

**Operator:**

Good morning. Thank you for waiting. We bid you welcome to Braskem's teleconference to discuss results concerning the 3Q21. We have here with us, Mr. Roberto Simões, CEO; Pedro Freitas, CFO; and Rosana Avolio, IR Director.

We inform that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. Then, we will begin the Q&A session, when further instructions will be provided. Should you need any assistance during this call, please press *0 to reach the operator.

This meeting is being transmitted simultaneously via webcast, and you can access it at <https://www.braskem.com.br/ri>, where the presentation will be available. This slide selection will be controlled by yourselves. The audio will be available at the end of the meeting and the participants of the webcast may register their questions via the website. And the questions will be answered at the end of the conference.

Before proceeding, I would like to clarify that any declarations that may be done during this teleconference relative to business perspective from the Company projections, operational goals, financial goals are beliefs and premises of the Company, and based on current available information. Future considerations are not guarantee of performance, and they include risks, uncertainties, and premises, and they depend on circumstances that may or may not occur. Investors and analysts should understand that general conditions and other operational factors may affect the future results of the Company, that may lead to results that are different from those expressed in such future consideration.

I would now like to give the floor to Ms. Rosana Avolio Director of Investments that we will begin the presentation. Please go on.

Rosana Avolio:

Good morning and thank you for participation on this conference call. We will present our results for the 3Q21.

Let us go to slide 3, with an overview of the petrochemical industry in the quarter. In the slide, we show the spread with the biggest impacts on Braskem's business, since together, they represent 2/3 of our global production capacity in thermoplastic resins.

In the 3Q, petrochemical spreads remained at high levels and above the up cycle of the petrochemical industry. Compared to the 3Q20, the spreads widened significantly, with the three spreads shown on the slide increasing 120% mainly due to global supply chain constraints related to impacts from natural events, closing of ports to contain the delta variant in Asia, and global container shortage and associated rise in freight prices.

Now on slide number 4, we will comment the consolidated results. In the 3Q21, consolidate recurring operating result was around US\$1.5 billion, 17% lower quarter-over-quarter. This result is mainly explained by the lower international spreads for resins in Brazil, PP in Europe and for PE in Mexico, but which still remain above average of the last 10 years, which were partially offset by higher spreads for main based chemicals in Brazil and for PP United States.

And comparing the results with the same period last year, the Company represented 261% increase considering the operation result in dollars. The higher profitability in 2021 can be shown in recurring operating margin, which reached 31% and in the first nine



months of 2021, an increase of 15 percentage points as compared to the same period of 2020.

Now the next slide, we will come the net income. In the 3Q21, Braskem reported net income of around R\$3.5 billion by September 2021, Braskem reported net income of around R\$13.5 billion. And it's important to emphasize that in December 2020, the Company had accumulated losses of around R\$4.5 billion. By the end of September 2021, it reversed this accumulated loss to an accumulated profit of around R\$8.9 billion.

Now slide number 6 highlights of the Brazilian operation. In the 3Q, the petrochemical complex in Brazil operated at a capacity utilization rate of 79%, three p.p. above the 2Q21, which is mainly explained by the restarting of the petrochemical complex in ABC, after it have been halted. In the industrial context, still the green ethylene plant operated at utilization rate of 106% to set a new quarterly historical record.

In Brazilian market, resin sales increased in relation to the 2Q and align with the strategy to prioritize the local market, Braskem's market share in domestic resins rose to 64%, 12 p.p. higher quarter-over-quarter, mainly due to the restarting of operations after the scheduled general maintenance shutdown at the petrochemical complex in ABC, Sao Paulo. In this scenario, Brazil delivered recurring operating result was of around US\$828 million, which represented 55% of the consolidated recurring operating result.

Now next slide, we will cover geological event in Alagoas. The graph to the left shows the balance of provisions related to the geological event in Alagoas in the 3Q21, which ended the period at around R\$7.1 billion. The chart on the right shows the disbursement schedule of the total provisions of R\$7.1 billion, around 68% was recorded under current liabilities and 32% under non-current liabilities.

It is important to mention that the Company cannot predict certainty future developments in respect of this matter or its related expenses and the costs to be incurred by the Company may be different than currently estimated or provisioned.

Moving to the next slide still in the context of the geological event in Alagoas, we will focus on advances in the financial compensation and support for relocation program. Braskem continues to make progress on its relocation and financial compensation process of the families in high risk districts of Maceio. As of October 31 this year, the number of families reallocated was 13,986, which means 97% of families have been allocated from the risk areas, reinforcing Braskem's non-negotiable commitment to the safety of the families located in high risk areas.

Furthermore, the number of proposals for financial compensation submitted increased by 26% with the acceptance rate of the proposals submitted remaining at high levels. Regarding the payments made under the scope of the program around R\$1.6 billion had been made by the end of October 31, 2021. And this value consider the value of disbursement since the start of the program.

Now slide number 9. On this slide, we will present the main highlights of the U.S. and Europe operations. In the U.S., there was a reduction of 4 p.p. resulting in 94% usage rate. In Europe, the utilization rate also fell by 4 p.p.'s on the prior quarter. Despite the declines in both regions, capacity utilization rates remained above the industry average.

Moving on to sales performance, the U.S. registered 442,000 tons, represents a drop of only 2% as compared to the previous quarter. The region register recurring operating result in the 3Q21 was US\$519 million, representing 34% of the consolidated result of the segments of the Company.



