



**MANAGEMENT PROPOSAL**

**ANNUAL GENERAL SHAREHOLDERS' MEETING**

**TO BE HELD ON**  
**JULY 26, 2022**

Goianésia, June 14, 2022

Dear Shareholders,,

The Management of Jalles Machado S.A. ("Company" or "Jalles Machado") submits to the appreciation of its Shareholders the present Management Proposal ("Proposal"), regarding the matters included in the agenda contained in the call notice for the Company's Annual General Shareholders' Meeting to be held at 8:00 a.m., Brasília time, on July 26, 2022, at the Company's headquarters, in the City of Goianésia, State of Goiás, at Fazenda São Pedro s/n, Rodovia GO 080, Km 185, Zona Rural, Zip Code: 76.388-899.

**Jalles Machado S.A.**

## Summary

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## **1. Information on the matters subject to deliberation**

All information and documents provided in CVM Regulation No. 81, dated March 29, 2022 (“CVM Regulation 81”), related to the subject matters to be deliberated on at the Company’s Annual General Shareholders’ Meeting to be held at 8:00 a.m., Brasília time, on July 26, 2022, at the Company’s headquarters located in the City of Goianésia, State of Goiás, at Fazenda São Pedro s/n, Rodovia GO 080, Km 185, Zona Rural, ZIP CODE 76.388-899 (“GSM” or “Shareholders’ Meeting”), as well as all other information and documents relevant to the exercise of voting rights by shareholders, are available to shareholders at the Company’s headquarters and on its investor relations website (<https://ri.jallesmachado.com/>), on the website of the Brazilian Securities and Exchange Commission – CVM (“CVM”) ([www.gov.br/cvm](http://www.gov.br/cvm)) and B3 S.A. – Brasil, Bolsa, Balcão (“B3”) ([www.b3.com.br](http://www.b3.com.br)).

As per the Call Notice published, pursuant to Law No. 6404 of December 15, 1976 (“Corporate Law”), the Meeting will address the following agenda:

- (1)** to consider the management accounts, examine, discuss and vote on the management report and the financial statements, accompanied by the independent auditors' report, for the fiscal year ending March 31, 2022;
- (2)** to examine, discuss and vote on the proposal for capital budget for the fiscal year to be closed on March 31, 2023;
- (3)** to deliberate on the proposal for the allocation of net income for the fiscal year ending March 31, 2022;
- (4)** to determine the number of members that will make up the Company's Board of Directors;
- (5)** to resolve on the independence of the candidates for positions as independent members of the Company's Board of Directors;
- (6)** to elect the members of the Company's Board of Directors; and
- (7)** to decide on the overall compensation of the Company's executive officers, to be paid in the fiscal year ending March 31, 2023.

The Management Proposal for the subject matters of the Shareholders’ Meeting agenda is described in this document..

## **BOARD OF DIRECTORS**

## **1. Management Proposal**

In compliance with the provisions set out under CVM Regulation No. 80, dated March 29, 2022 ("CVM Regulation 80"), and CVM Regulation 81, and in order to instruct Shareholders as to the matters to be resolved at the Meeting, this document presents the Company's management's proposal, related to the matters to be submitted to the deliberation at the Shareholders' Meeting, as well as the information relevant to the exercise of voting rights by the Shareholders.

### **(1) To review the management accounts, examine, discuss, and vote on the management report and the financial statements, accompanied by the independent auditors' report, for the fiscal year ending March 31, 2022..**

The management report and the financial statements, together with the independent auditors' report for the fiscal year ending March 31, 2022, were approved by the Board of Directors at a meeting held on June 13, 2022, and will be published in the "Diário da Manhã" newspaper, in its print and digital editions.

In addition to other applicable documents, in accordance with CVM Regulation 81, the documents below are available for examination at the Company's headquarters, in the city of Goianésia, state of Goiás, at Fazenda São Pedro s/n, Rodovia GO 080, Km 185, Zona Rural, CEP: 76.388-899, at the Company's Investor Relations website (<https://ri.jallesmachado.com>), at the website of the Brazilian Securities Commission (<https://www.gov.br/cvm/pt-br>) and at the website of B3 S.A. - Brasil, Bolsa, Balcão ("B3") ([www.b3.com.br](http://www.b3.com.br)):

- Financial Statements for the fiscal year ending March 31, 2022;
- Independent Auditors' Report;
- Management Report;
- Condensed Annual Report of the Statutory Audit Committee;
- Management commentary on the Company's financial position, pursuant to item 10 of the Reference Form, and to article 10, item III of CVM Regulation 81, which is also included in **Attachment I** of this Proposal;

Management proposes the approval of the management accounts, the management report and the financial statements, accompanied by the independent auditors' report, for the fiscal year ending March 31, 2022.

