

Braskem's green ethylene spherical storage tank in Triunfo, RS - Brazil

EARNINGS CONFERENCE CALL 3Q22

NOVEMBER 9, 2022

Braskem 



FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements. These forward-looking statements represent not solely historical data, but also reflect the goals and expectations of Braskem's management. The terms "anticipate," "believe," "expect," "foresee," "intend," "plan," "estimate," "project," "aim" and similar terms are used to indicate forward-looking statements. Although we believe these forward-looking statements are based on reasonable assumptions, they are subject to various risks and uncertainties, many of which beyond the Company's control, and are prepared using the information currently available to Braskem. There is no guarantee that the events, trends or expected results will actually occur.

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Braskem's 3Q21 highlights

Petrochemical Scenario during 3Q22

- Global macroeconomic uncertainties
- Geopolitical tensions
- Restrictions in China related to the zero-COVID policy
- Reduction in petrochemical spreads



Financial Highlights

► Financial Results:

- Recurring EBITDA of **US\$371 million**
- **Net cash generation of R\$889 million¹**
- **Free cash flow yield of 31%² in 3Q22**

► Credit Metrics:

- Corporate leverage ratio of **1.55x³**
- Maintenance of **strong liquidity position**, sufficient to cover all liabilities coming due in the next ~5 years
- **Very long debt maturity profile**, with average term of ~13 years
- Reaffirmation of investment **grade** ratings by S&P and Fitch



ESG Highlights

E

- Launch of **Voqen**, an electricity and natural gas trading house, and **Oxygea**, a business and innovation hub
- Braskem in the United States signed a **renewable energy purchase agreement** for the Neal plant in West Virginia, starting supply in late 2024

S

- Advances in **PCF⁴ in Alagoas**, with 99.6% acceptance rate of proposals
- Implementation of **initiatives to support the needy population in communities near Braskem's facilities** with donations of over R\$5 million
- Actions to **foster the circular economy** in communities near Braskem's operations, **benefiting over 11,000 people**



Braskem Idesa

Ethane Import Terminal:

Braskem Idesa

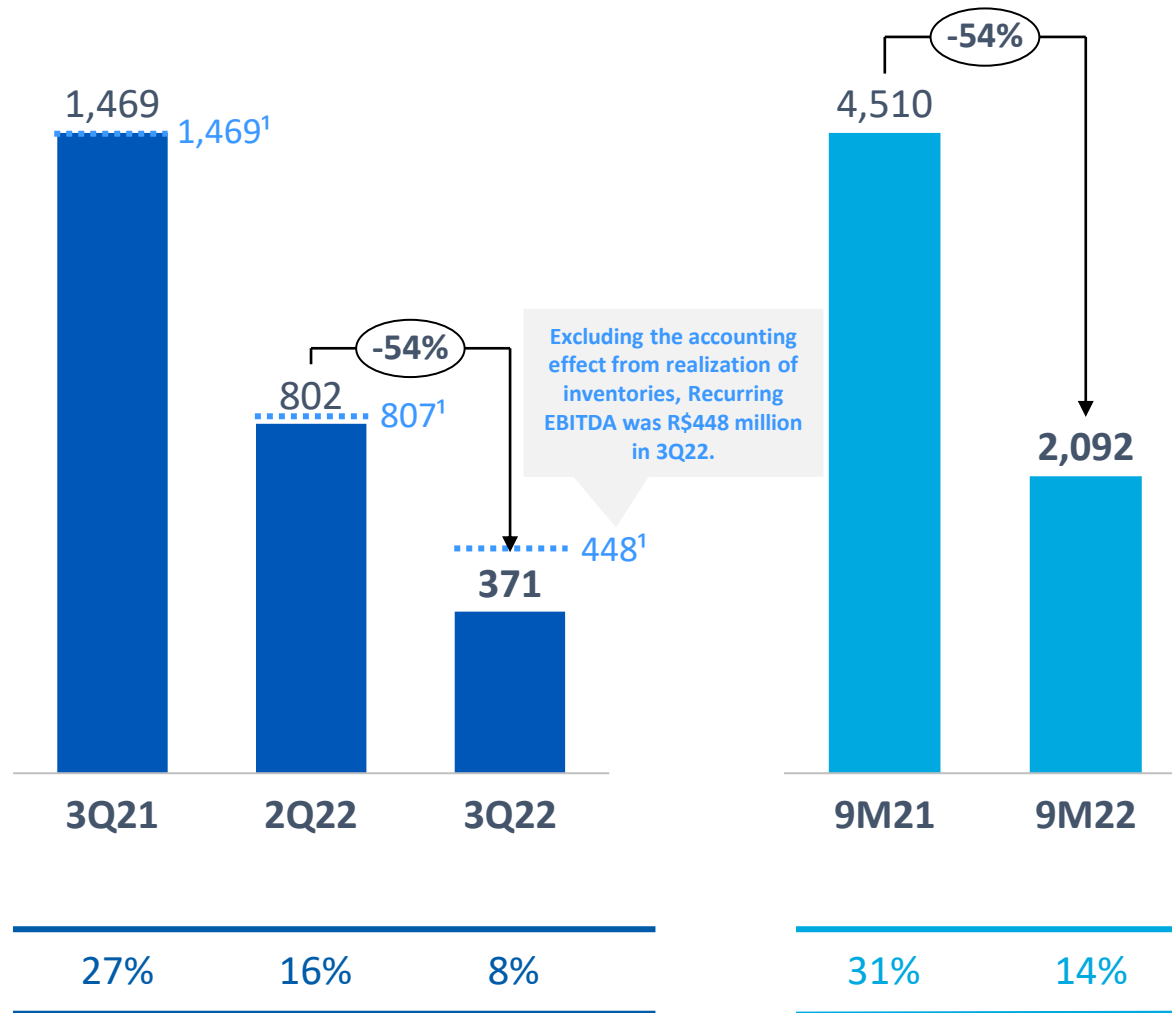
- Approval of the constitution of the JV⁵ with Advario by a Mexican government agency
- **The construction phase started in Jul/22, with physical progress of 22% until Sep/22**

Source: Braskem. Note (1): Considers payments related to the geological event in Alagoas made in the quarter, which totaled R\$668 million in 3Q22. Note (2): Based on cash generation in U.S. dollar in the last 12 months divided by the Company's market capitalization in the quarter. Note (3): Excludes Braskem Idesa's debt and considers Recurring EBITDA in the last 12 months. Note (4): PCF: Financial Compensation and Support for Relocation Program.

3Q22 Highlights | Braskem Consolidated

Recurring EBITDA – 3Q22 & 9M22

(US\$ million)



Comments:

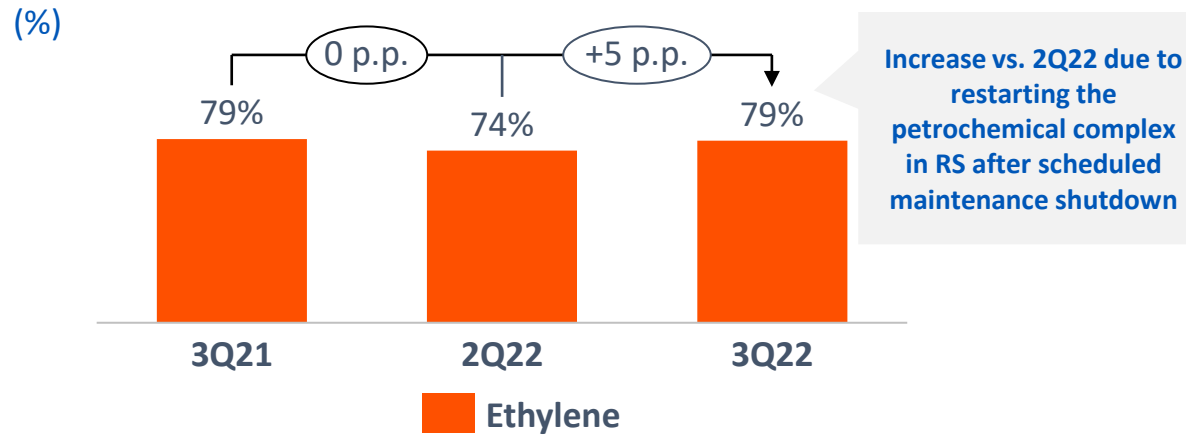
- In 3Q22, Recurring EBITDA was US\$371 million, down 54% on 2Q22, mainly due to:
 - lower international spreads for resins in Brazil, for PP in USA and Europe and for PE in Mexico
 - lower resin export volume in the Brazil segment and lower sales volumes of PP in the United States and PE in the Mexico segment
 - the accounting effect of realization of inventories² in the net amount of US\$77 million

Source: Braskem. Note (2): Recurring EBITDA excluding the accounting effect from realization of inventories. Note (1): Accounting effect of realization of inventories in accordance with accounting standard CPC 16 (Correlation to International Accounting Standards - IAS 2).

