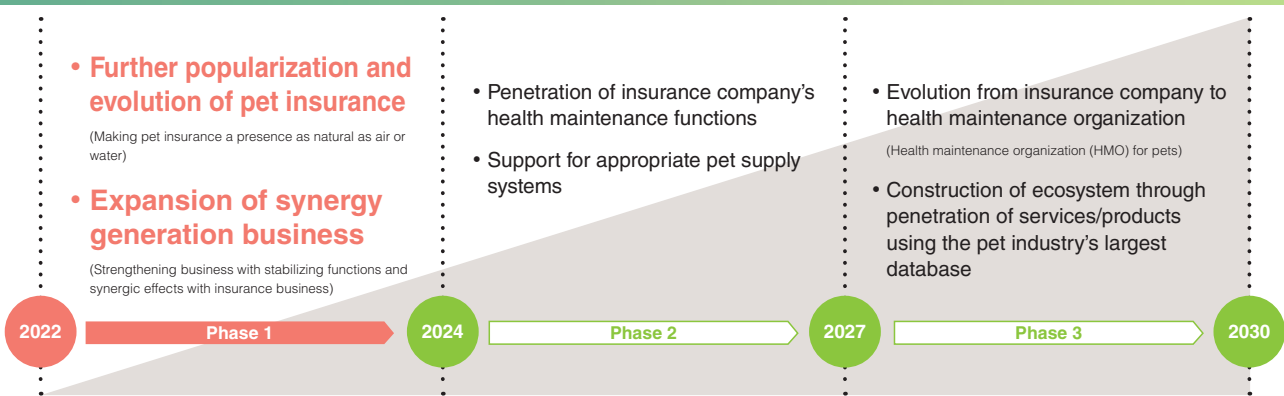


Mid-term Management Plan

We have designated the three-year period 2022 to 2024, as the first stage and foundational effort on which to realize our seconding founding phase management vision FY2030. During this first stage we will shift to a mode in which we will balance capital, risk, and return, while also focusing on shareholder returns. Six management indices have been established: consolidated recurring revenues, consolidated recurring profit, consolidated ROE, shareholder returns, sales ratio of synergy-generating business, and non-consolidated solvency margin ratio of Anicom Insurance, Inc. These indicators are also included in the Mid-term Management Plan, and we aim to enhance corporate value through the achievement of these targets.

In FY2024, we will transform pet insurance into a sustainable business sector, where the development of the pet industry and society overall are in sync. This will be accomplished by further promoting and evolving pet insurance, and by expanding businesses that create synergy with the insurance business. Businesses with synergy will support the insurance business and strengthen Anicom's stabilizing function. Concurrent to this, we will strive to promote steady profit growth and improve the capital efficiency of the Group. We will further promote the utilization of our data collection platform that supports these efforts. Intellectual property, including patents, will be made a priority in order to achieve sustainable growth over the medium and long term.

2022-2024 Phase in Context of Vision for FY2030



Realizing the Vision for FY2030


Delivering boundless value to society with infrastructure that connects services from upstream to downstream in a way that contributes to pet industry development

Basic Strategy Overview

The basic strategy can be described as a "mixture of different strategic measures" that interlinks all individual actions.





Further Popularization and Evolution of Pet Insurance
(Making pet insurance a presence as natural as air or water)

- Build unique insurance products
- Reduce insurance payouts, improve loss ratios
- Reduce insurance recruitment costs (such as agency commission, advertising cost, etc.)
- Improve operations (reduce selling, general and administrative expenses)



Expansion of Synergy Generation Business
(Supporting the insurance business and strengthening synergic effects)

- Further strengthen breeding support, making full use of human, physical, monetary, data, scientific, and medical resources
- Expand animal hospital business (stabilizer of insurance payouts)
- Expand Health Innovation Business (commitment to good health)
- Deploy advanced medical care including regenerative medicine (preventative, ageing countermeasures)
- Expand coexistence real estate business through asset management
- Strengthen "Search/Reserve" functions (anirece, Minna no Breeder, etc.)



Utilize data collection infrastructure in support of these strategies (basic animal resident register concept); create intellectual property including patents
Turning blood, sweat and tears into diamonds

Key Management Targets/KPIs

(1) Consolidated

In FY2023, we steadily linked solid pet-keeping demand to the acquisition of new contracts and improved contract acquisition costs, resulting in record-high recurring revenue of 60.43 billion yen and recurring profit of 4.15 billion yen. Although progress in other areas varied from item to item, the overall situation was in-line with the second year of the mid-term management plan.

	FY2022 Results	FY2023 Results	FY2024 Targets	FY2030 Vision
Consolidated Recurring Revenue	56.52 bill. JPY	60.43 bill. JPY	66.0 bill. JPY	around 100.0 bill. JPY
Consolidated Recurring Profit	3.68 bill. JPY	4.15 bill. JPY	4.8 bill. JPY	around 10.0 bill. JPY
Consolidated ROE	8.2% (8.0% in FY2021)	9.4%	10%	12-15%
Shareholder Returns (Dividend payout ratio)	14.2% (9.6% in FY2021)	16.2%	20%	DOE around 4%
Net Sales and Percentage of Net Sales in Synergy Generation Business	4.91 bill. JPY 8.7%	5.43 bill. JPY 9.0%	7.2 bill. JPY 11%	20-25%
SMR on a Non-consolidated Basis (Solvency Margin Ratio)	373.1% (393.5% in FY2021)	333.7%	320%	—※

* At present, discussions are underway on regulatory changes over the medium term with regard to the financial soundness of insurance companies (e.g., risk coefficient). We therefore currently examine our responses with an eye to the future regulatory changes.

(2) Insurance Business/Synergy Generation Business

In the insurance business, Anicom's loss ratio was slightly higher than planned due to the high frequency of hospital visits and rising unit medical expenses. Positively, we were able to reduce general, sales and administrative expenses. For example, we successfully improved the acquisition cost of contracts and our expense ratio aims were achieved. As a result, Anicom's combined ratio progressed favorably, with improvement in the expense ratio offsetting the increase in the loss ratio.

Regarding the Synergy Creation Business, we aim to increase sales of oral and gut care products within the Health Innovation Business and achieve profitability in the hospital business by FY2024.

	FY2022 Results	FY2023 Results	FY2024 Targets
Insurance Business			
Loss Ratio	58.9% (58.1% in FY2021)	59.9%	60.9%
Expense Ratio	34.9% (36.7% in FY2021)	33.3%	32.3%
Combined Ratio	93.8% (94.8% in FY2021)	93.2%	93.2%
Synergy Generation Business			
No. of Gut Microbiota Measuring	92,000/year	67,000/year	65,000/year
No. of Gut Microbiota Test Applications	211,000/year	220,000/year	252,000/year
Health Innovation Business Revenue	63 mill. JPY	176 mill. JPY	800 mill. JPY
Hospital Business※	Sales: 1.76 bill. JPY Profit after amortization of goodwill: -0.26 bill. JPY	Sales: 1.87 bill. JPY Profit after amortization of goodwill: -0.17 bill. JPY	Sales: 2.2 bill. JPY Profit after amortization of goodwill: 0.0 bill. JPY

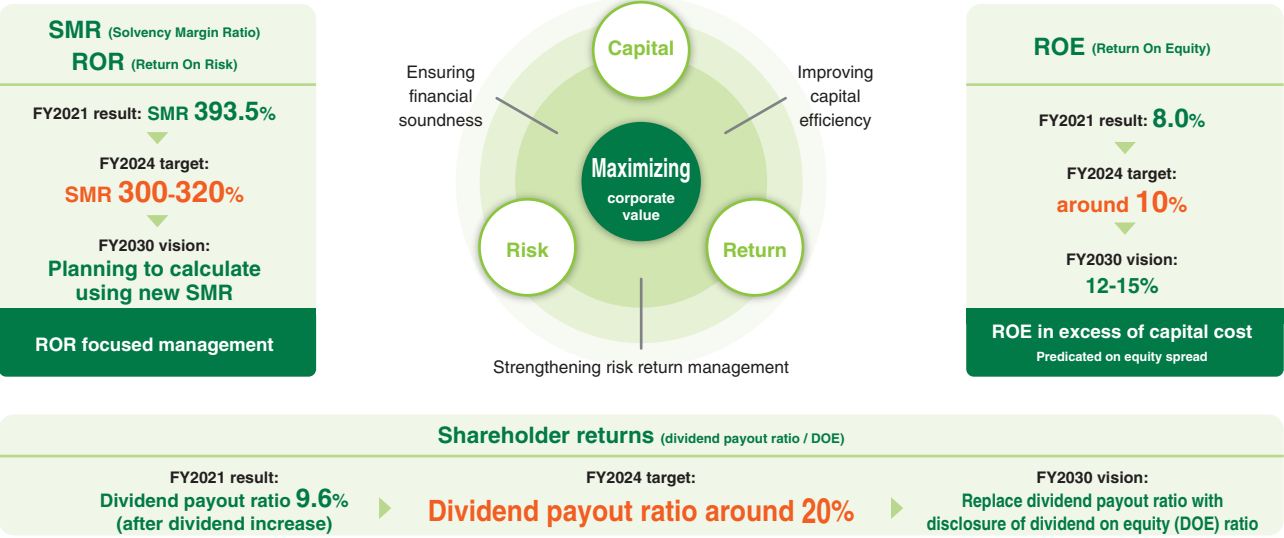
* Figures are after allocation of indirect departmental expenses, including for past fiscal years

