

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: COMMERCIAL DIVISION**

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: Index No. 157435/2018
IN RE NETSHOES SECURITIES LITIGATION :
: Hon. Andrew Borrok (Part 53)
: :
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NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED NETSHOES (CAYMAN) LIMITED (“NETSHOES” OR THE “COMPANY”) COMMON STOCK PURSUANT OR TRACEABLE TO THE COMPANY’S REGISTRATION STATEMENT AND PROSPECTUS ISSUED IN CONNECTION WITH NETSHOES’ APRIL 2017 INITIAL PUBLIC OFFERING (“IPO”) (THE “SETTLEMENT CLASS” OR “SETTLEMENT CLASS MEMBERS”).¹

IN ORDER TO QUALIFY FOR A SETTLEMENT PAYMENT, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) BY DECEMBER 17, 2020.

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

WHY SHOULD I READ THIS NOTICE?

This Notice is given pursuant to an order issued by the Supreme Court of the State of New York, County of New York: Commercial Division (the “Court”). This Notice serves to inform you of the proposed settlement (the “Settlement”) of the above-captioned class action lawsuit (the “Litigation”) and the hearing (the “Settlement Fairness Hearing”) to be held by the Court via Skype Business to consider the fairness, reasonableness, and adequacy of the Settlement, as set forth in the Stipulation of Settlement, dated August 25, 2020 (the “Stipulation”), by and between Lead Plaintiff 1199SEIU Health Care Employees Pension Fund (“1199SEIU” or “Lead Plaintiff”), on behalf of itself and the Settlement Class, and Defendants Netshoes, Márcio Kumruian, Leonardo Tavares Dib, Francisco Alvarez-Demalde, Nilesh Lakhani, Hagop Chabab, Wolfgang Schwerdtle, Nicolas Szekasy, Donald Puglisi, Goldman Sachs & Co., J.P., Morgan Securities LLC, Banco Bradesco BBI S.A., Allen & Company LLC, and Jefferies LLC (collectively, “Defendants”), by their respective counsel.²

This Notice is intended to inform you how the Litigation and proposed Settlement may affect your rights and what steps you may take in relation to it. This Notice is NOT an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the Litigation or whether the Defendants engaged in any wrongdoing.

WHAT IS THIS LAWSUIT ABOUT?

I. THE ALLEGATIONS

At the time of the IPO, Netshoes was the holding company of a sports and lifestyle online retailer operating in Brazil, Argentina, and Mexico and one of the largest online retailers in Latin America, as measured by net sales. Netshoes is currently a wholly owned subsidiary of Magazine Luiza, one of Brazil’s largest retail companies. Lead Plaintiff claims that Defendants violated §§11, 12(a)(2), and 15 of the Securities Act of 1933 (the “Securities Act”) by reason of material untrue statements in the Registration Statement and Prospectus for Netshoes’ IPO. Specifically, Lead Plaintiff alleges that the Registration Statement and Prospectus included untrue material statements about, and failed to disclose material information regarding, Netshoes’ improper recognition of revenue from its Business-to-Business (“B2B”) operation, which Defendants emphasized to investors as forming a key part of Netshoes’ long-term business strategy in the IPO. Lead Plaintiff alleges that Netshoes had negotiated rights of return on its reported “sales” to B2B customers, such that the “sales” were contingent on the customers’ resale of the goods to end-user consumers. However, instead of waiting to recognize revenue until after the resale of the products to end-user consumers or recognizing a liability for future returns, as called for under the International

¹ For purposes of the Settlement only, the “Settlement Class” includes all persons or entities who purchased or otherwise acquired Netshoes common stock before May 15, 2018, unless excluded by the terms of the Stipulation.

² Unless otherwise defined herein, all capitalized terms shall maintain the same meaning as those set forth in the Stipulation. The Stipulation can be viewed and/or downloaded at: www.NetshoesSecuritiesLitigation.com.

Financial Reporting Standards Netshoes claimed to adhere to, Lead Plaintiff alleges that Netshoes prematurely – and improperly – recognized B2B revenue before customer sell-through had occurred, thereby inflating its reported revenue.

Defendants deny all of Lead Plaintiff’s allegations. Without limiting the generality of the foregoing in any way, Defendants have denied, and continue to deny, among other things, that any misstatements or materially misleading omissions were made or that Lead Plaintiff or the Settlement Class have suffered any damages. Defendants do not admit any liability or wrongdoing in connection with the allegations set forth in the Litigation or any facts related thereto.

