

**INCOME ALLOCATION POLICY OF  
MINERVA S.A.**

## **1. PURPOSE AND SCOPE**

1.1. The purpose of this Policy is to disclose to the shareholders and to the market in general the principles, rules and procedures for the Company's dividend distribution process, in a comprehensive and transparent way.

## **2. REFERENCES**

2.1. This Policy has as a reference: (i) the corporate governance guidelines of the Company's Bylaws, as amended ("Bylaws"); (ii) Law no. 6.404, of December 15, 1976, as amended ("Brazilian Corporate Law"); (iii) the general rules issued by the Securities and Exchange Commission ("CVM") on the subject; (iv) the IBGC's Brazilian Code of Corporate Governance – Publicly Held Companies; and (v) the B3 S.A. - Brasil, Bolsa, Balcão ("B3") Novo Mercado's Listing Regulations as approved by the CVM's board on September 5, 2017 ("Novo Mercado Regulations").

## **3. PRINCIPLES**

3.1. The distribution of dividends and other earnings must take into account the Company's results, financial condition and cash needs, the future prospects of the current and potential markets, the existing investment opportunities and the maintenance and expansion of the Company's productive capacity.

3.2. This Policy is designed to ensure the Company's short, medium and long-term continuity and financial sustainability, based on the need for flexibility and financial soundness in order to maintain its business.

## **4. INCOME ALLOCATION**

4.1. Together with the financial statements for the immediately preceding year, the Company's Board of Directors will submit a proposal to the Annual General Meeting in relation to the allocation of the immediately preceding year's net income, calculated after absorbing any accumulated losses, pursuant to article 189 of the Brazilian Corporate Law and the deduction of the participations referred to in article 190 of the Brazilian Corporate Law, observing the following order:

- (i) Five percent (5%) of net income will be applied, prior to any other allocation, in setting up the legal reserve, which shall not exceed twenty percent (20%) of the share capital. In any year in which the balance of the legal reserve plus the amounts in the capital reserves referred to in paragraph 1 of article 182 of the Brazilian Corporate Law exceeds an amount corresponding to thirty percent (30%) of the share capital, it will not be compulsory to allocate part of the year's net income to the legal reserve;

- (ii) at the suggestion of the management bodies, a portion may be allocated to a reserve for contingencies in order to offset, in a future year, the decrease in profit resulting from a loss deemed probable, whose amount can be estimated under the terms of article 195 of the Brazilian Corporation Law;
- (iii) once the future loss that motivated the allocation of profits occurs or when such loss is no longer probable, the management bodies shall propose the reversal of part or of the totality of the reserve for contingency established in previous years, under the terms of article 195 of the Brazilian Corporate Law;
- (iv) at the suggestion of the management bodies, the portion of net income resulting from government donations or subsidies for investments may be allocated to the fiscal incentive reserve, as provided for in article 195-A of the Brazilian Corporate Law;
- (v) portion corresponding to twenty-five percent (25%) of the annual net income adjusted by the deductions and additions provided for in items (i), (ii), (iii) and (iv) above, in each fiscal year, will be allocated to the payment of compulsory dividend, as provided for in article 202 of the Brazilian Corporate Law, subject to the provisions of item (vi) below;
- (vi) in any year in which the amount of the compulsory dividend, calculated under the terms of item (v) above, exceeds the realized portion of the year's income, the General Meeting may, at the suggestion of the management bodies, allocate the excess to setting up an unrealized income reserve, in accordance with the provisions of article 197 of the Brazilian Corporate Law;
- (vii) in the fiscal year in which the Company's Leverage Ratio (as defined in item 4.6 below) is equal to or less than two and a half times (2.5x), the Board of Directors will submit to the General Meeting a proposal for the payment of a dividend in addition to the compulsory corresponding to, at least, twenty-five percent (25%) of the annual net income adjusted by the deductions and additions provided for in items (i), (ii), (iii) and (iv) above;
- (viii) the income remaining may be allocated to the setting up of an expansion reserve, which will be used to finance investment in operational assets, as provided for in article 32, "f", of the Bylaws and in the article 194 of the Brazilian Corporate Law, and this reserve must be the lesser of the following amounts:
  - a. an amount corresponding to eighty percent (80%) of the share capital,  
or

