



Animal Health Products  
Wholesale Business

We aim to build a nationwide distribution network that contributes to emotional comfort and food safety and security.

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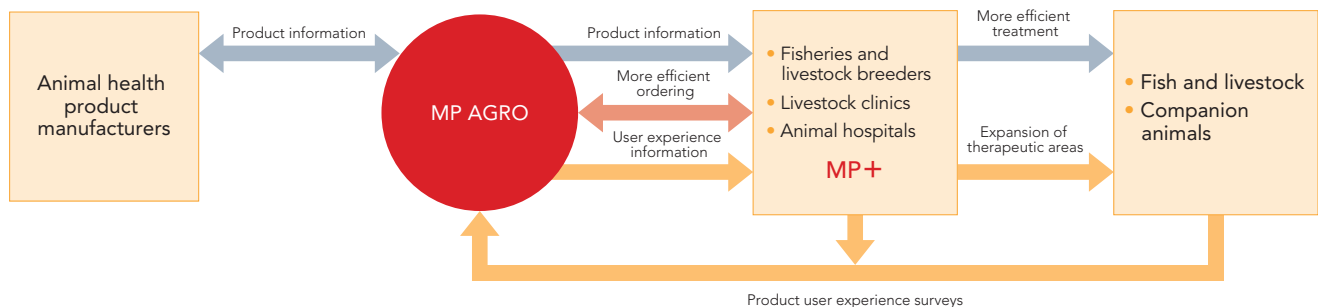
MP AGRO CO., LTD. is the only animal health products wholesaler in Japan with a nationwide distribution network and salesforce. We use this platform to supply a wide range of veterinary products for fisheries, livestock and companion animals<sup>1</sup> including supplements, feed additives, and veterinary medical equipment. We have achieved Japan's top track record in sales with a stable product supply as a wide-area wholesaler of animal health and other products from our 31 sales branches and five distribution centers nationwide (as of March 31, 2022). We are developing new businesses by integrating our distribution and sales functions with the aim of contributing to emotional comfort and food safety and security.

1. Companion animal: An animal that has a companion-like presence and a close relationship with humans in daily life.

### ► SWOT Analysis



### ► Value Chain



## Business Environment

The market for health products for companion animals is growing steadily because of an increase in the number of households that have started keeping companion animals for emotional comfort as the birthrate declines and the population ages, as well as longer animal lifespans due to advances in treatment.

On the other hand, the market for fisheries and livestock is facing an increasingly severe business environment due to shrinking consumption as the population ages and decreases in number, as well as a decline in inbound demand. These circumstances have led to all-out efforts to increase large-scale breeding under corporate management in today's Japan, and demand is rising for vaccines and high-performance feed additives as livestock and poultry are constantly exposed to the danger of mass infection by virulent viruses and bacteria that threaten to wipe them out.

## Review of the 2022 MEDIPAL Medium-Term Vision

### ▶ Initiatives and Results

As our key strategies, we have been working on business expansion using our original brand strategy; productivity improvement through reconstruction of logistics and sales functions; and enhancement of information transmission capacity and organizational strength through human resource development.

For business expansion using our original brand strategy, we have been working to develop high-value-added products in-house through administration tests of high-performance feed additives in collaboration with universities. For supplements for which we hold exclusive sales rights, we focused on measures such as holding in-house information sessions for our regular customers supervised by specialist veterinarians and expanding sales channels for valuable products.

For productivity improvement through reconstruction of logistics and sales functions, we expanded the scope of use of our original online order information system MP+, which is an advanced industry initiative, to cover livestock breeders in addition to animal hospitals, which has contributed to sales. We have also launched MP+ for general farmers and are working to further expand its use. Moreover, with the introduction of an online system, we have developed a scheme for once-a-week designated delivery days, and have also begun logistics reforms.

For enhancement of information transmission capacity and organizational strength through human resource development, we have established an animal health support center staffed mainly by veterinarians and other technical staff to facilitate physiological, serum antibody, bacterial, genetic, and other forms of testing to prevent, diagnose, and treat diseases in chickens, swine, cattle, and fish. In addition, we have gone beyond the conventional approach of simply distributing products and providing information, such as through seminars held by sales staff at animal hospitals, by building a new sales model that combines the functions of a distributor and a manufacturer.

### ▶ Examples of New Initiatives That Combine the Functions of a Distributor and a Manufacturer

- Introduced MP+, an original online order information system
- Exclusive handling of products such as skin care and supplements distributed overseas
- Began offering pharmaceutical companies support drug use surveillance for PMS
- First in Japan's animal health product industry to begin exclusive development of veterinary drugs for manufacture and sale by a pharmaceutical company

### ▶ Perception of Issues and Future Direction

In the market for fisheries and livestock breeders, we expect a shift to lower-priced products due to the impact of soaring feed and fuel prices and other production costs, and growing consumer needs for the safety and security of livestock products for food. In the market for companion animals, animal life expectancy is increasing due to advances in veterinary medicine.

Under these circumstances, introducing exclusive new products to expand our customers' treatment areas and enhancing support functions, we will use lead instructors certified by the International HACCP<sup>2</sup> Alliance to step up our efforts to support comprehensive sanitary measures based on the HACCP approach.

We will also work to further enhance our sales staff with specialized knowledge. In addition to conducting project-based training, we are also considering offering stays overseas to study farm management in order to develop human resources who share awareness of the issues that farmers face.

We believe that integrating our nationwide logistics and sales functions with manufacturing functions will hold the key to our further advancement in the future. We will boldly take on challenges as we explore new business opportunities.

2. HACCP (Hazard Analysis and Critical Control Point): A scientifically based method by which food business operators manage hazards that can cause food poisoning or otherwise harm health throughout the entire process from the reception of raw materials to the shipping of products.