



Anicom Group

Mid-term Management Plan

FY03/20

May 9, 2017

Anicom Holdings, Inc.

(Securities Code: 8715)



The Anicom Group pursues management that values and emphasizes **diversity**.

We believe monolithic, uniform organizations or communities lack the flexible mindset necessary to generate new value. Accordingly, we aspire to grow through cooperation with a **diverse range of human resources**. Anicom group is comprised of approximately 100 veterinarians, physicians, MDs, experts in agricultural science, science, the law, CPAs, actuaries and graphic designers. This range gives us flexibility and the best division of labor.

In addition, we believe that women's contributions are indispensable to the growth of any organization. Therefore, women have a strong presence in our group, making up 60.3% of our employees and 29.6% of our executives.

By **valuing the diversity of all living organisms** ranging from animals to bacteria, we intend to continue providing new value to society.

■ Long-term management vision

We aim to do all we can in contributing to a healthy lifespan for people and their pets by the emotional energy produced by pets and people living life together.

■ Mid-term management vision

As a player in pet sector infrastructure, we acknowledge the diversity of all living organisms, and will provide new and enhanced value by realizing a **world free from concern over hereditary disorders** and through extension of pets' healthy lifespan.

■ FY03/18 management vision

Bringing together the resources of our group, we will take our first steps toward becoming an **infrastructure player/builder** that comprehensively links upstream and downstream services in the pet sector.



1. Mid-term management plan (through FY03/20)

2. Current-year business plan (FY03/18)

(1) Management strategy

(2) Existing business strategy

3. Pet insurance business

(3) New business strategy

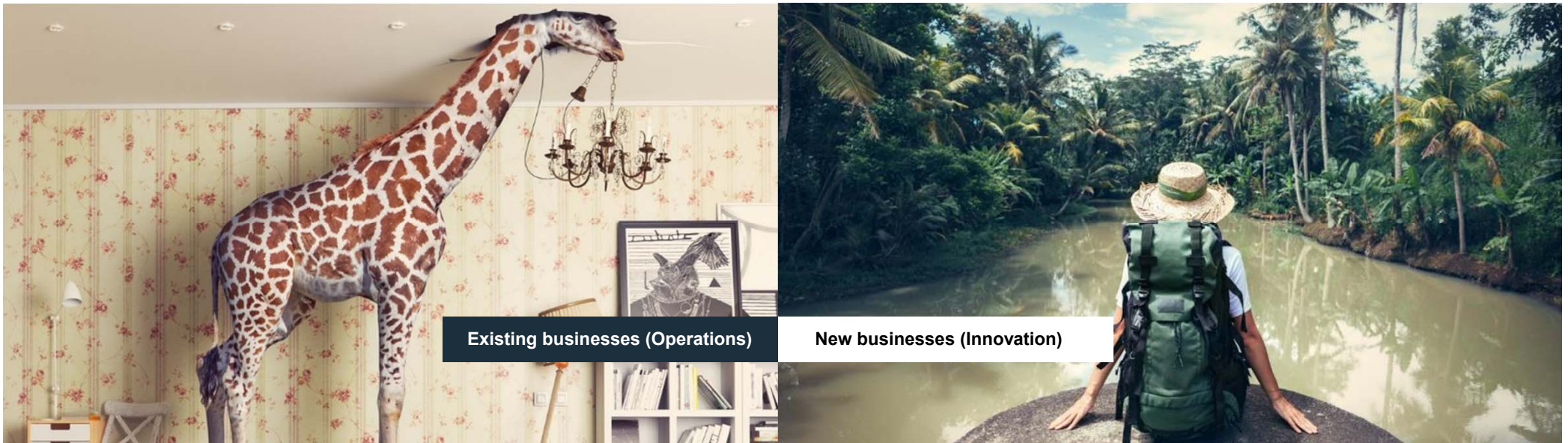
(4) Numerical targets

4. Other subsidiary businesses

(5) Overview of priority measures

5. Various initiatives geared toward prevention

(1) Management strategy



“ Rapidly expand adoption of pet insurance. Build an infrastructure business that covers all stages of a pet’s life. Strive to achieve a profit margin of 15%.”

01 Accelerate adoption of pet insurance products, which have yet to reach high levels of market penetration, and secure a dominant share and position in the market.

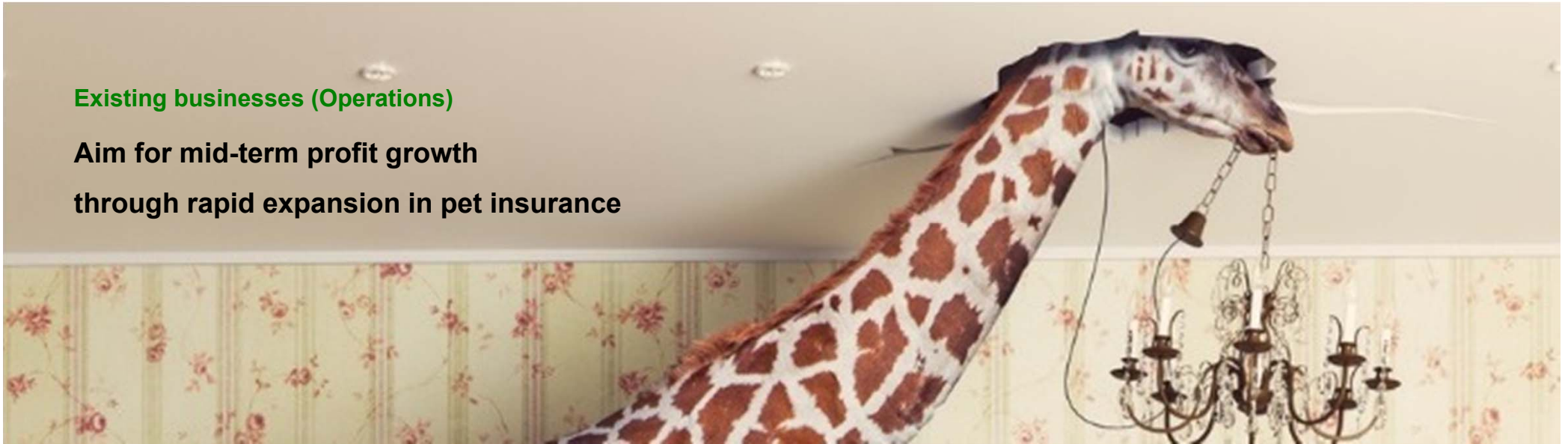
02 Aim to create a world free from concern over hereditary disorders, and build on research to deliver related commercial applications.

03 Strive to maximize corporate value by planning and executing various initiatives while targeting an optimal balance between capital and risk.

(2) Existing business strategy

Existing businesses (Operations)

**Aim for mid-term profit growth
through rapid expansion in pet insurance**



01 Shift direction to scale expansion

In addition to the newborn channel (our principal target market to date), which has an estimated annual distribution of about 600,000 pets, we will focus on the general channel consisting of about 20 million pets already being kept by households across Japan. We will target accelerated revenue expansion over the medium term by rapidly increasing the domestic adoption rate for pet insurance and our corresponding market share via strong marketing.

02 Lift profit margin further

We will aim to make insurance rules more transparent conducting audits and by diligently monitoring operations. This will prevent losses arising from false or fraudulent insurance claims. We will strive to reduce insurance payouts by leveraging the expertise of our employees (approximately 100 veterinarians, a key strength) in disseminating information about illness prevention to policyholders. We will work to further expand the 9% profit margin achieved in FY03/17 (already a high level among domestic nonlife insurers) to 10–15%.

03 Tap “blue ocean” opportunities

We will expand the scope of the newborn channel that has thus far centered on pet shops. We will target the entire multifaceted domestic distribution market for newborn pets (breeders, animal protection and adoption associations, stray cats, etc.). In addition, we will develop new insurance products and aim to tap previously unexplored customer segments.

(3) New business strategy



New businesses (Innovation)

Build infrastructure business that covers all stages of a pet's life from downstream to upstream services

(Upstream)

01 Eradication of hereditary disorders

Aim to eradicate hereditary disorders, which are particularly common among purebred animals. We will use two approaches to achieve this.

- 1) provide breeding consulting services to domestic breeders based on genetic analysis.
- 2) commercialize treatments that prevent hereditary disorders, and examine previously unknown genetic predispositions to illness.