### **(2) to examine, discuss and vote on the proposal for capital budget for the fiscal year to be closed on March 31, 2023.**

In accordance with article 196 of the Brazilian Corporate Law, the Company's Management proposes to retain part of the net income for the year ended March 31, 2022, in the amount of R\$ 118,273,076.38, to be used in the investment plan for the 2022/2023 crop year, primarily related to the expansion plan.

The Company's management recommends the approval of the proposed capital budget, pursuant to **Attachment II**, in the total amount of R\$ 368,383,046.58, to support the proposed retention of net income presented herein, from the following sources: (i) R\$ 250,109,970.20 of own resources generated by the Company's operating activities, and (ii) R\$ 118,273,076.38 through retained earnings as proposed herein.

The proposed capital budget resources will be used for the acquisition of fixed assets (machinery and equipment), aimed at expanding the sugarcane crushing capacity, and consequently, increasing the production of sugar and ethanol.

The information required by " Attachment A" of CVM Regulation 81 is available for examination by Shareholders in **Attachment III** to this Management Proposal.

**(3) to deliberate on the proposal for the allocation of net income for the fiscal year ending March 31, 2022.**

Under the terms of article 191 of the Brazilian Corporate Law, the Company's net income for the year ended March 31, 2022 came to R\$ 389,093,491.43, for which the following allocation is proposed:

<b>Allocation</b>	<b>Amount (R\$)</b>
Legal Reserve (5%)	19,454,675.00
Total restatement of the investment subsidy reserve (art. 195-A of the Corporate Law)	153,226,050.10
Retention of earnings based on capital budget (art. 196 of the Corporate Law)	118,273,076.38
Interest on Equity (according to the 674th Board of Directors' Meeting of 12/03/2021)	45,710,833.97
Remaining portion of the mandatory minimum dividend to be approved at the GSM	52,428,855.98
<b>Total net income</b>	<b>389,093,491.43</b>

**Legal reserve**

In accordance with article 193 of the Brazilian Corporate Law, and article 35 of the Company's Bylaws, 5% of the net income for the fiscal year must be allocated to the legal reserve, which amounts to R\$ 19,454,675.00.

**Tax Incentive Reserve**

Pursuant to article 195-A of the Brazilian Corporate Law, and article 19 of Decree-Law 1.598/77, the amount of R\$ 153,226,050.10 from the net income must be allocated to the total composition of the Company's investment subsidy reserve.

**Retained Earnings**

Pursuant to article 196 of the Brazilian Corporate Law, and as per resolution to be taken on item (2) above, management proposes that the amount of R\$ 118,273,076.38 from the net income be retained, based on a proposed capital budget.

## **Minimum Mandatory Dividend**

Under the terms of article 35 of the Company's Bylaws, the minimum portion of 25% (twenty-five percent) of the adjusted net income, calculated in accordance with article 202 of the Brazilian Corporate Law, must be distributed as a minimum mandatory dividend, which corresponds to R\$ 92,409,704.00.

At the 674th meeting of the Board of Directors held on December 3, 2021, the Company distributed interest on equity in the gross amount of R\$ 45,710,833.97, already paid to shareholders. In accordance with CVM Directive 683/12, the net amount of such interest on equity of R\$ 39,980,848.02 was deducted from the minimum mandatory dividend.

Thus, management proposes the approval, at the GSM, of the distribution of the remaining portion of the mandatory dividend, in the amount of R\$ 52,428,855.98, equivalent to R\$ 0.1779076129 per common share. The Company's shareholders will be entitled to the dividends proposed at the end of the trading session on July 26, 2022, date of the GSM, and the Company's shares will be traded "ex" dividends as of July 27, 2022 (inclusive).

The information required by " Attachment A" of CVM Regulation 81 is available for review by the Shareholders, in **Attachment III** to this Proposal.

### **(4) to determine the number of members that will make up the Company's Board of Directors.**

Management proposes that the Board of Directors, in case of election by majority voting, or by the adoption of the multiple voting procedure, be composed of seven (7) members.

### **(5) to resolve on the independence of the candidates for positions as independent members of the Company's Board of Directors.**

Under the terms of article 17 of the "Novo Mercado" Regulation, the appointment of the nominees to the Board of Directors as independent members must be subject to the deliberation of the Company's General Shareholders' Meeting.

