

anicom

Integrated Report 2023

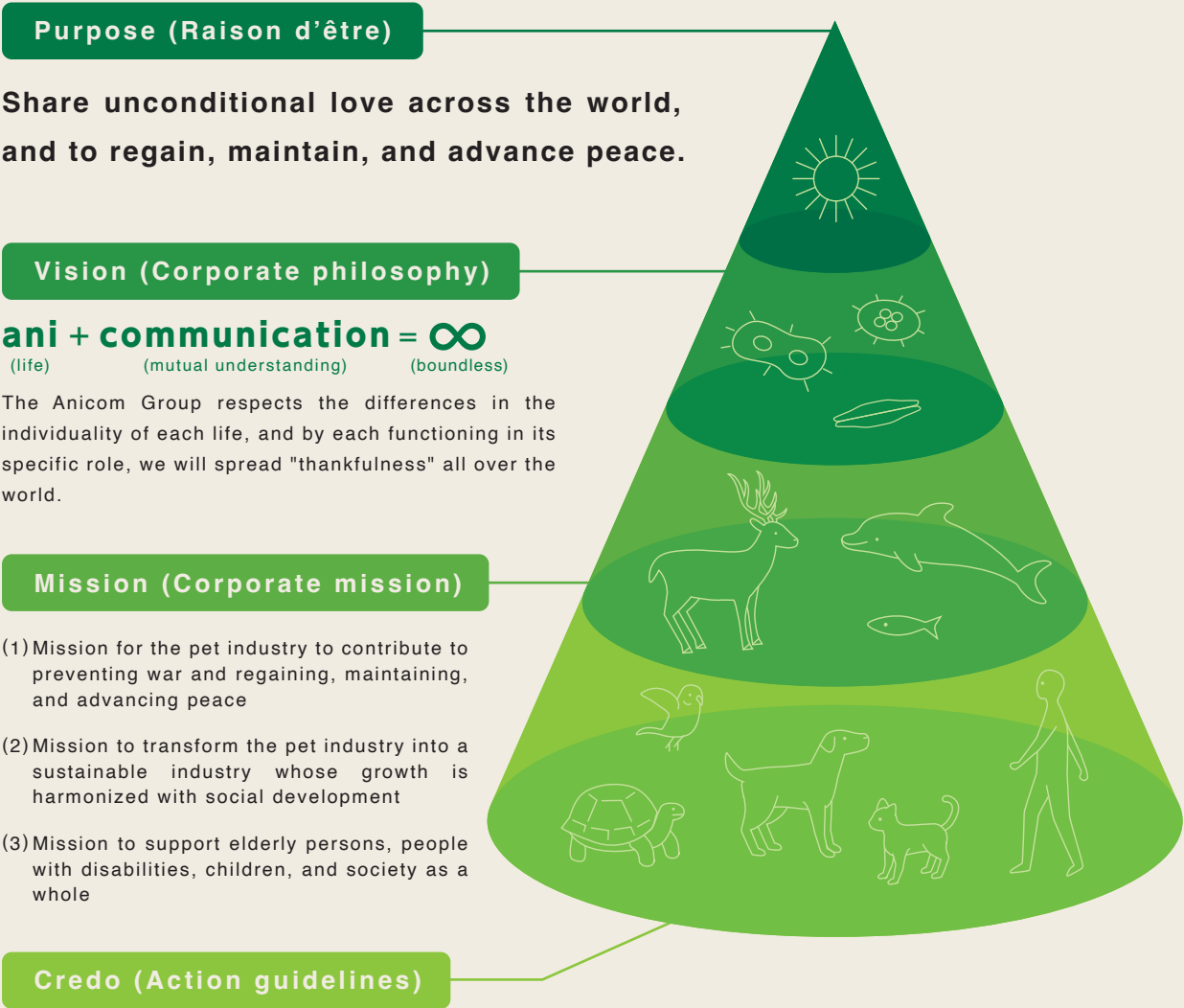
For the
Healthy Future of Pets



Anicom Group Philosophy Framework

Our Group Philosophy Framework is our highest-order management concept, consisting of our Purpose (Raison d'être), Vision (Corporate philosophy), Mission (Corporate mission), and Credo (Action guidelines).

Under the new Group Philosophy Framework and principles, we will implement the Mid-term Management Plan and other management strategies to achieve the creation of economic and social value.



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Editorial Policy
In editing this report, we referred to the IFRS Foundation's "International Integrated Reporting Framework", and the Ministry of Economy, Trade and Industry's "Value Creation Guidance" to provide an easy-to-understand explanation of the economic and social value we provide to our stakeholders through our value creation process and business model. This report also serves as disclosure material prepared in accordance with Article 271-25 of the Insurance Business Law and Article 210-10-2 of its Enforcement Regulations.

The Pet Industry's Mission

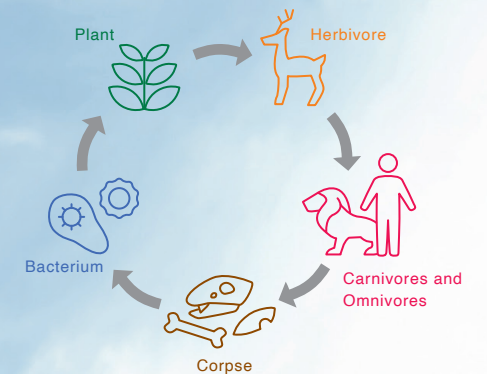
A decade ago, having pets was a "hobby" for a small group of pet lovers. This has changed dramatically on a global scale. Although living with pets is not prohibited in any country, regulations on the sale of animals are being tightened, and the details of these regulations vary widely. This is because the social role of the pet industry has not been clearly defined, and the regulations that should be in place have not been standardized.

All industries are mutually cooperating with each other to fulfill their respective social missions to enrich society. What is the social mission of the pet industry which supports the lives of ordinary households by providing them with animals (pets) that are raised neither for consumption nor for labor. The influence of science and technology created by human society is so great that it presents the danger of destroying all life if wrongly used. This includes human beings, and the environment which sustains all life. In this social climate the pet industry, which deals with life itself, is charged with three unique missions concerning matters related to the existence of life itself.

1 The Interconnectedness of Life

The earth does not belong only to humans

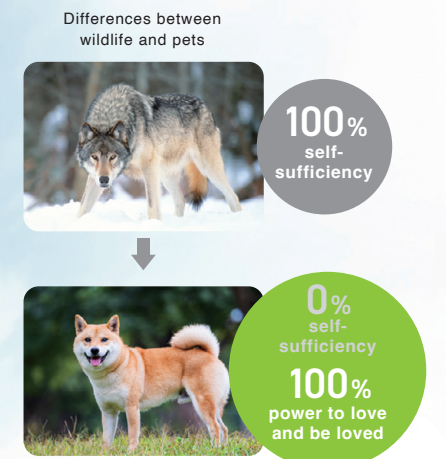
In places where modern civilizations have evolved, relationships with other life forms have become increasingly rare. This is causing a tendency to mistakenly believe that human beings can survive on their own. Therefore, we have a mission to convey to people, through the existence of life (pets) which is familiar to us, that life is neither noble nor lowly, and that only through the interconnectedness of diverse life forms can the survival of all life be maintained.



2 The Importance of Unconditional Love

To avert further war crisis

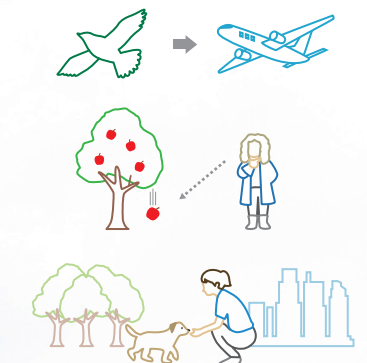
Pets are created through inbreeding so that they inherit traits favorable to humans. They are like a bundle of love, with "0% power to survive on their own and 100% power to love and be loved." Humans wage war based on their own logic, but war destroys not only the parties involved but also other lives and the environment. Therefore, pets play a role in spreading the importance of environmental protection through their "unconditional love," which is not based on logic but on love.



3 The Need to Learn from Nature

Facilitating human sociological evolution

Important discoveries and inventions in history have come about through observation of the natural world. In order to hone this observational ability and promote human sociological evolution, we will fulfill our mission to inform society that pets themselves are a representative example of nature close at hand.



Anicom's Mission

**To create a society
where people,
pets and all life,
can shine together**

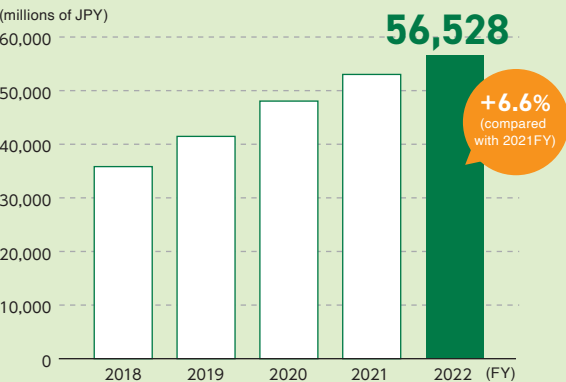
Healthy pets are essential for the pet industry to fulfill these missions, and we believe that making pets healthy is the mission of the Anicom Group, an infrastructure provider in the pet industry.

Anicom group will analyze diverse data on injuries and illnesses and provide the results to pet owners and their pets and thereby improve pet health. Our ultimate aim therefore, is to become a prevention based insurance company group. Pets become healthier with Anicom.



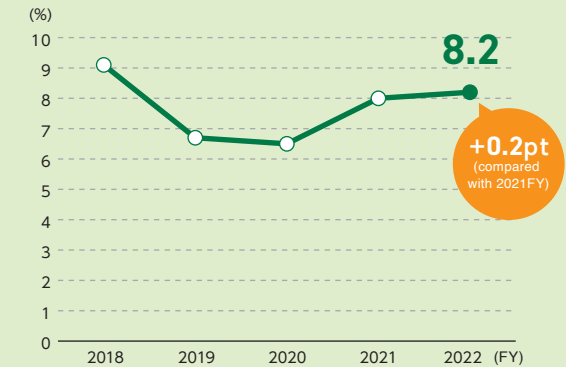
Financial Highlights

Consolidated recurring revenue



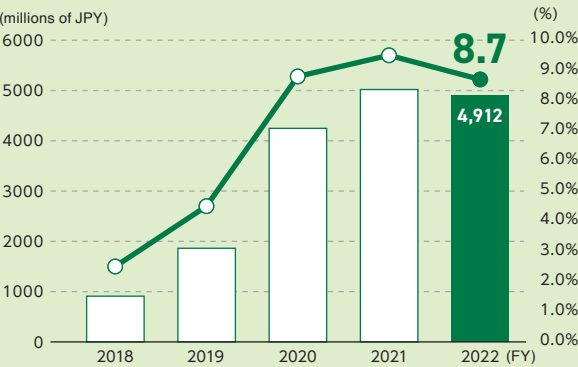
As a result of efforts to link solid pet-owning demands to the acquisition of new pet insurance policies, and efforts to improve policy acquisition costs, consolidated ordinary revenues and consolidated ordinary income reached record highs for both the third consecutive year since the Company's listing and for the third consecutive fiscal year.