We believe these efforts will reduce insurance payouts and support pet shop and breeder sales accordingly.

[\(See P33 for details\)](#)

(Midstream)

02 Symbiotic bacteria-related business

We have accumulated world class data on the gut microbiota of pets. It is our aim to leverage related findings to support a long, healthy lifespan for pets.

We will ensure that gut microbiota-based medical checkups become more widespread. We also aim to launch diet and lifestyle consulting, and other businesses revolving around symbiotic bacteria.

[\(See P34 for details\)](#)

(Downstream)

03 New ground in veterinary medicine

While engaged in preventive operations covering upstream to midstream services, we will develop a downstream business targeting animals that require treatment despite having received preventive care. We will aim to find practical applications for highly advanced medical treatments (cell treatment, regenerative treatment), expand these in scale, and develop animal hospital operations overseas.

Additionally, we will comprehensively analyze big data such as insurance claim data spanning over 15 million cases, treatment data (Anicom Receptor) and genetic information. We will utilize these toward the development of next-generation preventive care technologies.

[\(See P35 for details\)](#)

(4) Numerical targets

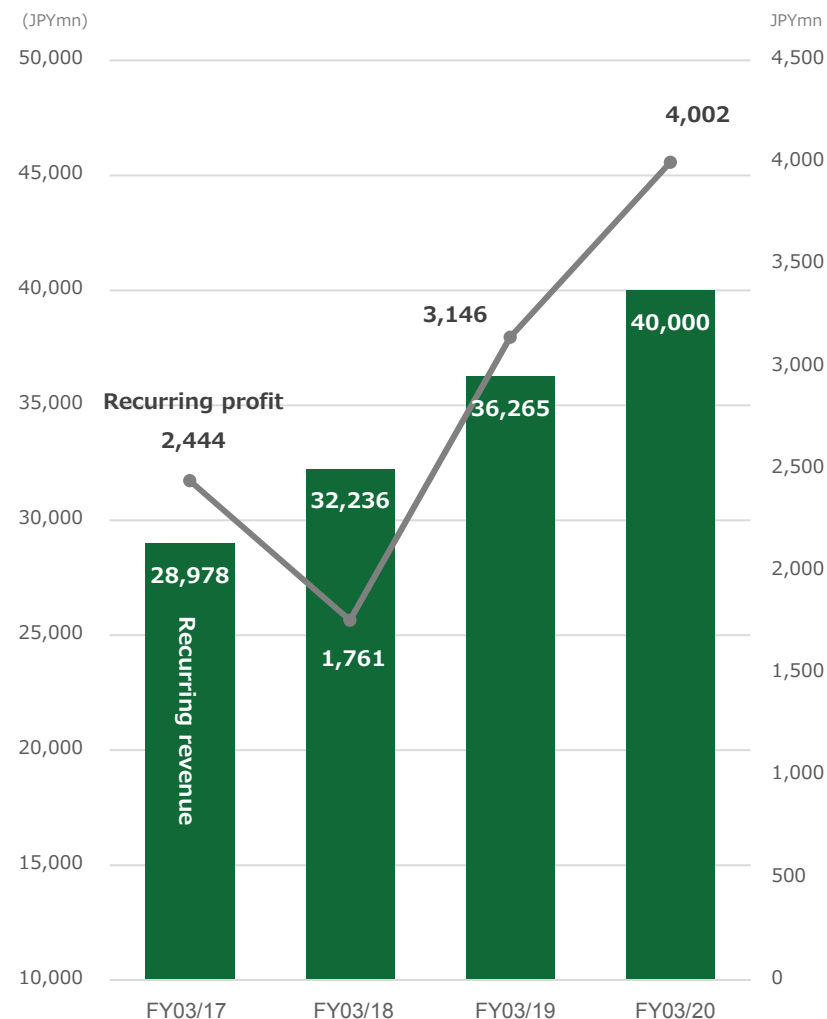
[Consolidated targets for Anicom group]

(JPYmn)

Consolidated	FY03/17	FY03/18	FY03/19	FY03/20
Recurring revenue	28,978	32,236	36,265	40,000
Underwriting revenue	28,068	31,345	35,230	38,795
Investment revenue	504	450	550	650
Other recurring revenue	405	441	485	555
Recurring expenses	26,533	30,474	33,119	35,998
Underwriting expenses	18,967	21,594	24,264	26,660
Operating and general administrative expenses	7,273	8,633	8,583	9,017
Other recurring expenses	292	247	272	320
Recurring profit	2,444	1,761	3,146	4,002
Pre-tax profit	2,241	1,740	3,121	3,977
Net profit	1,630	1,166	2,091	2,665
Consolidated ROE (assuming JPY5 dividend from FY03/18 onward)	15.1%	9.0%	14.5%	15.9%

[Indicators for Anicom Insurance (non-consolidated)]

	FY03/17	FY03/18	FY03/19	FY03/20
Earned premiums	27,230	30,228	34,112	37,478
Claims incurred	16,048	17,932	19,943	21,864
Combined ratio	91.0%	92.3%	90.4%	89.4%
Loss ratio	58.9%	59.3%	58.5%	58.3%
Expense ratio	32.1%	32.9%	32.0%	31.0%
Newly acquired policies (No.)	123,915	149,000	180,000	208,000
Policies in force (No.)	635,670	690,916	779,484	883,610



(5) Overview of priority measures

Short term (one year)

Medium term (three years)

Long term (five years)

Pivot back to animals

- Increase revenue from pet insurance
- Generate benefits from new businesses in the pet industry based on hereditary disease countermeasures, medical checkups, and regenerative treatment

01 Sales expansion

- (1) Capture sales from general channel on a large scale (strengthen online advertising, etc.)
- (2) Further expand sales in the pet shop channel
- (3) Expand sales in newborn channel other than from pet shops
- (4) Improve second-year renewal rates for pets originally signed up as newborns
- (5) Development of new products

02 Cost improvement

- (1) Bring claims to appropriate levels (prevent false or fraudulent claims)
- (2) Expand preventive initiatives related to pets' day-to-day routines

03 Investment in new businesses

- (1) Full-scale development of activities geared toward eradicating hereditary disorders
- (2) Online sales of mail-in gut microbiota and other tests
- (3) Commercial applications for cell and regenerative treatment
- (4) Set up a structure for medical insurance
- (5) Develop pet-related business overseas

Build infrastructure business

- Expand market share and pet insurance adoption further
- Build an infrastructure business in the pet industry
- Establish new sources of revenue by leveraging big data

01 Solid pet insurance business

- (1) Continue expansion of pet insurance adoption and market share
- (2) Target combined ratio of 85–90%
- (3) Establish robust financial foundation with solvency margin ratio in excess of 300%

02 Pet-related infrastructure business

- (1) Support breeding that eliminates hereditary disorders
- (2) Prevent disease and improve lifestyle (diet, exercise, training)
- (3) Prevent serious conditions through early detection
- (4) Promote advanced medical treatment such as cell and regenerative treatment
- (5) Expand overseas pet-related business
- (6) Provide pet-friendly housing

03 Leveraging big data

- (1) Utilize illness-related data based on insurance claims
- (2) Leverage medical treatment data (Anicom Receptor)
- (3) Utilize genetic information
- (4) Leverage IoT solutions (matching support sites, deep learning, etc.)

04 Foothold in personal insurance

- (1) Sales of medical insurance for pet owners

Develop diverse businesses

- Become a prevention-oriented insurance company
- Expand revenue from infrastructure business
- Develop overseas and personal insurance operations

01 Prevention-oriented insurance company

- (1) Explosive growth in adoption of pet insurance
- (2) Remove risk of hereditary disorders
- (3) Issue genetic information certificates
- (4) Provide food and other products geared toward illness prevention
- (5) Establish at-home health management practices

02 Higher revenue from infrastructure business

- (1) Genetic test business
- (2) Branding of breeding support based on genetics
- (3) Comprehensive pet-keeping environment support
- (4) Develop food-related business
- (5) Pet hospital referral business
- (6) Multifaceted development of advanced medical treatments

03 Overseas and personal insurance development

- (1) Export of infrastructure business overseas
- (2) Develop personal insurance and ancillary businesses

1. Mid-term management plan (through FY03/20)

2. Current-year business plan (FY03/18)

3. Pet insurance business

(1) Outlook summary

(2) Top line

4. Other subsidiary businesses

(3) Bottom line

(4) Recurring profit forecast

5. Various initiatives geared toward prevention

(5) Major management indicators

(1) Outlook summary

Earnings

- Recurring revenue: JPY32.236bn (JPY28.978bn in FY03/17, +11.2% YoY)
- Recurring profit: JPY1.761bn (JPY2.444bn in FY03/17, -27.9% YoY)
- Net profit: JPY1.166bn (JPY1.630bn in FY03/17, -28.5% YoY)
 - The number of policies will sharply expand as a result of growth in general channel, in addition to steadily growing policies in the newborn channel.
 - Recurring revenue to steadily increase.
 - Recurring and net profit levels will decline over the short term, but FY03/18 to focus on laying the groundwork for mid-term profit acquisition.

