



SIMPAR S.A.

Publicly-Held Company
CNPJ/ME No. 07.415.333/0001-20
NIRE 35.300.323.416

MATERIAL FACT

SIMPAR S.A. ("SIMPAR" or "Company"), in compliance with the provisions in paragraph 4 of Section 157 of Law No. 6404/76, as amended ("Brazilian Corporations Act"), in CVM Resolution No. 44 ("RCVM 44") and in CVM Instruction No. 565/15 ("ICVM 565"), hereby informs its shareholders and the market in general that SIMPAR Board of Directors approved the final documents of the merger of all shares issued by CS Infra S.A. ("CS Infra") into SIMPAR ("Merger of Shares").

Only the independent members of SIMPAR's Board of Directors voted at the meeting that resolved on the matter. They unanimously approved all related matters and stated that they understood the rationale of the Merger of Shares and believed that its terms and conditions are strictly commutative and, thus, are beneficial to all shareholders of SIMPAR.

The Merger of Shares will be submitted to SIMPAR's minority shareholders for approval at an Extraordinary General Meeting called to be held on first call on November 29, 2021 ("EGM"). As explained in more detail in item 5 below, JSP has committed to follow the votes of the majority of SIMPAR's minority shareholders present at the EGM.

The Company informs that the terms and conditions of the Merger of Shares were proposed by JSP Holding S.A. ("JSP"), SIMPAR's parent company and current holder of all shares issued by CS Infra, through a corporate restructuring proposal sent to SIMPAR Board of Directors.

The information related to the Merger of Shares, as per the provisions of Annex 3 of ICVM 565. Follows below:

1. COMPANIES INVOLVED IN THE OPERATION AND THEIR ACTIVITIES

1.1. SIMPAR

(a) Identification. SIMPAR S.A. is a publicly-held corporation headquartered at Rua Doutor Renato Paes de Barros, 1,017, 10th floor, Itaim Bibi, CEP 04530-001, in the city and state of São Paulo, registered as a Corporate Taxpayer under CNPJ No. 07.415.333/0001-20, with its acts of incorporation registered with the Board of Trade of the State of São Paulo under NIRE 35.300.323.416.

(b) Activities. SIMPAR is a holding company that currently controls and manages six leading companies or in an outstanding position in their respective segments: JSL S.A. ("JSL"), Movida Participações S.A. ("Movida"), Vamos Locação de Caminhões, Máquinas e Equipamentos S.A. ("Vamos"), CS Brasil, Original Dealerships and BBC Leasing & Digital Account ("Group" or "SIMPAR Group"). The Company's purpose is to preserve the values, management model, and governance practices that promote the generation of sustainable value for shareholders, customers, and society by directing and controlling the execution of the business plans of its subsidiaries and developing new businesses and operating segments.

1.2 CS INFRA

(a) Identification. CS Infra S.A. is a privately-held corporation headquartered at Rua Dr. Renato Paes de Barros, nº 1017, room 132, Jardim Paulista, Corporate Park Building, CEP 04530-001, in the city and state of São Paulo, registered as a Corporate Taxpayer under CNPJ/ME No. 43.312.111/0001-46, with its acts of incorporation registered with the Board of Trade of the State of São Paulo under NIRE 35.300.575.865. Its former name was Green Participações e Investimentos S.A.

(b) Activities. CS Infra, which is a wholly-owned subsidiary of JSP, SIMPAR's controlling shareholder, is a company incorporated in 2021. On the date the Merger of Shares is consummated, it will have as its only asset all the shares of Ciclus Ambiental do Brasil S.A. ("Ciclus"), which will be performed in the restructuring that will consist of the conversion, by JSP, of all the shares issued by Ciclus in a capital increase to be conducted in CS Infra. With that, Ciclus will become a wholly-owned subsidiary of CS Infra ("Prior Restructuring"). The approval and implementation of the Prior Restructuring is a condition precedent to the implementation of the Merger of Shares, and it will only take place if the Merger of Shares is approved by the EGM.

The purpose of the Merger of Shares, when combined with the Prior Restructuring, is to increase the SIMPAR's long-term concession portfolio with resilient and predictable revenues. That will be possible by concentrating in CS Infra the JSP asset responsible for the waste management and recovery services provided to state-owned and private clients ("Waste Management").

1.3 CICLUS

(a) Identification. Ciclus Ambiental do Brasil S.A. is a privately held corporation headquartered in the city of Rio de Janeiro, State of Rio de Janeiro, at Avenida Brasil, nº 20.731, Coelho Neto, CEP 21515-001, registered as a Corporate Taxpayer under CNPJ/ME No. 10.319.900/0001-50, with its acts of incorporation registered with the Board of Trade of the State of Rio de Janeiro under NIRE 33.300.293.141.

(b) Activities. Ciclus is a company that performs the integrated management (transfer, transport, final disposal, treatment, and recovery) of solid urban waste in the city of Rio de Janeiro, including waste from large generators, by virtue of the Concession