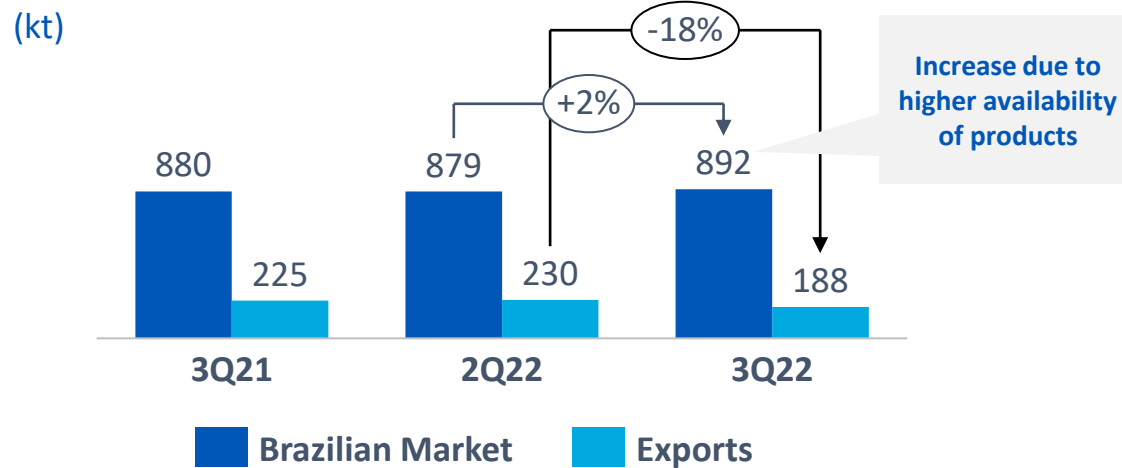


Operational

Utilization Rate of Petrochemical Complexes

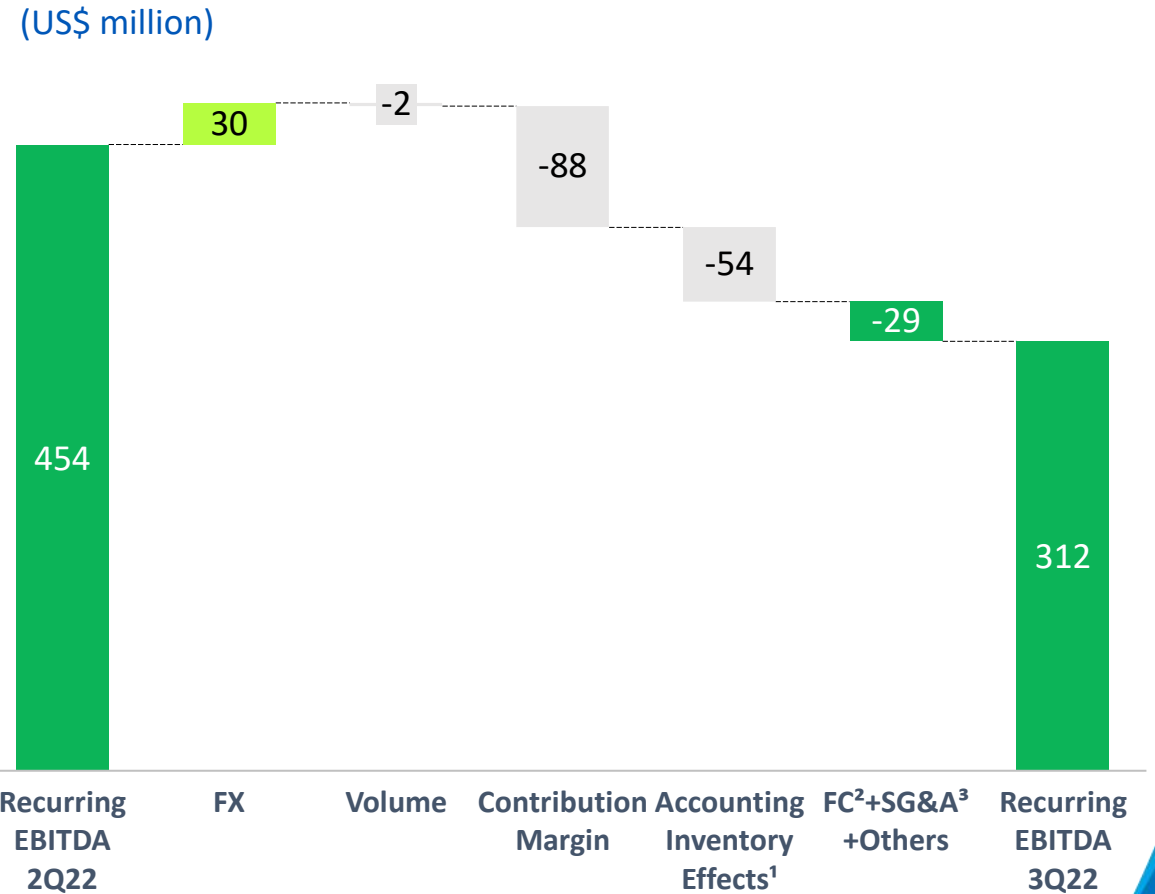


Resin Sales (PE+PP+PVC)



Financial

Recurring EBITDA bridge



Source: Braskem. Note (1): Accounting effect of realization of inventories in accordance with accounting standard CPC 16 (Correlation to International Accounting Standards - IAS 2). Note (2): FC: Fixed Costs. Note (3) SG&A: Selling, General & Administrative Expenses.

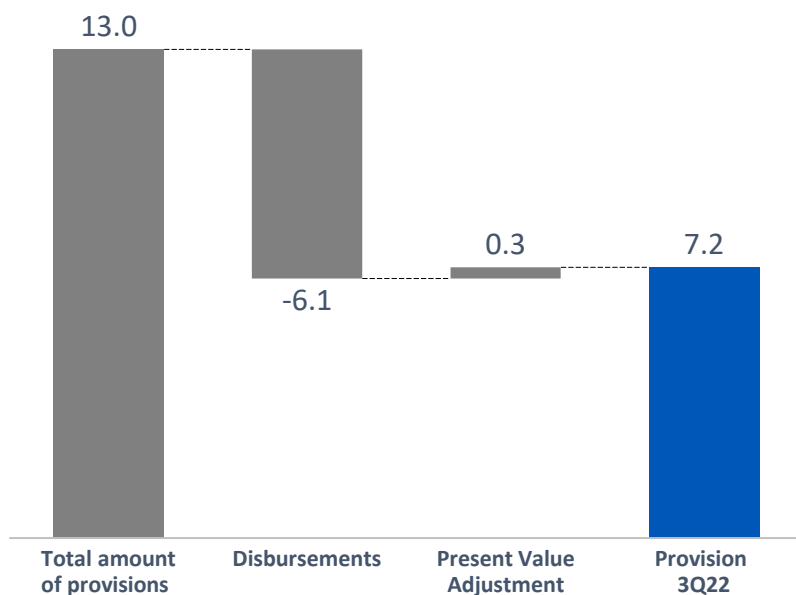
Geological event in Alagoas (1/2) - Financial Update



Total amount of provisions¹

(R\$ billion)

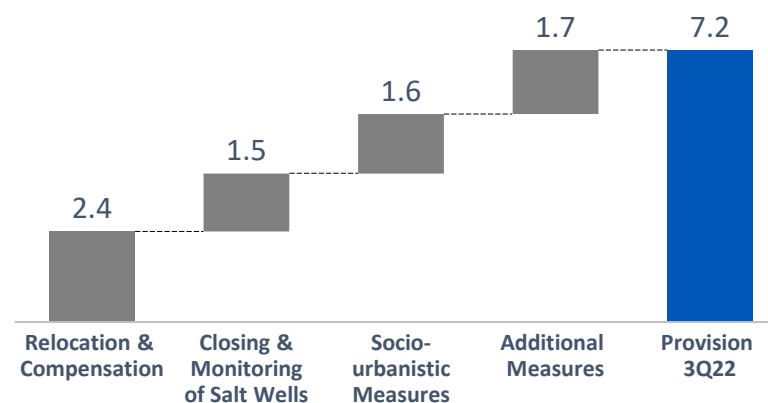
The total amount of provisions is R\$13.0 billion, of which R\$6.1 billion has already been disbursed and with PVA of R\$0.3 billion...