Financial Policy

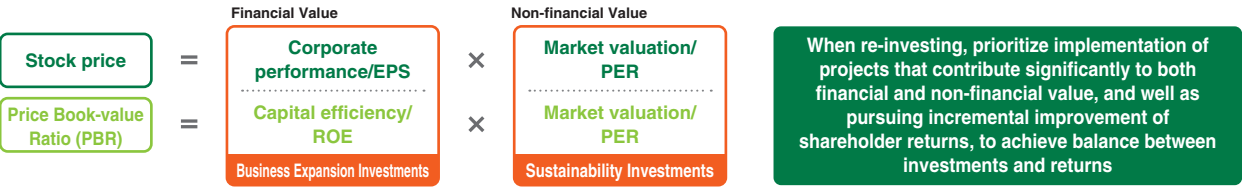
Capital Allocation

ERM (Enterprise Risk Management) required in managing an insurance company group

- Achieve even higher corporate value in line with management vision for second founding period
- Balance capital, risk, and return, with an eye to shareholder returns as well

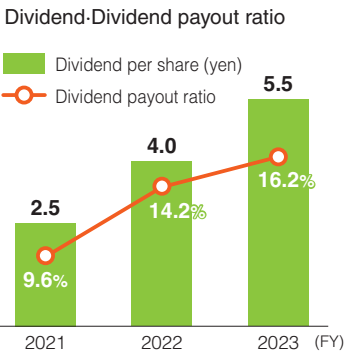


Use appropriate capital allocations to build a reputation as "a company that resolves social issues and leads the pet industry" in the stock market, leading to an increase in both market valuation (PER) and corporate value in terms of both financial and non-financial value



Shareholder Return

The Anicom Group recognizes that returning profits to shareholders is one of its management responsibilities. Based on this recognition, the Anicom Group's basic policy is to provide continuous and stable profit distribution to shareholders from a mid-to long-term perspective. This is done taking into consideration financial soundness and capital efficiency. Under the Mid-Term Management Plan for 2022-2024," we aim to achieve a dividend payout ratio of 20% by FY2024, while simultaneously enhancing corporate value in line with the management vision for the second founding period. Further, it is our aim to improve shareholder returns in stages, balancing capital, risk, and return. In line with the revised shareholder return policy announced in May 2023, and based on the adjusted "Solvency Margin Ratio," we completed the acquisition of approximately 1 billion yen worth of treasury stock in FY2023. For the remaining 3 billion yen, which exceeds the capital level deemed appropriate, we have commenced the acquisition of treasury stock starting in May 2024.



Growth Investment

We will take into account the improvement of investment returns, the amount of new risk created, capital regulation review and the risk coefficient, as well as reinvestment, business expansion investment + sustainability investments. Reinvestment will be allocated with an emphasis on getting the breeding support, veterinary hospital, food, and other businesses on track as soon as possible, while seeking to increase corporate value over the mid-to long-term.

Synergy Generation Business Objectives

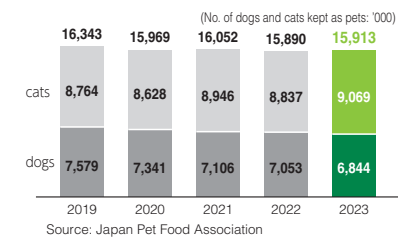
We have positioned businesses and services that have synergy effects on our core pet insurance business. We refer to these as "Synergy Creation Businesses." In addition to generating revenue on a stand-alone basis, we expect these businesses to contribute to improving the profitability of the Group as a whole. This synergy will differentiate our pet insurance products from those of other companies, and bring stability to our insurance claims costs. We are working to expand our scale with the goal of increasing our sales ratio to 20-25% of consolidated net sales by FY2030. We are working to expand the scale of our operations.

Insurance Business

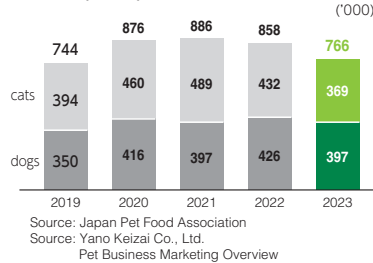
Environmental Awareness (risks and opportunities)

- Though slowing, demand for breeding due to the COVID-19 disaster remains strong.
- A succession of major companies entering the pet insurance industry.
- The distribution revolution accelerates: the breeder and pet shop businesses merge after the Animal Welfare Law was tightened.
- Increased frequency of animal hospital visits and higher unit medical fees.

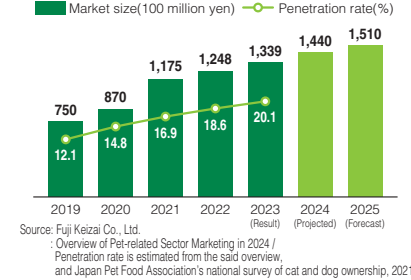
No. of dogs and cats kept as pets



No. of newly acquired dogs and cats kept as pets



Pet insurance market size and penetration rate



Strengths

- 6,879 hospitals that accept Anicom over-the-counter payments
- Has a high market share in the NB channel
- Has a database of over 1.19 million contracts
- Has had 15 consecutive years as No.1 in market share

Issues

- Loss ratio remains high
- Decline in market share

Our Initiatives

Status of new and in-force contracts

The number of new contracts acquired exceeded **223,000** in FY2023.

As of the end of March 2024, the number of policies in force exceeded **1.19 million**.

Expand and strengthen sales channels

- By strengthening cooperation with Simnet, we are increasing the number of new contracts in the breeder channel.
Number of breeder agencies :
As of the end of March 2024, the number of breeder agencies had increased to 1,032, and the insurance coverage rate has also improved. (In September 2020, there were 91 breeder agencies.)
- Promoting further expansion of sales channels centered on corporate agents
- Increased contribution to number of acquisitions due to strengthening of web advertising

Promote improved efficiency and cost reductions in the insurance business by expanding and strengthening sales channels

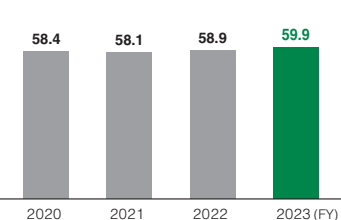
⇒ **Acquire contracts efficiently while strongly promoting the fusion of real and online channels**

KPI

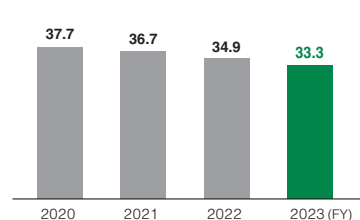
Number of new and in-force policies (Number of contracts)



Loss ratio (%)



Expense ratio (%)



Expansion of products and services

Due to the steady increase in "Dobutsu Kenkatsu," the annual renewal rate remained stable and high at **88.2%**.

Measures to improve loss ratio, contract acquisition efficiency, and selling and administration cost ratio

Loss ratio (FY23 results: 59.9%) The impact of the coronavirus is subsiding, but insurance claims will continue to be closely monitored.

Continue to promote measures to improve loss ratio

- Optimization of medical treatment by promoting the dissemination of insurance treatment recommended flowcharts
- Strengthen customer referrals to excellent hospitals using reservation function

Fees and collection cost rate (FY23 results: 10.0%)

Continue to improve contract acquisition costs through expansion and diversification of sales channels, etc.

Selling and administration cost ratio (FY23 results: 26.1%)

This is an improvement of 1.1 points compared to the previous year, due to improvements in contract acquisition costs and operational improvements, etc.

- Reducing the number of direct claims and processing unit costs in claims operations
- Save various procedures and reduce document costs

Investment Management

Environmental Awareness (risks and opportunities)

- In order to ensure both financial soundness and stable earnings as an insurance company group, we monitor capital market risks (liquidity risk, interest rate risk, price fluctuation risk, real estate risk, foreign exchange risk, and asset concentration risk, etc.), and manage our assets based on our annual investment strategy.
- Marketable securities: as our business is centered in Japan, we have determined that the market environment is attractive from the perspective of ROR (Return on Risk), and therefore warrants a focus on stocks and bonds in Japan. This being the case, we will also invest overseas while controlling exchange rate risk.
- Invest in real estate and businesses that can be expected to generate synergies based on our knowledge of pet insurance and veterinary medicine.

Strengths

- In real estate management: based on the concept of "creating a sustainable society where people and pets can coexist in harmony," we develop high value-added pet-friendly rental housing and facilities that contribute to society.
- Leveraging data from pet insurance, and utilizing extensive experience and human resources related to animal medical care, we will invest in joint ventures which have synergistic effects for pet medical care, and in ventures which help people living with pets.

