

Bluestar Adisseo Company

Announcement of Main Operating Data for December 2022

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 2022 Annual report disclosure*, here present the 2022 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	10,336,744,868	7,942,507,619	23%	14%	25%	-7ppt
Specialty products	3,321,805,760	1,763,015,566	47%	5%	8%	-2ppt
Other products	870,464,981	826,222,295	5%	38%	64%	-15ppt
Total	14,529,015,609	10,531,745,480	28%	13%	24%	-6ppt

Analysis of the factors impacting the income from sale of products

In comparison with 2021	Change in Volume	Change in sales price	Exchange rate impact
Performance products	(111,474,788)	1,457,607,720	(81,107,659)
Specialty products	(199,939,861)	355,997,282	1,291,656

In FY2022, in the context of the chaotic macroeconomic market environment (geopolitical conflicts, European energy crisis and other factors), Adisseo managed to deliver double-digit revenue growth (+13%, CNY14.53 billion) and to protect profitability at a relatively solid level (gross margin at 28%), thanks to:

- Proactive pricing management across product lines, especially methionine and specialties
- Global industrial footprint, further reinforced by the successful BANC2 start up
- Continuous growth in Specialties with acceleration in H2 2022 across animal species

Swift competitiveness action plans allowing to mitigate impact from huge increase in energy and raw material cost

- European plants managed with agility, adapted to demand while protecting customer interest
- Strict cost control plan partially mitigated the negative impact from huge rise in raw material, energy, and freight costs.

Performance Product:

Adisseo achieved strong revenue growth in methionine despite a softening demand in 2nd half of 2022, mainly driven by price increase and double-digit volume growth in China, Middle East and Africa.

The successful start-up in mid-September and the ramp-up of the new 180KT liquid methionine plant (BANC2) allowed Adisseo to reinforce its cost competitiveness advantage and its No.1 market position in liquid methionine. Adisseo can take the full advantage of its highly competitive platform. With more capacity and lower costs, Adisseo will continue to best serve its customers across the world while optimizing production and supply. Key projects in Nanjing plant (water waste treatment & heat recycling) have been launched, aiming to achieve higher yield with less energy consumption and waste output.

Adjustment measures, including the temporary shut-down of a European powder plant and the reduction of liquid production in Europe, have been taken in Europe to reduce costs.

In Q4, energy price in Europe decreased by -25% compared to its peak level, resulting in positive impacts on production costs.

On Vitamins, in the context of slow-down demand and on-going pricing pressure in Vitamin A, production has been adapted to optimize working capital.

Specialty Business:

In 2022, specialties business recorded sustainable growth in revenue (+5%) with resilient gross margin at 47% thanks to

- Solid growth across species
- Proactive pricing adjustment
- Ongoing product portfolio optimization

High value-added benefits from specialty products are recognized by customers, which allowed continued revenue growth with significant contribution from the following product lines:

- Strong ruminant business with best quarter ever in Q4 2022 thanks to growth across markets, reinforced by development of new products: Smartamine® ML and Rumensmart®
- Good performance in Monogastric business driven by
 - Health by nutrition in particular Selisseo & Alterion products, and
 - Positive developments in feed digestibility: Rovabio Enzyme
 - Mycotoxin
- Continuous growth in Aqua across regions, driven notably by significant growth in digestion portfolio powered by Aqualyso leveraging FRAmelco acquisition

European Specialties Capacity Expansion and Optimization Project has been pursued: FSR approval was obtained, industrial layout validated, flatting work finalized with major contracts signed on engineering and key equipment.

The completion of the acquisition of Nor-Feed is a key step to allow Adisseo to enter the attractive fast-growing segment of natural plant extracts.

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 2021.12	Impact on operating cost of the company due to the fluctuation in the purchase price
Propylene 95%	Long-term contract	1,300,245,531	16%	Increase in operating cost
Methanol	Long-term contract	265,869,100	8%	Increase in operating cost
Sulphur	Long-term contract	551,680,367	54%	Increase 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
30th March 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.)