Balance of provisions in 3Q22

(R\$ billion)

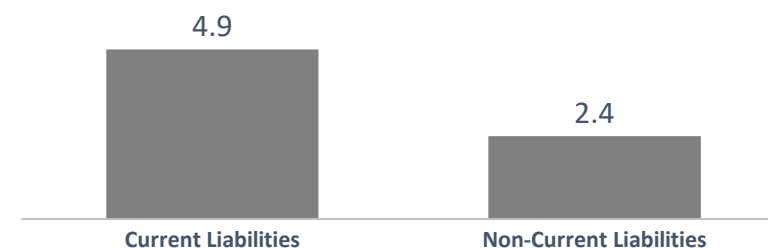
...In 3Q22, the balance of provisions related to the geological event in Alagoas was around R\$7.2² billion...



Disbursement Schedule

(R\$ billion)

...with 67% recorded under Current Liabilities and 33% under Non-Current Liabilities



Braskem cannot eliminate the possibility of future developments related to the topic or associated expenses, and the actual costs to be incurred could differ from their estimates or amounts provisioned

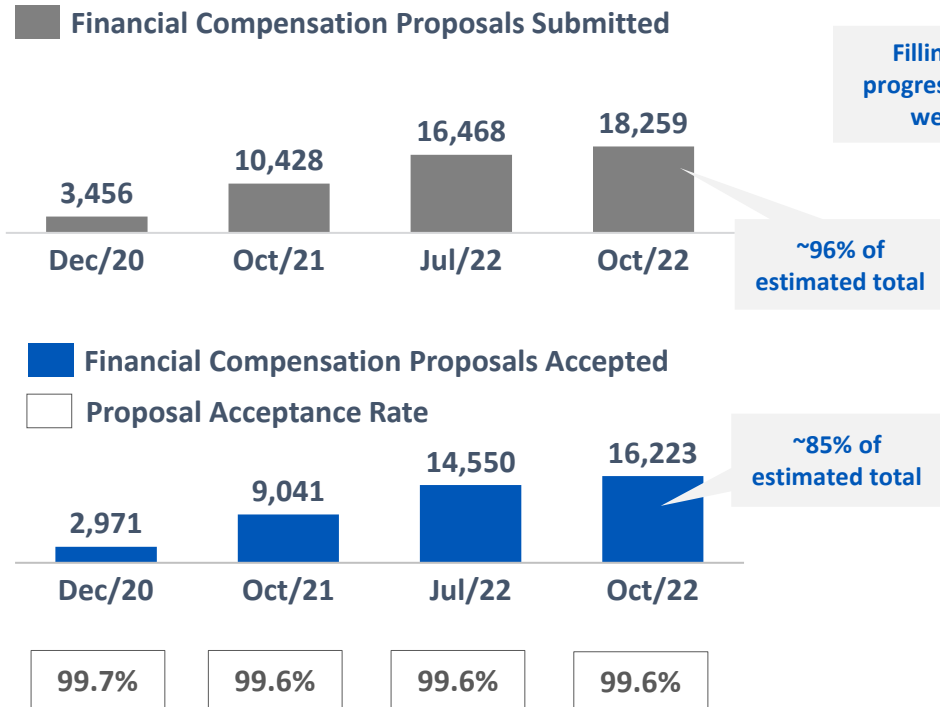
Source: Braskem. Note (1): The total amount of provisions for the geological event in Alagoas is R\$13.0 billion, R\$6.1 billion of which already has been disbursed and R\$0.3 billion corresponds to present value adjustment. Note (2): Net balance of provisions at end-June around R\$7.7 billion decreased to R\$7.2 billion at end-September

Geological event in Alagoas (2/2) – Progress on Work Fronts



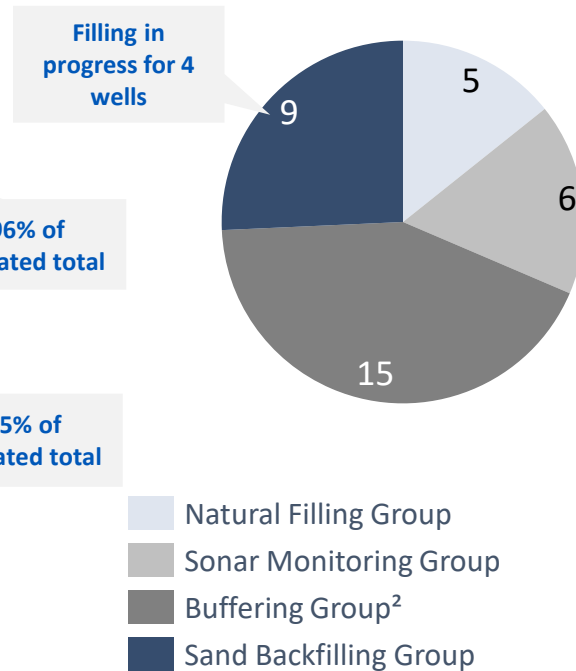
Relocation & Compensation - PCF¹

(Status as of October 31, 2022)



Closing & Monitoring of Wells

(Status as of October 31, 2022)



Socio-urbanistic & Environmental Measures

(Status as of October 31, 2022)

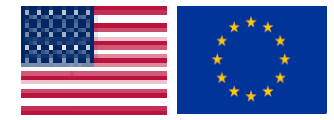
- Engagement of specialized firm to assess and monitor Environmental Plan and Integrated Action Plan
- Start of 2 of the 11 actions related to Urban Mobility Projects
- Progress of 64% in the process of demolition of Encosta do Mutange
- The Agreement for adoption of actions for requalification and indemnification directed to the Flexais region was signed and approved

- Relocation process with ~98% executed
- Compensation process with 14,711 proposals paid, which corresponds to ~77% of the total estimated for the PCF

Of the 35 wells, 9 are in the Sand Backfilling Group, with 3 in advanced stage of filling. The other 26 wells are within the schedule approved by the ANM, with completion expected by 2024

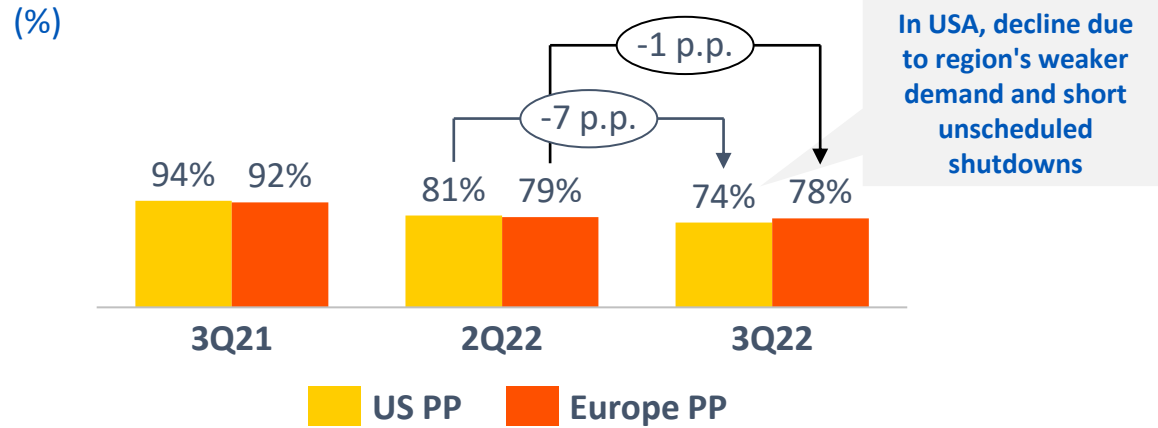
Activities related to socio-urbanistic measures are concentrated in (i) urban mobility, (ii) social compensation and (iii) actions in the relocated areas

Source: Braskem. Note (1): PCF: Financial Compensation and Support for Relocation Program. Note (2): Buffering technique consists of implementing physical barriers, such as cement paste, to prevent fluids from penetrating between permeable geological formations through the well and/or migration of fluids to the surface.

