



## **BK BRASIL OPERAÇÃO E ASSESSORIA A RESTAURANTES S.A.**

Public Held Company  
Corporate Taxpayer's ID (CNPJ/ME) No. 13.574.594/0001-96  
Company Registry (NIRE) No. 35.300.393.180

### **MATERIAL FACT**

Barueri, July 9, 2021 – **BK Brasil Operação e Assessoria a Restaurantes S.A.** (B3: **BKBR3**) ("**Company**"), in accordance with the Brazilian Securities and Exchange Commission ("**CVM**") Instructions No. 358/2002 and No. 565/2015, hereby informs its shareholders and the market that, on this date, an Association Agreement ("**Agreement**") was executed between the Company, on one side, and Vinci Capital Partners III A Fundo de Investimento em Participações Multiestratégia ("**FIP III**") and Sorrento Investments LLC ("**Sorrento**", and jointly with FIP III, "**Vinci Partners**"), on the other side, for the merger, by the Company, of all shares of DP Brasil Participações Societárias S.A. ("**DP Brasil**"), indirectly holder of exclusive master franchising rights of DOMINO'S PIZZA® in Brazil ("**Merger of Shares**" and "**Transaction**", respectively). Thus, once the Transaction is concluded, the Company will become the holder of 100% of the shares issued by DP Brasil.

The execution of the Agreement and of its ancillary documents was duly approved by the Board of Directors of the Company on July 9, 2021.

#### **The Pizza Market in Brazil**

In the Quick Service Restaurants segment ("**QSR**"), the Pizza category is the second largest in Brazil (second only to Hamburgers), representing a share of R\$ 4 billion that grew, between 2010 and 2019, a CAGR of 10.7%, according to Euromonitor<sup>1</sup>.

The Brazilian market is highly fragmented in the QSR Pizza category, which for us represents a significant opportunity for growth and consolidation through a leading brand in the segment in Brazil and globally. We estimate that there is a potential of over 1,000 restaurants in the next 10 years in the Brazilian market.

#### **DOMINO'S® Brazil**

DP Brasil, through its subsidiaries, holds the master franchise rights of Domino's Pizza in Brazil, with exclusive rights to operate and develop the DOMINO'S® brand in the country. The operation of DP Brasil started in 2018, in Rio de Janeiro, and currently has more than 300 restaurants nationwide, of which 213 are franchised operations and 90 are own held restaurants.

In addition to the business models of its own held restaurants and franchises, DP Brasil also operates a manufacturing business unit producing fresh dough for its restaurants and distributing inputs for its own and franchised operations.

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<sup>1</sup> Based on data from Euromonitor International, Consumer Foodservice survey for 2019.

In the last few years, DOMINO'S® achieved the globally position as an innovative company with digital capabilities that have distinguished it in terms of generating value for shareholders and customers. It is not different in Brazil. Today, around 60% of its business comes from sales made through mostly proprietary digital channels such as the website, app and WhatsApp, which is very much in line with the latest QSR global trends and what the Company believes to transform the industry in Brazil.

### **Strategic Rationale - Benefits**

Aligned with the Company's vision of being an ecosystem of brands within the Food Service industry in Brazil, capable of operating and developing, with excellence, strong brands, with best in class products and technology, the Transaction opens a new front of growth to the Company and its franchisees.

The pizza category represents a significant complement to the diversification of the Company's portfolio, both in products and business formats. The Transaction will allow the Company to evaluate integrated Delivery, production/distribution of inputs and use of its technology infrastructure to serv its own and franchised restaurants.

### **Synergies**

The Company is the largest restaurant operator in the country, and over the last 10 years, it has developed strong brands, with culture, processes and people, which allow it to deeply understand all the intersection points and how to explore the benefits generated. There are opportunities along with suppliers, know how, built of new franchised restaurants, team and technology that will be explored as soon as the final approval of the Transaction.

### **Risks**

The Company's management does not foresee relevant risks with the conclusion of the Transaction, in addition to those already usually inherent to its activities.

### **Governance**

With the experience acquired in developing the POPEYES® brand, the Company learned the importance of the operational independence of the business areas in order to speed up execution. Therefore, in principle, we will maintain a structure that ensures agility for the 3 business lines. At the same time, we will use technology and integrated processes in the support areas to capture synergies and scale.

As part of the Transaction negotiations, the increase of the number of members of the Company's Board of Directors from 7 to 9 members will be proposed to be approved by the general shareholders meeting of the Company. The proposal will be for the maintenance of the currently members of the Board of Directors increased by two new effective members to be indicated by Vinci Partners, one of them being Carlos Eduardo Martins, currently partner of the asset management and former CEO of DP Brasil between 2018 and 2019. In line with the best governance practices, the Company will have the necessary independence for the strategic preservation of each brand and its construction in the country.

### **Transaction Structure**

The Transaction, if approved, will mark the Company's entrance into one of the largest QSR categories in Brazil, with high potential of growth and consolidation.