Now slide number 10, we will be talking about highlights in Mexico. Mexico operated at a utilization rate of 68%, 10 p.p. increase as compared to the 2Q21, which mainly reflects the higher ethane imports from the U.S. under the Fast Track solution, which offset the lower ethane supply from Pemex.

In relation to sales, it increased 3% quarter-over-quarter explained by the higher supply of product for sale, given the higher utilization rate. Mexico's recurring operating result in the quarter was US\$182 million, corresponding to 11% of the consolidated result.

Moving on to slide 11, we will talk about Fast Track, which has been important to increase the raw material supply in Mexico. In Alagoas, Braskem Idesa concluded the project to expand imported capacitor Fast Track, which currently sends at 25,000 barrels per day. As a result in September, import volume reached a record high of 22,400 barrels per day. In the 3Q21 to complement the supply of the ethane by Pemex, Braskem Idesa imported 18,600 barrels, which represents 74% of Fast Track's current capacity.

The Company also is working on further plan expanding capacity of the Fast Track solution that involves the incorporation of additional loading stations, which could enable Braskem Idesa to reach maximum ethane import capacity of 35,000 barrels per day, and the expectation is that the conclusion of the 2Q.

In the next slide, we will talk about Pemex and other Mexican government entities. In the past months, we have achieved the important progress in situation of Braskem Idesa as already mentioned, Braskem have signed an amendment to the ethane supply agreement with Pemex that changed the minimum volume commitment to 30,000 barrels a day until the start-up of the ethane import terminal, which is expected for the 2H24 or the deadline of February 2025, which may be extend if there are any delays in licensing and permits. The amendment also gives Braskem Idesa first-refusal rights for acquiring all ethane that Pemex has available and does not consume its own productive process through 2045 at prices based on international references.

Braskem Idesa also signed an agreement with Pemex and other government agencies that establishes measures to support the construction of an ethane import terminal with the capacity to all the feedstock needs of Braskem Idesa. It is important to note that Braskem Idesa has already obtained the applicable corporate approvals, including final approval by shareholders and creditors for both documents, i.e. the amendment and terminal agreements.

Turning on the next slide and still on the Braskem Idesa deal specifically about debt profile of our operation in Mexico, Braskem Idesa has concluded its debt refinancing plan by replacing the remaining balance of US\$1.35 billion of the project finance platform with new debt under a corporate format, with extended maturity profile, which effectively extended its average debt maturity to nine years, with the settlement of the project. That guarantees pledged by Braskem to Braskem Idesa to the total amount of US\$358 million.

The new capital structure includes the issue of securities with a commitment to and interest rates linked to targets for reducing CO2 emissions, in line with the Company's long-term sustainable development strategy.

This means that Braskem has met its goals set for 2021 of negotiating, a final amendment with Pemex and the expansion of its ethane import operation. And also through BI, the Company reaffirms its commitment to Mexico, the local petrochemical industry, and to the plastics converter industry through its continuous efforts to increase the supply of raw material.



Turning to the next slide now where we will address cash flow generation. The Company presented a positive operating cash flow to the tune of R\$3.9 billion, setting a new quarterly historical record for the Company. The main positive drivers were the strong recurring operating result and the monetization of PIS/COFINS credits in the quarter. This positive factors were partially offset by the negative variation of working capital, interest payments on bonds, income tax and social contribution payouts and also the consumption of operating CAPEX.

Moving on to the next slide, we will talk about the Company's debt profile. At the end of September, Braskem continue to maintain a very long debt maturity profile and strong on liquidity position with maturities concentrated in the long term. The average that term was around 15 years. Note that the liquidity position now is enough to cover the payment of all liabilities coming due over the next 75 months.

Turning to slide 16, we will address the Company's leverage ratio. In the quarter, Braskem continued to reduce its corporate leverage and has been presenting solid credit metrics. With its leverage ratio, the U.S. dollar ending in the quarter at 0.8 times, which is Braskem's lowest leverage ratio ever posted by the Company. Braskem reiterates that it maintains a robust cash position, a very long debt profile and is committed to efficient location and cost discipline.

Moving to the next slide, please, during the quarter, we had an important acknowledgement by the credit risk agency S&P, which upgraded the Company to investment-grade level. The agency also highlighted the considerable improvement of profitability indicators of the Company, and also those related to cash generation and also the Company's commitment to reduce its corporate leverage.

Braskem is also holding regular conversations with Fitch and Moody's to keep them updated on its corporate credit risks. I should also note that Braskem's credit rating is higher than that of Brazil's sovereign credit rating, and that with the upgrade by S&P, we are nearing the risk levels of U.S. petrochemical companies.

Going now to slide number 18, we will look at our ESG highlights. Let me start speaking about two important projects at Braskem. In September, we signed an MOU with SCG chemicals for conducting feasibility studies for a joint investment in a new ethanol dehydration plant in Thailand. In order to produce bioethylene and I'm green biobased polyethylene, is implemented the unit will be located in Thailand at the petrochemical complex of SCG chemicals and go as far as doubling the current production capacity of I'm green biobased PE.

Braskem will contribute it with its technology and knowhow in ethanol dehydration process and its experience in marketing I'm green biobased PE while SCG chemicals would use its PE units and production expertise to generate the green resin, as well as with its knowledge of the Asian polyethylene market.

Also worth mentioning the investment is subject to the conclusion of those feasibility studies, Braskem and SCG Chemicals reaching a mutual agreement and to obtaining the required regulatory approval.