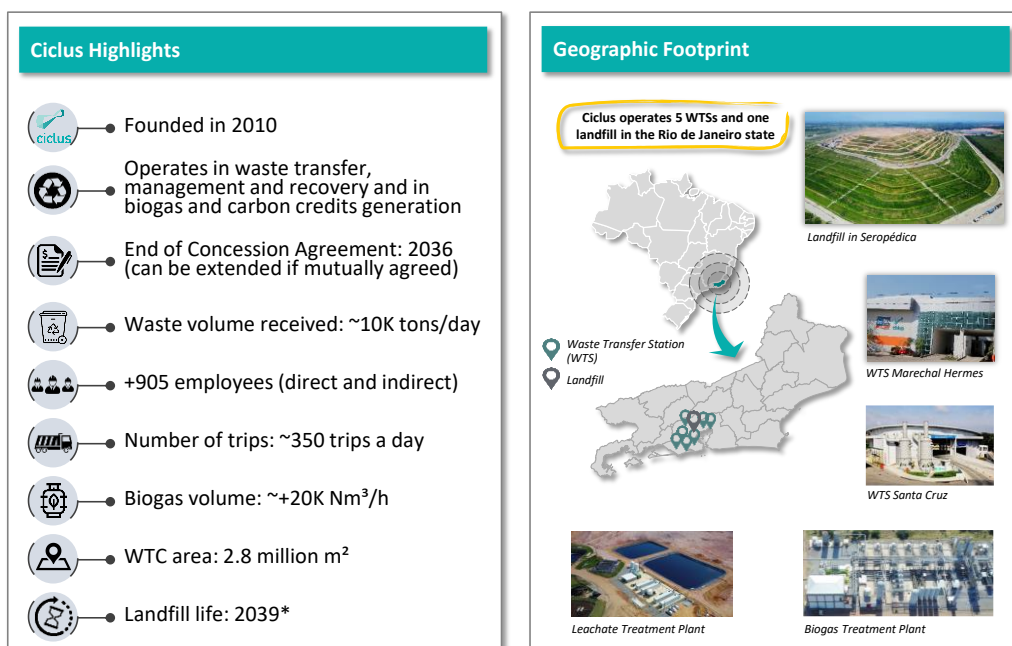
Agreement (as defined below) entered into with Companhia Municipal de Limpeza Urbana of Rio de Janeiro ("COMLURB"); it also performs the final disposal of household waste from the cities of Seropédica, Itaguaí, Mangaratiba, Pirai, and Miguel Pereira, according to specific agreements, as well as of some commercial customers.

Ciclus has one of the largest waste management and recovery operations in Latin America through state-of-the-art and sustainable solutions. Responsible for correctly disposing of and treating approximately 10 thousand tons per day of solid and commercial waste in the State of Rio de Janeiro in an environmentally efficient and profitable manner. **In 2020, the company recorded gross revenues of BRL 342 million, treated approximately 3.5 million tons of waste, and generated around 418.7K carbon credits (CER) and 154.3 million Nm³ of biogas.**



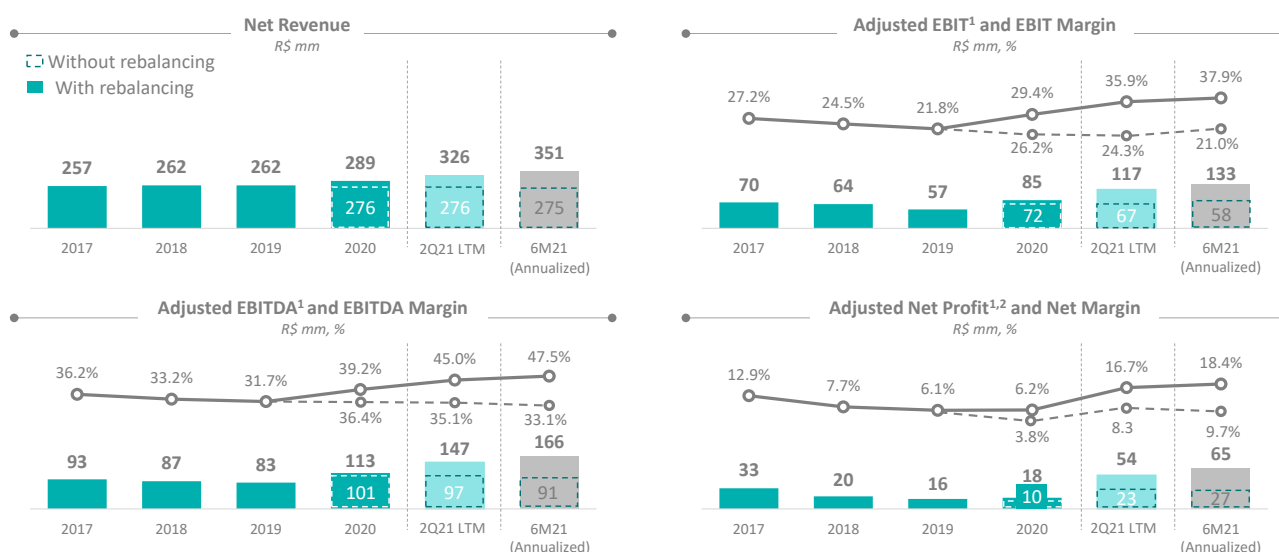
The project of Seropédica's Waste Treatment Center ("WTC") was planned and executed by Ciclus to ensure the appropriate disposal of waste. With specific blankets to preserve the soil, also allowing the closure and environmental recovery of the Itaguaí and Seropédica dumps and the controlled landfills of Gramacho and Gericinó, The WTC improves the quality of life of the region's community. Seropédica's WTC is a reference in the sector, as it is one of the most high-tech stations in environmental safety and monitoring in Latin America.

In addition to the WTC, Ciclus also operates five Waste Transfer Stations (WTS) located at strategic points in the city of Rio de Janeiro. These units are used for a logistic operation to receive, transfer, and transport waste from the city of Rio de Janeiro. The waste is moved from COMLURB's waste collection vehicles to vehicles with greater transport capacity to be deposited at Ciclus WTC – on average 350 trips are made per day.



* Landfill life can increase with: (i) the purchase of available adjoining areas, which are rural areas that are already under negotiations with the owners; (ii) implementation of a waste incineration (“Waste-To-Energy” or “WTE”) plant at Cajú Waste Transfer Station (“WTS”), with estimated capacity to incinerate approximately 1.3 thousand tons of waste per day and which already has the previous environmental licenses and installation license; and (iii) other additional projects such as Waste Recycling.