To secure mid-term profit, continue moving forward with new businesses and R&D geared toward healthy life extension, while pivoting back to animals.

Loss ratio (*) (E/I)

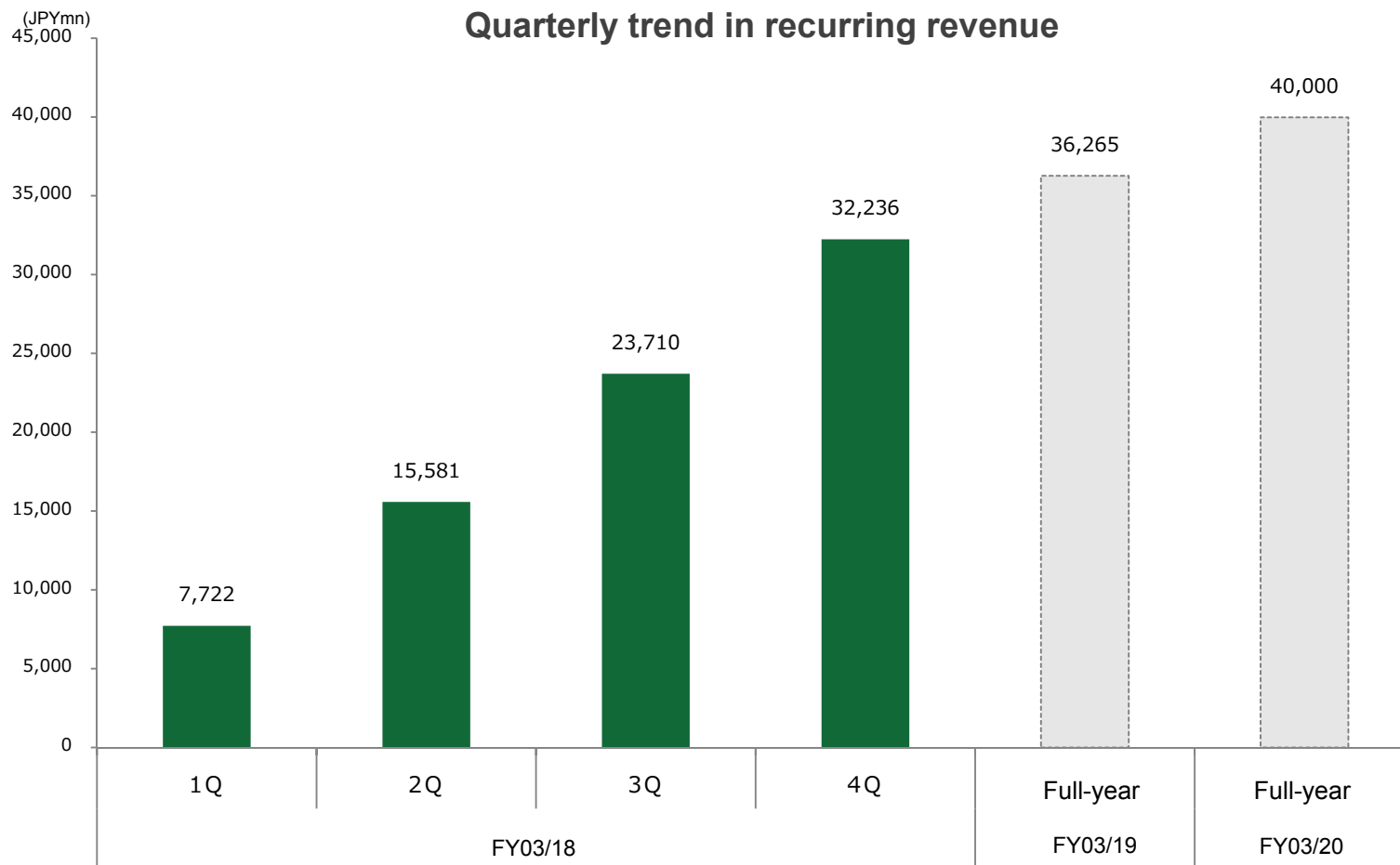
- Full-year period: 59.3% (58.9% in FY03/17, +0.4pp YoY)
 - Effects from increase in insurance premiums for older animals expected to be limited in FY03/18. The trend of higher insurance payouts accompanying an increase in the age of animals looks set to continue.

Expense ratio (*) (based on earned premiums)

- Full-year period: 32.9% (32.1% in FY03/17, +0.8pp YoY)
 - In addition to newborn channel operations, strengthen online investment to support focus on general channel, targeting the roughly 20 million pets already kept by households across Japan. Keep new R&D geared toward establishment of a prevention-oriented insurance company.

* Loss ratio and expense ratio reflect non-consolidated figures for Anicom Insurance