THE COURT HAS NOT RULED AS TO WHETHER DEFENDANTS ARE LIABLE TO LEAD PLAINTIFF OR THE SETTLEMENT CLASS. THIS NOTICE IS NOT INTENDED TO BE AN EXPRESSION OF ANY OPINION BY THE COURT WITH RESPECT TO THE TRUTH OF THE ALLEGATIONS IN THE LITIGATION OR THE MERITS OF THE CLAIMS OR DEFENSES ASSERTED. THIS NOTICE IS SOLELY TO ADVISE YOU OF THE PROPOSED SETTLEMENT OF THE LITIGATION AND YOUR RIGHTS IN CONNECTION WITH THAT SETTLEMENT.

II. PROCEDURAL HISTORY

The initial complaint was filed in this Court by the 1199SEIU on August 9, 2018. A second complaint by another plaintiff was filed the same day. On September 20, 2018, the Court entered an order consolidating the actions and appointing 1199SEIU as Lead Plaintiff.

On October 15, 2018, Lead Plaintiff filed its amended complaint. On December 14, 2018, Defendants filed a motion to dismiss the Litigation. Lead Plaintiff opposed the motion to dismiss on January 28, 2019. The Defendants filed a reply in support of their motion to dismiss on February 27, 2019. Oral argument on Defendants’ motion to dismiss took place on June 19, 2019. On July 16, 2019, the Court granted Defendants’ motion to dismiss the Litigation, but granted Lead Plaintiff leave to amend the Amended Complaint. On September 6, 2019, Lead Plaintiff filed its second amended complaint. On October 7, 2019, Defendants filed a motion to dismiss the Litigation. Lead Plaintiff opposed the motion to dismiss on November 5, 2019. The Defendants filed a reply in support of their motion to dismiss on November 26, 2019. On June 2, 2020, the Court denied Defendants’ motion to dismiss.

While the second motion to dismiss was pending, Lead Plaintiff and Netshoes agreed to attempt to resolve the Litigation. On May 1, 2020, counsel for Lead Plaintiff and Netshoes attended a virtual mediation with the highly experienced mediator, Robert A. Meyer. At the end of the full-day session, Lead Plaintiff and Netshoes did not agree to settle the Litigation. Thereafter, the parties remained in communication with the mediator and following the Court’s denial of Defendants’ motion to dismiss agreed to settle the Litigation on the terms set forth in the Stipulation, subject to the Court’s approval. The Stipulation (together with the exhibits thereto) reflects the final and binding agreement between the Settling Parties.

HOW DO I KNOW IF I AM A SETTLEMENT CLASS MEMBER?

If you purchased or acquired Netshoes common stock pursuant or traceable to the Registration Statement filed in connection with Netshoes’ IPO, you are a Settlement Class Member. For purposes of the Settlement only, you are a Settlement Class Member if you purchased or otherwise acquired Netshoes common stock before May 15, 2018, unless excluded from the Settlement Class by the terms of the Stipulation. As set forth in the Stipulation, excluded from the Settlement Class are: (i) Defendants; (ii) members of the immediate families of each Individual Defendant; (iii) the respective parents and subsidiaries of Netshoes and the Underwriter Defendants; (iv) the officers and directors of Netshoes; (v) any entity in which any such excluded party has a direct or indirect majority ownership interest; and (vi) the legal representatives, heirs, successors, or assigns of any such excluded party. Notwithstanding any aforementioned exclusions from the definition of “Settlement Class,” Investment Vehicles shall not be excluded from the Settlement Class. Also excluded from the Settlement Class is any Person who would otherwise be a Member of the Settlement Class, but who validly and timely requests exclusion in accordance with the requirements set by the Court.

PLEASE NOTE: Receipt of this Notice does not mean that you are a Settlement Class Member or that you will be entitled to receive a payment from the Settlement. If you are a Settlement Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Proof of Claim that is being distributed with this Notice and the required supporting documentation, as set forth therein, postmarked or submitted online on or before December 17, 2020.

WHAT IS THE MONETARY VALUE OF THE PROPOSED SETTLEMENT?

The Settlement, if approved, will result in the creation of a cash settlement fund of \$8,000,000 (the “Settlement Fund”). The Settlement Fund, plus accrued interest and minus the costs of this Notice and all costs associated with the

administration of the Settlement Fund, as well as attorneys’ fees and expenses, and the award to Lead Plaintiff for representing the Settlement Class, as approved by the Court (the “Net Settlement Fund”), will be distributed to eligible Settlement Class Members pursuant to the Plan of Allocation that is described in the next section of this Notice.

