

Acquisition of Shares in a Functional Food Ingredients Business Affiliated to Celanese Corporation



June 23rd, 2023
Mitsui & Co., Ltd.

Thank you for coming today despite your busy schedules.

I am Tetsu Watanabe, Chief Operating Officer of the Nutrition & Agriculture Business Unit.

And I am Yoichiro Endo, Chief Operating Officer of the Food Business Unit.

Mitsui & Co., Ltd. (Mitsui) decided to take an equity stake in Nutrinova Netherlands B.V. ("Nutrinova") which is a functional food ingredients subsidiary of Celanese Corporation ("Celanese"), a leading American chemical company.

Through equity participation in Nutrinova, Mitsui aims to establish a solid position in the global food science market, where is expected to see strong growth, and will provide value that leads to improvements in people's lifestyles through "Wellness Ecosystem Creation", a key strategic initiative detailed in our Medium-term Management Plan 2026. Now, let me explain this project.

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Today, I will explain six points listed on this slide.

1. Project Overview

Overview	Share acquisition of Nutrinova Netherlands B.V. (“Nutrinova”), a subsidiary of a leading US chemical company Celanese Corporation (“Celanese”), which manufactures and sells functional food ingredients
Shareholding Ratio	Mitsui 70%, Celanese 30%
Purchase Price	USD 472.5mil (approx. JPY 66bil)
Closing Date	Within FY Mar/2024
Main Products	Acesulfame Potassium (“Ace-K”) (High-Intensive Sweetener) Sorbic Acid, Potassium Sorbates (Preservatives)

First, an overview of the project.

Mitsui will take a stake in Nutrinova, a subsidiary of leading American chemical company Celanese, which manufactures and sells functional food ingredients.

Mitsui will take a 70% equity stake with USD472.5mil (approx. JPY 66bil), and Celanese will continue to hold a 30% stake.

We expect the closing to take place within this fiscal year, by the end of March 2024, although the timing will also depend on the results of merger filings.

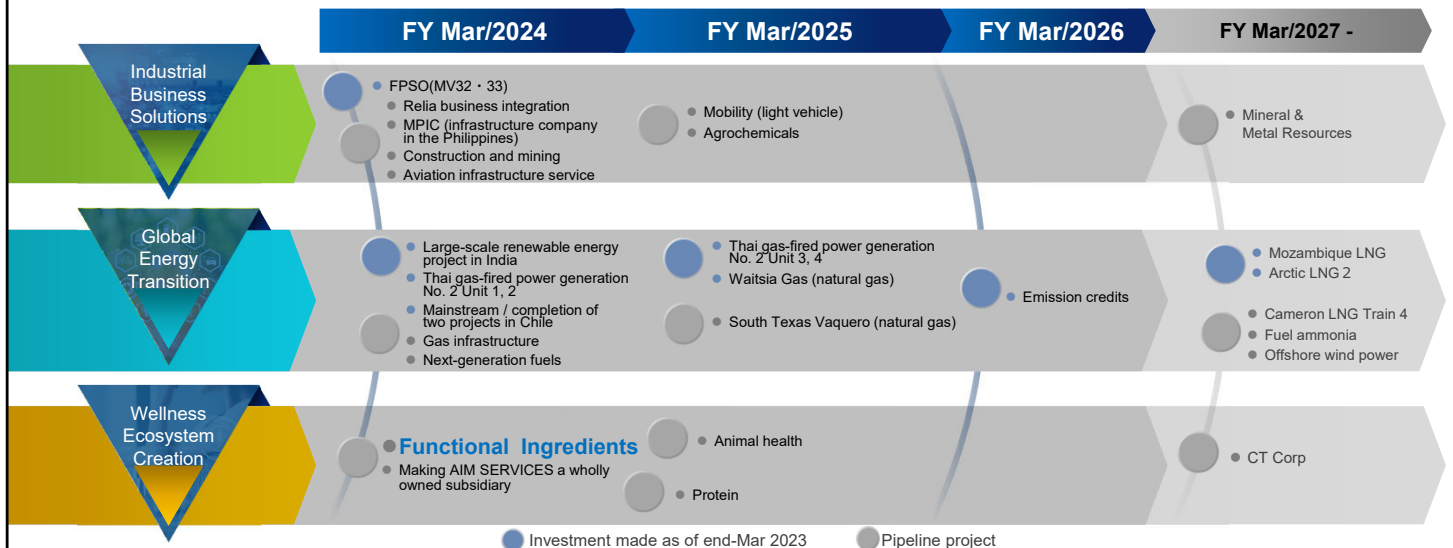
The main products of Nutrinova are acesulfame potassium, high-intensity sweetener, and sorbic acid and potassium sorbate, preservatives.

