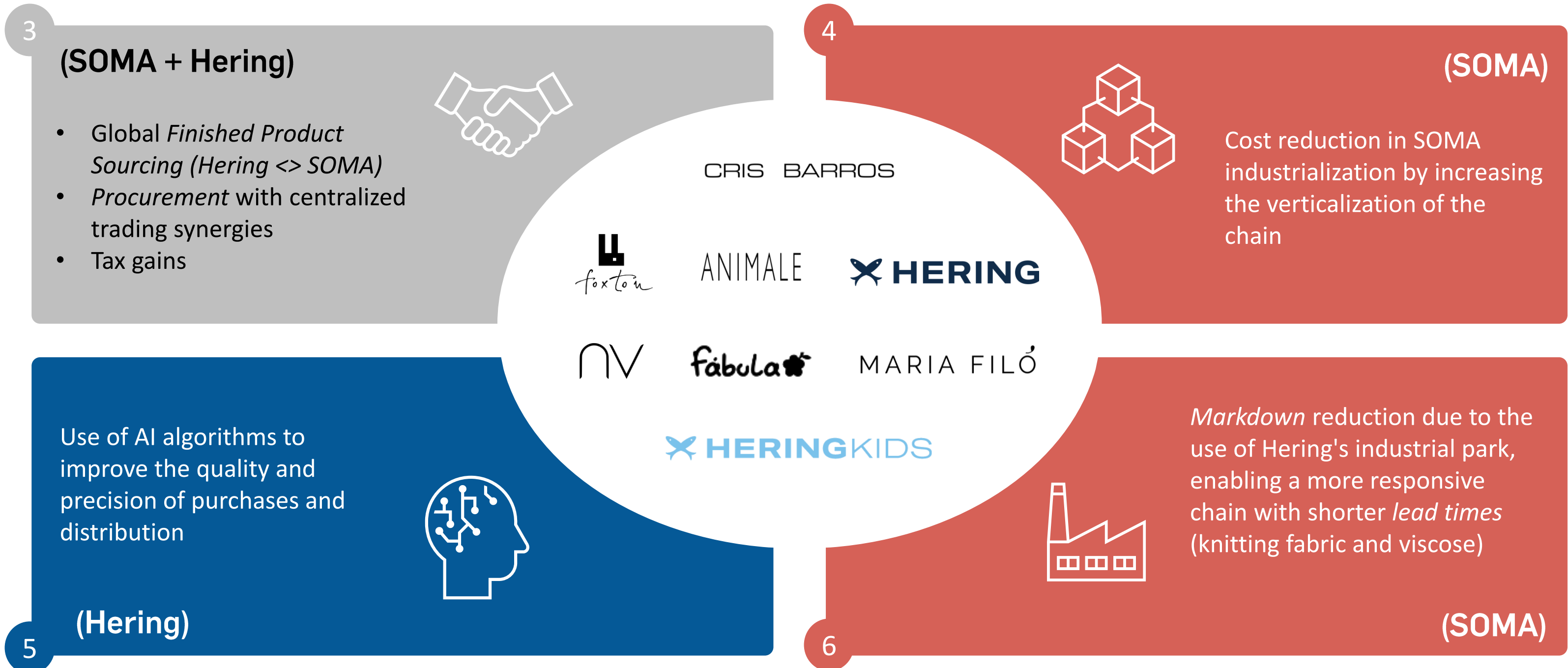
SOMA Impact

Hering impact

Both impact

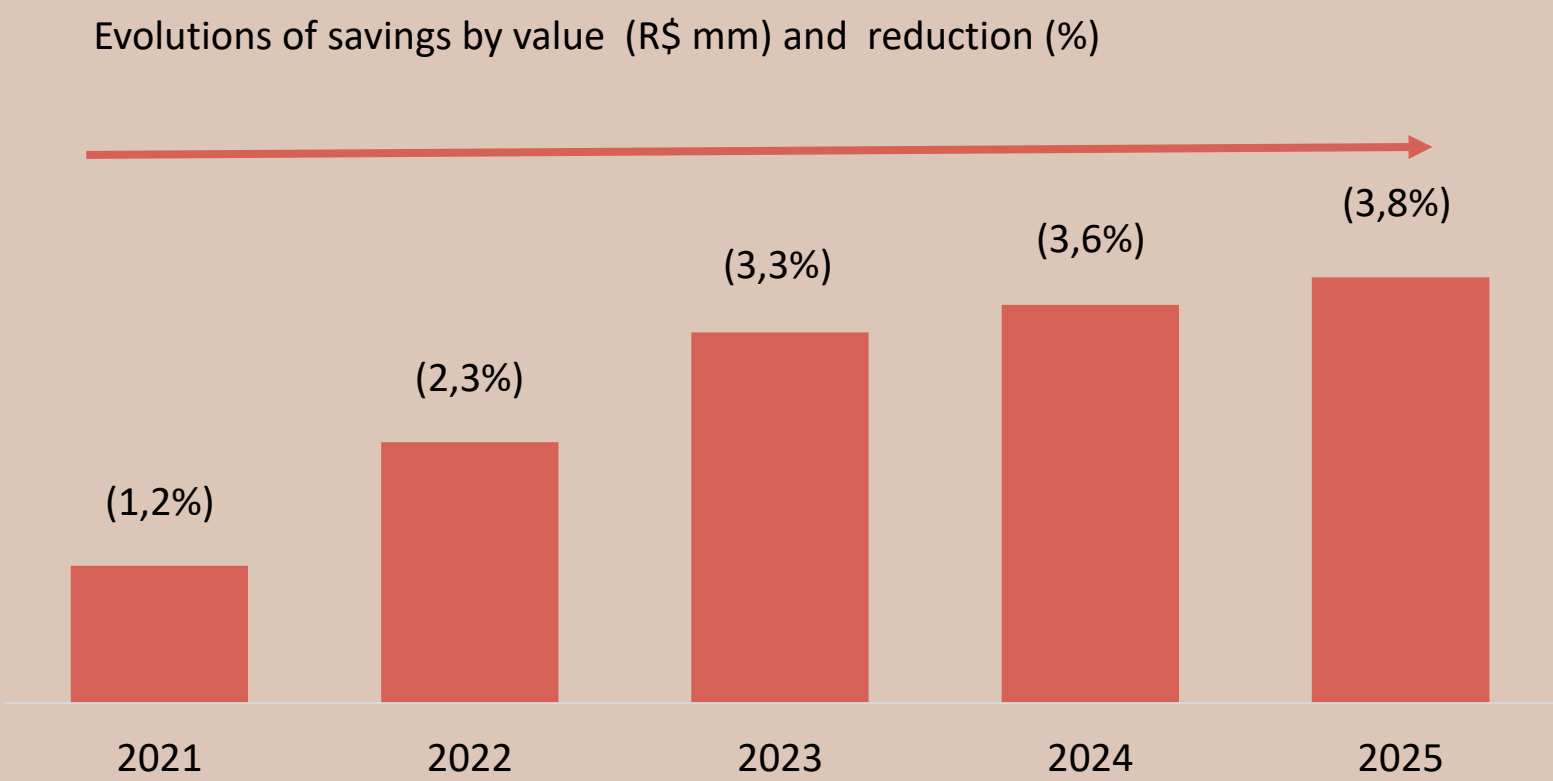


3, 4, 5 e 6. Gross Margin gains through 4 great leverages



Volume gains enable adjustments in the SOMA and Hering Groups and optimize expenses by approximately 3.8% by 2025

Front	% Saving ¹ 2025
Staff	2.0% ²
Marketing on and offline (↑ efficiency and scale)	4.0%
Logistics	7.0%
IT	8.0%
Facilities ³	10.0%
MDR, Other Services and Long Tail	6.5%
Total	3.8%



Levers for results:

- Trading volume: ads, MDR, marketing
- Route optimization: logistics and facilities
- Overlaps: personal, IT and legal

(1) Estimate benchmarks in SOMA (2) Corporate personnel only (3) Hering values contained in Other Services and Long Tail