WHAT IS THE PROPOSED PLAN OF ALLOCATION?

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Settlement Class Members based on their respective alleged economic losses resulting from the securities law violations alleged in the Litigation.

The Claims Administrator shall determine each Settlement Class Member’s share of the Net Settlement Fund based upon the recognized loss formula (the “Recognized Claim”) described below. A Recognized Claim will be calculated for each share of Netshoes common stock purchased or otherwise acquired before May 15, 2018. The calculation of a Recognized Claim will depend upon several factors, including when the shares were purchased or otherwise acquired and in what amounts, whether the shares were ever sold, and, if so, when they were sold and for what amounts. The Recognized Claim is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Settlement Class Members pursuant to the Settlement. The Recognized Claim is the basis upon which the Net Settlement Fund will be proportionately allocated to Settlement Class Members.

Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim that other Settlement Class Members send in, how many shares of Netshoes common stock you purchased or otherwise acquired before May 15, 2018, whether you sold any of those shares, and when you sold them.

The calculation of claims below is not an estimate of the amount you will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants. Furthermore, if any of the formulas set forth below yield an amount less than \$0.00, the claim per share is \$0.00.

III. PROPOSED PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS

Publicly tradable shares of Netshoes common stock purchased in the April 11, 2017, IPO, or purchased in the secondary market before May 15, 2018, are potentially eligible for damages under the Securities Act (the “Eligible Shares”) based on their Recognized Losses and resulting total value of their Recognized Claim (as a percentage of the Aggregate Recognized Claims of all Authorized Claimants), as set forth below. The total number of damaged Eligible Shares is estimated to be no more than 9.3 million. No Recognized Losses shall be recognized on any sales of Eligible Shares that took place prior to August 15, 2017, due to loss limitation rules under the Securities Act, because such shares would have been sold prior to the date of the first corrective disclosure alleged in the second amended complaint.

A. Calculation of Recognized Losses on Eligible Shares Purchased on or Before October 9, 2017

For each Eligible Share purchased on or before October 9, 2017, the Recognized Loss for each such share shall be the inflation per share on the date of purchase minus the inflation per share on the date of sale, as set forth in Table A below (unless a lower Recognized Loss amount would result by applying the loss limitation rules (caps) set forth in ¶¶A.1-2 below, in which case the lower amount will apply).

Table A: Calculation of Recognized Losses on Eligible Shares Purchased on or Before October 9, 2017³

Period	Begin Date	End Date	Inflation (per share)
1	April 11, 2017	August 14, 2017	\$5.91
2	August 15, 2017	November 14, 2017	\$3.17
3	November 15, 2017	May 14, 2018	\$0.55
4	May 15, 2018	current date	\$0.00

1. If sold prior to August 9, 2018, the date the first complaint was filed, the Recognized Loss will be capped at the difference between (a) the lesser of (i) the share’s purchase price (excluding any fees or commissions) or (ii) \$18.00 per share (the IPO price); and (b) the share’s sale price (excluding any fees or commissions).

³ Inflation per share was based on an event study analysis limited to the primary disclosure events. The May 15, 2018, event was discounted to reflect the consulting expert’s assessment of the relative portion of each identified stock price decline reasonably attributable to the allegations in the second amended complaint.

2. If sold on or after August 9, 2018, the Recognized Loss will be capped at the difference between (a) the lesser of either (i) the share’s purchase price (excluding any fees or commissions) or (ii) \$18.00 per share (the IPO price); and (b) the greater of (i) the share’s sales price or (ii) \$3.21 (Netshoes’ closing price on August 9, 2018, when the first complaint in the Litigation was filed).

B. Calculation of Recognized Losses on Eligible Shares Purchased After October 9, 2017, and Before May 15, 2018⁴

For each Eligible Share purchased after October 9, 2017, and before May 15, 2018, the Recognized Loss for each such share shall be the inflation per share on the date of purchase minus the inflation per share on the date of sale, as set forth in Table B below (unless a lower Recognized Loss amount would result by applying the loss limitation rules (caps) set forth in ¶¶B.1-2 below, in which case the lower amount will apply).