This is a joint project by the Nutrition & Agriculture Business Unit in the chemical segment and the Food Business Unit in the Lifestyle segment.

2. Positioning in Medium-term Management Plan 2026

Timing of Profit Contribution from New Projects

Start of profit contribution of investments made during the previous MTMP, and expansion of earnings power through investment in businesses that start profit contribution early



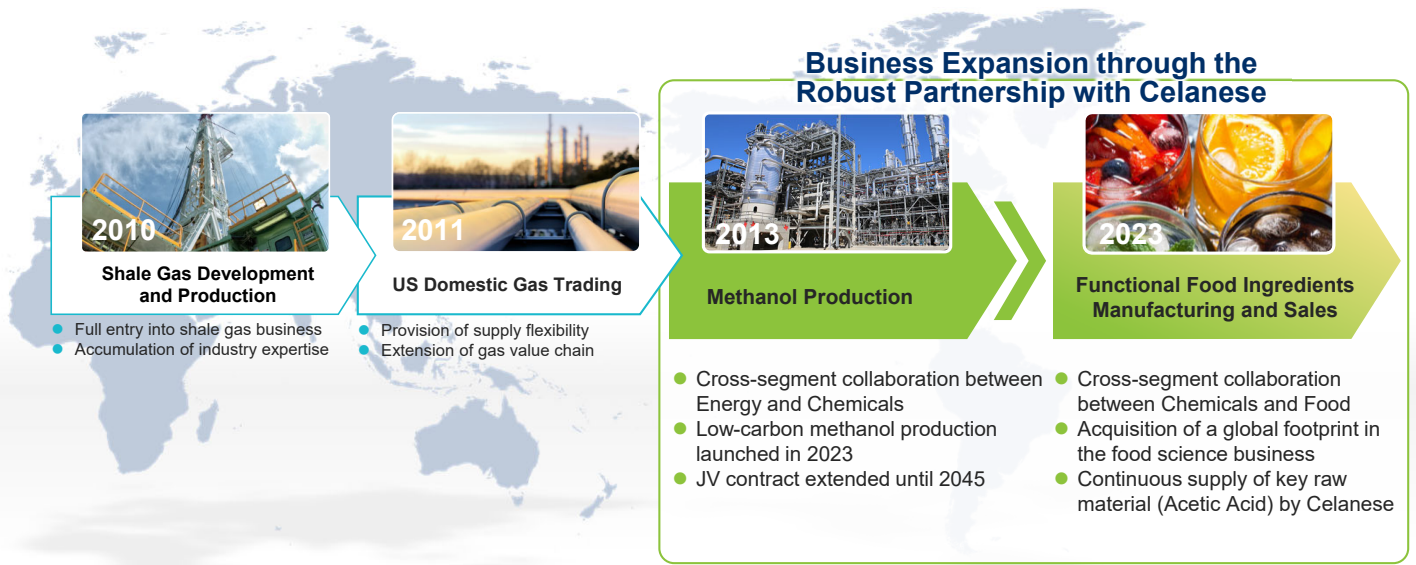
This slide shows an excerpt from the Medium-Term Management Plan 2026, which was announced on May 2, 2023.

The plan lays out three key strategic initiatives.

Under “Wellness Ecosystem Creation”, the third initiative listed, we will contribute to improve quality of diversified consumer lifestyles by providing food products which promote good health.

This project is one of the initiatives aligning with this strategic initiative, and is planned to start contributing to our profits immediately after the investment is executed in fiscal year ending March 2024.

3. Robust Partnership with Celanese



Next, I will talk about our partnership with Celanese.

Mitsui entered into the shale gas business in US in 2010, and we have been expanding the gas value chain starting from the natural gas produced. As part of this effort, we launched a joint venture with Celanese in 2013 to produce methanol, using natural gas as a raw material.