In addition, at the beginning of this week, we announced a MOU segment signing with Lummus Technology for the joint licensing of Braskem's green ethanol technology conversion of ethanol to ethylene to two projects in different regions in the world, displaying a global interest inside technology in they are. One project under development in North America and the project under evaluation in Thailand, which I have just



mentioned, at the same time, both companies are discussing a long term agreement for Lummus to license Braskem's green ethylene technology, as a way to accelerate the use of renewable feedstock by the chemical industry worldwide, best contributing to mitigate climate change through the conversion of carbon from the atmosphere into plastics.

Moving out to the next slide please, Braskem has recently formed their partnership with ECOVADIS to reinforce its supplier management program based on analysis of ESG criteria. ECOVADIS is one of the largest sustainability classification companies in the world for global supply chains. And this new partnership will engage suppliers in the ESG topics and make Braskem's supplier evaluation program even more robust.

Moving to slide number 20 now, please. A few weeks ago, we were honored for the achievements in our circular economy efforts. Braskem was acknowledged by Bloomberg as the best company in circular economy among plastic producers. That recognition further increases our responsibility and drives us even more to keep seeking out new initiatives to drive this circular economy.

Bloomberg's circular economy ranking monitors the sustainability strategy of the world's largest plastic brand owners and manufacturers in the world and assesses their achievements, ambitions and quality of information provided to the market.

Next slide, please. Another important acknowledgement of Braskem's efforts came from the High Commissioner for Human Rights of UN and from the UN Global Compact, which recently recognized the Company, by the Company's practices to uphold human rights in its business activities. In the case of Braskem two case studies were selected, one related to social responsibility and human rights and the other relative to public report on human rights.

Moving to the next slide, please. We will talk about yet another important acknowledgement that the Company received. Braskem was elected one of the best companies in the world to work for, according to Forbes magazine. The rank is made up of the best employers in the world. And over a 150,000 people were interviewed.

Among the criteria assessed, we can mention the positioning and the Company's concern with impact on environment efforts to develop new talents, social responsibility, and lastly, diversity. Braskem, which is only one of three Brazilian companies have participated in the ranking from among 750 participating companies and improved its position by six places when compared to 2020.

Now turn into the next slide. We will be talking about the scenario in the petrochemical industry, based on the latest forecast by consulting firms, spreads for the base chemicals are expected to remain above their recent historical average in 2022. Among the main chemicals, one of the highlights is Butadiene, whose spread in the 3Q exceeded US\$1,200 per ton, driven by strong domestic demand, and that was not followed by higher supply.

On slide 24 now, we will talk about the scenario for polyethylene and PVC. Similarly to what was observed among the base chemicals in the previous slide, external consulting companies are forecasting PE and PVC spreads at levels above their recent historical average for 2022.

I should mention that if this scenario actually materializes for naphtha and gas based spreads, this would represent an extremely favorable scenario for petrochemical producers, even if to a lesser extent than what was witnessed in 2021.



Now turning to slide 25, we will comment the scenario for polypropylene. As for polypropylene spreads, according to external consultants, the U.S. should remain the most profitable region, which spreads remaining above the recent historical average.

Moving on, we will talk about the outlook for the short term. In the case of Brazil, for the 4Q, Braskem can expect an increase in ethylene production with a ramp up in feedstock supply in Rio as to sales volume, despite the lower seasonality, an increase in total sales volumes is expected and maintenance of the prioritization strategy to serve the Brazilian and the South American market.

Polyethylene Naphtha base spread should remain above the recent average while polypropylene and PVC spreads should expand. In the United States, the expectation for sales volumes should remain in line despite the lower production in the period for polypropylene and the spreads for polypropylene in the U.S. should remain in levels above the recent historical average.

Lastly, in Mexico, despite the expected decline in the production due to the scheduled maintenance shutdown, the expectation is for sales of polyethylene to remain in line with the prior quarter, given the supply of the product in inventory, which was put together over the recent months. Polyethylene ethane gas spread in the U.S. should remain also above the recent average.

Moving on to the next slide, in this slide, we can see that Braskem can remains as an interesting investment opportunity in the global petrochemical industry, despite Braskem's many important achievements over the recent period. It's multiple remains discounted when compared to other peers. It's important to mention that Braskem is a global company with characteristics, which are similar to those of its peers in the U.S., such as well diversified feedstock profile, leadership position in the markets, where it operates among others.

In addition, in 2021, Braskem delivered profitability and credit metrics above those posted by their average peers in the U.S. as can we seen on the slide. In the year-to-date, up to September, Braskem recurring operating margin and the net margin of the Company were both higher than the average of its U.S. peers. And with respect to corporate leverage, we have an indicator of net debt over EBITDA below that of the peers in the same region.

Moving on to slide 28 to conclude the presentation, this slide is like the recap the Company's main priorities for 2021. The two main priorities are concluding. Well, two of them have to do with conclusion in the processes related to the geological phenomenon in Alagoas and reaching a permanent solution for reliable supply of ethane to Braskem Idesa. Both fronts continue to advance and important steps toward a conclusion. Braskem remains firmly committed to its financial health and to the efficient capital allocation with the objective of being reassigned as an investment grade company. Another priority is strengthening Braskem's public image and reputation.

On the innovation and digital transformation front, Braskem's priorities are improving the effectiveness of its innovation actions and accelerate its digital transformation.

Last but not least, Braskem continues to make progress in implementing its ESG commitments with the goal of becoming an industry reference, or a benchmark in the sector.