Consolidated ROE



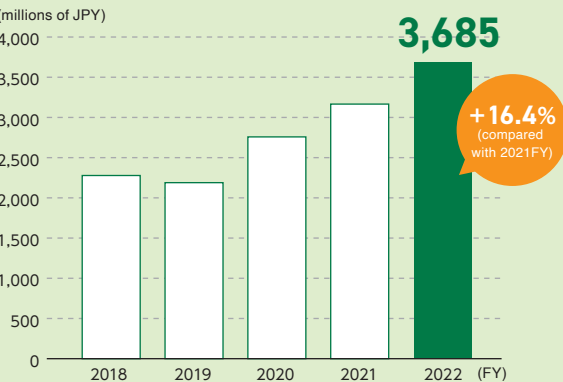
We have improved our capital efficiency, which was lowered by the equity financing in FY 2018, to a level higher than our cost of capital.

Synergy generation business sales and sales ratio

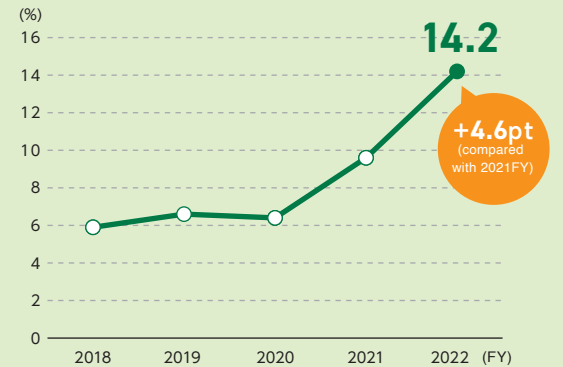


We aim to expand business that has synergy with our pet insurance business. This includes the implementation of mergers and acquisitions to achieve sales growth.

Consolidated recurring profit

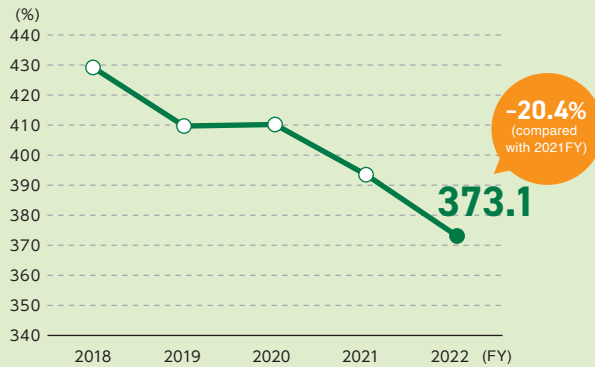


Dividend payout ratio



We have continued to pay dividends since FY 2015, and we are implementing a phased increase in dividends to improve the dividend payout ratio to the 20% level under the Mid-term Management Plan 2022-2024.

Solvency margin ratio (non-consolidated)



We will strive to achieve an optimal capital structure going forward. Concurrent to this, discussions related to the review of regulations (risk coefficients) and pertaining to insurance soundness over the medium term are underway.

Non-Financial Highlights

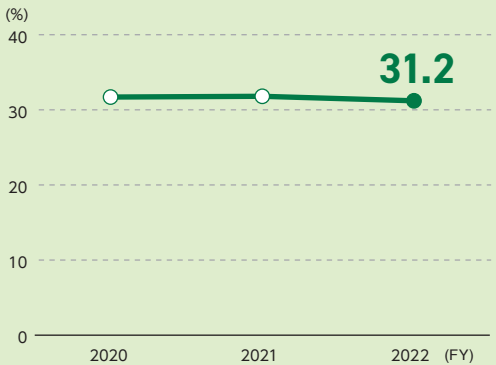
People

To close the gender gap, we are actively promoting women to management positions and encouraging men to take maternity leave.

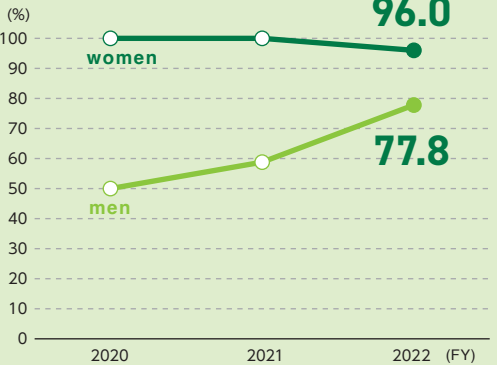
*1 Calculated for the Company and its consolidated subsidiaries.

*2 Managers are defined as "those with subordinates, and higher positions. Those who are in equivalent positions even if they do not have "subordinates," excluding "executives" are also defined as managers.

Percentage of women in managerial positions



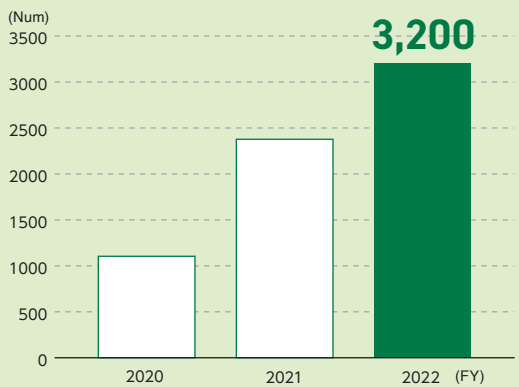
Rate of maternity leave taken (women and men)



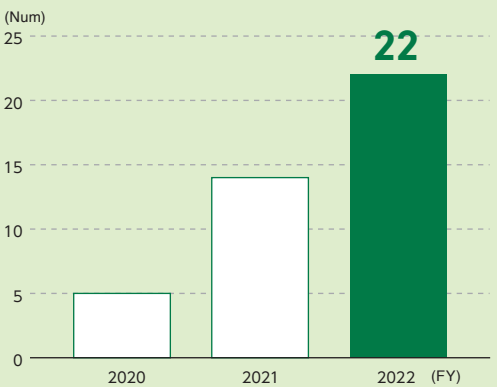
Pets

Supporting the adoption of shelter dogs and cats, is one of the things we do to solve the culling problem which is an issue in the pet industry.

Number of adoption through "hugU," a foster parent matching website



Number of adoption events assisted



Environment

To achieve carbon neutrality, we will work to reduce CO2 emissions and electricity consumption.

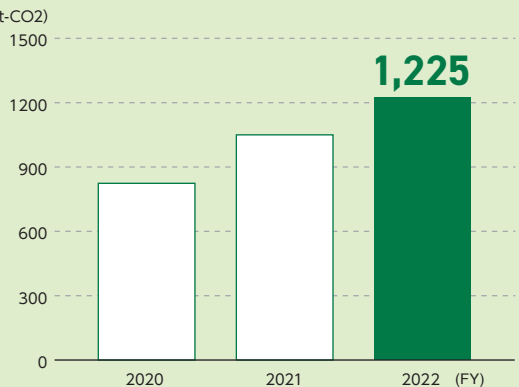
*1 Calculated for the company and its consolidated subsidiaries, excluding 6.5 gas emissions.

Some animal hospitals are excluded because they do not have data collection systems in place; data coverage is 99% on a sales basis.

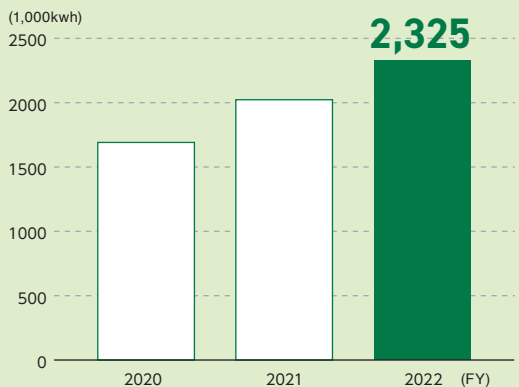
Data coverage rate (%) = Total sales sources where data collection is possible / Total sales of group companies subject to calculation

*2 Scope 1+2 emissions are calculated using "adjusted emissions" of "emission factors by electric utility" published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

Scope1+2 emissions



Electric power consumption



Message from the CEO

As people become policy holders utilizing our services, their pets become healthier, adding new value to their lives, bringing smiles to both pets and people.

Anicom Holdings, Inc.
Representative Director

小森 伸昭

As the pet insurance market accelerates expansion, Anicom reaffirms its origins.

From time immemorial, life has existed only in relation to its environment and other life. However, humans have advanced technology allowing us to live free and secure from hunger and danger. And now, in our quest for freedom, we have gone so far as to gain a certain amount of freedom from the bonds of companionship and family. The result, ironically, is that we are now living in a modern world where we are rapidly becoming more and more lonely. There are plenty of amusements available to relieve loneliness, but amusements cannot relieve essential loneliness. We believe that pets not only relieve this loneliness, but also provide us with unconditional love.

In recent years, the world has been hit by Covid 19 and the threat of war. This has caused increased anxiety among people. Against this backdrop, pets as a fundamental cure for loneliness have become more important than ever to companies in Japan. The reason for this is that companies have been able to dramatically lower the cost of communicating with their customers by using

pets as a way to engage with them.

Within the pet industry, there has been a particular focus on pet insurance. We believe that this is because insurers are also aiming to efficiently acquire customer databases through pet insurance and to use those databases for their future business aims. In fact, over the past year or two, the Japanese pet insurance industry has become one of the most fiercely competitive sectors in insurance history.

Looking back on this intensely competitive environment, we believe that no new insurance services developed to date can surpass the convenience that our Group offers. Additionally, Anicom Group has been able to reduce the prices of its products and services. Furthermore, there are now many strategies being used in the pet insurance sector that focus on price sensitivity; that is to say "low prices". This indicates that the existence of pet insurance has finally become commonplace in the world.

Therefore, from now on, we will continue to put all our efforts in pursuing the goal we have sought since our establishment: "insurance that makes pets healthier by providing new medical services".





with "Miitan", the meerkat who is part of our family

What is the true role of a pet insurance company?

I believe the true role of an insurance company is to provide information to customers to prevent accidents and illnesses from occurring in the first place. This is accomplished by analyzing why accidents and illnesses occur. Before founding Anicom, I worked for a property and casualty insurance company, but at that time I was frustrated that I could not eliminate accidents and illnesses. I believe that it is not enough to pay insurance claims quickly and without mistakes.

