



Joint News Release

BASF invests in technology company SmartAHC, a specialist in artificial intelligence for animal husbandry

- **Digital solutions for larger-scale pig farming operations in key market China**
- **Smart sensors and computer algorithms to optimize livestock rearing**

Shanghai, China, and Ludwigshafen, Germany, July 20, 2020 – BASF Venture Capital is investing in SmartAHC, a leading supplier of digitalization solutions for pig farming on the Chinese market. SmartAHC was founded in 2014 by graduates of Nanyang Technological University in Singapore. The Shanghai-based startup provides customized digital solutions to increase efficiency throughout the pork value chain. Other investors include specialty chemicals producer Evonik and China's Shenzhen Sinoagri E-Commerce.

Through digitalization, husbandry operations can optimize labor productivity in the production process. For example, pigs can be easily counted, identified and observed at any point in time during the rearing and fattening process. SmartAHC uses sensors, camera systems and artificial intelligence to collect and analyze various data in order to predict emerging issues. Pig farmers can therefore continuously monitor the condition of their animals and take action promptly and efficiently, for example, by selectively administering medication, adjusting the feed or separating sick animals.

Pig farming is an important market, especially in China. Global pork demand is around 1.4 billion animals per year, roughly half of which comes from China. In 2018, Chinese

operations produced around 700 million animals. Pork is the most popular meat in China: Two-thirds of the meat consumed in the country comes from pigs.

Since contact between humans and animals is considered a cause of the spread of disease in livestock, the Chinese pig farming industry has invested heavily in technologies that can reduce human intervention in the farming process. Furthermore, digitalized processes offer additional new opportunities for breeders and other players at an early stage of the value chain, e.g., reliable supply of pork to online butcher shops, higher product quality and food traceability. Especially in China, with its huge population concentrated in megacities, there is a trend towards ever-larger farms and meat suppliers. Larger scaled farms realize the value of adopting digital technology in order to stand out from the competition.

“Our artificial intelligence uses the data collected in the pigsty to optimize processes, from breeding to finishing and slaughtering,” said Lan Song, SmartAHC’s CEO. “At the same time, consumers increasingly want to know where their meat comes from. Our systems can provide this transparency. We are happy that BASF is joining us on our journey towards smarter pig farming. With this investment, we want to increase our R&D capacities and further expand our market presence.”

“SmartAHC is a young company, but already has a keen understanding of the Chinese market and a good reputation among their customers in China,” said Markus Solibieda, Managing Director of BASF Venture Capital. “SmartAHC’s technology can contribute substantially to animal health as well as to economic optimization along the pork value chain. SmartAHC is a good fit for our investment focus on AgTech and digitalization. Moreover, our investment complements BASF’s strategy of promoting sustainability and healthy nutrition.”

About BASF Venture Capital

BASF Venture Capital GmbH (BVC) was founded in 2001 and has offices in Europe, the U.S., China, India, Brazil and Israel. The aim of BVC is to generate new growth potential for BASF by investing in new companies and funds. The focus of investment is on chemical products and new materials, software and services as well as innovative and digital business models in the broader field of chemistry.

For more information, please visit www.basf-vc.com.

About BASF

At BASF, we create chemistry for a sustainable future. We combine economic success with environmental protection and social responsibility. More than 117,000 employees in the BASF Group work on contributing to the success of our customers in nearly all sectors and almost every country in the world. Our portfolio is organized into six segments: Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF generated sales of €59 billion in 2019. BASF shares are traded on the stock exchange in Frankfurt (BAS) and as American Depositary Receipts (BASFY) in the U.S. Further information at www.basf.com.

About SmartAHC

SmartAHC was founded in 2014 by graduates of Nanyang Technological University and is committed to constructing livestock data infrastructure for the livestock ecosystem. By leveraging its proprietary AIoT platform, SmartAHC collects data from various farming processes using self-developed sensors and provides analytics driven by artificial intelligence as well as computer vision technology. These solutions are designed to improve the efficiency of production, quantify the product performance for the raw material supplier and provide a transparent traceability solution for various parties within the farming ecosystem. SmartAHC's solutions have been adopted by some of the largest corporate farms and insurers in China as well as by a global feed company. SmartAHC has received strategic investments from industry heavyweight Continental Grain Company and various financial VCs in the past five years. Further information at www.smartahc.com.

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