The nominees for Independent Members are: (i) Oscar de Paula Bernardes Neto; and (ii) Alexandre Lahóz Mendonça de Barros. For further information on the nominees for Independent Members, please refer to the document provided in **Attachment IV** of this Proposal.

Pursuant to article 17, I, of the "Novo Mercado" Listing Rules, the Company has received a declaration from the nominees mentioned above, in which they attested to their compliance with the criteria established in the "Novo Mercado" Listing Rules. Moreover, the Company's Board of Directors manifested itself favorably to the compliance of the nominees mentioned above with the independence criteria set out in the "Novo Mercado" Listing Rules.

In view of the above, Management proposes to the shareholders the approval of both Oscar Bernardes and Alexandre Mendonça de Barros as candidates for independent members of the Board of Directors

**(6) to elect the members of the Company's Board of Directors.**

The Company's Management proposes the approval, by the Company's shareholders, of the proposal for election of the members of the Board of Directors, according to the slate below, to be made up of seven (7) members, with a unified term of office of two (2) years, which will end on the date of the annual general shareholders' meeting, at which the Company's shareholders deliberate on the financial statements for the fiscal year ending March 31, 2024.

- (i) Oscar de Paula Bernardes Neto – independent member
- (ii) Alexandre Lahóz Mendonça de Barros – independent member
- (iii) Plinio Mário Nastari
- (iv) Otávio Lage de Siqueira Filho
- (v) Sílvia Regina Fontoura de Siqueira
- (vi) Clovis Ferreira de Moraes
- (vii) Gibrail Kanjo Esber Brahin Filho

Further information on the candidates for members of the Board of Directors can be found in **Attachment IV** of this Proposal, which provides the information set forth in items 12.5 to 12.10 of the Reference Form..

Voting for the candidates nominated above will be conducted by a single slate, to be elected by majority vote.

Shareholders representing at least 5% of the capital stock may request, in writing, the adoption of the multiple voting process to the Company, under the terms of CVM Regulation No. 70, dated March 22, 2022, along with CVM Directive 81.

If the adoption of a multiple voting procedure is validly requested, voting will be performed individually, instead of by slate, and each share will be attributed as many votes as there are positions to be filled on the Company's Board of Directors, and Shareholders will be entitled to aggregate votes for a single candidate, or to distribute them among several candidates.

Shareholders who intend to request the adoption of the multiple voting process must do so in writing to the Company by 8:00 a.m. on July 24, 2022, through the e-mail address [ri@jallesmachado.com](mailto:ri@jallesmachado.com) (subject: "Multiple Voting AGO 2022"), or by mail delivered to the Company's headquarters, in the city of Goianésia, state of Goiás, at Fazenda São Pedro s/n, Rodovia GO 080, Km 185, Zona Rural, ZIP Code 76. 388-899, to the attention of "Investor Relations Department - Multiple Voting GSM 2022".

Furthermore, in accordance with the provisions laid down in article 141 of the Brazilian Corporate Law and the Company's Bylaws, minority shareholders holding, individually or as a block, 10% (ten percent) or more of the Company's outstanding shares, will be entitled to elect, in a separate voting process, one member to the Board of Directors.

Only those shareholders who can prove uninterrupted ownership of the minimum shareholding required for this right during the three (3) months immediately prior to the Meeting may exercise the right to elect a member of the Company's Board of Directors separately.

**(7) to decide on the overall compensation of the Company's executive officers, to be paid in the fiscal year ending March 31, 2023.**

The Company Management proposes to fix the overall compensation of the managers, payable in the fiscal year ending March 31, 2023, in the total amount of up to R\$13,860,877.38, including fixed and variable remuneration, plus share-based compensation.

For the overall compensation for the fiscal year ending March 31, 2023, in addition to fixed and variable compensation, the Company is evaluating a share-based incentive plan, intended to motivate, attract and retain its executives, to be prepared and submitted for approval at an extraordinary general shareholders' meeting.

Should such incentive plan be approved in due course at a general shareholders' meeting, the Company intends to conduct grants under such plan for the current fiscal year, which, in accordance with the applicable regulations, will result in the recognition of management compensation..

In this sense, the proposal for overall management compensation submitted herein, already takes into account the current estimate of expenses to be recognized in the plan for the fiscal year ending March 31, 2023.

For further information on the proposal for management compensation, please refer to item 13 of the Reference Form in **Attachment V**.

