Bluestar Adisseo Company

Announcement on Quick Report of Financial Performance of 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.

The main financial data for the year ended 31st Dec 2022 listed in this announcement are preliminary, without being audited by the accounting firm. The accurate data shall be subject to the 2022 annual report. Investors should pay attention to the investment risk.

I. Main financial data and indicators of 2022

Unit: 100mil CNY

Item	2022	2021	Changes in comparison with the same period of last year (%)
Gross revenue	145.29	128.69	12.90
Operating profit	15.03	20.65	-27.22
Total profit	15.41	20.49	-24.79
Net profit attributed to stockholders	12.47	14.72	-15.29
Net profit attributed to stockholders after deducting of non-recurring profit/loss	12.06	14.82	-18.62
Basic earnings per share (Yuan)	0.46	0.55	16.36
Weighted average returns on net assets (%)	8.71	10.54	-1.83ppt
	The end of 2022	The beginning of 2022	Changes in comparison with the end of last year (%)
Total assets	214.31	209.06	2.51
Owner's equity attributed to shareholders	149.34	140.94	5.96
Capital	26.82	26.82	No change
Net asset value per share attributed to shareholders (Yuan)	5.57	5.26	5.89

Notes:

The data in the beginning of this reporting period should be same with the disclosed data at the end of last year.

II. Description of business results and financial status

In FY2022, even though chaotic (COVID-19 in China, geopolitical conflicts, European energy crisis), Adisseo managed to deliver double-digit revenue growth (+13%, CNY14.53 billion) and to protect profitability at a solid level (gross margin 28%), thanks to:

- Proactive pricing management across all product line, especially in methionine and specialty
- Global industrial footprint, further reinforced by the successful BANC2 start up
- Continuous growth in Specialties with acceleration in H2 2022 contributed by product line for all animal species
- Proactive and swift action plans implemented allowing to mitigate impact from huge increase in energy and raw material cost
  - European plants managed with agility, adapted to demand while protecting customer interest
  - On-going strict implementation of cost control plan partially mitigated the negative impact from huge rise in raw material, energy and freight costs.

Adisseo achieved strong revenue growth in methionine mainly driven by double-digit volume growth in China, Middle East Africa and price increase.

The smooth start-up and ramp-up of the new 180KT liquid methionine plant (BANC2) since mid-September allowed Adisseo to reinforce its cost and competitiveness advantage and its No.1 market position in liquid methionine. Adisseo can take the full advantage of its highly competitive platform with more capacity and lower costs to best serve its customers across the world while optimizing production and supply. Key projects in Nanjing plant have been launched (wastewater treatment & heat recycling) to further increase yield and reduce energy consumption and waste output.

Adjustment measures have been taken in Europe to reduce costs including the temporary shut-down of a European powder plant and the reduction of liquid production in Europe.

In Q4, energy price in Europe decreased 25% compared to its peak level, resulting positive impacts on production costs, which are expected to be further reflected in 2023.

On Vitamins, in the context of slow-down demand and on-going pricing pressure in Vitamin A, production has been adapted to optimize production costs as well as working capital. Vitamin E prices remained at a solid level.

In 2022, specialties business recorded sustainable growth in revenue (+5%) with resilient gross margin at 47% thanks to

- Solid growth in all species
- Proactive pricing adjustment
- Ongoing product portfolio optimization

Continued revenue growth was achieved thanks to high value-added benefits to customers, with significant contribution from the following product lines:

- Strong ruminant business with best quarter ever in Q4 2022 thanks to growth across markets, reinforced by development of new products: Smart ML and RumenSmart
- Good performance in Monogastric business driven by health by nutrition (Selisseo, Alterion), and positive developments in feed digestibility (Rovabio) as well as mycotoxin thanks to their high added value provided to customer in the context of the huge rise of feed raw material
- On-going strong growth in Aqua in all regions and significant growth in digestion portfolio powered by Aqualyso leveraging FRAmelco acquisition

European Specialties Capacity Expansion and Optimization Project has been pursued: FSR approval was obtained, industrial layout validated, flatting work finalized with major contracts signed on engineering and key equipment.

Signing of the acquisition of Nor-Feed is a key step to allow Adisseo to enter the attractive fast-growing segment of natural plant extracts.

The Competitiveness Enhancement Program, a global and transverse program with structured and systematic process since 2019 delivered significant benefits and savings. Through industrial process upgrading on yield improvement, energy consumption reduction and energy recycling, contract renegotiation, supply chain optimization, as well as digital application in animal test, marketing, data monitoring and manufacturing, Adisseo recorded an extra recurring saving of around CNY137 million in 2022, and an accumulated savings of more than CNY660 million since 2019.

An extra cost control plan has been implemented instantly following European energy crisis. The temporary shutdown of one powder plant and the reduction of liquid production in Europe led to an extra saving of CNY62 million in methionine production costs in 2022. More benefits are expected in 2023.

More stringent implementation of cost control plan is and will be rolled out in following years to ensure cost competitiveness even in the context of European energy crisis.

In 2022, One-China Strategy continued its successful implementation with tangible benefits realized:

- Double-digit growth in China business contributed by
    - Double-digit growth in methionine in both liquid and powder
    - Double-digit growth in specialties driven by high double-digit growth in Ruminants, Aqua and Mycotoxin management
- Research & Innovation in China:
    - Reinforced organization with +20% FTE in 2022
    - 4 new patents granted among 7 new applications
    - Important contribution to the optimization of key industrial process as well as technology/service application and upgrading in China
- Strategic projects:
    - Specialty capacity expansion project in China entered basic engineering design stage
    - Construction of Calysseo Chongqing plant, the world's first commercial FeedKind® facility, completed in 2022 with excellent safety performance (TRIR=0)

- A tri-party strategic alliance agreement was signed among Adisseo, Calysseo and one of top feed producer in China on FeedKind® application
- Digitalization Transformation of Nanjing plant at full speed with key targets to improve operation efficiency, yield, HSE performance and sustainability.

FY2022 net profit contributed to shareholders (CNY1.25 billion) decreased -15% mainly due to:

- Reduction in gross profit
- Continuous investment in sales & marketing and accelerated research & innovation
- Negative FX financial result volatility between invoicing and payment fully offset by positive FX impact on EBITDA
- Partially compensated by competitiveness enhancement program with the extra recurring savings of around CNY137 million in 2022

III. Risk warning

The financial data provided in the announcement is non-audited financial data, which could be different from the final figure disclosed in 2022 annual report. However, it is expected that the discrepancies should be no more than 10%. Please refer to the 2022 Annual report for the final financial data. Please be aware of the investment risks arising from that.

It is hereby announced here.

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15th February 2023

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