Table B: Calculation of Recognized Losses on Eligible Shares Purchased After October 9, 2017, and Before May 15, 2018

Period	Begin Date	End Date	Inflation (per share)
1	October 10, 2017	November 14, 2017	\$0.16
2	November 15, 2017	May 14, 2018	\$0.03
3	May 15, 2018	current date	\$0.00

1. If sold prior to August 9, 2018, the date the first complaint was filed, the Recognized Loss will be capped at the difference between (a) the share’s purchase price (excluding any fees or commissions); and (b) the share’s sale price (excluding any fees or commissions).
2. If sold on or after August 9, 2018, the Recognized Loss will be capped at the difference between (a) the share’s purchase price (excluding any fees or commissions); and (b) the greater of (i) the share’s sales price or (ii) \$3.21 (Netshoes’ closing price on August 9, 2018, when the first complaint in the Litigation was filed).

C. Additional Provisions Relating to the Calculation of Recognized Losses

For Settlement Class Members who made multiple purchases, acquisitions, or sales before May 15, 2018 (the “Relevant Period”), the First-In, First-Out (“FIFO”) method will be applied to such purchases, acquisitions, and sales for purposes of calculating Recognized Claims or Losses. Under the FIFO method, any sales of Netshoes common stock made after the IPO will be matched, in chronological order, starting with shares of common stock purchased in the IPO. The remaining sales of common stock during the Class Period will then be matched, in chronological order, against common stock purchased or acquired during the balance of the Relevant Period.

The date of purchase or date of sale is the “contract” or “trade” date, as distinguished from the “settlement” date. All purchase, acquisition, and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise, or operation of law of Netshoes common stock during the Relevant Period shall not be deemed a purchase or sale of Netshoes common stock for the calculation of a claimant’s Recognized Claim, nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment.

Gains on short sales of Netshoes shares (if any) made on or between April 12, 2017, and August 9, 2018, will be used to offset losses. The date of covering a “short sale” is deemed to be the date of purchase of the Netshoes common stock. The date of a “short sale” is deemed to be the date of sale of the Netshoes common stock. Under the Plan of Allocation, however, the Recognized Loss on “short sales” is zero.

Option contracts are not securities eligible to participate in the Settlement. With respect to Netshoes common stock purchased or sold through the exercise of an option, the purchase/sale date of the Netshoes common stock is the exercise date of the option and the purchase/sale price of the Netshoes common stock is the exercise price of the option.

⁴ Certain shares of Netshoes common stock became eligible to trade on October 10, 2017, upon expiry of certain “lock-up” agreements that had been entered into at the time of the IPO. Because of the difficulties of establishing that shares purchased after October 9, 2017, can be traced to shares issued in the IPO (as required to be eligible for damages under the relevant provisions of the Securities Act), the inflation per share values for shares purchased on or after October 10, 2017, are discounted by approximately 95% relative to the comparable inflation per share values for shares purchased on or before that date.

D. Allocation of Net Settlement Proceeds Based on Recognized Losses

A Claimant's "Recognized Claim" under the Plan of Allocation shall be the sum of his, her, or its Recognized Loss or gain amounts for their Eligible Shares, as determined in accordance with §§A-B above.

The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the aggregate Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Settlement Class Member had a net overall loss, after all profits from transactions in all Netshoes common stock described above during the Relevant Period are subtracted from all losses. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in Netshoes common stock during the Relevant Period, the value of the Claimant's Recognized Claim shall be zero. Such Claimants shall, in any event, be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in Netshoes common stock during the Relevant Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

For purposes of determining whether a Claimant had a market gain with respect to his, her, or its purchases of Netshoes common stock during the Relevant Period or suffered a market loss, the Claims Administrator shall determine the difference between (a) the "Total Purchase Amount"⁵; and (b) the sum of (i) the "Total Sales Proceeds"⁶ (for shares sold on or before August 8, 2018) and (ii) the "Holding Value" (for shares not sold, but still held as of August 9, 2018)⁷. This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its purchases in Netshoes common stock during the Relevant Period.

The Net Settlement Fund will not be distributed to Authorized Claimants unless and until the Court has approved the Settlement and Plan of Allocation, and the time for any petition for rehearing, appeal, or review, whether by *certiorari* or otherwise, has expired. Approval of the Settlement is separate from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the Settlement, if approved.

Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form. Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants.

You should contact the Claims Administrator or Lead Counsel if you disagree with any determinations that may be made by the Claims Administrator regarding your Claim Form. If you are unsatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Settlement Class Members and the claims administration process, to decide the issue by submitting a written request. Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

DO I NEED TO CONTACT PLAINTIFF'S COUNSEL IN ORDER TO PARTICIPATE IN DISTRIBUTION OF THE SETTLEMENT FUND?

