Bluestar Adisseo Company

Investor Communication Record of 2024 Q3 Report

1. Meeting Time

Adisseo held 2024 Q3 online investor communication meeting and result presentation through Shanghai Stock Exchange (hereafter as "SSE") on 13th and 14th November 2024, respectively.

2. Participants or institutions

Investors who ask questions through Teams meeting and SSE Roadshow Center.

Regarding the investors through Teams online meeting, pls refer to the attached list related with institutions who participated the meeting. Important reminder: The list is prepared according to the attendance lists according to the registration information. The Company cannot guarantee the completeness and accuracy of the names of participating institutions. Investors are advised to pay attention.

3. Participants of the Company

Mr. Hao Zhigang, Chairman and General Manager (CEO)
Mr. Zang Hengchang, Independent Director
Mr. Frederic Jacquin, Deputy General Manager and Chief Operating Officer of the Company
Ms. Virginie Cayatte, CFO of the Company
Ms. Cai Yun, Secretary of the Board of Directors

4. Meeting platform

Teams meeting & Shanghai Stock Exchange (SSE) Roadshow Center (website: http://roadshow.sseinfo.com/).

5. Communication content

1) How does the Company think of the domestic enterprises planning to build production capacity of methionine, and what are the cost advantages of Adisseo?

- Economy of scale globally is one of the most important advantages for Adisseo who has more 80 years' experience and has two liquid methionine production platforms in China and Europe, using the same production process. These platforms can learn from each other through internal benchmarking to continuously improve quality and efficiency. We continuously reduce the production costs of liquid methionine through process innovations, yield improvement, excellent operational enhancements, and cost reduction measures.

- In addition, Adisseo also benefits from accessing global markets thanks to its effective market access organization and processes, contributing to determine best-applicable technical regulations and manage product compliance to those regulations in this respect. In this complex technical and sanitary trade environment, Adisseo ensures products market access in more than 120 countries. Under the current ever-increasing complicated geopolitical environment, market access enables the Company to layout the global production and sales routes more flexibly, while helping reduce tariffs and logistics costs.
- Being a global manufacturer of animal nutrition additives, Adisseo's sales and distribution network, production capacity, research and innovation strength are distributed all over the world. We have a global team serving about 4,200 customers in over 110 countries globally to partner in solving issues related to production efficiency.
- We are confident of being No. 1 in the methionine market.

2) In the Q3 report released by Evonik, it is mentioned that it is currently facing an economic crisis. How does Adisseo view the current economic and macro environment?

- For Adisseo, the demand in our key target markets, i.e. poultry business, is showing recovery in 2024. From a macro perspective, inflation in overseas markets has been brought under control, providing a more stable external environment for the feed business. Compared with other species, the poultry business is more resilient. Adisseo, being one of the few global methionine producers capable of producing methionine in both liquid and powder forms and with a much higher percentage in liquid methionine, our business is more related with mid & large-scale poultry breeding enterprises, allowing us have higher resilience and market adaptability in the face of downstream cyclical fluctuations. Based on the current status of the macroeconomic environment, thanks to our abundant product portfolio and best-in-class technical capabilities, we believe the overall business outlook is still quite positive.

3) Progress of Feedkind?

- FeedKind® is a nutritious, safe and reliable single-cell protein product, and more importantly, it is a truly sustainable product that can provide a higher level of sustainable development. Calysseo Chongqing plant is the world's first large-scale demonstration production unit to use disruptive fermentation technology, and the team continued its trial production in 2024. In the recent trial runs, significant improvements have been achieved in key technical indicators such as protein percentage, continued fermentation days, etc. But it should be noted that the time expected to achieve the target production capacity will be longer than expected. In terms of business, KDS has achieved important milestones and the first trial sales of FeedKind® delivered in Europe and in the U.S. for pet food. The second fermenter pilot production line completed its modification and started its trial. All possible solutions are being explored and implemented according to defined action plans to realize the designed-level operation of disruptive FeedKind® technology, aiming to minimize the potential negative impact including potential impairment risks associated with relevant assets arising from the longer-than expected trial production duration.

4) Compared to powder methionine, does liquid methionine have stronger customer stickiness and more stable prices?

- Compared to powder methionine, liquid methionine requires comprehensive service support during its use, including one-stop services, dosing equipment and its maintenance, as well as precise nutritional evaluation. Once customers switch from solid to liquid methionine, they rarely return to using powder methionine, making liquid methionine more customer-sticky. The price fluctuations of liquid and powder methionine move in the same direction, but the price changes of liquid methionine tend to be relatively slower.