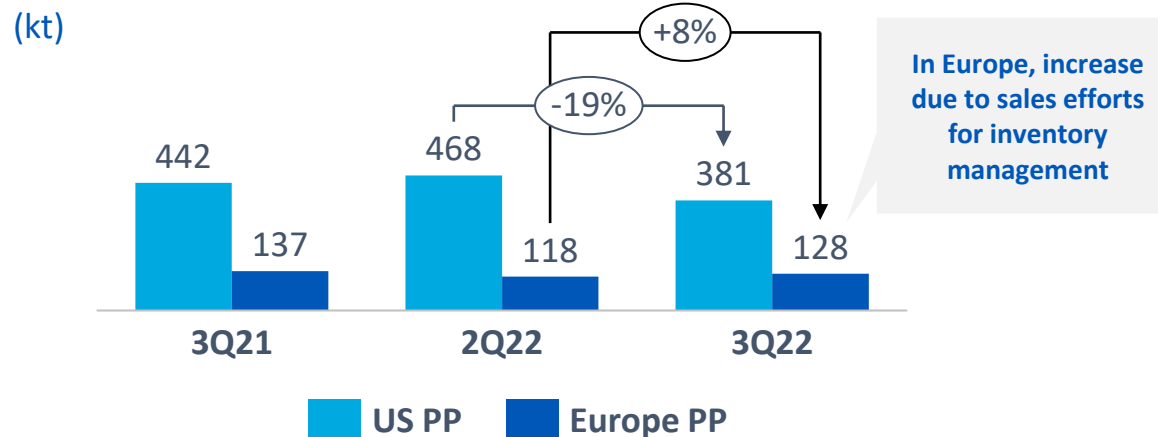


Operational

Utilization rate of PP plants

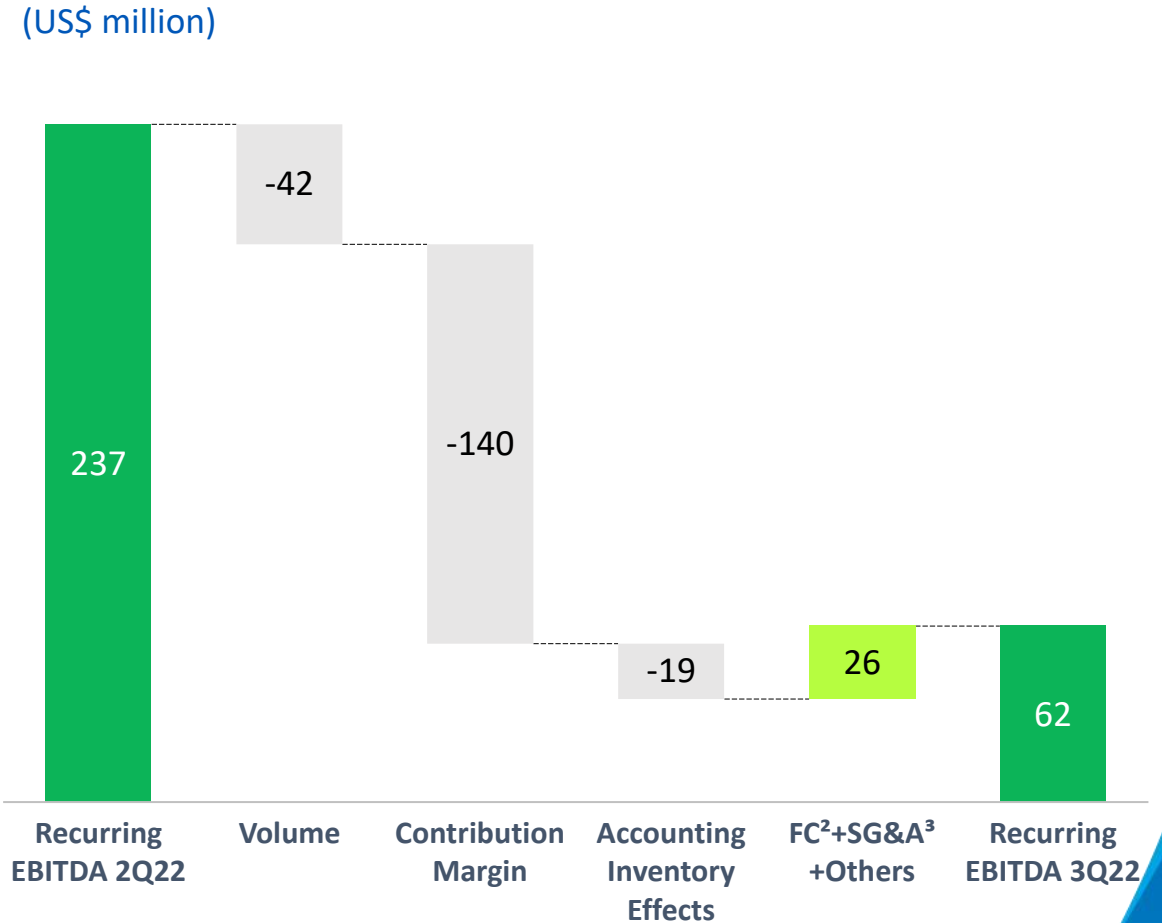


PP sales



Financial

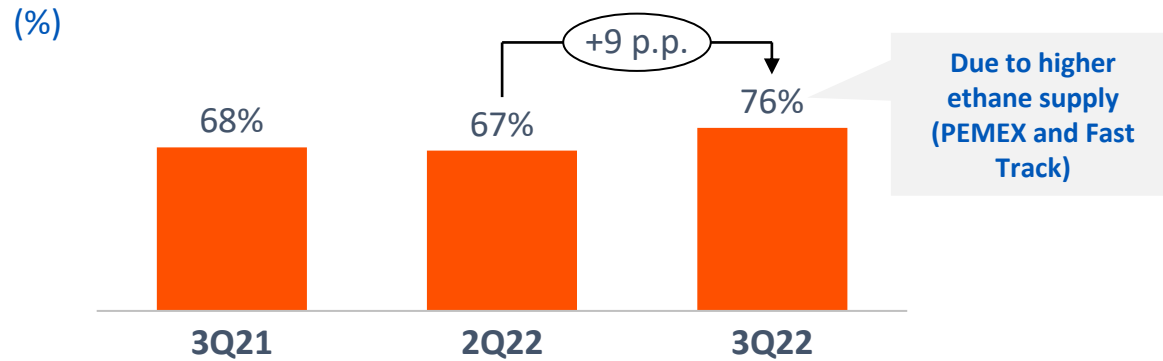
Recurring EBITDA bridge



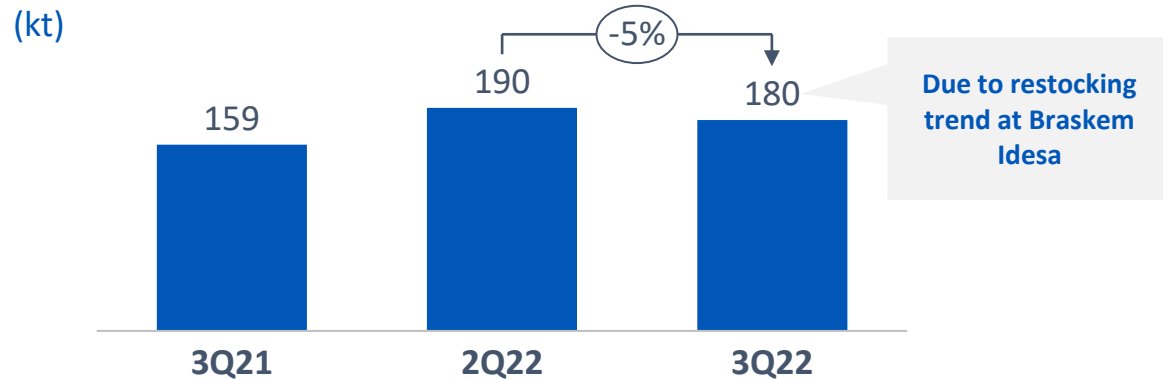


Operational

Capacity Utilization of PE plants

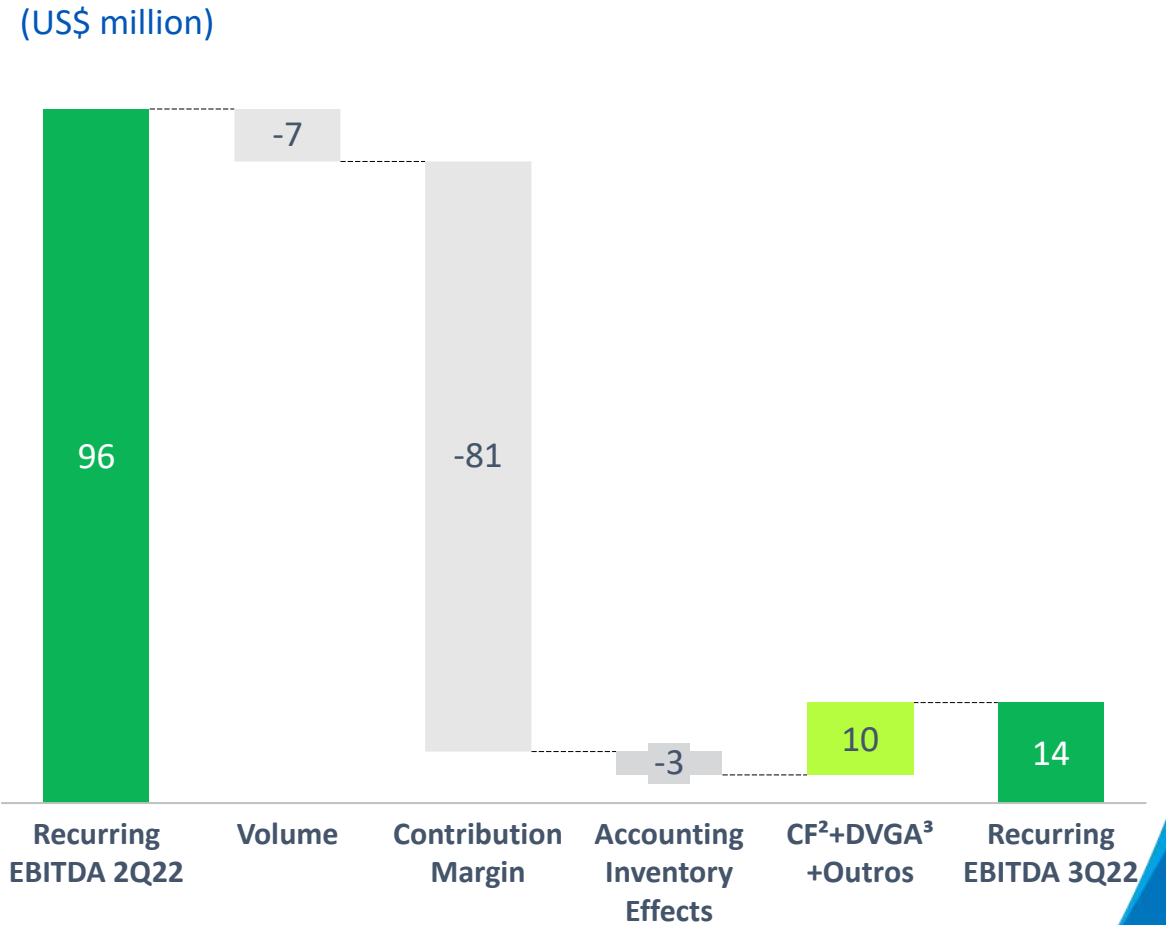


PE sales



Financial

Recurring EBITDA bridge



Source: Braskem. Note (1): Accounting effect of realization of inventories in accordance with accounting standard CPC 16 (Correlation to International Accounting Standards - IAS 2). Note (2): FC: Fixed Costs. Note (3) SG&A: Selling, General & Administrative Expenses.

