Stock Code: 600299 Stock Name: Adisseo No: 2021-021

Bluestar Adisseo Company

Announcement of Main Operating Data for Half-Year 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 Half-Year Report Disclosure*, here present the 2021 half-year operating data:

I. 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	4,140,602,048	2,655,023,415	36%	-1%	1%	-1ppt
Specialty products	1,543,008,467	727,881,655	53%	9%	6%	+1ppt
Other products	295,132,280	238,088,084	19%	9%	4%	+3ppt
Total	5,978,742,795	3,620,993,154	39%	2%	2%	0ppt

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with 2020 half-year	Change in Volume	Change in sales price	Exchange rate impact
Performance products	(149,943,610)	270,311,153	(173,045,593)
Specialty products	219,822,022	(27,438,639)	(70,251,431)

In H1 2020, results have been strong as customers were building some inventories to secure their supply in the context of COVID-19 outbreak.

Compared to this strong H1 2020, Adisseo recorded a stable performance in H1 2021 with a yoy +2% revenue growth (CNY5.98 billion) and +1% gross profit growth (CNY2.36 billion) with a solid gross margin at 39% thanks to +11% volume growth in liquid methionine, continued revenue growth in specialties despite supply chain difficulties arising from COVID-19, and proactive price management leading to the increased prices of main performance products allowing to offset partly the rise in raw material costs.

Performance Product:
Regarding the methionine business, the strong market demand led to double-digit volume growth in liquid methionine in main regions including Latin America, Indian Sub-continent, Europe and Middle East Africa. Agile management with good results contributed to overcome the supply shortage of some key raw materials like sulfur, allowing the stable supply of liquid products.

The U.S. market anti-dumping measure had a limited impact thanks to Adisseo’s global business footprint. While still serving the customers in the U.S., Adisseo has stopped serving powder methionine in the U.S. which has been reallocated to other regions.
Methionine prices were increased to the highest level over the past 12 months which partly offset the increase in key raw material costs.

The new 180KT liquid methionine plant (BANC2 project) is progressing well. 50% of the construction work has been achieved with all main civil work completed. All key equipment will be delivered onsite before the end of July 2021. The initialization of the main substation in mid-July started a new phase of the project.

The debottlenecking of European plant (+30KT) is well on track. The upstream part in Les Roches plant started successfully in the beginning of June and the downstream part in Burgos plant will start in August 2021.

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

Specialty Business:
Specialty business was disrupted by several factors:

- Lower-than-expected demand due to squeezed profit arising from sharp increase of raw material cost for feed industry, reducing margins of the poultry business

- Pork business still negatively impacted by African Swine Fever
- Difficulties to explore new businesses due to restrained visits in the context COVID-19

Despite those factors and supply chain challenges, specialty business achieved continued growth in H1 2021 in both revenue (+9%) and gross profit (+11%) mainly driven by FRAmelco acquisition and sustained good performance in some business lines:

- Ruminant business continued its strong growth thanks to steady dynamics in the U.S. dairy market
- The aqua business achieved a strong +24% revenue growth
- Sustainable growth realized in Healthy by Nutrition mainly supported by good performance in Selisseo and Alterion which has recorded a +29% volume growth
- Palatability business was back to growth despite the difficulties due to African Swine Fever

With the normalization of market condition in coming quarters, Adisseo is confident in its ability to meet the market demand and to resume the acceleration in business development of all specialties.

An encouraging contribution from FRAmelco is under-way thanks to the on-going business and organizational integration.

After obtaining environment related permit in Q1 2021 of the first commercial FeedKind® plant of Calysseo, Adisseo's joint venture with Calysta, the Calysseo Chongqing project is progressing well with 50% completion rate. The project is on cost and on schedule and confirmed to be started in Q4 2022. Positive feedback from customers has been received.

II. 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**

Unit: Yuan Currency: RMB

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs June 2020	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	510,343,235	29%	Increase in operating cost
Methanol	Long-term contract	101,479,798	35%	Increase in operating cost
Sulphur	Long-term contract	130,335,077	61%	Increase in operating cost

III. 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

30th July 2021

(In case of discrepancies between the English version and the Chinese version of this announcement, the Chinese version, officially published and disclosed, shall prevail.)