Ciclus has shown sustainable results and has the potential to expand them even further through new projects, such as Waste-to-Energy (which reduces the volume of landfilled waste) and the implementation of engines to generate energy at the WTC through the surplus biogas generated and new contracts. For clarification, the Waste-to-Energy was not taken into consideration when establishing the Swap Ratio or the Subscription Bonus.



Notes: (1) Adjustment in year 2019 for non-recurring costs and expenses with higher than usual slurry generation caused by heavy rains in the amount of R\$21 million in terms of EBITDA and EBIT and R\$14 million in terms of net income; (2) Adjustment in year 2020 to exclude non-recurring effects caused by exchange rate variation in the amount of R\$11 million

Technology

Ciclus stands out for the use of state-of-the-art technologies capable of transforming pollutant inputs into biogas, carbon credits, and demineralized water (“Reverse Osmosis”). The company has drains that daily capture 450K m³ of methane, which is treated and transformed into biogas avoiding the emission of gases equivalent to 300 thousand light vehicles (about 5% of the total fleet of the State of Rio de Janeiro). This technology differs from traditional dumps and landfills, in which methane gas, one of the pollutants resulting from waste decomposition, is released directly into the atmosphere, causing damage to the health and the environment.

Carbon Credits

The capture of gases conducted by Ciclus allows for their conversion into carbon credits. Ciclus has a carbon credit inventory of roughly 2.5 million¹ certified emission reductions (“CERs”), which may be sold in later years. By the end of 2017, over 2.3 million carbon credits were approved and delivered by Ciclus to the World Bank and Caixa Econômica Federal. Ciclus is also one of the winners of the Pilot Auction Facility 2020² for the allocation of 465K carbon credits to the World Bank.

Energy Generation

Although not considered to establish the terms and provisions of the Merger of Shares, it should be noted that, in May 2019, the State Environmental Institute (INEA) issued a preliminary license for Ciclus to be able to implement the Energy Recovery Unit (ERU). After completion of the feasibility studies, the plant may be built at the Cajú WTS, with potential to thermally treat 1.3K tons of waste per day and generate 34 MW/h of clean energy, enough to supply a city of 200 thousand inhabitants daily. Besides energy sales revenues, this project has the potential to reduce logistic costs of waste transfers between the WTS's and the WTC, as well as the volume of landfilled waste, which will increase the landfill life and should generate additional carbon credit revenues³.

¹ With 552,000 carbon credits still pending audit

² The Pilot Auction Facility is a World Bank-backed auction designed to foster investments in projects to reduce GHG

³ For further information, please visit Ciclus' website at <https://ciclusambiental.com.br/>.

2. DESCRIPTION AND PURPOSE OF THE MERGER OF SHARES

2.1. Structure Description.

As proposed by JSP to SIMPAR Board of Directors, the terms reflected in the "Protocol and Justification of the Merger of Shares of CS Infra S.A. into SIMPAR S.A." ("Protocol and Justification") disclosed on this date, the Merger of Shares will consist of the merger of all shares issued by CS Infra into SIMPAR, by its equity value at market price, which will result in a capital increase in the amount of BRL 449,249,961.99 upon the issue of (i) 23,010,721 new SIMPAR common shares, nominative and without par value, which will be assigned to JSP, as the sole shareholder of CS Infra, in replacement of the common shares it holds that were issued by CS Infra; and (ii) 1 subscription bonus to be assigned to JSP whose exercise will allow the subscription of up to 32,084,167 new SIMPAR common shares, nominative and with no par value ("Subscription Bonus").

The number of shares that can be issued upon exercise of the Subscription Bonus will be established proportional to the effective readjustment of the monthly tariff for the services provided under the Concession Agreement (as defined below) granted to Ciclus when the economic-financial rebalance of the Concession Agreement is reestablished (mechanism described in further details in Section 4.2 herein.)

As a result of the Merger of Shares, CS Infra will become a wholly-owned subsidiary of SIMPAR.

Subsequent Movements

After implementation of the Merger of Shares, the Company is considering turning CS Infra into the holding company within the SIMPAR Group that will offer services to state-owned and public-private partnerships, particularly in long-term concession contracts in the following activities (i) infrastructure (including port terminals and highways), and (ii) Waste Management, generation of energy from waste, generation of carbon credits, and other environmental services ("Concessions"). Such services can also be offered to private enterprises if there is such opportunity.

To this end, SIMPAR will conduct a corporate restructuring to transfer to CS Infra the assets of the brownfield infrastructure concessions sector focused on the provision of long-term services currently under CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda., the operational subsidiary of CS Brasil Holding e Locação S.A. (together, "CS Brasil"), such as the Aratu port concessions (ATU-12 e ATU-18), Transcerrados highway, and BRT Sorocaba ("Following Restructuring").

CS Brasil, in turn, will continue as manager of the light vehicles fleet management and outsourcing ("GTF") operations (which did not attain clients' consent for merger into Movida approved in July 2021), GTF - heavy vehicles, GTF with driver, and municipal passenger transportation.

With the Following Restructuring, CS Infra will become a holding company **with more robust and diversified operations, with potential to operate in multiple concessions of different scopes** and to enjoy new avenues of growth and possible new investments in the Concessions area. Thus, CS Infra will have its own capital structure to operate in Concessions, which will enable strategic movements with the objective of generating greater additional value to all SIMPAR's shareholders.

