

Bluestar Adisseo Company

Communication Record of 2023 Q3 Result Presentation

- I. Meeting Time:
5th December 2023 (Tuesday) 16:00 p.m.-17:00 p.m.
- II. Participants or institutions
Investors who ask online questions through the Shanghai Stock Exchange Roadshow Center
- III. 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
- IV. Meeting platform
Shanghai Stock Exchange (SSE) Roadshow Center (website: <http://roadshow.sseinfo.com/>)
- V. Communication content
The Company communicated with investors about the performance and business situation of the Company for 2023 Q3, and the common concerned questions were answered by the Company at the Results Presentation.
 1. Why is the selling expenses of Adisseo so high compared to companies such as NHU, Meihua Biology, and Wanhua? What is the specific reason? Are NHU and Wanhua Chemical not international companies? Please specify what these sales expenses include and what is the specific proportion?
[Channel management of Adisseo: more than 80% is direct sales thanks to global sales & marketing set-up of Adisseo. Adisseo is present worldwide and operates on all continents with sales force organized in seven business areas: Europe/CIS, Middle East/Africa, Indian sub-continent, North America, South & Central America, Asia Pacific and China, around 60+ subsidiaries, which ensure the close intimacy with our customers and easier and faster market access worldwide.](#)
[In addition, we sell liquid methionine and specialties, which needs more sales & marketing expenditures, such as trial fee, liquid dosing machine, etc., which is for sure higher than commodities such as powder methionine and Vitamin.](#)
[We cannot comment on competitors. But we are internally doing the benchmark study and we are learning from the market. For Adisseo, around 45% of selling expense of Adisseo is actually related with replenishment and storage expense, which is related with incoterms in the contract.](#)

Overall speaking, our principle is to control and optimize costs as much as we can, which can be reflected in the extra cost control program initiated in Oct 2022 as well as competitiveness enhancement program which has been implemented since 2019. Obvious savings have been achieved.

2. The reason why annual production of 20,000 tons of FeedKind project in Chongqing has not been put into production and entered the market. Is there any possibility of project failure? The exchangeable bonds will mature in October next year, and the current stock price is still quite low than from the conversion price. Does the Company have a specific plan, whether to redeem the bonds at maturity or lower the conversion price?

FeedKind@ is a nutritious, safe and reliable single-cell protein product, and more importantly, it is a truly sustainable product that can bring additional value to the Asian aquaculture market and provide a new level of safety for the feed supply chain.

As the Chongqing plant is the world's very first large-scale production unit to use disruptive fermentation technology that the team needs to continuously repeat the rigorous and meticulous debugging process throughout the entire production process.

FeedKind@ is expected to have the product registration by the end of 2023. Since the start of trial production and operation in early 2023, the local team has accumulated rich experience and is expected to achieve results by the end of 2023. In order to further increase the liquidity of the listed company, Bluestar issued 4.5 billion exchangeable bonds in October 2019, with an exchange period from October 2020 to October 2024. Up till now, around 20% of EB has been converted into shares, with EB conversion price of RMB 10.7913 yuan.

As far as the question you raised, Adisseo is not aware of the intent of Bluestar, the holder of EB and will make announcements in the future if needed.

3. As of November 30th, what is the number of shareholders?

As of 30th November 2023, the number of shareholders of Adisseo is approximately.

4. There is news that Adisseo raised the price of methionine products by 5-10% in December. Is this news true. If true, what is the reason for the company's price increase? Is there a need to replenish inventory downstream? How is the operation of Calysseo in the Chongqing factory? Can the product be put into the market next year and generate economic benefits? Is it expected that there will be a loss in overall profits this year as December is coming to an end?

It is true that Adisseo announced price increase globally, which reflects demand/supply situation in the coming quarters, resulted due to delayed new capacity and temporary shut-down of some existing capacities, meanwhile, there is tension on the offer while demand is gradually recovering now.

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disruptive fermentation technology that the team needs to continuously repeat the rigorous and meticulous debugging process throughout the entire production process. Since the start of trial production and operation in early 2023, the local team has accumulated rich experience and is expected to achieve some results by the end of 2023. FeedKind@ products is expected to have the MOA product registration by the end of 2023. Hence, it is expected to introduce the product to market in 2024.

Despite the uncertainty which is still prevailing, market demand is slowly recovering. In this context, Adisseo is fully engaged to support growth, improve margins and pursue strategic investments for the future. Swift and agile action plans to protect margins, including price optimization, product volume allocation (room for Adisseo to improve), proactive cash management and extra cost-cutting programs, has been able to deliver positive impacts on net results. Being a global company, we are highly resilient and are expecting to recover positive recurring net result.