Issues

- It is necessary to mitigate risk in asset management based on the risk management policy as per the transition to the new SMR in 2025. Further, we are working to strengthen the risk management system in asset management. We do this while maintaining financial soundness, and aim to manage assets by taking appropriate levels of risk from the perspective of ROR.

Our Initiatives

- Investment in HIROTSU Bioscience, a company with which we have formed a partnership for such endeavours as pet cancer testing.
- Opening of Shippo-no-sato [tail's home], a multi-purpose facility aimed at promoting animal welfare. (incorporating shelters, breeding spaces, and dog café)
In addition to promoting activities to further animal welfare by utilizing the resources of our Group companies, the facility is also used as a place for training and education for future leaders of the pet industry in cooperation with the International Business Academy in Ishikawa Prefecture.
- Anicoflora Higashi-Nakano, a pet-friendly residence, is now fully occupied.



Other Businesses

Our Initiatives

- Promote the "one patent per employee" strategy
127 Inventors as of March 2024 (13 Inventors as of December 2020)

[Number of Patents by Field] ※As of March 2024

	Image recognition AI	Genes, food, and gut microbiome	Regenerative medicine	Other	Total
Patents granted	7	6	2	3	18

[Examples of Patents Obtained in March, FY2024]

Patent No. 7330258: "Emotion Determination System and Emotion Determination Method"

Patent No. 7437479: "Insurance Premium Calculation System, Insurance Premium Calculation Method, and Burden Prediction Method"

Feature: Synergy Creation Business

Value Creation through Pets, Insurance and Healthcare

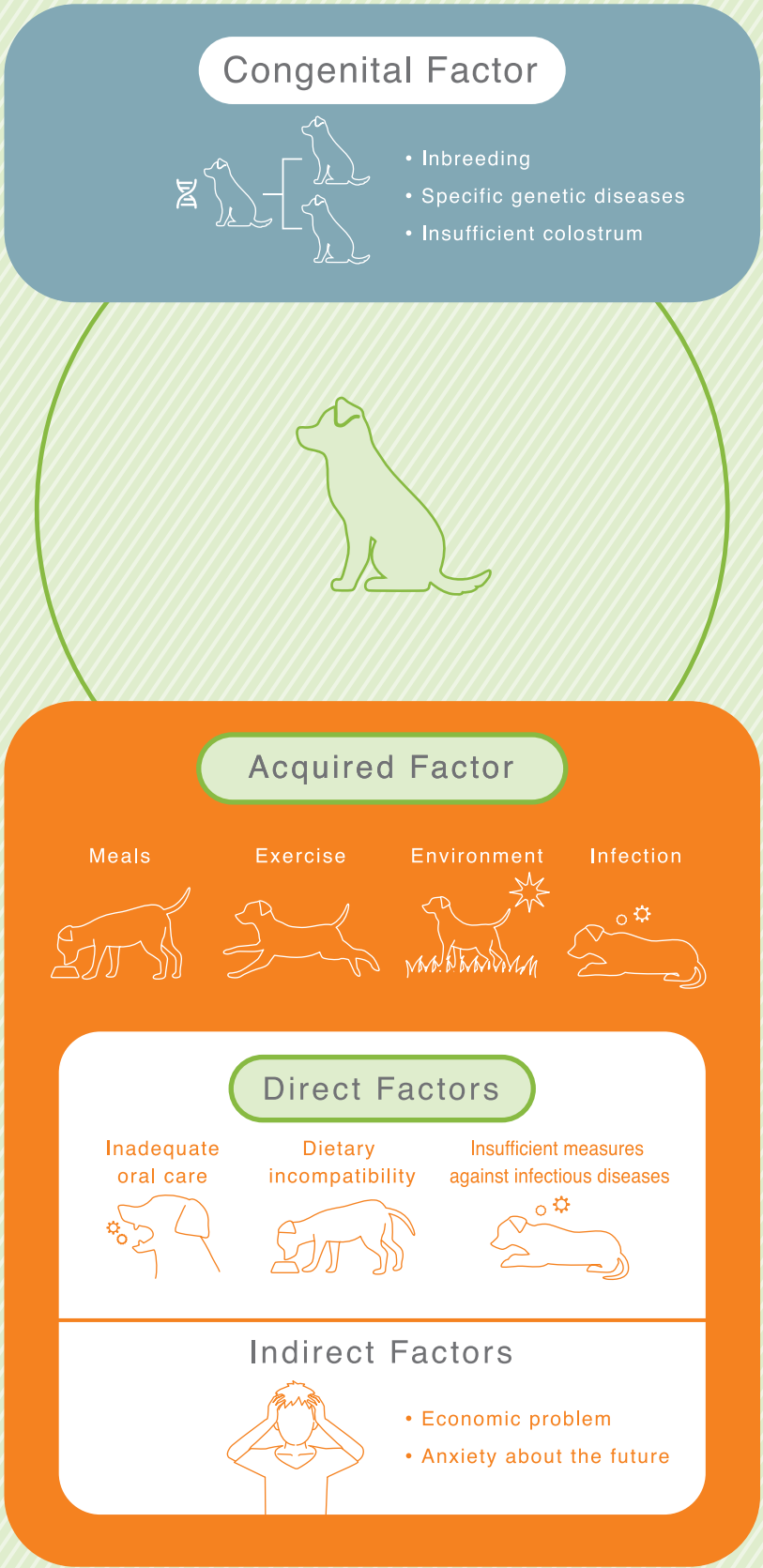
Affecting Pet Health

We believe that all diseases are caused by the combined involvement of two factors, "congenital factors" and "acquired factors."

Pets have been inbred by people and as a result have become genetically vulnerable. These are "congenital factors."

Pets do not choose their own food or go for walks, and their owners provide the "environment." These are "acquired factors." "Acquired factors" can be further divided into "direct factors," such as incompatible diets and inadequate care, and "indirect factors," such as economic and psychological stress.

Therefore, the Anicom Group aims to focus on "acquired" and "direct factors" that can be addressed in daily life to create value in supporting pet health.



Approaches to Pet Health on Three Axes

Anicom Group approaches animal health focusing on oral, intestinal and genetic care. Specifically, we strive to improve oral health with the aim to prevent periodontal disease. We promote intestinal health, using the gut microbiome as a barometer of immune strength. We utilize genetic care to mitigate genetic vulnerabilities.

Oral Care

APPROACH 1

- The presence of periodontal disease as the root of many illnesses
- Preventive and therapeutic benefits of oral care
- Providing innovative solutions

Gut Care

APPROACH 2

- Improving gut microbiome diversity
- Early detection of illnesses and health management
- Pet food, product development and commercialization

Genetic Care

APPROACH 3

- Providing regenerative medicine
- Improving quality of life through stem cell therapy

INTESTINE

GENES

ORAL CAVITY

APPROACH 1

Oral Care Strategy

Maintaining oral health is generally accepted as vitally important for overall human health. Oral health is equally important for pet health. Periodontal disease in particular is known as the root of many illnesses. We, therefore, believe that oral care from an early age is essential.

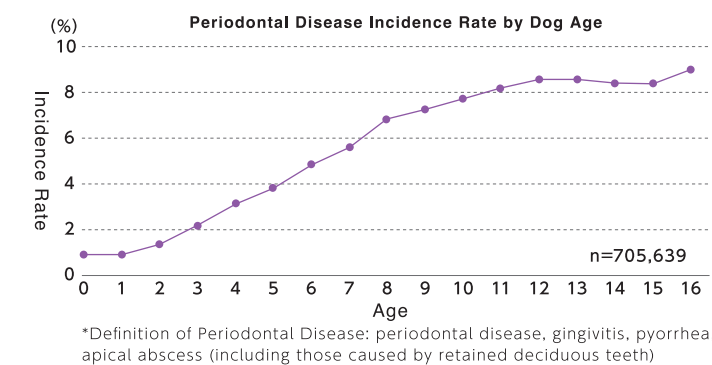
Through daily oral care, we aim to prevent the onset of serious diseases in the future.

Periodontal Disease is the Root of All Illnesses

"Periodontal disease is the root of all illnesses." This is widely recognized in human medicine, and it is also true for pets.

The bacteria causing periodontal disease can easily enter the bloodstream through swollen gums, spreading throughout the body. The constant circulation of these bacteria and their toxins may lower overall immunity, leading to slower recovery from various diseases or even be the cause of the diseases themselves.

Additionally, pets are more prone to periodontal disease than people are, with cases found in pets even before they are one year old.