Start of construction of Ethane Import Terminal in Mexico, with physical completion of 22% as of September 2022



Ethane Import Terminal

- I Share Capital** JV between Braskem Idesa and Advario, each holding a 50% interest
- II Supply capacity** Approximately **80,000 ethane barrels per day** (120% of current feedstock needs)
- III CAPEX** Approximately US\$400 million
- IV Expected startup** 2nd half 2024
- V Progress of project** Construction started in Jul/22, with **physical completion of 22%** as of Sep/22



Virtual image of project

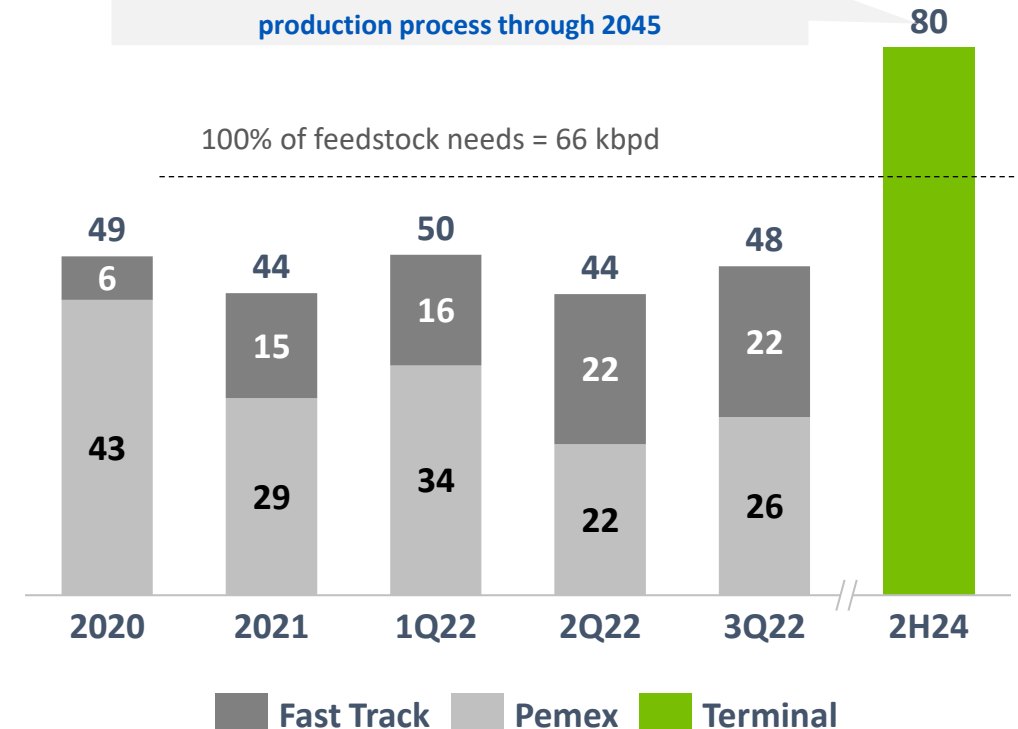


Aerial photo of construction site – Sep/22

Braskem Idesa's feedstock supply

(kbpd)

