

**Operator**

Good morning and thank you for waiting. Welcome to the Braskem's conference call, Braskem Day 2023. With us here today, we have the presenters:

- Roberto Bischoff – Braskem's CEO
- Pedro Freitas – Braskem's CFO
- Rosana Avolio – Investor Relations, Strategic Planning and Corporate Market Intelligence Director
- Edison Terra – Vice-President of Olefins & Polyolefins South America
- Isabel Figueiredo – Vice-President of Vinyls & Specialties
- Stefan Lepecki – CEO of Braskem Idesa
- Walmir Soller – Vice-President of Olefins & Polyolefins Europe and Asia

This event is being recorded and all participants will be in a listen-only mode during the Company's presentation. After Braskem's remarks, there will be a question-and-answer session. At that time, further instructions will be given. Should any participant need assistance during this call, please press \*0 to reach the operator. This event is also being broadcast live via webcast and may be accessed through Braskem's website at (Incomprehensible 01:53), where the presentation will also be available. The selection of slides will be controlled by you. The audio will be available shortly after the event included. Those following the presentation via the webcast may pose their questions to Braskem via website. They will be answered by the IR team after the conference is finished.

Before proceeding, let me mention that forward statements are based on the beliefs and assumptions of Braskem's management and information currently available to them, to the company. They involve risks and uncertainties because they relate to future events and therefore depend on circumstances that may or may not occur. Investors and analysts should understand that macroeconomic conditions, industry conditions and other factors could also cause results to differ materially from those expressed in such forward-looking statements.

Today's agenda will be opening, business units, geological event in Alagoas, financial results, corporate strategy, final remarks followed by the Q&A session. Now I would like to turn the conference over to Mr. Roberto Bischoff, Braskem's CEO, who will open the event. Mr. Bischoff, you may begin your presentation.

**Roberto Bischoff – CEO**

A very good morning to all of you. Before we begin, I would like to voice my thanks and my apologies to all of you because of the technical issues that prevented us from beginning on time today. It's a major pleasure to be here to share some of our information from Braskem with you. We'll be sharing our vision and our perspective for 2023.



Braskem in numbers. Braskem is a truly global company. We've got 40 industrial units in four countries, 14 commercial offices in different continents and we have customers in more than 70 countries. Braskem has grown quite fast. We produce PE, PP and PVC resins. We are the 6<sup>th</sup> largest producer in the world, but the number one company producer in the Americas in terms of average earnings. Our recurring EBITDA amounts to 2.8 billion USD and our operating cash generation is worth 2.1 billion USD.

In the following slide, we can see the big picture. This is where our assets are located. 5 million tons of polypropylene produced. While this production is concentrated mostly in Germany, US and Brazil; 4 million tons of polyethylene are produced in Brazil and Mexico; our research centers are located in the US, Brazil and Mexico and we have a large amount of offices in the very same continent.

On the next slide, we can see the company's evolution and to what extent we grew since the company was created. In terms of resin production, we evolved up until the moment we became the leading company in terms of resin production in the Americas, PE, PP and PDC. We became the leading company in polypropylene production in North America in 2022. That came into operation as of 2020; 2012 with the Delta project and then polyethylene production, while we've been consolidated as the leading player for quite a long time in Latin America.

On the next slide, you can see some details of our risk mitigation strategy through diversification, that in terms of raw materials, geographical diversification and product diversification. This strategy has been the foundation of our company. Braskem moved to a different level. In 2009, our main focus was Brazil and exports totaling 100%. Our reportable EBITDA nowadays come from different geographies: 8% Mexico, USA and Europe 38%, and Brazil 55%.

Now from the raw material standpoint, our company focuses mainly in naphtha and propane agreements with Petrobras - and we are diversifying quite a lot. naphtha moves from 80% to 36% of our raw material matrix for resin production. Propane, 38% of external sources, especially Petrobras and US, are the main providers; gas accounting for 23%, remaining 3% account for ethanol in terms of renewable, our renewables business and 2% the flexible capacity between naphtha and (Inaudible 8:41).

There's also strong diversification in our product portfolio. We've got more than 100 products, specialties, resins that account for a larger amount of our earnings, more and more. I would highlight here growth that made us the leading company in this segment. This growth is based in renewable raw material. We've got several products under this myriad and also in terms of specialty products that are becoming more and more relevant in our portfolio in the low moments of our cycle.



On the next slide, you can see the pillars to our strong foundation. These are solid pillars that enable our growth. First one is safety. This is a nonnegotiable value for the company. The way we measure performance is according to the number of accidents per million of man – hours. We're way better than the market average, which means we're in line with the main market practices.

The second pillar is people. We are a human-centered company that promotes diversity, inclusion and human rights, and this is one of the pillars that is part of the foundation to our growth.

And the third pillar is governance. Governance and compliance practices are in line with the best market practices. We've got a robust independent system and again, governance is all part of the best market practices. These are the pillars that support our path towards growth. We'll give you more details on that and we'll have the opportunity of reporting the evolution we've seen over the past years.

The foundation is the traditional business. Our vision for growth has to do with decarbonizing our current assets. We want to grow, cut down on costs and at the same time cater to the ESG commitments that were made by us, as well as by the country, and that can be seen in concrete terms with the 15% reduction of our emissions, groups one and two, and we also want to grow with high added value products with low emissions. This is where we see the opportunities in our business.

Second avenue for growth for us it is quite known and recognized, it made us the leading company, which has to do with growing with resins and bio-based products. We want to increase the number of renewable raw material we use.

Green polyethylene is quite well known already. We had many initiatives on that this year, and we are strongly committed towards that. We believe this is the main road for growth. We also see this as a potential we can tackle to reach our environmental goals. We want to have 1 million tons by 2030 and we'll have the opportunity of going into details on that later on.

The third avenue for growth has to do with circular economy. We want to grow in circular products using mechanical recycling processes. The products we offer the market will have recycled content in them, and we also want to increase circular processes in our internal processes considering raw material that can be recycled and where plastic can be reused as raw material in our operation. Our goal here is to reach 1 million tons of resins and chemical products with recycled material by 2030.

During this presentation, you will see that the initiatives we're going to carry out so we can grow in this segment is quite different from what we've done in the past decade. The goal is quite strong here, we want to keep on growing.

So moving on, I'd like to hand the floor over to Mr. Edison Terra, who will be talking about Brazil and the South American market.



## Edison Terra – VP of Olefins & Polyolefins South America

Thank you, Bischoff. Good morning, everyone. We'll begin with slide 12. You can use your tablet or laptop to see the slide. Braskem is the largest petrochemical company in South America, with 29 industrial units located in 5 states. We use the integration model. We integrate in the 1st and 2nd generation as we buy new raw material: naphtha, ethane, propane, HLR, propylene and ethanol, as well as polymers.

What we do is we crack this raw material with ethanol, we dehydrogenase it and in the first, that's the first generation basically; and then the second generation will be the polymerization process. That's where we produce PE, PP and PVC resins, and as a consequence of this process, we can create or produce the product for our customers.

Rio Grande do Sul and Bahia States are where our industrial processes are located. We got two crackers reaching 1.3 million tons of ethane in southern Brazil with (incomprehensible 15:39) that is produced in Bahia production is broken down into a naphtha and ethane as well as gas. In the Bahia State route, in the Bahia State, along with Alagoas we produce PVC and other chemicals, and in the Southeastern region we've got the ABC industry park. That's 100% naphtha production and we also provide refinery gas.

We also have the new industrial complex, we'll be giving you more details on that later on, which is the Rio de Janeiro Park, which is 100% ethane, propane, gas production. We also have another polypropylene production unit.

On slide number 13, you can see the main differentiators of our company as we position ourselves in the Brazilian market. We got great scale in this market, we are the leading company in all segments in Brazil. That impacts the relationship we have with the supply chain, and we have great integration with raw material sources, both from the domestic and international markets. That helps us be there in the leading company.

We've got quite a widespread portfolio for chemicals and resins, and with that we can cater to a myriad of downstream markets. In Brazil 100% of our production is produced in naphtha 16% gas based (Inaudible 17:37)% naphtha and ethane and then 6% ethanol, basic polymers and other products that are renewable.

We also have great export capacity, which is quite important. Our focus is South America, but Braskem is also present in other regions such as North America, Europe and Asia, and we do that by exporting products that are produced in Brazil. When it comes to the relationship we have with our customers, both direct customers and the customers of our customers, during this year we carried out our traditional survey to measure the satisfaction level of our customers, and we saw an important increase in satisfaction level, roughly 12 points increase. We moved from 49 to 61 points in our NPS survey results. This survey was sent to our customers and here we would like to highlight the main differentials, which is



the quality of our product, the commercial service, technical support, as well as a local presence which provides greater flexibility in customer service.

Along with that, considering the growth path Bischoff mentioned, I'd like to mention the packaging project. We partnered with an innovation hub called Cazoolo. We've been partnering with our customers and the customers of our customers, who are the final users of these packages. And on the slide, you can see two examples of packaging cases that were developed in 2023 using quite a large amount of renewable resins, both for liquid and flexible packages. You can see those pictures on the slide. These are agriculture and gardening products that can be packaged in these cases.

Now on the next slide, you can see the list of our products. First generation we've got olefins, ethylene, propylene, butadiene and butane; as well as aromatics, benzene, cumene, paraxylene, ortho-xylene. These are the main products totaling 7.4 kton/year. Part of these products are sold to our direct customers and part of these products, especially when it comes to resins, are used to source second generation plants. We're talking about polyolefins, polyethylene, polypropylene and EVA.

And then the line of products that will be presented by Isabel following my presentation, she'll be talking about South America in resins, polyolefins, our capacity goes above 5 million tons/year.

On slide number 15, we can see that our business (Inaudible 21:28) input different markets. It's at the very foundation of the Brazilian economy and we got great diversity as well. Here you see some examples when it comes to olefins while many sectors are involved, especially in terms of packaging, but also infrastructure, industrial application and other segments in the Brazilian market. Same thing for aromatics, automotive industry with butadiene, cumene; and for packaging and textiles for paraxylene.