No. If you have received this Notice and timely submit your Proof of Claim to the designated address, you need not contact Plaintiff's Counsel. If your address changes, please contact the Claims Administrator at:

⁵ The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for Netshoes common stock purchased or acquired during the Relevant Period.

⁶ The Claims Administrator shall match any sales of Netshoes common stock during the Relevant Period on a FIFO basis. The total amount received (excluding commissions and other charges) for the sales of Netshoes common stock sold on or before August 8, 2018, shall be the "Total Sales Proceeds."

⁷ The Claims Administrator shall ascribe a value of \$3.21 per share for Netshoes common stock purchased or acquired during the Relevant Period and still held as of the close of trading on August 8, 2018, and the resulting total value of such shares using that per share value shall be the "Holding Value."

Netshoes Securities Litigation Settlement
Claims Administrator
c/o A.B. Data, Ltd.
P.O. Box 173108
Milwaukee, WI 53217
Telephone: (877) 869-0224
Email: info@NetshoesSecuritiesLitigation.com
www.NetshoesSecuritiesLitigation.com

THERE WILL BE NO PAYMENTS IF THE STIPULATION IS TERMINATED.

The Stipulation may be terminated under several circumstances outlined in it. If the Stipulation is terminated, the Litigation will proceed as if the Stipulation had not been entered into.

WHAT ARE THE REASONS FOR SETTLEMENT?

The Settlement was reached after a thorough investigation by Lead Counsel and following the Court's denial of the Defendants' motion to dismiss the second amended complaint. The Court has not reached any final decisions in connection with Lead Plaintiff's claims. Instead, Lead Plaintiff and Defendants have agreed to the Settlement, which was reached with the substantial assistance of a highly respected mediator of complex class actions. In reaching the Settlement, the Settling Parties have avoided the cost, delay, and uncertainty of further litigation.

As in any litigation, Lead Plaintiff and the proposed Settlement Class would face an uncertain outcome if they did not agree to the Settlement. The Settling Parties expected that the Litigation could continue for a lengthy period of time and that if Lead Plaintiff succeeded, Defendants would file appeals that would postpone final resolution of the Litigation. Continuation of the Litigation against Defendants could result in a judgment greater than the Settlement. Conversely, continuing the Litigation could result in no recovery at all or a recovery that is less than the amount of the Settlement.

Lead Plaintiff and Plaintiff's Counsel believe that the Settlement is fair and reasonable to the Members of the Settlement Class. They have reached this conclusion for several reasons. Specifically, if the Settlement is approved, the Settlement Class will receive a certain and immediate monetary recovery. Additionally, Plaintiff's Counsel believe that the significant and immediate benefits of the Settlement, when weighed against the significant risk, delay, and uncertainty of continued litigation, are a very favorable result for the Settlement Class.

WHO REPRESENTS THE SETTLEMENT CLASS?

The following attorneys are counsel for the Settlement Class:

Deborah Clark-Weintraub, Esq.
Patrick J. McGahan, Esq.
Jeffrey P. Jacobson, Esq.
SCOTT+SCOTT ATTORNEYS AT LAW LLP
The Helmsley Building
230 Park Avenue, 17th Floor
New York, NY 10169
Telephone: (800) 404-7770

If you have any questions about the Litigation or Settlement, you are entitled to consult with Lead Counsel by contacting counsel at the phone number listed above.

You may obtain a copy of the Stipulation by contacting the Claims Administrator at:

Netshoes Securities Litigation Settlement
Claims Administrator
c/o A.B. Data, Ltd.
P.O. Box 173108
Milwaukee, WI 53217
Telephone: (877) 869-0224
Email: info@NetshoesSecuritiesLitigation.com
www.NetshoesSecuritiesLitigation.com

HOW WILL PLAINTIFF'S COUNSEL BE PAID?

Lead Counsel will file a motion for an award of attorneys' fees and expenses that will be considered at the Settlement Fairness Hearing. Lead Counsel will apply for an attorneys' fee award for Plaintiff's Counsel in the amount of up to 33-1/3% or 1/3 of the Settlement Fund, plus payment of Plaintiff's Counsel's expenses incurred in connection with the Litigation in an amount not to exceed \$80,000. In addition, Lead Plaintiff may seek a payment of up to \$5,000 in the aggregate for its efforts in representing the Settlement Class. Such sums, as may be approved by the Court, will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

The Fee and Expense Award requested will be the only payment to Plaintiff's Counsel for their efforts in achieving the Settlement and for their risk in undertaking this representation on a wholly contingent basis. The fees requested will compensate Plaintiff's Counsel for their work in achieving the Settlement. The Court will decide what constitutes a reasonable fee award and may award less than the amount requested by Lead Counsel.

CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?

Yes. If you do not want to receive a payment from the Settlement, or you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in the Litigation, then you must take steps to get out of the Settlement Class. This is called excluding yourself from, or "opting out" of, the Settlement Class. If you are requesting exclusion because you want to bring your own lawsuit based on the matters alleged in the Litigation, you may want to consult an attorney and discuss whether any individual claim that you may wish to pursue would be time-barred by the applicable statutes of limitation or repose.

To exclude yourself from the Settlement Class, you must send a signed letter by mail saying that you want to be excluded from the Settlement Class in the following Litigation: *In re Netshoes Securities Litigation*, Index No. 157435/2018. Be sure to include your name, address, telephone number, and the date(s), price(s), and number of shares of Netshoes common stock that you purchased or acquired during the Relevant Period (before May 15, 2018). Your exclusion request must be **postmarked no later than November 17, 2020**, and sent to the Claims Administrator at:

Netshoes Securities Litigation Settlement
Claims Administrator
c/o A.B. Data, Ltd.
EXCLUSIONS
P.O. Box 173001
Milwaukee, WI 53217

You cannot exclude yourself by phone or email. If you make a proper request for exclusion, you will not receive a settlement payment, and you cannot object to the Settlement. If you make a proper request for exclusion, you will not be legally bound by anything that happens in this lawsuit.

CAN I OBJECT TO THE SETTLEMENT, REQUESTED ATTORNEYS' FEES, REQUESTED PAYMENT OF COSTS AND EXPENSES, REQUESTED PAYMENT TO THE LEAD PLAINTIFF, AND/OR PLAN OF ALLOCATION?

Yes. If you are a Settlement Class Member, you may object to the terms of the Settlement. Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys' fees, costs, and expenses, Lead Plaintiff's request for an award for representing the Settlement Class, and/or the Plan of Allocation. In order for any objection to be considered, you must file a written statement, accompanied by proof of Settlement Class membership, with the Court and send a copy to Lead Counsel and Defendants' Counsel, at the addresses listed below **by November 17, 2020**. The Court's address is Supreme Court of the State of New York, County of New York: Commercial Division, 60 Centre Street, New York, NY 10007; Lead Counsel's address is Scott+Scott Attorneys at Law LLP c/o Jeffrey P. Jacobson, The Helmsley Building, 230 Park Avenue, 17th Fl., New York, NY 10169; and Defendants' Counsel's address is Skadden, Arps, Slate, Meagher & Flom LLP c/o Robert A. Fumerton, One Manhattan West, New York, NY 10001. Attendance at the Settlement Fairness Hearing is not necessary. Persons wishing to be heard orally at the Settlement Fairness Hearing are required to indicate in their written objection their intention to appear at the hearing and identify any witnesses they may call to testify and exhibits, if any, they intend to introduce into evidence.

WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING MYSELF FROM THE SETTLEMENT?

Objecting is telling the Court that you do not like something about the proposed Settlement, the Plan of Allocation, Lead Plaintiff's request for an award for representing the Settlement Class, or Lead Counsel's request for an award of

attorneys' fees and expenses. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the Litigation no longer applies to you.

WHAT ARE MY RIGHTS AND OBLIGATIONS UNDER THE SETTLEMENT?

If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you may receive the benefit of, and you will be bound by, the terms of the Settlement, as described in this Notice, upon approval by the Court.

HOW CAN I GET A PAYMENT?

In order to qualify for a payment, you must timely complete and return the Proof of Claim that accompanies this Notice. A Proof of Claim is enclosed with this Notice and also may be downloaded at www.NetshoesSecuritiesLitigation.com. Read the instructions carefully; fill out the Proof of Claim; sign it; and mail or submit it online so that it is **postmarked (if mailed) or received (if submitted online) no later than December 17, 2020**. The Proof of Claim may be submitted online at www.NetshoesSecuritiesLitigation.com. If you do not submit a timely Proof of Claim with all of the required information, you will not receive a payment from the Settlement Fund; however, unless you expressly exclude yourself from the Settlement Class, as described above, you will still be bound in all other respects by the Settlement, Judgment, and releases contained in them.

WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?

If the Settlement is approved by the Court, the Court will enter a Judgment. If the Judgment becomes Final pursuant to the terms of the Stipulation, all Settlement Class Members shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged any and all of the Released Parties from all Released Claims.