The Hering investment thesis consists of 9 large quantifiable levers

Sinergies in Revenue

Sinergies in Cost and Expense

Sinergies in Cash Flow

Cash Flow Opportunities

8. Sinergies in CAPEX

9. Improvements in the financial cycle

SOMA impact

Hering impact

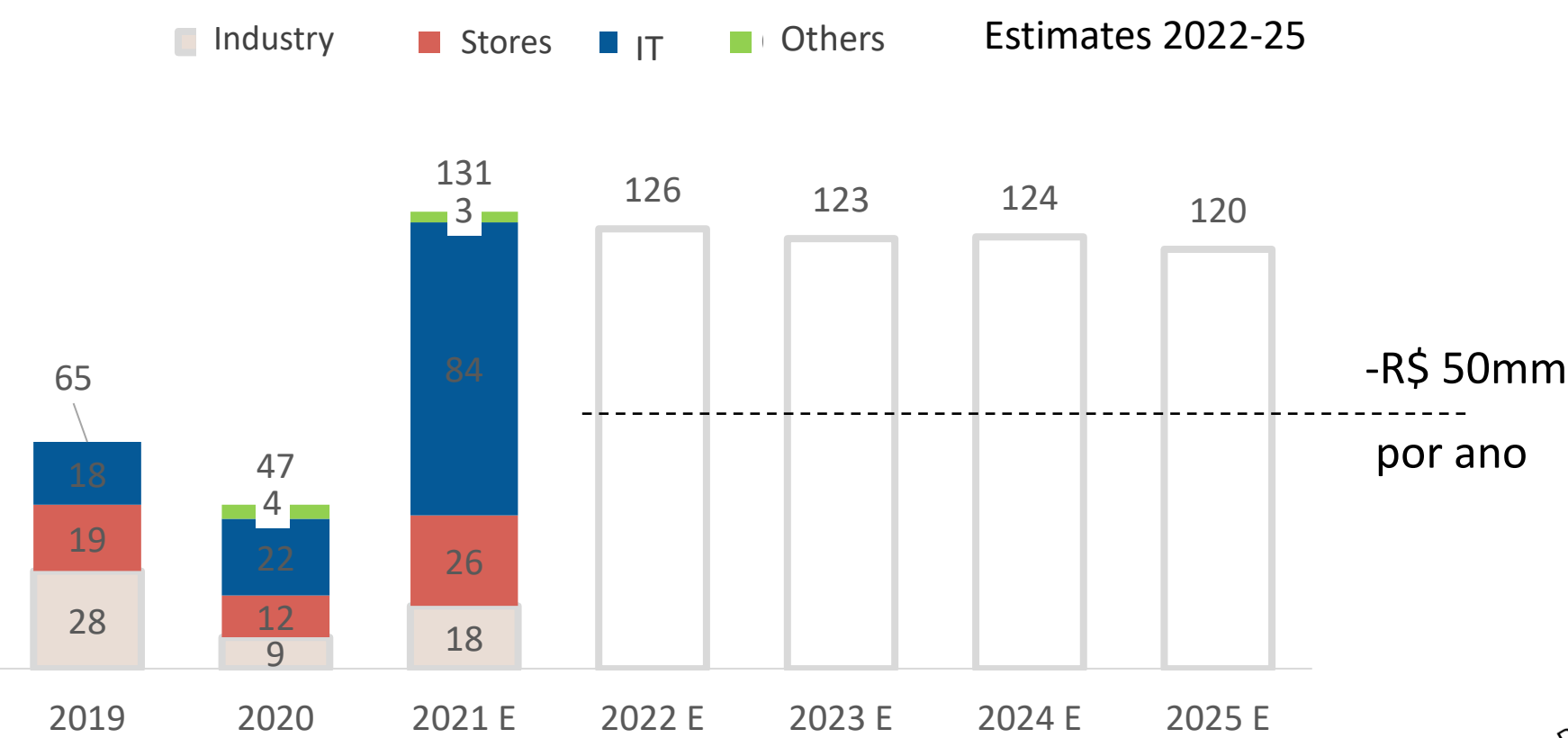
Both impact



Adjustments in CAPEX and Working capital structure