Polyolefins are produced in the second generation, and we see the same diversity on this end. We see very relevant applications in terms of health, safety, in terms of preserving goods with packages, as well as consumer goods. We're talking about primary and secondary packages for different segments. We see quite a close correlation with the Brazilian consumer market, which creates also close connection with the country's economy's growth.

There's also an important connection to infrastructure, housing, water and sanitation industries. Here we're talking about polyethylene and polypropylene, and we've got mobility systems as well as agriculture and food production. It's not only about preserving food in the packages, but also the increase in yield in the agricultural market.

Now on the next slide, this is what we can see. We can see that this diversity is important to dilute the exposure of Braskem in several industries of the economy. So aromatics, polyolefins as well as in polyurethanes, we can see in the charts that there is an important diversity of applications, so speaking of 7.4 billion in



revenue in polyolefins and aromatics. We have plastics and fiber that goes to customers of Braskem as their main segment.

And then other chemical products is the second most important segment, then elastomers and exports of some products, especially butadiene, polypropylene and ortho-xylene. And so this is a portfolio that accounts for 40% of the Brazil's EBITDA Braskem, and these products that have a 13% EBITDA margin, slightly better than the second generation that have a slightly higher EBITDA margin.

Speaking of Polyolefins business where we have PE and PP, the two main resins in the thermoplastic sector. Here we have another 40% of Brazil's EBITDA with the revenue of point 5.6 billion USD/year with an increased diversity. We may say that packaging is an important application, but it is diluted in segments such as consumer goods and food, and food that is the leader in polyethylene applications. So it's very clear the relationship between the level of economic activity in the consumer market and the demand for our products.

Now moving on, talking about our strategy in the slide number 17, our strategy for polyolefins in the short term. We have strategy to maintain our market leadership, to continue to innovate in the product portfolio and to follow the idea of operational efficiency. We've been trying to increase our share in markets of higher added value. We see that especially in the longer-life cycle applications, plastic is undoubtedly one of the more products that is versatile, competitive and cost effective, replacing other materials.

Optimization of our cost structure, the way we produce our products in a more competitive way by optimizing fixed costs and variable costs, especially by renegotiating costs with suppliers. Here we were talking about input, logistics in addition to raw materials, and it's more than 10 million tons of products that are moved. So the impact on logistics, or the logistics impact is rather important, so when we optimize costs and that becomes an important area as well.

So the third group of efficiency initiatives is automation of logistics processes using data analytics to optimize production lines and improve the process of delivering the orders, and this has been ratified by the perception of improved, quality improvement by our customers.

Now bringing to South America, the avenues of growth mentioned by Bischoff in the beginning, we have the decarbonization program. We are implementing decarbonization initiatives to reduce CO2 emissions and create value. This is an important program in order to reduce 15% of our emissions by 2030, this is our goal.

And also we aim to diversify feedstock. We've been looking for new suppliers of raw materials in Brazil, increasing the share of ethanol with our green ethanol plant, with ethane and propane. With the pre salt, new opportunities will arise from that and that makes it possible to increase capacity, which will be discussed in the following slides.



So in the avenues of growth are the topics related to renewable raw materials and materials obtained in a circular recycling by chemical and mechanical recycling processes. So we've been growing our market share in the recycling market and this is very important, in parallel to the innovation area. We always look for new technologies, not only by mapping new technologies available, as well as by developing new technology. We have center to develop technologies for the future that will increase competitiveness and efficiency of chemical recycling processes.

Now moving on to my last slide, talking about the opportunities in terms of competitive feedstock in the Brazilian market. There is an opportunity to grow selectively in our main areas. Brazil will have a competitive raw material in the future for investment and to grow production capacity. The feedstock is available with the creation of new conditions that are more competitive.

The most recent investment in the petrochemical complex in Rio de Janeiro has a possibility of expansion of 40%. We need, we estimate Capex of 500 to 600 million USD for that to happen, but there are materials that could come from the pre-salt, and these materials they do exist. We have to create the conditions for this investment to be made. The proof that this is the most competitive option, despite this low cycle of the petrochemical industry, is that it has the highest recovery. In these investments, in these initiatives, Braskem will keep its commitment with the plastics supply chain in Brazil. The assets we own in the Brazil are meant to meet the needs of South America and Brazil.

Now I turn the floor over to Isabel so she can continue to talk about the vinyls and specialties, thank you.

### **Isabel Figueiredo – VP of Vinyls & Specialties**

Thank you. Good morning or good afternoon everyone. Now continuing with the South American segment, we talk about vinyls and specialties business. This area was created to focus more on the business that have a different dynamics from olefins and polyolefins. The goal here is to grow with sustainability. So as you can see, there's a wide range of products in our portfolio. Our portfolio includes first generation, intermediate products and second-generation products. When we look at the products on the left, vinyls and fuels, they are more related to agribusiness and commodities; when we move to the right, solvents and specialties, these are products that are semi specialties with a better margin. We'll see that as we continue with the presentation.

The total production capacity of this portfolio is approximately 2,800 tons/year.

Now moving on to Slide 20, we can see that there are several specific applications of V&S products, they apply to various market segments. When looking at vinyls we see construction as the main area in which PVC is used, so construction is very important. That's not only pipes and connections, also final



floors, PVC flooring; fashion, shoes, footwear is an important industry for PVC; health, bags, hoses, fires, wire and cables.

In vinyls, caustic soda. Soda is applicable to pulp and paper production, which is one of the main applications, as well as chemicals, aluminum, glass. There's (Inaudible 34:23). Very few people know, but Braskem is the third largest producer of gasoline in Brazil. It also includes boosters for gasoline, propellants, cooking gas and GLP, which is the cooking gas, it's the main application. We mainly sell to gas distributors.

Moving on to solvents, the main application is paints and varnishes, 60% of our portfolio goes to that segment; but our solvents are also used in the agribusiness in... for grain crushing, adhesives, especially for the footwear industry, as well as chemicals, cleaning and several other areas.

And finally specialties that includes a wide variety of products with several applications. In specialties we're present in more than 40 countries. 70% of what we produce in specialties are for export, so we have a global reach. The main application of specialties are paints and varnishes, coatings and adhesive, lubricants. Polyisobutene is a product we produce that is very eclectic. It can use, be used in cosmetics and lubricants, lipsticks, lip gloss, rubber tires and shoe soles; in detergents, so with this diverse portfolio, then we move on to the next slide.

We have provided a large amount of the profitability of the company. The revenue is 2.4 billion USD/year with an average EBITDA margin of 13%. That's the margin for the last three years, and we account for 15% of Brazil's EBITDA. It's important to highlight on the chart on the left that 57% of our volume applies to fuels and boosters, another 25% to segments of PVC and caustic soda. So this part of the business that's more of a commodity business, it's not as profitable as solvents and specialties.

If we break down solvents and specialties, they account for 35%, or the EBITDA margin is 35%, providing a consistent EBITDA for the company of 150 million USD/year. So solvents and specialties provide resilient results and they don't follow the petrochemical cycle, as well as vinyls and fuels. So the diversification of portfolio is one of the strategic pillars of Braskem.

That's why we have recently added some products that we name as bio-based that are based on renewable raw materials because they aim to bring innovation and sustainability to our product portfolio. I would like to give you two examples; one is wood from PVC and rice husks. Braskem has signed an agreement to bring technology from Resysta, which is ecological wood that it looks like wood and it has the look and feel of natural wood. It's 100% recyclable and the fact that it's highly resistant, it's very, has a very good application on outdoors, furniture and decks because it's very resistant to weather, to the weather.

We also launched the wax from renewable polyethylene. We have developed this wax from PE, this PE wax, and we have five regular customers in Europe that are



developing this business in a partnership with a toller that is manufacturing this in Germany, and the application for this is in the adhesive, pigments, cosmetics, coatings and other compounds used in thermoplastic resin transformation processes. So this is a business that's more renewable, sustainable, so V&S captured that opportunity.

Now moving on to the next slide, we also focus on the efficiency of our plants. I would like to comment on some improvements we made this year in three assets of Braskem that were very important to the business. The first was the big project that we added 15% productivity. We now have 15% more products to sell. This was a joint development with the process engineering and industrial area. The Maxio Oil product, project increased the productivity of Unilin non-carbon resins plant improving the products, so we can compete in luxury market.

And the third example is the productivity of the (Incomprehensible 40:52) plant that has increased with the record production this year.

In terms of optimization of cost structures, we have worked hard to reduce our costs. In the plant of Alagoas, we're now going to use a new salt that will bring us 8 to 10 million in recurring gains. We're testing, but we believe that next year we'll be able to have a good cost reduction. Another example is the replacement of, we replace, we're now using renewable energy, wind energy. This will bring a reduction of energy costs that is a recurring one, in addition to a decarbonization of the Alagoas plant. So we continue on our avenue for growth in the decarbonization program.

This is one of the examples. We continue to diversify products and geographies, as well as to expand our portfolio using raw materials from sustainable sources, as well as developing circular products. As an example of circular products, I would like to say that we have four solvents that are circular in our portfolio, that are recycled. We do have two grades of PVC PCR that are recycled, that is recycled. So we have added six circular products to our portfolio.

To wrap up, moving on to slide 24, we are prepared to capitalize on current and future opportunities, and for the vinyls the sanitation legal framework is an important topic. We intend to grow a lot because of this framework. The National sanitation program says that the water supply network should increase by 333,000 km and the sewage network should increase by 252,000 km. That's a lot of pipes and tubes, so we can use 4.6 million additional tons of resin for, only for the sanitation legal framework. So these are two resins of Braskem that will be benefited from this.

For the future, we've been having solid growth since 2018, but we continue to maximize. This is a product that is octane plus that is used as a gasoline booster. We are ready producing this and exporting to the United States. This has brought an additional gain to Braskem.