Celanese is the world's largest consumer of methanol, as well as producer of acetic acid. In this joint venture project, we expanded facilities in 2021, and this February, we extended the joint venture agreement to 2045, which was originally up to 2035.

As such, we have been steadily expanding business with Celanese.

The equity participation in Nutrinova will be the second project realized through our partnership with Celanese built over many years.

This project initially emerged from the discussions between our Chemicals segment and Celanese but we immediately consulted with Food Business Unit in Lifestyle segment since the products are mainly used in foods and beverages.

We determined this to be an excellent project for developing a global presence in the food science business. This also marked the third joint investment project between the Chemicals segment and Food Business Unit of Lifestyle segment in recent years.

For products produced by Nutrinova, one of the main raw material, acetic acid, is actually derived from methanol which is produced in our US joint venture with Celanese.

Also from the perspective of establishing a global gas value chain, we believe that this project is of great significance.

4. Outline of Nutrinova (1/4)

Company Name	Nutrinova Netherlands B.V.
Employees	approx. 130
Location	Head Office – Amsterdam, Netherlands Plant – Frankfurt, Germany
Financials (2022 Actual)	Revenue: USD 171mil (approx. JPY 24bil) EBITDA: USD 46mil (approx. JPY 6.5bil)
Main Products	Acesulfame Potassium (“Ace-K”) (High-intensive Sweetener) Sorbic Acid and Potassium Sorbate (Preservatives)
Applications	Food and Beverages, Personal care products, Home care products, Pharmaceuticals
History	Started production of Sorbic Acid in 1967 Started production of Ace-K in 1993 (Ace-K was discovered by Hoechst AG, a predecessor company of Celanese)

Next, I will explain the outline of Nutrinova.

Nutrinova has around 130 employees, mainly in Europe. Their Head Office is located in Amsterdam, the Netherlands, and their plant is located in Frankfurt, Germany.

In terms of quantitative performance in 2022, the company had sales of USD171mil, approx. JPY24bil, and EBITDA of USD46mil, approx. JPY6.5bil.

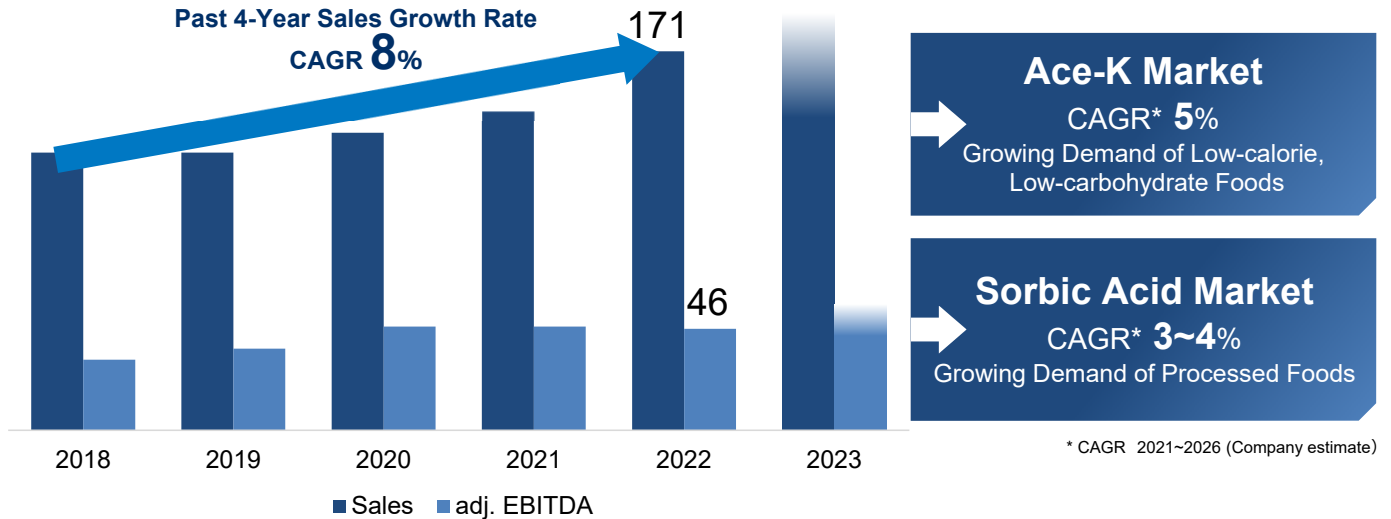
As I stated earlier, their main products are acesulfame potassium, sorbic acid, and potassium sorbate.

