Stock Code: 600299 Stock Name: Adisseo No: 2024-002

# Bluestar Adisseo Company

## 2023 Performance Reduction Forecast

| 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. |
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**Important notice:**

- The performance forecast for this period is applicable to achieving profitability, and the net profit has decreased by more than 50% compared to the same period last year.
- Bluestar Adisseo Company (hereinafter referred to as the "Company") is expected to achieve of the Company of RMB 52.00 million yuan in 2023, a decrease of RMB 1,194.68 million yuan compared to the same period last year, and a year-on-year decrease of 95.83%.
- It is expected that net profit attributable to shareholders of the Company after deduction of non-recurring profit or losses in 2023 will be RMB 34.00 million yuan. Compared with the same period last year, it is expected to decrease by RMB 1,172.01 million yuan, a year-on-year decrease of 97.18%.

**I. Performance forecast for 2023**

1. Period for performance forecast:
   1st January 2023 to 31st December 2023
2. Expected performance:
   - It is expected that the FY 2023 net profit attributable to the shareholders of the Company will be 52.00 million yuan, which will decrease by RMB 1,194.68 million yuan compared to the same period last year (full year audited and disclosed data), and a year-on-year decrease of 95.83% in an unprecedentedly tough market environment.
   - It is expected to achieve net profit attributable to the shareholders of the Company after deduction of non-recurring profit or losses of RMB 34.00 million yuan in 2023, which will decrease by RMB 1,172.01 million yuan compared to the same period last year (full year audited and disclosed data), and a year-on-year decrease of 97.18%.
3. The above-mentioned performance forecast for this period is a preliminary forecast based on the company's business situation, and the expected performance has not been audited by certified public accountants.

**II. Performance of the same period last year**

1. Net profit attributable to the shareholders of the Company: RMB 1,246.68 million yuan.
   Net profits attributable to the shareholders of the Company deduction of non-recurring profit or losses: RMB 1,206.01 million yuan.

2. Basic earnings per share: RMB 0.46 yuan/share.

III. Main reasons for performance reduction

Facing with on-going volatility and uncertainty, slower-than-expected market demand recovering and intensified industry competition in 2023, the company's performance is mainly impacted by the year-over-year price decrease of performance products and squeezed margin arising from the increased raw material and energy costs in European plant. The company's performance has been heavily impacted in H1 2023 with gradual improvement in Q3 and Q4. The FY net result is expected to have a year-on-year decrease of around 96%.

**Unaudited figures presented to BAC Audit Committee**

*(Full year 2023 audited consolidated accounts expected to be presented to the Board on [28th March 2024]*

**Business Review: Revenues & Net Profit Attributable to Shareholders**

| Unit: CNY (100mil) | Q4 2023 | Q3 2023 | QoQ variance | FY2023 | FY2022 | YoY variance |
|---|---|---|---|---|---|---|
| **Operating revenue** | **35.7** | **32.9** | **+8.5%** | **131.8** | **145.3** | **-9%** |
| o/w: Performance Products | 24.1 | 22.3 | +8% | 88.1 | 103.4 | -15% |
| o/w: Specialty Products | 9.7 | 8.8 | +10% | 35.9 | 33.2 | +8% |
| **Gross profit**<br>***(in % of operating revenue)*** | **9.4**<br>***26%*** | **5.5**<br>***17%*** | **+71%**<br>***+9ppt*** | **28.2**<br>***21%*** | **40.0**<br>***28%*** | **-29%**<br>***-7ppt*** |
| o/w: Performance Products | 5.3 | 1.6 | +231% | 11.6 | 23.9 | -52% |
| o/w: Specialty Products | 4.8 | 3.5 | +37% | 15.3 | 15.6 | -2% |
| **Net profit attributable to shareholders** | **0.9** | **-0.7** | **n/a** | **0.52** | **12.5** | **-96%** |

Based on the preliminary closing of annual accounts, Q4 revenue is expected to have a 4% yoy decrease but quarter-to-quarter operational performance is rebounding (+8.5% quarter to quarter revenue increase and gross margin improvement from 17% in Q3 to 26% in Q4) thanks to:

1. Continued strong penetration in liquid methionine and strong volume growth.
2. Methionine pricing rebounded in Q4 in the context of a different dynamic between demand and supply.
3. Improving Vitamin business in Q4 thanks to the margin protection measures of Vitamin A and implementation of optimized sourcing strategy, notably for Vitamin E and Vitamin Portfolio
4. Despite ruminant business impacted by challenging dairy market condition both in North America and China, +10% revenue growth of specialty realized in Q4 if compared with Q3, which was driven by 1) double-digit growth in new monogastric products in Selisseo (+18%) and successful penetration of Rovabio Phyplus 2)Continued growth in aqua in Latin America and EU regions 3)Sustained health by

Nutrition business in Q4 2023 driven by Framelco business strong growth 4）Positive dynamic in phytogenics Norfeed business, especially in Latin America, France and Germany

Adisseo continued to pursue cost control and optimization efforts throughout the year. Its ongoing cost competitiveness enhancement program realized recurring savings of CNY207million in 2023 and total recurring savings of around CNY900 million since 2019. It will be pursued further in the future. An extra cost efficiency program allowed Adisseo to cut further costs in 2023, which delivered CNY242.5 million cost savings.

The EBITDA ratio improved from 11% in Q3 to 20% in Q4, largely contributed by the improving gross margin, which improved from 17% in Q3 to 26% in Q4.

Net profit was largely impacted by the impairment and restructuring mostly from Commentry and old Innovia plant as well as close of Kallo plant in Belgium. However, the net impact after corporate income tax arising from the impairment and the restructuring is expected to be below 10% of net profit attributed to shareholders of audited FY2022 figure. The final amount of the impairment and restructuring is subject to the audit confirmation, which is to be finalized in the company's annual report.

Cash position as of 31 December 2023 stood at CNY1 billion, increased by CNY0.2 billion compared to 31 December 2022. In 2023, Adisseo recorded a positive cashflow from operating activities of CNY2.8 billion, which was mainly driven by stringent cash and working capital optimization with optimized net debt position.

## IV. Risk implication

This performance forecast is a preliminary accounting prepared by the company's financial department based on the management's professional judgment. The financial report is still being audited. Therefore, there is no special explanation issued by certified public accountants related to the reasonableness or prudence of the financial figures.

Up till the disclosure date, the Company has not been aware of material uncertainties affecting the accuracy of the contents of this earning forecast.

## V. Others

This performance forecast is the preliminary calculation result of the Company's financial department, and the specific financial data shall be subject to the Company's 2023 annual report. Please pay attention to the general investor's investment risk.

It is hereby announced.

Bluestar Adisseo Company Board of Directors

30th January 2024

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