- “Related Parties” means, as applicable, each Plaintiff’s, Settlement Class Member’s, Plaintiff’s Counsels’, Defendant or Defendant’s Counsels’ respective former, present, or future parents, subsidiaries, divisions, controlling Persons, associates, and affiliates and each and all of their respective present and former employees, members, partners, principals, officers, directors, controlling shareholders, agents, attorneys, advisors (including financial or investment advisors), accountants, auditors, consultants, underwriters, investment bankers, commercial bankers, entities providing fairness opinions, general or limited partners or partnerships, limited liability companies, members, joint ventures, and insurers and reinsurers of each of them; and the predecessors, successors, estates, immediate family members, spouses, heirs, executors, trusts, trustees, administrators, agents, legal or personal representatives, assigns, and assignees of each of them, in their capacity as such.
- “Released Defendant Party” or “Released Defendant Parties” mean Defendants, Defendants’ Counsel, and their Related Parties.
- “Released Defendants’ Claims” means any and all claims and causes of action of every nature and description whatsoever, including both known claims and Unknown Claims, as defined below, against Released Plaintiff Parties that arise out of, or relate in any way to, the institution, prosecution, or settlement of the claims against Defendants in the Litigation, except for claims relating to the enforcement of the Settlement. “Released Defendants’ Claims” do not include claims between or among Defendants or any combination of Defendants, including claims for indemnification.
- “Released Plaintiff Party” or “Released Plaintiff Parties” mean each and every Settlement Class Member, Lead Plaintiff, Lead Counsel, Plaintiff’s Counsel, and their Related Parties.
- “Released Claims” means any and all claims, demands, losses, rights, and causes of action of every nature and description, whether asserted or unasserted, including both known claims and Unknown Claims, whether arising under federal, state, common, or foreign law, by Released Plaintiff Parties, whether brought directly or indirectly against any of the Released Defendant Parties, that have been, or could have been, asserted in the Litigation or could in the future be asserted in any forum, whether foreign or domestic, and which arise out of or relate in any way to: (a) any of the allegations, transactions, events, disclosures, statements, acts, or omissions that were asserted, involved, set forth, or referred to or could have been asserted by a Released Plaintiff Party in the Litigation; and (b) arise out of, are based upon, or relate in any way, directly or indirectly, to the purchase, acquisition, holding, sale, or disposition of Netshoes common stock issued in or traceable to Netshoes’ IPO. “Released Claims” do not include claims to enforce the Settlement, or the claims of any Person that submits a request for exclusion that is accepted by the Court. “Released Claims” includes “Unknown Claims,” as defined below.

- “Unknown Claims” means: (a) any and all Released Claims that any of the Released Plaintiff Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Defendant Parties, or might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, whether or not to object to the Settlement or seek exclusion from the Settlement Class; and (b) any and all Released Defendants’ Claims that any of the Released Defendant Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Plaintiff Parties that, if known by him, her, or it, might have affected his, her, or its settlement and release of the Released Plaintiff Parties. With respect to (a) any and all Released Claims against the Released Defendant Parties; and (b) any and all Released Defendants’ Claims against the Released Plaintiff Parties, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive, and each Released Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have expressly waived, the provisions, rights, and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party;

and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542. The Released Plaintiff Parties and Released Defendant Parties acknowledge that they may hereafter discover facts, legal theories, or authorities in addition to or different from those which he, she, it, or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or Released Defendants’ Claims, but (a) the Released Plaintiff Parties shall expressly, fully, finally, and forever waive, compromise, settle, discharge, extinguish, and release, and each Released Plaintiff Party shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment, shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Claims against the Released Defendant Parties, known or unknown, suspected or unsuspected, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden, which now exist, or heretofore have existed, or may hereafter exist, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities; and (b) the Released Defendant Parties shall expressly fully, finally, and forever waive, compromise, settle, discharge, extinguish, and release, and each Released Defendant Party shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment, shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Defendants’ Claims against the Released Plaintiff Parties, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. The Settling Parties acknowledge, and the Released Plaintiff Parties and Released Defendant Parties shall be deemed, by operation of the Judgment, to have acknowledged that the foregoing waiver was separately bargained for and is an essential element of the Settlement of which this release is a part.

The above description of the proposed Settlement is only a summary. The complete terms are set forth in the Stipulation (including its exhibits), which may be obtained at www.NetshoesSecuritiesLitigation.com, or by contacting Lead Counsel listed on p. 6 above.