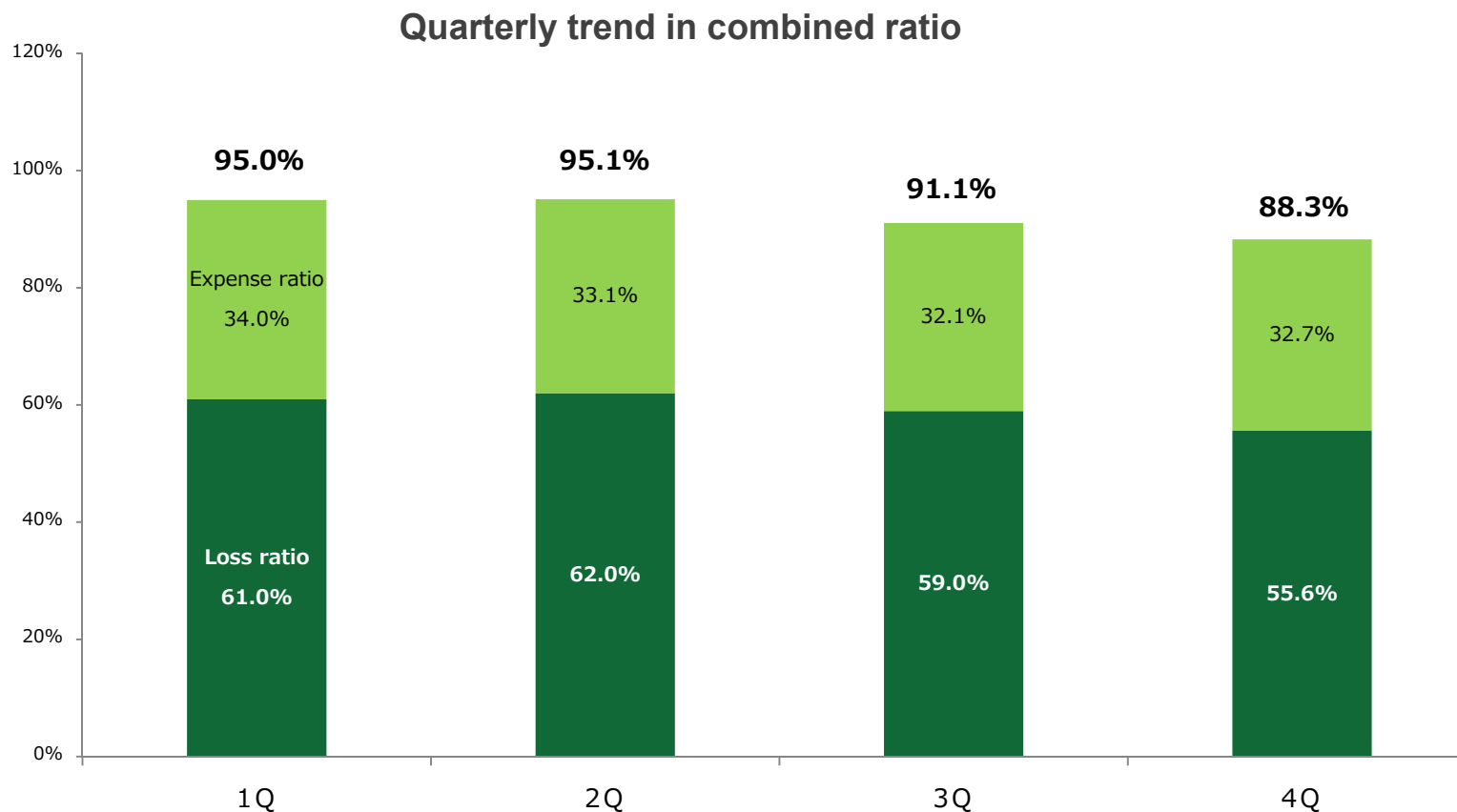
(2) Top line



In addition to newborn channel, focus on growth in general channel

- Target steady growth in existing newborn channel and general channel.
- Tap sales in newborn channel other than from pet shops (breeder channel, animal protection and adoption associations, etc.)
- Conduct strategic marketing while considering loss ratio impact and other factors with the aim of expanding direct-sales channels such as online sales in general channel.

(3) Bottom line

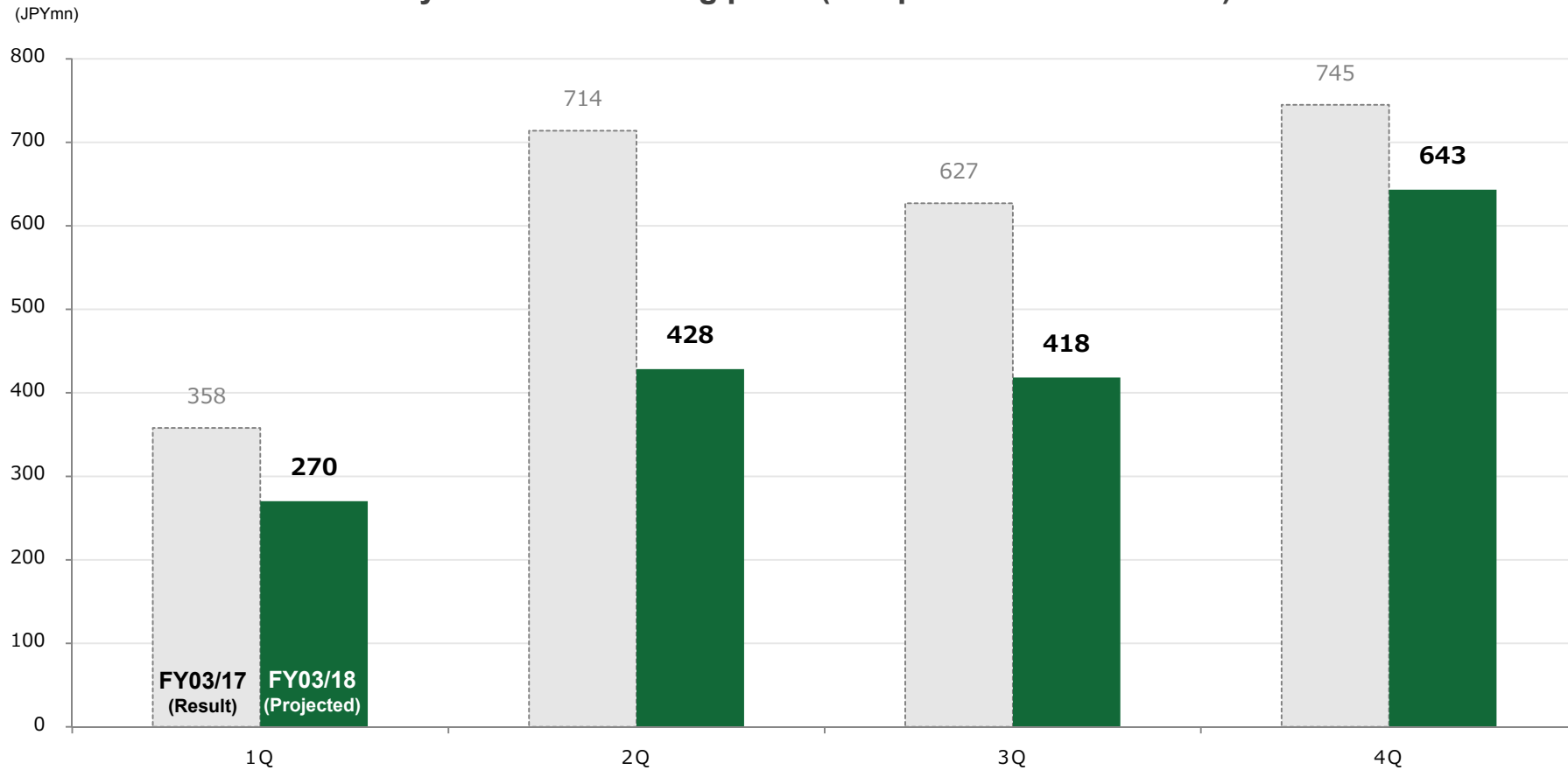
**(Reference) Seasonality of loss ratio**

The loss ratio is subject to seasonality, trending higher during the summer (Q1 and Q2) and lower during the winter (Q3 and Q4), with Q4 typically exhibiting a notable decline. We attribute this to the following factors.

- Animal hospitals operating days: Animal hospitals tend to have fewer operating days during the New Year holiday period and February due to calendar effects.
- Ease of going out (visiting a hospital): Compared to the cold winter, pet owners tend to visit animal hospitals more frequently during the summer, resulting in more claims.
- Difference in illnesses: The incidence of illness varies by season. The summer tends to bring more cases of heatstroke, etc.
- Spring vaccinations: Various legally mandated vaccinations (filariasis, rabies, etc.) are conducted all at once during the spring across Japan .

(4) Recurring profit forecast

Quarterly trend in recurring profit (comparison with FY03/17)



Impact from catastrophe reserves
(Projected full-year cost of JPY71mn)

<ul style="list-style-type: none"> • Includes some reversal gains • Includes provisions <p>→ Net expense (Projected expense of JPY113mn)</p>	<ul style="list-style-type: none"> • Includes reversal gains • Includes provisions <p>→ Net profit (Projected profit of JPY171mn)</p>	<ul style="list-style-type: none"> • Includes reversal gains • Includes provisions <p>→ Net profit (Projected profit of JPY40mn)</p>	<ul style="list-style-type: none"> • Includes some reversal gains • Includes provisions <p>→ Net expense (Projected expense of JPY168mn)</p>
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(5) Major management indicators

	① End-FY03/16	② End-FY03/17	② - ① Change vs. previous year-end		③ End-FY03/18 (forecast as of May 9)	③ - ② Change vs. previous year-end	
			Numbers	Rate		Numbers	Rate
① Policies in force	585,962	635,670	49,708	8.5 %	690,916	55,246	8.7 %
② New policies	110,093	123,849	13,756	12.5 %	149,000	-	-
Of which newborn	(86,955)	(101,044)	(14,089)	16.2 %			
Of which general	(23,138)	(22,805)	(-333)	- 1.4 %			
③ Renewal rate	88.2 %	88.2 %	-	0.0 pt	88.1 %	-	-
④ Insurance payout cases	2,681 ,000	2,823 ,000	142 ,000	5.3 %	2,989 ,000	166 ,000	5.9 %
⑤ Animal hospitals accepting Anicom	5,969	6,083	114	1.9 %	6,200	117	1.9 %

	FY03/16	FY03/17	YoY change	FY03/18 (forecast as of May 9)
① E/I loss ratio	60.1 %	58.9 %	Improved 1.2 pp	59.3 %
② Expense ratio (based on earned premiums)	31.1 %	32.1 %	Up 1.0 pp	32.9 %
③ Combined ratio (based on earned premiums)	91.2 %	91.0 %	Improved 0.2 pp	92.3 %
④ Solvency margin ratio (non-consolidated)	282.6 %	297.5 %	14.9 pt	Around 310%

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2. Current-year business plan (FY03/18)