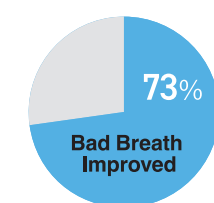
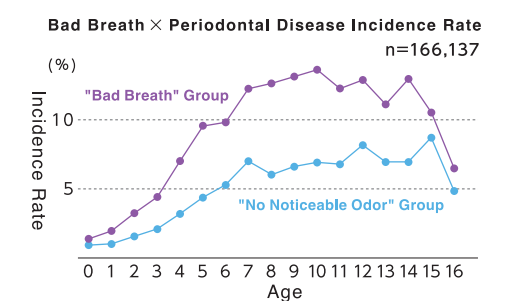
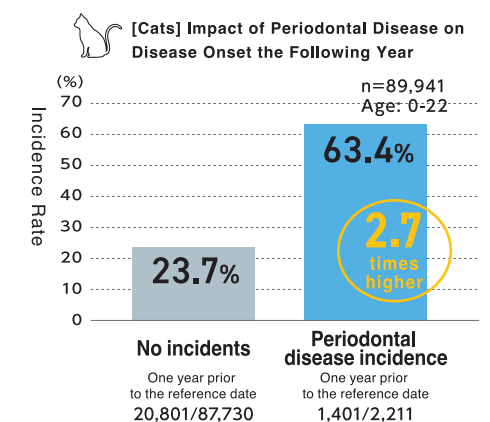
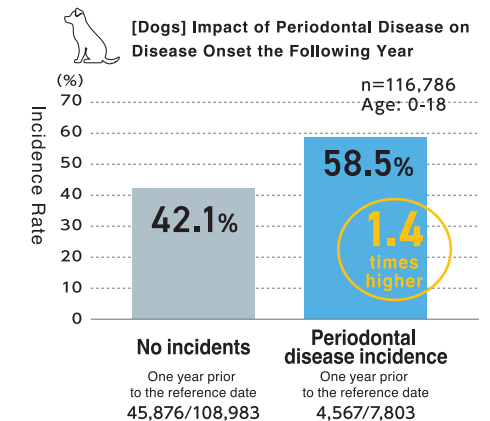


After analyzing data of over 4.3 million Anicom insurance claims, we found that dogs with periodontal disease had an approximately 1.4 times higher incidence rate of all diseases the following year compared to healthy dogs. Similarly, cats with periodontal disease had incidence rates that were 2.7 times higher than healthy cats for all diseases. Thus, "periodontal disease is the root of all illnesses" for both dogs and cats, and daily brushing is crucial for preventing periodontal disease.

Additionally, there is evidence suggesting a correlation between periodontal disease and bad breath, with dogs and cats suffering from bad breath showing a higher incidence of periodontal disease. In other words, bad breath can be a sign of periodontal disease.

To help reduce the risk of serious diseases by preventing periodontal disease, the Anicom Group, in collaboration with Earth Corporation, has developed an oral care gel "CRYSTAL JOY" using innovative oxidation control technology (MA-T®: Matching Transformation System®). Sales have already begun at some animal hospitals, and many customers have reported a reduction in their pets' bad breath.

We will continue to promote the importance of oral care to improve pet health.



*Results of physically removing plaque using a toothbrush with the gel
*Survey on the reduction of bad breath after using "CRYSTAL JOY" conducted via Anicom Insurance's customer survey site (ani voice). Approximately 73% of respondents (n=257) selected "strongly agree," "agree," or "somewhat agree" after two weeks of use.

APPROACH 2

Gut Care Strategy

Genes, or what some might call "destiny," are deeply related to disease but they do not determine everything.

One of the most influential among the "acquired and direct factors" that can impact pet health is gut care.

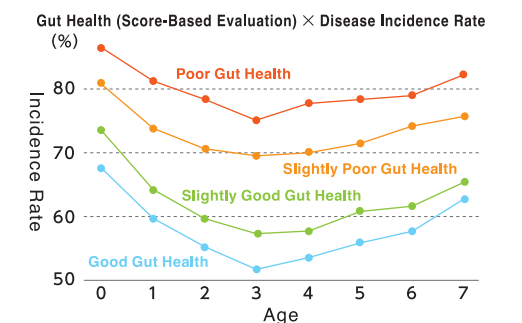
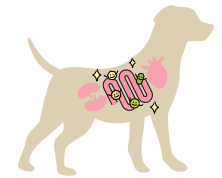
Even if a pet is genetically weak, its overall health can be improved through gut care via diet.

Gut Health as a Barometer of Immunity

All living beings, including pets, have lived with gut bacteria, enhancing their immunity through the dietary stimulation provided by a diverse diet.

However, many modern pets are fed the same "complete and balanced" diet every day, which, while nutritionally adequate, may lack the necessary dietary stimulation. This can lead to a decline in immunity and an increased susceptibility to various diseases.

Since immunity is crucial for protecting the body from illness, there is a strong correlation between the diversity of a pet's gut microbiome and its susceptibility to diseases. This correlation exists regardless of the dog's breed or age, making gut health a true "barometer of immunity."



<Gut Health (Score) Categories>

Poor: Score between "-5 to -1"

Slightly Good: Score between "5 to 9"

Slightly Poor: Score between "0 to 4"

Good: Score between "10 to 15"

<Conditions>

• Among the pets that participated in the Dobutsu Kenkatsu since December 2018.

• Contract start dates between March 2021 and December 2023.

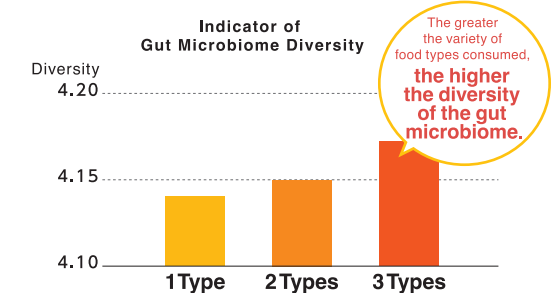
*Including pets that suffered from accidental fractures

Food for Proper Gut Care

All living beings, including people, boost their immunity and adapt to daily environmental changes by incorporating different foods into their diet, according to the seasons and weather. Incorporating a variety of foods also enhances the diversity of the gut microbiome, which in turn improves immunity.

To enhance the dietary stimulation in pets' daily lives, Anicom Group has developed "7 Days Food," a product designed to increase the diversity of gut bacteria. The diverse smells, tastes, textures, and colors of the food stimulate the natural senses of smell, taste, and sight, awakening and restoring the pet's natural immunity by appropriately stimulating gut immunity.

Additionally, Anicom Insurance provides the "Dobutsu Kenkatsu" a gut microbiome testing service that conducts over 200,000 tests annually. Through these services, we continue to offer preventive services that begin with gut health.



*We measured the diversity of gut bacteria in dogs aged 0 to 3 years by feeding them one type of dry food (34,955 dogs), two types (3,292 dogs), or three types (290 dogs).



12 or more food items per day, and over 55 food items in 7 days

APPROACH 3

Genetic Care Strategy

Our goal is to achieve "health" through preventive approaches to "congenital factors" and "acquired factors." Even so, it is difficult to completely prevent all diseases. Further, some of these diseases cannot be cured by conventional medicine or treatment methods.

The Anicom Group offers a new option called "regenerative medicine" for such diseases that have been given up as "incurable."

Aim to promote regenerative medicine

"Regenerative medicine (cell therapy)" using stem cells is attracting attention as a treatment option for diseases that cannot be cured by conventional drugs and therapies. Unlike medicines with chemical components, regenerative medicine treats injuries and diseases by administering living cells directly into the body. Currently, regenerative medicine is being researched worldwide as a new treatment method not only in human medicine but also in veterinary medicine.

The Anicom Group has joined the "Research Association for Animal Regenerative Medicine Technology" at Anicom Advanced Medical Research Institute, Inc. to develop regenerative medicine technologies and services for the purpose of appropriate dissemination and expansion of regenerative medicine. Anicom Insurance, Inc. started the "Regenerative Medicine Cooperation Fund System" in July 2021 to contribute to the expansion of regenerative medicine and promote efforts to reduce the number of pets suffering from illnesses.



An Example of Regenerative Medicine (Atopic Dermatitis, 12-year-old Shiba Inu)



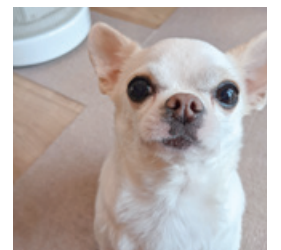
Before Treatment

3 Months After Treatment

Testimonials from those who have tried regenerative medicine

I had an MRI for my dog and when we received the diagnosis of necrotizing leukoencephalitis, and we could see he was having difficulty swallowing, I was filled with despair. I was told that his condition was only going to get worse. But now, a little over a month after the regenerative treatment, the amount of steroids we have to use has decreased. He is more aware, and his legs and feet are strong. He begs me to take him for a walk. He toddles up hills. He brings toys to me... It's like a miracle has happened, and I cry every time I see him.

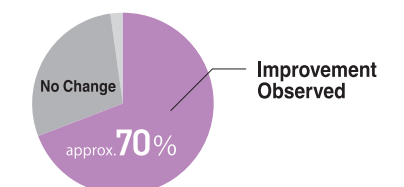
I am so grateful to the people who made regenerative medicine available to dogs, to the vet who made it available to my dog, and to everyone at Anicom. I hope our experience will give hope and encouragement to someone else."



Extension of Healthy Lifespan Through QOL Improvement

A decline in quality of life as people and pets age is inevitable. However, we have high hopes that stem cell therapy will help pets regain their vitality and lead healthy lives. Anicom Specialty Medical Institute, Inc. is conducting research into the effect of stem cell therapy on improving QOL. An improvement in QOL has already been seen in approximately 70% of pets.

