



International Conference Call
3Q24 Earnings Results Transcription
Braskem S/A (BRKM5 BZ)
November 7th, 2024

Operator: Good morning everyone and thank you for waiting. Welcome to BRASKEM'S 3rd quarter of 2024 results conference call. With us here today we have Mr. **Roberto Bischoff** – Braskem's CEO, Mr. **Pedro Freitas** – Braskem's CFO and Mrs. **Rosana Avolio** – Investor Relations, Strategic Planning and Corporate Market Intelligence Director.

We inform you that this event is being recorded. The presentation will be held in Portuguese, with simultaneous translation into English. All participants can choose which language to listen to and see the presentation, using the "show captions" and "view options" buttons, respectively. After BRASKEM remarks, there will be a question and answer session. At that time further instructions will be given.

Informamos que este evento está sendo gravado. A apresentação será realizada em português, com tradução simultânea para o inglês. Todos os participantes podem escolher qual idioma ouvir e ver a apresentação, através dos botões "Interpretação" e "Opções de visualização", respectivamente.

The audio of this event will be available on the Investor Relations website after it ends. We remind you that participants will be able to register questions for BRASKEM, which will be answered after the end of the conference, by the IR department.

Before proceeding, we would like to clarify that any statements that may be made during this conference call, regarding BRASKEM's business prospects, projections, operational and financial goals, constitute beliefs and assumptions of the Company's Management, as well as information currently available to BRASKEM. Future considerations are not a guarantee of performance and involve risks, uncertainties and assumptions, as they refer to future events and, therefore, depend on circumstances that may or may not occur.

Investors and analysts should understand that general conditions, industry conditions and other operational factors may affect BRASKEM's future results and may lead to results that differ materially from those expressed in such future conditions.

Now, I'll turn the conference over to Rosana Avolio – Investor Relations, Strategic Planning and Corporate Market Intelligence Director. Mrs. Avolio, you may begin your presentation.

Rosana Avolio: Hello, ladies and gentlemen, thank you for participating in Braskem's earnings call. Today we will present the results for the third quarter of 2024.

According to the agenda on slide number 3, we will begin with the company's main financial highlights for the period, which can be found on slide number 4.

In the third quarter of 2024, the petrochemical scenario continued to show a trajectory of increasing spreads in the international market. This trajectory is mainly explained by the better balance between global supply and demand, associated with the effects of the conflicts in the red sea that still impact global logistics, resulting in higher maritime freight rates and, therefore, higher prices in the international market.

In addition, scheduled and unscheduled shutdowns in several regions impacted the level of supply, contributing to the increase in spreads in the international market.

In this scenario, combined with the company's continued implementation of financial preservation initiatives, recurring EBITDA was US\$ 432 million, 35% higher than in the second quarter and 130% higher when compared to the third quarter of last year.

Operating cash generation was US\$ 75 million in the period, while recurring cash generation resulted in a consumption of US\$ 199 million, mainly due to the higher concentration of interest payments on debt securities issued in the international market. Which were partially offset by the receipt of approximately R\$ 208 million in relation to the conclusion of the sale of control of Cetrel.

Regarding liquidity, Braskem's cash position was US\$ 2.4 billion at the end of the quarter, sufficient to cover debt maturities in the next 52 months, without considering the available international revolving credit line in the amount of US\$ 1 billion.

In the quarter, the corporate debt profile remained very elongated, with an average maturity of about 11 years, and with more than 65% of corporate debt maturing as of 2030.

Due to the better recurring EBITDA, the company's leverage was approximately 5.76x, a reduction of 1.03x compared to the previous quarter.

Throughout the third quarter, the company continued to implement initiatives focused on resilience and financial health, with a positive impact of about US\$ 212 million in EBITDA and about US\$ 279 million in cash generation, which has been fundamental for facing the petrochemicals low cycle.

Moving on to the next slide, I will comment on the company's main operating results in the quarter.

In the first 9 months of 2024, the average global accident frequency rate was .91 events per million hours worked, a reduction of 17% compared to the same period in 2023, evidencing the non-negotiable commitment that the company has with the safety of its members and its operations.

Regarding operational performance, the resumption of operations at the petrochemical plant of Rio Grande do Sul, after the extreme weather event that occurred in May, was

fundamental for the increased utilization rates of the Brazil segment in the quarter, highlighting the increase of 60 percentage points in the utilization rate of green ethylene.

In the United States and Europe segment, the lower production in the segment is explained by maintenance shutdowns at polypropylene plants in Europe, which was partially offset by the increased level of production in the United States.

In Mexico, the turnaround at one of the polyethylene plants, associated with lower ethane receipts due to the international supplier's turnaround, contributed to a 5 p.p. reduction in the utilization rate in the quarter compared to the previous quarter.

Finally, the higher utilization rates of the Brazil segment contributed to the higher sales volume in the period, with emphasis on the increase in sales volume of resins and main chemicals in the Brazilian market, and total green polyethylene.

Moving on to the next slide.

I will present the operational performance of the company's segments, starting with the Brazil segment, on slide number 7.

The utilization rate of Brazilian petrochemical plants increased by 2 p.p. compared to the previous quarter, mainly due to the resumption of operations at the Triunfo petrochemical complex, in Rio Grande do Sul, interrupted in May, due to the extreme weather event that hit the state.

Sales volume increased by 6% in the Brazilian market, mainly due to the higher sales volume of polypropylene, due to the higher demand from the hygiene and cleaning sectors. In addition, due to greater commercial opportunities in the civil construction and sanitation sectors, there was an increase in the volume of PVC sales.

Regarding the result, the segment's recurring EBITDA was US\$ 335 million in the quarter, an increase of 45% compared to the previous quarter. The result was positively impacted by the higher sales volume and the higher spreads in the international market, in addition to the depreciation of the average real of the period against the dollar, since the segment's revenues are linked to international references in dollars, while part of its cost structure is in reais.

Moving on to the next slide.

Regarding green ethylene, it is important to highlight the utilization rate in the quarter, which reached 95%, an increase of 60 percentage points compared to the second quarter of 2024, which was impacted by the scheduled shutdown due to the extreme weather event that hit the state of Rio Grande do Sul in the period.