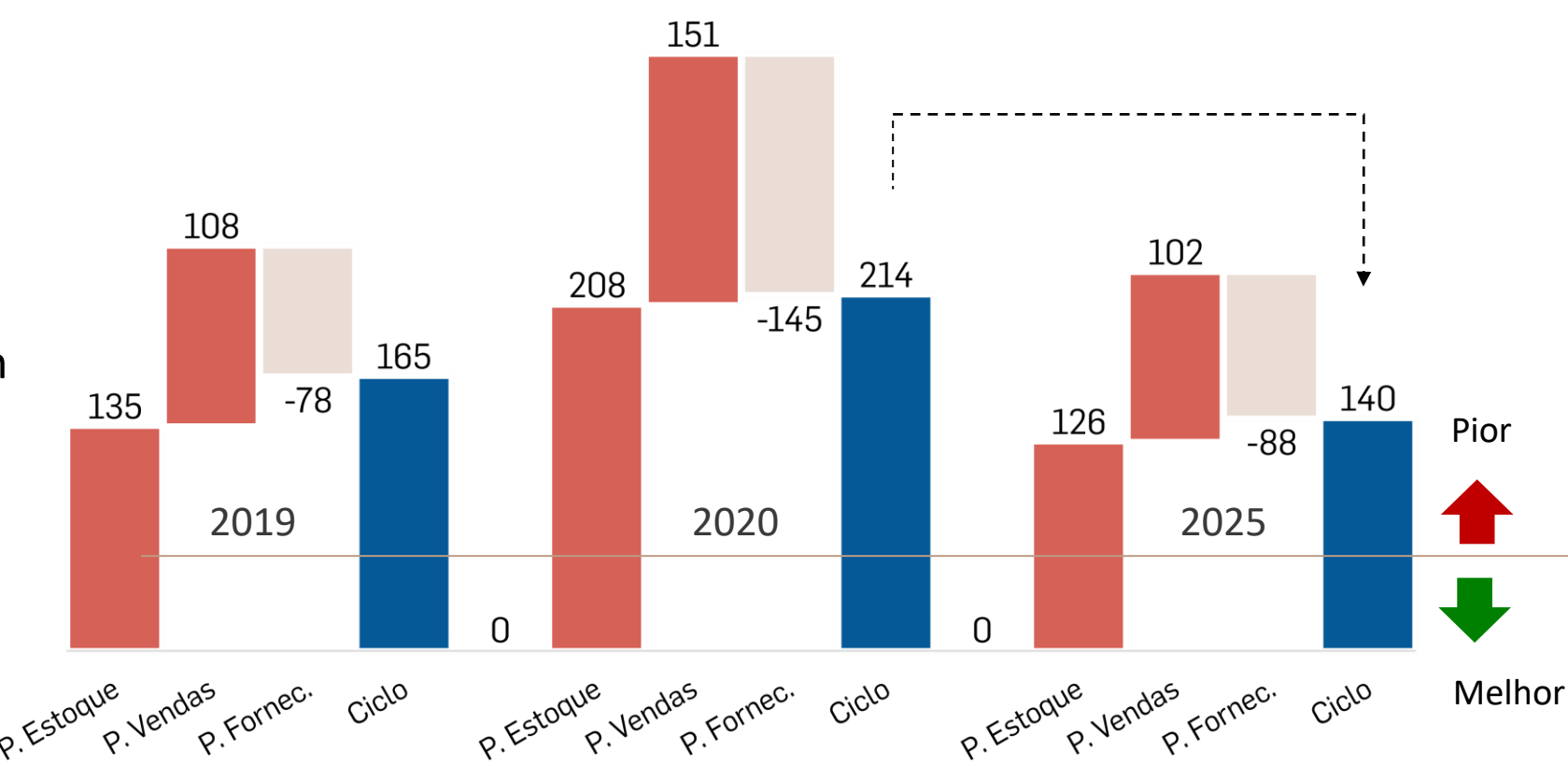
Capex can be optimized with SOMA digital operation

Capex (R\$ mm)



Financial cycle reduction until 2025

Financial cycle (days)



Opportunity to integrate areas and projects related to technology and systems with the SOMA Group

Improved inventory turnover and extended suppliers
- Resuming the levels of the past, with a gain of 25 days over 2019.