[QOL Improvement Monitoring Results]



The results of 101 responses (average age 10.7 years) were collected from dog owners who participated in the QOL improvement monitoring after stem cell administration.

*The number of dogs listed in each QOL category refers to those who exhibited symptoms before administration.



Promoting Sustainability Management

The Anicom Group aims to improve corporate value and realize a sustainable society with management that creates economic and social value.

Basic Policy on Sustainability

The Anicom Group has declared as its purpose to share unconditional love across the world, and to restore, maintain, and advance peace. Inspired by our company name, which is derived from “ani (life) + communication (mutual understanding) = ∞ (boundless),” we will deliver boundless value as an infrastructure provider for animal industries. As we work to do this we will be guided by our corporate philosophy that “by all living things understanding each other and working together toward a common goal”, we make possible what was previously impossible. The Anicom Group has identified key issues, or “materialities,” related to social challenges and global environment) that the pet industry is able to address. We will conduct initiatives designed to make the following specific contributions to people, pets, and the environment. These initiatives are consistent with our aims to enhance corporate value and realize a sustainable society.



1 Contribution to pets

To achieve respect for the diversity and well-being of all life, we will undertake activities for physical and mental health, supply chain traceability, animal welfare, disaster relief, and wildlife protection.



2 Contribution to people

Providing people a sense of purpose in life through their co-existence with pets, we will undertake activities that contribute to local revitalization and equality of educational opportunities. Further, through the promotion of our “one patent per employee” strategy, we will leave a social legacy to posterity; a testament to the fact that each and every one of our Group employees has lived on this earth.



3 Contribution to the environment

We will undertake activities that respond to climate change, such as reducing our greenhouse gas emissions and reducing and recycling waste. Further we will strive to preserve biodiversity in all we do.

[Materiality]



- Mental and physical health
- Supply chain transparency
- Improving the status of pets



- Providing purpose in life
- Contributing to regional revitalization
- Equalization of educational opportunities
- Strengthening social functions
- Health and wellbeing



- Responding to climate change
- Biodiversity conservation

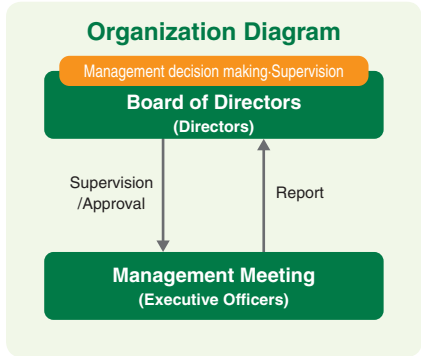


[Numerical Targets Toward Resolution of the Issues]

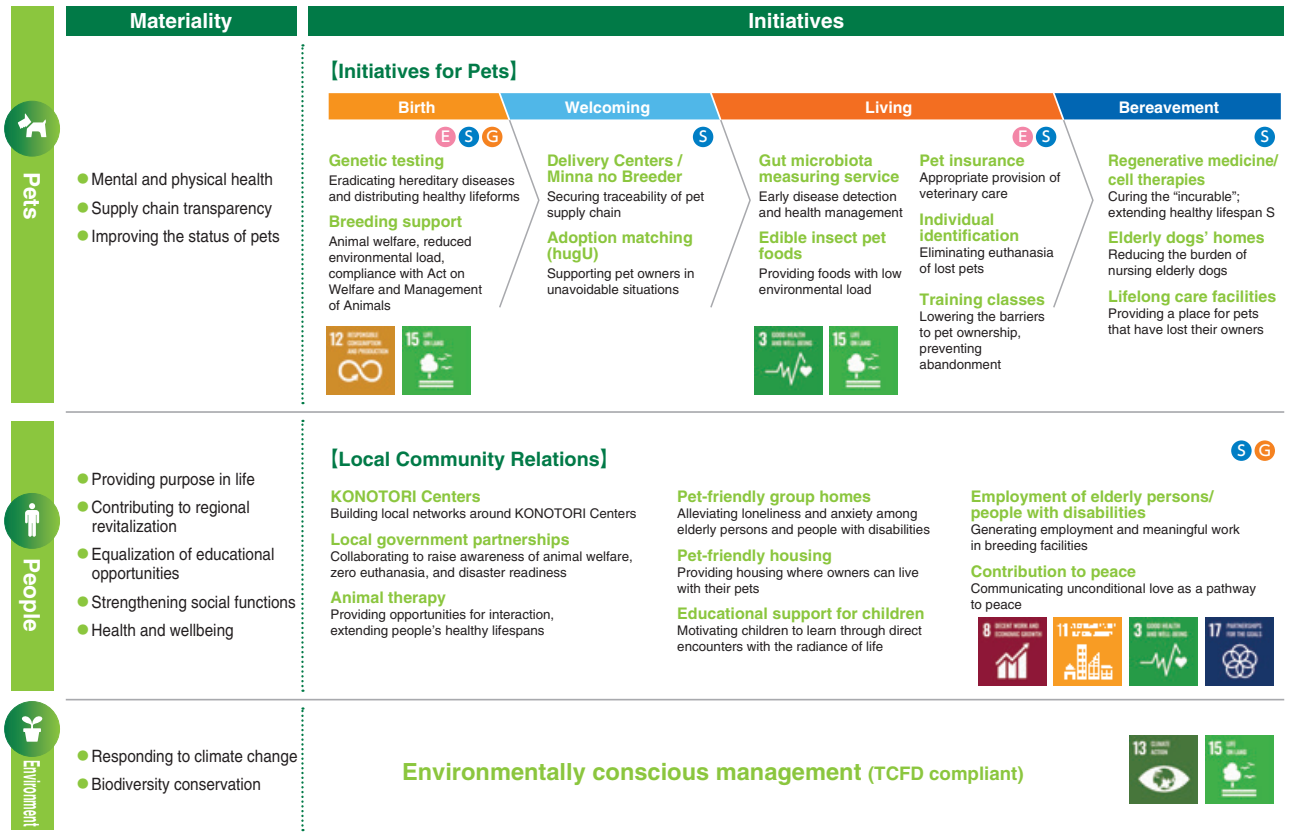
- Strategy of one patent per employee Over 100 inventors
- Community events for the elderly, people with disabilities, and children 20 times/year
- Employment support for the elderly and people with disabilities starting gradually (results will be announced as needed)
- Child education support (number of participants in animal hospital experience, etc.) 100 people/year

Sustainability Promotion System

In order to promote stable governance across the entire group, Anicom has set up a group management system. This system is purposed to enhance discussions on leadership decision-making and on controlling the management situation under the supervision of the Board of Directors; the decision-making body. The progress of measures which promote company stability, are discussed and reported to the Board of Directors about once every six months. The Group Management Committee consists of full-time directors, executive officers of Anicom Insurance, Inc. and presidents of other operating subsidiaries. The Board of Directors receives reports on the content of discussions at the “Group Management Meeting”, and considers policies and action plans for the Group’s sustainability initiatives.



[Anicom's CSV Activities in the Value Chain (Responses to ESG/SDGs)]



Basis for value creation

Development of ERM structures, compliance, information security, human resource and organizational management, internal auditing, strengthening of risk management systems



Preservation of Animal Dignity

Preservation of Animal Dignity

As a company involved with animals, the Anicom Group considers "animal dignity" to be the axis of its CSR activity policy, and has adopted the "Declaration on the Dignity of Animals." The Declaration states that "all animals have dignity" and "no animal shall be mistreated." Based on this Declaration, the Anicom Group is implementing specific initiatives in animal welfare, disaster relief, and wildlife protection. The preservation of animal dignity is also clearly stated in the Group's Basic Human Rights Policy, and the entire Group is involved in activities related to respect for animal dignity.

Anicom Group Initiatives

●Aiming for the Health of All Animals

At Anicom Group, we offer solutions focused on maintaining the health of animals, centered on three key areas: oral care to prevent periodontal disease, gut care focusing on gut health as a barometer of immunity, and genetic care to compensate for genetic vulnerabilities. For more details, refer to "Feature: Synergy Creation Business (P.29)."