The Company's Management Compensation Policy was approved by the Board of Directors on November 24, 2020, and is available for review on the Company's investor relations website (<https://ri.jallesmachado.com>) and on the CVM website (<https://www.gov.br/cvm/pt-br>).

**(8) Convening of the Fiscal Council.**

The Brazilian Corporate Law entitles shareholders holding more than two percent (2%) of the Company's total capital stock to request the convening of the Fiscal Council, although it is not included in the agenda for the Annual General Shareholders' Meeting. To this end, as a legal requirement, the Distance Voting Bulletin contains the following simple question:

"13. Do you wish to request the convening of the fiscal council, pursuant to article 161 of Law No. 6,404, of 1976?  Yes  No  Abstain"

The Company suggests that, shareholders who opt for remote voting, vote "no" or "abstain" on the request for convening this committee, since it believes that the Statutory Audit Committee, whose mission is to ensure the operation of internal and external audit processes, mechanisms and controls related to risk management and the consistency of financial policies according to strategic guidelines and the risk profile of the business, already adequately performs the supervisory functions, thus eliminating the need to convene the Fiscal Council, which would result in increased costs for the Company, without any visible benefits.

Up to this moment, Management informs that there has been no request for inclusion of candidates to the Fiscal Council in the Distance Voting Bulletin, as allowed under the terms of art. 37, item I of CVM Regulation No. 81.

Therefore, shareholders who opt for the distance voting bulletin will not be able to know the names, résumés and other relevant information, of any candidates that may be appointed in the future, even at the Meeting itself, as well as to participate in the election, in case shareholders holding more than two percent (2%) of the Company's total capital stock vote in favor of the request for convening the Fiscal Council (considering the sum of the in-person and distance votes).

Thus, for the purpose of avoiding the risk that shareholders who opt for remote voting inadvertently contribute to the election of candidates (i) nominated and supported by shareholders holding a tiny or minimally representative percentage of the capital, and/or (ii) whose names and resumes, along with other relevant information for a reasoned decision, have not been disclosed when filling out the Remote Voting Form, without detriment to the provisions set forth in article 37, item I of CVM Regulation No. 81; Management suggests that, shareholders who opt for remote voting, vote "no" or "abstain" in response to simple question 13..

\* \* \*

**JALLES MACHADO S.A.**

**MANAGEMENT PROPOSAL FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON JULY 26, 2022**

**ATTACHMENT I**

**Management commentary on the Company's financial position, pursuant to the terms set forth in item  
10 of the Reference Form, and pursuant to Article 10, item III of CVM Regulation 81**

**IN PORTUGUESE ONLY**

**JALLES MACHADO S.A.**

**MANAGEMENT PROPOSAL FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON JULY 26, 2022**

**ATTACHMENT II  
Capital Budget Proposal**

**CAPITAL BUDGET**

Dear Shareholders,

In accordance with article 196 of Law No. 6,404/76, Jalles Machado S.A.'s Board of Directors proposes the Retention of Profits for the year ending March 31, 2022, in the amount of R\$ 118,273,076.38, to fund the investment plan for the 2021/2022 crop year, primarily related to the expansion plan.

The amount of retained earnings as proposed, will be allocated to the acquisition of fixed assets (machinery and equipment), which aims to expand the crushing capacity of sugarcane, and consequently, to increase the production of sugar and ethanol.

Goianésia (GO), June 13, 2022.

*Otávio Lage*

**OTÁVIO LAGE DE SIQUEIRA FILHO**

Chief Executive Officer

*Rodrigo Penna*

**RODRIGO PENNA DE SIQUEIRA**

Chief Financial Officer

## SINGLE ATTACHMENT TO THE CAPITAL BUDGET PROPOSAL

Table of Uses and Sources based on the Capital Budget, in accordance with the investment plan for the 2022/2023 crop year:

		Em reais
ITEM	USOS	VALOR DOS INVESTIMENTOS
<b>Descrição dos investimentos</b>		
1	Expansão da capacidade de moagem UJM e UOL (1milhão de ton.)	241.237.534,76
2	Melhoria Operacional	112.447.907,82
3	Compliance e Sustentabilidade	11.124.334,00
4	Tecnologia da Informação	3.573.270,00
<b>TOTAL DOS INVESTIMENTOS</b>		<b>368.383.046,58</b>

  

ITEM	FONTES	VALOR DAS FONTES
<b>Descrição das Fontes</b>		
1	Recursos próprios gerados pelas atividades operacionais/financiamento de terceiros	250.109.970,20
2	Reserva de Retenção de Lucros constituída em 31/03/2022	118.273.076,38
<b>TOTAL DOS INVESTIMENTOS</b>		<b>368.383.046,58</b>

Note: The investments listed above comprise only revamping and improvements in the industrial plants, agricultural fleet, and motor mechanization.