Lastly, we would like to reinforce that safety is and will continue to be a key focus of Braskem's operations. It is a perpetual and non-negotiable value of our strategy.



This concludes our presentation for Braskem's 3Q results. Thank you everyone for your retention. And now we will move to the Q&A session.

Bruno Montanari, Morgan Stanley:

Thank you for the question. I have two topics about capital allocation. In view of the sharp deleveraging of the Company and positive numbers, I would like to understand across dividend payouts and investment opportunities, as for dividends, the expectation that you have in terms of timing announcement, what goes on in the mind of the Company's controllers around the payout of dividends?

And also in terms of the investments, if you have already concluded much of what you had to do. Some of the projects you listed are quite interesting, but I would like to understand if you could perhaps list, aside the green PE, what other sizable investments are you thinking about in the U.S., in Mexico, in Brazil? What can we expect in terms of that pipeline going forward? Thank you.

Pedro Freitas:

Good morning, Bruno. Thank you for the question. It is a pleasure to be able to talk to you all investors and analysts during today's earnings call. That question does make sense. We have been talking about it, capital location as an important topic coming from that. Of course, the strong cash generation brings about the question. And as you said, we have been working extensively to reduce that and only have two other levers to allocate capital as you mentioned.

I will start with a dividend question. Today as is, we do not have pipeline to invest in site. So our investment perspectives, talking about investments, right, we do not have a new polymer plants in the pipeline just as we have in Mexico and U.S., we do not have a sizable investment like that in the pipeline today. A project like that would take two years to be completed, if something like that worth to be part of our pipeline. And again, there is nothing in insight. This would be happening in two, three years' time, where we do have investments under development.

They include two areas, renewables we have announced an MOU. It's an MOU based on a study for a new plant of green ethane in Thailand, as it was mentioned. But this study will lead to an investment decision going forward down the road, but it's a lower investment level. For this case, it would be a lower level investment. And again, no visibility so far.

When we look at renewables, which is the Company's investment focus, there is nothing in the short run just to be sure. And once we call circular economy, which includes recycling initiatives, mechanical and chemical recycling, we do have short-term projects in the pipeline still being matured. But as for those investments, again, we are talking about investments to the tune of tens of thousands of dollars, and if you combine the whole portfolio for renewables, maybe couple of hundred thousand U.S. dollars in the coming year. So nothing really material in that sense.

Another investment, which became public, is the ethane import terminal in Mexico. But that's an investment made by Braskem Idesa, which is not directly linked with capital allocation of Braskem. So again, when we look at investments, just to reinforce, which are not that material for the coming two years, and then after that, we couldn't have something more material in the renewables lines, we will maintain a live portfolio for recycling but at a lower level of investments. And the investment in Mexico is local.



So when we look at the available cash volume on the financial position and a lower leverage level, it is only natural that will have room to allocate that capital.

And also, to talk about dividends, the Company has been actively surveying possibilities of dividend payout in the short run. We do have a dividend payout policy that requires a prospective analysis of the situation. We are now fine tuning the numbers. We intend to use the same numbers that were in our budget. And then, we have also alignments taken back to the Board of Directors very soon.

So our proposal will follow on the dividend policy in terms of the leverage level and so on. It is a dividend proposal, which has not been consolidated yet. It's a work in progress, but I hope to very soon be able to take that proposal to the board level, maybe weeks or days.

Bruno Montanari:

Perfect. Thank you.

Pedro Soares, BTG Pactual:

Good morning. I have a follow-up on the previous question. If you could talk about the dynamics that you brought and also about what we talked on the last quarter that was sort of an informal data on leveraging. Is there a perspective, as you mentioned? In terms of business and the medium run, do you see any risk for this spread dynamics to become normal in a quicker way so that you may postpone or reduce what you expected to pay in dividends?

Rosana Avolio:

Pedro, good morning. Could you repeat the question because the sound is really not good enough.

Pedro Soares:

Of course. The question was a follow-up on the previous question on dividends, trying to link that not only to the leverage position that you mentioned in the previous call. In the market, the current situation of the Company would enable you to pay a lot with all this cash generation that we saw. But if somehow this spread dynamic normalizing, and you have mentioned that somehow you expect in relation to business plan in the medium run, is there any risk of postponing this dividend that you thought of in the previous quarter? And maybe you could talk about next year.

Pedro Freitas:

This scenario that we see ahead, it has been sustained that next year will have results that will be very good historically speaking. But of course, less than this year, because of the petrochemical scenario and these perspectives that we see from the specialists in 2023 lower position than compared to 2022, according to the specialists.

I would say that our view of future has not changed. We have maintained a favorable perspective. Of course, the result not as good as this year, but a favorable result for the coming years.



This dividend analysis is aligned with the policy. And when we assess different scenarios, it's not one single scenario, if you look at the net profit, it's R\$14 billion, but we have to absorb the losses of last year. We have to have legal reserves that came to zero because of last year. And we have an analysis that is being done of how much we can pay, because we have to absorb this issues of the previous year.

We also have to remember that the Company has a precedent of distributing the anticipated dividends. This was done in 2017. And even in that moment, we did not just distribute all the net profit beforehand. What we have here is an analysis that we will follow the policy plans, but the scenario has not changed, considering that we have a few years back materially speaking. And most likely, it will follow the precedent of 2017 of having a reasonable distribution anticipated in an second moment after the general assembly will compliment. This is also subject to the conclusion of this analysis and to the approval by the board.

