Stock Code: 600299 Stock Name: Adisseo No: 2021-030

Bluestar Adisseo Company

Announcement of Main Operating Data for the Third 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 the Third Quarter Report Disclosure*, here present the operating data of the first three quarter of 2021:

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	6,557,935,388	4,252,330,917	35%	3%	5%	-2ppt
Specialty products	2,316,761,419	1,110,021,338	52%	11%	8%	+1ppt
Other products	468,157,122	351,464,783	25%	12%	8%	+3ppt
Total	9,342,853,929	5,713,817,038	39%	5%	6%	+0ppt

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with 2020 first three quarters	Change in Volume	Change in sales price	Exchange rate impact
Performance products	(84,505,252)	579,395,304	(309,538,598)
Specialty products	368,839,565	(26,410,860)	(118,013,480)

In the first three quarters 2021, Adisseo recorded revenue of CNY9.34 billion (+5% yoy) and gross profit of CNY3.63 billion (+4% yoy). In Q3 2021, Adisseo recorded double-digit yoy growth in revenue (+12%, CNY3.36 billion) and gross profit (+10%, CNY1.27 billion) thanks to +11% volume growth in liquid methionine, +15% revenue growth in specialties, proactive price management and continuous cost competitiveness program, allowing to offset partly the rise in raw material costs.

Performance Product in Q3:

Regarding the methionine business, the strong market demand led to robust volume growth in liquid methionine in main regions including Asia, Latin America, Europe & Middle East, African region.

Methionine prices are firming up recently and partly offset the increase in key raw material costs.

The new 180KT liquid methionine plant (BANC2 project) is progressing well. Civil work was completed and over 80% construction completion with pre-commissioning phase started. The project has achieved excellent safety results with more than 4 million hours without accident.

The debottlenecking of European plant (+30KT) was completed at the end of September with zero accident through the whole project and it is running at full capacity.

On Vitamins, Vitamin A and E selling price remained firm. Portfolio vitamins volume increased but selling prices were at their low level, but with limited impact on profitability.

Specialty Business in Q3:

In Q3 2021, specialty business reached best-ever quarterly revenues at CNY770mil representing +15% growth yoy and to reach +20% growth yoy in gross profit, driven by FRAmelco acquisition and robust performance in major business:

- Continued high-double-digit growth in ruminant business (+17%) in the context of milk prices in the US market progressively stabilizing
- Strong growth in feed digestibility business (+22%)
- Solid growth in Health by Nutrition (+7%)
- Strong palatability business growth (+23%) in main regions with strong dynamics in China and Latin America

Thanks to great contribution from ruminant business and effective cost improvement plan, gross margin realized a +3ppt increase from 48% in Q3 2020 to 51% in Q3 2021 despite fierce pressure and cost increase in supply.

Adisseo also continues to develop its innovation pipeline of products and services. Rovabio Phyplus, Adisseo's new enzyme product will be launched at the end of Oct, representing a new cornerstone after 25-year continuous improving on feed digestibility solutions.

To meet the ever-increasing customer demands, a review of capacity expansion on specialties was started both in Europe and in China.

The first commercial FeedKind® Chongqing plant of Calysseo, Adisseo's joint venture with Calysta, is progressing well with 70% completion rate and reached the milestone of 500,000 safe working hours. Key equipment fermentation reactor has been transported to the site and installed in place. The start-up preparation of the project is progressing as planned.

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 September 2020	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	895,138,371	35%	Increase in operating cost

Methanol	Long-term contract	174,069,168	45%	Increase in operating cost
Sulphur	Long-term contract	238,832,953	72%	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
28th October 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.)