

DSM to acquire First Choice Ingredients to accelerate growth in food & beverage

Presentation to Investors

September 2021

Deal highlights

First Choice Ingredients	<ul style="list-style-type: none">• Milwaukee (WI, USA) based company founded by Mr. Jim Pekar (CEO) in 1994. The company develops, produces, and markets clean label dairy-based flavor solutions obtained through fermentative processes. ~100 employees; 3 manufacturing facilities (WI, US).• Numerous F&B applications including soups, snacks, salad dressings and sauces, prepared meals, sweet baking, as well as dairy products and plant-based meat and dairy alternatives.• First Choice Ingredients works as an innovation partner with food producers, flavor houses and food service suppliers.
Acquisition	<ul style="list-style-type: none">• Royal DSM has signed an agreement to acquire First Choice Ingredients for an enterprise value of \$453 million.• This transaction represents an EV/EBITDA multiple of 19.8x based on the estimated 2021 Adjusted EBITDA, reflecting strong growth expectations and high Adjusted EBITDA margins (~30%).• First Choice Ingredients estimates to deliver about \$75 million sales and about \$23 million Adjusted EBITDA in 2021. The sales growth track record shows a high single-digit CAGR growth for the past 5 years.• Sales and EBITDA are expected to continue to grow at a high single-digit CAGR supported by inclusion of First Choice Ingredients products in DSM's integrated solutions, geographical expansion and as well by leveraging DSM's biotech competences.• Contribution to DSM EPS is expected to be about €0.10 in 2022.
Strategic fit	<ul style="list-style-type: none">• This acquisition is a highly attractive step for DSM in line with its strategy and its growth-oriented capital allocation priorities, predominantly focused on Nutrition, and adheres to our strict value creation criteria.• First Choice Ingredients & DSM share a passion for science-based solutions for delicious, nutritious, and sustainable F&B products.• Enables DSM to provide customers with innovative taste solutions as part of its integrated solutions offering in F&B.
Synergies	<ul style="list-style-type: none">• Highly synergetic acquisition for both companies• Geographic expansion of the platform leveraging on DSM's operational and industrial presence to better serve customers wherever they are.• First Choice Ingredients will be able to tap into one the industry's largest enzymes and cultures strains portfolio, scale-up and unlock new value in new market segments by including its offerings in the DSM's integrated solutions.

Subject to regulatory approval, the transaction is expected to close in Q4 2021

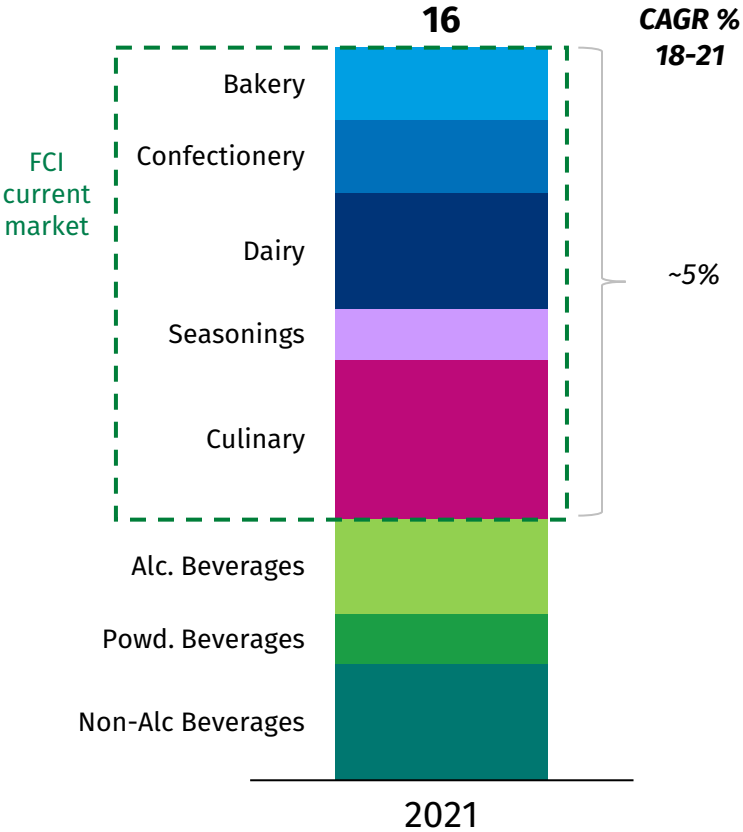
First Choice Ingredients | A market leading manufacturer of concentrated dairy flavors through natural fermentation ...