These products are used for a wide range of applications, such as foods and beverages, which will be explained in detail later.

Nutrinova began producing sorbic acid in 1967 and launched the production of acesulfame potassium in 1993. Acesulfame potassium was discovered and developed in 1967 by Hoechst AG, a German pharmaceutical manufacturer and chemical company, and the predecessor of Celanese.

4. Outline of Nutrinova (2/4)

(unit : USD mil)



In terms of financial performance, Nutrinova's sales has grown steadily at a compound annual growth rate (CAGR) of 8% over the past four years.


While profit after tax (PAT) is not calculated because it is a business carved out from Celanese, the company is generating stable EBITDA.

Looking ahead, the market size for both products is expected to increase steadily. Acesulfame potassium is forecast to grow at a CAGR of 5% from 2021 to 2026 because of the anticipated expansion of demand for low-calorie and low-sugar foods. Sorbic acid is also forecast to grow at a CAGR of 3-4% as demand for processed foods grows. We recognize that the profits of Nutrinova will further grow by securely capturing this increase in demand.

Regarding the numerical performance for 2023, we are already several months into the year and the numbers are progressing according to plan. We believe Nutrinova is highly likely to achieve its targets.

4. Outline of Nutrinova (3/4)

Acesulfame Potassium



- ◆ High-intensive sweetener which is 200 times sweeter than sugar
- ◆ Allows development of low-calorie and low-carb recipes
- ◆ Crucial role in sweetness which is decisive to taste (Fast onset of sweetness with a clean taste profile)
- ◆ Global top brand as high-quality products

Sorbates



- ◆ Existing in nature and broad bacteriostatic effect on molds, yeast, and bacteria
- ◆ Long history of use in food and beverage
- ◆ Tasteless and odorless, not affecting to the taste of other ingredients
- ◆ Helping to solve the food loss problem

Examples of Applications



Examples of Applications



Note: Applications and criteria of usage may vary depending on the food additive regulations in each country.

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I will now give an overview of the products.

Acesulfame potassium is 200 times sweeter than sugar, which makes it possible to develop low-calorie and low-carbohydrate recipes while maintaining sweetness. Because it readily produces a sweet flavor and has a refreshing taste, it plays an important role in the sweetness realm as a flavor determinant.

The Nutrinova product, Sunett, has been well known as a high-quality top brand product in beverage and food manufacturing fields around the world.

Sorbic acid, shown on the right side, is a naturally existing substance. It has been used for a long time for food products because it is widely effective against mold, yeast, bacteria, and other undesirable organisms.

Tasteless and odorless are other main characteristics which do not affect the taste of other food ingredients and enable broad scope of application. It also extends the shelf life of beverages and foods, and thereby also contributes to resolving problems of food losses.

As shown here, each product has an expansive range of uses, including food and beverages, pharmaceuticals, and personal care.

4. Outline of Nutrinova (4/4)



Regarding competitive advantages of Nutrinova, I will talk about four main points.

The first advantage is the global customer assets. The main customers of Nutrinova are the major global beverage and food companies, with which it has been building long-term stable partnerships.

The second is that Nutrinova is the only Western supplier of both products. As geopolitical risk has increased in recent years, building a supply chain that ensures stable procurement of raw materials has become ever more important, and we recognize that Nutrinova is also playing an important role in that context.

The third is the outstanding quality. Nutrinova possesses superior manufacturing technology, manufacturing processes, and patents for producing products of high quality and high purity. As an industry leader of both products, Nutrinova has accumulated an enormous amount of product knowledge and data.

The fourth is diverse applications. As I mentioned before, in addition to being used in various beverages and foods, the differentiating factor of high purity also allows use in a wide range of other areas, such as pharmaceutical and personal care products.