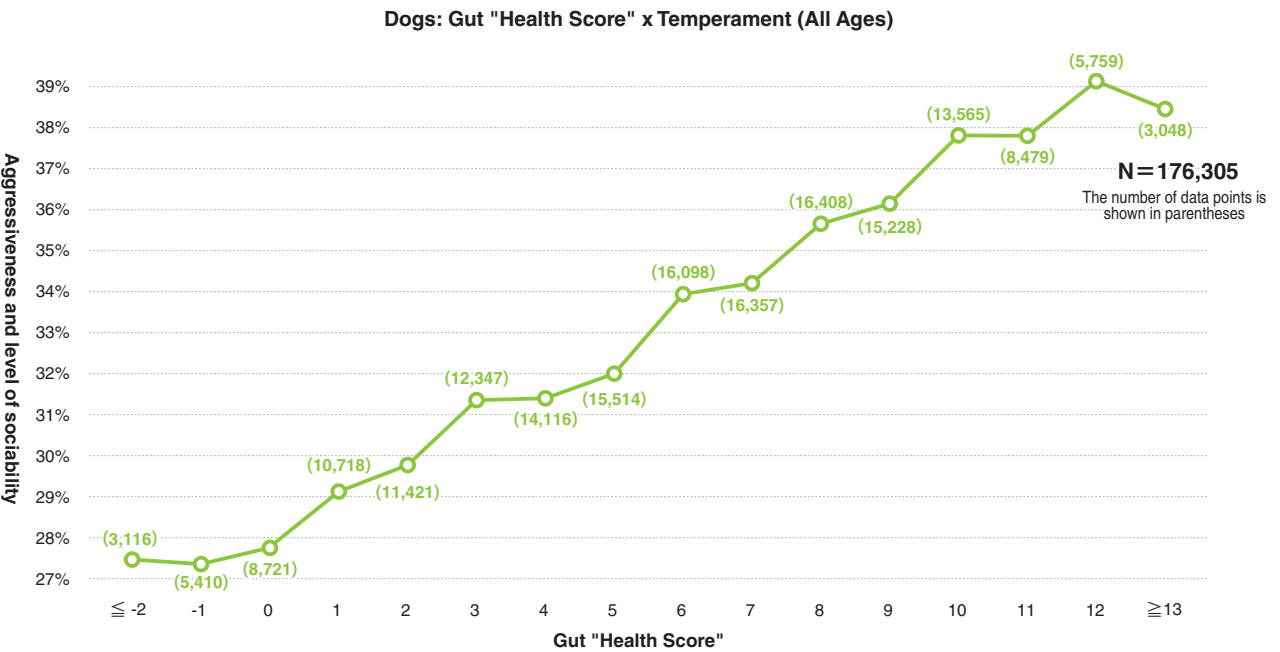
●Towards Zero Animal Euthanasia

According to a survey by the Ministry of the Environment, approximately 12,000 dogs and cats were euthanized in 2022 after being taken in by government facilities. These dogs and cats were stray or lost, abandoned, or considered difficult to care for.

Anicom Group believes that the most important thing is to prevent the birth of such animals.

For example, one of the reasons leading to abandonment is the inability to train pets due to aggressive behavior. Research by Anicom Group has shown that dogs with a high "Health Score*" for their gut tend to be less aggressive and more sociable.

*Health Score
The Health Score is an index devised by the Anicom Group that incorporates parameters such as the count, composition and interaction of gut bacteria in its quantification of gut health.



We believe that making animals healthier will ultimately lead to a reduction in the number of animals that are euthanized. Anicom Group will continue to aim at preventing the birth of animals that are likely to be euthanized.

Anicom Group Initiatives

●Shelter Operations

Since April 2022, we have been operating an animal shelter called "ani TERRACE" at the resort facility VISON in Taki Town, Mie Prefecture. There we connect dogs and cats with new families.

While animal shelters are often associated with being "dark," "lonely," and "pitiful," ani TERRACE is designed with the concept of being "bright," "warm," and "happy." The aim is to attract not only those already interested in animals but also those who may not have been before.



●Operation of the Foster Parent Matching Site "hugU"

We operate a foster parent matching site called "hugU." We connect animals like dogs, cats, and small animals, that can no longer be kept due to various reasons, with potential adopters.

The purpose of hugU is to create as many opportunities as possible for animals and potential foster parents to find a good match, ensuring that animals can live happily with their new owners.



●Support for Adoption Events

Driven by the desire to find families for as many rescue dogs and cats as possible, we collaborate with other groups including animal welfare organizations. We provide venues and other support for adoption events. Utilizing Anicom Group facilities that allow pets, such as Anicom Insurance's branch offices and the Anicom Advanced Medical Research Institute's animal hospitals and labs, we continue to work towards creating happy connections for dogs and cats without owners.



●PAW (Project of Animal Welfare)

We are working to improve animal welfare by building a better environment for them. In fiscal 2012, we launched a Group-wide project called PAW (Project of Animal Welfare). Consequent to this we have been carrying out activities that contribute to animal protection and welfare, such as awareness-raising activities during Animal Welfare Week.



Indicators and Goals

No.	Item	Results				
		FY2019	FY2020	FY2021	FY2022	FY2023
1	Number of hugU Adoptions	336	1,104	2,377	3,200	3,701
2	Number of Adoption Support Events	11	5	14	22	19
3	Number of Adopted Rescue Dogs and Cats*	—	—	—	18	74

*FY2022 figures include only those from "ani TERRACE"; FY2023 figures include those from adoption support events as well.

Human Capital

We view human resources as "capital," and we are taking the following steps to maximize their value. We aim for human capital management that will lead to mid- to long-term corporate value improvement.

Human Resource Development Policy and Internal Environment Development Policy

Both the policy for human resources development, and policy for internal environment improvement are established in Article 3 of the "Group Basic Policy on Personnel Management" as follows.

(Basic Philosophy) Article 3.

(5) Human Resource and Skills Development

- ① Each company in the group shall strive to develop human resources and skills with the aim of achieving accelerated growth through cooperation, and free competition with each other. This will always be done while providing open and fair educational opportunities, and while respecting the abilities and aptitudes of each individual.
- ② Each company in the group shall strive to foster an organizational culture in which employees train for all situations, and achieve personal growth through courageous practice. The development of true professional human resources will also be achieved.

(7) Benefits and Welfare

To help support the healthy and prosperous lives of employees and their families, each group company shall provide a welfare program that meets individual values, lifestyles, and diverse needs.

Indicators and Targets

No.	Items*1	Results			Targets
		FY2021	FY2022	FY2023	FY2030
1	Percentage of female employees	61.2%	60.9%	61.4%	50~60%
2	Percentage of females in managerial positions*2	31.8%	31.2%	33.7%	50~60%
3	Acquisition rate of childcare leave (men)	58.8%	77.8%	68.0%	100%
4	Acquisition rate of childcare leave (women)	100%	96.0%	100%	100%
5	Ratio of paid leave days taken*3	62.7%	64.6%	75.0%	80%
6	Voluntary turnover rate*4	12.3%	11.8%	13.4%	10%
7	Total training cost	12,350,455 Yen	12,784,247 Yen	14,137,183 Yen	—
8	Average training cost per person	14,581 Yen	14,364 Yen	16,119 Yen	15,000 Yen
9	Number of inventors	51 (cumulative 66)	37 (cumulative 103)	24 (cumulative127)	per year 60
10	Senior citizens, people with disabilities, and children interaction events	—	—	3 Times	20 Times
11	Children's education support (Number of participants in animal hospital experience, etc.)	—	—	12	100



*1. The scope of calculation covers Anicom Holdings, Inc. and consolidated subsidiaries. excluding paid leave rate(No.5) before FY2022
*2. The definition of manager is "a person who has a subordinate position or higher, and a person of equivalent rank without a subordinate position," excluding "officers."
*3. Excluding SIMNET CO., Ltd. before FY2022
*4. The turnover rate is calculated based on the number of personnel who quit voluntarily, excluding the age-limit retirement.

Human Resource Development

We have established an education system called "Anicom University." Anicom University is a place that always provides open and fair educational opportunities. In addition to training to acquire the necessary skills and attitudes for one's job level, we also conduct selfdevelopment seminars for employees. Additionally, through job rotation, in which employees are strategically reassigned and transferred for the purpose of skill development, we are developing human resources with a managerial perspective, and creating new businesses by allowing employees to engage in a wide range of work without being limited to a single field.

For veterinarians and other specialists, we promote skill development aimed at the early growth of true professionals. Our skill development efforts include working on case studies across group hospitals, surgical training, subsidies for participation in academic conferences, and other programs.

Anicom University

Improving one's skills	Career enhancement	General
<div>Post-employment training</div> <ul style="list-style-type: none">• New employee training (3 weeks after joining the company)• Mid-career employee training (2 weeks after joining the company)• OJT by department• Subsidy for the cost of taking the non-life insurance salesperson qualification exam• New graduate OJT trainer (SP) system/Junior employee training	<div>Self-development support</div> <ul style="list-style-type: none">• In-house study abroad system• 360 degree feedback• Goal challenge system• Job rotation system• General Managers Meeting/ Management Meeting Observation Opportunities	<div>General training</div> <ul style="list-style-type: none">• Morning meeting (once a week)• Compliance training (6 times a year)• All employees test (twice a month)• Harassment training (twice a year) <div></div>
<div>Self-improvement</div> <ul style="list-style-type: none">• E-learning (Benefit Station)• Special courses organized by employees (formerly Anicom University)• Cover the costs to attend veterinary conferences• Training for new recruits• Cover costs for attending General Insurance Institute of Japan courses	<div>Hierarchy-specific training</div> <ul style="list-style-type: none">• Follow-up training (for employees hired directly out of University who are in their 1st to 3rd year of employment with Anicom)• Mid-level leader development training (selected)• Next-generation manager training (selected)• New manager training (general manager/section manager)• External training for executive candidates	

Human Capital

One Patent Strategy for All Employees

In order to create an organization that can effectively solve difficult social issues surrounding sustainability, we are building a system that enables employees to carry out their work based on their own spontaneous spirit of inquiry and sense of mission. We believe that this will enable a diverse workforce with various personalities to work more freely and earnestly, and thus further draw out the power of human collective intelligence.

