Stock Code: 600299 Stock Name: Adisseo No.: 2022-020

Bluestar Adisseo Company

Announcement of Main Operating Data for Half-year 2022

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

In accordance with *SSE Industrial Information Disclosure Guidance No. 13-Chemical Industry* (2022 Revision) and *the Notice of 2022 Half-year Report Disclosure*, here present the 2022 half-year operating data:

1. Income & Cost Analysis

Analysis by product (on a proforma basis)

Unit: Yuan Currency: RMB

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	5,220,497,601	3,768,436,254	28%	26%	33%	-4ppt
Specialty products	1,537,631,013	794,533,516	48%	0%	2%	-1ppt
Other products	437,276,006	364,486,116	17%	48%	41%	+4ppt
Total	7,195,404,620	4,927,455,886	32%	20%	27%	-4ppt

Analysis of the factors impacting the income from sale of products

In comparison with 2021 half-year	Change in Volume	Change in sales price	Exchange rate impact
Performance products	8,066,583	1,409,322,286	(337,493,316)
Specialty products	(109,635,060)	165,572,205	(61,314,599)

In H1 2022, Adisseo achieved high double-digit growth in revenue (+20%, CNY7.2 billion) and solid growth in gross profit (+8%, CNY2.27 billion) with a stabilized gross margin at 32% compared with H1 2021 (on a proforma basis), thanks to:

- Strong revenue growth in performance products (+26%) led by methionine
- Continuous proactive pricing management of all product lines
- Specialty business driven by
  - Double-digit growth of monogastric business

- Double-digit growth of aqua business
- Outstanding ruminant business in China
- Exceptional specialties growth in regions including Latin America, Asia and Middle East

This allowed to partially offset the dramatic increase of raw material, energy and freight costs.

Performance Product:

Regarding the methionine business, both the liquid and powder methionine recorded double-digit revenue growth, contributing to the extraordinary revenue growth in methionine (+44%).

European operations have been sustained and optimized despite huge challenges in raw materials and energy sourcing thanks notably to the long-term contracts even though partially hedged. In addition, the price formula in the contracts allowed Adisseo to mitigate partially the impact on production costs arising from the huge rise in raw material and energy costs.

Nanjing plant achieved excellent production reliability after 45-day shut-down and realized high production level since then. The overall business performance benefited from the moderate cost increase in Nanjing plant, which will bring more important competitive advantages in the future when BANC2 expansion starts its operation.

BANC2 project is progressing on schedule and on cost with excellent safety results (more than 7.25 million man-hours with zero accident record). Formal commissioning started at full speed, heading for expected start-up in the coming months. The global set-up will allow Adisseo to optimize volume allocation in the context of fluctuated raw material and energy costs.

On Vitamins, vitamin A prices have unfortunately decreased sharply in the context of increasing market competition while vitamin E price remained at a solid level. Most portfolio vitamin prices are at a historically low level but with a limited impact on Adisseo's global profitability.

Specialty Business:

Despite a soft market demand arising from a combination of:

1) Sharp increase in agricultural raw materials, putting pressure on customer profitability
2) Global uncertainty of economic environment
3) Impact of diseases and disruptions in some regions, such as soft and disruptive market demand in the U.S. and avian flu in Europe,

Specialty business was back to growth in the 2nd quarter with an improving margin trend, thanks to:

- Continued Double-digit growth in Feed Digestibility
- Ruminant business led by high double-digit ruminant growth in China and Latin America supported by penetration of new ruminant products in North America despite lower momentum in the US market
- Sustained solid growth in Health by Nutrition driven by the continued penetration of new products such as Rovabio Phyplus, Alterion and Selisseo as well as Admix

- Continued robust growth in aqua thanks to excellent performance in major markets such as Europe, Asia Pacific, Indian Sub-continent and Latin America regions with strong growth across main product lines
- Proactive price adjustment across the product lines

The simplification of the product range by region has been pursued. Product portfolios of feed preservation and mycotoxin management are being optimized to limit its exposure to volatile and commoditized markets and to refocus commercial efforts on higher value specialty additives.
Specialties Capacity Expansion Project is progressing both in Europe and China to support business growth, optimize industrial set-up, enhance competitiveness and sustainability as well as improve customer services.

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 June 2021	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	651,427,936	41%	Increase in operating cost
Methanol	Long-term contract	135,029,356	16%	Increase in operating cost
Sulphur	Long-term contract	293,133,082	114%	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
28th July 2022

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