Luiz Carvalho UBS:

Thank you. Basically, I have a few questions. Pedro, if you could go back to this dividends issue following the first question. Also, you do not have large projects or large increment to the near future, that's what I understood. And obviously, even this scenario of this spreads is slowing down a little bit, could you maintain a cash generation that's quite robust. So the idea is that this cash sum that would come back via buyback or dividend, something on that sense.

And second, if you could provide an idea of the increase of the U.S. to Braskem. They have recently announced an agreement with U.S., I mean Braskem Idesa. Incrementing that offer, could you give more details on that?

And if I may, one last, I do not know how much you'd be able to answer to that, but anything new, any additional demands from the controller for the Company's management that may indicate a type of movement from the standpoint of marketability, liquidity of the Company? Thank you.

Pedro Freitas:

Good morning. Thank you for your questions. This cash summon up is probably to pay dividends. This is what we have been mentioning. There is one other point that we have, which is Braskem because of covid in 2020 did small investment. And from this year, it was postponed for next year. So you have a backlog of maintenance investment, but this is not so important, materially speaking, to be done.

There is a difference. I think the portfolio of investment that we announced for next year, maybe we will be bolder in this part of investment and plant maintainers to have a catch-up of what was not done last year and what was postponed from this year too. But nothing material for discussion as far as capital allocation is concerned. So that's a natural avenue.

In regard to importing ethane from the U.S., the imports increased. And the end of 2Q and 3Q, we extended the capacity of importing ethane from Mexico. It's around 26,000 barrels a day. And the expectation we have throughout this next half is to expand even more this capacity to 35 million barrels a year. Since we use 66,000 a day, we are talking about half of our feedstock that will come from Fast Track and the rest from Pemex.

We have operated at 100% in October, but the average was 75%. If we compare to the 3Q, this one was 68%. From 68% to 75% quarter-to-quarter, we have a perspective in



the next six months adding the change that was done with Pemex, with the agreement, plus there is no capacity. Expanding the Fast Track capacity, we think that we could reach a 100% of use in a recurrent way, after the 2H22.

And obviously, these projects have to be finished, but we have a track record that's important on expansion. And showing that this expansion is feasible and it's safe, we have been doing that with safety, what is key for us. So I would say that, we have had success in that strategy and the definitive project of imports will take about three years to stand. And we hope to have a final decision of investments soon in a few weeks to be able to close this design. But we expect to soon have an investment decision in the definitive terminal.

But that would take about three years to be ready, and the advantage of that is, first, it reduces costs, and the second advantage is risk reduction, because of course, the transport raw material by truck, although we do this in some places, if you use a pipeline, it's much safer. So this is too ongoing, it's been very interesting.

On management and the controller, we did not have any demand, no action from the Company was demanded. For now, we are waiting. The Company knows through the papers and the announcements that were done by Petrobras and Novonor that they are interested in assessing the sales of their participation. There are many ways that this can be done, a bid in auction or transaction.

So as much as possible, and reasonable that the Company would not have unproportioned costs, we are getting prepared to understanding how the process will go in M&A or in share process. What's in the scope of the Company, it can be done. We have tried to anticipate in a reasonable way, with nothing very extensive being done, and expecting this decision on what's the avenue to go through, because we do not have that as yet.

Luiz Carvalho:

And just going back to the second, when do you intend to make public your five-year plan? And in this plan, are we going to have more details for this tentative process of imports, CAPEX? Are we going to have this whole scenario?

Pedro Freitas:

Usually, what we make public is the CAPEX number in the beginning of the year. Within the budget, it may be March next year, something like that. But again, the parameters are the ones we know. In 2020, we invested US\$200 million less in maintenance. We always say that we invest around US\$500 million, US\$600 million a year, and that was not recovered in 2021, hence we can expect for 2022, as I said, strategic investment should not be very much material.

So you can think, US\$500 million, US\$600 million plus US\$200 million, plus some strategic investment. So for next year, it will be around that. And in other years, that catchup will have been done, so it drops. This is what we see.

We will have our Braskem Day on December 10th. And there we should talk more about the business strategy, more information. I invite you all to participate. There we will have more information on that.

**Gabriel Barra, Citibank:**

Thank you for taking my question. I have a few questions. I will start by Novonor. One of the things that got my attention was the material fact about the compliance and auditing committee, as far as I can see and understand. That is a mandatory issue, right? Looking from that point of view, how would that migration process be to the Novo Mercado? As it was said in the media, there were other options of migration to the Novo Mercado. So in addition to that audit and compliance committee, what else would need to be done for that migration to happen and how long would that take?

Also, I would like to understand in what concerns Mexico, things that were going to be decided concerning the ethane contract, those are already past waters. But looking forward, I would like to have some more color on the operational front. I would like to understand about the margins, taking into account the higher capacity that you have now, vis-à-vis what you had in the past, and we explored that in the presentation, that capacity expansion. And also having in mind a slightly higher raw material price, how do you address that equation? Those are my two questions. Thank you.

Pedro Freitas:

Thank you, Gabriel. Two good questions because they allow me to elaborate a little more on those changes that happen at the governance level and which are very relevant changes. And also it allows me to talk about the future of our operations in Mexico.

Braskem created a compliance committee back in 2016. It's part of the board and it's a statutory committee made up of three independent members. And we had been discussing changes and also incorporate an audit committee, Braskem to meet U.S. law. The audit committee was called the fiscal council before for the purposes of the SEC requirements.

