

## **Bluestar Adisseo Company**

### **Investor Communication Record of 2024 H1 Report**

一、Meeting Time:

Adisseo held 2024 H1 result presentation through Shanghai Stock Exchange (hereafter as “SSE”) and online investor communication meetings on September 4<sup>th</sup> and 5<sup>th</sup>, 2024, respectively.

二、Participants or institutions:

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

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.

三、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

四、Meeting platform:

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

五、Communication content:

The Company communicated with investors about the performance and business situation of the Company for 2024 H1, and the common concerned questions were answered by the Company.

1. Is there any risk of default for Bluestar 19EB, which is to be due in just one month?

- In order to carry out low-cost financing of Bluestar and further increase the liquidity of Adisseo, Bluestar issued 4.5 billion exchangeable bonds in October 2019, with an exchange period from October 2020 to October 2024. Up till now, around 22% of EB has been converted into shares, with EB conversion price of RMB 10.73 yuan. Up till now, Adisseo is not aware of any decision related with the EB conversion from Bluestar. Regarding the latest

status for EB, Adisseo will strictly issue announcements in accordance with regulations.

2. The current situation of Chongqing Feedkind® plant, the expected profit contribution of the product in the future, the pace of product release, and the pricing of the product.
  - 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. Calyseo Chongqing plant is the world's very first large-scale demonstration production unit to use disruptive fermentation technology, and the team needs to continuously repeat the rigorous and meticulous debugging process throughout the entire production process. In considering the longer than expected trial run time of the Chongqing plant, the fair value changes of related investment have been reflected in the 2024 H1 report. KDS has achieved important milestones related to its core technique realization. First sales of FeedKind® delivered in April 2024. Key operation KPIs of Chongqing plant achieved tangible improvements in the last five trials. 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 arising from the longer-than expected trial production duration.
3. Whether there will be dividend this year?
  - Adisseo has always been committed to creating value for shareholders, actively rewarding shareholders with a relatively stable profit distribution policy and cash dividend plan, allowing investors to share the Company's business development achievements, and promoting the long-term, sustainable, and healthy development of all parties to pay attention to the Company. Although the Company plans to carry out large-scale capital expenditures, the board of directors still proposes to distribute approximately RMB 160 million in cash dividends for FY2023, with dividend payout ratio exceeds 300%. After being approved by the 2023 shareholders' meeting, the dividend distribution has been implemented on 13th August 2024. In addition, the Company has also made the following adjustments to the long-term cash dividend ratio: increase the minimum cash dividend pay-out ratio from 30% to 40% on the premise when it is profitable for the current year and the cumulative undistributed profits are positive and the Company's leverage ratio (Net Debt / EBITDA) is no higher than 2, which reflects the Company's confidence in future development and long-term value creation to shareholders while pursuing extensive investment plan.
4. Forecast for annual operating revenue for FY2024?
  - In H1 2024, we delivered very solid results with a 15% yoy growth in revenues. The gross profit and gross profit margin increased by 71% yoy and 10ppt

respectively, thanks to the strong growth in methionine and continued business dynamic in specialty products. Safety and sustainability remain Adisseo's top priorities. Market demand is progressively recovering. The good operating dynamics in H1 2024 is expected to be pursued in H2 2024. Adisseo is fully engaged to deliver growth, improve margins, and pursue strategic investments for the future, thanks to: expected strong growth in methionine business driven by continued penetration in liquid methionine; extra profit contribution expected from price increase of Vitamin A and E; sustained specialties dynamics leveraging the full range of services and product offerings to allow serving all species; continuous optimization of supply thanks to the global set-up allowing to capture global market demand & local opportunities; contribution from the operational excellence and cost control measures. Adisseo is pursuing its path on its strategic roadmap. Our commitment is to meet the ever-growing customer demand by expanding our capacity, and to provide value-added customized solutions to customers with the combination of our innovative products and services. Meanwhile, Adisseo is exploring all possible solutions and implementing the defined action plans to realize the disruptive FeedKind® technology and strive to minimize the potential negative impact arising from longer-than expected production trial duration.