And finally in the joint ventures and partnership, we have created with Sojitz one year and a half ago a partnership to create a green MEG project. We now have



a green MEG that has a disruptive technology developed by our partner. The dextrose rose from corn goes directly to the production, it's completely disruptive as a technology. Our future business plan is to build 3 industrial plants. We're just waiting for the technology development that should be completed by 1Q next year.

In parallel, there is another project in partnership with the United States to develop our first solvent coming 100% from renewable sources, 100% ethanol based. It's being developed in the plant in the US and soon we'll be ready to send samples to the market and start building new plants in partnership, so that we can produce and sell our green solvent.

This is what I had to say. I wrap now on South America and now invite Stefan Lepecki to talk about North America and the United States and Mexico.

### **Stefan Lepecki – CEO of Braskem Idesa**

Thank you very much, Isabel. Good afternoon, everyone in Brazil and Europe, good morning to those of you who are attending the session from Mexico and the US. I'll be talking about our international journey. Mr. Bischoff said it really well in the beginning. Braskem went international in 2010, and I'll give you more details on that. Back in the day, we had a clear vision of geographical diversification and raw material diversification. The growth and consolidation of our international business at Braskem and our market share on an international level has been quite consolidated in the company, which proves how assertive serve our strategy and vision was and also the success of our business. I'll begin by talking about Europe and the US, we are now on slide number 26. Braskem is the leading company in PP production in North America and we have a relevant PP production in Europe. In the US, plants are located in five different sites, Texas, Pennsylvania, (Inaudible 00.47:27). We also have a tech research lab and product development lab, which is very modern and quite important for our market product and technology development, that polypropylene, but also for other products.

In Europe, our focus is in two plants in Wesseling and Schkopau. These are modern plants, and they are relevant positions from a practical standpoint. We also have an international office in Rotterdam in the Netherlands. Similarly to what was said by Edson, these plants produce products that cater to different markets and different industries. Focus here is the second generation as we call it. These are wholly openly plants that receive propylene from the first generation in the US and Europe. Polypropylene is then produced and they'll sell this to a different, diversified portfolio of clients and customers both in the US and Europe. This material is also exported.

In the US, Braskem is the leading company in polypropylene production, so it's quite a relevant position.



Moving on to slide number 27, now let's take a look at the US history. It all began as we acquired PP plants from Sunoco in 2010; in 2011, we acquired 2 plants from Dow, we also acquired the 2 plants that we now have in Europe. We started expanding as we acquired Splitter in Marcus Cook, also a UTEC plant, which is a very specific product for quite specific markets.

We implemented the Delta project. This was quite a large investment in this plant that was opened in 2020 and finally the export center. As we opened the Delta project because of this higher capacity level, we managed to focus not only on the American market, but also in the export market. It's important to highlight how flexible we are in terms of feedstock purchase. It comes from different sources, refineries, petrochemical complexes, as well as PDHs. That gives us great flexibility in different moments of our production cycle. It also allows us to sell to more than 400 customers, which shows our leadership in market share catering to the automotive, industrial, packaging and synthetic fabrics markets.

Our polypropylene plants are totally integrated through pipes. These are two plants, and what I would say is that in Europe, I would highlight not only our production but also the geographical locations of our plant and of our headquarters in Rotterdam. It is at the very logistics core. It's got an important port in Amsterdam, Rotterdam and (Inaudible 51:16) amongst the 19<sup>th</sup> most important chemical players are located in this region, and 170 million consumers are located within a 500 kilometers radius.

Not only that; I would say that Braskem headquarters in Rotterdam is a great Braskem global hub for us considering the operation synergies in terms of purchase and distribution of raw material and chemical products. It's quite an important geographical location when it comes to developing markets in Europe, Asia and Africa. It's quite an important asset, which makes us have a strategic hub and have greater synergy with other segments.

We now move to slide number 28. In this context, the USA and Europe segment makes an important contribution to the company's consolidated results. The first chart was to the average use rate of PP plants in Europe and the US. We are at an important level. That's what we see up until 2022, because of this cycle there was a decrease in our production average, but in any case it is quite a consistent, sustainable production level... PP, which brings about relevant EBITDA margins over the past years, accounting for 25% of our total recurring revenue, recurring EBITDA for Braskem USA and Europe.

On slide number 29, we see our vision for the future. The concentration in the US and Europe have a clear focus, which is increasing efficiency of the PP business, capturing global synergies and developing new business models. Same thing we do in Europe in the Netherlands. Now we want to have greater initiatives and better efficiency, and to do that we have to keep on strengthening the competitiveness of our assets. We want to keep on having greater and greater integration with our customers downstream, look for strategic partnerships and opportunities to create value.



We want to develop the biopolymer markets. These are opportunities we see to Braskem both in the US and market and Europe, and we know we want to develop new opportunities in the biopolymer market. As we do that, we also want to develop new business models and capture synergies as we integrate our businesses increasingly more.

Growth avenues are to look for partnership opportunities. We want to look for sustainable businesses, especially biopolymer projects. We also want to focus on our decarbonization program creating a positive balance and also develop our renewable business as we diversify our bio-based portfolio, and as we fast track the development of biotechnologies in Boston, Massachusetts, with a clear focus on renewables. This Innovation Center is under construction, it should open in 2024, which shows how committed we are to being close to markets, universities, and our willingness to develop this partnership at Braskem.

So this is what I had to say for the US and Europe. To wrap up, I would like to say that we're going to keep on increasing global synergies and creating projects that add more value. In the US our focus is new products. We want to look at structural initiatives to increase sales and profitability; going for M&A's and JVs, looking for vertical integration opportunities and potential opportunities so that we can be better and better positioned in the American market. The PP, green PP project is quite important, too. We're now having conversations with partners and we're also developing studies so that we can produce the first green PP in industrial scale in the world.

In Europe, we want to expand our portfolio of international customers, develop better products for all regions of Braskem in all regions, using our strategic location in Europe, which provides us with access to the main European, Asian and African markets.

Walmir will be talking about our green strategy and we have created the Braskem trading and shipping company, which will operate mainly in the international supply of feedstock from the main segments of the company, especially naphtha and ethane. Ethane comes from Braskem Netherlands. Our main focus will be to expand the portfolio of global feedstock suppliers, which will allow us to gain scale and competitiveness. We want to have long-term competitiveness and we also want to have lower CO2 emissions in logistics.

Let's take a look at Mexico moving on to slide number 32. Braskem Idesa is a JV, it's the largest polyethylene producer in Mexico, 75% Braskem and 25% Grupo Idesa, which is a traditional Mexican group. It has more than 60 years of history in the petrochemical industry in the country. Recently the financial group of (Incomprehensible 58:11) control of the Idesa, which is very important of Braskem. We got two strong shareholders who are a quite committed part Braskem Idesa growth strategy in Mexico.

This is a picture of our plant that was opened in 2020, since 2016, it's the most modern complex. To your left-hand side, you see the amazing logistics structure



we have not only to ship products, roads but also through railways, which is quite a competitive option for us.

On slide number 33, we see that Mexico has a great advantage and has the first integrated business model bringing together first- and second-generation product production. It's an integrated perspective. We receive ethane, both from the domestic market and from the international market. Ethane is cracked into ethylene first generation and then we produce high-density and low-density polyethylene in the second generation. We got a large scale, this is a modern plant and then we'll sell this to our customers, plastic transformers, third generation; these are quite similar to the ones we have in Brazil.

We're located in the State of Veracruz in a strategic position close to feedstock sources in the Mexican Gulf, well positioned for exports, too. We export to different regions from this site.

Moving on to slide 34, the main competitiveness aspect of Braskem Idesa is the way we use ethane. It's the most competitive feedstock in the industry. There are 4 main pillars to our competitiveness aspect, the first one is the feedstock ethane. We are now between the 1st and 2nd quartile of the global ethylene cost curve. We have access to the Mexican market with consistent growth, since we're close to the US.

We also have a consolidated customer portfolio with more than 200 active customers from different segments and also competitive exports, exporting to more than 50 countries. We've got a differentiated geographic location to access the most relevant global markets. We take advantage of the free trade agreements in Mexico; we have free trade agreements with dozens of countries on a global level. Because of all those factors our logistics and exports costs to the US, Central America, South America, Europe and Asia are quite competitive, and we can take advantage of this important infrastructure through roads, railway and sea.

Slide number 35. Because of all the initiatives that were implemented since 2021, because of the stability of ethane stabilization, because of the agreement that was signed in 2021 and since we managed to find a temporary solution for ethane imports through a specific terminal, we managed to consistently increase our average use rate. That happened since 2021. You can see the numbers on the chart and we expect numbers for the following years to be even better than what we see now. That brings about great stability for our sales volume and allows us to have great profitability.

On the yellow line on the chart to your right-hand side, you can see that the EBITDA margin is quite important. That's why we need to be competitive in terms of cost and in terms of market access, both for the domestic and international markets. Recurring EBITDA for Braskem Idesa has accounted for 14% of the company's consolidated recurring EBITDA for Braskem.



Moving on to slide number 36, our vision for the future and for growth. We want to maximize profitability, making sure we are financially disciplined moments, low in our cycle. We see that on a global level the chemical industry has been suffering because of its shorter margins. We now have, we have to make sure we go through this part of the cycle with great discipline, preserving our profitability - and we've been doing that quite successfully - and we also want to focus on our organic growth.

In terms of efficiency, we want to increase the availability of feedstock. We want to operate with use rates above 90; we want to preserve our financial health having disciplined approaches towards capital allocation, Capex and working capital. This is very important so we can face these difficult times of our cycle and so that we can resume growth. Since we export, we have to think of commercial and logistics synergies at Braskem. We've got great energies with the US and with other regions in Central America, South America and Europe, so that is synergies in terms of logistics inwards using our international hub in Rotterdam, which is quite important to increase competitiveness at Braskem.

Our vision for growth. Once the ethane import terminal is implemented, we clearly believe that we have enough feedstock to make it feasible to expand our complex with EBITDA margin, additional volume and the lower investment. We are working in the decarbonization program.