What makes this "health insurance (that makes you healthier)" possible is a vast amount of data. Anicom has data on more than 1.1 million pet insurance policies, more than 6,700 affiliated animal hospitals, more than 4 million insurance payments per year, and data on more than 500,000 genetic and gut microbiome tests. Based on this vast amount of data, we identify the causes of injuries and illnesses one by one and provide preventive information to our customers. By doing so, we can prevent injuries and illnesses, and keep animals and their owners healthy and smiling. This is what we are aiming for with our new service that makes pets healthier when they join and stay with Anicom.

Transforming huge amounts of raw data into high quality usable data, and creating new services

Historically, inbreeding methods have been widely utilized in creating the pets we know today. This has made pets genetically vulnerable. Genetic research is, therefore, extremely important when considering pet health. Consistent with this, Anicom has established a comprehensive system for genetic testing and is conducting research to prevent genetic diseases.

In addition, specialized care is important to mitigate congenital vulnerabilities. In particular, we believe that gut care and oral care are key. Increasing the diversity of food stimuli is important in intestinal care. To foster a healthy gut microbiome pets must be fed varied, nutritional foods which changes daily, rather than feeding an unchanging, though generally nutritional diet. Anicom has developed One to One food derived from the measurement results of gut microbiome and genetic test data. Although there were individual differences in the response to One to One food, the overwhelming trend was improvement in gut microbiome diversity. In the future, we intend to expand our food business by expanding our partnerships with pet stores and food manufacturers.



Also, as it is commonly said in Japan that "teeth are life". Proper oral care is closely related to proper food intake and hygiene. These are essential in preventing periodontal disease, which is a source of systemic inflammation. Anicom research has shown that periodontal disease occurs in pets as early as age 0, and that periodontal infection increases the probability of other subsequent diseases by a factor of 1.4. However, the importance of oral care is still not fully recognized by pet owners. In order to improve this situation, Anicom intends to promote research and development of drugs that eliminate the bacteria that cause gingivitis and periodontal disease.

In the past, it was not possible to identify the factors that increase the risk of disease and to elucidate the probability of onset. We believe that now however, a disease prevention mechanism is finally being established. From now on, we will use our vast amount of data, transforming it from "quantity" into "quality."

Like the name Anicom... The thoughts behind the "One Employee, One Patent" strategy

The company name "Anicom" expresses our desire to make possible what was once thought to be impossible by helping all living things (anima) understand each other and work together toward a single goal (communication). While human beings and all life are finite, the environment is nigh infinite. Stock prices may suddenly plummet, or unprecedented natural disasters and epidemics may occur. In order to successfully confront these unpredictable and unstoppable changes in the environment, we will combine people with completely different skills and personalities, compensating for each other's shortcomings, and through the power of infinite combinations, continue to create new value.

As Anicom's unique mechanism for drawing out the collective wisdom of the organization, we are implementing the "All Employees, One Patent, One Person Strategy." The most important role of life is to leave behind a legacy, but what can we leave behind as members of society? We believe that we can leave behind a sociological legacy of intellectual property and patents.

In the past, the results and discoveries of work accomplished by a company or organization were generally left behind in the name of the company or organization, and very few discoveries were left behind in the name of the individual. At Anicom, we want to completely revamp this concept and have our employees proudly tell their families and the next generation, "I made this new invention, and through this invention, I have improved society, the community, Japan, and the earth." This is the idea behind our All Employees, One Patent, One Person strategy.

Anicom enters its "second founding phase" New business development

There is a theory called the "Central Limit Theorem" that is closely related to the "normal distribution" whose concept was established by Gauss, who is considered one of the greatest mathematicians in history. This is a theorem that shows that by repeating measurements and taking an average among the measured values, one can obtain a result that approaches the true value. The true answer exists between error and error, wrong and wrong, in the measurement values. The more times you repeat the number of trials, the more accurate. The more we accumulate, the closer we get to the true value with certainty. In other words, it has been mathematically

proven that all efforts, if the direction is correct, will surely lead to the true value with each repeated trial. It is also known that ice can undergo a phase transition to liquid water when heated, and to gaseous water vapor when heated even more, and therefore on to something completely different, though they are the same substance. We believe that in business as well, a phase in which "quantity" transforms into "quality" will appear. If you keep trying over and over again to learn to ride a bicycle without the training wheels, your body will eventually imprint a sense of balance and you will be able to ride a bicycle. If you continue to study a foreign language, you will suddenly become able to use it at a certain stage, even though you had previously had difficulty speaking, listening, writing, and reading. In this way, we believe that the dimension of "quality" will change rapidly as you continue to accumulate "quantity" without giving up. On the other hand, if we are satisfied with the status quo and stop striving, all growth will stop there.

In the 23 years since our founding, we have worked hard, through good times and bad, to establish and promote preventive services, and as a result, we have established ourselves as a leading pet insurance company in Japan. We recognize that we are finally at the threshold of promoting true health-enhancing insurance and medical care. Anicom has entered the second phase of its foundation. We will further develop new business aggressively by converting the vast amount of data we have accumulated so far into quality such as intellectual property. As a company based on life, we will continue to fulfill our social mission and aim to increase our corporate value.



The Value Creation Process

Through the investment and optimization of management resources, we are executing our business strategy and seeking the solution of social issues. We aim to realize our long-term vision by building a cycle that enables continuous and sustainable value creation, and by creating a virtuous cycle with our stakeholders.

Philosophy

Management Philosophy

ani+com=anicom The Anicom Group respects the differences in the individuality of each life, and by each functioning in its specific roles, we will spread "thankfulness" all over the world.

Vision

Vision for 2030

Provide unlimited value to society as an infrastructure provider that connects upstream to downstream in the animal industry in a progressive manner

Strengths

Trust in the Anicom brand

- Insurance policy renewal rate: 88.2
- Dissemination of information through veterinary consultation, lost-pet search service, and owned media
- Pet care for people who became infected with the corona virus: 102 pets
- Fundraising and donations to help Ukraine / Turkey and Syria earthquakes

Great customer convenience and high operational efficiency with over-the-counter payment system

- Number of animal hospitals supported: 6,789
- Percentage of claims settled over the counter: 86.8%

Sales force covering the whole country and abundant channels

- Number of pet shops/breeder agents: 4,168
- Number of general agents: 8,572
- Breeders, pet shops, web agencies, insurance companies, banks, local co-ops, etc.

Creating new value through abundant data and data analysis

- Data on over 4 million insurance claims per year
- Total number of applications for intestinal flora measurement: approx. 660,000
- Cumulative number of genetic testing samples: approx. 460,000

Active promotion of diverse professional human resources

- Veterinary license holders: 148
- Doctor of Medicine/Agriculture/Physical Science/Pharmaceutical Science, Lawyer, Certified Public Accountant, Actuary, Patent Attorney, Designer, etc.

External Environment

- Special breeding demand due to the COVID-19 disaster appears to be calming down, but remains strong
- Major companies and others entering the pet insurance industry one after another
- Distribution revolution accelerating through the fusion of breeder and pet store businesses following the tightening of regulations under the Animal Welfare Law
- Increasing frequency of animal hospital visits and rising unit medical fees

A business model for making animals' lives richer and healthier.



Social Value



- Providing a sense of purpose in life
- Contribution to community revitalization
- Fairness in educational opportunities

- Strengthening social functions
- Health and wellbeing



- Mental and physical health
- Transparency in the supply chain
- Improved status of pets



- Reduction of environmental impact
- Biodiversity conservation

See p. 37.

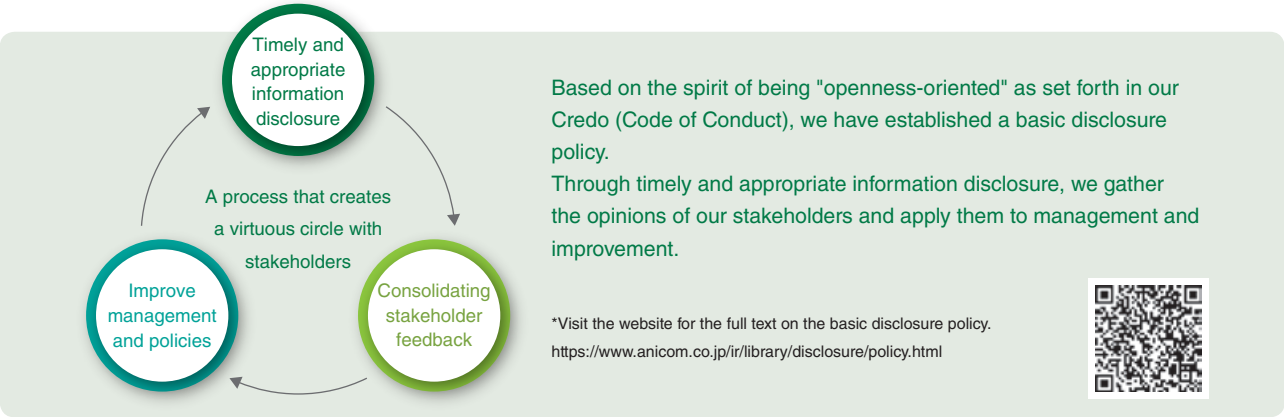
Pursuing both social and economic value






Economic Value

- Consolidated recurring revenue: **56,528 million yen**
- Consolidated recurring profit **3,685 million yen**
- Consolidated ROE **8.2%**
- Dividend payout ratio **14.2%**
- Synergy-generating business sales ratio **8.7%**
- Solvency margin ratio of Anicom Insurance, Inc. on a non-consolidated basis **373.1%**

Stakeholder Relations

As a leading company in the pet industry with over 20 years of knowledge and more than 1.1 million policies, we believe that we have a responsibility to contribute to the sound development of the industry. To fulfill this responsibility, we strive to enhance our corporate value and social value through engagement with our stakeholders, aiming to realize a society where humans and animals can live happily together.



