Stock Code: 600299 Stock Name: Adisseo No: 2022-021

Bluestar Adisseo Company

Announcement of Main Operating Data for the Third Quarter of 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 personal and joint 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 the Third Quarter Report Disclosure*, here present the operating data of the third quarter of 2022:

I. Income & Cost Analysis

Analysis by product (on comparable basis)

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	7,754,992,307	5,808,585,099	25%	18%	30%	-7ppt
Specialty products	2,374,772,684	1,278,457,243	46%	3%	10%	-4ppt
Other products	670,401,579	565,601,667	16%	43%	49%	-3ppt
Total	10,800,166,570	7,652,644,009	29%	16%	27%	-7ppt

Analysis of the factors impacting the income from sale of products

Unit: Yuan Currency: RMB

In comparison with Q3 2021	Change in Volume	Change in sales price	Exchange rate impact
Performance products	-118,978,764	1,580,705,753	-264,670,070
Specialty products	-135,821,808	255,254,206	-61,421,133

For the first 9 months in 2022, growth in revenue continued and achieved yoy +16%.

In Q3 2022, despite lowering demand in the context of clients' inventory management, Adisseo achieved continued yoy growth in revenue **(+7%, CNY3.6 billion)**, thanks to:

- Continuous pricing management in methionine and specialties
- Continued revenue growth in specialties led by continued growth in all species

The gross margin (on comparable basis) dropped -7ppt yoy for the first 9 months in 2022, heavily impacted by the huge rise in raw material, energy and freight costs in the quarter. The immediate and adapted action plans are being initiated and implemented to best serve the customers as well as to protect margins.

Performance Product in Q3

Regarding the methionine business, Nanjing plant continued to deliver excellent production reliability. With the start-up of the new 180KT liquid methionine plant (BANC 2) in mid-September, Adisseo is able to accelerate continued penetration of liquid methionine in market and bring its cost competitiveness at Nanjing plant and global to a new level.

European operations have been adapted and optimized. Adisseo temporarily shut down one of the powder methionine production lines till the end of 2022. The reduced production plan will allow Adisseo to optimize production cost by fully leveraging the gas contracts in place.

On Vitamins, vitamin A experienced slow-down in demand and sharp drop in prices. An action plan is in place to reduce the production level of vitamin A temporarily and to reinforce cost management and competitiveness enhancement. Vitamin E price remained at a solid level.

Specialty Business in Q3:

Specialties business continued its revenue growth (+8%) thanks to the growth in all species, mainly due to

- Revenue growth in ruminant (+15%) driven by double-digit revenue growth in China, encouraging dynamics in the US market and penetration of new products such as RumenSmart
- Continued double-digit growth in Health by Nutrition driven by key products such as Selisseo and Alterion, contributing to a historically best-quarter in Q3 2022
- Solid growth in feed digestibility (Rovabio)
- Continuous price adjustment across product lines

In the context of sharp increase in raw material costs, the gross margin decreased to 42%, mainly due to:

- Huge increase of energy and raw material costs in Europe
- Global supply chain tension, despite signs of improvement
- Product mix
- Partly offset by ongoing product portfolio optimization

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 2021 September	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	980,624,490	26%	Increase in operating cost
Methanol	Long-term contract	202,472,781	13%	Increase in operating cost
Sulphur	Long-term contract	440,958,815	78%	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
27th October 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.)