(1) Estimativas referentes à Benchmarks
(2) Capex 2021 anunciado pela companhia

Vision 2025: synergies bring in 2025 between R\$ 266mm and R\$ 311mm, or between R\$ 181mm and R\$ 212mm at present value

Opportunities			Capture begining	Total in 2025 R\$ mm
Sinergies in Gross Revenue	1.	Acceleration in digital presence	2022	108 – 126 EBITDA
	2.	Cross-selling Hering whosalers for Grupo SOMA	2022	
Sinergies in Costs and Expenses	3.	Optimization of costs due to scale gains and tax gains	2022	158 – 185 EBITDA
	4.	Verticalization of the chain, especially in fabric		
	5.	Melhor de qualidade e assertividade de compras		
	6.	Increased brand responsiveness with gross margin optimization		
	7.	Sinergies in expenses	2021	
Total impact in EBITDA ¹				266 M - 311 M
Sinergies in Cash Flow	8.	Sinergies de CAPEX	2021	173 – Cash Flow
	9.	Working capital adjustments	2022	

Present
Value² of
R\$ 181 M
to R\$ 212 M

(1) Includes cumulative effects between revenue gains, costs and expenses
(2) Discounted by the Company's WACC

4

APPENDIX



QUALITY EXPERIENCE IN ALL INTERACTIONS



CSAT (proxy NPS)

90%

SAC sales

BRL6.8mm

Customers support (SAC) solidify as an
additional sales channel.

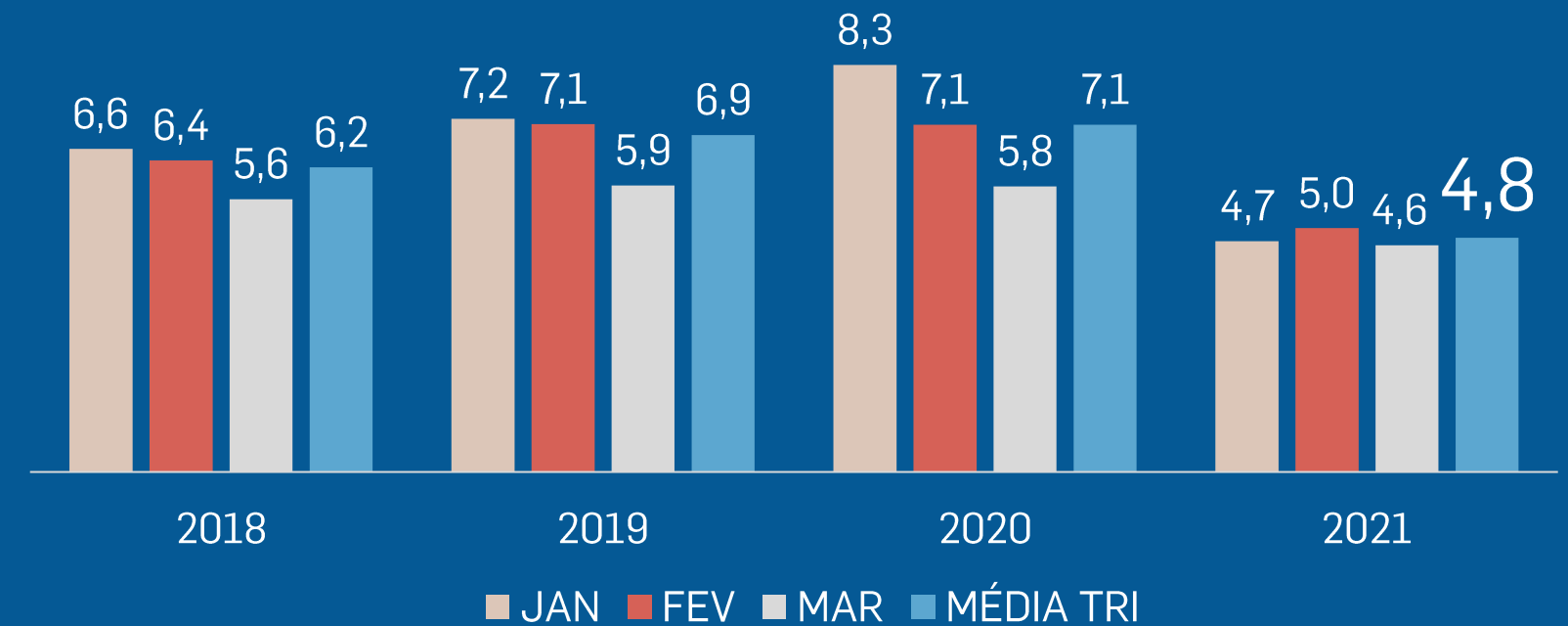
In *customers support (SAC)*, **86%** of orders are solved
with WhatsApp.