- b. an amount that, when added to the balances of the other revenue reserves, excluding the unrealized income reserve and the contingency reserve, corresponds to one hundred percent (100%) of the Company's share capital.
- (ix) at the suggestion of the management bodies, a portion or the totality of the remaining balance, if any, may be retained for the execution of a capital budget previously approved by the General Meeting, as provided for in the article 196 of the Brazilian Corporate Law; and
- (x) after the allocations above, any balance that remains in the retained earnings account, shall be distributed as an additional dividend, in accordance with the provisions of article 202, paragraph 6, of the Brazilian Corporate Law

4.2. The Annual Meeting may attribute to the members of the Board of Directors and of the Executive Board profit sharing no greater than ten percent (10%) of the remaining income for the year, limited to management's annual global remuneration, under the terms of article 152, paragraph 1 of the Brazilian Corporate Law.

4.3. The distribution of profit sharing to members of the Board of Directors and of the Executive Board may only occur in those years in which shareholders are guaranteed payment of the minimum compulsory dividend provided for in the Bylaws.

4.4. Under the terms of the Brazilian Corporate Law, in exceptional cases the compulsory dividend may not be paid in any fiscal year in which the Company's management informs the Annual General Meeting that such payment is incompatible with the Company's financial situation, in which case the directors must forward the justification for this notification to the CVM.

- 4.4.1. Profits not distributed as compulsory dividend in the event provided for in item 4.4 above must be recorded in a special reserve and, if not absorbed by losses in subsequent fiscal years, must be paid as soon as the Company's financial situation permits.

4.5. The "Leverage Ratio" is considered the ratio between the Company's Net Debt and EBITDA, calculated based on the consolidated financial statements at the end of the fiscal year, being that:

- (i) "Net Debt" means:
  - a. the sum of all debts incurred by the Company and its subsidiaries, resulting from:

1. cash loans;
  2. obligations arising from the issuance of subscription warrants, debentures, notes or other similar instruments;
  3. lines of credit, bank acceptance or similar instruments, except for the exchange of letters of credit or bank acceptances, issued due to the exchange of payable trade notes that are not yet due on the date of presentation or, if due, there is a term of 10 (ten) business days for payment;
  4. retention, unpaid, of payment price for goods or services, all the sales obligations, except for the exchange of trade notes arising from the normal course of the Company's activities;
  5. tenant obligations in property lease agreements;
  6. third-party debts guaranteed by asset liens, regardless of whether such debt is assumed by the Company or not;
  7. arising from the hedge contract of the Company and its subsidiaries; and
  8. obligations arising from "Minerva Fundo de Investimento em Direitos Creditórios – Crédito Mercantil";
- b. subtracted from cash and consolidated available funds and marketable securities, recorded as short-term assets; and
- (ii) "EBITDA" means:
- a. consolidated net operating revenue;
  - b. minus the sum of:
    1. the consolidated cost of goods and services sold;
    2. the consolidated selling expenses and general and administrative expenses;
    3. net operating and non-operating profit; and
    4. any depreciation or amortization and non-recurring or financial expenses losses, included in the consolidation of costs of goods

sold and services provided, selling expenses and general and administrative expenses.

4.6. For clarification purposes, in the fiscal year in which the Company's Leverage Ratio is equal to or less than two and a half times (2.5x), as provided for in item 4.1.(vii), the Company must distribute, as compulsory dividend and as additional dividend, earnings corresponding to at least fifty percent (50%) of the net profit for the year, after adjusted by the deductions and additions provided for in items 4.1.(i), 4.1.(ii), 4.1.(iii) and 4.1.(iv) above.

## **5. INTEREST ON EQUITY, INTERMEDIATE AND INTERIM DIVIDENDS**

5.1. At the suggestion of the Executive Board, approved by the Board of Directors, for confirmation by the Shareholders' Meeting, the Company may pay or credit interest to the shareholders, by way of remuneration for their equity holdings, subject to the applicable legislation. Any amounts paid out in this way, net of income tax at source, may be attributed to the amount of the compulsory dividend provided for in the Bylaws and to the additional dividend amount provided for in item 4.1.(vii) above.