If the Merger of Shares is approved by the minority shareholders and subsequently consummated, the Company does not rule out accessing the capital market in due course by going public with CS Infra, offering investors **the opportunity to invest in a holding company with a unique positioning, resilience, and diversification in revenue and focus on service, generating more vale for its shareholders** – following other success stories in SIMPAR Group, such as Movida, Vamos, and JSL.

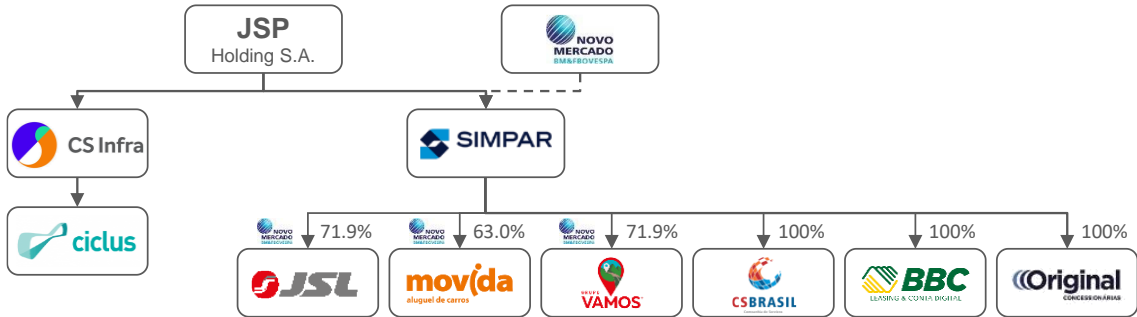
Strategic Planning and Organization Charts

The figure below brings a brief description of CS Infra’s strategic planning should the Merger of Shares be approved:

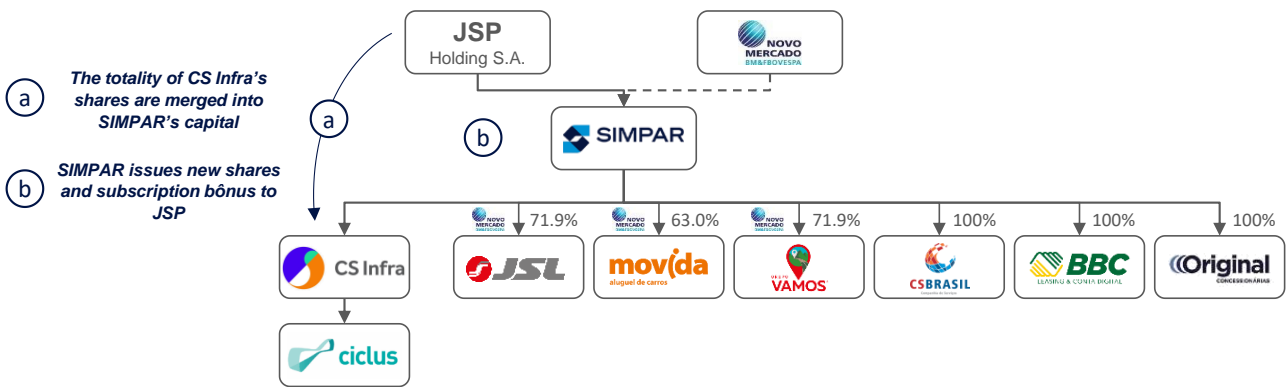


The organization charts below reflect the Group’s corporate structure at three instants:

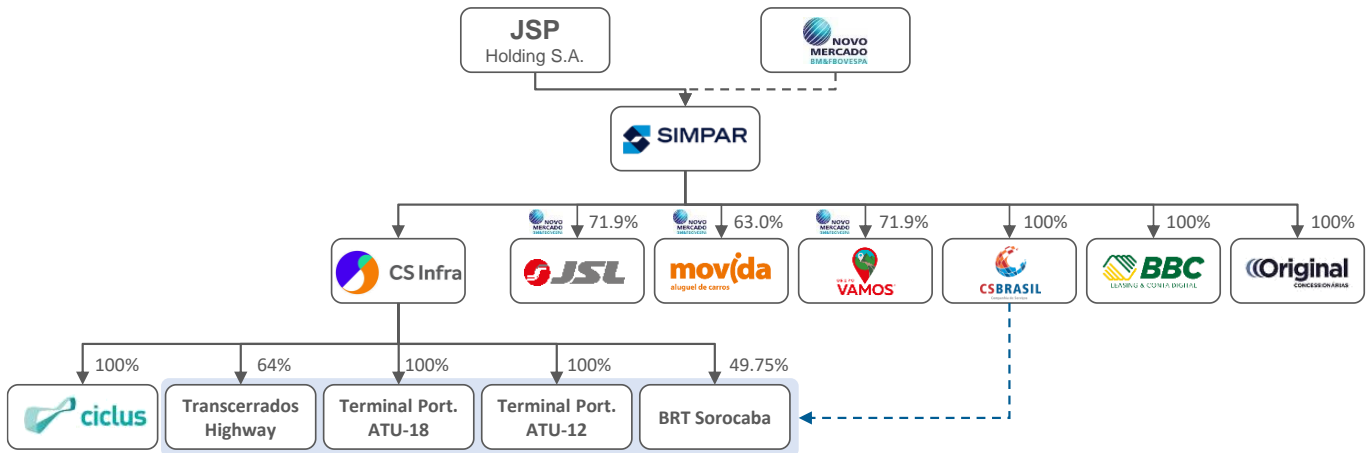
Instant 1: immediately Prior to the Consummation of the Merger of Shares












Instant 2: After Consummation of the Merger of Shares



Instant 3: After the Following Restructuring



Ciclus		Financial Information in 2025E			
		(R\$ mm)	Actual Concessions	Ciclus²	CS Infra
				+	=
					