In this sense, the volume of sales of green polyethylene increased by 6%, explained by the higher production partially offset by the recomposition of inventories in the period.

Moving on to the next slide.

In the United States and Europe segment, the utilization rate in the last quarter was lower than in 2Q24 by 2 p.p., mainly due to the scheduled shutdowns at the plants in Europe, partially offset by production in the United States.

As for sales, the volume traded remained in line with the previous quarter, considering higher polypropylene spreads in Europe and in-line spreads in the United States.

In this scenario, the segment's recurring EBITDA was US\$ 71 million, 53% higher than in 2Q24.

Moving on to the next slide, where I will comment on the Mexico segment.

In Mexico, the utilization rate was 74% (seventy-four percent), 4 p.p. lower than in the last quarter, impacted by the shutdown of the international ethane supplier program and also the scheduled shutdown of a polyethylene plant during 3Q24.

Sales decreased by 11% compared to the last quarter, due to inventory management in the transformation chain associated with a greater supply of polyethylene producers in the region and the expectation of a reduction in polyethylene prices in the international market in the following periods.

On the other hand, the increase in price spreads in the international market, associated with the higher consumption of domestic feedstock in the period, boosted the 3Q24 result.

In this context, recurring EBITDA was US\$ 80 million, 44% higher than the result of the second quarter of 2024.

Next, starting from slide 11, we will share the company's consolidated financial performance.

In the third quarter of 2024, Braskem's recurring EBITDA was US\$ 432 million, an increase of 35% compared to the second quarter of 2024. It is worth noting that this is the company's best quarterly EBITDA since the second quarter of 2022.

In addition, in the nine months of the year, the company's recurring EBITDA increased by 84% compared to the same period in 2023.

The higher spreads in the international market positively impacted this result, with emphasis on polyethylene in Brazil and Mexico, PVC in Brazil and polypropylene in Europe.

This increase in spreads can be explained by the greater balance between supply and demand in the period, and by conjunctural factors, such as the logistical restrictions resulting from the conflicts in the Red Sea, which influenced the price of resins in the international market. In addition, the lower price of feedstock such as naphtha and ethane also contributed to this result.

Finally, the increase in sales volume in the Brazilian market and exports from the Brazil segment also contributed positively to the increase in EBITDA in the quarter.

Moving on to the next slide.

Operating cash generation was R\$416 million in the third quarter. This result is mainly explained by the higher recurring EBITDA in the quarter, which was offset by the negative variation in working capital, due to the higher inventory of feedstock in the period and the lower number of days of accounts payable, explained by the drop in the price of naphtha in the international market.

The recurring cash flow resulted in a consumption of approximately R\$ 1.1 billion, due to the lower operating cash generation and the higher interest payment, explained by the semiannual payments of debt securities issued in the international market by the company, which are concentrated in the 1st and 3rd quarters of the year. Additionally, in 3Q24, Braskem concluded the sale of control of Cetrel, for a total of approximately R\$ 293 million, of which approximately R\$ 208 were received in the quarter.

Finally, considering the disbursements related to Alagoas, cash consumption totaled about R\$ 1.9 billion in the third quarter of the year.

Moving on to the next slide.

At the end of the quarter, Braskem's debt profile remained elongated, with an average debt term of about 11 years, with 65% of the debts being concentrated as of 2030.

The company's liquidity level is sufficient to cover its obligations for the next 52 months.

At the end of the quarter, corporate leverage was 5.76x, a reduction compared to the previous quarter due to the better EBITDA recorded in the period.

In addition, it is important to highlight the issuance carried out by the company in the capital market in October. The new bond, in the amount of US\$ 850 million, matures in 2034 with a cost of 8.00% p.a.. The operation was used to repurchase the hybrid bond maturing in 2081 and increasing liquidity for the debt maturities of 2024 and 2025.

Moving on to slide 14.

Below, I will comment on the main advances in the work fronts in Alagoas, starting with slide 15.

Regarding the plan for closing and monitoring the salt cavities, by the end of the third quarter, 16 cavities were allocated to the sand filling group.

Following the recommendation of specialists, the decision was made to fill with sand 3 cavities previously planned to be closed by plugging, which are cavities 9, 12 and 16. By the end of September, of this group, 6 cavities are fully filled, while 3 are in progress and 7 are in the activity planning phase.

The natural filling group has a total of 6 cavities, 5 of which are completely filled, and one cavity is in the validation phase of filling.

Finally, of the 13 cavities that are in the buffering and pressurization group, 9 are already pressurized and are being monitored, while 4 are pressurized in progress.

For this front, R\$ 4.3 billion have already been provisioned so far, of which R\$ 2.9 billion have already been disbursed and R\$ 1.5 billion in balance at the end of the third quarter of 2024.

The current closure plan is estimated to be completed by the end of 2026.

Moving on to the next slide.

Regarding the progress of socio and urban measures, of the 11 urban mobility projects planned, 5 have already been completed.

Regarding the actions in the unoccupied areas, the project on the Mutange slope reached about 82% of execution.

By the end of July, together with the flexal agreement, the financial support program reached about 99.4% of the proposals paid, while 14 of the 23 socioeconomic measures provided for in the term of agreement have already been implemented.

By the end of September 2024, the percentage of execution of the residents' relocation program reached 99.8%.

As for the proposals related to the financial compensation and relocation support program, more than 99.9% of the estimated proposals have already been submitted, and about 98.7% have already been accepted and about 97.8% have already been paid.

Thus, at the end of September 2024, the total provisions for the Alagoas event were about R\$ 16.3 billion, of which about R\$ 11.5 billion have already been disbursed and approximately R\$ 715 MM was recorded in other obligations to be paid.

In addition, approximately R\$ 600 million were recorded in the present value adjustment and finally, the total balance provisioned at the end of the third quarter of 2024 was R\$ 4.8 billion.

Moving on to the next slide.

Below, we will present the operating outlook for the next quarter.

As for the company's operations, maintenance shutdowns scheduled for the next quarter in polyethylene and PVC plants may directly affect the use of ethylene, thus, a lower utilization rate is expected in the Brazil segment.