3. Pet insurance business

4. Other subsidiary businesses

(1) Overview of pet insurance business

(2) Pet insurance products

5. Various initiatives geared toward prevention

(3) Anicom Insurance's strengths

(4) Sales strategy

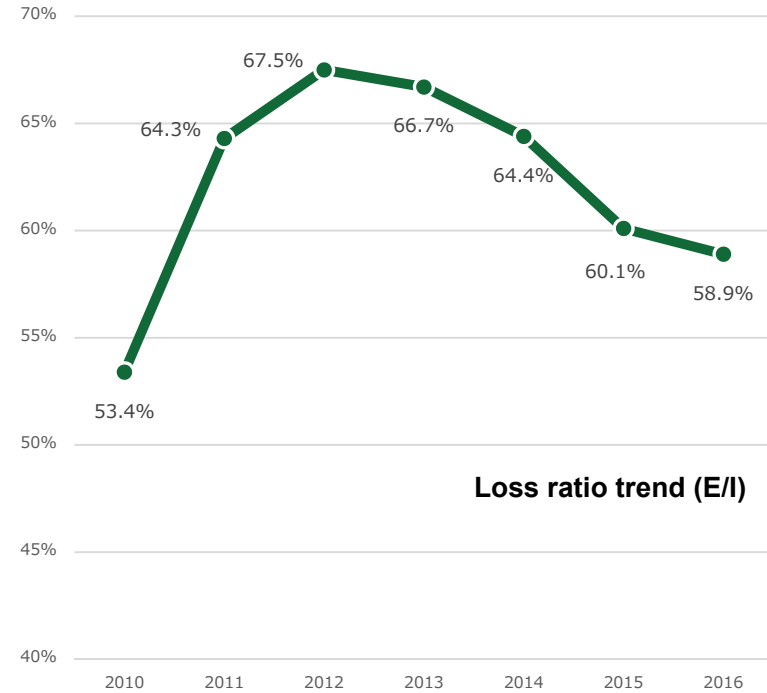
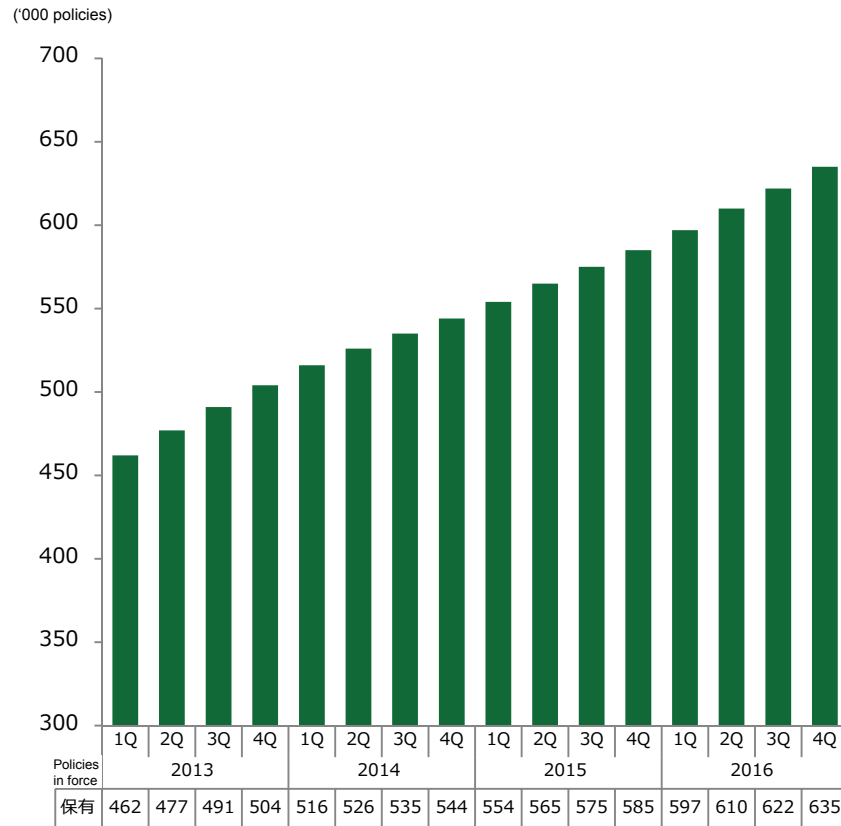
(5) Growth prospects for the pet insurance market

(6) Domestic pet market

(1) Overview of pet insurance business

01 Steady growth in number of policies

Anicom continues to issue some 50,000 new policies each year (annual growth of 7–8%). This is done mainly in the newborn channel, and Anicom remains the sector leader in terms of policies issued. Although the policies are nonlife insurance products that must be renewed annually, we enjoy a high renewal rate of about 88% even after taking into account cancellations due to death.



02 Stable control of loss ratio

Our loss ratio at one point exceeded 70% in FY03/13, but it declined to 58.9% in full-year FY03/17. This reflected success in loss ratio improvement measures driven by premium revisions and other factors, as well as product strategies such as halting sales of 90%-coverage products (which were distinguished by a high loss ratio) and steps to standardize on policies with limited coverage days (new policies from FY03/15). Although the loss ratio is expected to trend higher in tandem with an increase in the age of pets, we intend to mitigate such impact by expanding products with limited coverage days and a low loss ratio, and aim to keep the loss ratio at an appropriate level through preventive and other initiatives.

(2) Pet insurance products

01 Pet health insurance



Two coverage plans: 70% and 50%

Two coverage plans available nationwide:

Partial coverage of medical costs from injury and illness. Insurance can be utilized for medical treatment at any animal hospital in Japan. Two plans are offered with [coverage ratios](#) of 70% and 50%. [Premiums](#) differ by plan.

Full coverage for hospital visits, hospitalization, and surgery

Covers medical expenses incurred from hospital visits, hospitalizations, and surgery. Injuries or illnesses sustained or contracted after signing up for the insurance are in principle eligible for coverage (some exceptions apply such as undisclosed pre-existing conditions). Preventive procedures such as vaccinations and sterilization fall outside of the scope of coverage, and medical checkups held at the request of the policyholder (i.e., without sufficient cause) are not covered.

* Note that the products do not cover death.

02 Maximum coverage payouts and days

	ふあみりい70%プラン 支払割合 70% 支払限度額と限度日数(回数)	ふあみりい50%プラン 支払割合 50% 支払限度額と限度日数(回数)
通院	1日あたり最高14,000円まで ※1年間にご利用できる日数は各20日までです。	1日あたり最高10,000円まで ※1年間にご利用できる日数は各20日までです。
入院	1日あたり最高14,000円まで ※1年間にご利用できる日数は各20日までです。	1日あたり最高10,000円まで ※1年間にご利用できる日数は各20日までです。
手術	1回あたり最高140,000円まで ※1年間にご利用できる回数は2回までです。	1回あたり最高100,000円まで ※1年間にご利用できる回数は2回までです。

Maximum coverage payouts and days

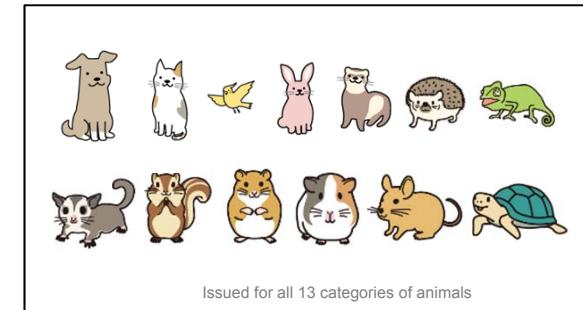
Maximum coverage payout

The maximum payout per day for hospital visits and hospitalization is JPY14,000 for the 70%-coverage plan and JPY10,000 for the 50%-coverage plan. The corresponding amounts for surgery are JPY140,000 and JPY100,000, respectively.

Maximum number of coverage days

The maximum number of coverage days is 20 days per year for both hospital visits and hospitalizations. Two surgeries are also covered per year (based on revision to current product terms in 2014. Some earlier policies have no upper limit on the number of days for hospital visits and hospitalization).

03 Large number of pets



Issued for all 13 categories of animals

13 types of animals eligible for coverage

In addition to dogs and cats, insurance can be issued for other popular pets such as birds, rabbits and ferrets. Moreover, coverage eligibility was expanded from 2016 to include a diverse range of animals such as Japanese flying squirrels, squirrels, hamsters, mice, guinea pigs, hedgehogs, turtles and lizards.