		Net Revenue	386	517	904
		% of total		+57%	
		EBITDA	179	277	456
		% of total		+61%	
		EBITDA Margin	46%	54%	51%
		Net Income	79	130	209
		% of total		+62%	
		Net Margin	20%	25%	23%

Actual Concessions					
	Port Terminal ATU-12		Port Terminal ATU-18		Highway Transcerrados
					
				BRT Sorocaba¹	

Notes: (1) BRT Sorocaba impacts only EBITDA and Net Income as it is accounted for in the equity accounting line; (2) With rebalancing and based on fairness opinion

The Merger of Shares, in addition to resulting in the merger of CS Infra's businesses by and into SIMPAR, will enable SIMPAR (i) to expand diversification of its revenues; (ii) to operate in the Waste Management market, adding long-term concession agreements to its portfolio and (iii) to strengthen its operations in the Concessions sector, enabling SIMPAR Group to enter the sanitation sector, known for its resilient and predictable revenues.

Ciclus meets these demands, providing solutions for the proper disposal of waste and for its recovery, through biogas, energy, and carbon credit generation projects, among others.

The services provided by Ciclus are aligned with the concept of circular economy, which associates economic development with better use of natural resources, through new business models and optimization in manufacturing processes with less dependence on virgin raw materials, prioritizing more durable, recyclable and renewable inputs. In the production chain, the circular economy is increasingly approaching the day-to-day life

of companies in the adoption of sustainable practices in relation to the environment and a long-term vision to promote a positive impact on organizations and society.

If the Merger of Shares is implemented, SIMPAR would begin to operate indirectly in the Waste Management sector, strengthening its plan to develop long-term concessions agreements focused on providing services that have resilient revenues, profitability and cash generation.

The Company highlights that the SIMPAR Group, through some subsidiaries, has a long history of activities in the waste management sector, having been responsible for operations of logistics solutions for waste collection, disposal and transfer operations, among other activities in large Brazilian industries and cities.

3. KEY BENEFITS, COSTS AND RISKS OF THE RESTRUCTURING

3.1. Key Benefits

SIMPAR's management understands that the Merger of Shares is in line with the Company's planning to develop new businesses that enable the generation of sustainable value, organized into independent companies, following the highest governance standards, through the application of its management model, executed by professionals with vast experience in the sector.

The Waste Management sector, in which Ciclus operates, has opportunities for sustainable organic growth and consolidation through acquisitions, besides having multiple opportunities to capture ancillary revenues (such as, for example, through the WTE).

The Merger of Shares also offers several benefits and operational and financial synergies, including:

- i. Development of a holding (CS Infra) focused on **long-term concessions**, increasing its potential to **generate value**;
- ii. **Incorporation** of an **asset** (shares issued by Ciclus) upon **payment in common shares issued by SIMPAR**, adding **predictable, resilient and long-term** revenue to SIMPAR's portfolio, added to the fact the asset presents multiple opportunities for **additional revenue generation**;
- iii. **Sector with opportunities for organic growth**, due to the new regulatory framework that leverages the development of the segment, and with **potential consolidation in a still fragmented market**, which will benefit from SIMPAR's M&A expertise.
- iv. **Firm guarantee of long-term refinancing** (9 years) of Ciclus' debts, improving its cash flow due to the extended repayment schedule and more

competitive costs, enabling a greater allocation of capital into acquisitions and organic growth projects;

iv. **Evolution of commitment with the ESG agenda**, in line with SIMPAR's strategic plan to promote growth and generate sustainable value.

3.2. Costs.

The management of SIMPAR and CS Infra estimate that the costs for the Merger of Shares will be approximately BRL 6 million, including expenses with publications, auditors, appraisers, attorneys, and other professionals hired to assist in the Merger of Shares.

3.3. Restructuring Risks.

The management of SIMPAR and CS Infra do not foresee any relevant risks for the implementation of the Merger of Shares, other than those (i) normally related to the daily activities of the companies involved and compatible with their sizes and operations; and (ii) usual to this type of transaction.

Furthermore, the success of the transaction will depend, in part, on whether the managements of the companies involved can capture opportunities, savings, and new businesses to be developed by SIMPAR and its subsidiaries and synergies generated by the Merger of Shares. If such objectives are not successfully achieved, the benefits expected from the Merger of Shares may not fully or totally occur or may take longer than expected.

3.4 Contingencies

Along with the Protocol and Justification, JSP, as the current shareholder of Ciclus, and SIMPAR entered into an agreement with the specific purpose of regulating the compensation system for the outcomes of certain active and passive contingencies in relation to facts occurred in Ciclus.

Subject to the terms established in the referred agreement: (i) on the one hand, JSP undertook to indemnify SIMPAR, Ciclus, and their respective managers from and against any material losses arising from contingencies suffered or incurred by Ciclus and that result from triggering events prior to the date of implementation of the Merger of Shares, up to the limit of the market value of the shares delivered to JSP; and (ii) on the other hand, given that, for purposes of establishing the Swap Ratio, Ciclus was valued disregarding eventual payments in its benefit arising from the success of certain lawsuits to which it is a party on this date, SIMPAR undertakes to make Ciclus pay to JSP, as the

sole shareholder of Ciclus prior to the Merger of Shares, the amounts related to Ciclus success in such lawsuits.

4. STOCK SWAP RATIO AND SUBSCRIPTION BONUS

As will be further detailed in item 5 below, the independent members of SIMPAR's Board of Directors, holding sufficient information, analyzed and reflected on the terms and conditions of the Merger of Shares set out below and, thus, were able to attest their merit and commutativity, and the benefits of the operation to all of SIMPAR's shareholders.