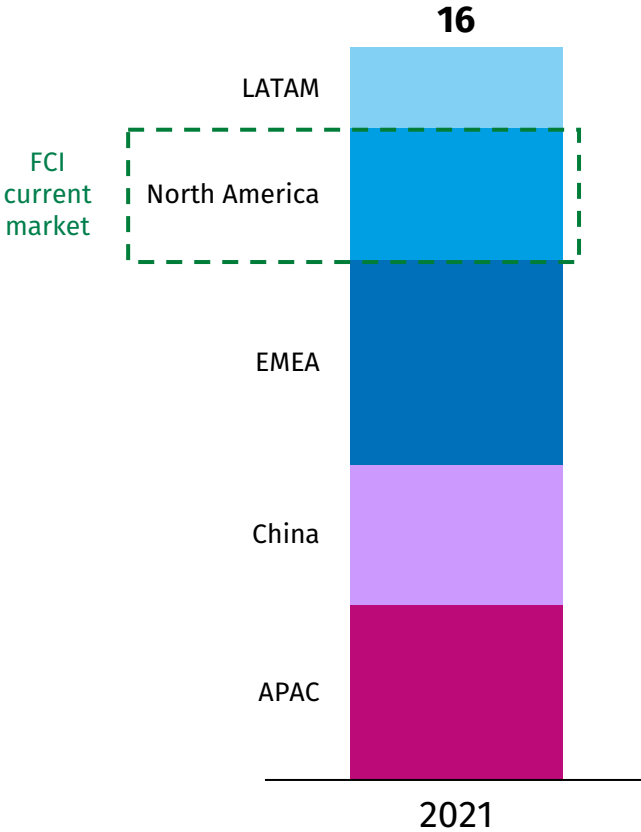
- ✓ Unique combination of proprietary fermentation technology and R&D / application capabilities
- ✓ Extensive library of concentrates, pastes, powders and liquids: close to 500 different products offerings and capabilities to create custom flavors quickly
- ✓ Strong reputation: company's dedication and "customer first" spirit built a diverse and sticky customer base

... addressing several end markets in the US

Global addressable taste markets by application segments (€bn) ..



.. and by geographies (€bn)



First Choice Ingredients provides unique and innovative taste solutions ..



Cheese Concentrates & Flavors



Butter Concentrates & Flavors



Cream Concentrates & Flavors



Milk Concentrates & Flavors



Cultured Dairy Concentrates & Flavors



Non-Dairy Specialty Products

- ✓ First Choice Ingredients' natural dairy flavors are created through enzymatic modification, reaction, and compounding technologies.
- ✓ The natural flavor concentrates are made from milk, yogurt, butter, cream and cheese
- ✓ Concentrates can be made as pastes, liquids, and powders
- ✓ First Choice Ingredients' flavors are 5- 20 times stronger than the raw ingredients
- ✓ Customization capabilities and able to meet several regulatory certifications



NATURAL



ORGANIC



VEGAN



GLUTEN FREE



DAIRY FREE



NON-GMO



NON-GMO
PROJECT VERIFIED



HALAL

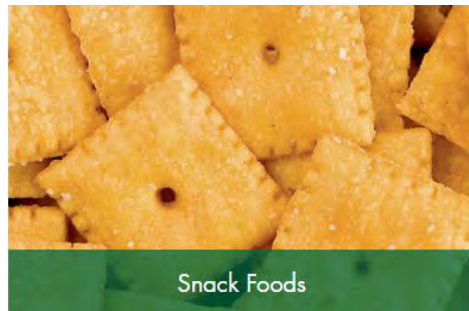
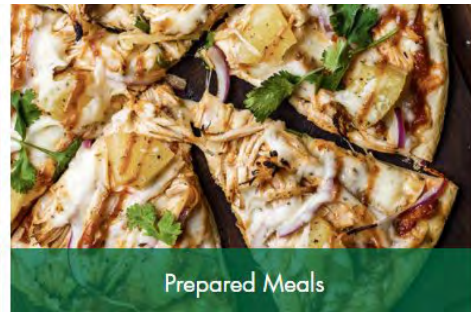