24HRS Delivery

20%

of total

AVERAGE DELIVERY TIME (DAYS)

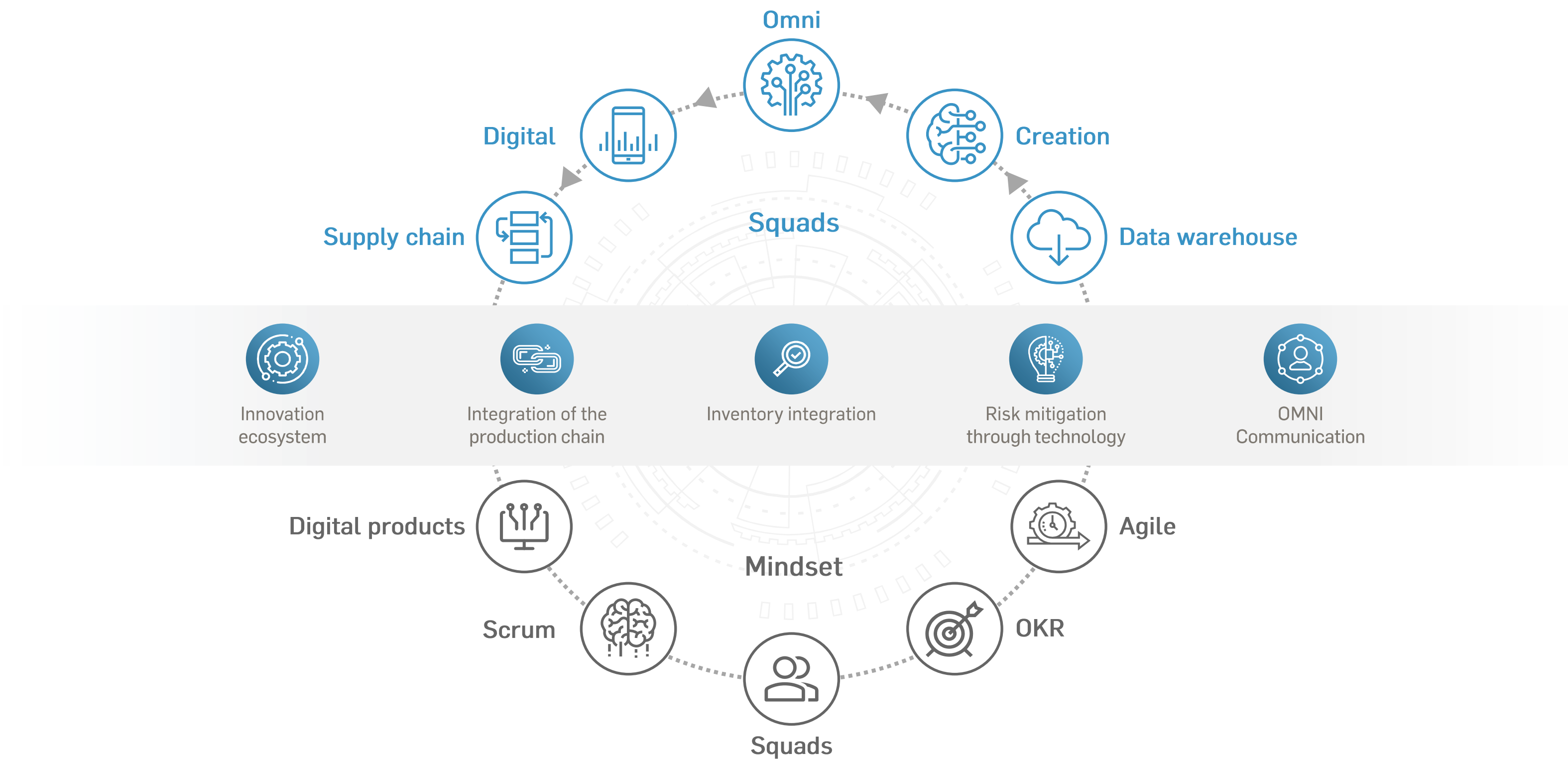


Average delivery day of products
in **4.8 days**, -33% vs. 1Q20.