| | Stakeholder Expectations/Responsibilities | | Structure to Meet Stakeholder Expectations and Fulfill Responsibilities |
|----------------------------|--|--|--|
| Customers |  <p>Our Group's policy is to "consistently put ourselves in the customer's position and thoroughly manage our business with an awareness of market-out (meeting the true needs of our customers)" to create the services that our customers want. Our action guideline is "We will strive to create services our customers demand."</p> | | <ul style="list-style-type: none">01 Efforts to utilize customer feedback in management<ul style="list-style-type: none">Total number of complaints: 12,672, Complaint rate: 1.1% of policies in force, Mini-Market Out Committee meetings: 7 times02 Provision of products and services suitable for customers03 Provision of easy-to-understand information04 Prompt and appropriate payment of insurance claims05 Appropriate management of conflicts of interest06 Efforts toward customer-oriented business operations |
| Shareholders and Investors |  <p>We aim to build a relationship of trust with our shareholders and investors through active and effective information disclosure and accountability; to ensure timeliness and fairness in information disclosure, to form an appropriate share price that accurately reflects our corporate value, and to shape our social reputation; and to use the feedback of our shareholders and investors to improve our corporate value through two-way communication and by providing feedback to management.</p> | | <ul style="list-style-type: none">01 Financial results and business strategy briefings for institutional investors and analysts (5 times) and online briefings for individual investors (2 times)02 Conducted individual meetings (141 times) with domestic and foreign investors03 Dialogue with shareholders at general shareholders' meetings and encouragement to exercise voting rights04 Appropriate information disclosure through website and disclosure materials |
| Partners |  <p>We believe our various business partners, such as breeders, pet shops, and animal hospitals, to be important partners in creating value. To transform the pet industry into a more sustainable industry, we work together to improve animal welfare and animal protection, and promote fair and equitable transactions based on trust.</p> | | <ul style="list-style-type: none">01 Providing Breeding Support<ul style="list-style-type: none">Number of genetic testing specimens 92,31302 Insurance managers and insurance key person system03 Conducting audits for fair and equitable transactions<ul style="list-style-type: none">38 insurance agency audits, 20 animal hospital audits |
| Employees |  <p>We promote diversity with the aim of encouraging all employees to respect and learn from the relationships between people, thereby promoting their own growth and contributing to the growth of the company and the development of society. We promote diversity with the aim of contributing to the growth of the company and society. We also strive to educate and develop human resources by always providing open and fair educational opportunities, respecting individual abilities and aptitudes while cooperating and freely competing with each other in order to achieve accelerated growth.</p> | | <ul style="list-style-type: none">01 Conducting regular employee engagement surveys02 Publication of in-house newsletters "Anicom Diary" and "Anico Smile"03 Holding weekly morning meetings with group-wide participation |
| Local Communities |  <p>As a member of local communities, we work in partnership and collaboration with local governments and other organizations throughout Japan to resolve social issues on themes such as animal welfare and disaster prevention. We are also promoting carbon neutral initiatives to address climate change and other social issues.</p> | | <ul style="list-style-type: none">01 Implementing animal welfare initiatives in cooperation and collaboration with local governments nationwide<ul style="list-style-type: none">Number of municipalities with which agreements have been concluded: 502 Promote initiatives to achieve net zero CO₂ emissions<ul style="list-style-type: none">Scope 1+2 emissions 1,225 t-CO₂ |

Congenital and Acquired Factors

Affecting Pet Health

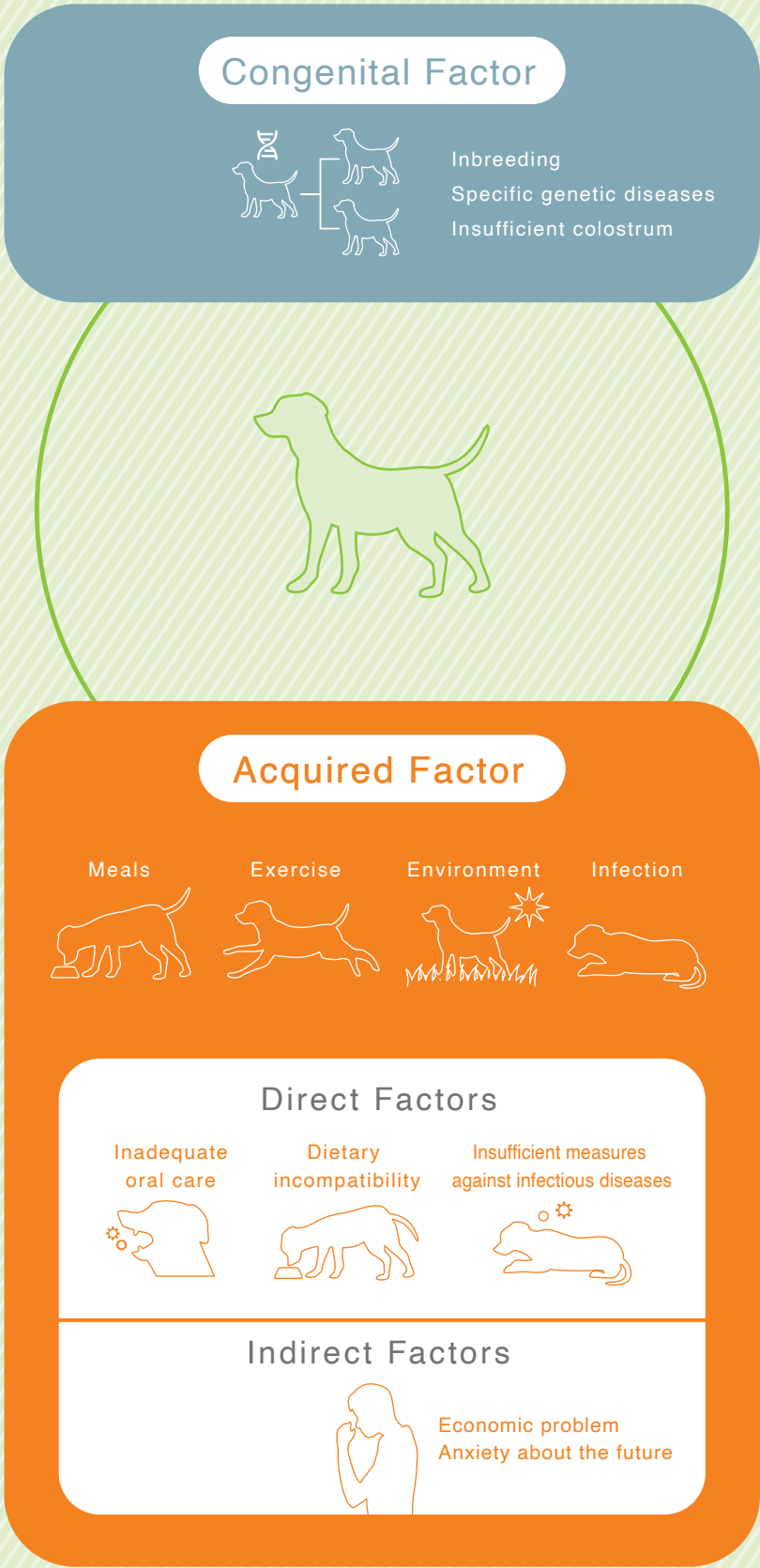
We believe that all diseases are caused by the combined involvement of two factors, "congenital factors" and "acquired factors."

As a result of inbreeding by humans, pets 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 supports the health of pets through its approach to "inherent factors" and "acquired factors."



Approaches to Pet Health on Three Axes

The Anicom Group approaches animal health in three ways:

- 1. genetic testing for "congenital factors"
- 2. daily care focusing on symbiotic bacteria for "acquired factors"
- 3. regenerative medicine for those who become ill despite proper genetic testing and daily care.

Supporting daily life Symbiotic bacteria

- Promotion of oral and intestinal care
- Early detection of illnesses and health management
- Pet food, product development and commercialization

APPROACH 2

Curing the incurable Regenerative medicine

- Providing regenerative medicine (prevention and treatment)
- Operating specialized secondary animal hospitals
- Establishing treatments for intractable diseases

APPROACH 3

Pre-birth support Genetics

- Eradicating genetic diseases through genetic testing
- Breeding support from a scientific perspective
- Establishing a healthy and safe environment for childbirth and child rearing

APPROACH 1

GENES

SYMBIOTIC BACTERIA

REGENERATIVE MEDICINE

Genetic Testing Initiatives

Genes are the blueprint of all life, including pets, and cannot be changed after birth; they are, so to speak, "destiny."

The Anicom Group provides breeders with genetic testing of parent dogs and cats and offers optimal breeding proposals, thereby supporting the creation of pets that are not only attractive but are also truly healthy.

Declaration of eradication of hereditary diseases

Pet breeds are the result of repeated human breeding to accentuate specific genetic characteristics. As a result, pets have inherited strong genes for diseases (i.e., hereditary diseases). In order to reduce the number of pets suffering from such genetic diseases, the Anicom Group provides genetic testing and offers appropriate breeding and sales proposals based on the results. For example, "Degenerative Myelopathy (DM)*1," which is common in Welsh Corgis, is an intractable disease that, once contracted, has no cure and therefore leads to death. However, as a result of our support for appropriate breeding that produces individuals without genetic mutations, we have come to the point where this disease can be said to have been "eradicated."*

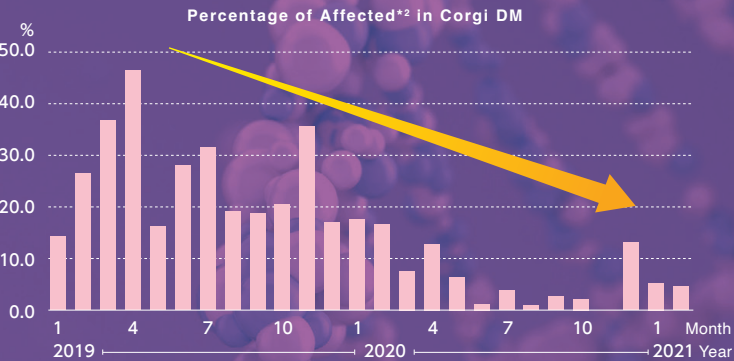
We are working to eliminate as many genetic diseases as possible by promoting the distribution of healthy dogs and cats through our breeding support, and by identifying the unknown genes related to genetic diseases.



*April 2021 News Release
Anicom, the Pet Insurance Company, Declares Eradication of Preventable Genetic Diseases

*1 DM: Degenerative Myelopathy
Eradication" means that a breeder or pet store that uses the genetic testing provided by the Anicom Group has not delivered a dog or cat to its owner that is carrying a gene for a genetic disease: confirmed by genetic tests for more than three consecutive months.

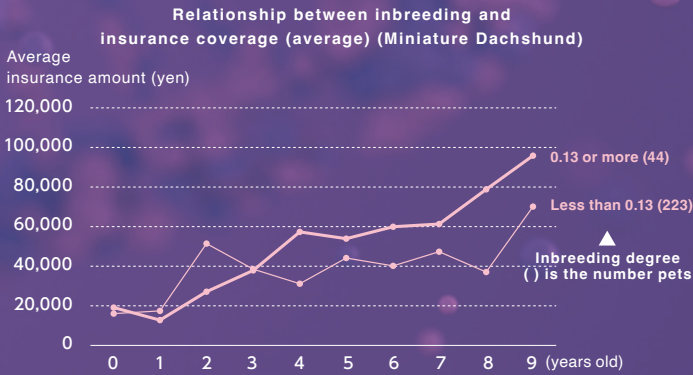
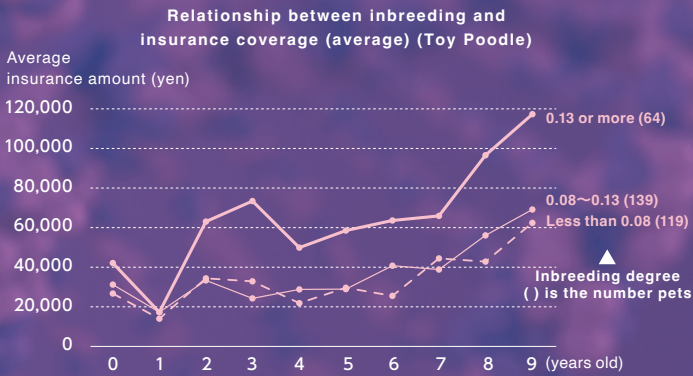
*2 Affected is one of the results of a genetic test, with "clear" and "carrier" being the other types of results. Pets are "clear" if they do not have the gene that causes the genetic disease for which they are tested, "carrier" if they are predisposed to the disease, and "affected" if they are at risk of developing the disease.