We are now at the level one, there is no requirement for an audit committee at the level one. But as you said, the best governance practices ended up in Mercado require that we have an audit committee. So we have converted the compliance committee into a compliance and audit committee, and this committee will meet both U.S. legislation. So it will of course meet SEC requirements and it also meets the Brazilian legislation.

So we are following all the requirements for the Novo Mercado. And we now have an additional two members, they are external independent members. And we are external specialists that now have joined the compliance and audit committee. So it is a very relevant change in our governance structure. It takes to the Board level a whole different view in that, it strengthens our governance structure. And of course, it has a consequence on the way we announced our results. This was already in place, but now it has been formalized.

So this was a change, which was instrumental, I would say. And we are very, very satisfied with the results. And we are very happy that this was approved by the shareholders meeting a few months ago. We of course elected the external members. We resorted to a headhunter or headhunting company to help us on that. And we are quite happy to announce that and we are now able to implement the audit committee, another important change that we carried out at the same time.

But as it does not affect our bylaws or general meeting law rules, that's why we didn't highlight it, but it has to do with our communication strategy. Now we have communication strategy, plus ESG matters. So that committee already had oversight powers over all ESG topics that touch upon the Company, but we had conducted a GAAP



assessment and we thought it was important to formalize that the creation of that ESG committee at the board level to make it more formal, more systematized.

So we are now actually assessing a GAAP, which was assessed. That is part of ESG rating agencies, which are external to us, of course. So we expect that those two changes will improve our governance assessment on the part of those third-party agencies, and that, of course, all falls under our macro objective, which encompasses improving our internal governance.

So as for that change, as I said, its part of a larger scope to improve governance, something we started years ago. It is a very important step that we are taking, and we expect to reap the benefits in the short run.

As to the migration to the New Market or the Nova Mercado, in the past, we had already addressed that. There were a couple of changes in the regulation. It might be slightly outdated, but we know it is a process that will take about two or three months. We need to submit protocols to the Brazilians SEC or CVM as we call it. And right now, as is, we are not actively considering migrating to Novo Mercado. But based on what you have seen in the news, we are of course updating our understanding of the process. So the forecast is, what I said, from two to three months.

Before changing gears, there is something important to address, Gabriel, in the way you put your question. You combine the shareholders move with this decision on the part of the Company. But one thing does not have anything to do with the other. As I said, Braskem has been assessing that for some time, adopting an audit committee. That's something done by the Company, which was of course approved by the shareholders during a General Meeting in July. But this was something that started at the Company level to improve our governance.

As for Mexico, your other question, I think, when we talk about Mexico, we are going to a new level. It is a large transformation in the way we operate. So your question is, how does the operation remain going forward. So we have not only amended the contract with Pemex, we now have a commitment to have an import terminal to import raw material. And with that, we will have a supplier alternative as it were, and that also entails the change in the capital structure that Braskem does it.

When we operate with project finance, it's always something very complex. There is a series of reserve accounts, guarantee accounts. And you have to use your cash in a cascading manner. You have a fiduciary agents working on the custody of all the Company's resources, very low flexibility in terms of financial management.

So the refinancing, that through project finance is also fundamental in simplifying the internal management for Braskem in this. It extends our debt profile, which was before at nine years, which is much more in line with the petrochemical cycle. So that also helps improve our financial health. We are going to a different level as I said. So it turns the Company into a company which is much more connected, much more in line with what is expected of a petrochemical company.

It also changes the cash flow. We now foresee the possibility of paying out dividends, something we didn't have before. We always counted with long-term dividend payouts. But you cannot have amortizations in the short run. So now we have an opportunity for that. So the possibility now is real, whereas before it was not. So it is a real transformation. I could say it's a new company that we have in Mexico under this new capital structure.



And now, to your point about the operation going forward, import freights or import costs US\$170 per ton. So that falls within all these spreads between polyethylene and ethane. And as fixed costs and capex have already been paid for by the previous operation, each new percentage points coming from production, each additional ton of production will only be footing the bill for variable costs. You'll be paying the freight. But on the other hand, fixed costs have been amortized, capex has been amortized. So that's pure cash flow.

As I increase the operational rate at Braskem Idesa, we are able to extract all those benefits. And with that, Braskem, it is which is already one of the most profitable assets we have will become even more profitable. That number, US\$170 per ton that's what we have in our radar until the terminal is ramped up. After the terminal becomes operational, that number tends to drop. So there is a downtrend for that figure as well.

So I think Braskem Idesa just to address another point that you mentioned. Not only does it have to reach 100% usage rate, but in the past, you saw that rate plants can work at higher levels, We are now designing it to operate at 125% of capacity. If we have to, we could invest at the plant level to increase the cracker production level, because the polyethylene plants have already shown production capacity way above 100%. So that would be an investment of very high returns as the terminal becomes operational. That's something else to be kept in your radar. Thank you.

Gabriel Barra:

Thank you for your answer.

Declan Hanlon, Santander (via webcast)

In relation to the last conversations with Fitch and Moody's, this expectation in the short run in the context of commodities, and the expectations of the futures spreads, does it change anything in our expectation on ROI?

Rosana Avolio:

Talking about the discussions with the agencies, first, I would like to enforce some points. We had a downgrade from the agencies in the 2Q20, in July last year. From then on, we did a huge exercise. If we go back to the gross debt, it was US\$8.7 billion. We are closing with gross debt of US\$6.3 billion in this 3Q. So only from that standpoint, we reduced almost US\$2.5 billion. Also net debt, in the 2Q20 it was US\$6.3 billion, and now we are closing with US\$4 billion. So it was an exercise of the Company reducing the net debt in US\$2.3 billion in leveraging, reducing importantly, reaching the lowest position.