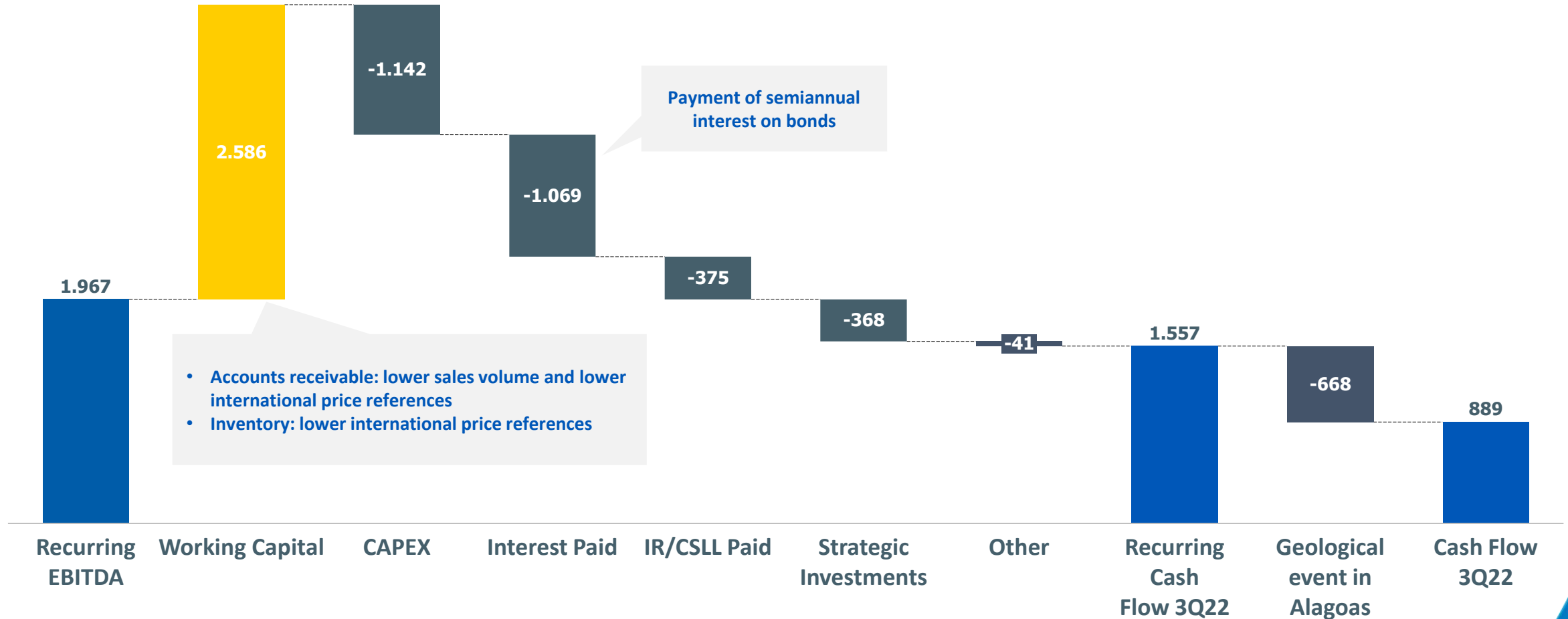
Pursuant to the amendment executed in 2021, BI has first-refusal rights for acquiring all ethane that Pemex has available and does not consume in its own production process through 2045



The Company, through Braskem Idesa, reinforces its commitment to Mexico and the local petrochemical industry

In 3Q22, the Company's cash flow was R\$889 million

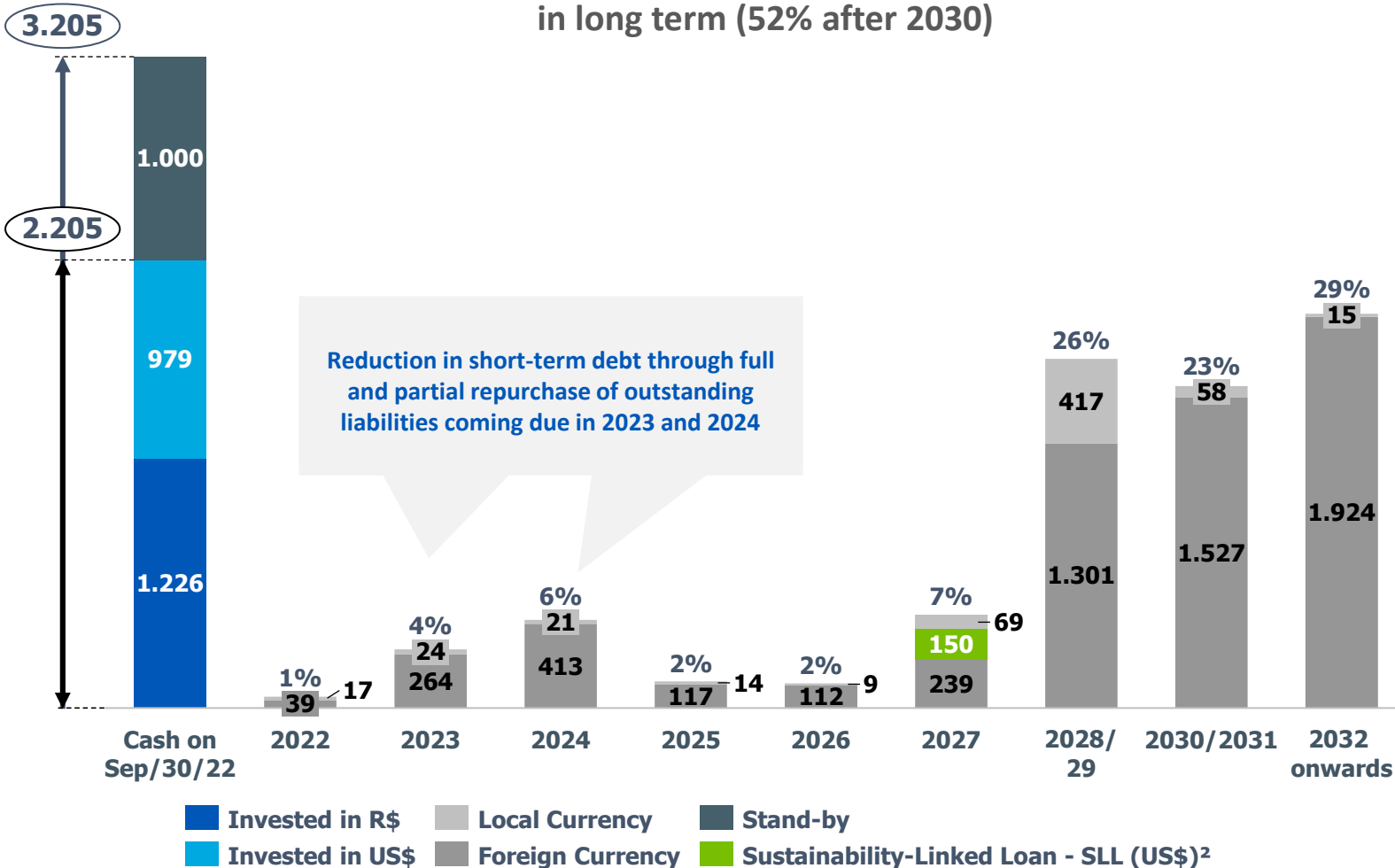
Cash Flow (R\$ million) – 3Q22



Maintenance of very long debt maturity profile

Debt Profile (US\$ million) Sep/30/22⁽¹⁾

Strong liquidity position, with most liabilities maturing in long term (52% after 2030)



Debt Indicators

- Sufficient liquidity to cover liabilities coming due in next **63 months**¹
- Average debt term of around **13.4 years**
- Weighted average cost of debt is FX variation + **5.7%**

Conservative Principles

- Net Debt in USD as hedge to natural exposure of business to international prices
- Transparent dividend policy
- Concentration of funding in capital markets

Corporate Credit Risk – Global Scale

Agency	Rating	Outlook	Date
S&P	BBB-	Stable	09/02/2021
Fitch	BBB-	Stable	12/21/2021
Moody's	Ba1	Stable	07/12/2021