The Anicom Group's unique system for making this possible is different from conventional organizations in that it is based on a "Strategy of one patent (e.g. thesis papers) per employee," in which individual efforts, and discoveries made through the performance of ones duties are linked to the life of each individual, widely recognized, communicated to society, and left behind to enrich society. Through this system, we will promote a human resource strategy that will give even more meaning to the life of each individual employee, so that all employees can leave behind a sociological legacy; the proof of having lived through this era of laughter, tears, and troubles together.

VOICE



Yoshie Ogoshi
R&D Department
Anicom Insurance, Inc.

I have developed an AI* program for the individual identification of pets and have obtained a patent for it. In our company, speed is essential, so interactions with project members are frequent. In AI development, training data is crucial, and collecting these data is often the first major hurdle. However, when we solicit data, other department employees also contribute, which is incredibly reassuring.

In the development process, it is necessary to continuously evaluate and incorporate new methods. I feel that in our company, we not only utilize our current skills but also work on acquiring higher-level skills while performing our duties. Moving forward, I aim to launch the developed AI as a service and contribute to society.

*Patent No. 7360489

Improvement of Workplace Environment

At the Anicom Group, the company and its employees stand on equal footing, and cooperate with each other based on mutual understanding and trust. In order to promote the sound development of the company, improve the social and economic status of employees, and to maintain normal labor-management relations, we comply with labor-related laws and regulations and is so doing maintain a safe, healthy, and comfortable working environment.

●Engagement Survey

In order to increase employees' sense of growth and make Anicom a stronger and more attractive organization, we have been conducting an employee engagement survey targeting all employees annually since 2023. We analyze the results and use them to improve the work environment.

●Remote-work System

A home-based remote-work system is available to employees. We are striving to create an environment that is receptive to flexible work styles and which aims to further improve work-life balance.

●Special Leave for Family Members, Including Pets

In addition to maternity, paternity, and nursing care leave, we also offer special leave for "family members" including pets. These include marriage, maternity, and family support leave, birthday leave (leave for employees, family members up to the second degree, and pets), pet congratulation leave for new pets, and condolence leave for the death of a pet. We place great importance on this system.

Diversity & Inclusion

The Anicom Group respects diversity in accordance with its management philosophy. We are committed to promoting an environment in which capable human resources, regardless of gender, nationality, race, or work experience, can maximize their abilities, and play an active role in the company.

●Employment of Veterinarians and Other Specialists Human Capital

The Anicom Group has 106 employees with veterinary qualifications (as of March 31, 2024). Anicom therefore, has one of the largest concentrations of veterinarians employed in Japan. Taking advantage of this group of specialists, we are working to improve the quality of our insurance underwriting and underwriting systems in a way that other companies cannot. Additionally, in order to connect our brand of "trust," to our customer service, we are developing additional programs. For example, customers can consult with veterinarians by phone or by "LINE"(an SNS service in Japan). Furthermore, we contribute to the development of the veterinary industry through our expertise in extracting and analyzing disease statistics, conducting research on genetics, and gut bacteria, through publishing papers and making presentations at conferences, writing for specialized journals, and conducting seminars for veterinarians. We also actively employ a wide variety of other professionals, including doctors of medicine/agriculture/science/pharmacy, lawyers, certified public accountants, actuaries, data scientists, patent attorneys, and designers.

●Promotion of Female Employees

In accordance with the "Group Human Resources Management Basic Policy," we are working to promote the advancement of women by providing an environment where people of ability can exercise their abilities to the fullest and play an active role in the company, based on mutual respect and without regard to gender.

In the long term, we aim to achieve the same ratio of women in management positions as the ratio of women employees in the total number of employees. The ratio of female employees in the entire group is approximately 60%, and the ratio of female employees in management positions is approximately 30%. (As of March 31, 2024)

VOICE



Chieko Iseki
Corporate Planning Department,
Public Relations Planning Section
Anicom Insurance, Inc.

Currently, I am working on a reduced schedule due to child-rearing, but even within this framework I am actively engaged in my work, leveraging my expertise in graphic design. Our company strongly recognizes the importance of design. We are involved in various initiatives, including those related to insurance, which is an intangible product, the animal hospital business, food business, and participation in pet events, all of which emphasize design. This environment, where design plays a crucial role in all aspects, allows me to engage broadly as a designer, making my work very rewarding. Utilizing my previous design experience, I am also involved in the creation of integrated reports that visually communicate the company's direction and vision.

●Childcare Support

We encourage employees of both genders to actively take childcare leave. Almost all women who have given birth have taken maternity or childcare leave, and more than half of men have taken childcare leave.

In addition, the maximum age of childcare leave can be extended up to the care for a 3 year old child. This exceeds the legally mandated age. After returning to work, employees can continue to work shorter hours until their child completes the sixth grade of elementary school, also exceeding the legally mandated limit. The company supports employees in balancing work and childcare by allowing them to use the shortened working hour system until their child completes the sixth grade of elementary school, which exceeds the legally mandated age limit.

●Employment of Persons with Disabilities

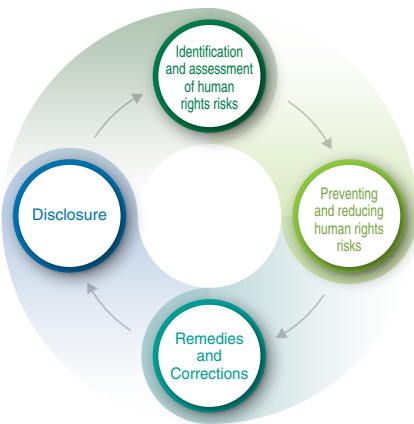
The Human Resources Department takes the lead in actively promoting the employment of people with disabilities. We have adopted a mentor system in which a "support person" is assigned to the department to which the employee is assigned as necessary, tailored to individual circumstances.

Respect for Human Rights

Basic Policy for Human Rights

The Anicom Group has established a basic human rights policy and strives to raise awareness of human rights internally and externally. Further, Anicom Group works hard to create a favorable work environment. Specific initiatives include compliance with human rights norms based on national laws and international standards, prohibition of discrimination and harassment, and appropriate management of personal information. Furthermore, we have established an internal reporting system (hotline) with internal and external contact points to resolve human rights issues. Click here for full text ▶ (<https://www.anicom.co.jp/company/human-policy/>)

Human Rights Due Diligence



Human risk management regulations define human risks as risks arising from unfairness and discriminatory behavior. Anicom formulates and revises internal rules and regulations to mitigate this risk. Furthermore we carry out education so that employees thoroughly understand the company's approach to mitigating unfairness and discrimination. The results of regular inspections, and the monitoring and the occurrence of serious problems are reported to the Group Risk Management Committee. Corrective actions are then taken. We also disclose related information on our website as necessary.

Potential Risk and Countermeasures in Our Business Model

Stakeholders	Risks	Countermeasure
Customer	Discriminatory treatment in insurance contracts	Expansion of spousal coverage
Partners	Personal information being leaked and occurrence of human rights issues at contractors, for example at insurance agencies	Continuous auditing/guidance and application of internal reporting system
Employees	The loss of human resources due to unfairness, injustice, harassment, etc.	Internal reporting system, expanded spouse coverage, human rights awareness training, harassment prevention training

Our Initiatives

● Whistleblower system (hotline)

In order to resolve human rights issues such as harassment, we have established an internal reporting system (hotline) with internal and external contact points to create a more comfortable working environment for officers and employees. The hotline is also available to retired employees and workers of businesses that have a contractual relationship with the Group.

● Expansion of spouse coverage

Anicom Insurance's policy conditions for pet insurance stipulate that "the spouse of the insured person" included in the "insured person" includes common-law relationship and same-sex partners. The employment regulations also clearly state that the scope of spouses eligible for special leave includes same-sex partners.