I'm bringing this variations because in the end of the day, the figures speak by themselves. And when we look at the expectation forward, we are in a moment, that's very simple, very strong spreads, but the expectation is positive, and again, the Company did an exercise of reducing to be prepared for any cycle turn.

So we have been talking with the same agencies in a recurrent way with Fitch as well as with Moody's, and we do respect all the work they do, but yes, we do believe that our investment level will come back.

And in relation to leveraging, and comparing to the average of the most important players of the industry in the U.S., making this comparison, the Company has a credit profile that's quite positive. It has an inferior leveraging as compared to the average of partners.



This is one more argument that leads us to have this confidence and recovering this investment level in the short run.

In September, we had this change. We have been talking with the agencies. And, of course, we respect everything that the agencies do, and we are sure that we will recover this investment level.

Christian Audi, Santander:

Thank you. I have a few questions. First one, you had a deleveraging that was so strong. I wanted to understand to what extent do you believe that it's healthy. What level do you want? Could you give us a figure?

And I have other operational questions. I know Rosana mentioned something, but could you talk, first, about the demand per region, not only for next quarter, but for next year?

And the last question, 3Q21 was a record for the spreads, but historically what's going to happen? So if you could just give an idea of what level you have expect those spreads in 2022, as against 2021?

Pedro Freitas:

Christian, thank you for your questions. In relation to the indebtedness level, we today are at a low level of leveraging. We have two assessments that we do regarding that. One of them is the assessment of the number of leveraging. We have this reference internally for a cycle around 2x the net debt per EBITDA, and we can reach 2.53x, as happened. So we know that in the lowest cycle, it lowers also. And in the mean level, around 2x is what we have as reference. There may be variations but it's what we have.

So today it's quite low. We know that we have to change this. And another number that we have as reference is a historical mark of net debt that we have. There is a slide in the presentation, number 16, which shows the historical net debt. Since 2020, it's a long history, but our net debt is around US\$5 billion, more or less in a very stable way.

So we believe now with the operations, that the number may be even higher. But if we look at US\$5 billion in net debt, we closed this quarter at US\$4 billion. So we would have a buffer to improve the net debt.

And now we talk about capital allocation. Again, we have at least US\$1 billion to adjust, and we believe that that's something that connects well with the discussion of capital allocation.

In relation to demand, we have G&P view. We use analysts and other experts. What we see is the market talking about 1.2% for next year. The demand analysis in Brazil was 1.5%, the GDP is around 2% a year. That is what we expect for the demand of Brazil.

The global demand, we believe it will go on around 3% to 4% growth in the world. What affects us the most is the global growth, not really Brazilian.

In Brazil, it reallocates the expectations for the domestic market. But the global affects spread, so around 3% to 4% growth in the world. Our view for the U.S., our PP markets in the U.S. of around 3%, and we have offers coming, and that takes to these spreads drop this year, but for a good level next year.



There were another slides in the presentation that have some figures, 23, 24, 25 shows the perspective for 2022. And there you can see that the perspectives of the spread drop, but drop in the most important chemicals at a good level looking towards 2022.

When we look to the spread of PE, all the spreads are above the average between 16% and 20% for 2022. PVC, likewise, and PP, polypropylene, only from Asia it is below that average of 16% to 20%. All the others, Europe, U.S. are above. The Asia spread applies to Brazil, but today our largest capacity is not in Brazil. So I would say that, generally speaking, all the spreads are quite favorable.

The logistic disruption has brought additional benefit for those who produce outside Asia. So that also has to be followed. I have seen consultants saying that it's going to take 18 months to solve that. So our perspective for next year is of some margin above normal of the industry, considering the logistics aspects.

Some are saying that's going to be solved by the middle of next year and others speak about 18 months. We are thinking about next year. But for 2023, in our budget premise, we are not including that factor. This is why for 2023 also, the expectation of results drops, maybe for medium level.

Looking at 2022, 2023 next year, the position is good, one of the three best results of Braskem. And 2023, I would say a drop more towards the cycle average, but with much uncertainty within the scenario, considering all these topics of supply chain that have to be solved.

For 2025, extending a little bit more toward the future, we have not identified new capacities that are in construction right now, or investment decisions that will take to the production of new plants in 2024, 2025. What means that 2024, 2025, the occupation rates will increase, and we will face a new cycle of increase in these two years.

Christian Audi:

One quick follow-up about Brazil, if I may. You talked about normalization of demand. How do you see that going forward? When you talk about demand normalization, what exactly do you mean?

Pedro Freitas:

When you talk about normalization of demand, we had demand which was higher than expected especially late last year and early this year, when we see the demand in Brazil for the 4Q20 and first two quarters of this year, until April, May, you had inventories being rebuilt in a change in consumption patterns that led to a higher demand across those three quarters.

Now as we reach 3Q, 3Q this year, we see lower demand than in Q2, our sales increased. As Rosana mentioned, we had a production shutdown, our sales went up, but the demand in the Brazilian market resumed what I would call normal levels. It continues to grow, but at a lower pace, more fitting to what the market is used to.

But if we have a demand disruption in Brazil, driven by some macroeconomic effect, we will have a curve of foreign exchange devaluation which could be beneficial for the Company. Braskem is a company that improves significantly when there is foreign exchange devaluation. So, we have a natural hedge vis-à-vis the political/economic conditions or situation in Brazil.