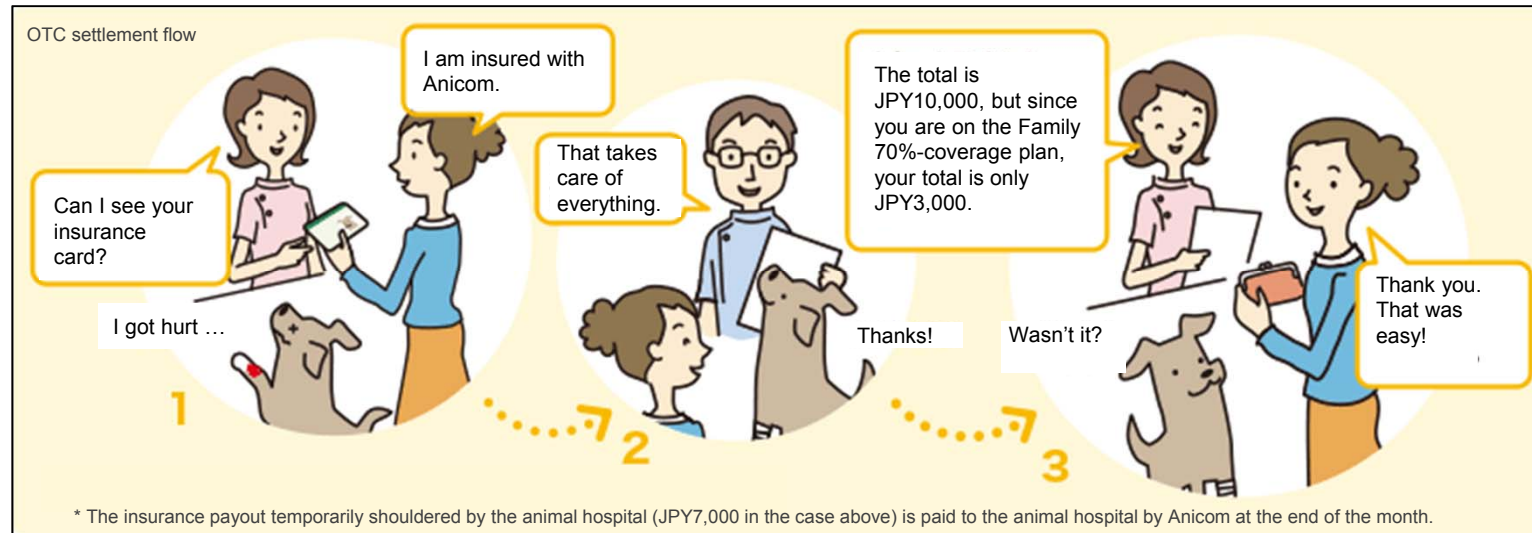
Lifelong renewals

New policies can be issued for dogs and cats under eight years old (up to seven years and 11 months). Although the policies are nonlife insurance products that must be renewed annually, they can in principle be renewed throughout a pet's lifetime.

(3) Anicom Insurance's strengths

[Major strengths of Anicom Insurance]

Establishment of OTC insurance settlement system



Our OTC settlement system, which facilitates a smooth link between policyholders, animal hospitals and Anicom, is available across nearly the entire country. The high barriers to entry in this segment of the market give us a substantial competitive advantage.

01 High customer convenience

We were the first company to establish an [over-the-counter \(OTC\) settlement system](#) for animals in Japan, allowing policyholders to pay only uncovered amounts out of pocket simply by presenting their insurance card at the hospital (similar to the National Health Insurance system). This business model is centered on increasing the ease of use of insurance. This is important as medical treatment for animals is characterized by low cost but high frequency. "Ease of use", therefore is Anicom Insurance's greatest strength.

02 Many hospitals accepting Anicom

Since the establishment of the company, we have worked continuously to expand the number of [animal hospitals accepting Anicom insurance](#), which exceeds 6,000 today (over half of all animal hospitals in Japan). This is vastly higher than that of our competitors. In addition, Anicom is highly competitive because veterinarians who establish a new hospital are more likely to partner with an insurance company that has a broad presence in the market as their first choice.

03 Low administrative costs

Conventional business models that require policyholders to mail their claims to the insurance company incur administrative costs for each case. These costs include bank transfer fees, postage and appraisal fees. Such fees are significantly reduced through our OTC settlement system. Of the annual 2.8 million claims we receive, roughly 85% are settled over the counter, resulting in high business efficiency.

(4) Sales strategy

01 Newborn channel

(FLOW)

Our largest channel targeting newborn animals has mainly been sold through pet shops. This channel is distinguished by a high contract rate and a low loss rate due to the young age of the animals.



Pet shops acting as insurance agents

This channel targets animals expected to be kept as pets. We have concluded [agency agreements](#) with major pet shops operating across Japan (about 1,800 shops), which sell the insurance when selling animals to customers. We derive about 80% of annual new policies from the newborn channel.

Product design that facilitates signup

Because newly sold animals may experience discomfort due to sudden changes in environment, our newborn-oriented products offer 100% coverage for medical treatment expenses in the first month of the policy (50% or 70% from the second month onward), thus supporting convenience and encouraging customers to sign up.

Compared to the general channel, the young age of the animals results in a low loss ratio over the mid-term, and therefore contributes to an improvement in management efficiency.

02 General channel

(STOCK)

This channel targets dogs and cats under eight years old via OTC sales or online sales (direct sales by Anicom or sales by an agent). Market size is estimated at 20 million animals.



Massive market

This channel targets dogs and cats already being kept by households (roughly 20 million animals nationwide). In addition to [online sales via our website](#), our policies are also sold by online agents, and over the counter by financial institutions. * Principle agents: [Sony Assurance](#), Asahi Mutual Life Insurance, [Softbank](#), regional co-operatives, Yanase car dealer, regional banks, shinkin banks, etc.

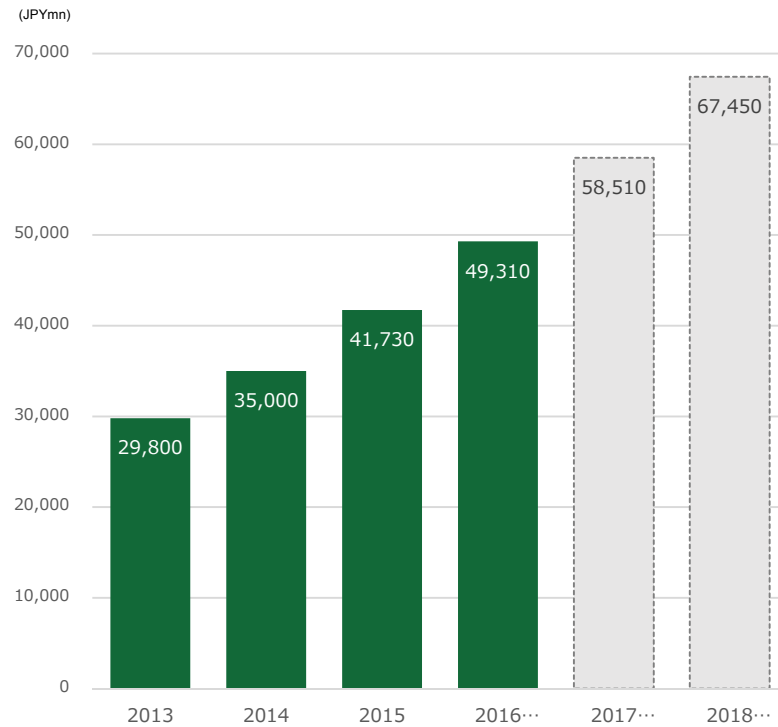
Targeting scale expansion through strategic marketing

Dogs and cats under eight years old are eligible for coverage. Although the market is massive, the animals insured are older than those in the newborn channel. Therefore, we aim to expand business through strategic marketing while considering loss ratio impact. Additionally, we aim to exercise control over new policies by requiring a strict preliminary screening and a waiting period.