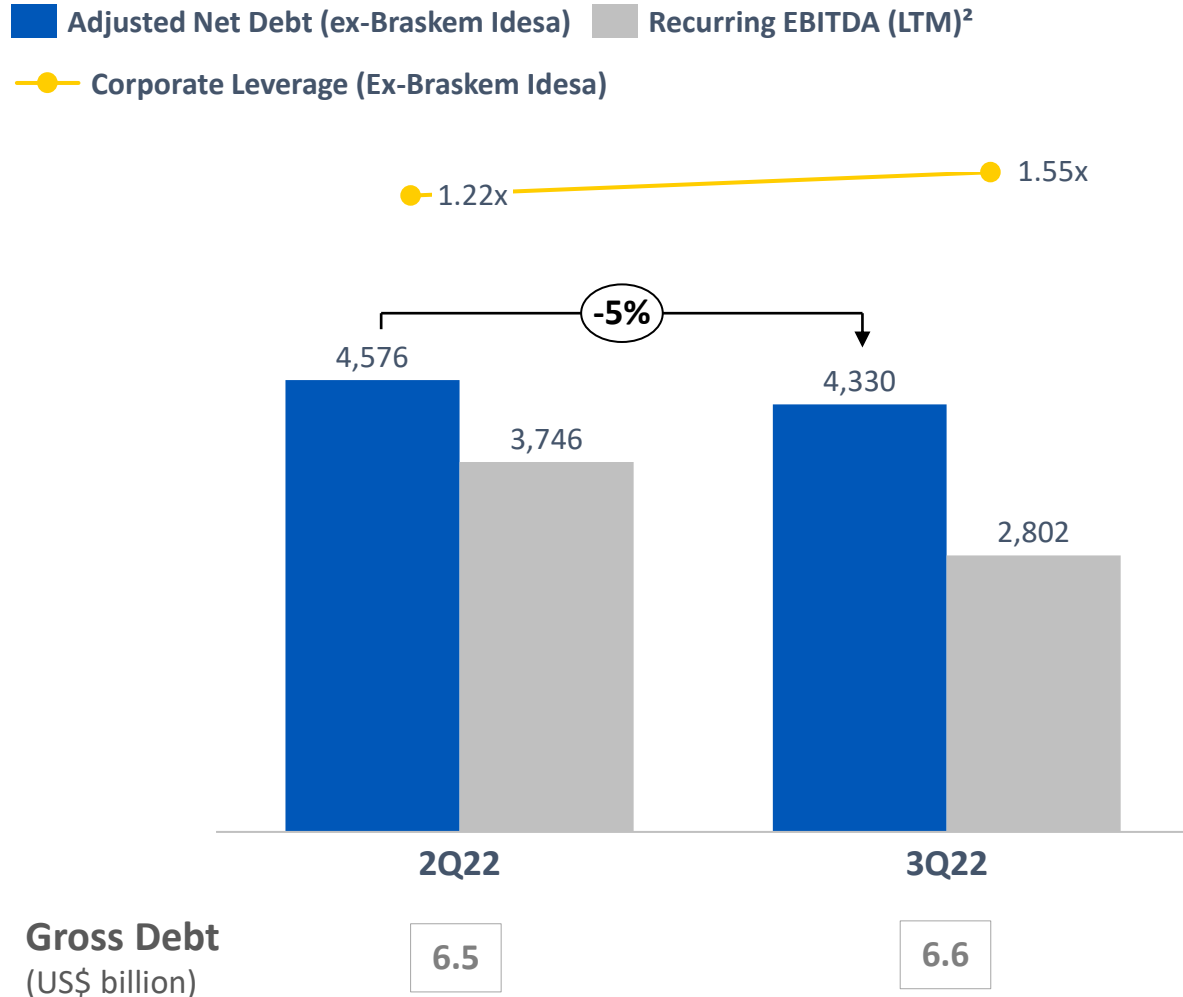
INVESTMENT GRADE

Source: Braskem. Note (1): Excludes the amount of R\$ 30 million allocated to the Financial Compensation and Support for Relocation Program in Alagoas.

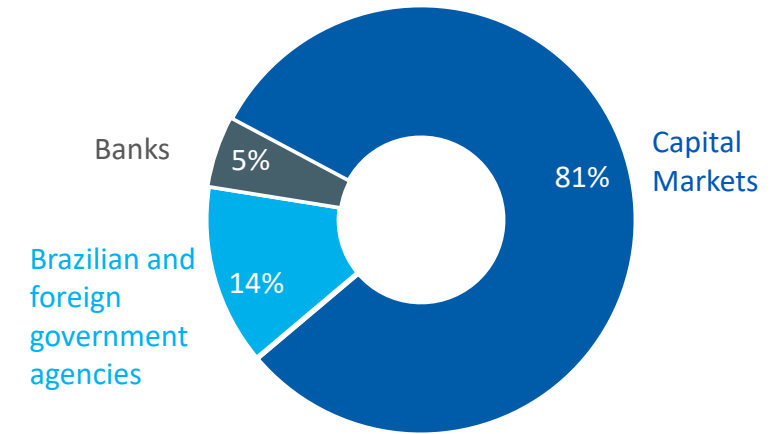
Note (2): *Sustainability-Linked Loan* – liabilities linked to sustainability goal (higher sales of I'm green™ biobased Green PE). Note (3) Corporate leverage measured by net debt / recurring EBITDA

Braskem continued to present solid credit metrics and a low corporate leverage ratio in the quarter

Adjusted Net Debt/Recurring EBITDA¹



Financing Sources



Comments:

- The Company has various financing sources, with a focus on bond markets
- The Company maintains a **robust cash position, very long debt maturity profile and is committed to efficient capital allocation and cost discipline**

ESG: Braskem held the second edition of its ESG Day, a meeting with the financial market to share the advances made in commitments to sustainable development

Braskem believes that global challenges and trends are business opportunities and have become key growth avenues

ELIMINATING PLASTIC WASTE

- Expand sales of products with recycled content, work to avoid unnecessary disposal of plastic waste and make products increasingly circular

COMBATING CLIMATE CHANGE

- Reach carbon neutrality by reducing and removing emissions, producing products made from renewable resources and carbon capture

The initiatives are in line with the Company's Macro Goals of Eliminating Plastic Waste and Combating Climate Change



ESG: In the quarter, Braskem launched Voqen, Sustainea and Oxygea. Initiatives aligned with the Company's sustainable development strategy



1 ENERGY TRANSITION

- **Voqen:** a wholly owned subsidiary of Braskem, is an electricity and natural gas trading house
- **Purpose:** leverage business opportunities by creating competitive solutions to support Braskem's energy transition

Portfolio: R\$3 billion
Management: 750 MW average
NG¹: 2.5 million m³ per day



2 SUSTAINABLE PRODUCTS PORTFOLIO

- **Sustainea:** JV formed by Braskem and Sojitz to offer² chemicals made by renewable sources with smaller CO2 footprints in their production process.
- **Portfolio:** composed of two products: (i) bioMEG³; and (ii) bioMPG⁴

Global market⁵ for MEG
accounted for ~US\$26.3 billion in
2021



3 BUSINESS AND INNOVATION HUB

- **Oxygea:** company that will foster the creation and development of new technologies to support sustainability and digital transformation
- **Pillars:** incubating and accelerating new businesses by investing in startups

INVESTMENT:
US\$150 million
IN UP TO 5 YEARS

The new launches are aligned with the following Braskem goals: (i) carbon neutrality by 2050; and (ii) development of sustainable solutions in the Circular Economy

Source: Braskem. Note (1): Natural Gas. Note (2): Conditioned on the conclusion of technology development. Note (3): Raw material used to manufacture PET, used by the packaging and textile industries to make bottles, fabrics and other types of packaging. Note (4): Raw material used in products for industrial use, cosmetics and personal care. Note (5): According to external consulting firm HIS.