READY TO EAT



KOSHER

.. to suit any industry applications and meet end-consumer trends

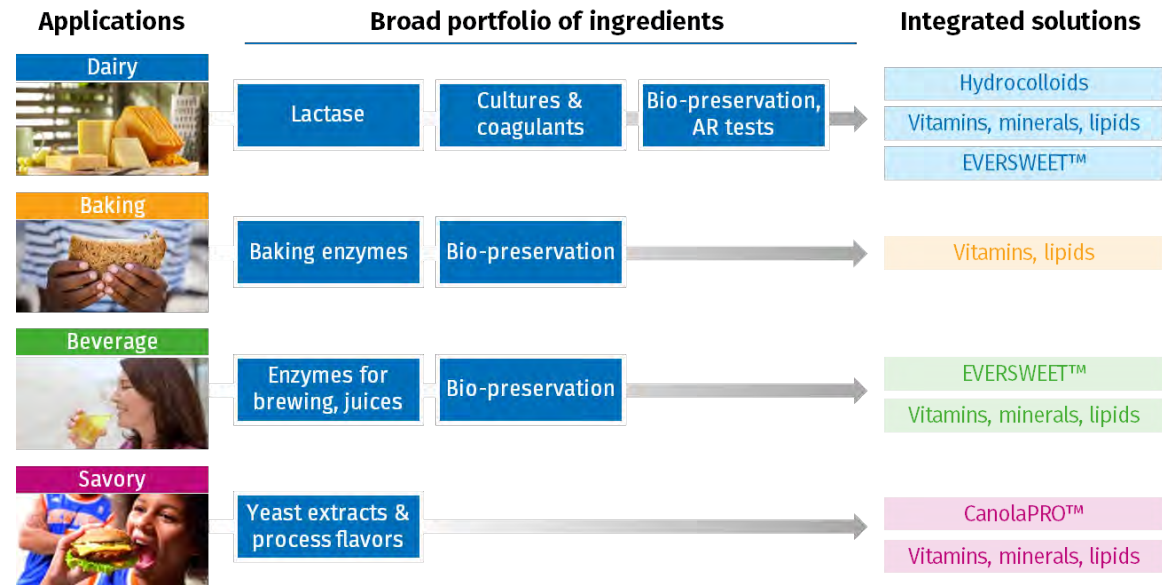


First Choice Ingredients | A good strategic fit for DSM

- ✓ **First Choice Ingredients addresses attractive F&B end markets with growth opportunities**
 - Operates in highly attractive end-markets with future growth potential (e.g., plant-based alternatives)
 - Opportunity to unlock new value by expanding in new markets outside the US
- ✓ **Unique business model**
 - Differentiated formulations & application capabilities in F&B
 - Strong focus on R&D and product innovation (e.g., plant-based taste solutions)
 - Proprietary fermentation process, extensive library of strains
 - Sticky customer relationships & diversified customer base
 - Able to meet certification requirements (e.g., Clean label) and deliver customizations quickly
 - Experienced management team and strong reputation
 - Strong corporate culture
- ✓ **Strong financial profile**
 - High single-digit CAGR sales growth in the past 5 years
 - Attractive Adjusted EBITDA margin (~30%)
 - Three state-of-the art manufacturing facilities in the US and light operational footprint
- ✓ **Strong sales synergies and scale-up opportunities**

DSM | A €1 bn food & beverages powerhouse

- ✓ **Unique and broad** range of **global products**
- ✓ **Deep application expertise** in core end-market segments
- ✓ **Integrated solutions** combining taste, texture, and health, while at the same time bringing efficiency and sustainability benefits
- ✓ Customer-focused **innovation** in products & applications