Relationship between the degree of inbreeding and insurance coverage

While inbreeding is an essential for pet breed improvement, its potential to increase disease incidence has been reported worldwide. By analyzing claims data and genetic test results, the Anicom Group has found that a certain degree of inbreeding doubles the cost of claims for toy poodles at almost all ages. Similar results were found for miniature dachshunds.

Since the degree of inbreeding is likely to have a significant impact on the immune mechanism itself, which controls overall health maintenance, we will fulfill our mission to make pets healthier by supporting appropriate breeding that reduces inbreeding.

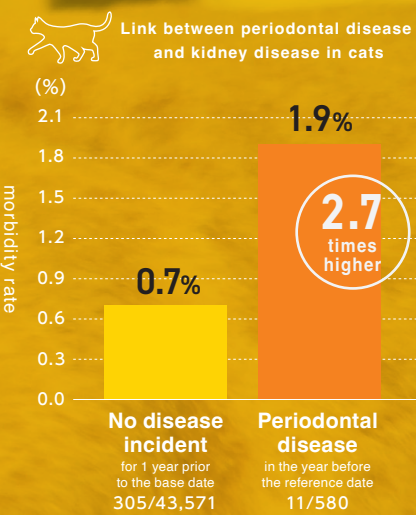
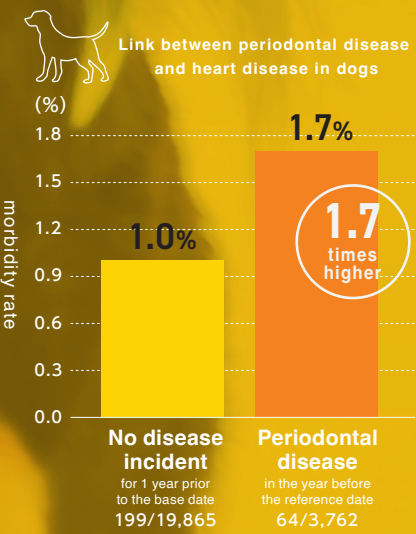


Promoting Health Through Symbiotic Bacteria

Genes, or what some might call "Destiny," are deeply related to disease but they do not determine everything. Among the "acquired and direct factors" that can affect the health of pets in today's environment, we believe that oral and intestinal care are the most influential. Even if your pet is genetically weak, a little effort with oral care such as brushing teeth and intestinal care through diet can improve its health.

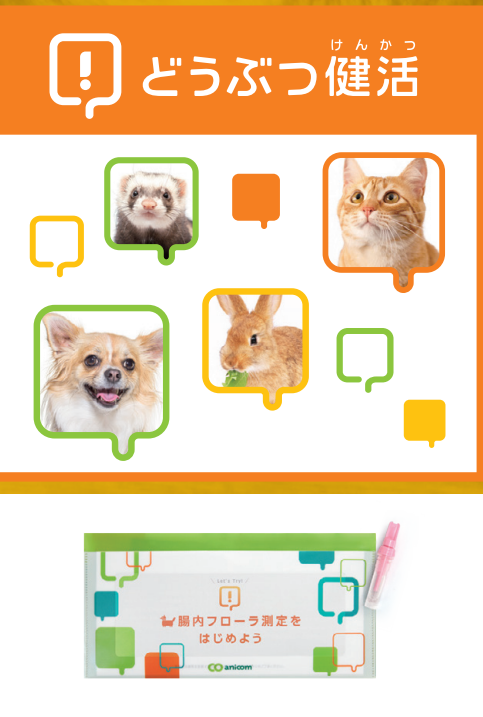
Disease prevention through oral care

An analysis of Anicom Insurance's claims data revealed that, unlike humans, dogs and cats develop periodontal disease from the age of 0. Furthermore, it was found that dogs and cats with periodontal disease are more likely to suffer from various serious diseases than those without periodontal disease. Periodontal disease is the root of all diseases. Although many people are aware of the importance of brushing their pet's teeth and the harmful effects of periodontal disease on their pet's overall health, few actually do it. This is because "brushing their pet's teeth" is difficult, and "maintaining motivation" therefore becomes problematic. We are working to develop services and products that make oral care easier and less stressful for pets at home.



Relationship between gut microbiome and level of health

Pets are unable to communicate their physical ailments to their owners in words and instinctively tend to hide their ailments. Therefore, it is important to be able to recognize signs of illness before it becomes serious. Regular health checkups are necessary for this purpose, but hospital visits which include invasive examinations such as blood tests can be very stressful for pets. To address this issue, Anicom Insurance launched "Dobutsu Kenkatsu" (Animal Health Checkup) in December 2018, an gut microbiome testing service that can determine the risk of disease by sending fecal samples by mail. The service is offered free of charge once a year to pet insurance policyholders and has received a cumulative total of approximately 660,000 applications as of the end of fiscal year 2022. The service protects the health of pets through early detection of illnesses, realizing "preventive insurance that makes pets healthier by joining Anicom."



Regenerative Medicine to Cure Untreatable Diseases

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.



Testimonials from those who have tried regenerative medicine

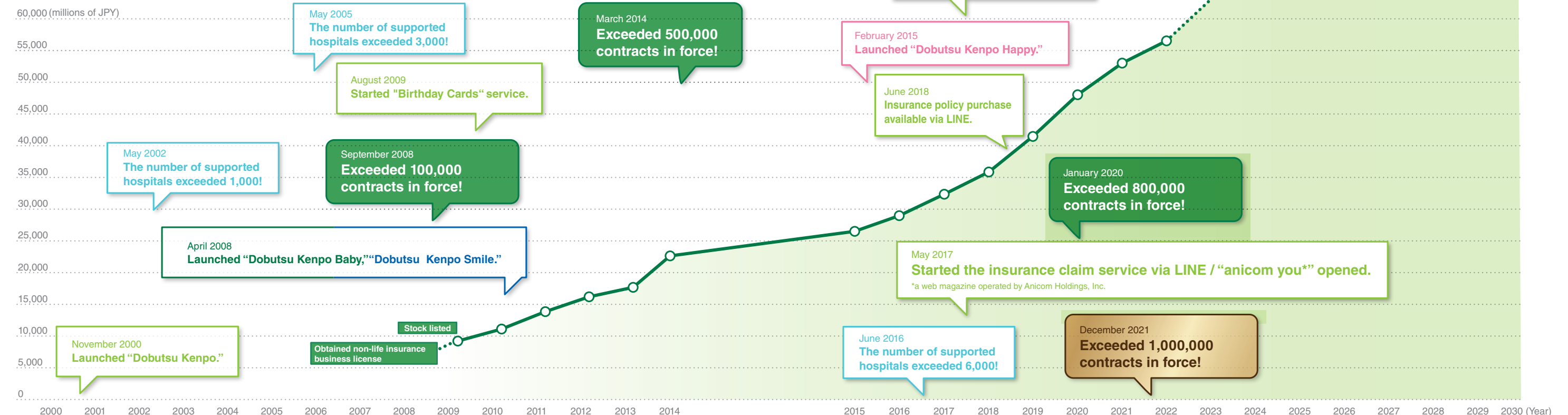
I had an MRI for my dog and when we received the diagnosis of necrotizing leukoencephalitis, and we could see he was having difficulty swallowing, I was filled with despair. I was told that his condition was only going to get worse. But now, a little over a month after the regenerative treatment, the 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."



Past Progress and the Future

The company name "Anicom" is derived from the Latin "ani", taken from the latin word "anima" meaning "life, soul" and "com" from "communication" meaning "mutual understanding". We combined these to express our core idea: "When living beings understand each other and work together toward a common goal, the impossible becomes possible." This is the basis of our business activities. We have achieved sustained growth by transforming ourselves in response to the changing times. We do this as we carry on the ideas that have guided us since our founding. The results of our pursuit to provide added value to our customers and to solve changing social issues have led to the strengths of Anicom today.

■ Indicators of growth trajectory such as ordinary revenues



- July 2000 Established BSP Inc.
- December 2004 Anicom Pafe, Inc. Established
- January 2005 Trade name changed from BSP Corporation to Anicom International, Inc.
- February 2005 Anicom Frontier Inc. Established
- June 2005 Call Center opened
- July 2005 Kinki Branch opened
- October 2005 Hokkaido Branch and Kyushu branch opened
- January 2006 Established Anicom Insurance Planning, Inc. as a preparatory subsidiary for establishing an insurance company
- June 2006 anicom (mutual aid association for pets) files notification of specified insurance provider with the Kanto Local Finance Bureau
- August 2006 Chubu Branch opened
- December 2007 Anicom Insurance Planning, Inc. changed trade name to Anicom Insurance, Inc.
- Anicom International, Inc. acquired certification as an insurance holding company
- Anicom Insurance, Inc. acquired a non-life insurance business license
- January 2008 Anicom Insurance, Inc. starts business
- June 2008 Trade name changed from Anicom International, Inc. to Anicom Holdings, Inc.
- January 2009 Starts online application procedures
- April 2009 anicom (mutual aid association for pets) submits notification of business discontinuation to the Kanto Local Finance Bureau
- March 2010 Anicom Holdings, Inc. listed on the Tokyo Stock Exchange Mothers
- January 2014 Established the Anicom Specialty Medical Institute, Inc.
- May 2014 Tohoku Branch opened
- June 2014 Anicom Holdings, Inc. shares moved to the First Section of the Tokyo Stock Exchange
- October 2014 Chushikoku branch opened
- July 2015 Anicom Capital, Inc. established
- September 2015 Yokohama Laboratory of Anicom Advanced Medical Research Institute Co. established
- April 2016 CellTrust Animal Therapeutics, Inc. established (49% by Anicom Holdings, Inc. and 51% by Fujifilm Corporation)
- March 2017 Hong Kong Anicom Company Limited established
- January 2020 Simnet Co., Ltd. becomes a wholly owned subsidiary
- March 2021 Joint venture agreement with FUJIFILM Corporation is dissolved, and CellTrust Animal Therapeutics Co., Ltd. business is transferred to Anicom Advanced Medical Research Institute, Inc. Anicom Capital, Inc. is dissolved.
- Feb. 2022 Increased the capital of Hong Kong Anicom Company Limited and made it a subsidiary
- April 2022 Moved from the First Section to the Prime Market due to the revision of the market classification of the Tokyo Stock Exchange
- October 2022 Anicom Pafe, Inc. merged with Anicom Frontier, Inc.