Now talking about these projects in further detail on Slide 37, this is our feedstock strategy. You all know the difficulties we went through once the ethane production was decreased by Pemex, so we developed a strategy to negotiate with them and complement the supply with imports. Up to 2024, we have a fast track with the capacity of up to 35,000 barrels/day and with that at 65,000 barrels. We operate at full capacity and by, as of 2025 we have ethane in port terminal. That would be very beneficial given the stability of the supply in ethane. This allows us to work consistently at a very high operation rate.

Moving on to slide 38, we'll talk about the ethane terminal. In the partnership with the with the Advario, with the JV between Braskem Idesa and Advario that's an expert in the operational terminals, we create a company called Terminal Quimica and 50 – 50, with the syndicated financing, and that allows with an equity structure of 70%. We have received the first amount that allows us to continue to work to finish the construction. The entire terminal is based on offtake contract that will ensure the sustainability and profitability of the business, and on the other hand ensure that the operation is sustainable.

The capacity is of 80,000 barrels, above our current capacity. The total investment 446 of... total investment of 580 million with 546 of Capex. They have some pictures here of the terminal that is 50% and is moving well.

Now on slide 39 complete within the avenues for growth, decarbonization and alignment with the Braskem's commitment to have decarbonization by 2030. We also issued a sustainability bond to reduce by 15% in 2028. We have projects of



efficiency using our automation capacity that allowed us to reduce to 7% already of the 15 percent CO2 capturing project; and another enforceable, important focus on renewable energy in terms of electricity supply for our complex.

And also the expansion of the current capacity. With the low investment of 100 million USD, we expect to have 20% expansion that will provide a very important added value to the company.

This is what I had to say. Now I turn the floor over to Walmir that will talk about the Green PE, thank you.

### **Walmir Soller – VP of Olefins & Polyolefins Europe and Asia**

Thank you, Stefan. Good morning, good afternoon, everyone. So let me give you an overview of our global business of Green PE. On slide 41 you can see that Braskem is the global leader in biopolymers. It has started this operation in 2010. The portfolio of biopolymers is produced based on ethanol from sugar cane, which is a renewable feedstock, and this is a global business supported by a brand that is recognized worldwide, licensed to many customers that use the polymer. It's important to highlight that the raw material is originated from a sustainable ecosystem based on our policy of sustainable suppliers.

Moving on to slide 42, you can see that green PE produced based on ethanol is much better than fossil fuel, except for the primary source. You can use carbon 14 to measure the age of it. The advantage of this product is obtaining carbon used by, produced, based on renewable sources with a negative carbon print. Well, the traditional carbon produces CO2. The polyethylene produced based on renewable feedstock removes carbon that was in the atmosphere.

It's a subtle product that is a polymer used in several applications, as described before in Edison's presentation. This slide is interesting because it shows how, based on an alternative route that is not the fossil one, you can see that based on oil you start several cracking verification steps until reaching a (Incomprehensible 1:12:16) and based on sugar cane you produce ethanol, dehydrated, and you arrive at the same ethane, ethane molecule, and that produces polyethylene. And the main advantage is that it uses the same capacity, existing capacity. It doesn't require machine adaptation for product packaging or plastic transformation. It can be used with all the machines that are currently available.

Moving on to slide 43 now, we see some examples of global and regional brands that use our biopolymer, such as Tetra Pak, IKEA, Lego and Allbirds. Asia and Europe together account for around 85% of the demand for the Green PE; however, the Brazilian market is growing rapidly, and the US market has also become more and more interested in this type of solution. In this year, we opened an office in Japan, in addition to the one we have in Singapore. The Japan branch is more focused on green polyethylene, so we are closer to our customers that



seek sustainable solutions and also supported by a policy to grow the use of biomass in Japan.

Moving on to slide 44, on the chart on the left you can see that our sales volume has grown consistently, attaining its installed, full installed capacity in 2020. That year we decided to invest to enlarge the plant in order to increase capacity by 30%. The investment was made and in the beginning of this year or with the half, you know, by July we started the production of a new level arriving at 630 tons on an annual basis. We have been operating above this nominal capacity. This is another important aspect that shows how much we master the technology to perform the project, execute it and enlarge the plant. This is also important for our future growth plans.

We also show the net revenue on the right from Green PE plus ETBE, which is the product for gasoline that was presented by Isabel. So here you can see that there has been an important growth in the products based on renewable sources.

Slide 45. This is our responsible procurement program. This is based on a code of conduct in which suppliers comply to our requirements in terms of human rights, agricultural practices and the environment. This supply chain is audited regularly based on, by third-party companies based on the commitments made by Braskem, and our suppliers also go through the certification process. For example, the certification in the sugar cane production process, as well as the custody process for ISCC Certification.

Now moving on to slide 46, in addition to the growth in capacity at Triunfo with the (Inaudible 1:16:54) we also created a project to replicate the project we've been growing in the Asian market and that would provide us with an industrial footprint that's closer to the markets that used and developed new applications.

We've also created an important partnership with Lummus Technology, which is one of the global leaders in licensing of technology for chemical, petrochemical industry. So Lummus is our partner to develop and license the green in the (Incomprehensible 1:17:48) technology. This technology is important because in addition to the growth of biopolymers and other chemical products based on green ethane, Lummus has a technology package that produces even SAF, sustainable aviation fuel, that is a product that many companies seek.

On slide 47 I explain the efficiency. We continue with the optimization of our operations, the production chain, diversification of market segments to pave the way for the growth of new capacities that will come, as well as to consolidate the strategy of sustainable raw materials and development of new ecosystems for the global chemical industry.

We've been also working to develop new value chains for green ethane, which is used in green ethane in addition to green PE.

In the growth avenues, we continue to seek opportunities for growth with strategic partnerships, both for strategic, for geographic diversification and strategic



assets. For example, in Thailand we would use the polymer production assets to produce it using our local partners. We need to develop new growth avenues such as the green polypropylene in the US and other chemical products, all from renewable raw materials. And all of this is connected to the market demand that seeks to grow faster with customers that want to reduce their carbon footprint. The biopolymer is an important leverage in this process.

Now I turn the floor over to Pedro Freitas to talk about the Alagoas geological event and the financial results of the company.

### **Pedro Freitas – CFO**

Thank you, Walmir, good morning, good afternoon everyone. So as you may know, after geological events in Alagoas, as of 2019, Braskem stopped the operation of the salt mine it had in that area, and we started to solve all the consequences of the event. On page 49, you see a series of agreements. We have technical cooperation, for example, that have been signed since 2019; and now, in 2023, an agreement with the Maceió City Hall. These agreements have a list of actions that we are implementing in the area, either to remove dwellers from the area allocating them elsewhere, city planning, and the closing of the mine and monitoring the soil.

We have used more than 1500 professionals from different fields to meet all the requirements. When we think about the next step, on page 50 we can see the status of each front. The main front is the allocation of mobilization people, the so-called PCF. Here there is a very advanced status, more than 99% of residents have been reallocated. We expect that by the beginning of next year the PCF will be finally completed.

We have a plan to close the salt mining wells in alignment with the National Mining Agency, it is 70% done and we expect to finish it by 2025. We also have stabilization and draining projects for the walls, we expect to finish it by 2024; and the social action plan also is expected to be completed next year. So we're quite advanced in the actions we agreed to, and we continue with the measures to implement initiatives.

On the next slide you can see some of the pictures of our work. You can see that the walls are being closed, some of them are being filled with sand. You see the belt transporting sand to be injected into the soil. We've got great work to stabilize the slopes. It's the largest infrastructure work to stabilize the slopes because of rainfall. We've got high-tech equipment that is used to monitor the area. We've got dozens of sensors of different kinds to monitor the area, and this is monitored by the civil defense agency, so we got a central site to monitor geological events.

We also have the Flexais project to promote professional training, and you can also see urban mobility initiatives to benefit drivers, cyclists and pedestrians in Maceió.



On slide number 52, you can see the status of our provisions. Total provision was above 14 billion BRL, out of which we have spent a little more than 9 billion already. So in our balance sheet you saw the provisioning. In the end of 3Q that was the amount of 5.6 billion BRL and by September 2024 we should spend 3.2 billion BRL, and the rest of that amount should be spent in 2025 and 2026, according to the plan that was previously shown.

In terms of relocation, all relocation and compensation account for the highest amount is to have 1.4 billion to be spent; and then you see the other front closure and monitoring of salt wells and social urban measures, including mobility initiatives and also additional initiatives, which includes the agreement with the City Hall. So this is the status of the Alagoas geological event, and now I will be giving you the information on our financial results.

Our profitability is built considering the demand we have; therefore, the sales volume; on top of that we'll apply the price that follows international benchmark. This benchmark is defined by marginal producers in the chain of costs, so we'll look at the region that has the marginal pricing and in regions where we operate. Resins are usually priced with international parity that happens in Mexico, in the US, Europe and Brazil. Of course, there are some variations around that, but this is the main reference we have. For basic chemicals, they'll follow another standard because international parity is not applicable.

Variable costs, well, they all depend on feedstock mostly; 60 to 70% of the total production costs come from feedstock, which is the key element for our business competitiveness; and then fixed costs. Fixed costs, well, as we're growing scale, fixed costs are more and more diluted and this also has an impact in our competitiveness level. So the way I see our business has to do with the volume demand times the spread of our profitability and the cost and then minus fixed cost. Since we have competitive assets located in our curve, since we diversified assets, products and feedstock and because of the scale we gained, we are well positioned in terms of competitiveness. That on a structural level.

Now there is a low cycle in the petrochemical industry that has been created, some challenges that are being addressed by us - and I'll be giving you more details on that. On Slide 55, you'll see the results. Our EBITDA margin in USD, our Braskem over the past years. That's what you see on the slide, and in gray you see the figure of the past 12 months, the third of the worst amount that we had four years ago. So we see that the spread is quite flat in the industry because of an excess of global offer that created an excessive amount of product in the market, and therefore margins dropped - and this is the result we see on the chart for 2023.