With the implementation of the Merger of the Shares, the shareholders of DP Brasil will jointly receive 54,081,596 (fifty four million, eighty one thousand, five hundred and ninety six) common shares issued by the Company, equivalent, on this date, to 16.4% (sixteen point four percent) of the total common shares of the Company, already considering the capital increase resulting from the Merger of Shares. Vinci Partners will become the biggest individual shareholder of the Company.

The share exchange ratio was freely negotiated, agreed and settled between the Company and Vinci Partners and was particularly based on the analysis of discounted cash flow and synergy between the Company and DP Brasil. The Company's valuation of R\$ 3,048,355,935.36 (three billion forty-eight million three hundred fifty-five thousand nine hundred thirty-five reais and thirty-six cents) was based on an amount of R\$ 11,12 (eleven reais and twelve cents) per share. The Transaction does not affect significantly Company's capital structure.

Furthermore, Vinci Partners shall commit not to engage in any negotiation over its shares issued by the Company and held by FIP III and Sorrento for a period of 18 months starting from the closing date of the Transaction, provided that such negotiation during referred term shall exceptionally occur to comply with the payment obligations assumed by Vinci Partners under the Agreement.

The conclusion of the Transaction is subject to certain conditions usually applicable to transactions of this nature, such as: (i) obtaining the approval of the Merger of Shares and other related matters by the Company's and DP Brasil's general shareholders meeting; (ii) the approval of the Transaction by the Administrative Council for Economic Defense (CADE); (iii) the approval of the Transaction by franchisors of BURGER KING®, POPEYES® and DOMINO'S®; (iv) DP Brasil's capital increase prior to the closing of the Transaction in the amount of R\$ 206,837,807.00; and (v) other conditions usually applicable to this type of transaction.

Withdrawal Right at the Company. Subject to the terms of the Agreement, in the future will be executed the Private Instrument of Protocol and Justification of the Merger of Shares, for later call of a general shareholders meeting of the Company to deal with matters related to the Merger of Shares. In this regard, information and documents related to the submission of the Merger of Shares to appreciation of the general shareholders meeting will be timely disclosed to shareholders.

The withdrawal right of the shareholders of the Company that, cumulatively, (i) vote against the Merger of Shares, abstain from voting or do not attend the extraordinary general meeting of the Company that will resolve on the Merger of Shares, to be timely convened; and (ii) are holders of shares issued by the Company, without interruption, since the present date until the end of the legal term for exercising the withdrawal right ("**Dissenting Shareholders**").

The Dissenting Shareholders who exercise their withdrawal right as a result of the approval of the Merger of Shares shall have the reimbursement right by the book value of their shares based on the Company's Financial Statements for the fiscal year ended December 31, 2020. Therefore, the reimbursement amount to be paid to the Dissenting Shareholders of the Company will be R\$ 6.71 per share.

According to the Article 137, Paragraph 1 of the Brazilian Corporate Law, the withdrawal right shall only apply in relation to the shares issued by the Company on the date hereof (July 9, 2021), including the negotiations on the stock exchange on this date. The withdrawal right shall be exercised by the Dissenting Shareholders of the Company up to 30 days from the publication of the minutes of the general shareholders meeting which approves the Merger of Shares, provided that the effective payment of the reimbursement is conditioned to the conclusion of the Transaction and effective consummation of the Merger of Shares.

Vinci Capital Partners II B Fundo de Investimento em Participações Multiestratégia ("**FIP II**"), current shareholder of the Company, which is managed by the same manager of FIP III, but it is not a shareholder of DP Brasil, will abstain from voting at the Company's general shareholders meeting and will not exercise withdrawal right as a result of the Merger of Shares, as provided for in the Agreement.

Withdrawal Right at DP Brasil. The withdrawal right will be also guaranteed to the shareholders of DP Brasil who vote against the Merger of Shares, who abstain from vote or who do not attend the extraordinary general meeting of DP Brasil that will resolve on the Merger of Shares, to be timely called.

Vinci Partners, which will hold almost all of the total share capital of DP Brasil on the closing date of the Transaction, has already committed to vote for the Merger of Shares and other related matters in the general shareholders meeting of such company, so that it will not exercise the withdrawal right.

### **Costs**

The Company estimates that costs and expenses for the conclusion of the Merger of Shares shall be of approximately R\$ 12 million.

Rothschild & Co acted as the Company's exclusive financial advisor. Lobo de Rizzo Advogados acted as the Company's legal advisor and Mattos Filho, Veiga Filho, Marrey Jr. e Quiroga Advogados acted as DP Brasil's legal advisor.

The Transaction is expected to close in 4Q21.

The Company will keep the market informed of relevant updates regarding the matters dealt with herein.

Barueri, July 9, 2021.

**Gabriel Magalhães da Rocha Guimarães**  
Investor Relations Officer