

August 3, 2020

KANEKA CORPORATION

Kaneka establishes an organic dairy farming company in Hokkaido  
—Strengthen the expansion of high value added dairy products—

In June, Kaneka Corporation (Headquarters: Minato-ku, Tokyo; President: Minoru Tanaka) together with Betsukai Milk World Co., Ltd.\*<sup>1</sup> (Location: Betsukai-cho, Notsuke District, Hokkaido; President: Sadayuki Nakayama) established Betsukai Wellness Farm Co., Ltd., a company that will manufacture and sell organic raw milk\*<sup>2</sup>. Having acquired an exclusively organic farm in Betsukai-cho, Notsuke District, Hokkaido, we will engage in organic dairy farming with a high level of productivity to deploy organic dairy products.

Betsukai Wellness Farm's organic farm will go into operation in April 2021, and by 2022 we are aiming to acquire the organic JAS certification\*<sup>3</sup> in regard to raw milk. The raw milk on this farm will be fully purchased by Kaneka and will be used to expand our product line up to such organic dairy products as milk, butter and in particular yoghurt. As a dairy business with organic dairy products, we will aim by 2024 to reach sales of 10 billion yen.

Kaneka started their dairy product business in April 2018 under a technical tie-up with Belgium company Pur Natur Invest BVBA (Headquarters: Kingdom of Belgium; President: Marc Verhamme). They started selling of products that made use of Pur Natur's technology, including Milk for Bread™, Café au lait for bread™, Belgium Yoghurt, and Fermented butter. These have been well received in the market and sales are growing favorably. From here on, Kaneka plans to expand sales by further increasing our lineup of products that add significant new value, such as functional foods that combine organic dairy products with Kaneka's own supplement ingredients.

Japan's dairy farming industry is currently under harsh conditions, with a lack of successors and labor shortages. The philosophy of our dairy business is to work with dairy farmers to consider attractive dairy farming and promote sustainable dairy farming. In this new company, along with producing organic raw milk with significant added value, we will work to raise productivity through implementing labor-saving efforts in the farming workplace and using home-grown feed. In this way, we will aim for sustainable and recycling-oriented dairy farming that takes into consideration people, cows and the environment.

\*1: Kaneka's dairy farming partner that deals in raw milk.

\*2: Raw milk taken from cows that have been raised in an environment that conforms to the standards of the organic JAS certification, which involves using organic feed among other practices. Raw milk taken as is from cows and not subjected to processing and is a raw material for milk and dairy products.

\*3: An organic food inspection certification system prescribed by the Ministry of Agriculture, Forestry and Fisheries. It certifies agricultural and livestock products that are produced without reliance on chemical substances such as pesticides or chemical fertilizers.



Image of the new cow barn

< General description of the newly established Betsukai Wellness Farm Co., Ltd.>

President: Sadayuki Nakayama

Established: June 1, 2020

Investment ratio: Kaneka 40%, Betsukai Milk World 60%

Location: Betsukai Town, Notsuke District, Hokkaido

Description of business: Production and selling of organic raw milk

< General description of Betsukai Milk World Co., Ltd.>

President: Sadayuki Nakayama

Location: Betsukai Town, Notsuke District, Hokkaido

Description of business: Dairy farming