Stock Code: 600299 Stock Name: Adisseo No: 2024-043

# Bluestar Adisseo Company

## Announcement of Main Operating Data for the Third 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 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 2024 the Third Quarter Report Disclosure*, below please find the operating data of the first three quarters 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 | 8,500,225,084 | 6,221,291,534 | 27% | 24% | 3% | +16ppt |
| Specialty products | 2,875,722,620 | 1,675,689,054 | 42% | 4% | 0% | +3ppt |
| Total | 11,375,947,704 | 7,896,980,588 | 31% | 18% | 2% | +11ppt |

**Since 2024, Adisseo streamlined its business units and removed "other products" business unit. The products originally belonged to "other products" have been recategorized to performance products (sulfur related products) and specialty products (Innovia, Norfeed and FeedKind) business units. Comparative figures of Q3 2023 have been restated accordingly.*

**Analysis of the factors impacting the income from sale of products**

Unit: Yuan Currency: RMB

| In comparison with Q3 2023 | Change in Volume | Change in sales price | Exchange rate impact |
|---|---|---|---|
| Performance products | 930,755,406 | 581,364,572 | 136,699,913 |
| Specialty products | 91,280,001 | (23,208,436) | 44,712,462 |

In Q3 2024, **revenues** recorded a yoy double-digit growth **(+25%)** to **CNY4.11 billion, gross profit** increased by **+120% yoy** to **CNY1.2 billion** and **gross margin** improved by **+12ppt yoy** to **29%**, thanks to:

- Outstanding performance in both liquid and powder methionine
- Vitamin prices rebounding
- Double-digit growth in specialties **(+10% yoy)**
- Continuous cost saving efforts

**<u>Performance Product in Q3</u>**

Regarding the **methionine business**, a very strong performance was achieved in Q3 2024 with a strong increase in revenue **(+31%)** and gross profit **(+296%)**, driven by:

- Record sales of liquid methionine, thanks to the successful market penetration globally
- Double-digit growth in powder methionine
- Close price monitoring and agile pricing management
- Strong industrial performance, with historical production record in Nanjing plant and in Roussillon plant
- Decreased distribution costs leveraging the two production platforms, which offset the price downward pressure

Construction and piling of the new **150KT powder methionine plant in Quanzhou** is ongoing, with long lead time equipment contract signed and permit of construction engineering obtained.

Vitamin A & E prices rebounded in late Q3 and had a positive impact on margins of the **Vitamins business**. And the cost reduction of vitamin production units is well on track.

**<u>Specialty Business in Q3:</u>**

In Q3 2024, **specialties business** achieved double digit growth in both revenues **(+10% yoy)** and gross profit **(+20% yoy)**, thanks to the solid dynamic in monogastric and aqua business lines. Adisseo recorded a continued outstanding performance in Selisseo, a highly innovative organic selenium, as well as strong results from new enzyme products including Rovabio AdvPhy and Rovabio PhyPlus.

A stronger demand for **protected amino acids** for dairy cows was seen, in particular for products boosting fat content into milk.

**Nor-Feed** business experienced strong business dynamic thanks to Norponine business, a dedicated anticoccidial solution (coccidiosis is one of the most prevalent parasites for Poultry).

The construction of **the 30KT European Specialties Expansion and Optimization Project** was completed. The ramping-up is ongoing and the plant passed successfully the FAMI-QS audit (The Quality & Safety System for Specialty Feed Ingredients).

**The project to internalize the esterification process to produce the key ruminant product** is ongoing with start-up expected in Q3 2025.

## 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 | 1,032,854,960 | 1% | Increase in operation cost |
| Methanol | Long-term contract | 245,011,354 | 18% | Increase in operation cost |
| Sulphur | Long-term contract | 293,199,881 | 22% | Increase in operation 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
29th October 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.)