Regarding sales, the prospect of lower demand, due to the typical seasonality of the period, contributes to the expectation of lower sales volume for the quarter.

In the United States and Europe segment, utilization rates are expected to be in line with the previous quarter, due to production management in the United States, which is in line with the lower demand expected in the period, partially offset by the higher utilization rate of the Europe segment, explained by the resumption of operations after maintenance shutdowns.

In this line, it is expected that the sales volume of the segment will remain in line with the previous one.

Finally, in Mexico, the expectation for the third quarter is for an increase in production, due to the expectation of stabilization of ethane supply due to the return of the international supplier, after a maintenance shutdown in the third quarter, and the return of the polyethylene plant that was under maintenance in the third quarter of 2024.

Regarding sales, the higher product availability compared to the previous quarter associated with the expectation of lower demand in the period, will result in a perspective of maintaining the volume sold.

Below I will comment on the perspective of international spreads.

In general, the expectation for the next quarter is for lower spreads in the international petrochemical market due to the seasonality of the period, followed by recovery in the first quarter of 2025.

Regarding the polyethylene market in the United States, the seasonality of demand, associated with the greater availability of the product, due to the resumption of production in petrochemical plants in the United States, influence lower prices in the next quarter. As for the price of naphtha, the expectation is for maintenance, resulting in lower spreads in the period.

In the United States and Europe segment, polypropylene should also be impacted by the lower demand typical of the period. In the United States, pp supply is expected to increase due to the resumption of petrochemical plants that were under maintenance, which could lead to a drop in prices. On the other hand, an increase in the price of propylene is expected, caused by the start of the scheduled shutdown season on propane dehydrogenators in the United States, which contributes to lower spreads.

In Europe, the higher supply of polypropylene expected with the highest import inflow into the region, may also contribute to lower spreads.

Regarding the polyethylene spread in Mexico, in addition to the prospect of lower prices for polyethylene, a gradual recovery in the price of ethane is expected, due to the return of operations in petrochemical plants that were under maintenance and the gradual increase in export capacity from the United States.

For the beginning of 2025, demand is expected to return to healthy levels, while the cost of feedstock, such as naphtha and ethane, will remain at the same levels as at the end of 2024, contributing to higher spreads in the first quarter of 2025.



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As a last topic, I will comment on the main advances in the company's strategy from slide 21 onwards.

The implementation of the long-term corporate strategy continued to advance throughout the quarter.

On the avenue of growth of the traditional business, the launch of Braskem's first leasing ship took place. The brilliant future ship is in the final stages of construction and will enter service in January 2025. The dedicated logistics, with an estimated duration of 15 years, will be used to transport ethane from the United States to Mexico, ensuring stability for Braskem Idesa.

Also on this avenue, the construction of the ethane import terminal in Mexico reached a physical progress of 87%, representing an important advance towards the completion of the project.

Regarding the bio-based avenue, an important highlight was the inauguration of the center for innovation in renewables in the United States, located in Lexington, in the Boston biotechnology and innovation ecosystem. Through an investment of approximately US\$ 20 million dollars, this new center expands Braskem's capacity in research and development in the areas of biotechnology, catalysis and process engineering.

In the same period, Braskem Siam signed the feed agreement with Toyo Engineering Corporation, which will develop the extended basic engineering and CAPEX estimate for the potential construction of a 200 kt green ethylene plant in Thailand.

Finally, on the recycling avenue, Braskem was recognized for its performance in sustainability and circularity, being ranked second in Bloomberg NEF's 2024 ranking of circular economy companies for the second consecutive year. This ranking evaluated the circular economy objectives of 40 companies, including 20 brand owners and 20 plastic producers.

In the next slides, I will comment on the progress of the company's 2024 priorities.

Among the priorities defined for the year 2024, the commitment to resilience and financial health continued to advance, totaling at the end of the third quarter, approximately US\$ 51 million in positive impact on EBITDA due to the commercial strategy of prioritizing sales with better margins and US\$ 76 million through cost reduction and expense reduction actions.

In addition, we captured about US\$ 220 million through the prioritization of CAPEX initiatives and about US\$ 59 million with the optimization of working capital. Finally, US\$ 85 million were obtained through the various monetization agenda.

Moving on to the next slide.

The defense of the competitiveness of the Brazilian chemical and petrochemical industry is an important agenda of the company, which is the 6th largest chemical industry in the world, responsible for 11% of the Brazilian industrial GDP and capable of generating about 2 million direct and indirect jobs in the country.

Despite its importance, based on 2023 data from the Brazilian chemical industry association, it is observed that the average utilization of the sector reached the lowest rate in 18 years, continuously reducing over the period.

In this scenario, we highlight the approval of the temporary change in the import rate in Brazil for some chemical and petrochemical products by CAMEX. Including the increase from 12.6% to 20% for polyethylene, polypropylene and PVC, produced by the company.

This approval represents an important step towards defending the competitiveness of the Brazilian industry and will result in positive impacts for the chemical and petrochemical industry.

Moving on to the next slide.

Finally, we will update on the main advances of the priorities for the year.

In Maceió, progress was made on all fronts, totaling a disbursed balance of more than R\$ 11.5 billion by the end of the third quarter of 2024.

As previously mentioned, the financial resilience actions totaled a positive impact of about US\$ 212 million in EBITDA and about US\$ 279 million in cash generation.

In the optimization of the asset operation strategy, the process of sale of control of Cetrel was concluded, through the receipt of approximately R\$ 208 MM of the R\$ 293 million related to the investment agreement signed with Solví and GRI.

In the quarter, the approval of the increase in the import rate in Brazil for some chemical and petrochemical products by CAMEX represented an important advance in the agenda to defend the competitiveness of the Brazilian chemical industry.

Regarding the company's investment strategy, the inauguration of the renewables innovation center in the United States is an important step forward for the bio-based growth avenue, contributing to the development and acceleration of new solutions.

Additionally, the signing between Braskem Siam and Toyo Engineering for feed's execution of the construction project for the new green ethylene plant also represents an important step in the company's growth trajectory.