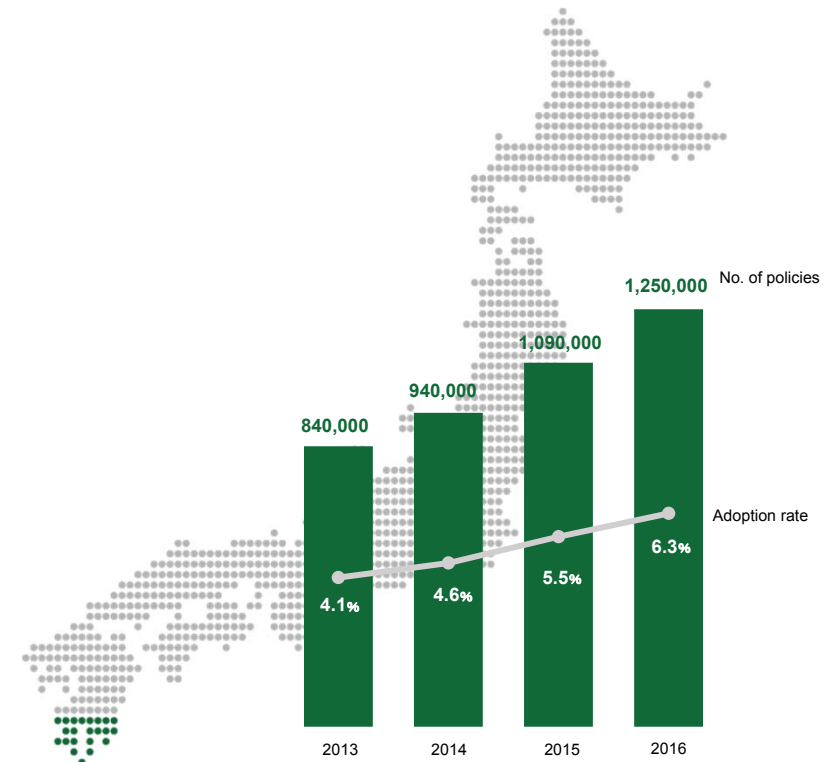
(5) Growth prospects for the pet insurance market

01 Market size to grow to about JPY50bn

The pet insurance market is expanding at an annual rate of nearly 20%, and reached about JPY50bn in FY03/17. Market players aim to differentiate themselves through coverage details, varied contract periods, pets covered, and claim procedures. This has resulted in a wide variety of products available. Under the motto “convenient insurance”, Anicom Insurance aims to differentiate itself through easy-to-use insurance products that can be used across the country.



Source: Fuji Keizai Co., Ltd.: Overview of Pet-related Sector Marketing in 2017

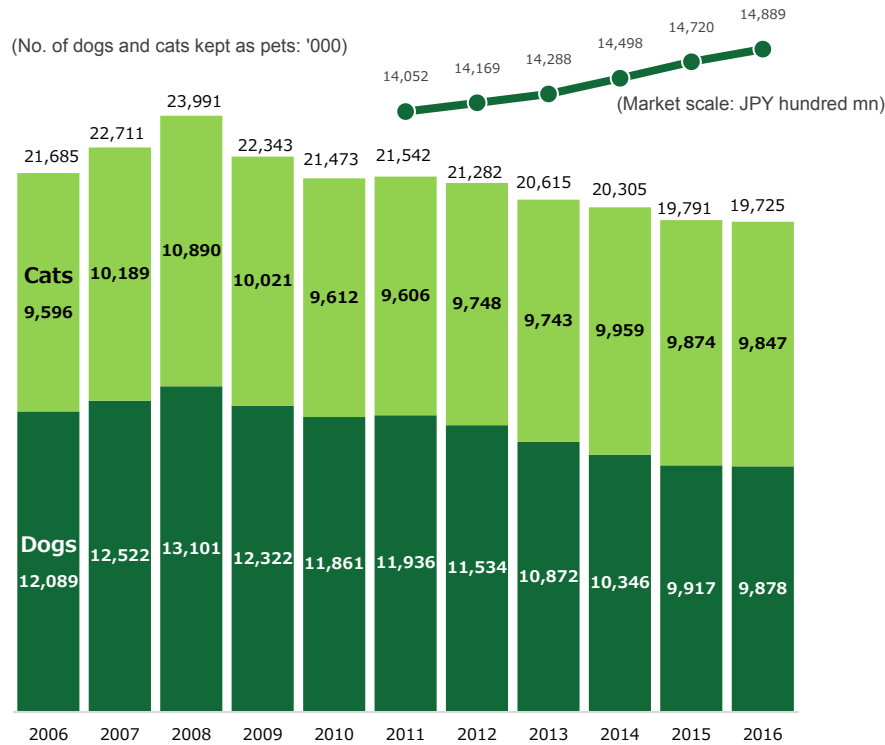


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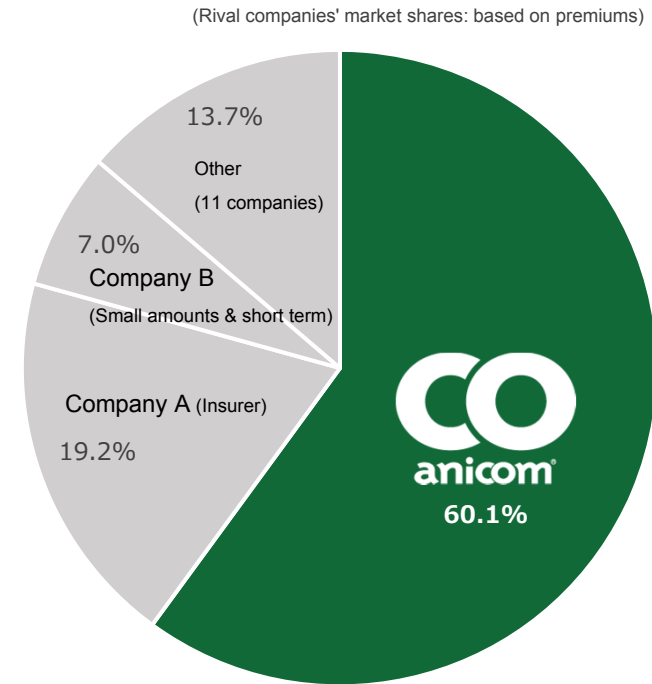
02 Strong future growth prospects

Despite sustained growth, domestic adoption of pet insurance remains at only 6.3% (insurance policies: 1.25mn, market size: JPY50bn). However, pet insurance has a long history and penetration rate in the UK (a country with a similar economic standard to Japan) exceeds 25%. We believe a similar penetration rate to the UK can be targeted in Japan (market size of roughly JPY250bn after conversion). The scope of this untapped market potential (“blue ocean”) is extensive, raising expectations of high growth prospects going forward.

(6) Domestic pet market and competitive landscape



Source: Japan Pet Food Association, Pet Business Marketing Overview 2017 Edition



Source: Company disclosure materials

01 Pet numbers in decline, but overall market growing

The number of dogs and cats kept as pets in Japan peaked during 2008, and has since entered a decline. However, the overall pet industry continues to expand in size, and spending per pet is trending upward, which we believe reflects stronger affection for pets among owners. Against this backdrop, the pet insurance industry is experiencing tailwinds. Despite these favorable market conditions, we believe it is necessary to consider the times we live in and formulate product strategies targeting new areas (e.g., gearing toward the elderly, focusing on cats).

02 Leading market share

There are a total of 14 pet insurance providers (four of which are insurance companies and 10 of which are small-amounts and short-term insurance providers), so competition is fierce relative to the market size. In the current phase of market growth, Anicom Insurance has managed to keep a market share of over 50%, making it the undisputed sector leader. Going forward, we intend to further grow our market share by expanding business from the general channel, enhancing our competitiveness and originality, and developing unique products underpinned by scientific insights.

1. Mid-term management plan (through FY03/20)

2. Current-year business plan (FY03/18)

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(1) Overall group profile

5. Various initiatives geared toward prevention

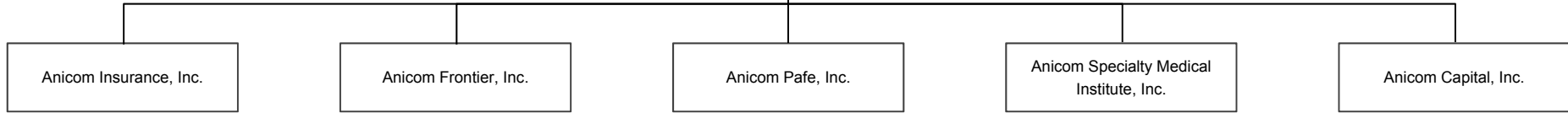
(1) Overall group profile

01 Overall group profile

Anicom Holdings, Inc.