The Company informs that Banco Itaú BBA S.A. ("Itaú"), chosen by the independent members of the Board of Directors, has produced a fairness opinion on the righteousness, from the financial point of view, of the Swap Ratio, and the issue of the Subscription Bonus.

In addition to the Company's shareholders having access to the fairness opinion itself, which is attached to the EGM's management proposal, SIMPAR informs that, on this date, it also disclosed:

- a) An informative presentation to the market with considerations on the Merger of Shares and on Ciclus ([Click here](#)); and
- b) A presentation with the supporting material used by Itaú to prepare the fairness opinion on the Merger of Shares requested by SIMPAR's Board of Directors ([Click here](#)).

4.1 Swap Ratio

Assuming that, on the date of the Merger of Shares, (i) the total capital of CS Infra is represented by 60,000,273 common shares ex-treasury (considering the effects of the Prior Restructuring); and (ii) the total capital of SIMPAR is represented by 801,746,296⁴ common shares ex-treasury, JSP, as the sole shareholder of CS Infra, will receive 0.38351027 common share issued by SIMPAR for each 1 common share issued by CS Infra that it owns on such date ("Swap Ratio"). Accordingly, JSP will be assigned 23,010,721 new SIMPAR common shares to be issued in connection with the Merger of Shares – which will increase JSP's current stake from the current 56.23% to approximately 57,44% of SIMPAR's total capital stock (considering all the shares issued by the Company).

⁴ The total number of 801,746,296 common shares of SIMPAR was established based on: (i) the total number of common shares issued by SIMPAR (814,111,422 common shares), and (ii) disregarding any shares held in treasury (which, on this date, correspond to 365,126 common shares).

The establishment of the Swap Ratio (a) considered that, given the effects of the Prior Restructuring, CS Infra's only asset on the date of the Merger of Shares will consist of all shares issued by Ciclus and (b) Ciclus was valued without the effects of the Rebalance (as defined below).

As provided for in the Protocol and Justification, the amounts described above will be proportionally adjusted by all and any splits, groupings, repurchases, share bonuses, dividends, interest on equity, or capital reduction that may be conducted in the companies as of the present date until the date of the Merger of Shares.

4.2 Subscription Bonus and Rebalance

On August 19, 2019, Ciclus presented to COMLURB the request for the economic-financial rebalance of the Concession Agreement nº 318/2003 signed between Ciclus and COMLURB ("Concession Agreement"), justified in technical studies prepared by a specialized and independent company, having been demonstrated therein the reasons that caused the unbalance of the Concession Agreement and the pleas to correct such.

After 19 months of clarifications with COMLURB, in October 2020, the competent authorities of COMLURB and the City of Rio de Janeiro approved the economic-financial rebalance of the Concession Agreement, signing the Amendment Term No. 106/2020 to the Concession Agreement ("Amendment to the Concession Agreement"). It established that the monthly amount of the Concession Agreement compensation should be BRL 29,911,800.00. The term of the Concession Agreement was also extended by 10 years, so that it will be in effect until April 18, 2036 ("Rebalance").

Subsequently, as a result of a complaint filed by a council member of the City of Rio de Janeiro, the Audit Court of the City of Rio de Janeiro ("ACRJ") determined the temporary suspension of the effectiveness of the Amendment to the Concession Agreement to provide additional information and to analyze the economics and legality of the Rebalance in greater detail.

In respect to the TCM decision and until a final decision is taken on the matter, COMLURB continues to make regular payments under the Concession Agreement, but without the Rebalance reflexes.

JSP believes that - due to the lengthy process of discussion and analysis with the competent bodies that resulted in the signature of the Amendment to the Concession Agreement - the result of the diligence will be positive, thus applying the Rebalance as provided for therein.

Thus, in order to capture the potential effects of the Rebalance on Ciclus, a Subscription Bonus was proposed to be issued as a counterpart to the Merger of Shares, which will grant JSP the right to subscribe new common shares of SIMPAR proportionally to the effective value of the monthly tariff adjustment of the Concession Agreement when the

effectiveness of the Rebalance is reestablished, as explained below (its terms are further detailed in the Protocol and Justification).

The Subscription Bonus will entitle JSP to subscribe up to 32,084,167 common shares of SIMPAR proportionally to the effective amount of the monthly tariff readjustment of the services provided under the Concession Agreement that will be earned by Ciclus when the effectiveness of the Rebalance is reestablished.

Its exercise price will be R\$1.00 regardless of the number of shares to be subscribed. The SIMPAR shares to be issued in favor of JSP upon exercise of the Subscription Bonus will follow the proportion of 4.34730624 new common shares of SIMPAR for each BRL 1.00 (one Brazilian real) of the amount of the adjustment that is the object of the Rebalance.

Thus, for example, (i) considering the confirmation of the effectiveness of the Rebalance as provided in the Amendment to the Concession Agreement, which would correspond to an adjustment of BRL 7,380,240.83 in the monthly tariff of the Concession Agreement, all 32,084,167 common shares would be issued in favor of JSP; or (ii) if a partial Rebalance is confirmed, represented, for example, by an increase of BRL 6,642,216.75 in the monthly Concession Agreement tariff (which represents 90% of the tariff adjustment amount), 28,875,750 common shares would be issued in favor of JSP.

The Subscription Bonus, whose exercise will be conditioned to the full or partial reestablishment of the effectiveness of the Rebalance, according to the terms and conditions defined in the Protocol and Justification, may be exercised until December 31, 2023.