SOMALABS AT A GLANCE

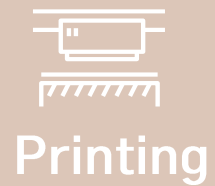


A technological platform focused on *enhancing fashion retail through innovation*

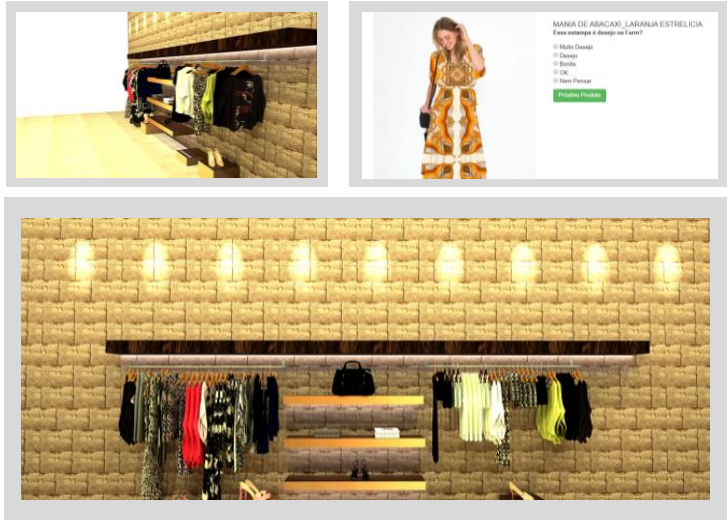


RISK MITIGATION

OVERVIEW OF KEY PROGRESS



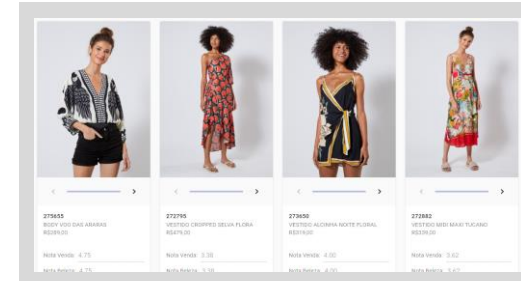
Printing



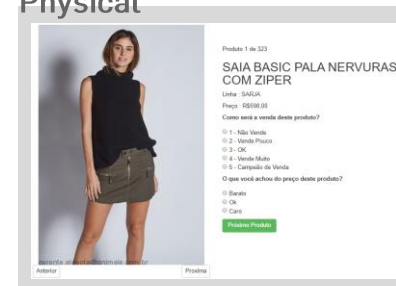
+ Suggest the best printers



Product valuation



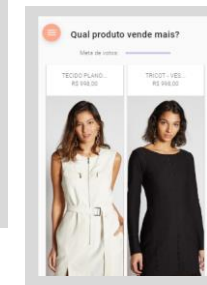
Physical



Online



Tagging

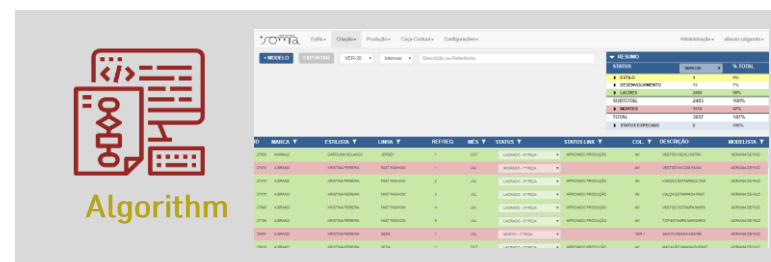
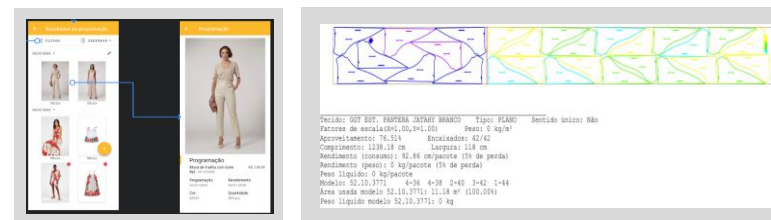


1x1

+ More Accuracy

Objective
Connect points
from beginning to
the end

Product
development



+ Raw material cost savings
+ Better organization in the product development process