Finally, in Mexico, we maintained our efforts to complete the construction of the ethanol terminal, achieving a physical progress of 87%.

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Before we close, I would like to invite everyone to participate in Braskem day 2024. An important moment of interaction between the market and the company's main leaders.

The event will be completely virtual and will take place on November 25, we will forward the invitation with more details soon to all participants of this call and subscribers to our mailing.

Thus, we conclude the presentation of Braskem's results for the third quarter of 2024.

Thank you very much for your attention, and we will start the question-and-answer session at this point.

Operator: Excuse me. Now I would like to give the floor to Mr. Roberto Bischoff. Please, Mr. Roberto Bischoff, you can continue.

Roberto Bischoff: Good morning, everyone. Before we move on to the question and answer session, I would like to comment on my departure as CEO of Braskem. This departure is part of a structured succession process. It was aligned and aligned with the Braskem controller. In this trajectory of more than 40 years at Braskem, we have been very satisfied with the company's execution capacity and with all its deliveries. Especially the last two years, which I had the pleasure of leading. Therefore, I would like to thank the shareholders and customers for their trust, and the team members, partners and suppliers for their dedication, partnership and competence in facing this downward cycle. So, after these brief words, let's move on to the question and answer session.

Operator: Senhoras Ladies and gentlemen, we will now begin the Question and Answer session. If you have a question, please click the raise hand button, or submit it via the Q&A window. To remove the question from the queue, please click the lower hand button, or signal in the Q&A window.

Remembering, all participants can choose which language to listen to and see the presentation, using the "show captions" and "view options" buttons, respectively.

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Question-and-Answer Session

Rodrigo Almeida, Santander: Good morning. I have three questions. First is working capital. We saw a significant increase during the quarter in stocks of inputs. Could you tell us whether this is set to normalize in the next quarter?

The next question is about the scheduled downtime for 2025. Is this likely to make the 25 CAPEX at least a little bit higher than the guidance that was indicated for this year? And thirdly, are you already seeing any kind of an effect in the increase to import tariffs?

I think this was mentioned, but if you could comment a little bit about that, I would appreciate it. Thank you.

Pedro de Freitas: Hi. Thank you, Rodrigo, for your question. So, working capital, it was primarily in inputs. We had a reduction in our payment deadline, our payment term, and also an increase in price and volume. So, this did consume a little bit more of working capital. There was also a specific effect from a NAFTA load that came in this year.

I think at the end of the day, the thing is, working capital does normalize. We do not have any forecast for an increase. In fact, 4Q24, there may be a drop, in other words, the generation of cash based on working capital because our spread is going to be lower. We've got a little bit of downtime scheduled for Q4, so our working capital is going to be a little bit better.

With regard to the scheduled downtime, next year we've got Braskem Idesa doing its first downtime after nine years in operation, which is a huge accomplishment by Braskem Idesa to keep working non-stop for so long, especially for the past six years, with a highlight during that time. We've done something similar here in Brazil as well, extending our downtime, our period between downtimes. That was, we managed to get a significant improvement. Also, the Duque de Caxias plant is also going to have a little bit of downtime next year. So, these are the two that we've got scheduled.

With regard to the 25 CAPEX, we don't have a number yet. All of the maintenance CAPEX should be in line with what we had this year. There may be some variance up or down, but I don't think the number is going to be very different from what we had in 24. We're always prioritizing safe investments and investments into safety as well.

And we've also got a little bit of strategic CAPEX, but the top project in the queue is the Thailand project. We do not think we are going to make a decision about investments, at least during the first semester, first half of the year. So we have so far just engineering, it is a small investment. And after that, closer to the middle of 2025 when we will make decisions about the investment into that project.

And again, this investment that's going to be in line with this year, we don't consider Braskem Idesa because Braskem Idesa has scheduled downtime for next year. So, if you do look at the raw numbers, it's going to be a little bit different. Usually, it's around US\$30 billion and for this year, it's probably going to double.

With regard to import, to use import tariffs, we have some work that we've been doing to revisit that balance between the margin, service, price, and volume. So we are doing that product by product. For this year, we believe that between recovering market share and perhaps some kind of an effect from the margin direction, we have 30 additional million dollars in our results for 4Q24. For last year, well, we have three additional quarters of impact and then we'll see what happens.

There is another effect that I think is important in the import fees because many of our clients also had change fees to their import taxes. So that brings an important aspect in

terms of sales volume. So our volume for our clients should recover, which is also going to have an impact on our centers. This is an effect that we think we will be seeing in Q4 next year. It's an indirect event, we cannot quantify to what extent, exactly numerically it's going to occur, but it is something that is in our radar.

Rodrigo Almeida: Perfect, thank you, Rodrigo.

Vicente Falanga, Bradesco BBI: Hi, thanks. Thank you, Roberto, for your work and your message. Thank you, Rosana. I have a question. In the outlook you gave us, you mentioned the expected downturn for next year, expected reduction in volume. Is that likely to occur with result to the lower foreign exchange rate for Q4?

Pedro de Freitas: Hi Vicente. Well, we can't provide guidance so I will make some qualitative comments. Q4 is normally a quarter with lower seasonality. So this gives us a marginal and a reduction in market and spreads but also in volume as a result of seasonality.

And as for import rates, there is a partial compensation. I don't think it's going to completely offset that seasonal variance. On the other hand, foreign exchange rates do help. What we believe here is that approximately 1 cent is approximately US\$3 to US\$4 million EBITDA when we look at annual. Today the exchange rate is dropping again, but if we're talking about 20 cents over the year that means US\$60 to US\$80 million additional EBITDA. So if you look at a quarterly rate that 20 cents will be worth approximately US\$15 to US\$20 million in EBITDA.

So, I see a positive impact from this issue, both in terms of the import rates, market share recovery, and also foreign exchange rate, which is measured in some tens of millions of dollars all combined. But there is also a counter force in reducing international spreads and the volume and seasonality. So the net result is that usually Q4 is worse than Q3. All in all, I think this is likely to remain the case.