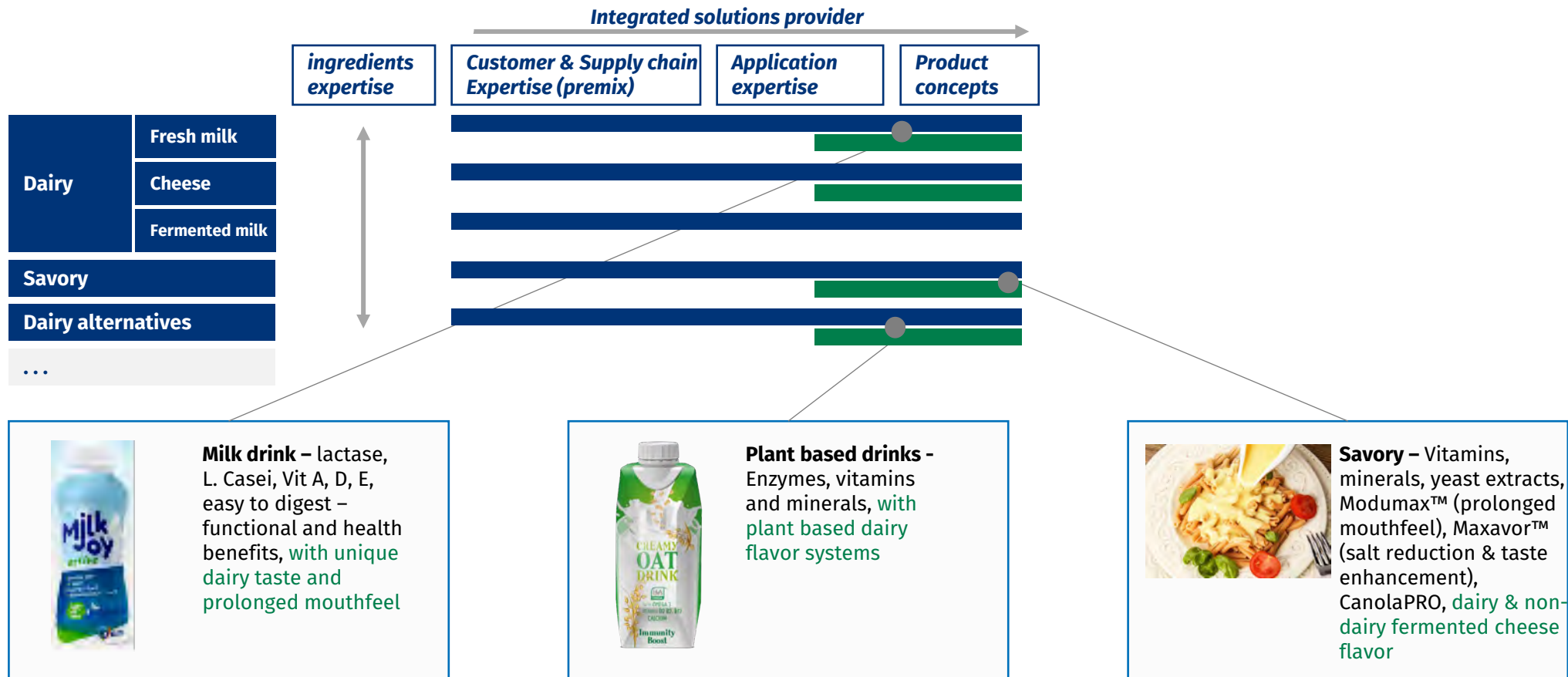


DSM & First Choice Ingredients | Accelerating growth in F&B

- ✓ **Global leadership in fermentative biotechnologies**
 - One the industry's largest enzymes and cultures strains portfolio
 - Deep shared expertise & joint work on yield optimization
 - Develop new strains using the biotech development platform
- ✓ **Broadest portfolio of taste, texture, nutrition & health ingredients and integrated solutions, with unique capabilities to support customers with customized offerings across dairy, savory, baking and beverage applications**
- ✓ **Global reach through DSM's operational and commercial presence**
 - Geographic expansion of First Choice Ingredients in Europe, Asia and LatAm
 - Develop customer relationships across food globally
- ✓ **Multiple applications and integrated solutions designs bringing further agility to the combined customer base**
 - Enhance application capabilities with FCI's sensory and functional expertise, product concepts, know-how in dairy- and dairy savory-based applications, highly complementary to DSM's milk, cheese and dairy alternatives applications
 - Add FCI's taste solutions to DSM's integrated solutions in savory
 - Give access to FCI's customer base to DSM's integrated solutions in taste, texture and health
 - Share clean label & regulatory expertise
 - Tap into future growth opportunities including the fast-growing plant-based markets

Superior F&B offerings with FCI's sensory and functional taste solutions

Dairy savory taste, textures and plant-based taste enrich DSM's integrated solutions across various applications



Enhancing DSM's plant-based offering with First Choice Ingredients' taste & textures

Bringing authentic dairy taste and mouthfeel to plant-based and vegan menu options



Health: vitamins, minerals, lipids, protein

Taste: authentic cheese flavor

Taste: yeast extracts & process flavors

Texture: sauces with creamy mouthfeel

Texture: hydrocolloids & CanolaPRO®

DSM is looking forward to welcoming FCI's colleagues !

- ✓ First Choice Ingredients is a **great fit** to DSM, with a shared passion for science-based solutions in Nutrition & Health
- ✓ First Choice Ingredients has a **strong financial profile**: the 2021 estimates sales amount to \$75m, with an Adjusted EBITDA of \$23m and margin of 30%.
- ✓ Sales and EBITDA growth are expected to accelerate with expansion in new geographies, cross-selling opportunities enhancing the integrated solutions offerings in F&B and by leveraging DSM's biotech competences
- ✓ This acquisition is a **financially attractive** and logical next step for DSM, in line with Strategy 2021, enabling DSM to further grow and strengthen its innovative solutions for delicious, nutritious, and sustainable F&B products.
- ✓ **Strong synergetic effects** to accelerate First Choice Ingredients' growth by combining DSM's global customer base, R&D, applications, regulatory and technology competencies with First Choice Ingredients' technologies, product & application know-how

Disclaimer

- This presentation may contain forward-looking statements with respect to DSM's future (financial) performance and position. Such statements are based on current expectations, estimates and projections and information currently available to the company. DSM cautions readers that such statements involve certain risks and uncertainties that are difficult to predict and therefore it should be understood that many factors can cause actual performance and position to differ materially from these statements. DSM has no obligation to update the statements in this presentation, unless required by law
- A more comprehensive discussion of the risk factors affecting DSM's business can be found in the company's latest Annual Report, which can be found on the company's corporate website, www.dsm.com



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