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**JALLES MACHADO S.A.**

**MANAGEMENT PROPOSAL FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON JULY 26, 2022**

**ATTACHMENT III**

**Attachment A of CVM Regulation No. 81**

Under the terms of Article 10, sole paragraph, item III and Attachment A of CVM Regulation No. 81, we hereby highlight the following:

<b>DESCRIPTION</b>	<b>DATA</b>
<b>1. Net earnings for the fiscal year closed on March 31, 2022</b>	R\$ 389,093,491.43
<b>2. Overall amount and value per share of the dividends, including prepaid dividends and interest on equity already declared</b>	Overall amount of R\$ 92,409,704.00, distributed as:  (i) Interest on Equity declared on December 03, 2021, and paid on December 23, 2021, in the gross amount of R\$ 45,710,833.97, equivalent to R\$ 0.155111249 per share; and  (ii) Dividends proposed for distribution at the GSM, in the amount of R\$ 52,428,855.98, equivalent to R\$ 0.1779076129 per share.
<b>3. Percentage of net earnings distributed for the period</b>	25.00% of the net income
<b>4. Overall amount and value per share of dividends distributed based on earnings from previous years</b>	Not applicable.
<b>5. Inform, deducting the prepaid dividends and interest on equity already declared</b>	<b>a) the gross amount of dividends and interest on equity, separately, per share of each kind and class:</b> Dividends in the amount of R\$ 52,428,855.98, equivalent to R\$ 0.1779076129 per share
	<b>b) form and term of payment of the dividends and the interest on equity:</b> It is proposed the additional amounts to be distributed as dividends at the General Shareholders' Meeting and paid on August 25, 2022.
	<b>c) possible application of adjustment and interests on interest on equity:</b> Not applicable.

	<p><b>d) date of notification of payment of dividends, considered for identification of the shareholders who will be entitled to receive dividends:</b></p> <p>All shareholders holding shares issued by the Company on the base date of July 26, 2022 will be entitled to receive dividends.</p>												
<p><b>6. Declaration of interest on equity based on earnings recorded in half-yearly balance sheets or shorter periods</b></p>	<p>Not applicable.</p>												
<p><b>7. Comparative table indicating the following values per share for each type and class</b></p> <p><b>a. Net income of the fiscal year and of the 3 (three) previous fiscal years</b></p> <p><b>b. Dividend and interest on equity distributed in the previous 3 (three) fiscal years</b></p>	<p>Fiscal Years ended:</p> <table border="1" data-bbox="667 701 1533 920"> <thead> <tr> <th>R\$</th> <th>03/31/2022(*)</th> <th>03/31/2021</th> <th>03/31/2020(**)</th> </tr> </thead> <tbody> <tr> <td>Net Income for the year</td> <td>1.32</td> <td>0.71</td> <td>0.34</td> </tr> <tr> <td>Dividends and Interest on Equity paid</td> <td>0.31</td> <td>0.24</td> <td>0.08</td> </tr> </tbody> </table> <p>* It considers the proposal for allocation of earnings</p> <p>** It considers the number of shares outstanding on the corresponding dates, adjusted to the effects from the split occurred on 12.31.2020.</p>	R\$	03/31/2022(*)	03/31/2021	03/31/2020(**)	Net Income for the year	1.32	0.71	0.34	Dividends and Interest on Equity paid	0.31	0.24	0.08
R\$	03/31/2022(*)	03/31/2021	03/31/2020(**)										
Net Income for the year	1.32	0.71	0.34										
Dividends and Interest on Equity paid	0.31	0.24	0.08										
<p><b>8. Destination of earnings to the legal reserve</b></p>	<p><b>a) amount allocated to the legal reserve</b></p> <p>R\$ 19,454,675.00</p> <p><b>b) breakdown of the calculation of the legal reserve:</b></p> <p>R\$ 389,093,491.43 X 5% = R\$ 19,454,675.00</p>												
<p><b>9. Preferred shares with rights to fixed or minimum dividends</b></p>	<p>Not applicable, since the Company only holds common shares.</p>												
<p><b>10. As regards the mandatory dividend</b></p>	<p><b>a) calculation method as specified in the bylaws:</b></p> <p>As set forth in article 35 of the Company's Bylaws, in its Chapter VI:</p> <p>"Article 35. After the deductions referred to in the above Article have been made, the net income for the year shall be allocated as follows:</p> <p>(a) five percent (5%) for the formation of a legal reserve, until it reaches twenty percent (20%) of the capital stock;</p> <p>(b) in each fiscal year, the distribution of dividends will be mandatory, not lower than 25% (twenty-five percent) of the adjusted yearly net income, as provided in article 202 of the Corporate Law;</p> <p>(c) at the Board of Directors' discretion, and whenever the corporate interests are considered, interim balance sheets may be drawn up, in which case the distribution of dividends may be approved on account of the earnings determined in these balance sheets;</p> <p>(d) the remaining balance may be allocated to the constitution of reserves, and retention of earnings allowed by the legislation in force;</p>												