**Christian Audi:**

Okay. Thank you, Pedro.

Gabriel Barra, Citibank:

I have another question. As for the Green PE, I would like to understand the size of that market. Remember when you release the relevant or material fact some time ago and you talked about 200,000 tons through 2025. That target does not seem to be so aggressive. So, I would like to understand the size of that market both for ethane and polypropylene, and what will be the return for that investment in SCG? And if you could perhaps invest in the plants and participate more actively in the production. That's what I wanted to know. Thank you.

Pedro Freitas:

Gabriel. I think those two announcements we made, material fact we released, they are part of a biopolymers strategy that we have been developing. So, they didn't happen at the same time by chance. On the one hand, we are assessing several growth opportunities under renewables, especially biopolymers. What we call the Green PE that joint venture with SCG or for now, it's only an MOU. It falls under that scope of spinning up the capture of that market by having new production volumes in place.

Of course, the global market for polyethylene is 100 million tons a year. Our forecast internally, which is more conservative, is of a market of around 1.3 million tons in 2030. If we had green polyethylene, a million tons today, we would sell the whole amount today. I think the market is there today for a million tons.

The issue is how can we accelerate the implementation of those new plants, we have for this business we are able to have some kind of hedging or hedge for raw material, the cost of ethanol we can pass on in our sales contract. So any potential oscillation in commodity prices, we can recover commercially. We do have clients who are willing to enter into long-term contracts for that product.

So when we look at the clients alone, we are already getting close to that 1.3 million for '23. So the market is much larger than that. So we are now trying to develop or to expand what we already have and we have rented also. We see SCG as a partner for the second plant and partners for a fourth, for fifth plant. So we are assessing all those avenues of growth, be it through partnerships or be it through new plants, which we will own, Braskem's plants.

So that's part of the strategy, to seize market opportunities that has accelerated throughout the pandemic, because there was a higher demand for renewable projects or products. For that to happen, you need to have the deployment of the technology across different areas of the world. So for Braskem, it would be interesting to have a partner that will have that competence to license new technologies a partner that could provide us with support as we expand those projects globally and simultaneously.

So there is a rationale around royalties underlying the material fact, but the main value of the partnership is not financial per se. Of course, there is financial gain, but much more important is the fact that the project will be an enabler of our capacity to quickly deploy that strategy in a market with high demand and very attractive returns. So Lummus provides us with that possibility to deliver several projects.



Another benefit which is not as tangible is that once Lummus started licensing technology for third-parties, Braskem, as a partner of Lummus will now be able to partner with those new projects. So it also becomes a norm to explore new growth partnerships. So there are several possibilities at the table being brought by Lummus, and we on our end, we have 10 years of experience. And the market will demand new developments across the world. So it's a complementary move. And that's the start of something much larger going forward. Thank you.

Operator:

This concludes the Q&A session. I would like to turn the floor back over to the Company for their final remarks. Please, you may carry on.

Pedro Freitas:

I would like to thank you all for participating in our earnings call for 3Q. And just to close, a couple of final observations to reinforce some of the points that myself and Rosana presented. I will start by the results. Yet another quarter of very strong results I was talking with Rosana earlier today, we have had years which were similar to this one single quarter. So exceptional results for one single quarter.

We continue to generate cash at historical levels. If we look at the return on cash flow, on the share price, it's sitting above 20%, above any other company in the industry. So our performance was quite exceptional. We have also maintained our commitment to the Company's financial health, our leverage level also at a low record 0.8 times, 0.83 times net debt over EBITDA, our target is to recover investment grade as it was mentioned, we have already done it with one agency, but we are now trying to get the same grade with other agencies and by working with them to also be able to recover that and we are confident that we will be able to make it with the other rating agencies.

Also important, our operations in Mexico a final solution to supply ethane, which was one of the main objectives for 2021 and we are once again reinforcing the Company's delivery capacity. We had clear objectives for this year, an important progress in Alagoas also, that's also ongoing.

The other objective which was important was Mexico. So this is done and over with as we have signed the new contract amendment with PEMEX, a 15 year contract for the supply of natural gas, the replacement of the debt with the project finance, the issuance of debt bonds, which are sustainability linked, the largest sustainability linked bond issuance in Latin America, US\$1.2 billion done by Braskem Idesa's team for a company which is not investment grade. So based on the rating that we have, it is an even larger accomplishment.

And all of that in line with our commitments to reduce our carbon footprint announced earlier in the year. Also ESG, I would like to remind UN reinforced the implementation of our audit and compliance committee, the expansion of our strategy and communication committee at the board level, asked to include an ESG committee and we remain very confident in terms of cash generation for the coming quarters.

The outlook for international petrochemical industry is very positive, healthy levels of results of spreads. So we remain confident and committed to increase competitiveness, productivity also working always with safety in mind, cash generation and creating value to all shareholders. So, I would like to close by thanking you all, thanking my team for the results we have achieved. And a big thank you to Braskem's shareholders for their trust in the Company. We hope to live up to their trust.



And I would like to remind you we are getting close to Black Friday. So Braskem shares are going through a good moment and positive moment. So we have another opportunity coming up, opportunity that is emerging right now.

So once again, thank you. I would like to invite you to join us on Apimec on December 10.

Operator:

Braskem's audioconference is now over. We would like to thank you for participating. Have a nice day, everyone, and thank you for using Chorus Call.

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