ESG: in the quarter, we continued to implement initiatives to promote human rights and social responsibility

HUMAN RIGHTS AND SOCIAL RESPONSIBILITY



Be recognized as a company that promotes **HUMAN RIGHTS AND EQUITY** in its value chain and contributes to the development of local communities

Initiatives for needy population

- ▶ Partnership with the NGO Ação da Cidadania in **campaign to collect funds for food staples** in donations from volunteer team members. Braskem **increased by five times the donations of its volunteer team members** in food staples to organizations located near its operations.
- ▶ Aware of the issue's urgency in Brazil, Braskem will also donate **R\$5 million in food staples** to communities near its operations and offices

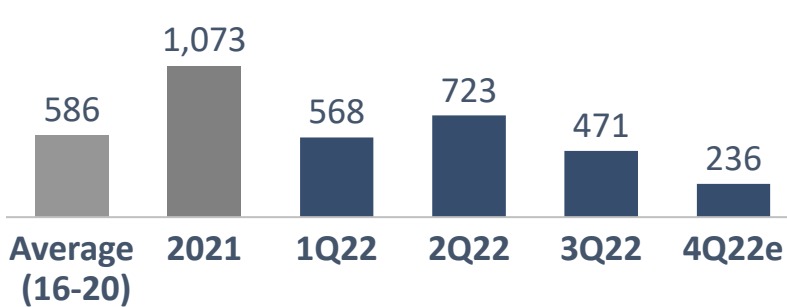
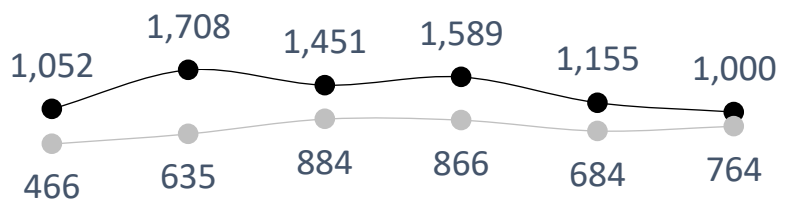
Private social investments

- ▶ **Plastianguis Project (MEX):** A total of **143 tons of plastic** were collected, benefiting 7,000 people directly.
- ▶ **Plastitroque Project (BRA):** project whose purpose is to **provide environmental education** in communities near Braskem's operations. **More than 18.5 tons of plastic waste were disposed of correctly**, benefiting around 4,400 people.
- ▶ **Corais de Maré Project:** project to **accelerate and restore coral using plastic**, while also training people to act as environmental agents. It also organized a cleanup crowd effort to raise awareness on the proper disposal of plastic.

Petrochemical Scenario 2022 – PE and PP

US PE – Naphtha ARA Spread¹

(\$/ton)

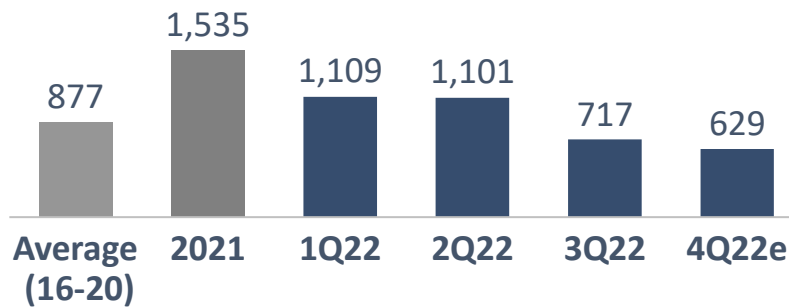
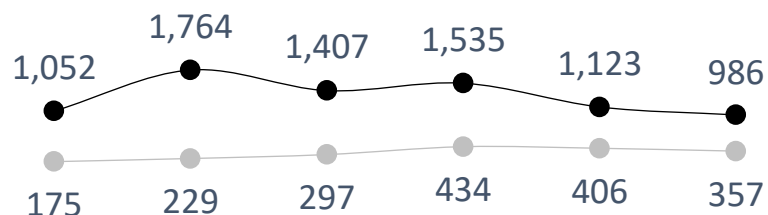


● USG - Brazil PE Mix² ● ARA Naphtha

■ Spread

US PE – Ethane US Spread¹

(\$/ton)

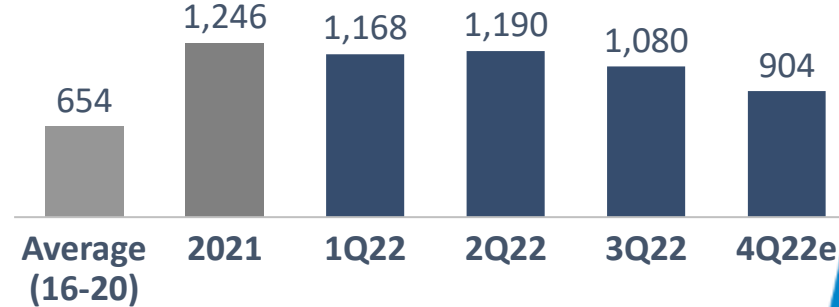
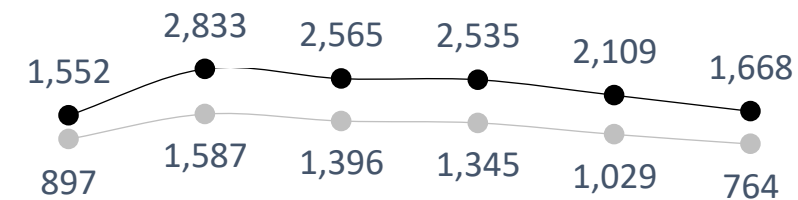


● USG - Mexico PE Mix³ ● USG Ethane

■ Spread

US PP – US Propylene Spread¹

(\$/ton)



● US PP ● US Propylene

■ Spread

Weaker global demand for resins, higher global inflation and high inventory levels in the chain affected resin spreads in 3Q22. Based on latest forecasts by external consulting firms, weaker global demand, combined with the new PE and PP capacities coming online, will continue to put pressure on spreads in the short term

Note (1) External Consultants. Note (2): Brazil USG PE Mix = 0.3*US LDPE + 0.3*US LLDPE + 0.4*US HDPE. Note (3): Mexico USG PE Mix = 0.286*US LDPE + 0.714*US HDPE.

Braskem Outlook | 4Q22 vs. 3Q22



Brazil



United States



Europe



Mexico

Utilization Rate¹

Ethylene production expected to decrease

PP production expected to remain stable

PP production expected to remain stable

PE production expected to remain stable

Sales Volume¹

Sales volume for resins and chemicals expected to decrease due to weaker demand in the period

PP sales volume expected to remain stable

PP sales volume expected to remain stable

PE sales volume expected to remain stable

Petrochemical Spreads²

Expectation of reduction in spreads for resins (PP, PE and PVC) and chemicals

Spreads for PP-Propylene expected to decrease, though at levels above recent historical average (2016-20)

PP-Propylene spreads expected to remain stable in Europe

Expectation of reduction in PE-Ethane spreads in North America

Increase

Stable

Decrease

Note (1): Braskem Outlook. Note (2): Forecasts of external consultants.

Recap: Our main goals for 2022


Strategic Pillars

 **Productivity and Competitiveness** ➤

 **Sustainability** ➤

 **Diversification** ➤

 **People, Governance and Reputation** ➤

 **Capital Allocation** ➤

Targets and Status for 2022

• Capture value through initiatives related to Transform for Value program, reaching recurring gains of US\$302 million/year¹ in 2022 *(90% of target already achieved)*

• Intensify actions in **recycling**, expand **renewables** and **reduce carbon footprint** *(67% physical completion of Green Ethylene expansion in RS)*

• Start construction of **Ethane Import Terminal in Mexico** and define potential partner ✓
• Advance in feasibility studies for investing with SCG Chemicals in **new green ethylene plant in Thailand** *(ongoing)*

• Make progress on all action fronts related to **geological event in Alagoas** *(detailed advances on slide 6 of this presentation)*

• Return value to shareholders and maintain **investment grade rating** *(reaffirmation of rating and commitment to efficient capital allocation)*

Braskem's focus always is first and foremost on **SAFETY**, which is a **PERMANENT AND NONNEGOTIABLE VALUE**

Source: Braskem: Note (1): Includes only initiatives in stage 4 (Run-rate), when the measurement of gains may vary according to the progress of actions, and stage 5 (Concluded), after stabilization and/or internal audit.

EARNINGS CONFERENCE CALL 3Q22

NOVEMBER 9, 2022

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