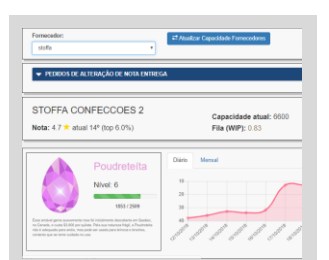
Production
prep



Target production cost



+ Sewing lead time reduction
+ Sewing cost savings



Gamification

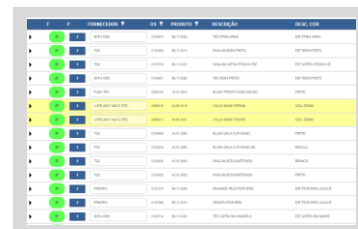
BID / WIP
+Cost
+Quality
+Previous productions

RISK MITIGATION

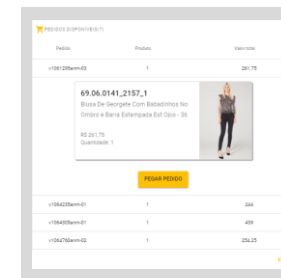
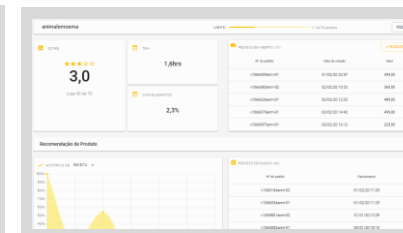
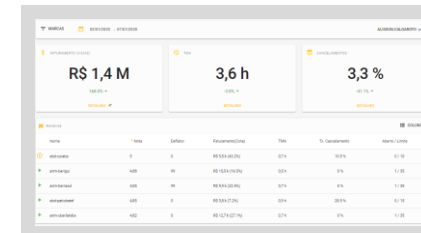
OVERVIEW OF KEY PROGRESS



S&OE



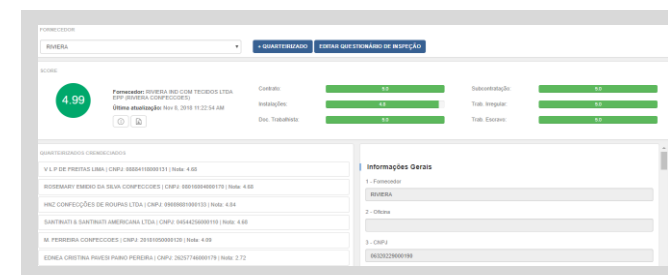
Production control



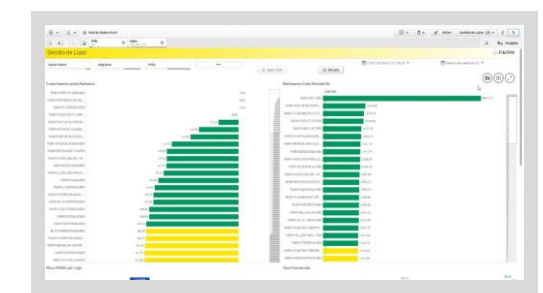
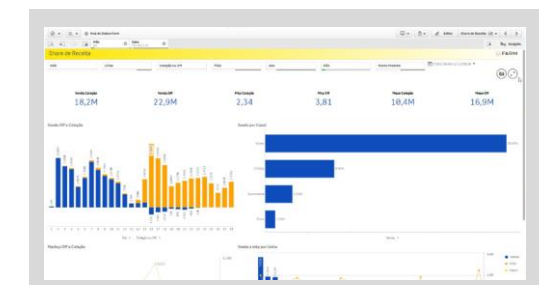
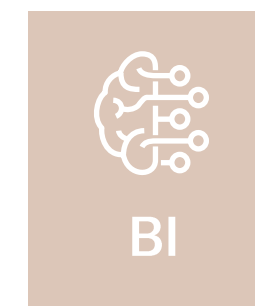
+ Ship from
Pick up in store (click-
store Express and collect)
Endless aisle

Objective
Connect points
from beginning to
the end

+ Friction reduction
between supplier
and Grupo Soma



+ Measure the sustainability
of our chain



+ Structured data facilitating
management, analysis and
decision making

Thank you.

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Gente é o que soma.