Stock Code: 600299 Stock Name: Adisseo No.: 2023-022

Bluestar Adisseo Company

Announcement of Main Operating Data for Half-year 2023

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* (January 2022 Revision) and *the Notice of 2023 Half-year Report Disclosure*, here present the 2023 half-year operating data:

1. Income & Cost Analysis

Analysis by product

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	4,163,341,924	3,701,914,251	11%	-20%	-2%	-17ppt
Specialty products	1,749,321,538	1,048,607,683	40%	14%	32%	-8ppt
Other products	415,712,293	247,949,773	40%	-5%	-32%	23ppt
Total	6,328,375,755	4,998,471,707	21%	-12%	1%	-11ppt

Analysis of the factors impacting the income from sale of products

In comparison with 2022 half-year	Change in Volume	Change in sales price	Exchange rate impact
Performance products	252,528,456	(1,555,572,383)	245,888,250
Specialty products	106,829,837	(6,943,372)	111,804,060

In H1 2023, facing with extremely challenging market conditions, Adisseo’s revenue (CNY6.3 billion, -12%) and gross profit (CNY1.3 billion, -41%) decreased significantly compared with last year high due to:

- sharp price erosion
- raw material costs still at a high level even though progressively reducing

Performance Product:
Regarding the methionine business, Adisseo achieved strong volume growth (+24%) in liquid methionine driven notably by China. This positive dynamic is supported by the acceleration in the installation of new liquid methionine spraying equipment.

Pricing has been under ongoing downwards pressure globally, but some signs of stabilization are emerging.

Decrease in raw material and energy costs are starting to impact positively variable and distribution costs in Q2.

Adjustment measures, including the temporary shut-down of a European powder plant are being continued to optimize costs.

On Vitamins, thanks to the careful management of volumes and prices, profitability starts to stabilize despite significant pricing pressure on Vitamin A business.

Specialty Business:
Specialties revenues recorded continued double-digit growth, mainly driven by:
- double-digit growth in ruminant business despite headwinds and the difficult market conditions especially in China
- continued growth in Health by Nutrition driven by excellent performance of Selisseo across all regions and in particular in Latin America and North America
- partly offset by monogastric business impacted mainly by difficult swine market

Specialties Capacity Expansion and Optimization Project is progressing well in Spain with start-up expected in H1 2024.

The acquisition of Nor-Feed, a French group that designs, produces and markets plant-based specialty ingredients and plant extracts for animal nutrition, was closed in February 2023. During Q2, Nor-Feed and Adisseo are progressing on synergies especially in China, while Nor-Feed is well on track on its business development.

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 2022	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	516,563,386	-17%	Decrease in operating cost
Methanol	Long-term contract	120,374,285	-10%	Decrease in operating cost
Sulphur	Long-term contract	175,137,726	-44%	Decrease 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
4th August 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.)