On your right-hand side you can see that despite this challenging situation we're going through the worst cycle of global petrochemical companies, while Braskem can still keep up with cash generation that is close to neutral. In 2019, we had a strong cycle and we managed to keep that cash generation positive; now, in the worst cycle in history, we are close to breaking even. But if we consider cash



disbursement from Alagoas, then of course we are using quite a relevant amount of our cash in the past 12 months.

Moving on, in such a scenario, it's important to risk... it's important to mitigate and manage financial risk, rather. Here are some financial risk elements that are followed up by us for quite a long time. Our financial policy dates back to 2010. It was created after the 2009 crisis, so it's quite a conservative financial policy, and in moments of extreme low what we do is we benefit from this policy, which is quite conservative, to make sure the company is stable.

In the financial policy we forecast solid minimum cash, which is quite solid and conservative to avoid liquidity risk. We also have foreign exchange risk approach. Since Braskem is highly dollarized, our debt is also indexed to USD prices, so the company's price is dollarized somehow. We also have costs in BRL, expenses in BRL. So we've got a natural hedge that protects us in terms of over valuing of the Brazilian currency.

And we believe that in terms of commodities, we have to take what we call the petrochemical risk. That's what we're here for, and there is this strong correlation between fixed cost and product cost. So we've got both a natural hedge over time, but sometimes there may be some mismatches and then we have to head to these commodities - but we're not talking about a large volume that is part of that strategy over the past years.

And finally our risk is mitigated by the credit rating system. Nowadays, our default rate is very low, roughly 0.1%, sometimes it's even below that. So there's this evidence that shows the quality of our credit risk management. These are all the mechanisms we have in place that help us hedge the company's risks at this point.

On slide 57, you see how we apply that in practical terms. In terms of liquidity, you see that our cash flow is quite strong at 3.4 billion USD of cash with an additional billion USD with other credit line that hasn't been used yet, but it's been contracted with a union of 12. Thanks. It is at our disposal if we need it and the level of that we are at is enough to cover the debt for the next six years. So this is our cash position, which is quite strong considering the moment we're going through in the cycle, which is the moment of low. So we thought about having some, try to just to reinforce our cash and have solid foundations in this form.

Our investment rate by S&P and Fitch was changed. I guess at the moment low in our cycle, but as we talked to them we realized that they understand that this is a cyclic movement in the industry and that they understand the dynamics of our market all throughout the years. We are still committed to being disciplined in financial terms.

On slide 58, you can see our capital allocation strategy in the past years. Since 2015, you can see the blue bar showing the net cash generated by operating activities and then how this cash is allocated: maintenance Capex, strategic Capex. In 2019 and 2020 you see when the new line was created in the US and



then dividends paid, which is important for our shareholders. In 2021, for example, when we had great cash generation, we allocated a great part of this result to dividend payments. We also paid our debts to a great extent, that's what you see on the gray bar. A large amount of debt was paid in 2021, so we reduced our growth debt in 2021. Braskem is therefore quite balanced in terms of our cash flow because of the way we allocate capital.

Now return on invested capital is what you see on the right-hand side. You see the dividend flow in the past years in million BRL. You can see the numbers throughout this cycle, so it's quite a great level.

Now to wrap up our financial management presentation, I would like to say that our main goal is to generate value to all shareholders and balance out our cash generation as we create positive impact to all the stakeholders. Our main principle is to have a robust cash generation and cash position. Our leverage target throughout the cycle is of 2.5x supporting our EBITDA in USD, not considering million Idesa, and we believe that is what is going to support the high level of investment, we make.

We also have maintenance investments that amount to 5 to 600 million USD annually. That's the average in between cycles. Sometimes these figures were lower. For example, next year our expectation is to not have any shutdown, so the amount of investment we should have next year will be lower, amounting to 400 million, except for Braskem Idesa, and we have to calibrate that according to the moment we are living. The main objective we have here is to have cash conversion percentage in line with the industry, again being responsible and balancing out growth and return to our shareholders all throughout the cycle.

With that, I'll hand the floor over to Rosana, she'll be talking about our corporate strategy and what we've been doing in this regard.

### **Rosana Avolio – IR, Strategic Planning and Corporate Market Intelligence Director**

Thank you, Pedro. Good morning, good afternoon. It's a pleasure to be here with you today. Today I'll talk about the corporate strategy. As Pedro mentioned and as my colleagues made their presentations today, I'll make a consolidation and present a global strategy of Braskem. Naturally, on slide 61, I start by talking that our foundation is the basis for everything; we actually make our decisions based on our foundation, these people and governance, which is in line with our strategic pillars. As we attain our goals, internationalization and growth, we revise the strategic pillars, so the main revision or review done last year.

So productivity and competitiveness, we have to try to drive top quarters results, knowing that some assets will be increased, and others are already in that stage. As we mentioned today, competitiveness of raw material is important to be a first quartile producer. In terms of sustainability, in 2020 we have renewed our macro



goals for sustainable development. It has become a strategic pillar of the company and we have this pioneer policy in terms of bio products. So we want to continue to be a benchmark in the chemical and petrochemical industry.

And now we move to growth and diversification. Diversification was key in our path since the company was created, and here it includes our entire portfolio of bio and circular raw materials and portfolios of products. Innovation, finally, has been and will be key to meet our goals. I have some slides to illustrate that. So we have growth evidence in line with the strategic balance that will happen according to these avenues. In the traditional business, our goal is to be carbon neutral by 2050 and reduce carbon emissions by 15%.

And in addition to that we continue to grow our bio-based business in a selective way. We're talking about high investments that improve the profitability of the company. The bio-based product is our main differentiation point when compared to the rest of the industry. It reinforces our pioneer spirit, and our goal is to expand the production of biobased products to 1 million tons by 2030.

In terms of recycling we have a robust portfolio, and in 2018 the company defined its position in terms of circular economy. We are aware of our role in this topic and our goal is to grow this portfolio in terms of products and using recycled raw material by 2030. So the pillars aligned with growth avenues which the main goal is to create value for shareholders.

Now moving on to slide 62, we talk about the strategy, but we do acknowledge that our business is cyclical, so we will operate in the resilience and financial health. This is a way something that has started some time ago. We have the goal of maximizing cash generation, and this will be balanced with business growth. The additional cash contribution is the goal of that, all of that supported by the global strategy that I just presented.

On the following slide I'll talk about is resilience and financial health, and I'll also speak about the business growth. On slide 63, we have the main resilience and financial health strategies. The goal is to maximize cash generation so that we can have enough cash to support traditional assets, as well as the avenues of growth.

In the operational side, we've been trying to leverage this position of leadership, as Edison and Isabel presented, to use our commercial strategy and prioritize sales to customers that identify the quality of Braskem service. In addition to that, we want to have a global optimization of fixed and variable costs. So this involves raw material supply contracts, imports of raw materials. The company imports a large volume of raw materials, so we want to optimize that front.

Moving on to the financial side, is to keep everything that Pedro presented that is very much in line with our conservative financial policy and our principles to keep a robust cash position and an extended debt profile - of course, with continuous initiatives to optimize working capital, accounts receivable, suppliers and inventory levels to overcome the cycles that are typical of our business, this



continuous operation of our industrial assets according to demand. We have weekly discussions to define our short-term sales portfolio, as well as a more long-term view; and a review of the industrial team to review the downtime or the shutdown schedules. In the investment front, this continuous prioritization in a downturn cycle or downward cycle is important because we have to prioritize investments.

On the strategy side, I would start talking about the second point that is the asset portfolio optimization. We analyze the cash generation of each asset globally. This is something we're going, we're doing now in order to define the action plan for coming years, and I would like to reinforce the agenda of the Brazilian chemical industry competitiveness.

This is an agenda that's been very important for Braskem, as well as for entire industry, and I would like to remind you of the importance of the chemical industry of Brazil. This is so important because all the companies account for 11% of the industrial GDP of Brazil; so yes, there is a discussion of how to be competitive globally. It's important to reinforce bring the list on these 9M23. In all these fronts that I presented; we have had an increase in EBITDA of 300 million USD. Some of these initiatives change the... we talk about the price of raw materials and the change in the cost structures, and we have had an additional 350 million USD in cash generation, especially when we think about better use of working capital, prioritization of Capex.

I'm moving on to slide 64, I'll talk about the business growth. Before detailing each one, each avenue, our main goal with each project, I would like to talk about how this business will grow. You may have noticed, recently we made several investments either in new business models or partnerships. We believe that we can do more with less by leveraging on the competence of our partners. So I have an example. This way you will continue in the future.

So let's talk about Oxygea and Lummus. Oxygea is the hub that will have an investment of 150 million USD from Braskem in the next five years. We've made a round of investments. We have received 150 business cases, we have invested in some startups. Enormous technology will be key to attain this strategy in terms of product development. This is about developing and licensing Braskem's green ethane technology. Braskem wants to extend the reach of this technology to have more revenue and partnership with new technologies.

In terms of electricity and natural gas trader there is Volcan. We have created this business recently. And the goal is to accelerate the sustainable energy transition of Braskem, as well as of the industry and our customers. Cazoolo is a packaging design, circular packaging design lab. We have created this hub to promote new applications for our customers and brand owners, bringing the circular economy ecosystem as a solution that it's a quality solution that could be part of people's lives.



And finally Terminal Quimica in Mexico. This this is a logistics terminal, it's a 50 - 50 investment because it's a partnership and we leverage on their competences in logistics, so this is a new way for Braskem to grow not only with individual traditional investment, but also with partnerships and creating new businesses.

Now on slide 65 each growth avenue as mentioned, and I give then examples of projects that are ongoing, starting with the traditional business. On the strategy pillars, I mentioned that Braskem wants to grow in its traditional business. This brings important cash generation from the company, so we'll continue to look into high value projects.

