

Business Overview



ASKA Animal Health

**Aiming to be No. 1
in our area of expertise**

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Guided by the corporate philosophy of “contributing to the creation of a society where people and animals can coexist by protecting animal health and food safety,” ASKA Animal Health seeks to “become a one-of-a-kind company that supports the health of companion animals through our strengths in animal reproduction, immunology, and nutrition in the livestock and aquaculture field.” In recent years, we have faced global challenges such as climate change, worldwide population growth, and international instability. Amid these changes in the business climate, Japan has become increasingly conscious of domestic food security, as evidenced by last year’s amendments to the Basic Act on Food, Agriculture and Rural Areas, often referred to as the “constitution for agricultural policy.” Not only do highly pathogenic avian influenza and swine fever remain rampant, but also,

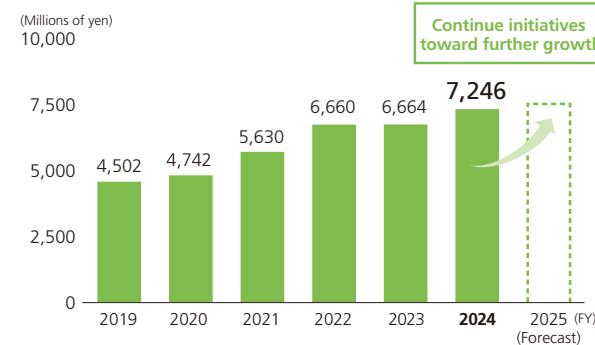
African swine fever is spreading throughout China and the rest of Asia, requiring heightened vigilance in order to prevent its entry into Japan. Against this backdrop, we think there will be an ever-increasing need for veterinary pharmaceuticals, feed, and other products that contribute to maintaining health and preventing disease in livestock and other industrial animals, as well as a need to reduce environmental impact and improve agricultural productivity. We also expect ongoing demand for products that help extend healthy longevity in dogs, cats, and other companion animals, amid increased incidence of disease owing to longer lifespans, and higher expenses related to companion animal ownership. We will continue to build on our strengths in areas of expertise as we seek to enhance animal health through the development and sale of original products.

Trend in Net Sales

In FY2024, net sales at ASKA Animal Health surpassed ¥7 billion for the first time. Sales grew 108.7% year on year, exceeding the market growth rate. Although livestock pharmaceutical sales fell slightly year on year amid a reluctance to purchase certain hormone preparations owing to price revisions and lower sales of antibiotics due to the outbreak of swine fever and other factors, we were able to grow overall sales thanks to significant growth in new companion animal pharmaceuticals and feed additives. In the next fiscal year and beyond, we expect livestock pharmaceuticals and feed additives to remain key growth drivers, while also focusing on highly profitable companion animal pharmaceuticals.

Net Sales at ASKA Animal Health

Financial results basis



Note: Amounts are rounded down to the nearest million yen.

Strengths

Significant market presence in the livestock field, underpinned by a strong lineup of mainstay breeding hormone preparations

Supply of products addressing untapped needs in the companion animal (CA) field

Contribution to reduction in mixed feed protein content through our full lineup of feed-use amino acids

Business Climate

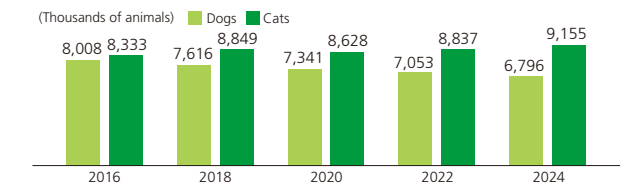
Market environment

- ▶ Rise in production costs for livestock and aquaculture products, due to fluctuations in foreign exchange rates and sharply higher logistics and materials costs worldwide
- ▶ Slower growth in new companion animal ownership due to declining disposable incomes and increases in purchase prices and feed costs
- ▶ Environmental considerations as well as supply chain instability and product commoditization

Risks

- ▶ Impact on product demand from declining numbers of livestock producers and aquaculture companies
- ▶ Sustained decline in companion animal ownership
- ▶ Heightened competition and need to ensure stable supply

Dog and Cat Ownership



Opportunities

- ▶ Enhanced productivity for livestock and aquaculture products, through improvements to reproductive efficiency
- ▶ Rise in companion animal illnesses as a result of longevity, and greater price acceptability on part of owners amid a rise in related expenditures
- ▶ Worldwide growth in demand for low-protein feed

Strategies

- ▶ Enhance corporate value and engagement by improving productivity for livestock and products through supply of mainstay hormone preparations and related information provision
- ▶ Focus on developing and supplying products in our areas of strength, and on reinforcing our earnings base
- ▶ Contribute to reducing emissions of substances harmful to the global environment (reducing the impact of nitrogen on the environment by promoting uptake of low-protein feed)

Advancement of Animal Welfare

In the livestock field, we drew on our collective resources to quickly resume shipments of Nanaomycin Oil ASKA (sales of which had been suspended), a topical agent of the antibiotic nanafrocin. This product is the only veterinary pharmaceutical indicated for the treatment of dermatophytosis (ringworm) in cattle. Not only does this disease cause economic losses arising from a drop in market value due to reduced weight gain and stress from scratching the lesions, but it is also considered a significant risk to public health because it is easily transmissible to humans. We accordingly received many requests calling for an early resumption of shipments. We believe that resuming shipments of Nanaomycin Oil ASKA will enhance livestock farmers’ productivity and significantly improve animal welfare in cattle.

Case study (No. 1): 13-month-old Japanese Black (male) cow, weight of 400kg



Observations before application
Reddish lesions of about 10cm or larger scattered around the eyelids, jaw, and cheeks



Observations 15 days after application
Lesions have dried up and hair growth is evident



Observations 30 days after application
Scabs have fallen off completely, hair has grown back, and the lesion has healed to the extent it is indistinguishable from the surrounding area

FY2024 Initiatives

In the companion animal field, we focused on promoting uptake of Trilostane “ASKA,” which is effective in improving symptoms associated with hyperadrenocorticism (Cushing’s disease) in dogs. We worked to strengthen

information sharing activities through such means as creating and distributing academic videos for veterinarians and pet nurses.