5.1.1. In the case of interest being credited to the shareholders during the fiscal year and being counted towards the value of the compulsory dividend, the shareholders will be remunerated with the dividends to which they are entitled, and will be guaranteed the payment of any remaining balance. In the event that the amount of the dividends is less than the amount which has been credited to them, the Company may not recover the excess balance from the shareholders.

5.1.2. The actual payment of interest on equity, if it has been credited during the fiscal year, will be made by means of resolution by the Board of Directors, during the fiscal year or in the following year, but not later than the dividend payment dates.

5.2. The Company may draw up interim financial statements on an semi-annual basis, quarterly, or for shorter periods, and declare, by means of a resolution by the Board of Directors:

- (i) the payment of dividends or interest on equity, on account of the net income for the current fiscal year, determined in the semi-annual balance sheet, to be counted towards the value of the compulsory dividend, if any;
- (ii) the distribution of dividends or interest on equity based on net income for the current year, calculated in the balance sheet drawn up in a period of less than six (6) months, is limited in each half of the year to the amount of the capital reserves, as provided for in article 204 of the Brazilian Corporate Law; and

- (iii) the payment of an interim dividend or interest on equity, out of the retained earnings account for the execution of the capital budget or revenue reserve existing at the date of the last annual, semiannual, quarterly or withdrawn in shorter periods, balance sheet, to be counted towards the compulsory dividend, if any.

## **6. FISCAL YEAR**

6.1. The Company's fiscal year begins on January 1st and ends on December 31st of each year.

## **7. PAYMENT OF DIVIDENDS**

7.1. Under the Brazilian Corporate Law, dividends are due to shareholders registered as the owner or beneficial owner of shares, on the date that the dividends and/or interest on equity are declared, subject to the rules of the Central Assets Depository of B3 for determining cut-off date and the date for trading "ex-earnings" shares.

7.2. The General Meeting or the Board of Directors, as the case may be, shall set the deadline for the payment of declared dividends or interest on equity and define the date on which the Company's shares begins to be traded without the right to earnings, subject to the rules of the Central Assets Depository of B3 to determine the cut-off date and the date for trading "ex-earnings" shares.

7.3. The body that approves the declaration of dividends or interest on equity can determine the final term for the payment of earnings and delegate to the Executive Board the determination of the exact date of payment.

7.4. The payment of dividends or interest on equity cannot, under any circumstances, occur after the end of the fiscal year in which the earnings were declared.

7.5. For shareholders whose shares are deposited in the fiduciary custody of B3, the payment of the dividends will be made to B3, which will be responsible for transferring the aforementioned amounts to the shareholders, via the corresponding brokers.

7.6. Payment of dividends to those shareholders whose shares are directly recorded in the accounts of Itaú Corretora de Valores S.A. (book-entry environment), will be credited by the financial institution directly to the shareholders' current accounts, provided that their registration and banking data with the financial institution is properly up-to-date.

## **8. OTHER PROVISIONS**

8.1. If they wish to claim dividends or the payment of interest on equity for their shares, Shareholders have a period of three (3) years, counting from the date on which the dividends or interest on equity were made available, after which date the amount of unclaimed dividends or interest on equity will be reversed in favor of the Company.

8.2. Any change to this Policy must be approved by the Company's Board of Directors and communicated to the CVM and to B3.

8.3. In the event of a conflict between the provisions of this Policy and the Company's Bylaws, the provisions of the Bylaws shall prevail and, in the event of a conflict between the provisions of this Policy and the legislation currently in force, the provisions of the legislation currently in force shall prevail.

8.4. If any provision of this Policy is found to be invalid, illegal or ineffective, that provision will be limited, as far as possible, so that the validity, legality and effectiveness of the remaining provisions of this Policy are not affected or impaired.

**9. VALIDITY**

9.1. This Policy was approved by the Company's Board of Directors at a meeting held on December 6, 2018, and amended at a meeting of the Company's Board of Directors held on February 18, 2020, and will remain in force as from the date of its approval by the Board of Directors, until such time as a decision is taken to the contrary.

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