Stock Code: 600299 Stock Name: Adisseo No.: 2024-008

Bluestar Adisseo Company

Announcement of Main Operating Data for December 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* and the *notice of 2023 Annual report disclosure*, here present the 2023 annual 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	8,807,341,566	7,739,219,470	12%	-15%	-3%	-11ppt
Specialty products	3,593,810,639	2,063,062,141	43%	8%	17%	-4ppt
Other products	782,596,419	563,175,447	28%	-10%	-32%	23ppt
Total	13,183,748,624	10,365,457,058	21%	-9%	-2%	-7ppt

Analysis of the factors impacting the income from sale of products

In comparison with 2022	Change in Volume	Change in sales price	Exchange rate impact
Performance products	977,110,346	(2,944,127,307)	437,613,659
Specialty products	119,315,008	(43,115,555)	195,805,426

Facing with on-going volatility and uncertainty, low demand progressively recovering and intensified industry competition in 2023, the company's performance has been impacted by the price decrease of performance products and squeezed margin arising from the increased raw material and energy costs in European plant. Operating performance (excluding one-off impacts) has been improving since Q3 2023. Q4 showed clear signs of rebound with a positive annual net result, thanks to:

- Continuous volume penetration in liquid methionine
- Continued specialty business growth driven by new products penetration
- Gross margin improvement thanks to methionine pricing rebound

- Positive benefits realized from cost saving plan as well as decreased raw material and energy prices

<u>Performance Product:</u>
Regarding the methionine business, continued strong penetration in liquid methionine led to a strong FY volume growth of +21% contributed by all regions, which was achieved notably thanks to methionine prices rebounding in the second half year in the context of a shifted dynamics between demand and supply.

Both Nanjing and European liquid methionine plants continued to improve production costs, thanks to lower raw materials and energy costs as well as cost competitiveness enhancement plan.

The construction of the new 150KT powder methionine plant in Quanzhou has been launched in March 2024. Leveraging SinoChem local platform, synergies in supply chain and operations and strong cost competitiveness are expected. It will allow Adisseo to optimize its industrial set-up, to produce locally to meet local customers' demands and to reinforce its leadership in methionine. The project is expected to start up in 2027.

At the beginning of 2024, Adisseo has decided to definitely not restart the powder methionine production plant in Commentry to improve overall cost competitiveness of methionine business.

Vitamin business is taking a variety of measures to protect margins, including optimized volumes of Vitamin A and continued implementation of optimized sourcing strategy, notably for Vitamin E and Vitamin Portfolio.

<u>Specialty Business:</u>
In Q4 2023, despite challenging market conditions, the specialty business recorded an +8% full year sales increase in 2023, thanks to:

- Double-digit growth in new monogastric products and successful penetration of Rovabio Phyplus
- Sustained growth in aqua
- Benefits from integration of Framelco and Nor-Feed's business after acquisition

Despite impact from increased manufacturing and logistic costs, gross margin of specialty business increased to 49% in Q4, thanks to:

- Proactive margin protection actions
- Decrease in raw material, energy and logistic costs
- Optimization of product portfolio

The European Specialties Expansion and Optimization project construction is being finalized and the start-up of the new factory is expected in Q2 2024.

The new plant built in France for Innov'ia, a drying formulation unit for specialties, enjoyed a successful start-up, allowing a bigger production capacity for formulation with higher efficiency and sustainability level.

2. Price variation of the principal products and raw materials

1) 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.

2) Basic information of principal raw material

Raw material	Purchasing pattern	Market value of raw material	Prices Fluctuation vs 2022.12	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	1,161,158,287	-17%	Decrease in operating cost
Methanol	Long-term contract	251,067,663	-14%	Decrease in operating cost
Sulphur	Long-term contract	325,597,820	-43%	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

28th March 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.