Foundation building period from inception

The second founding period

Anicom was founded in 2000 as Japan's first pet insurance company with the idea of creating a "preventive insurance company. In order to realize preventive insurance, we need data on what kind of pets suffer from what kind of injuries and illnesses. Therefore, from the time of its establishment and during its foundational period Anicom has worked to popularize pet insurance. We were able to increase the number of policies in force to over 750,000 as of the end of fiscal 2018. One effort that has helped to accomplish this has been the health insurance cards issued to all policy holders. These cards are proof of family members (pets), and show the popularization of the over-the-counter payment system. This system allows a policy holder to have their insurance payment applied directly at the animal hospital counter at check out, thus eliminating the need for insurance claim procedures; i.e. no paperwork.

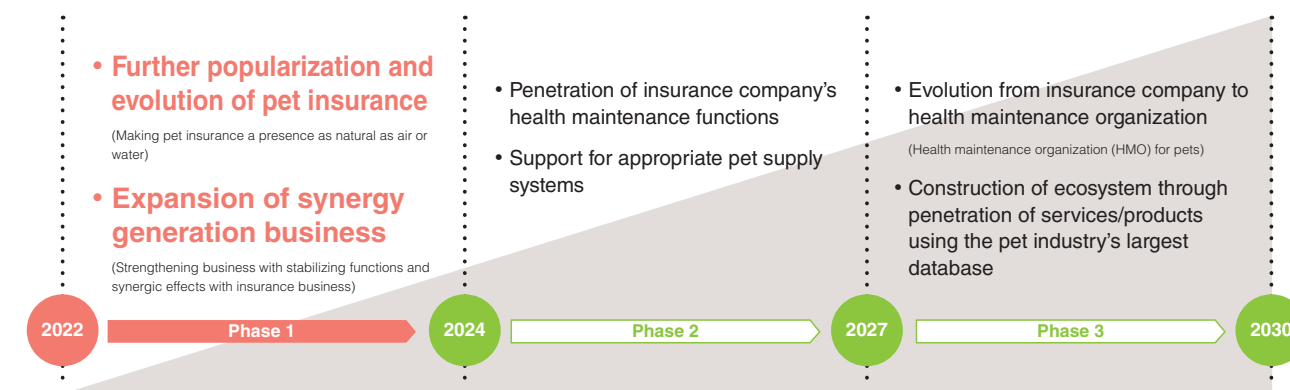
In the second founding phase starting in FY 2019: we aim to promote further dissemination and evolution of pet insurance. We also aim to develop and expand CSV management that creates economic and social value through synergies with synergy-generating businesses outside of, and in addition to the insurance business. As a result of our continued efforts to popularize pet insurance, the number of policies in force has reached 1.1 million as of FY2022, and the annual number of insurance claims has exceeded 4 million. By analyzing injuries and illnesses from insurance big data, we will accelerate our efforts to become a preventive insurance company group that supports health and prevents accidents from happening in the first place.

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 FY2023, 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.

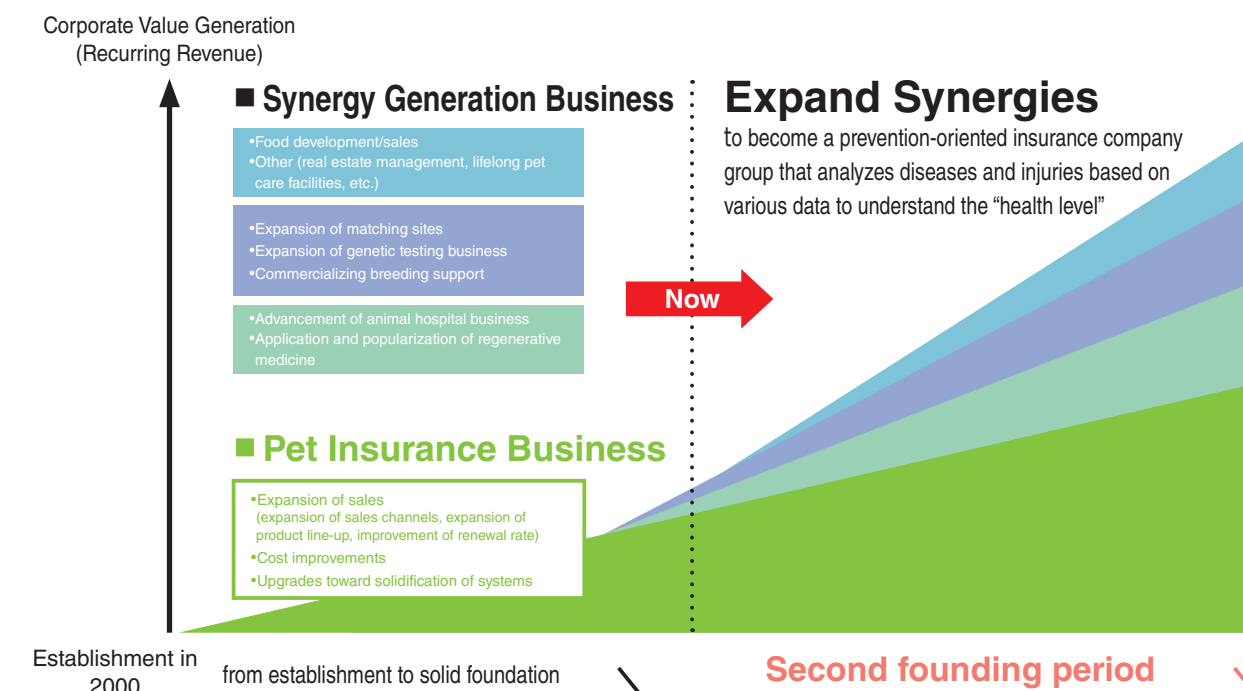
2022-2024 Phase in Context of Vision for FY2030



Realizing the Vision for FY2030

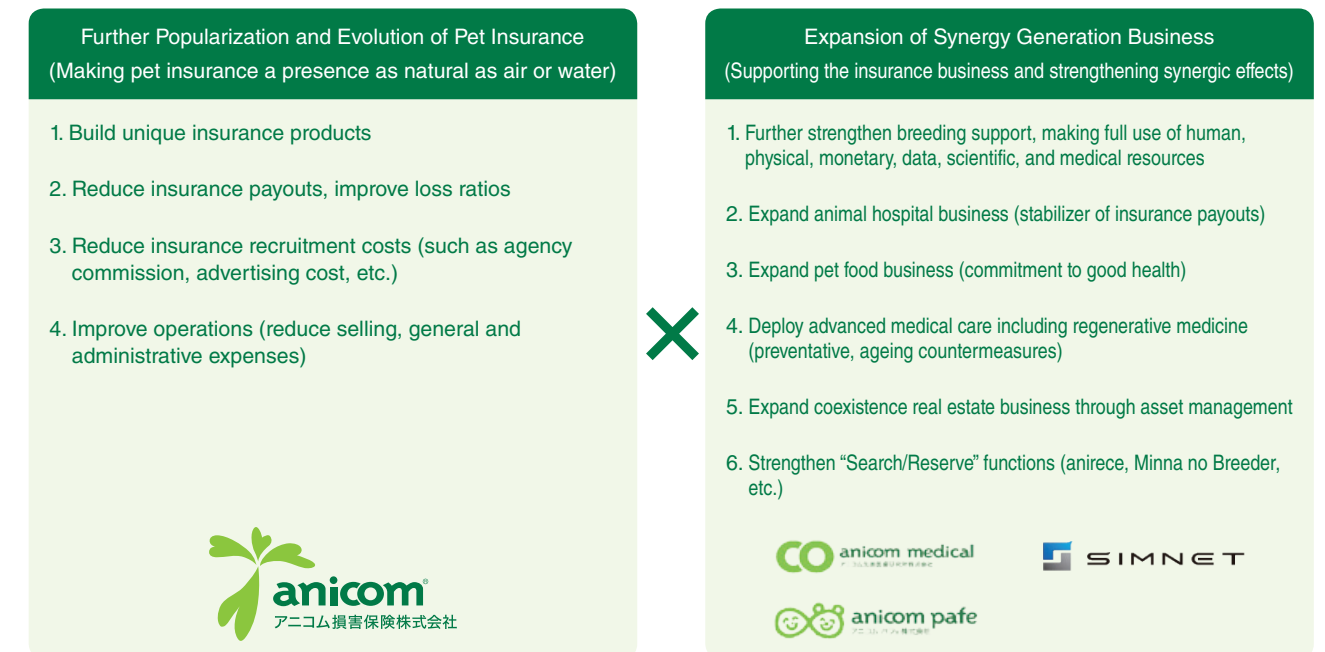
Delivering boundless value to society with infrastructure that connects services from upstream to downstream in a way that contributes to pet industry development

Anicom's Corporate Value Creation



Basic Strategy Overview

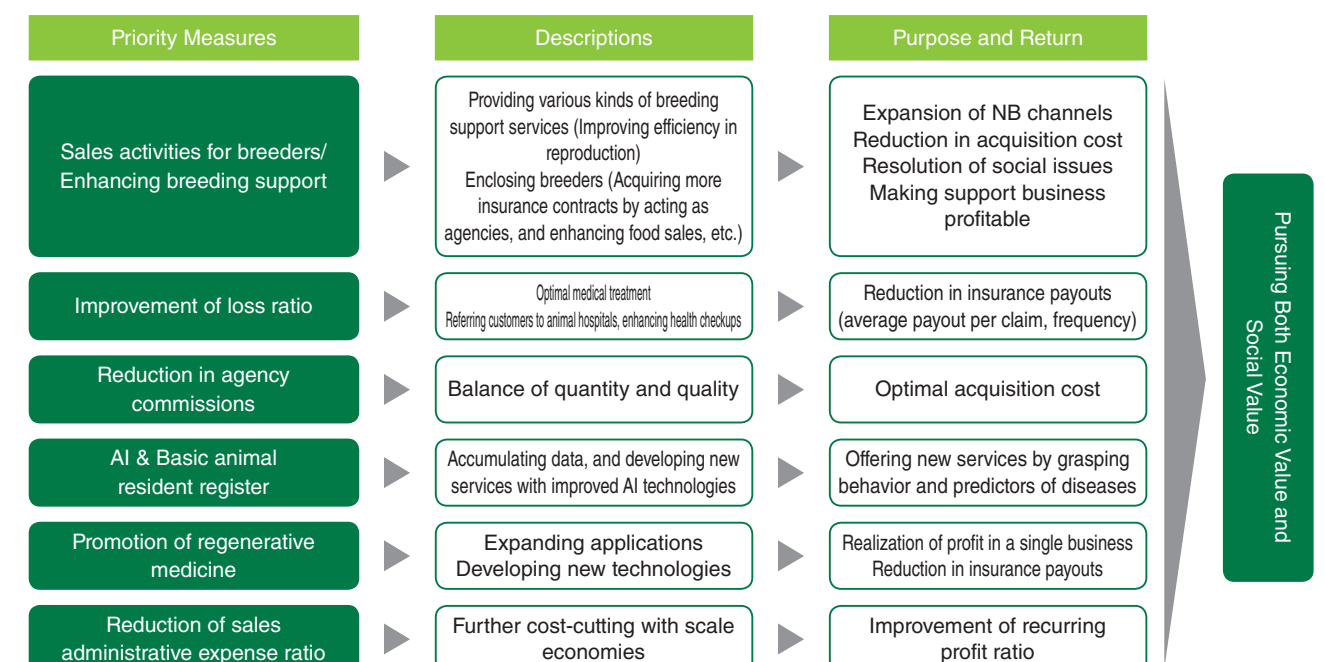
The basic strategy can be described as a "mixture of different strategic measures" that interlinks all individual actions.