Now in terms of cash flow there is a working capital that we mentioned, we expect that it will recover a little bit or at least remain stable. We do not have interest repayment that we had in our previous quarter, so we've also got an impact there, an impact on cash flow that I would say is materially positive considering those two effects.

Vicente Falanga: And just very quickly, we had a forecast that lots of PP would come in during the new year. Do you see that happening? Is there a lot coming in or are you holding down?

Pedro de Freitas: I will pass to Rosana and Vicente.

Rosana Avolio: Hello Vicente, thank you for the question. Just to give you an outlook of the 4Q. This is what is expected to happen. There is the seasonality of the period to consider, but if we observe the third quarter, it was a quarter from the global viewpoint with scheduled and unscheduled maintenance stoppages. At the regional level, we see concentrations of planned maintenance stoppages as we saw in the third quarter.

But what we see for the 4Q is a way back to scheduled and unscheduled stoppages, a lower demand that already puts pressure on spreads. And when you talk about polypropylene, we saw propylene coming into the business along the year. If I compare the deficit and the increase of demand, we can see there is a higher offer than the demand that we had in 2025, but much lower than what we reported in the previous year. And that shows this spread positive trajectory that you have been monitoring very closely. So polypropylene is going to come in.

I see a change in the polyethylene because polyethylene we have observed a deficit in terms of growth because demand was higher than offer. So we see two plants in Asia that are going to start up during the year. So we have seen that this startup has delayed. So in our assumptions, we consider that they are going to come into the production and into the results up to the end of the year, and this is likely to lead to a better spread until the end of the year.

Vicente Falanga: Thank you.

Tasso Vasconcelos, UBS: Hi, folks. Good morning. Thanks for the question. And Roberto, thanks for the message. Bischoff, I'd like to ask a follow-up: What would you say have been the biggest challenges over your time at Braskem? And especially during these past two years as CEO, what do you maybe wish you had done but couldn't? And would you say were the primary challenges that the next CEO is going to have?

Next, after the import fees here in Brazil, do you see any room or any space to talk about the REIQ for the next few years?

Roberto Bischoff: Hi Tasso, thanks for the questions. The major challenge of these two years was without a doubt facing a downward cycle of this magnitude, preparing the Company to continue to generate results without neglecting strategies in the Company's long-term strategy linked to renewables and the circular economy. So it is a very delicate balance specifically linked to operation conditions in a downward cycle that is different from the past several years. So that was a significant challenge.

There was also another significant challenge, which was bringing the chemical industry agenda to the national agenda. It is an important industry with a distinguished impact in the Brazilian economy. It generates employment. It plays a significant role in Brazil's industrial GDP. So, bringing that importance to the awareness of the government, the administration, at this time create conditions to somehow defend this sector and also to think in the long term about industrial policies in a way that is able to reposition this industry, the sector, to where it really should occupy so that it can continue to generate long-term sustainable results.

With regard to the possibility of any change to the REIQ, Abiquim has been working and so has Braskem toward the need to create industrial policies and conditions to re-allow the industry to reposition itself. We believe that there is a mechanism that already exists and has already been approved, and that is the REIQ, and we are working with the government to raise awareness among the government, among the members of

government, so that this incentive, the REIQ incentive, can be in some way expanded to be of more benefit to the sector and reach that repositioning that I mentioned.

Now as for future challenges, certainly remaining within this cycle of adaptation and balancing of these different levers and allowing Braskem to really leverage its power. We've got a significant highlight around the world in terms of renewables. So, finding the right balance between cash and capital and investments, not just in terms of operations, but also in strategy for the future.

Tasso Vasconcelos: That was very clear. Thank you, Bischoff. I wish you all the best.

Pedro de Freitas: Now, Tasso, with regard to actions after the import taxes, the import taxes are an important measure and we are thankful for the government and the Ministry of Development, Industry and Commerce, Vice President Alckmin, who worked extensively in this front, but it is a temporary measure.

So we remain, through Abiquim, involved in dialogue and that includes looking at a more structural discussion, touching on the Brazilian industries, and we see many countries incentivizing their companies including in the chemical industry. You see this in Germany, across Asia, in Japan, in the US we've got the IRA, which includes the chemical industry. So we have many different countries around the world that are offering this type of incentive. And here in Brazil, we have been involved in discussions with the government. Actually, Abiquim has been developing a plan. It is now starting to be discussed with the government in the line of offering incentives, tax credits for companies in the chemical sector that are involved with energy transition, innovation, technology. And in our case, we also look at the conversion to renewable chemistry.

Of course, a program such as this takes a while to be implemented. So in the shorter term, we want to recover the REIQ. When the REIQ was created, the credit, presumed credit, was 8.25% of the cost of inputs. Today, this credit is at 0.73%. So we have been requesting the REIQ credit to be resumed at the same level it was during the last downward cycle in approximately 2014.

So we want ultimately to bring renewed investment to competitiveness. For us, a significant one could be investing in the Rio de Janeiro center to maybe expand or even double our capacity at the center in Rio. It's a gas-based center, it's very competitive, that would be an important step for us to take. So that would be an important incentive for us, an important investment.

There's also another agenda, also ongoing, which is gas as input. Not just overall, because it is important for the whole sector, but for us, it's especially important for our gas-based centers. We have that in Rio, in Bahia as well. They can also consume ethane as Rio can. So this regulation of natural gas, we work with the ANP, we work with Petrobras as well to increase the availability of gas and to allow ethane to be extracted from that gas. That's also part of the agenda I mentioned.

So we've got a structural program that includes recovering, resuming REIQ at its previously high level. Then there's the raw input agenda, ethane, and a tool that exists around the world in many countries, which is anti-dumping. We've got anti-dumping against PVC coming from the US and in partnership with Unipar, we asked them to review the level of the remedies, the anti-dumping rate remedies that are applied, because it is currently insufficient in the face of the scope of the dumping that has been occurring.

And we continue to monitor other products as well to potentially request that they be added to anti-dumping measures as well. So we've got those discussions with the government, a more perennial, permanent program as well gas and ethane, which is also going to last in the long term, and anti-dumping, if we successfully obtain any measures, those run for five years each, so that is also going to defend our industry's competitiveness.

