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Bluestar Adisseo Company

Announcement of Main Operating Data for the First Quarter of 2024

The board of directors and all directors guarantee that this announcement does not contain any false statement, misleading statement or material omission, and assume personal and joint 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 2024 the First Quarter Report Disclosure*, here present the operating data of the first quarter of 2024:

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*	2,581,678,704	1,852,156,066	28%	13%	-5%	13ppt
Specialty products*	913,831,266	526,169,266	42%	4%	-3%	4ppt
Total	3,495,509,970	2,378,325,332	32%	11%	-4%	11ppt

**Since 2024, Adisseo streamlined its business units and recategorized all the products into performance and specialty products business units. Performance products include methionine, vitamins, ammonium sulfate, sodium sulfate, and sulfur products. Specialty products include monogastric, ruminant and aqua products, of which Norfeed, Innovia(Powder processing services) and FeedKind are also included. Q1 2023 figures were restated per the new categorization.*

Analysis of the factors impacting the income from sale of products

Unit: Yuan　Currency: RMB

In comparison with Q1 2023	Change in Volume	Change in sales price	Exchange rate impact
Performance products	297,183,672	(108,148,135)	115,393,940
Specialty products	14,232,309	(11,622,472)	36,492,798

In Q1 2024, the revenue recorded a yoy double-digit growth (+11%) to reach CNY3.5 billion and gross margin improved by +11ppt yoy to 32%, thanks to:

- Strong volume growth in methionine driven by continuous volume penetration in liquid methionine (+13%)
- Continued specialty business growth in monogastric (+5%) and aqua business (+16%) offsetting struggling dairy market in the U.S.
- Gross margin improvement, thanks to decreased raw material and energy costs and improved yield and tolling terms.
- Positive impacts arising from global supply chain, distribution, and duties management.

Performance Product in Q1

Regarding the methionine business, continued strong penetration in liquid methionine led to a strong +13% volume growth, mainly driven by China, Europe/CIS, Middle East Asia, Latin America.

Methionine prices increased in Q1, and upward momentum is being pursued in Q2.

Nanjing and European liquid methionine plants continued to improve production costs, thanks to lower raw material and energy costs, yield, and operational efficiency improvements.

The manufacturing cost of powder methionine is also at a good level thanks to the high reliability of the powder plant.

The new 150KT powder methionine plant in Quanzhou has obtained all permits and the groundbreaking was organized on 29th March. It will allow notably to leverage SinoChem local platform, and thus generate synergies in supply chain and operations. Strong cost competitiveness is expected. It will also allow Adisseo to optimize its industrial set-up, to produce locally for meeting global customers' demands and to reinforce its leadership in methionine. The project is expected to start up in 2027.

The vitamins business demonstrated an encouraging trend in Q1 2024.

On Vitamin A, the pricing continues to stabilize, and the Vitamin portfolio volumes are at a high level.

Specialty Business in Q1:

In Q1 2024, the specialty business continued its yoy revenue growth of +4% to CNY910 million, resulting from a combined effect of:

- Growth in monogastric sales (+5%), led by good performance of Selisseo (+16%), feed integrity (+27%), Framelco and palatability as well as overall good performance in Middle East, Asia Pacific, Latin America, and North America
- Continuous double-digit growth in aqua (+16%), with strong sales performance in most regions
- Successful launch of a new solution leveraging Norfeed product in Q1

And this, despite low demand on the dairy market in the U.S, resulting from continuous low protein prices.

The gross margin of the specialty business was improved to 42% in Q1 2024, thanks to the decrease in raw material, energy, and tolling costs.

The construction of the European Specialties Expansion and Optimization Project in Spain was completed, and the start-up is expected in early May this year.

The new Innovia plant built in France, a drying formulation unit for specialties, is in the industrial ramp-up phase.

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 a 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 vs 2023 March	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	339,872,840	-8%	Decrease in operating cost
Methanol	Long-term contract	79,136,137	1%	Cost stablizing
Sulphur	Long-term contract	89,146,818	-35%	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

25th April 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.)