Stock Code: 600299 Stock Name: Adisseo No: 2021-013

Bluestar Adisseo Company

Announcement of Main Operating Data for the First Quarter of 2021

The board of directors and all directors guarantee that this announcement does not contain any false statement, misleading statement or material omission, and assume personal and joint liability for the authenticity, accuracy and integrity of this announcement.

In accordance with SSE *Industrial Information Disclosure Guidance No. 14-Chemical Industry* (2020 Revision) and the *notice of 2021 First Quarter report disclosure*, here present the 2021 first quarter operating data:

1. Income & Cost Analysis

Analysis by product

Unit: Yuan Currency: RMB

Main operations by product						
By product	Operating revenue	Cost of sales	Gross profit ratio	Increase/decrease in operating revenue on the same period of last year (%)	Increase/decrease in operating cost on the same period of last year (%)	Variation in GP ratio on the same period of last year
Performance products	2,085,725,872	1,362,272,302	35%	5%	2%	+1ppt
Specialty products	754,187,881	354,808,158	53%	5%	4%	No change
Other products	153,610,648	151,536,848	1%	6%	83%	-41ppt
Total	2,993,524,401	1,868,617,308	38%	5%	7%	-1ppt

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with Q1 2020	Change in Volume	Change in sales price	Exchange rate impact
Performance products	100,113,311	65,309,443	(70,653,280)

Specialty products	69,834,277	(4,665,709)	(27,860,548)

Adisseo delivered continued growth achieved in both operating revenue at CNY2.99 billion (+5%) and gross profit at CNY1.12 billion (+2%) with a nearly flat gross margin at 38% thanks to +19% volume growth in liquid methionine, continued revenue growth in specialties. However, it is not yet fully reflecting the promising business dynamics arising from the good momentum on prices of main performance products, which is already happening in March and the full positive benefit is expected to come in the following months.

Performance Product:
Regarding the methionine business, strong market demand led to on-going significant volume growth in liquid methionine across the world and especially driven by high double digit (>20%) increase in China, Latin America, Indian Subcontinent and Middle East.

Nanjing plant achieved a new production record in March 2021, and the new 180KT liquid methionine plant (BANC2 project) is progressing well with excellent safety performance illustrated by 2 million manhours without recordable accident. The piling work was completed, and all imported equipment has been delivered on site. The civil work is under completion and the total expected cost is under control and in line with the budget despite the increase in material prices, such as steel. The project is on track to start up by end of H1 2022.

The debottlenecking of European plant (+30KT) is being implemented on schedule despite COVID-19. For the upstream part in Les Roches plant, the mechanical completion is done, and the project is under commissioning. As to the downstream part in Burgos plant, the schedule is also under control with start-up expected in Aug 2021.

On Vitamins, Vitamin A and Vitamin E selling prices are still at a high level in the context of other industry player's production difficulties. Portfolio vitamins' selling prices are still at their low level, but this had a limited impact on profitability.

Specialty Business:
The specialty business achieved continued growth in Q1 2021 in both revenue (+5%) and gross profit (+6%) despite global supply chain disruption and restrained abilities to visit customers in the context of COVID-19. Smartamine business delivered its best-ever quarter supported by the positive milk price trends. Health by Nutrition business, especially for Selisseo and Alterion, delivered sustainable growth especially for Aqua (+32%). Palatability business also realized growth despite difficulties in the China market due to the African Swine Fever. Other specialty business was unfortunately more seriously impacted by supply chain difficulties and limited capabilities in customer visits, which not showing the same dynamics in Q1 2021.

Encouraging contribution is expected from FRAmelco thanks to the positive business dynamics. The business and organizational integration with FRAmelco is progressing well with operational synergies underway according to plan.

Following the ground-breaking ceremony in December 2020 of the first commercial FeedKind® plant of Calysseo, the Adisseo's joint venture with Calysta, the plant obtained environment related approval and completed its piling work. Even in the context of limited physical supervision from foreign expert due to COVID-19, the project is progressing well thanks to strong local management with expected start-up in Q4 2022.

French formulation capacity expansion project, which is expected to boost business development through its unique formulation technology, obtained its environment related authorization with expected start-up by the end of 2022.

2. Price variation of the principal products and raw materials

- **Pricing strategy and price variation of principal product**

Our global pricing policy is implemented at three levels: global, regional and national. Our global pricing strategy is established by our Global business directors. The responsibility of the Regional business managers is to adapt this global pricing strategy according to the specific market and competitive environment of the countries under their responsibility.

Regular reviews facilitate Adisseo ability to secure contracts with key customers at the right price and to seize profit-maximizing opportunities. A substantial number of our contracts across all our business lines are concluded on a quarterly basis with fixed pricing for such period.
Historical pricing volatility in the methionine market has been attributable to exogenous factors like natural disasters or animal disease outbreaks and competitive behaviors from industry participants.

Competitive behaviors within the industry and related new capacity announcements or start-ups could also affect the supply and demand balance.

The pricing environment for vitamins is primarily driven by supply and demand dynamics. The primary end for vitamin A and E markets are animal feed. However, vitamin E is also driven by the human food, pharmaceutical and cosmetics markets.

The pricing of our products is in most cases in-line with market pricing which can vary from region to region. Where possible, our prices also reflect a premium for the value-added support services that we provide to our customers.

- **Basic information of principal raw material**

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs 2020	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	255,929,763	+10%	Increase in operating cost
Methanol	Long-term contract	59,652,991	+23%	Increase in operating cost
Sulphur	Long-term contract	69,458,591	+36%	Increase in operating cost

3. Other events that have significant impact over the company's production and operation

None.

It is hereby announced.

Board of Directors of Bluestar Adisseo Company

29th April 2021