THE SETTLEMENT FAIRNESS HEARING

The Court will hold a Settlement Fairness Hearing via Skype Business on November 23, 2020, at 10:00 a.m., before the Honorable Andrew Borrok at the Supreme Court of the State of New York, County of New York: Commercial Division, 60 Centre Street, New York, NY 10007, for the purpose of determining whether: (i) the Settlement, as set forth in the Stipulation, for \$8,000,000 in cash should be approved by the Court as fair, reasonable, and adequate; (ii) Judgment, as provided under the Stipulation, should be entered; (iii) to award Plaintiff’s Counsel attorneys’ fees and expenses out of the Settlement Fund and, if so, in what amount; (iv) to pay Lead Plaintiff for their efforts in representing the Settlement Class out of the Settlement Fund and, if so, in what amount; and (v) the Plan of Allocation should be approved by the Court. Details about how to access the Settlement Fairness Hearing via Skype will be posted on the website (www.NetshoesSecurities

[Litigation.com](#)) once available. Any updates and/or changes to the scheduling of the Settlement Fairness Hearing will be posted there as well. The Court may adjourn or continue the Settlement Fairness Hearing without further notice to members of the Settlement Class.

Any Settlement Class Member may appear at the Settlement Fairness Hearing and be heard on any of the foregoing matters; provided, however, that no such Person shall be heard unless his, her, or its objection is made in writing and is filed, together with proof of membership in the Settlement Class and with copies of all other papers and briefs to be submitted by them to the Court at the Settlement Fairness Hearing, with the Court no later than November 17, 2020, and showing proof of service on the following counsel:

Jeffrey P. Jacobson
SCOTT+SCOTT
ATTORNEYS AT LAW LLP
230 Park Avenue, 17th Fl.
New York, NY 10169

Attorneys for Lead Plaintiff

Robert A. Fumerton
SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP
One Manhattan West
New York, NY 10001

Attorneys for the Defendants

Unless otherwise directed by the Court, any Settlement Class Member who does not make his, her, or its objection in the manner provided above shall be deemed to have waived all objections to the Settlement and shall be foreclosed from raising (in this or any other proceeding or on any appeal) any objection and any untimely objection shall be barred.

If you hire an attorney (at your own expense) to represent you for purposes of objecting, your attorney must serve a notice of appearance on counsel listed above and file it with the Court (at the address set out above) by no later than November 17, 2020.

INJUNCTION

The Court has issued an order enjoining all Settlement Class Members from instituting, commencing, maintaining, or prosecuting any action in any court or tribunal that asserts Released Claims against any Released Party, pending Final determination by the Court of whether the Settlement should be approved.

HOW DO I OBTAIN ADDITIONAL INFORMATION?

This Notice contains only a summary of the terms of the proposed Settlement. The records in the Litigation may be examined and copied at any time during regular office hours, and subject to customary copying fees, at the Clerk of the Supreme Court of New York, County of New York. In addition, all of the Settlement documents, including the Stipulation, this Notice, the Proof of Claim, and proposed Judgment, may be obtained by contacting the Claims Administrator at:

Netshoes Securities Litigation Settlement
Claims Administrator
c/o A.B. Data, Ltd.
P.O. Box 173108
Milwaukee, WI 53217
Telephone: (877) 869-0224
Email: info@NetshoesSecuritiesLitigation.com
www.NetshoesSecuritiesLitigation.com

In addition, you may contact Jeffrey P. Jacobson, Esq., Scott+Scott Attorneys at Law LLP, The Helmsley Building, 230 Park Avenue, 17th Fl., New York, NY 10169, Tel. No. (800) 404-7770, if you have any questions about the Litigation or the Settlement.

DO NOT WRITE TO OR TELEPHONE THE COURT FOR INFORMATION.

SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

If you hold any Netshoes common stock purchased or acquired before May 15, 2018, as a nominee for a beneficial owner, then, within 14 business days after you receive this Notice, you must either: (i) send a copy of this Notice by First-Class Mail to all such Persons; or (ii) provide a list of the names and addresses of such Persons to the Claims Administrator:

Netshoes Securities Litigation Settlement
Claims Administrator
c/o A.B. Data, Ltd.
P.O. Box 173108
Milwaukee, WI 53217
Telephone: (877) 869-0224
Email: info@NetshoesSecuritiesLitigation.com
www.NetshoesSecuritiesLitigation.com

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice, and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: SEPTEMBER 18, 2020

BY ORDER OF THE SUPREME COURT OF
NEW YORK, COUNTY OF NEW YORK: COMMERCIAL DIVISION
THE HONORABLE ANDREW BORROK, J.S.C.