5) Huaheng Biotechnology recently passed the acceptance of biosynthesis of methionine. Can you introduce the advantages, disadvantages, and cost prices of chemical synthesis and biological synthesis?

- Compared with current chemical processes, the biological fermentation synthesis pathway performs better in terms of carbon dioxide emissions but does not yet have cost competitiveness for industrial production. From the market response, customers are currently unwilling to pay additional fees for biosynthetic products. Adisseo also has the biological fermentation synthesis process, but considering economic benefits and other factors, industrial production has not yet been initiated. In the short to medium term, the Company will reduce carbon emissions by improving capacity utilization and process optimization. Therefore, currently, chemically synthesized methionine, with its proven effectiveness and cost competitiveness in animal nutrition, will maintain strong market competitiveness for a considerable period of time.

6) Short-term outlook for supply and demand of Methionine?

- Demand wise, the methionine market gradually recovered in 2024, primarily thanks to its strong fundamentals: population, increased disposal income per capital thanks to control of inflation in overseas market, average meat consumption per capita growth, inclusion rate as well as the industrialization of feed industry. Supply wise, some players are reducing their actual capacity, and some new capacity already entered the market in S2 2024 and some expected to enter S1 2025. Adisseo is reinforcing its methionine leadership by capacity expansion and process optimization. Overall, the supply and demand are expected to remain relatively balanced in mid & long-term perspective, thus the competitive landscape will stay in a healthy and balanced manner.

7) Progress in methionine production expansion?

- 150KT powder methionine plant in Quanzhou: long lead time equipment contract signed and planning permit of construction engineering obtained in

Q3 2024. The first year of project operation is expected to be in 2027. The new greenfield powder methionine plant will apply the new updated technology to ensure its manufacturing excellence in addition to its natural advantage derived from the synergies of belonging to SinoChem group.

8) Progress of private placement?

- To support our ambitious investment program, Adisseo has announced the private placement plan in April 2024. The funds to be raised will be used for the following projects: the powder methionine project with an annual production capacity of 150 KT, the specialty feed additives project with an annual production capacity of 37 KT, Apain Ester Adisseo transfer, Acrylic acid wastewater treatment and recycled water utilization project as well as supplementary working capital, which is intended to continuously increase investment in the core business, effectively enhancing the core competitiveness and development potential. The proposal was approved by SASAC and Shareholder meeting in June and is expected to be completed within 2025 to attract more strategic institutional investors and enhance the liquidity of the Company's stock. Thanks to a series of pre roadshow activities we conducted in 2024, we have gained widespread attention in the capital market. The exchangeable bonds issued by Bluestar had some conversions just before its maturity date, which confirm the market recognition and also released the Company's liquidity to some extent.

9) Expectations for the withdrawal of methionine capacity from the industry and outlook for methionine price?

- Different players show different competition strategies after the serious impact arising from the past 2 years' challenge. Some players reduced their actual capacity, and some new capacity entered the market. To further boost the overall competitiveness of the European platform, Adisseo shutdown the powder methionine production line in Commentry (France). Meanwhile, Adisseo is reinforcing its methionine leadership by capacity expansion and process optimization. With a relatively balanced market supply and demand situation, the price of methionine is expected to remain relatively stable in S1 2025. Considering the new production capacity that may enter the market in 2025, we are currently unable to predict the trend of methionine prices in S2 2025. The methionine price fluctuation is a given in this industry and Adisseo has a very long experience of managing these fluctuations. Thanks to the global industry set-up, Adisseo has one of the best positions to deal with pricing changes globally and to maximize profitability by adjusting the production source in a flexible and agile way.

10) In the Q3 report of the Company's special products, it was mentioned that monogastric and aqua products performed outstandingly. Can you specifically introduce some products?

- Accelerating the development of Specialty products is the second business-pillar of Adisseo. 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. Since the launch in 2014 of Selisseo® (organic selenium), Adisseo became one of the leaders in this segment thanks to an innovative and patented product, supported by extensive R&D and technical work. After successful sales in the Europe, USA, penetration into the China market with huge potential has been launched in 2024.
- In Oct 2023, Rovabio Phyplus, the newest generation phytase product was launched, representing a cornerstone in term of feed digestibility solutions.
- In addition, Adisseo has integrated Nutriad, FRAmelco and recently Nor-Feed’s product portfolio after acquisition to offer new solution possibilities to its customers with business synergies being delivered. In Q3 2024, Nor-Feed business experienced strong business dynamic thanks to Norponin business, a dedicated anticoccidial solution (coccidiosis is one of the most prevalent parasites for Poultry).
- It is expected that solid specialties dynamics can sustain leveraging the full range of services and product offerings in the coming quarters.