5. Penetration of liquid methionine in the market and the outlook for the penetration in the future?
  - Demand-wise, the methionine market gradually recovered in 2024, primarily thanks to its strong fundamentals: increased poultry consumption, population growth, and the industrialization of the feed industry. By the second half of 2024, the market demand is expected to show a positive growth trend. Supply side, new capacities have already introduced to the market currently. Regarding the overall supply and demand situation, the price of methionine has been steadily increasing since 2023 Q4 and has now entered a stable phase. Thanks to gradual improving demand, the price trend of methionine is expected to remain relatively stable.
  - Currently, the global penetration rate of liquid methionine is about 40%. In countries with developed breeding industries, the market penetration rate of liquid methionine is even up to 70%. With the development of feed industry industrialization and adequate market supply of liquid methionine, the future market penetration rate of liquid methionine is expected to exceed that of powder methionine. Overall, the future growth of liquid methionine will come from both the growth of liquid methionine itself and the structural growth brought about by the shift from powder to liquid forms.
6. Adisseo has achieved a leading advantage in liquid methionine, and in the market environment where the penetration rate of liquid methionine is accelerating, what are the considerations for Adisseo to invest in powder methionine plant and what synergies will be achieved in the future?

- From the perspective of our methionine strategy, Adisseo is aiming to become the world's largest producer in the global methionine market. To achieve this goal, it is not enough for Adisseo to be a leader only in liquid methionine. Adisseo needs to consolidate the leadership position in liquid methionine and to strengthen its competitiveness in powder methionine as well, thus to become a true global leader in the methionine industry.
  - From the perspective of market demand, although the liquid penetration rate is expected to be faster, the market demand for both liquid and powder products will coexist. For example, powder products are more easily used in cold regions, different species of animals have different preferences for powder and liquid products, and the different feed industrialization levels in different regions result in different economic applicability for powder and liquid products. In summary, no matter whether it is to realize Adisseo's strategy or to meet global market demand, it is necessary to establish competitive production capacity in powder methionine, which is one of the key steps for Adisseo to become a real global industrial leader in methionine market.
  - Therefore, we decided to build a new powder methionine plant in China as well as to improve production competitiveness of solid methionine plant in Europe to meet the ever-increasing demand of worldwide customers.
7. Outlook for the growth rate of specialty product revenue? What is the contribution and impact of the company's special product plant located in Nanjing and Spain on the growth rate of special product revenue?
- In general, Specialties business showed its sustained business dynamic in H1 2024. With the expected gradual improving dairy market in S2 2024, the ruminant business is expected to improve. In Q2 2024, specialties business again recorded strong growth for both monogastric and aqua business lines. Market conditions are still difficult for dairy products especially in the U.S. due to lasting low milk prices. Nevertheless, the market demand for the new product RumenSmart is strong. Milk prices slightly rebounded at the end of June, which may support the improvement of Ruminant business in following quarters. In Q2 2024, despite the difficult ruminant business and thanks to strict cost control measures, notably on tolling costs, the gross margin of specialties has been maintained at a relatively similar level as Q1 2024.
  - After the completion and full start-up of the new Nanjing Specialty Plant project, it is expected that the response to local customer demands will be effectively thanks to its better ability to meet customer needs, more innovative products developed for local Chinese customers, improved cost-competitiveness of existing products, which will definitely accelerate the development of specialty products in the Chinese market.
  - Both the new specialty production plant (SPEX) in Spain and the project to internalize esterification process to produce the key ruminant product will further optimize the cost of special products and enhance the Company's

sustainability level, which will contribute to development of specialties and further improve the profitability of the Company's specialty products in the future.