5. Mitsui's Value-enhancing Contributions to Nutrinova

Enhancement of ability to make proposal to customers

by combining with the existing assets around functional food ingredients

Sales channel expansion

by leveraging Mitsui's existing customer network across Asia

Synergies created by Mitsui

Joint product development and reinforced marketing

through collaboration with other business units, such as Retail and Healthcare areas

Now, I will present measures to enhance corporate value.

We are pursuing three main approaches to generating synergies through the investment.

The first approach is synergies with the current assets of Mitsui by combining Nutrinova products with functional food ingredients possessed by our investee companies, such as flavor and sweetener, as well as their recipe development skills, we will enhance the capability to provide comprehensive solutions to the needs of customers, rather than simply selling individual products.

The second is expansion of sales channels utilizing Mitsui's customer networks. Europe and US is the major market for Nutrinova therefore we will expand the customer base mainly in the growing Asian market by combining it with our customer network in Asia.

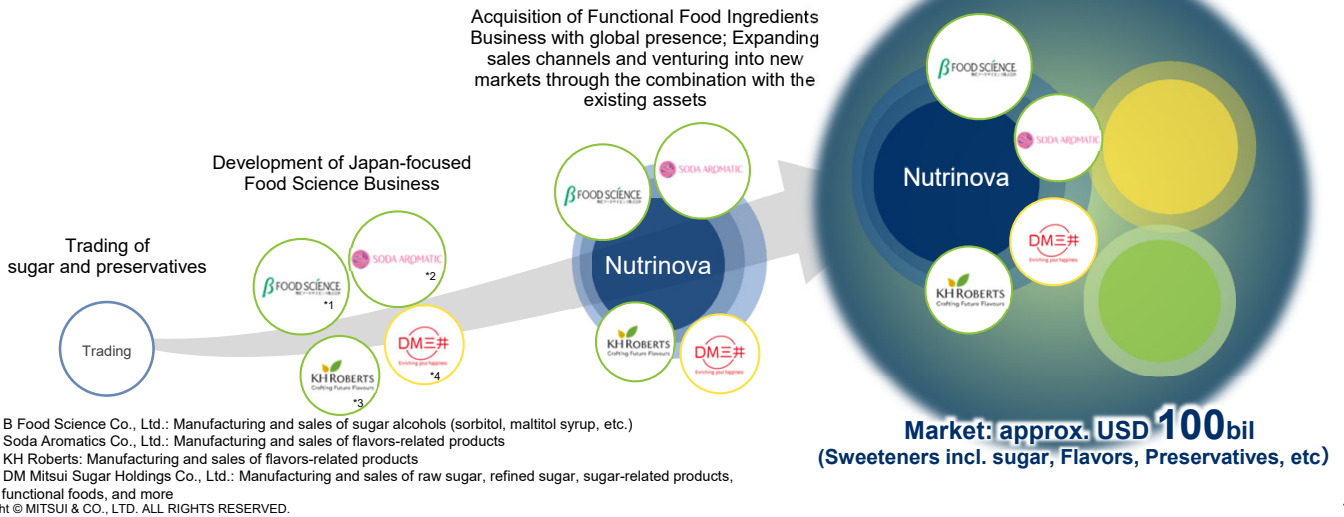
The third is collaboration with our various business units, not only in the Chemicals and Food Business Unit but also in retail and healthcare fields. From a standpoint closer to the end-products, we will jointly develop and market products that have high added value and meet the needs of society.

Nutrinova is now pursuing plans to expand production capacity of both products and intends to steadily capture the incremental earnings resulting from the realization of synergies.

6. Mitsui's Food Science Business Strategy



Establishing Strong Position In The Global Food Science Market



Finally, I will explain the strategy of Mitsui in the food science business.

Our food science business had portfolio of sweeteners, flavors, and other functional food ingredients, mainly in Japan, but the scope of business was limited to the Asia including Japan.

Through this equity participation in Nutrinova, we will promote business globalization, while realizing synergies with existing business, thereby expanding sales channels and developing the markets. In addition to such efforts, we will further expand our portfolio in adjacent business domains, including inorganic initiatives, form a business cluster capable of providing services that add even higher value, and establish a solid position in the global food science market, which is said to be at a scale of approx. USD100bil.

The equity participation in Nutrinova is an important step toward realizing such vision. We will continue to exert the comprehensive strengths of Mitsui as we engage in business activities.

This concludes my explanation. Thank you for your kind attention.

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