Tasso Vasconcelos: Amazing. Thank you, Pedro. Thanks for the details.

Gabriel Barra, Citi: Hi folks, thanks for taking my questions Pedro, Roberto, Rosana. I've got two points to mention. First, looking at a more global scope, this week we had the results of the US elections. We've got some stress with regard to the Brazilian exchange rate that is depreciating the real compared to the dollar. There's also discussions on the topic of tariffs potentially being increased in the US. What I'd like to understand, and I'd like to ask Pedro and Rosana to give some opinions, how does this impact the scenario moving forward? And in this scenario as well, how does Braskem's position change, if at all? I think there are some mixed feelings, but I would like to understand from you looking forward, how may this impact the Company?

And also, my second question, back to the topic of REIQ, during the last conference call, there were some interviews showing about potentially rationalizing the capacity here in Brazil depending on how that discussion with regard to import taxes would proceed. So is that discussion still on the docket? Do we still have any kind of outlook in that sense for Braskem now looking at the current scenario that may perhaps be more protectionist, looking at a global market share as well? What do you see looking forward? Thank you.

Pedro de Freitas: Hi Gabriel, thanks for your questions. Truthfully, we don't yet have a fully comprehensive understanding of the US elections. It really depends on what the administration implements. We know that campaigning is one thing and administration is another. But as far as protectionism goes in the US, we see on the one hand very interesting potential for our US-based operations, the polypropylene we produce there is important for a segment that represents a significant share of their business, which is the automotive industry in the US.

So if the US government implements barriers against importing vehicles from other countries such as China, and that has an impact on increasing the US auto industry, then this may have a significant improvement to our dealings there. This is a result that can potentially happen in the shorter term if those tariffs are actually placed. So we see a potential positive impact coming from a potential protectionist policy.

Another aspect to this has to do with how Brazil protects itself and organizes itself in such a scenario. Because what happens is that if the US closes itself off some more, then the other countries that export to the US, especially China, will seek other markets. And so we may see increased aggressiveness toward the Brazilian market, not necessarily in our sector because the logistics are difficult, China is very far from Brazil, but this may have an indirect effect on finished product.

And so, I wouldn't say the structure, but it may weaken partly, it may have a measurable negative impact. But it's like you said, mixed feelings. So it reinforces the need for the Brazilian government to adopt defense of competitiveness measures to protect the Brazilian economy.

So this links with your second question, right, which was regarding the reduction in capacity and what kinds of effects this could have in Brazil. We continue to study the rationalization of capacity that was mentioned previously. We don't have a decision at the moment. This is strongly linked with what the government may place in terms of measures in that agenda. Depending on what the government implements, we may need to protect our capacity or, depending on what the government does, we may not have a lack of competitiveness scenario.

So this could or could not lead to the partial closure of some of our capacity. Obviously not all of it, of course. So we are working with many different scenarios. We have a huge analysis chain that we are currently studying in order to have a consolidated vision to make decisions.

I do not think we will have any decisions before the end of that will be made next year. So I think that's the key.

There are two other points I would mention to give a little bit more context. One, you asked about the Forex. Of course, depreciated Forex is better for us. You said maybe 15 to 20 cents depreciation. For us, 1 cent is approximately US\$3 to US\$4 million in value. We're looking at a yearly average. So you see that this could have a positive impact on our EBITDA, which is certainly something that is relevant.

And another important point, something that I think is interesting as well, is we have a project to produce green polypropylene in the US. And if the US turns its gaze inward, they could potentially accelerate this investment project and this would bring a new product to the world.

Gabriel Barra: That's very interesting Pedro, thank you.

Pedro Soares, BTG Pactual: Good afternoon, Pedro, Roberto, Rosana. I have a follow-up. I'd like to ask about the topic of spreads. I think it was discussed extensively, especially in the very short term for Q4, but it seems to me so far that you are being conservatively optimistic for the next year. So I'd like to ask you in a bit more detail how can we translate that to EBITDA? I understand that you do not announce guidance, but could you discuss some effects for Q4 and perhaps analyze the results of Q3, which is I

think US\$1.6 or US\$1.7 billion, which perhaps seems a little bit optimistic or maybe not? I don't know.

And lastly, could you comment about the potential selling of the Company and I know that this is not really within your purview, it's up to the controller, but is there anything you could share in terms of the new due diligence that is taking place? Does this topic seem to have in some way stagnated, at least in your perspective?

Rosana Avolio: Thank you, Pedro. I'm going to answer your questions about spreads. Your question was excellent. I talked a little bit about the 4Q, but when we see the results, we also start talking about the next year. As you can observe in the presentation, we go back to the trajectory of growing upward spreads. And what is behind those upward spreads? It's a world that continues to grow. We see that global demand has been increasing, GDP global about 2.8% a year. This has an important correlation, the Company with a global GDP. This is one variable.

And on the supply side, this has to do with uncertainties, not when we talk about the new capacities. When we see what the capacity is expected for the future, we consider China, both for polyethylene and polypropylene, but when we compare to 2022 and 2023, this is a lower supply, the offer. So this justifies this growing demand. So we see that there is a resumption of all this. So it's a very important variation that is going to define the pace.

Since last year, we have been observing announcements from global companies which are headquartered in Asia, except China, and also other companies announcing that they are going to close capacities. But when we consider our estimates and also what is provided by consulting firms, we see there's a decrease of 500.

But from the economic viewpoint, we believe that more capacities are going to be closed. And there is a date when you consider the financial crisis. So we are talking about supply and demand and GDP. We saw that 7% closed after the financial crisis, but they closing a plant is a very important decision because it demands resources in order to make this closure.

So when we look at the global situation with some improvements, when we see that inflation indicators with a downward trend, maybe we have a more positive outlook when we see this acceleration.

And how can this be transformed into EBITDA, which was the question that you asked? If we consider the spread level that we're considering for next year, we may increase by 5% or 10% depending on the resin. And if I consider the market consensus of 1.3 billion, this is a consensus that has been published even on our site, and if I add the 10% considering that everything is constant, we would reach 1 to 1,5 billion, and as you said, the Company does not provide a guidance.