For clarification purposes, below is a description of SIMPAR's shareholding structure at two points in time (a) considering the issue of shares in the scope of the Merger of Shares and (b) after the Merger of Shares, considering the full exercise of the Subscription Bonus:

	JSP		Other Shareholders		Total
	Number of Shares	% on Total	Number of Shares	% on Total	
Prior to the Merger of Shares	457,805,204	56.23%	356,306,218	43.77%	814,111,422
After the Merger of Shares	480,815,925	57.44%	356,306,218	42.56%	837,122,143
After the Merger of Shares and Subscription Bonus	512,900,092	59.01%	356,306,218	40.99%	869,206,310

5. CRITERIA FOR SETTING THE SWAP RATIO

The terms and provisions of the Merger of Shares, including the Swap Ratio and the issue of the Subscription Bonus, were proposed by JSP for resolution by SIMPAR's shareholders and were based on the valuations of SIMPAR and CS Infra (considering the Prior Restructuring), taking into account the nature of their respective activities and in the context of a set of economic, operating and financial assumptions applicable to both companies.

Thus, they were proposed by JSP directly to SIMPAR's minority shareholders and were not subject to negotiation with SIMPAR's management and no special independent committee was constituted, as provided for in CVM Guidance Opinion 35/08.

In line with the SIMPAR Group's commitment to the highest standards of governance, the independent members of SIMPAR's Board of Directors were responsible for conducting and analyzing the matter within this management body, having had the information and time needed for appropriate reflection on the matter.

Accordingly, on the recommendation of the independent members, Banco Itaú BBA S.A. ("Itaú") was hired to produce to the Board of Directors a fairness opinion on the righteousness, from a financial point of view, of the Swap ratio and issue of the Subscription Bonus.

In possession of the fairness opinion and having analyzed and reflected on the other documents relating to CS Infra, to Ciclus, and to the Merger of Shares, the independent members of SIMPAR's Board of Directors (i) agreed with the strategic rationale of the Merger of Shares and its benefits to all SIMPAR shareholders, (ii) attested to the merits and the commutativity of its terms and provisions (including the Swap Ratio and issue of the Subscription Bonus) and thus (iii) unanimously approved its submission to the EGM.

As stated in the proposal presented by JSP, JSP undertook to follow the votes of the majority of SIMPAR's minority shareholders present at the EGM, so that the implementation of the Merger of Shares will be conditioned to the approval of its terms and conditions by the majority of SIMPAR's minority shareholders present at the meeting. Voting will proceed as follows:

- i. The approval of the Merger of Shares will be submitted for consideration and resolution at the EGM by all the Company's shareholders, with the exception of JSP and members of Simões family, which will not initially express their votes at this initial voting stage;
- ii. If the Merger of Shares is approved at the EGM by the majority of the Company's outstanding shares (i.e., excluding those owned by its managers and controlling shareholder) ("Outstanding Shares") present at the EGM, JSP and members of Simões family will cast their votes in favor of the Merger of Shares;
- iii. If the Merger of Shares is rejected by the majority of the Outstanding Shares present at the EGM, JSP and members of Simões family will express their votes against the Merger of Shares.

6. SUBMITTING THE MERGER FOR APPROVAL BY BRAZILIAN OR FOREIGN AUTHORITIES

The Merger of Shares is not dependent on approval by Brazilian or foreign authorities.

7. SWAP RATIO CALCULATED PURSUANT TO SECTION 264 OF THE BRAZILIAN CORPORATIONS ACT.

In compliance with the provisions of Section 264 of the Brazilian Corporations Act, UHY Bendoraytes & Cia. Independent Auditors ("UHY") was retained, *ad referendum* of the EGM, to prepare the appraisal report on the economic value of the shares of SIMPAR and CS Infra based on the discounted cash flow method (with base date of June 30, 2021) and by the same criteria ("Economic Value Appraisal Report").

Given the effects of Rebalance on CS Infra's economic valuation, UHY devised two theoretical swap ratios between CS Infra and SIMPAR shares under two different scenarios of CS Infra's economic valuation: (i) one scenario in which the effects of the Rebalance are not considered in the economic valuation of Ciclus ("Scenario without Rebalance"); and (ii) one scenario in which the effects of the Rebalance are fully considered in the economic valuation of Ciclus (i.e., pursuant to the terms of the Amendment to the Concession Agreement entered into) ("Scenario with Rebalance"):

Scenario without Rebalance:

	CS Infra	SIMPAR
Economic Value (A)	BRL 558,358,877.28	BRL 18,284,669,861.74
Number of Shares (B)	60,000,273	801,746,296 ⁵
Economic value of the share (A)/(B)	BRL 9.3059	BRL 22.8061
CS Infra/SIMPAR Swap Ratio	0.408062	

Scenario with Rebalance:

	CS Infra	SIMPAR
Economic Value (A)	BRL 1,285,915,331.16	BRL 18.284.669.861.74
Number of shares (B)	60,000,273	801.746.296
Economic value of the share (A)/(B)	BRL 21.4318	BRL 22.8061
CS Infra/SIMPAR Swap Ratio	0.939777	

⁵ To keep comparability, the same number of SIMPAR shares was taken into consideration in establishing the theoretical swap ratios for the Economic Value Appraisal Report and in determining the Swap Ratio.

8. DISSENTERS' RIGHT AND REFUND AMOUNT

As provided for in Sections 137 and 252, paragraph 2, of the Brazilian Corporations Act, if the Merger of Shares is completed it will entitle the holders of shares issued by SIMPAR to withdraw. The Dissenters' Right shall be assured to shareholders who own shares issued by SIMPAR continuously, from the date of this material fact until the date of the Merger of Shares, and who do not vote in favor of the Merger of Shares, abstain from voting or do not attend the EGM, and who expressly manifest their intention to exercise their right to withdraw within thirty (30) days from the date of publication of the minutes of EGM that approves the Merger of Shares.

As detailed above, in Ciclus economic valuation for the preparation of the Economic Value Appraisal Report, UHY considered two different scenarios depending on whether or not the effects of the Rebalance were considered, the Scenario without Rebalance and the Scenario with Rebalance.