	<p>(e) the board of executive officers may also, upon approval by the Board of Directors, authorize the distribution of earnings to shareholders in the form of interest on equity, in full or partial substitution for, or in addition to, interim dividends;</p> <p>(f) it will be up to the Executive Board, in compliance with the legislation referred to in the main section of this Article, to establish, at its sole discretion, the amount and date of payment of each tranche of interest as authorized by the Board;</p> <p>(g) the interest that may possibly be paid to the shareholders, which may be deducted from the amount of the minimum mandatory dividend for the fiscal year, shall be considered at its net value of the withholding income tax"..   <b>b) to inform whether the dividend is being paid in full:</b>  The dividend amounts declared and to be declared at the GSM meet the minimum mandatory dividend amount.</p> <p><b>c) to inform the amount eventually withheld:</b>  Not applicable.</p>
<b>11. Withholding of the mandatory dividend, considering the company's financial situation:</b>	Not applicable.
<b>12. Allocation of earnings to a contingency reserve:</b>	Not applicable.
<b>13. Allocation of earnings to the unrealized income reserve:</b>	Not applicable.
<b>14. Allocation of earnings to statutory reserves</b>	Not applicable.
<b>15. Retention of earnings as per capital budget:</b>	<p><b>a) to specify the withholding amount:</b>  R\$ 118,273,076.38</p> <p><b>b) to provide a copy of the capital budget:</b>  The copy may be found in <b>Attachment II</b> of the Management Proposal.</p>
<b>16. Allocation of earnings to the tax incentive reserve</b>	<p><b>a) to inform the amount allocated to the reserve:</b>  R\$ 153,226,050.10</p> <p><b>b) to clarify the nature of the allocation:</b>  The Company sets up a "Tax Incentive Reserve", at the end of each year for which earnings are determined, in accordance with Law No. 12,973/14, article 30, paragraph 3, article 195-A of the Brazilian Corporate Law, as well as article 19 of Decree-Law No. 1,598/77. The Reserve derives from the amounts of tax incentives that are considered, in accordance with</p>

Complementary Law No. 160, of August 7, 2017, as investment subsidies. The incentives granted in a given year are booked in the income statement as a reduction of the income tax, and at the end of the year, are allocated to the Tax Incentives Reserve, which can only be used for:

- Absorbing losses, provided that the other Income Reserves, with the exception of the Legal Reserve, have previously been fully absorbed;
- Increasing the capital stock.

The tax benefits related to ICMS (State Value Added Tax), which the Company enjoys, and which make up the Tax Incentives Reserve, are as follows:

- Discount obtained with the early settlement of the financing contract executed with Fundo de Participação e Fomento à Industrialização do Estado de Goiás - FOMENTAR ("Participation and Fostering Fund for the Industrialization of the State of Goiás"), object of an IPO, as per Article 1, Paragraph 1 of Law No. 13.436/1998, of December 13, 1998;
- Discount obtained from the Industrial Development Program of the State of Goiás ("PRODUZIR"), pursuant to Item VII of Article 20 of Law No. 13.591 of January 18, 2000.
- Granted ICMS credit on Anhydrous Ethanol Fuel sales, a tax incentive granted by the Goiás State Government to companies that qualify for the FOMENTAR or PRODUZIR programs, equivalent to 60% of the ICMS value, as if it were due in Anhydrous Ethanol sales operations carried out with distributors. The benefit is regulated by State Law No. 13246/99, art. 3, II.

**JALLES MACHADO S.A.**

**MANAGEMENT PROPOSAL FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING  
TO BE HELD ON JULY 26, 2022**

**ATTACHMENT IV**

**Items 12.5 to 12.10 of the Company's Reference Form**

**IN PORTUGUESE ONLY**