11) Since the announcement of the private placement, it has been pending. Generally, the private placement price is 80% of the average stock price 20 days before the pricing benchmark date, which seriously affects the recent trend of the stock price. When will the Company's private placement plan be implemented? What is the Company's private placement pricing plan?

- Adisseo is planning to issue A-share stocks to specific targets, with the aim of raising no more than 3 billion yuan (including principal), which is intended to support the two-business-pillar strategy, effectively enhancing the core competitiveness and development potential. Meanwhile, considering that the controlling shareholder holds around 85.77% of the shares of the Company, this issuance will help optimize the Company's equity structure, thereby releasing liquidity in the secondary market. To support our ambitious investment program, Adisseo has announced the private placement plan in April 2024. The proposal was approved by SASAC and Shareholder meeting in June. The Company will launch the issuance at a reasonable time within the validity period after obtaining approval from the SSE and receiving registration approval from the CSRC to attract more strategic institutional investors and enhance the liquidity of the Company's stock. Thanks to a series of pre roadshow activities we conducted in 2024, we have gained widespread attention in the capital market. The exchangeable bonds issued by Bluestar are still subject to conversion before maturity, which has to some extent released the Company's liquidity.

- The price determination date for the private issuance of shares shall be the first day of the offer period. The issue price shall not be less than 80% of the average trading price of A-shares for the 20 trading days preceding the price determination date. For more details, please refer to the announcement on Plan for Private Issuing of A-shares. The Company will launch the issuance at a reasonable time within the validity period after obtaining approval from the SSE and receiving registration approval from the CSRC.

12) The Bluestar 19EB has suppressed stock prices for five years without achieving the goal of releasing liquidity. Now, with the booming performance and bull market, the Company has decided to increase the stock price. Does the management of the Company have no better way to release liquidity? For example, we can actively promote the restructuring with Syngenta to achieve a strong alliance and become a giant in the agriculture and animal husbandry industry, with Syngenta leading the agriculture and Adisseo leading the livestock industry. The current situation of private placement may lead to low valuations of state-owned assets, fail to protect small and medium-sized investors, and fail to achieve the goal of releasing liquidity. Whether the private placement can be considered for withdrawal?

- As of 18th October 2024, the cumulative number of the exchangeable bonds issued by the controlling shareholder Bluestar reached 89.208 million shares, with a conversion ratio of around 22%, which to some extent released the liquidity of the listed Company.
- Adisseo is planning to issue A-share stocks to specific targets, with the aim of raising no more than 3 billion yuan (including principal). The funds to be raised will be used for the following projects: the powder methionine project with an annual production capacity of 150 KT, the specialty feed additives project with an annual production capacity of 37 KT, Apain Ester Adisseo transfer, Acrylic acid wastewater treatment and recycled water utilization project as well as supplementary working capital, which is intended to continuously increase investment in the core business, effectively enhancing the core competitiveness and development potential.
- From the perspective of the Company's long-term strategic development, an increase in financial strength will help the Company fully leverage the advantages of a listed Company. It will optimize its industrial chain layout, new business opportunities exploration, talent attraction, and technological research and development and innovation, ultimately enhancing the depth and breadth of its business. The Company will be able to keenly seize market development opportunities and achieve sustainable development. Meanwhile, as a global leader in the animal nutrition industry, Adisseo has been actively seeking external growth opportunities to accelerate the company's expansion into specialty product categories and markets.
- In the recent years, the acquisition of FRAmelco is further reinforcing Adisseo's position in the promising and fast-growing animal resilience market segment and expanding the Company's category of plant-based specialty feed

additives, providing more impetus for the accelerated development of specialty businesses, which will also become one of the long-term strategies for the Company's specialty business development.

13) Why Adisseo's profit margin is much lower and sales expenses are much higher than those of peer companies (i.e. NHU)? How to ensure the sustained competitiveness of enterprises with significantly lower R&D investment compared to companies in the same industry?