In order to determine the existence or not of dissenter's rights for the Company's minority shareholders based on SIMPAR's value calculated in the Economic Value Appraisal Report, as provided for in section 264, paragraph 3 of the Brazilian Corporations Act, two comparisons were made:

- i. The comparison of (a) the theoretical swap ratio of the Economic Value Appraisal Report in the Scenario without Rebalance with (b) the Swap Ratio (which did not consider the effects of the Rebalance either); and
- ii. The comparison of (a) the theoretical Swap Ratio of the Economic Value Appraisal Report in the Scenario with Rebalance with (b) a hypothetical swap ratio, calculated specifically for the purposes of the dissenters' rights, which considers the issue of 55,094,888 shares as a result of the Merger of Shares (the sum of the shares to be issued pursuant to the Swap Ratio and the shares to be issued in the event of full exercise of the Subscription Bonus) ("Bonus Swap Ratio").

Swap Ratio Report (Scenario without Rebalance)	Swap Ratio
0.408062	0.38351027

Swap Ratio Report (Scenario with Rebalance)	Swap Ratio Bonus
0.939777	0.91824396

Given that in the two comparisons above the theoretical swap ratio provided for in the Economic Value Valuation Report is less advantageous for SIMPAR's minority shareholders, dissenting shareholders will not be able to opt for the reimbursement

amount as per the Economic Value Appraisal Report. For this reason, the reimbursement amount for dissenting shareholders of SIMPAR will be BRL 2.36 per share, calculated based on the book asset value, not including any treasury shares, according to the financial statements for the fiscal year ending December 31, 2020, subject to the right to draw up a special balance sheet as provided for in Section 45, § 2, of the Brazilian Corporations Law.

9. OTHER RELEVANT INFORMATION

9.1. Corporate Approvals

The Merger of Shares will depend on the performance of the respective corporate approvals, all interdependent, which shall be coordinated so that they all occur on the same date. The Extraordinary General Meetings of SIMPAR and CS Infra will be held, on first call, on November 29, 2021, according to the call notice to be disclosed.

The companies' shareholders should consult their legal and tax advisors to verify legal, exchange and tax implications arising from the Merger of Shares.

9.2 Conditions Precedent

Consummation of the Merger of Shares will be conditioned to the meeting of the following conditions precedent, as provided in the Protocol and Justification:

- i. Approval and implementation of the Prior Restructuring;
- ii. Approval of the Prior Restructuring and the Merger of Shares by COMLURB; and
- iii. Attainment of all prior approvals (or, at SIMPAR's sole discretion, pre-payment or refinancing) from Ciclus' creditors that may be necessary to conduct the Prior Restructuring and the Merger of Shares, particularly that of Caixa Econômica Federal in the scope of the financing and on-lending agreement entered into between Caixa Econômica Federal and Ciclus on September 24, 2013 for the implementation of a Waste Treatment Plant in the municipality of Seropédica under the *Sanitation for All* Program.

9.3. Post-Merger of Shares Obligations

Given that Ciclus currently has loans with related parties, the management intends to settle these obligations as soon as possible by refinancing its loans through a structured operation in the capital market. The objective is to provide greater comfort to minority shareholders by eliminating debts with related parties and, at the same time, replace the debt with another one with better conditions.

Therefore, after the consummation of the Merger of Shares, Ciclus undertook to raise funds to settle the debts related to the loans entered into (a) between JSP and Ciclus; and (b) between Ribeira Empreendimentos Imobiliários Ltda. and Ciclus, which, for reference purposes, had the total amounts of, respectively, BRL 61.43 million and BRL 215.21 million, on the base date of September 30, 2021, which were included in the

valuation of CS Infra considered for the purposes of the Merger of shares, and SIMPAR's independent directors are aware of them.

In this regard, the Company informs that, conditioned to the consummation of the Merger of Shares and observing the conditions precedent usual to this type of business, Ciclus has contracted with a financial institution a firm guarantee for the issue of debentures totaling up to BRL 550 million, for the purpose of settling such loans, as well as refinancing its bank loans.

The terms agreed with the financial institution are: (i) 9-year term; (ii) interest rates referenced to NTN-B 2030 + 1.85% p.a. or IPCA + 6.80% p.a. (the higher of the two); and (iii) fiduciary guarantee of SIMPAR for the new operation, in order to release the real assets of Ciclus that are currently pledged as guarantees in the operations that will be settled.

The managements of SIMPAR and CS Infra understand that this operation will contribute to the improvement of Ciclus' cash flow due to more competitive costs and lengthening of the debt amortization schedule. Also, it will enable a greater allocation of capital to its acquisition and organic growth projects, aiming to generate shareholder value.

9.4. Operational Continuity

After the implementation of the Merger of Shares, SIMPAR and Ciclus will continue to operate normally. Customers, suppliers, employees and other stakeholders should not expect any change in management, business relationships, and service offerings.

It should also be pointed out that the Merger of Shares will not cause SIMPAR to absorb the assets, rights, assets, obligations and liabilities of CS Infra and Ciclus, which will keep their respective legal personalities intact, there being no succession.

9.5. Document Availability

The documents related to the Merger of Shares are available, following applicable law and regulations, as of this date, and may be consulted at the headquarters of SIMPAR. Such documents will also be available on the CVM (www.cvm.gov.br), B3 (www.b3.com.br) and SIMPAR's Investor Relations (ri.simpar.com.br) websites. For further clarifications, please contact SIMPAR's investor relations area.

São Paulo, October 28, 2021

Denys Marc Ferrez

Executive Vice President of Corporate Finance and
Investor Relations Officer