But we have to decarbonize the fossil business to attain the goals that we established in the past. So in the decarbonization front, in 2022 there was a major advance, which was the creation of the marginal emission curve. Today we have a goal for 2030 and 2050, but for 2030 we continue to focus on contracts of energy purchases that are renewable energy, as you can see on the left of the slide. We're working with partners here, partners that provide renewable energy to the company, and several other projects under construction.

This is one of the fronts for decarbonization, and the other fronts are energy efficiency projects that not only reduce the reduction in under Scope One, but also have a positive result. These are projects that will create value regardless of the prices of carbon. In the future and the carbon market is discussed, the prices are established. This would be even more profitable for the company.

Now let's talk about opportunities to generate value. Edison had already mentioned, we do believe a lot in the potential of competitive raw materials in Brazil, and this will come from the pre-salt. We do have a plant that is in Rio de Janeiro, it started in 2006, and we've had additional raw material. We want to think about a new investment for Brazil, maybe, to increase the production of this plant.

It's necessary to have a change in the legal framework to regulate the natural gas market to make the petrochemical industry and Brazil more competitive. When that happens, the company is ready to expand the plant and as a reference, if we look at the difference from the differential cash cost to produce 1 ton, it then is a fraction of natural gas. We're talking about a differential, competitive differentiation advantage of 400 USD/ton.

In terms of bio products, the goal is to expand their production. Braskem is currently the largest producer of biopolymers worldwide, we want to keep this leadership position, and with all the knowledge we have of the market. This is a business we've known since 2010, for 13 years, so we want to expand. When we defined the polymers 2022, in 18 months we have increased Brazil's production by 18%, by 20%. This year, we have announced the JV with SCG Chemicals to have green ethane produced in Thailand. The investment will be made in 2024.

There are other projects. Sustainia is the project that uses the raw material from monoethylene glycol from renewable feedstock. This is a new product for the



textile industry, but it's also a new technology. So innovation is key for our strategy implementation. This year we have also launched studies to produce (Incomprehensible 1:54:33). When you think about the new (Incomprehensible 1:54: 42) ethane products. We expect to capture value, we expect to have an incremental EBITDA generation of 600 to 800 million USD/year.

Finally, for recycling we have established a goal to increase our portfolio sales with the recycled content, resins and chemical products, and this will take place by mechanical recycling and chemical recycling, advanced recycling, being aware of the trend or the challenges we face to find the raw materials to develop the technology. Anyhow, the company continues to advance. Today we have announced capacity in terms of 99,000 tons in terms of mechanical recycling and chemical Brazil and Europe.

And finally, on the next slide we talk about global advocacy, and we do believe in this product, and we want the chemical industry to be a major link in the recycling economy, and that there are public policies that help to boost this business in Brazil and globally. In the first slide that I mentioned this strategy, innovation has been a key element. So I would like to say that innovation has been key to meet our goals. The main innovation has been the platform in innovation platform. This is very much in line with the avenues of growth.

The first platform is decarbonization. We're talking about technologies, biomass to chemical products. So we are talking about disruptive technologies; the second platform is biomass into chemical products, totally in line with the bio or the bioproducts growth developing green ethylene, biochemicals, biomass; there is a lab in the US to attain this project; and finally, recycling. The name already says that we're talking about picking products with added value, either in mechanical recycling, increasing the quality of these products to make it competitive with fossil products, to be a natural choice for society; and also development of technology for recycling, improving the efficiency of raw materials, not only of existing technologies, but developing new technologies.

And this leading role, as you can see on the right side of the slide, can be illustrated by the investment in innovation. Historically, Braskem disbursed 250 million BRL/year. As we define the strategy being, playing a leading role in innovation, we exponentially increase our investments in innovation. From 2022 to 21 there was a growth of 70%; and 2023 when compared to 2022, we expect to have a growth of 20% in these initiatives and projects. So naturally, we have the recognition of several players, as you can see in the lower part of the slide.

Now on the next slide 69, conversion of CO<sub>2</sub> into chemical products, electrification of crackers are part of the decarbonization portfolio. We have to develop competences not only abroad, but in Brazil as well, with several projects. We're talking about the University of Chicago and the University of Sao Paulo and routes to capture CO<sub>2</sub> and make chemical products. This is disruptive even when we think about our goal after 2030.



Electrification of crackers is the replacement of thermal energy derived from fossil fuels to renewable energy sources after 2030 and recycling, either mechanical recycling, we talk about product quality; and chemical recycling, that is to convert products into raw material.

And finally Oxygea. Oxygea there is an annual round, and we identified several situations and selected six of them.

And now moving on to my final remarks on Slide 70, I would like to remind everything, remind you of everything the company has done since our last Investors Day. In 2020 we started, the start of our polypropylene plant in the USA, reinforcing the Braskem leadership position; in 2021, we had the boom of spreads. This advanced movement of Braskem regarding the industry was very good. We accelerated this investment to look for opportunities in a visionary way. In 2021, we signed two budget agreements for renewable energy. Green PE WAX, and we started our operation in mechanical recycling in Mexico in partnership with Alcamare.

In 2022, we developed our neck curve and our decarbonization road map. Of course, there are different maturities and risk in order to reach the 2030 and 2050 goals, but we continue to sign other wind power agreements and vapor based on biomass. In 2022, we advanced in the partnership with Lummus that's important, especially in green ethene that maintains our leadership position; and we have created the JV that's called Sustainea. And finally, we've acquired a minority interest in the US company that operates in advanced recycling.

In 2023, more recently, we have Advario. We continue to sign long-term purchase agreements of renewable raw material with cost benefit; we completed the DBN of Green PE in alignment with our goals to grow the portfolio; we created the JV Siam; and in terms of recycling, we finished to acquire the majority shareholding in Wise Plásticos and created the JV in the Netherlands with Terra Circular, a company focused on converting solid waste into final products; and more recently, finally, we've announced the contract for the supply of pyrolysis oil produced through chemical recycling with Vito.

Thank you all very much, and now I turn the floor over to Bischoff for his final remarks.

### **Pedro Freitas – CFO**

Thank you, Rosana, and for our final remarks I think we have to comment that the year of 2023 has been a year of challenges given the international scenario. Braskem, even in this context, has made important deliveries, very much focused on the initiatives to preserve its finances, but also to create value.

If I had to highlight the concentration concentrations in 2023, I have to mention the optimization of asset operations that are now operating at a lower rate with different operational strategies, capturing very relevant operational results, and



also the focus on the cost discipline. This generated, as many of you mentioned in these presentations, the capture of EBITDA of 300 million USD in the year based on well-mapped initiatives, and that were developed and implemented during the year.

The strategy to have our preservation of our finance and create value for shareholders was a very well-implemented strategy that has led to important funds and additional cash generated in the amount of 350 million USD. We prioritized investments in selective ways, concentrating on the important ones and also investing in the initiatives to eliminate plastic waste, fighting climate change that are medium and long-term goals of the company. We also invested on initiatives related to social responsibility and human rights.

Continuing, we continue to invest in technology. We, in terms of avenue growth, prioritize our strategic pillars and we also prioritize the digital transformation as a way to configure new business models for the company in the industry, and to implement significant operational improvements that lead to cost reduction in the short run. A clear example of these allocation of funds were the comments made regarding Braskem Siam by allocating funds to renewable energy, renewable sources, wise technology with an investment made on circular, circularity of plastics operations.

And Alagoas we dedicated ourselves to meet or to deliver on the commitments regarding the geological event of Alagoas, and we progressed in every front, especially the financial area.

On the following slide regarding the cycle, we believe that the year of 2023 possibly has represented the worst moment, and as of 2024 we expect recovery in the international scenario, based on a better balance between global supply and demand. This recovery will not happen in an accelerated way; in our point of view, it won't happen equally in all products. There are some products that are more resilient and have suffered less in our portfolio, as I mentioned, and some products were more impacted. Likewise, the recovery will not apply in the same way to all products. There will be different speeds, different dynamics according to the supply and demand balance in the global market.

We do understand that the year of 2024 is an evolution, and on slide 73 we have a view in which basically the profile of Braskem sales is kept constant, just changing our expectation of spread in the product. So the bar size represents graphically this result or view.

Moving on to the following slide, I tried to summarize what we believe to be the competitive differentiations of Braskem to capture opportunity in the petrochemical industry. The first significant point is the fact that we are a global company with industrial units located in four different countries like global commercial network with offices in several continents that serve various segments of customers worldwide.



We are the leader in markets. In the Americas in the resins market we're the 6th largest producer of thermoplastic resins worldwide and the only integrated petrochemical plant in Brazil in basic chemicals and polymers; we have an effective compliance and governance system; we are classified at level one of corporate governance in B3; we are a company that makes concrete contributions to sustainable development, we are the world leadership in biopolymers, and clear goals to grow this business and many initiatives already being implemented.

We also have goals regarding the circular economy of carbon neutral. These are important contributions to ESG, as shown by our strategy and initiatives; we are a customer-focused company, a future-oriented company and our commercial strategy is very different because we focus on partnership, on being close to our clients and understanding the supply chain; and we implement digital initiatives trying to optimize this business model and the chain to optimize the operations, reduce cost, respond quickly and therefore create new business models that can be useful for the chain.

We operate in risk management in an integrated way into the corporate strategy, a strategy that focuses on the diversification of raw materials and the geographic diversification to mitigate risk and volatility in the cycle; and we also focus on a portfolio that is more robust; and we are clearly a company with a robust financial strategy and strong liquidity position, as Pedro mentioned.

And to wrap up now moving on to the last slide, we will clearly continue to focus in two time horizons; in the short term in this cycle that 2024 will still pose some challenges, focusing on resilience and financial health to maximize short-term cash generation - and the main example, as Rosanna mentioned, we have captured 300 million and we expect to maintain the run rate and without, we expect to maintain that strategy without losing focus on the business growth strategy. There are very well-defined opportunities for the growth strategies and we have a potential to add another 800 to 1.2 million USD.