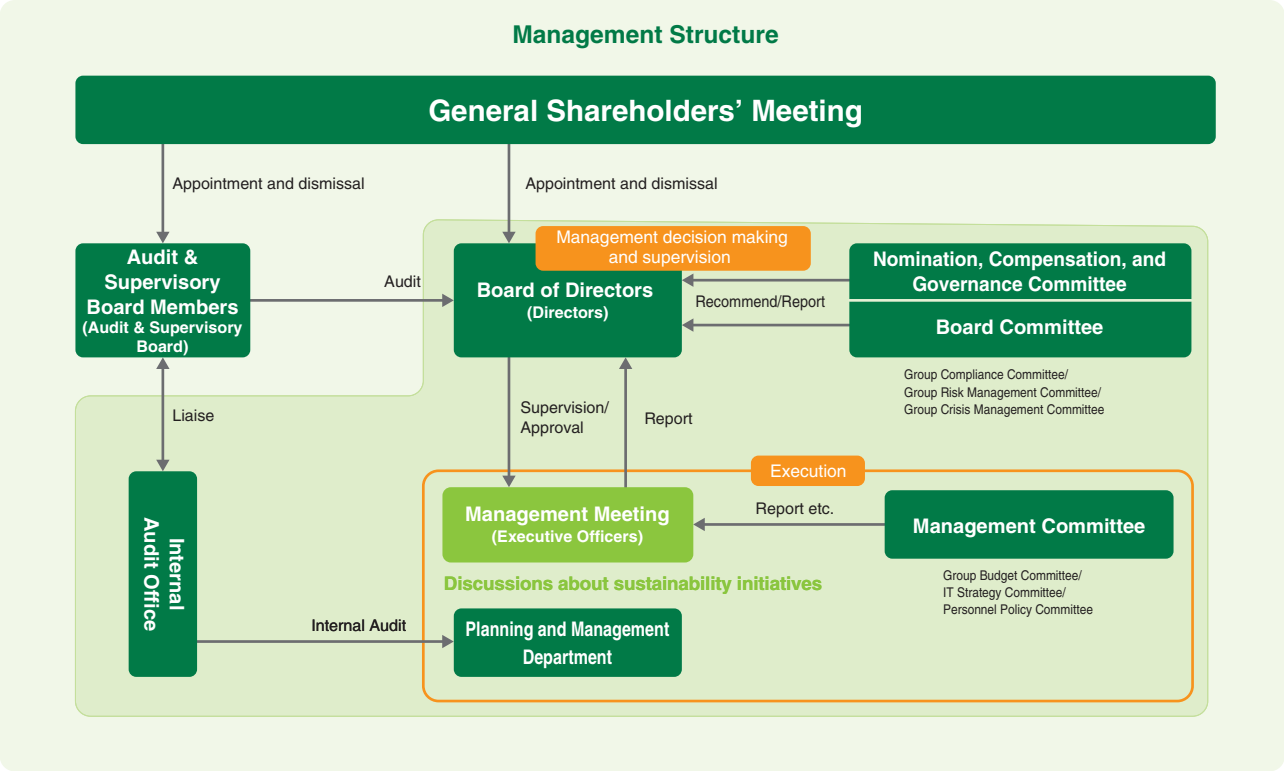
Climate Change Initiatives

Response to TCFD Recommendations

Environmental issues such as climate change have become increasingly serious around the world. Climate change has affected Japan as well, becoming one of the most significant social issues, with many large-scale natural disasters occurring due to abnormal weather conditions. However, as our Group's main business is pet insurance, and does not compensate for natural disasters, we do not expect to be affected by such disasters in the way other non-life insurance companies are. Therefore, the direct impact of climate change on the Group's business activities is considered to be limited. Nevertheless, we recognize that addressing climate change is indispensable for realizing a sustainable society, and is an issue that our Group must address. In the "Basic Policy on Sustainability" established in June 2022, we have designated "contribution to the environment" as a priority issue. Towards these ends we are working on activities to address climate change and to promote the conservation biodiversity. For example the "Basic Sustainability Policy" includes initiatives that focus on reducing greenhouse gas emissions, and activities which promote waste reduction and reuse. In April 2023, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We believe that disclosures based on the TCFD recommendations will be beneficial in promoting our efforts to address climate change, and have therefore taken steps to disclose information in four areas: Governance, Strategy, Risk Management, and Indicators and Targets.

① Governance

Governance related to climate change is managed in tandem with governance in the promotion of sustainability. The "Group Management Committee," discusses the progress of sustainability initiatives once every half year and reports to the Board of Directors. This serves to promote sustainability management across the Anicom Group. The "Group Management Committee" consists of directors and executive officers of our group companies responsible for business execution under the supervision of the Board of Directors, the management decision-making body. The Board of Directors receives reports on the discussions at the "Group Management Meeting" and considers Anicom Group's policies and action plans for addressing environmental issues.



② Strategy

We identify and evaluate the impact of climate change risks on our group by identifying risk events, and anticipating changes in the external and business environment that may occur as a result of the manifestation of climate change risks. The main climate change risks and opportunities for Anicom Group's business are as follows:

	Type	Impact of climate change on the Group: both risks to the Group and opportunities created for the Group
Transition risk	Policies and Regulations	Increased energy costs due to introduction of policies and tighter regulations to curb greenhouse gas emissions
	Reputation	Reputation damage due to insufficient low-carbon initiatives
Physical risk	Acute	Damage to the Group's business locations caused by natural disasters Increase in insurance claims due to increase in natural disasters
	Chronic	Higher loss ratio and lower profitability due to increased pet health risks
Opportunity	Market	Increased demand for pet insurance due to increased pet health risks
	Products/Services	New services which offer support before, during and after disasters: help for those evacuating with pets, assistance during disasters, recovery support for disaster hit areas, and pet disaster prevention related services

③ Risk Management

Anicom Group, whose main business is pet insurance, does not compensate for natural disasters, and does not expect to incur losses as other non-life insurance companies do. Therefore, our group recognizes that the direct impact of climate change on the Group's business activities will be limited. On this basis, we manage risks related to climate change in an integrated manner with risk management utilized in the promotion of business stability.

Anicom Group has established the "Group Risk Management Basic Policy" and strives to foresee and control risks that may affect the Group's governance, and is constantly preparing response activities that anticipate environmental changes, with regard to business stability and profitability. We do this with the aim to maintain the quality of products and services, and to ensure business continuity even in unforeseen circumstances. Further, we are working to build a risk management system to achieve these very aims. The Group Risk Management Committee discusses the status of specific risk management issues of the Group, and includes discussions on business stability initiatives, as well as the integrated assessment of risk status. The findings of this committee are reported to the Board of Directors, thereby promoting risk governance efforts in management.

Additionally the "Group Code of Ethics" clearly states that it is essential to establish a risk management system, and to develop internal controls for the purpose of insuring business stability, and further, that we must do our utmost to achieve this goal. In order to correctly identify the risks that our Group faces, we have developed a comprehensive risk profile that includes emerging risks (possible risks, which may have a significant impact on our Group's operations). We regularly prepare a risk profile that includes risks related to business stability.

④ Indicators and Targets

Anicom Group is working to reduce greenhouse gas emissions to realize the aims stated in the Paris Agreement. We have designated Scope 1+2 real greenhouse gas emissions as indicators for managing climate-related risks and opportunities.

In line with the "Mid-term Management Plan 2022-2024," we have set a target of reducing Scope 1+2 real greenhouse gas emissions by 50% in FY2023 and 100% in FY2024, using FY2020 as the base year. Additionally, we will work to identify Scope 3 targets, calculate and disclose emissions, and aim to reduce total emissions, including Scope 3 targets, by at least 50% by 2030 compared to FY2020. Anicom Group will work to achieve carbon neutrality by 2050.

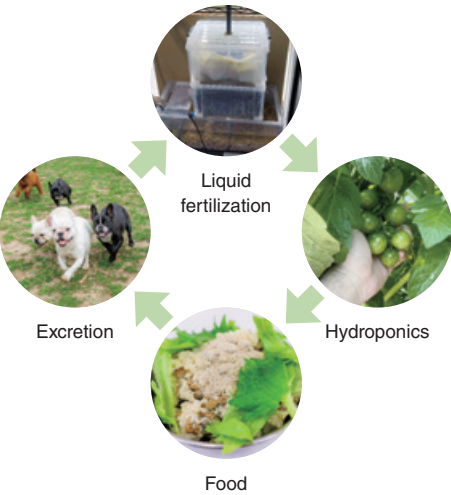
	Unit	FY2020 (Base year)	FY2021	FY2022	FY2023	FY2024 (Target)
Scope 1+2 GHG emissions	t-CO ₂	824	1,050	1,225	271	0

(note)1. We use our company and its consolidated subsidiaries as the calculation base.
2. Certain group veterinary hospitals that do not have a data collection system in place are excluded from the calculation up to FY2022. From FY2023, the average emissions by hospital size are included.
3. 6.5 gas is excluded from the calculation.
4. Emissions are calculated using the "adjusted emission factors" for each electric power company published by the Ministry of the Environment and the Ministry of Economy, Trade, and Industry.
5. In FY2023, we achieved a 100% renewable energy ratio for Scope 2 by purchasing non-fossil certificates.

Other Initiatives

Regenerative Agriculture

At Flowence Inc., a subsidiary of the Anicom Group, we place great value on raising healthy and lively dogs and cats. We therefore, are expanding their food repertoire, allowing them to enjoy their meals. We are experimenting with regenerative agriculture within our breeding facilities to provide a stable supply of pesticide-free fresh food.



Wildlife Protection

We support the activities of WWF, a public interest incorporated foundation that works to protect the environment. We believe that our feelings for the pets we live with, and our feelings for wildlife and the natural environment are the same as our feelings for life overall. In addition to supporting activities such as the "Kingdom of Wild Cats Campaign" and the "WITH STAMP Campaign," we also publicize their activities through in-house seminars and ondemand media.



Disaster Support

That Japan often suffers from natural disasters is well-known. Equally clear is that these natural disasters can cause extensive damage to our lives. Against this backdrop, our group provides disaster support, and this, mainly for pets and their owners. Specifically, we operate a website where pet owners can access various information they need to know in preparation for disasters. Additionally, Anicom holds seminars on disaster prevention, and dispatches animal medical vehicles in the event of a disaster to help those affected.