So I'm considering the spreads, and this is what we do here, there's EBITDA and spreads, and if we consider the spreads, we would expect a growth of about 10%. And I'm going to add of what we do, well, which is our management and what we control. I

mentioned spreads, but it's important to mention all the initiatives of reduction of variable costs. In the past two years alone, we have this initiative and the challenge is that next year we are going to have a lower cost than this year.

So, in the past two years, we have already captured more than US\$200 million in reduction. So, it's very close to the number that you mentioned.

I'm going to pass the floor to Pedro.

Pedro de Freitas: Sure. With regards to the due diligence, we have two ongoing exchanges of information: One is PIC, a Kuwaiti Company that we actually announced about. It is currently moving a little bit more slowly. Every bit of information they ask for, we have provided. Sometimes they do ask us more isolated questions here and there; and Petrobras also sometimes requests additional information or some kind of context. Petrobras completed their assessment in the end of last year.

So currently it's really more focused on updating information with regard to what happened in these three quarters of the year. So that's what's happening. We do not currently have any additional information with regard to negotiations, what is or is not happening, we don't know what's happening when it comes to negotiations.

But in regard to the due diligence that's what we have.

Pedro Soares: All right. Thank you Pedro and Rosana.

Leonardo Marcondes, Bank of America: Hi, good afternoon everyone. Thanks for taking my question. I have two questions. The first is about CAPEX. you're currently working at a yearly basis around US\$240 million, which is a little bit lower if we look at your history. Where do you see the perfect maintenance CAPEX? Are those 450 something that you could work at with your current operations with that kind of CAPEX? So in real terms, would that be a potential perfect maintenance CAPEX? Or should we expect that number to increase looking forward?

My next question is a follow-up for Pedro's question. In that scenario with a stronger EBITDA for next year, how do you see cash generation at the Company? Are you trying to keep things a little bit more constant? CAPEX, the Alagoas payments, working capital, it's difficult to keep it constant in a scenario where spreads are likely to improve. So, I'd like to understand how you see cash flow for next year.

Pedro de Freitas: Sure. Good afternoon, Leonardo. With regard to CAPEX, I would say that the Company's maintenance CAPEX level is historically between US\$500 and US\$600 million and that does include scheduled downtime and other similar slowdowns and downtimes.

So what we have been doing to keep our CAPEX stable is we have been very selective about our assets and there are certain plants that do not need to be 100% available. Since our demand is a little bit lower, we are operating at less than 75%, approximately

at the 75% level, well, the end result is that we do not need all assets fully operational all the time. Now this does not include anything that pertains to safety. Safety is always full.

But when it does not come to safety, we do reduce some operating uptimes at certain points when demand is not so high. This is all based on our schedule, which is created and of course if something breaks, we rush in and change it, but we have not been performing preventive maintenance in anticipation of the occurrence of issues in assets that have been deprioritized.

We have a full scale between critical, important, less important and marginal assets. So what I mentioned previously is applicable to the marginal assets. So that is one of the strategies we've been implementing for CAPEX. That's approximately US\$500 and US\$600 million. It really depends on the downtime cycle.

With regard to cash generation for next year, we're working on our budget right now, so I don't have a finished number for you. You can expect cash, working cash to be consumed as a result of spreads and volume. On the other hand, we see that Alagoas has a little bit lower, a little bit less cash consumption requirements for next year. So that's one thing. And we're working with all teams to keep Braskem at a neutral cash level for next year, such that we can absorb the Company's obligations with regard to the EBITDA that will have been generated.

So that involves contracts, fixed costs. So for the next year, the challenge we've placed for the teams is a 3 to 4% reduction compared to this year's fixed cost, which is already a reduction compared to last year's. So we've been keeping those costs at a stable reduction rate, even considering inflation.

Contract disputes have also led to lower costs, that's contract disputes is a field where we had an improvement. For instance, there's a 1.3 million contract where we moved in and we were able to reduce it by almost 50%. We changed the scope, we changed the way we do business, and we were able to achieve a nearly 50% reduction in that specific topic.

So there are hundreds of different contract reviews such as this one, we review operating conditions as well and all of that together has led to lower costs.

Also in the topic of inputs and optimizing inputs, so I expect for next year we will have neutral cash generation except for Alagoas, which still continues to consume cash in addition to beyond its operations, but that is a scenario we are seeking for next year.

Leonardo Marcondes: All right, that was very clear Pedro. Thank you. Just one more follow-up to get a better read. I understand that you are preparing your budget for next year, but within the 1.5 billion EBITDA, which you did already comment on, what kind of exchange rate are you considering?

Pedro de Freitas: The exchange rate we currently consider in our current version is 5.47 BRL per USD. That's a mean exchange rate.

Leonardo Marcondes: Yes, I understand. Perfect, thank you.

Thiago Casqueiro, Morgan Stanley: Good afternoon, folks. Thanks for taking my questions. I think most of them have actually already been addressed. I just have one more question regarding Mexico. I understand that recently there was a scheduled downtime from one of the vendors and one of your plants also, so that led to a slight reduction in utilization rate, which in Q4 is likely to improve. But I want to understand what your forecast is for 25. Are there any potential new stops as well? Thank you.

Pedro de Freitas: Hi, Thiago. All right, Mexico. For Q4, we had Milton Hurricane, which did not hit our site specifically, but there were some whips of it that did hit our site. There was a lot of rain and there was a logistic effect. So we're currently operating on a fast-track, that means transporting ethane through by trucks. There was a bridge that was impacted, so we had to re-route or reschedule trucks for a slight change in our operations there, but it was a very specific effect. It should remain in line. That's my expectation. Something slightly better even perhaps, but certainly aligned with Q3.

Now, as for 2025, we've got two things: We've got the scheduled downtime, which should last a little over a month. It's usually 30 to 40 days. I don't have the precise schedule for that Mexico downtime specifically, but you may think "ok, you will lose 1/12 of the production", you may think, yes, but on the other hand we also have the terminal and the potential to operate with full loads. So when the terminal really begins operation at the end of Q1, that means we'll have three quarters at full operation. During one of them, one month will be down.