So this is what Braskem looks like, this is Braskem's way, this is how we see the company, and now we can continue and open for the Q&A session, so we can answer the questions you may have, thank you.

### **Q&A Session**

#### **Operator**

We will begin our Q&A session. If you want to pose the question, please dial \*1. If you want to remove the question from the list, please dial \*2.

Our first question comes from Rodrigo Almeida from Santander. Over to you with Rodrigo.

**Rodrigo Almeida - Santander**

Good afternoon. Roberto, Pedro, Rosana and everyone who is attending this session. This was a very good presentation. We had learned so much about the company, so, this is quite a different earnings release. I have three questions. I wanted to talk about biopolymers and ask you a bit more details of some aspects of your presentation.

I wanted to better understand your investment approach, Brazil is an exporting country, traditional aspect, but I wanted to ask you about the product differentiator in the niche market so I can better understand how that connects to the Chinese project of being self-sustainable in terms of petrochemical production. The China factor, how can that affect pricing of your products, especially biopolymer. How does that connect, you know, sustainability in China and pricing of biopolymers in Asia. It will be interesting to understand that, as well as different markets.

You know that Japan may be a niche market because it is quite small. Can you give us some more color on that? And other colors in the region? And what other countries in the region can be impacted?

Also, you mentioned 800 million in value capturing for bio product. Why is that a bit more precisely, to what extent this project go ahead on the polymers? The question has to do with capital allocation. I think for now we are moving away from this difficult phase of the Alagoas event. As you look back. I mean the Delta project in the US had a great timing; you went into production at the peak of the cycle, it was good. Now they are going through tough times industry. Naturally, I wanted to ask you what you see moving forward in terms of investment.

If you look at this valley in our cycle, when you just start looking into this new initiative and if you have the opportunity now of having you will have a project or maybe a new plant. So if you can capture this, turn this turning point or maybe for 2025 or maybe 2026. At what point in the valley is it that you are losing your investment, especially after these difficult times the Alagoas plant? How is capital allocation under this context and at this point of the cycle?

Third question. The scenario was quite clear, but I wanted to ask you to quickly summarize the Mexican Project. What is the ROI of the project? Is what it was before because of the terminals? This may have come down a little, but now that your strategy is more self-sufficient in terms of stock, how do you compare Mexico and the situation you had back in the day in the country. Thank you very much.

**Walmir Soller – Vice-President of Olefins & Polyolefins Europe and Asia**

Rosana, I can begin. I can talk about our green strategy and then following that I may turn it to you. Is that OK?

**Rosana Avolio – Investor Relations, Strategic Planning and Corporate Market Intelligence Director**

That sounds good, yes.

**Walmir Soller – Vice-President of Olefins & Polyolefins Europe and Asia**

Let me try and address your questions. This is quite a complex, comprehensive question. I will just give you some elements so you can better understand the whole situation.

What happened in Thailand, for example. First and foremost in Europe and Asia, we amount for 85% of the green market and this market has been on the rise. It has been growing consistently in these regions. Now, since this market is biomass based, there is something important we have to consider. We need geographical diversification so we can mitigate geopolitical risks. That is because we are talking about biomass.

When we looked for a position in Asia because we wanted to be close to the market and also because we wanted to have local support as we advocated for this new product, then Thailand emerged as an opportunity. Quite an interesting opportunity. You see because they also grow sugar cane. Biomass that we are used to handling that we know pretty well. And also because we needed a first line partner that had the right assets considering the polymerization of grain ethane. So these were a number of factors that led us to moving forward with the JV in Thailand. And like Susanna said, this decision should be made next year.

With regards to the market in terms of biopolymers in China this is how we see it. When it comes to biopolymers, we have got an extensive portfolio of opportunities and possibilities. In China they have some starch-based solutions. They have been investing in other materials as well, as well as biopolymers and alternatives. We still believe that we have got competitive path ahead and besides that, there is another important aspect that sets us apart from the petrochemical industry.

In that case there is a specification and when you meet that specification and you meet market prices, then you can move your product with no further restrictions. In this specific case, when it comes to biopolymers, we have to analyze the life cycle that happens in many customers of ours. They have got documents on their carbon footprint. I do not have to abide by this documentation as well as traceability, you have to know what plant we bought is feedstock from. That is why ISC was mentioned. This is a certificate that ensures the whole product supply chain.

It is not only in this case about competitiveness, it is about delivering the value our customers expect and all throughout the past years we have managed to develop quite a diversified customer base from a geographical and from a market segment standpoint.



These customers follow the same values we do, such as respecting the environment, having good working conditions, social responsibility, abiding by the best practices. So in this case, customers are buying way more than polymers they are buying in this case the reputational guarantee so to speak, of the product and of the brand as well.

When it comes to growth, when we compare biopolymers with traditional polymers, we still see a very low percentage: a million tons in 2030 for polyethylene. You know this market for polyethylene the number should be way higher. We still have a long way to go and many opportunities for growth.

You talked about Japan. Japanese market has grown quite mature in terms of the use of biomass. Especially because of their goal as a country of meeting the requirements and commitments that were made so as to be net 0 by 2050. Japan has created this whole conversation and the regulatory framework to use biomass as their energy matrix as they replace fossil fuels, at least on a partial level. So the Japanese experience for us is very important.

Just like in Europe regulations have been developed quite positively to support growth. Customers are committed. There is a clear intent in having low carbon footprint products, but the regulatory framework also provides us with security in the mid to long run.

So, geographical diversification and the fact that we are closer to our final market and also because we play a relevant role advocacy wise for this specific product, well, this is all part of our strategic plan in terms of biopolymers, but again. It is not only about increasing suppliers, but also about increasing supply based on sustainable ecosystem.

In Thailand even we are bringing about responsible procurement requirements, and we are discussing those with associations with government stakeholders. So they also see this as an opportunity to improve. Opportunity to have the best sugar and ethanol production practices. It is the whole ecosystem; it is not only about the product you are talking about reputation that goes along with it.

I am not sure if I could cover all the questions you asked, but I will turn the floor over to Rosanna.

### **Stefan Lepecki – CEO da Braskem Idesa**

I think I can talk about Mexico, Rosanna. About Mexico, the original business case, naturally for the year in the country was based on the ethane buy from Pemex and that changed. And only because of that there were some other external variables that changed, and I think we managed to go through this scenario quite well. When Braskem was created they produced 150 million barrels of ethane/day, nowadays they produce maybe 47 or 50. So there was an important reaction of Braskem looking for new alternatives to supply ethane.



These new alternatives, they became quite competitive after the shale gas phenomenon in the US. Shale gas made natural gas and ethane prices go down, ethane that was not tradable feedstock because it was not transportable. There was no technology to ship it when it became shippable, so we managed to renegotiate with them. We got to a temporary solution: imports, and the definite solution, which was very competitive in the terminal.

Bottom line here is that we still have competitive feedstock, it is less competitive as compared to the original project. We usually say that the logistics, the cost of a terminal is 170 USD/ton, but it is still very competitive. So in the second quartile of competitiveness of feedstock more competitive than 70% of the worldwide installed base. So this is a very competitive edge for market access and for exports, because of the geographical location we are at and also because of the scale of our business. There was a decrease in competitiveness as compared to the original project, but we adapted quite fast to the different market variables.

And we did that to keep up with a high competitiveness level of Braskem in this specific moment in time. I hope that answers your question.

### **Operator**

Our next question comes from Gabriel Barra.

### **Roberto Bischoff – CEO**

One second, I still have some comments to make, so we need to add to what Rodrigo asked. Rodrigo asked about our EBITDA and for what is new green ethane production would account. This green ethane plant should account for 120, 200 million USD a year.

Number 2. Investment strategy in the US for 2022-2023. The market was no longer a net importer of PP and became an exporting country, so there is an over capacity in the US. We announced that we would hibernate one of the plants in Michael Hook because of the lack of availability of competitive feedstock under this scenario and we did it because we see that plant as a great asset that can be used in our renewable strategy.

So, straight to the point, we do not see investments in fossil fuel PP, but we are working on a project that we announced to the market. Trying to make the first green PP plant, possible in the US. So we are working on partnerships, customers and new business models to use current assets that we already have to invest in green PP in the US.

With that I expect to have answered all your questions.

### **Rodrigo Almeida - Santander**



That is great. Thank you very much, everyone.

**Operator**

Our next question comes from Gabriel Barra from City. Please continue.

**Gabriel Barra - Citibank**

Hello everyone. Thank you for taking my question. Congratulations on the presentation. It is great to learn more about the company. I have two questions. First one has to do with M&As. I know you cannot say much but can you give us an update on your ongoing conversations for M&As? I know that you talked about it during the Earnings call, but can you give us some more color on it? That will be great.

Number 2 I wanted to ask you about leverage. We know that the company's liquidity level is not. Is it a bit concerning? I mean, we do not see that big of a concern, but the petrochemical industry is quite challenging. As you look at next year's scenario, leverage seems to be something that will take longer to be mitigated compared to what we saw last year. How can we... How can we understand that? I mean as investors; how should we see it? Is that a concern of yours? How can we sort that out? Is that a concern for the short term and for your credit ratings as well?

Final question, actually a follow-up question on the green PP project. When you showed your revenue in capacity the price of green PP has been increasing over the past years which is the opposite as compared to the traditional PP. Can you talk about prices then? Seems that there is a mismatch. When you look at recurring margins for the mid to long run, we see that the prices have varied in the past years because of the decrease in the PE prices last year; can you talk about it a bit? How can you think of Premium in the next years comparing green PP with the traditional one. Thank you very much.

**Pedro Freitas – CFO**

Hello, Gabriel. Thank you for your questions. I will address the two first questions. After that, Mister Walmir will address your third question. With regards to M&A, we do not have that much news. Some weeks ago we published a non-binding offer and as far as we understand, we now have to understand the response and we have to wait for the response of the bank. You have not heard that? I mean it is a confidential process. They might have responded, but we might not even know it. So we do not know what is going on. We do not know what has been done yet. What we do know and what we can share is what Braskem is involved with. We are opening up a deep due diligence in the future that has not started yet. But we are close to that, I think.