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

Focused Policy Delivery in FY2022

In order to achieve the goals of the mid-term management plan, the following priority measures were implemented in FY2022.



Mid-term Management Plan

Business-specific Initiatives to Implement the Mid-term Management Plan

Insurance Business



Non-life Insurance Business

Pet insurance is our group's core business, and therefore our priority policy. With this in mind, we constantly strive to improve its profitability. We aim to further increase profitability by promoting the uniqueness and advantages of our insurance products, and by strengthening the sales force of our sales channels. We also aim to improve profitability by improving the loss ratio, reducing policy acquisition costs, and cutting costs through improved operations.

Synergy Generation Business



Genetic Testing Business

We offer genetic testing to breeders and pet stores. We aim to generate revenue by testing puppies and kittens for genetic diseases, and reduce insurance claims by eradicating genetic diseases. Furthermore, we aim to develop and expand both the market penetration, and testing range of our panel tests. These panel tests measure various potential genetic abnormalities at one time, allowing us to support breeding operations; for example by improving breeding efficiency.



Gut Microbiome Testing Business

Gut microbiome diversity, and stabilising the gut environment are fundamentally connected to overall health. We therefore offer gut microbiome testing to check the health of client and partner animals. By offering this service as a part of our insurance offering, we aim to pursue the unique qualities which, our insurance business possesses. This will enable us to expand into the food business. Analysing the pet gut microbiome will allow us to create just the right food to achieve the best gut health for each animal.



Food Business

We sell Anicom's two lines of pet food, "Minna no Gohan" and "Kimi no Gohan." These foods were developed by gleaning insights from a combination of our pet insurance big data, data from genetic testing, and gut microbiome test results. We aim to generate revenue in this food business directly, and also increase revenue by reducing insurance claims by providing health support through food.

Animal Hospital Business

Medical costs are one of the primary drivers of insurance claims. Our goal is, therefore, to standardize veterinary care by expanding and increasing the presence of our group hospitals and to create a medical cost suppression effect (stabilizer effect). To do this we need to expand the scale of our hospital business in the future. Further, as expansion depends on the results of M&A, we will effectively use our hospital business to generate synergies with our insurance business (e.g., direct our policyholders to our hospitals). We aim to expand the scale of the business in the near term.

Regenerative Medicine Business

By providing regenerative medicine to cure incurable diseases, we aim to both reduce insurance claims and generate revenue. In order to generate revenue, we are promoting our business in two axes: 1) therapeutic (utilizing the Animal Regenerative Medicine Technology Research Association) and 2) preventive (improvement of health, prevention of specific diseases, anti-aging, etc.). These measures are being researched at group hospitals and affiliated companies.

Matching Service Business

We operate a matching website that connects breeders and potential owners. Through the matching service business, we aim to build a stable supply system for puppies and kittens, and expand our business domain by recommending insurance, products, etc. at the time of in person meetings.

Key Management Targets/KPIs

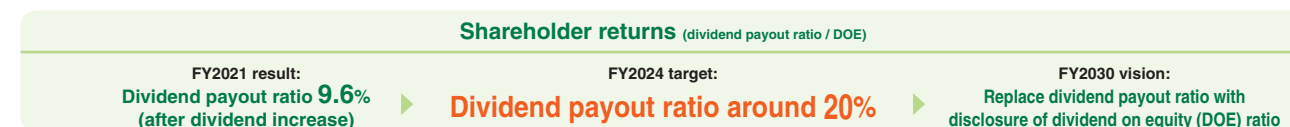
| (1) Consolidated | | | | |
|---|--|--|---|--------------------------|
| In FY2022, we steadily linked solid pet-keeping demand to the acquisition of new contracts and improved contract acquisition costs, resulting in record-high ordinary revenues of 56,528 million yen and ordinary income of 3,685 million yen, in FY2022. Although progress in other areas varied from item to item, the overall situation was in-line with the first year of the mid-term management plan. | | | | |
| | FY2022 Results | FY2024 Targets | Evaluation of Progress | FY2030 Vision |
| Consolidated Recurring Revenue | JPY 56.52 billion | JPY 65-70 billion | Recurring revenue fell slightly short of the initial plan in the first year of the plan, but has been growing at a solid pace centered in the insurance business and basically as planned. | around JPY 100.0 billion |
| Consolidated Recurring Profit | JPY 3.68 billion | JPY 4.5-5.0 billion | Recurring profit has been growing as planned toward reaching the target, owing to investment management, reduced operating and general administrative expenses, etc. | around JPY 10.0 billion |
| Consolidated ROE | 8.2% (8.0% in FY2021) | around 10% | ROE is on an improving trend toward reaching the double-digit target. Cost of equity (7.2%) < 8.2% equity spread | 12-15% |
| Shareholder Returns | Dividend payout ratio 14.2% (9.6% in FY2021) | Dividend payout ratio around 20% | Payout ratio has been gradually increasing toward reaching 20%. | DOE around 4% |
| Net Sales and Percentage of Net Sales in Synergy Generation Business | JPY 4.91 billion 8.7% | JPY 7.8-8.4 billion around 12% | Net sales and the percentage of net sales decreased year on year due to declines in the number of contracts concluded at the breeder matching site and that of generic testing conducted. | 20-25% |
| SMR on a Non-consolidated Basis (Solvency Margin Ratio) | 373.1% (393.5% in FY2021) | 300-320% | SMR jumped compared to the plan because a tax-effect equivalent amount was not included in the calculation of SMR. Based on this increase and new SMR*, we aim at an optimal capital structure. | — |
| *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, the loss ratio was slightly higher than planned due to the high frequency of hospital visits and rising unit medical expenses. However, the reduction of selling, general and administrative expenses, such as improvement of acquisition cost of contracts, was successful, and the expense ratio achieved what was planned. As a result, the combined ratio progressed favorably, with the improvement in the expense ratio offsetting the increase in the loss ratio. As for the synergy generation business, we disclosed new food sales, and although the scale of sales is still small since FY2022 is the first year of sales, we are expanding sales channels and aim to expand sales and achieve profitability toward FY2024. | | | | |
| Insurance Business | FY2022 Results | FY2024 Targets | Evaluation of Progress | |
| Loss Ratio | 58.9% (58.1% in FY2021) | 58~59% | The loss ratio remained slightly higher than the plan partly because the frequency of animal hospital visits remained high and medical expenses per visit increased. | |
| Expense Ratio | 34.9% (36.7% in FY2021) | 35~36% | The expense ratio has been going as planned to achieve the target due to reduced operating and general administrative expenses including improved policy acquisition cost. | |
| Combined Ratio | 93.8% (94.8% in FY2021) | 93~94% | The combined ratio has been going down steadily as a result of the improved expense ratio covering the increased loss ratio. | |
| Synergy Generation Business | | | | |
| Profitability of Hospital Business | Before amortization of goodwill: -JPY 70 mill. After amortization of goodwill: -JPY 150 mill. | Positive after amortization of goodwill Toward sales of JPY 3.0 bill. | The amount of recurring loss was reduced year on year, but we need to take more measures to improve profitability. | |
| No. of Genetic Testings | 92,000/year | 120,000-150,000/year | This number declined year on year due to a decreased number of orders placed by pet shops. We need to increase it from breeders. | |
| No. of Gut Microbiota Measuring | 211,000/year | 200,000-250,000/year | The number of applicants for gut microbiota testing steadily increased in line with the increased number of policies in force. | |
| Pet Food Sales | JPY 63 mil. | Toward sales of JPY 0.8-1.0 bill. | The amount of net sales was still small as FY2022 was the first year that we started selling pet foods, but are aiming to expand sales channels. | |

Financial Policy

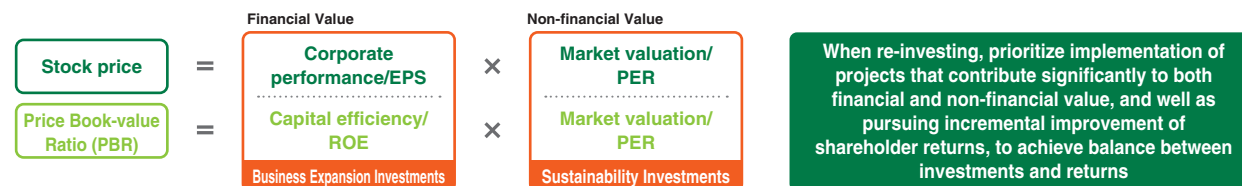
Capital Allocation

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

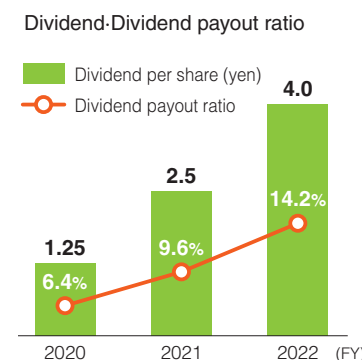


Use appropriate capital allocations to build a reputation as "a company that resolves social issues and leads the pet industry" in the stock market, leading to an increase in both market valuation (PER) and corporate value in terms of both financial and non-financial value



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, 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 addition, in accordance with the revision of the shareholder return policy announced in May 2023, we will use approximately 4 billion yen, which exceeds the capital level we consider appropriate based on the revised "solvency margin ratio," for share buybacks by FY2024 with the aim of promptly optimizing the amount.