■ **Subsidiary management and administration operations**

Capital: JPY4.402bn
Established: July 2000



■ **Nonlife insurance operations (pet insurance)**

Capital: JPY5.05bn
Established: January 2006

■ **Insurance agency operations**

Capital: JPY30mn
Established: February 2005

■ **Animal hospital support operations**

Capital: JPY380mn
Established: December 2004

■ **Animal treatment clinical and research operations**

Capital: JPY300mn
Established: January 2014

■ **Venture capital operations**

Capital: JPY50mn
Established: July 2015

1. Mid-term management plan (through FY03/20)

2. Current-year business plan FY03/18

3. Pet insurance business

(1) Commitment to prevention

(2) Prevention strategy overview

4. Other subsidiary businesses

(3) Hereditary disorders

(4) Symbiotic bacteria

5. Various initiatives geared toward prevention

(5) Big data

(1) Commitment to prevention

Becoming a prevention-oriented insurance company

Data on accidents or illnesses are tremendously valuable to any insurance company. This is because the insurance operations of each company are informed by statistical insights derived from massive amounts of such data.

However, I believe that such data should not only be used for insurance companies, but also leveraged for the benefit of society as a whole. For example, the integration of accident data for major intersections across the nation into car navigation systems would likely lead to a reduction in accidents.

From this perspective, I think the case can be made that the essential role played by insurance companies in society should not be the mitigation of damage resulting from accidents or illnesses, but rather the prevention of such damage.

Anicom group has been committed to this goal since its establishment, and we intend to further strengthen our preventive services with the goal of becoming a prevention-oriented insurance company.



Nobuaki Komori
President and Representative Director
Anicom Holdings, Inc.

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(2) Prevention strategy overview

Operating as infrastructure player that covers all stages of a pet's lifetime

Upstream

Midstream

Downstream

Genes

- Analysis of disease-inducing genetic material, leading to new discoveries

Breeding and birth

- Breeding support geared toward elimination of hereditary disorders
- Genetic analysis related to fertility and health

Pet shops

- Support for pet distribution that eliminates hereditary disorders
- Issuance of genetic information certificates
- Branding of breeding support based on genetics

Medical checkups

- Medical checkups via symbiotic bacteria (intestinal, etc.) tests

Day-to-day routines

- Development and sales of prevention-oriented food
- Prevention-related education through improvement of lifestyle practices

Primary (general) treatment

- Establish next-generation prevention practices underpinned by data
- Formulate standard medical treatment and other guidelines
- Appropriate escalation from medical checkup to treatment

Secondary (advanced) treatment

- Provide regenerative and other advanced treatments

Bereavement services

- Following bereavement, provide [pet cemetery referral service](#)

(3) Hereditary disorders

Eliminating hereditary disorders of pets

In their role as working animals (partners to humans), dogs have evolved throughout history into various breeds in accordance with particular needs. However, this has often involved inflexible and irresponsible breeding which has led to a number of hereditary disorders. While hereditary conditions for people can be extremely difficult to address, similar afflictions for pets could be eradicated through responsible breeding and other practices.



(Logo of genetic disorder assessment and elimination project)

01 Breeding support to eliminate hereditary disorders



For example: [Degenerative Myelopathy](#) (DM) is a hereditary disorder that commonly occurs in Welsh Corgis. Once the disease develops, it cannot be cured and in many cases leads to death within a period of about 18 months. However, some Welsh Corgis do not carry this abnormal genetic condition. At the breeding stage, it should in theory be possible to eradicate DM by matching dogs that are clear of the condition. By providing such breeding support, we will aim to promote the distribution of healthy cats and dogs that are free of hereditary disorders. We also aim to provide information related to previously unknown genetic predispositions to certain illnesses, and reduce the number of animals suffering from hereditary disorders, accordingly.

02 Development of genetic testing business



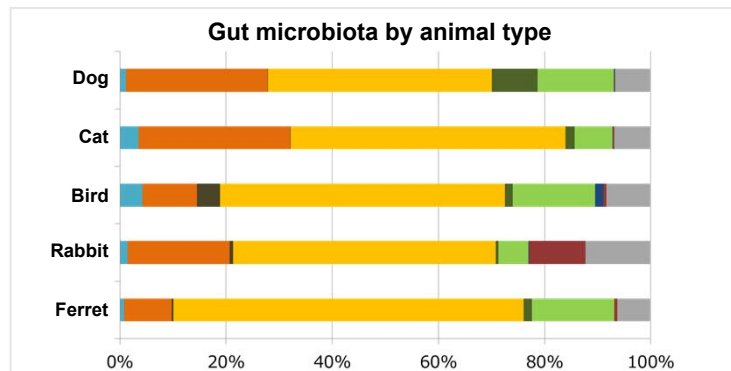
Anicom Specialty Medical Institute conducts [research on disease-inducing genes](#), and has had success in developing analytical technologies. Going forward, we look to expand the breadth and depth of such research, discover new hereditary disorders, develop proprietary testing technology and commercialize such tests. By going beyond testing and concurrently pursuing treatment-related research, we aim to create an environment that fosters reassurance even when animals have been diagnosed with a hereditary predisposition to illness. Specifically, we aim to remove hereditary disorder risk. Further, by establishing a brand for our animal genetics-related business, we aim to raise awareness about hereditary disorders and how they can be eradicated.

(4) Symbiotic bacteria

Enhancing symbiosis with bacteria that hold unlimited potential

Because of their considerable potential symbiotic bacteria (e.g. gut, oral, skin microbiota) have attracted the attention of researchers from around the world. Anicom started research related to animal microbiota in 2016, and has since accumulated a vast amount of data from over 10,000 tests. We aim to find commercial applications for this data, and support extension of animals' healthy lifespan accordingly.

01 Wealth of research achievements



Anicom started symbiotic bacteria (intestinal, etc.) tests on animals in 2016, and has conducted over 10,000 of such tests. [Anicom's research](#) suggests that different types of animals have different and distinctive gut microbiota.

By comparing symbiotic bacteria test data with insurance claims and our [Animal Kokusei Survey](#) (Anicom survey on lifestyle practices), we are identifying correlations between some illnesses and lifestyle practices and intend to publish such findings in research articles and the like going forward. We also aim to expand our policyholder-oriented gut microbiota tests to non-policyholders and commercialize this business accordingly.

02 Business development centered on symbiotic bacteria



We aim to develop various businesses and services based on the research results shown in 01. For example, we are pursuing research related to food and drinks, which are strongly correlated with symbiotic bacteria. By clarifying the optimal diets and lifestyle practices for each animal category, we look to develop pet foods and supplements either individually or in partnership with others.

We will work to increase revenue through development of non-insurance businesses revolving around symbiotic bacteria, while also reducing insurance payouts through prevention of disease outbreaks and escalation into serious conditions.

(5) Big data

Leveraging treatment data toward prevention: data from over 15 million claims

Anicom has access to big data such as insurance claim data derived from over 15 million cases, data from the [Animal Kokusei Survey](#) and [Anicom Receptor](#) (our management system for treatment records). Anicom aims to leverage these assets to establish next-generation prevention services that can help reduce insurance payouts.

01 Largest veterinary statistics publication in Japan



Released as a free publication since 2009, the [White Paper on Household Animals](#) conducts multifaceted analysis using reference data related to health management for household animals and animal illness statistics derived from insurance payout data. Representing the largest collection of epidemiological data in the country, the publication is widely cited in newspapers and other publications, and now contributes to the broad-based development of veterinary medicine and other segments of the pet industry.

02 AI-assisted development of next-gen preventive services



We are working to develop next-generation prevention services by utilizing insurance claim data in combination with our Animal Kokusei Survey results, and [Anicom Receptor](#) data (our management system for treatment records). Additionally, we will utilize a vast and diverse collection of other data such as genetic data and test data on symbiosis bacteria.

In addition to expert human analysis, we are leveraging [deep learning](#) (AI) to support the establishment of next-generation prevention services that only Anicom can deliver. Importantly, this includes such things as reporting illnesses before they develop.



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