Also, there were some questions that were posed in the chat on the structure of the offering. It was made for Novonor and for banks. 37.29 BRL was the price, if I am not mistaken. Half of that will be paid cash, half of that will be paid using the bond that will be issued by Adnoc with a 7.25% yield in dollars. The term is 7 years. This is the information we have on the offering we do not have more details on it.

There was a discussion on the structure of the offering, but there is no additional information we can share. So we cannot answer questions on the offering. We have shared the letter with all the details on it. So that is what I have to say with regards to M&As.

We have no great news in terms of leverage and liquidity. Of course, the scenario is challenging. Rosanna mentioned that the scenario is quite uncertain for the petrochemical industry. We always try to plan using a conservative approach in our forecast. As we look at the forecast we have no reasons for concern, but we also captured 850 million USD in the international market to reinforce our cash and to be prepared for a stressed scenario that might be worse and the current scenario which already follows a conservative approach. From the liquidity standpoint what we see is that the situation is under control.

In terms of deleveraging, well, that is indeed a point of attention for us. We have been implementing a number of actions that we have shared in detail in the latest earnings call. You know revenue cost, Capex and so forth, so we can fast track our leverage process as much as we can. In the rating agencies' report they have got their expectations, so by the end of next year they pose what their expectations are when they kept their investment rating and when they decreased it.

So there is no reason for us to believe in anything different than that. You can see what is in the agency's report and we are trying to implement the actions we need for deleverage.

With that, I will turn it over to Walmir to talk about the green PE.

### **Walmir Soller – Vice-President of Olefins & Polyolefins Europe and Asia**

Thank you very much, Gabriel. That is a smart question. The past 3 1/2 years, that is exactly when we started to change our value proposition. Because of that, our benchmark also changed. When the business started 13 years ago, this was an alternative to fossil polyethylene at a premium price. So we have always had a close correlation between fossil polyethylene and green polyethylene. Also, PE has a clear connection with a change, and cycle and offerings variation.

In recent years we have not sold to those who are looking for PE. We have been selling this to those who are looking for biopolymers. When it comes to biopolymers, we will not price it as a fossil product. The benchmark here will be other alternative biopolymers. And what I will tell you is that this is the most



competitive biopolymer there is with the lowest carbon footprint. Besides that, this product is a drop in product. Customers who use this product may use the same transformation equipment with no adjustments or changes needed, they do not even have to invest in new equipment. When you look for alternative biopolymers, most of the time the equipment you have will lose in productivity or you will need Capex to invest in new equipment so you can process that material. So the main advantage of our material is that it is drop in. So it behaves exactly the same way fossil materials do.

However, it delivers values on values that fossil materials cannot. So why there is this mismatch; because we no longer price the product as compared to fossil materials. Our benchmark are alternative biopolymers.

**Gabriel Barra - Citibank**

Thank you very much.

**Operator**

Our next question, some from André Vidal from XP.

**André Vidal - XP**

Good afternoon, everyone. First and foremost, congratulations on the presentation. It was very interesting. It is great that you could disclose some information we have not had before. I have 3 questions. First one. You talk about the expansion potential in Rio; it seems to me that the condition for you to expand the complex was the volume. Or the availability of fees, or maybe new gas platform. Again, as I listen to Rosanna, it seems to me that that was not enough. Was there any change, any regulatory aspect that impacted that for this project? What are these elements that are necessary in the project to be expanded and also. What is the most likely timeline in terms of your construction work?

Can you give us some color on the TIR you expect for this project as well? Are we talking BRL USD? Also, can you talk about conversations with government on the challenges of the chemical industry? There were some recent challenges to it, but we need to understand what is your expectation in terms of new initiatives beyond what was already announced.

Finally, Rosana talked about using your portfolio of assets. We talked about this topic in the Q3 earnings release. Please correct me if I am wrong, but I read that your asset sale was impacted because of depreciation because of the higher taxes. I wanted to better understand that. And everything changed since then. So you have changed; is that part of the macro or micro scenario? Thank you very much.

**Roberto Bischoff - CEO**

Let's talk about the Rio de Janeiro a bit. There is a study, a very clear project on the potential of Rio de Janeiro. It is one of those projects we call DBN with a low incremental investment per ton; it is very attractive. The assumption is a competitive raw material when compared to shale gas U.S. market. The inconvenience or the fact that it is related to regulation, how does the US market of gas, ethane and propane work for petrochemicals? This is something that comes with natural gas and it is extracted because the regulation establishes limits for the content of these products in the natural gas. So it has to be removed, so it generates liquidity, volume of ethane and propane available to be purchased by the industry.

Secondly, natural gas is highly competitive, so the incremental value on that also adds competitiveness. In the Brazilian market this is not a liquid market. We still have problems of access infrastructure Route 3 now bringing gas separately. We do have a requirement of some ethane content, not like in the US, but there is still discussion on flexibilization of ethane content and natural gas, so that could lead to lower volumes of the things. and this also we do have gas - in Brazil that is expensive. When we talk about 2 to 3 USD/million BTU in the US and here it is 7 or 8.

The fact that there are some established limits would add we need some higher liquidity in the market and more competitiveness. So there is an equation to be solved regarding capacity of extraction and regulation that in the market. But there is a clear opportunity to grow and the raw material is available. The infrastructure will be placed soon for the gas and to extract ethane.

From the project point of view, that would be an enlargement that would take three to four years starting in the finance decision, on the funding decision. Pedro, could you answer the second question please?

**Pedro Freitas - CEO**

In terms of optimization of portfolio and assets I would say that there are three scopes to work on: one is the weekly, daily reduction plan in which we try to optimize the contribution margin of the entire business of Braskem defining the production volumes that will come from each asset in order to reach that maximization. This is a short-term decision.

The second decision is more of a medium term that could lead to the hibernation of an asset like we did recently and in some cases shutting down plans as we did in Bahia two years ago. So these are business decisions that are usual. In the last 20 years, Braskem shut down some plants that became, they were not competitive anymore. Where we were not technology updated in terms of technology. This is an analysis that is not done so frequently, and we look at the



sustainability of assets. The last round was done in the US this year that led to Marcus Hook hibernation of one of the production lines. This plant we expect to operate it again when we have more propane, especially green propane in the US.

and the third discussion of assets has to do with non-core assets. Most of them have been depreciated so there is a tax aspect that is important, the capital gain that would generate significant payment of income tax. So, so far our decision is not to continue with that because we did not get the funding in September, and we do not have any urgency. So this may change according to the cycle evolution.

And in the core assets, you may have noticed that Braskem has made some joint ventures. The first one in Mexico. But since then, Thailand and other ones, so when we talk about capital allocation and growth, Braskem is more open for partnerships. And we could make a partnership that involves existing assets. So, this is a possibility as well. We could discuss that as something that would be interesting for the company strategically. But right now we do not have anything in progress to report to you. The advances we have, are sustaining acquisitions. So right now there is no scenario to sell assets, at least in the short term. But we are discussing the possible potential associations in other business areas.

### **Operator**

Our next question comes from Tarso Vasconcelos from UBS. Go ahead, Tarso.

### **Tarso Vasconcelos - UBS**

Hello Roberto, Pedro, Rosana, everyone else. Thank you for the presentation with an additional disclosure level, there was quite interesting to help us on evaluating the company. Now, there are two questions on my side: Petrobras has been emphatic in increasing investments. How is the positioning of Petrobras regarding investments of Braskem and how would the change in the corporate structure would make invest that?

And the second question actually is a follow-up on the first one: is the, in the last event of Petrobras it was mentioned that Braskem was not the only option for it to continue to invest in the industry. There is Comperj in Rio. So, what do you think about having this additional competition? Is there room in the national industry for that and whether there is any non-compete clause and the Petrobras.

These are my two questions. Thank you.

### **Pedro Freitas - CEO**



Thank you for your question. With regards to Petrobras investment policy in Braskem we have our own governance. The company's strategy has been approved by the board of directors, of course. And at this moment of the cycle there are many projects, intensive projects smaller or larger. But Braskem has a very strong bias on generating ideas, the business opportunities. And since we are in the frontier of a renewable energy, renewable biomass, noble sources and an important players in biomass there is a set of opportunities to be pursued. Unfortunately, we have to be responsible regarding our cash discipline and many of these projects are on hold.

Regarding the Adnoc or Petrobras and how this may develop to the future obviously we would have to have the support of shareholders to accelerate the development of these projects, so it will depend on them. Petrobras published its investment plan, but we are not aware of ADNOC's strategy. So right now we have to be responsible and comply with the investment policy of the company.

Let's wait for the new developments of this process and certainly we will show or will advise these stakeholders if anything arises. In a process like this it may be a leverage to increase the value of the company for our shareholders.

As for the investment strategy of Petrobras, if Braskem is an alternative or not, I think that depends on Petrobras, we do not have a say in what they do, and we cannot influence their decisions.

#### **Tarso Vasconcelos – UBS**

Just a follow up, Pedro. In terms of non-compete for the partners of Braskem you do not consider this as an impediment for Petrobras?

#### **Pedro Freitas - CEO**

Well, the non-compete is in the shareholders agreement between Novonor and Petrobras. That is nailed until October next year, if I'm not mistaken. So, this is in our shareholders' agreement. It is a public agreement that there is a non-complete, non-compete clause of Petrobras in the chemical industry until October next year.

#### **Tarso Vasconcelos – UBS**

Thank you.

#### **Operator**

This concludes the Braskem Q&A session. Now I would like to turn the floor over to the company for their final remarks.



**Roberto Bischoff – CEO**

Well, actually I would just like to thank you all for attending and for your interest in the company. I wish you all a Merry Christmas and we will see each other in the next call. Thank you all and have a good day.

**Operator**

The video conference of Braskem has now ended. We thank you all for attending and have a good afternoon. Thank you for using Chorus Call.

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