8. There's kind of return of the supply in the third quarters and we're actually seeing the new capacity be running out for 2025 as well from a couple of companies. Does Adisseo have maintenance plans for Q3 or Q4? And outlook for FY2025?
  - Having endured the industry challenges over the past two years, different methionine suppliers have adopted various competitive strategies. Adisseo is reinforcing its methionine leadership by capacity expansion and process optimization. Turnaround has been successfully performed in last April. Given the current market conditions, some companies are reducing production capacities, while others are introducing new capacities to the market. Overall, the supply and demand are expected to remain relatively balanced, thus the competitive landscape will stay in a healthy and balanced manner. With the gradual recovery of the global consumption and the back-to-normal growth of per capita meat consumption, the feed additives market is anticipated to maintain a stable growth trend.
9. What is Adisseo's plan for Vitamin?
  - Safety and sustainability remain Adisseo's top priorities. Compared with other Vitamin players, Adisseo is a major player in vitamins with full range of products, including A, B, D3, E and H. Adisseo markets the vitamin portfolio under Microvit® which is recognized as a reliable and qualitative range of vitamins by our customers, mainly due to the supplier screening and guarantee services provided by the Microvit certification system. The core competitiveness of Adisseo's vitamin business lies in its strong brand and one-stop customer service. Most of its vitamin business is trade vitamin business, with only vitamin A products being produced by Adisseo's French factory. We will continue to implement various measures to reduce management costs and improve operational efficiency to maintain profitability, among which the restructuring plan of the European production platform is expected to further enhance the cost competitiveness of vitamin A.
  - The vitamins business demonstrated great resilience H1 2024 in the context of stabilizing and then increasing vitamin A prices due to the fire accident in summer by a key competitor. Strong demand has been evidenced in both vitamin E and portfolio business. Considering the force majeure event, the short-term impact is obvious, i.e. pricing increasing. However, long-term perspective, we do not expect fundamental change in supply and demand situation for Vitamin A if finally, the new capacity can arrive in the market in due time.
  - Production of VA is back to full speed since July 2024. It is predicted that Adisseo will be positively impacted in Vitamin sector. As far as Adisseo is concerned, the current situation allows us more room for process optimization and better profitability than expected. The Vitamin A strategy will remain

unchanged short-term wise, while open for any potential strategic alliance with partners to enhance the overall profitability stability and supply reliability.

10. Whether the related cost has been fully booked in the H1 report?

- All the restructuring costs including social costs, equipment dismantling costs as well as reusing cost related to the permanent shutdown of the Commentry methionine production line have been fully reflected in H1 result.

11. Does the US zone methionine platform mentioned in the Company's H1 report refer to US? Does the production platform produce liquid methionine or powder methionine?

- Adisseo has currently two platforms (Europe and China) and has started the feasibility study on the third methionine production platform in USD-zone area (not US) for the purpose to meet the ever-increasing customer demand. Based on Adisseo's leading position in liquid methionine and the expected market growth rate of liquid methionine in the future, the next production platform will be liquid methionine unit.
- Adisseo's sales are spread all over the world, with its main production located in China, France and Spain and the main trading currencies in Dollar, Euro, and RMB. Establishing a production platform in the US dollar zone is expected to further reinforce the Company's resilience and to mitigate impacts dramatically from fluctuating exchange rates and foreign exchange, and ever-increasing import tariffs and geopolitics. At the same time, the specific location of the production platform will need to consider various factors such as market demand, raw material supply, technological synergy, and sustainability.

Attachment (in no particular order):

No.	Name of Institutions/Individuals
1	Guolian Securities
2	Dongxing Securities
3	Huaan Securities
4	Minsheng Securities
5	Pacific Securities
6	Zhongtai Securities
7	Sealand Securities
8	Haitong Securities
9	Sinolink Securities
10	Shenwan Hongyuan Securities
11	China Reform Securities
12	Industrial Securities
13	Jefferies
14	UBS
15	GS
16	Jinshan Lake Investment
17	Wuxi Binhu Science and Technology Innovation Group
18	Genharmony
19	China Electronics Investment Holding Co., Ltd
20	Wealspring Asset Management