- Adisseo focuses on the area of animal nutrition and brings a full range of products and services to the market that supports customers in every step of the feed and animal production for all animal species.
- In the aspect of sales expense, more than 80% of sales are direct sales thanks to Adisseo's global sales & distribution network located in 6 regions. Compared to other competitors, Adisseo's sales model is more closely tied to customer relationships. If we compare the ratio with that of international peers, the sales expense ratio is at relatively the same level or even lower than those similar international companies. The increase in the Company's sales expenses is mainly due to the Company's continued investment in special businesses as well as the dosing system of liquid methionine to support the Company's dual pillar development strategy. Recently, specialty products have gradually become an increasingly important business pillar for Adisseo, with the revenue accounting for around 30% of the total revenue, up from 11% in 2015. For the specialty product business, innovation is the most important driving force, and the ability to continuously bring new products and services to the market is the key to growth. At the same time, the market expansion of new products, especially the Specialties, also requires continuous investment in the Company's sales & marketing expenses.
- In the aspect of R&D expense, Adisseo promotes a policy of reinforced and continuous research and innovation for its products, production processes as well as its businesses, work and organization methods. There are 4 research and development centers, and 2 experimental stations focused on several different areas such as analytical, nutrition, formulation, biotechnology, chemical processes, chemistry, formulation. Adisseo has also been exploring the field of synthetic biology research and establishing strategic partnerships with universities and research institutions such as Beijing University of Chemical Technology, for the purpose to enhance Adisseo's technological layout in the fields of biotechnology and bio-based animal nutrition products, promote the Company's constant connection with the most advanced technology, and seize possible industrialization opportunities to ensure Adisseo's leading position in the market, products, or production technology of animal nutrition industry.

14) What is the reason why the significant fluctuation in the Company's net profit attributable to the parent company last year?

- 2023 was a special year facing with on-going volatility and uncertainty, reduced market demand with lower-than-expected recovering and intensified industry competition. It is the year in nearly 20 years that the feed market has experienced negative growth, the Company's performance was mainly impacted by the 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. Net profit for FY 2023 was also impacted by the impairment and restructuring mostly from Commentry and old Innovia plant as well as close of Kallo plant in Belgium. In the first three quarters of 2024, with the recovery of market demand, thanks to the Company's proactive price management and excellent operational performance, as well as continuous investment in capacity expansion, research and development innovation, and effective operation excellence, the Company successfully captured market opportunities and delivered very strong performance. The market demand is expected to grow, especially for poultry. Adisseo is fully engaged in delivering growth, improving margins, and pursuing strategic investments for the future. The positive momentum is expected to continue in the coming quarters.

15) Adisseo's recent performance?

- Q3 2024: revenue recorded a yoy double-digit growth (+25%, CNY 4.11 billion) and achieved a solid gross margin level (+12ppt to 29%), driven by:outstanding performance in both liquid and powder methionine; vitamin prices rebounding; double-digit growth in specialties (+10% yoy);continuous cost saving efforts.
- Regarding the methionine business, a very strong performance was achieved in Q3 2024 with a strong increase in revenue (+31%) and gross profit (+309%), 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.
- 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 Norponin 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 ramp-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.

- Despite volatility and uncertainty, market demand continues to grow especially for the Poultry species. Adisseo is fully engaged in delivering growth, improving margins, and pursuing strategic investments for the future. The positive momentum is expected to continue in the coming quarters thanks to: strong growth in methionine by continued penetration in liquid methionine; positive contribution from Vitamin business thanks to the price rebound; solid specialties dynamics leveraging the full range of services and product offerings; continuous optimization of supply allowing to capture global market demand and local opportunities; contribution from operational excellence and cost control measures.

16) What categories of products does Adisseo have?

- The main clients of Adisseo are premixers, feed mills, farms, integrators and animals in every food producing category: poultry, swine, ruminants and aqua, serving about 4,200 customers in over 110 countries globally. Adisseo is bringing solutions to premixers, feed mills, farms, integrators and animals in every food producing category: poultry, swine, ruminants and aqua. A global team serves about 4,200 customers in over 110 countries globally to partner in solving issues related to production efficiency, improve livestock performance, optimize animal nutrition and raw material usage, keep animals healthy and feeling well while reducing/minimizing its environmental impact. Adisseo's businesses focus on research, development, production and sale of feed additives for animal nutrition. Its main products are classified within 3 categories of products: Performance products, Specialty products, and Other Products for other animal feed additives. Performance products include mainly methionine and vitamins. Consolidating its leadership on methionine market is the first business-pillar of Adisseo. Specialty products includes 1) rumen business mainly rumen-protected amino acids dedicated to the ruminant species, 2) specialties for monogastric business including feed digestibility (enzymes & emulsifiers); animal resilience (incl. probiotic, short and medium chain fatty acids, botanicals and organic selenium); palatability, mycotoxin management, feed preservation, 3) aqua & new alternative protein, etc.

Attachment (in no particular order):

No.	Name of Institutions/Individuals
1	Everbright Securities
2	Guoxin Securities
3	Citic Securities
4	Minsheng Securities
5	Dongxing Securities
6	Greatwall Securities
7	Huaan Securities
8	Industrial Securities
9	Shanxi Securities
10	UBS
11	GS
12	Jinshan Lake Investment
13	Mingcheng Investment
14	China Electronics Investment Holding Co., Ltd