So net, at the year average, should be approximately 85%, which is what we've been working at. And then for 2026, then yes, we will be running close to or at 100%. That's our forecast.

Thiago Casqueiro: Perfect, Pedro. Thank you. That was very clear.

Pedro de Freitas: Rosana has reminded me here that there's an important point to be mentioned. We have two ethane ships, high-capacity ones, that are being built in China. The first is already in the water, it is currently being tested, it's performing seaworthiness tests, and we should receive that finished ship in January. It's scheduled for delivery for us in January. And so with that, we will also increase the scale and volume of transported products; that have a significant reduction in logistics costs.

So not just an increase in volume, also we will see a reduction in costs in ethane imports.

Thiago Casqueiro: All right, perfect. And thank you, Rosana.

Regis Cardoso, XP Inc: Good afternoon, Roberto, Pedro, Rosana. It's already quite late, so I'll ask just one question. I want to understand the cash flow equation thinking about Q4 and 25. If I compare with Q324, Alagoas effectively is still significant in terms of cash generation. And I would even add that in spite of the disbursement, we have not yet seen a relevant reduction in the provisionment balance that we see in the report.

So, Pedro, could you give us an update about the Alagoas effect and impact on cash flow and the effects on the provisionment as well?

Pedro de Freitas: Sure. Sure, Regis. got the provisionment table here in our report, you can consult that. We currently have a 4.8 billion provisionment plus some accounts payable as well. So all in all, that is approximately R\$5.5 billion in balance that Braskem still needs to disperse out of that balance. In fact, we do have effects over the course of the year in terms of consumption. The cash disbursement for that provisionment over the year is going to surpass R\$2 billion in a year. In this quarter, it was R\$130 million. So over the year, it may come out to R\$3 billion all in all.

Conversely, we've also got a situation that is dynamic. We recently had to bring three cavities into the sand filling group, the backfilling group, so that led to a R\$300 billion-increase. So the consumption has been occurring, part of that has a negative compensation due to adjustments to the provisionment. Another part of that is inflation, which we do need to account for as well and compensate for. But also developments in the dynamics for that case.

Looking at some previous numbers, what I can tell you is that if we look since 2020, looking at a back of the envelope average, that's R\$2.5 billion in disbursement per year. So that's why out of the total 16.5 billion provisionment, we've got the 5.5 that I mentioned.

So the program is moving forward. Sometimes we discover new developments and need to make adjustments. But all in all, we have been reducing uncertainties and risks significantly and the value is increasingly more and more assertive when it comes to our understanding and forecast about what that provision is. But again this is a dynamic that we do not control, and it could be that unfortunately we may have a new adjustment.

Now as for Q4, the main points that I would highlight are for working cash, we don't forecast working cash consumption again like we did in Q3 because we had increased volume and spreads, as I mentioned. Now for Q4 that is not likely to occur, we may actually in fact restore part of that working capital. Now for the bond interest payments we don't have any, we don't forecast any change there.

And again for Alagoas, it should remain on track. I don't see many variations to be likely. I think the main points that suggest for us that we are going to have improvement to working capital are interest rates and paid capital.

Regis Cardoso: Thanks, Pedro. Just a quick follow-up. So in 2026, we should see a reduction in the importance of Alagoas' disbursements on the Company's bottom line, 25 ends?

Pedro de Freitas: Yes, that is our expectation. We think 2025 is a year where social and urbanistic measures are still implemented, cavity filling, among others. We're currently wrapping up the private compensations. We've signed all contracts already. There should be some residual payments still next year, but no new ones.



So considering what we know today, that is our forecast, our view. It's likely or it's significantly reduced next year and should have ended by 26 and should be zero at 27.

Regis Cardoso: All right, perfect, thank you.

Operator: This concludes today's question and answer session. I would now like to turn the floor to Mr. Roberto Bischoff for his final remarks. You may proceed, Sir.

Roberto Bischoff: Hello again. First, I'd like to thank all of you for taking part in our earnings call. And even more importantly, for the partnership we have built together during my past two years at the head of Braskem. Thank you all!

It has been two years of significant challenge for the industry and for Braskem. We went through a very intense low cycle in the petrochemical industry, very different from other years, and we truly needed to tirelessly seek initiatives to overcome the challenges that this cycle has imposed on us.

In that sense, as we have been mentioning over the course of the call, I'd like to highlight the commercial efforts and efforts to reduce fixed and variable costs that, all in all, contributed to significant increase in almost US\$300 million in EBITDA, as well as multiple initiatives to optimize capital of many different types, which all in all, added up to approximately US\$400 million since last year. Some of these were highly relevant and really tackled the challenges that we have faced.

We also had important advancements by the Company, such as our partnership with SCG Chemicals, the potential to build a plant in Thailand, the completion of the expansion of the green-ethane plant in Brazil, which has been proven, it is actually working past its projected capacity of 260,000 tons, and also an 87% increase, very relevant increase, in the construction of the Mexican ethane import terminal.

This is truly going to allow us to be more independent and competitive. I mean, Braskem Idesa, of course, in the supply of its inputs, as well as an important initiative that we mentioned in opening our new Technology and Innovation Center in Lexington, US.

Another important effort and one which has been important, and Pedro mentioned at length, has been the focus ever since I arrived in defending the Brazilian chemical industry. I have mentioned before, but I would like to highlight how important the Brazilian chemical industry is for the Brazilian economy. We create high-quality jobs and significant tax revenue for the country.

In the current chemical and petrochemical industry, we've seen an increase in external competition, which requires the country to strengthen its chemical, petrochemical, and plastics industries. This is an agenda that will remain important, at least over the next year, striving to defend the industry. That's through Abiquim and through our actions at Braskem.



Now in the sense of everything I mentioned, I think I leave Braskem strong and prepared to face this upcoming downward cycle. That's my belief.

Once again, I'd like to thank all of you for the trust you place in me, and we will see each other once again on November 25th, when we have our Braskem Day. Thank you all very much and have a great end of the quarter.

Operator: That concludes Braskem's video conference for today. Thank you for your participation and have a good day.