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Bluestar Adisseo Company

Announcement of Main Operating Data for the Third Quarter of 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* (2022 Revision) and the *Notice of 2023 the First Quarter Report Disclosure*, here present the operating data of the first three quarter of 2023:

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	6,395,876,706	5,776,445,667	10%	-18%	-1%	-15ppt
Specialty products	2,627,978,216	1,575,197,848	40%	11%	23%	-6ppt
Other products	590,488,864	387,405,896	34%	-12%	-32%	+18ppt
Total	**9,614,343,786**	**7,739,049,411**	**20%**	**-11%**	**1%**	-9ppt

Analysis of the factors impacting the income from sale of products

Unit: Yuan　Currency: RMB

In comparison with Q3 2022	Change in Volume	Change in sales price	Exchange rate impact
Performance products	656,384,194	(2,381,205,088)	365,705,293
Specialty products	113,940,591	(27,879,307)	167,144,248

In the first three quarters of 2023, in the context of challenging macro-environment, liquid methionine business achieved double-digit growth supported by the stable and efficient operation of Nanjing plant. However operating revenues and gross profit were squeezed by both the decline in selling prices of performance products and the rise of raw material and energy costs. In Q3 2023, revenues decreased by -9% yoy to CNY3.29 billion. If excluding provisions related to import duties, restated gross profit margin reduced by -2ppt to 20% and the restated gross profit reduced by -17%, the YTD impact amounted to USD2mil (CNY14m) in 2023. This represents a slower decrease trend compared with H1.

Performance Product in Q3

Regarding the methionine business, Adisseo achieved strong volume growth (+24%) in liquid methionine, especially driven by Chinese market. The accelerated penetration of liquid methionine in China was achieved thanks to successful conversion of customers into liquid as a result of increasing installation of the dosing systems (+40% yoy) and very good performance of Nanjing plant (BANC1 & BANC2).

Adisseo has gained market share in liquid methionine in a difficult market.

Methionine pricing is stabilizing upwards, notably in China.

In order to optimize its industrial set-up, produce locally to meet local customers' demands and reinforce its leadership in methionine, Adisseo announced its investment of CNY4.9 billion to build a new 150KT powder methionine plant in Quanzhou Fujian in August. Leveraging SinoChem local platform, the Project will create significant synergies in supply chain and operations and will achieve strong cost competitiveness. The project is expected to start up in 2027.

The European platform continued to optimize its margin with liquid methionine plant restarted at full speed in Spain, acceleration of production in one of French powder methionine pants, while the less profitable powder methionine plant still shut-down in France too.

The vitamins business was still under great pressure due to weak market demand, overcapacity thus fierce competition in the industry.

On Vitamin A, the volumes were optimized to protect margins due to downward pressure in pricing. Margin is tightly managed by optimization of sourcing strategy, notably for Vitamin E and Vitamin B.

Specialty Business in Q3:

In Q3 2023, despite slow recovery in market demand, specialty business continued its revenue growth (+5%) thanks to growth in aqua and new monogastric products and strong growth in RumenSmart [Ca-MHA] despite weak dairy market in the U.S. and China.

Specialty gross margin was maintained (40%) in Q3 thanks to proactive margin protection actions and start of recovery of ruminant business in China.

In Q3, Adisseo launched a new ruminant product to the market - DynOmik™. It increases nutrient intake and positively impacts milk production and sustainability. This new product launch demonstrates the long-term commitment of Adisseo in helping the feed industry to find scientific and technical solutions to address sustainability and costs challenges.

European Specialties Expansion and Optimization project is on track and the start-up of the new factory is expected in H1 2024.

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	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	822,143,727	-20%	Decrease in operating cost
Methanol	Long-term contract	179,699,535	-16%	Decrease in operating cost
Sulphur	Long-term contract	247,141,625	-50%	Decrease 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 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.)