

PROFIT ALLOCATION POLICY

1. PURPOSE

- 1.1** This Policy aims to guide the conduct of the management of Alpargatas S.A. (“Corporation”) regarding the distribution of profits and payment of dividends and/or interest on equity, clarifying the criteria and guidelines to stockholders and other stakeholders that guide them.
- 1.2** This Policy is based on: (i) the Federal Law No. 6,404, of November 15, 1976 (Brazilian Corporation Law – “LSA”); (ii) the rules issued by the Brazilian Securities Commission (“CVM”); (iii) the practices recommended by the Brazilian Code of Corporate Governance – Publicly-held Corporations (“CBGC”); and (iv) the Corporation’s By-laws.

2. DUTIES

- 2.1** This Policy applies to all managers and stockholders of the Corporation.

3. RESPONSIBILITIES

- 3.1** The Executive Board is responsible for preparing and submitting to the appreciation of the Board of Directors and the Supervisory Board, when constituted, the financial statements for the fiscal year and the proposal for the allocation of net profit for the prior fiscal year.
- 3.2** The Board of Directors is responsible for approving and submitting to the General Meeting the proposal for the allocation of net profit for the prior fiscal year, as well as declaring the distribution of interim dividends and/or interest on equity, based on profit ascertained in interim balance sheets, pursuant to current legislation and the By-laws.
- 3.3** The General Meeting is the competent body to resolve, in accordance with the proposal presented by the Corporation’s Board of Directors, on the allocation of net profit for the fiscal year and the distribution of dividends.

4. CALCULATION OF PROFIT

- 4.1** The fiscal year begins in January 1st and ends in December 31st of each year, the base date on which the financial statements corresponding to the fiscal year will be prepared and the respective profit computed, in compliance with the legal provisions.

- 4.2** The accumulated losses, if any, and the provision for profit tax will be deducted from the profit for the year.

(i) The Board of Directors may propose to the General Meeting the managers’ profit-sharing for the year, which may not exceed their annual remuneration or 0.1 (one tenth) of the remaining profits after the deductions provided for in item 4.2 above, whichever limit is smaller.

(ii) Subject to the limits referred to in this item, the managers’ profit-sharing for the year and its distribution will be established by the Board of Directors.

5. ALLOCATION OF PROFIT

5.1 The Board of Directors will propose to the Annual General Meeting the allocation of net profit for the year, allocating, obligatorily, five percent (5%) to the legal reserve, until reaching the maximum limit provided for in law, allocating also the portion necessary for the reserve for contingencies, when the circumstances so recommend.

(i) After legal deductions and investment subsidy reserve, at least twenty-five percent (25%) of the remaining profit will be allocated to the payment of minimum mandatory dividends to stockholders, which may be paid in the form of interest on equity in accordance with the applicable legislation.

(ii) Upon proposal of the Board of Directors, the General Meeting may resolve on the allocation of funds to the Special Reserve, in order to ensure: (a) financial funds for the operation of the Corporation; (b) funds for payment of dividends, including in the form of interest on equity or its advances; and (c) the exercise of preemptive rights in the subscription of capital increases in the subsidiaries; such Special Reserve is formed by up to the entire remaining portion of net profit for the year adjusted, pursuant to article 202 of the Brazilian Corporation Law, after legal deductions and payment of minimum mandatory dividends provided for in item (i) above, not exceeding ninety-five percent (95%) of the capital stock.

(iii) The balance of the profit reserves, added to the legal reserve, except for contingencies, tax incentives and unrealized profits, may not exceed the capital stock. Upon reaching this limit, based on a proposal to be made by the Board of Directors, the General Meeting will resolve on the application of the exceeding portion in the capitalization or distribution of dividends to stockholders.

5.2 Under the By-laws, the Board of Directors may:

(i) declare advance installments of the annual dividend and/or payment of interest on equity, based on extraordinary balance sheets prepared at June 30 and September 30 of each year, as provided for in Article 30 of the Corporation's By-laws, establishing the payment terms.

(ii) without prejudice to the provisions of item (i) above, make the distribution of dividends and/or interest on equity based on the profit computed in other extraordinary balance sheets, prepared at any time, subject to the provisions of article 204, § 1 of the Brazilian Corporation Law, defining the payment terms.

5.2.1. Interim dividends and interest on equity paid to stockholders will be imputed, net of withholding profit tax, to the amount of the mandatory annual dividend established in § 1 of Article 30 of the Corporation's By-laws.

6. PAYMENT OF DIVIDENDS AND INTEREST ON EQUITY

6.1 The dividend will not be mandatory in the fiscal year in which the Board of Directors deems it incompatible with the Corporation's financial situation, subject to the provisions of article 202, paragraph 4 of the Brazilian Corporation Law. In the case provided for in this item, the managers will not be entitled to statutory profit-sharing.

6.2 The dividend for each year may be paid in advance in four or more quarterly installments or at shorter intervals, on account of the profit for the year, retained earnings or profit reserves, subject to the provisions of §§ 1 and 2 of article 204 of the Brazilian Corporation Law or in the form of interest on equity under applicable law.

(i) Prepayments of dividends and/or payment of interest on equity will be declared by the Board of Directors, and will be backed by the latest quarterly and year-end balance sheets, as applicable.

(ii) The dividend and/or interest on equity will be paid within no more than sixty (60) days from the date of the meeting of the Board of Directors or the General Meeting that declares it.

(iii) The General Meeting may extend the term provided for in item (ii) above, but the payment of the dividend and/or interest on equity must always be made within the year in which it is declared.

6.3 Tax incentives are allocated for investment subsidy reserve, pursuant to article 30 of Law 12,973/2014. Resolving on the allocation of these incentives as payment of earnings, the Corporation shall submit them to taxation.

6.4 The Corporation will issue a Notice to Stockholders indicating the date of payment of dividends and interest on equity, as well as the procedures for receiving the respective amounts.

7. PERIOD OF EXPIRATION OF THE RIGHT TO DIVIDENDS

7.1 The term for stockholders to claim the payment of dividends or payments of interest on equity related to their stocks expires in three (3) years, counted from the date on which said dividends or interest on equity were made available to them by the Corporation. After expiry of this period, the amount of unclaimed dividends or interest on equity will revert for the benefit of the Corporation, pursuant to article 287, item II, letter "a", of the Brazilian Corporation Law.

8. FINAL PROVISIONS

8.1 The Corporation also reserves the right, at any time, to review, modify, change or revoke this Policy, especially in the case of any essential or relevant change in the laws or regulations applicable to the Corporation.

8.2 Any matters not expressly dealt with herein will be decided by the Corporation's Board of Directors.

8.3 This Policy was approved by the Corporation's Board of Directors on June 30, 2021, and it will become effective as of the date of its approval and will be valid for an indefinite period of time.