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 back 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.

Our Positioning in the Pet Insurance Industry

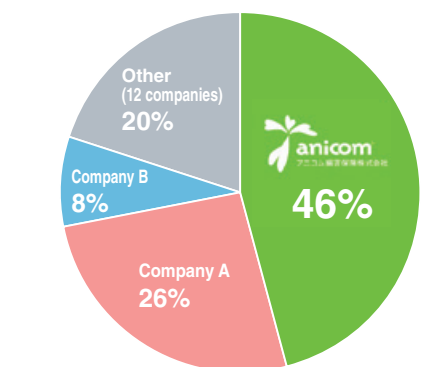
The Changing Environment of the Pet Insurance Industry

In recent years, Japan's population under the age of 15 has continued to decline. It has slipped to approximately 14 million, while the number of dogs and cats kept as pets is estimated to be 16 million. The market size of the pet industry also grew to 1.7 trillion yen in 2021. As people's anxiety and loneliness increase due to the COVID-19 disaster and Russia's invasion of Ukraine they look more and more to pets as a way to relieve anxiety and loneliness, and the demand for pets is therefore increasing. As a result, pet insurance has been attracting particular attention in the insurance industry, and major insurance companies have entered the pet insurance market one after another.

Against this backdrop, Anicom Insurance has maintained the No. 1 market share* in Japan for 13 consecutive years from 2009 to 2021. We believe the reason for this is the following competitive advantages.

*Estimated by us based on disclosure magazines and financial statements of each company for fiscal year 2021

Market share of pet insurance industry: companies
(Approximate estimate based on insurance premiums)



Our Competitive Advantage Structure for Generating Stable Profit through Insurance Business

Customer Convenience and Operational Efficiency

Similar to human health insurance, the over-the-counter payment system allows customers to simply present their insurance card at the hospital counter and pay their co-payments, and is available at approximately 6,700 animal hospitals, more than half of all veterinary hospitals in Japan. This is one of the greatest strengths of Anicom Insurance, which emphasizes the ease of use of the insurance. This feature of our service is particularly helpful with pet medical care which generally involves low cost care services done often. Even if payment cannot be made over the counter, we have further enhanced the convenience of the insurance by introducing Japan's first "LINE"(an SNS app) claim system, which allows claims to be processed without the need to use standard postal services or other hassles.

In addition, compared to conventional mailed claims, which incur costs (transfer fees, mailing costs, and assessments for each claim) the over-the-counter payment system can significantly reduce administrative costs. Of the more than 4 million insurance claims filed annually, more than 85% are settled over the counter, creating a highly efficient operation.

Uniqueness

As a service unique to Anicom Insurance, Inc. we offer our pet insurance policyholders "Dobutsu Kenkatsu," a gut microbiome measurement service. An original index is created based on tens of thousands of research data points on the gut microbiome cultivated by our group, and on disease data obtained from insurance claim statistics. This index then allows us to determine the risk of pet diseases. If a pet is determined to be "high-risk," it can receive a free health checkup at a designated animal hospital. This is a unique service; the first of its kind in the insurance industry.

Sales Force

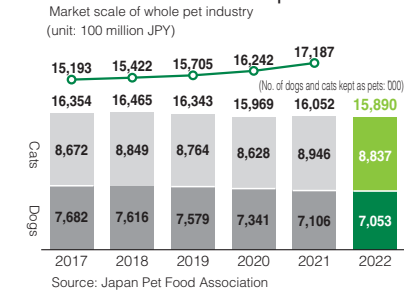
Anicom Insurance's main distribution channel is the "New Born (NB) channel", which is for newborn pets. We have created an environment that enables us to recruit at more than 4,000 outlets through agency contracts with major pet shops and breeders nationwide. We obtain approximately 80% of our annual new policies from the NB channel. The remaining 20% come from the "general channel," which targets dogs, cats, birds, rabbits, and ferrets (about 16 million pets nationwide) that are already owned. For the general channel we offer online contracts via the Anicom homepage, as well as sales through web agents and over the counter sales at financial institutions.

Insurance Business

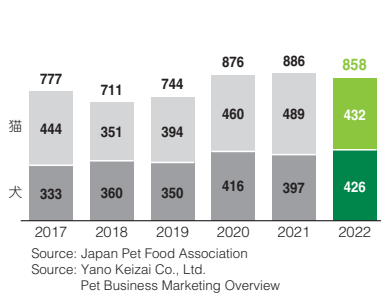
Environmental Awareness (risks and opportunities)

- 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.

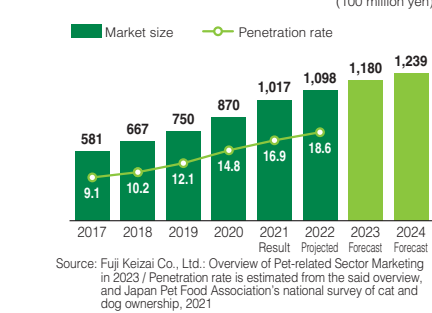
Market size and number of pets



(No. of newly acquired dogs and cats kept as pets: '000)



Pet insurance market size and penetration rate



Strengths

- 6,789 hospitals that accept Anicom over-the-counter payments
- Has a database of over 1.1 million contracts
- Has a high market share in the NB channel
- Has had 13 consecutive years as No. 1 in market share

Our Initiatives

Status of new and in-force contracts

The number of new contracts acquired exceeded **218,000** in FY2022. As of the end of March 2023, the number of policies in force exceeded **1.11 million**.

Expand and strengthen sales channels

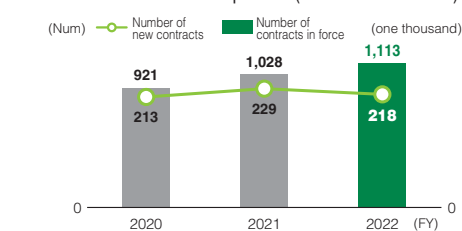
- By strengthening cooperation with Simnet, we are increasing the number of new contracts in the breeder channel.
- Number of breeder agencies:
As of the end of March 2023, the number of breeder agencies had increased to 887, and the insurance coverage rate has also improved. (In September 2020, there 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

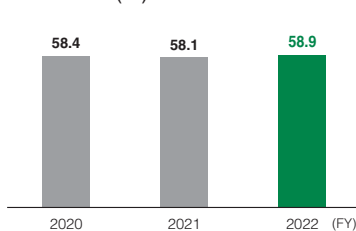
⇒ **Acquire contracts efficiently while strongly promoting the fusion of real and online channels**

KPI

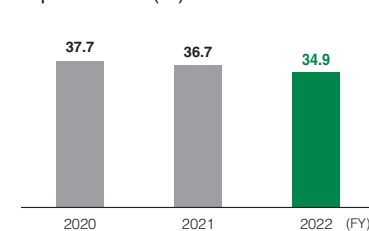
Number of new and in-force policies (Number of contracts)



Loss ratio (%)



Expense ratio (%)



Issues

- Loss ratio remains high
- Decline in market share

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 (FY22 results: 58.9%)

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 (FY22 results: 10.0%)

Significant improvement of 1.0 points compared to the previous year due to improvement in contract acquisition costs through expansion and diversification of sales channels, etc.

Selling and administration cost ratio (FY22 results: 27.2%)

This is an improvement of 0.4 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 complex 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

- 46 patents filed by the end of March 2023 (an increase of 16 from the end of March 2022)

| | Image recognition AI | Genes, food, and gut microbiota | Regenerative medicine | Other | Total |
|---------------------|----------------------|---------------------------------|-----------------------|-------|-------|
| Patents applied for | 17 | 16 | 3 | 10 | 46 |
| Patents granted | 4 | 2 | 2 | 1 | 10 |

Note: "Patents applied for" include priority claim applications and divided applications, but exclude applications filed overseas.

- Promotion of the "strategy of one patent per employee"

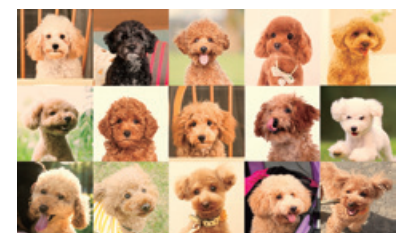
We had 13 registered inventors as of the end of December 2020.

⇒ This increased to **103** by the end of March 2023.

These achievements were the result of developing businesses that touch the heartstrings of each employee; businesses related to image recognition AI, genetics, food, gut microbiome, and regenerative medicine.

- Building AI & Database (Basic Animal Resident Register)

- Data collection to detect childbirth and estrus in breeding program
- Development of AI detection model from videos of installed cameras




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.

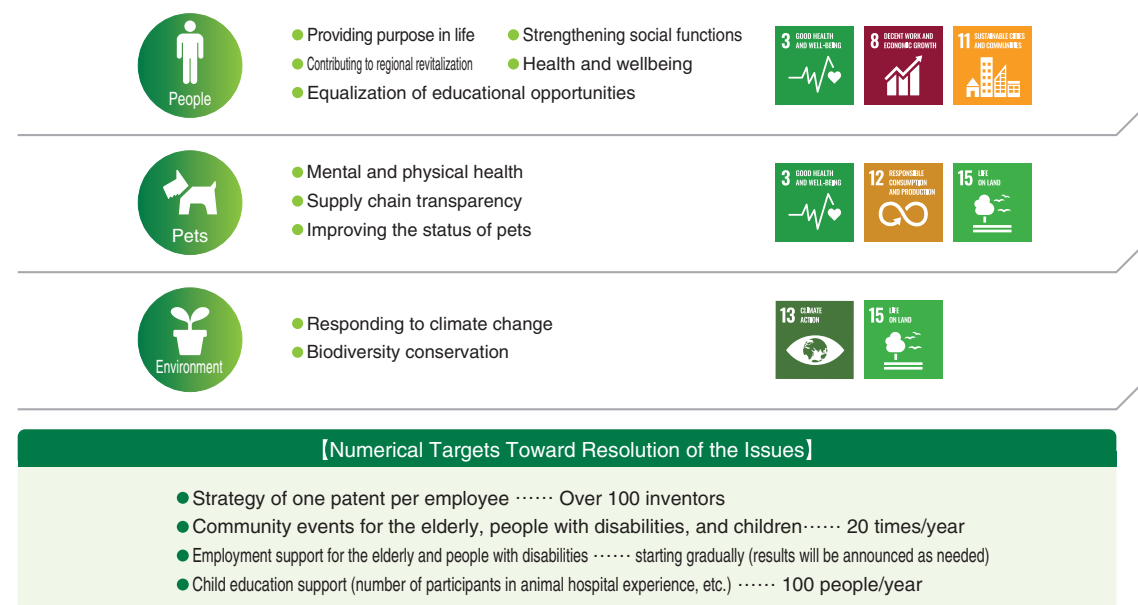
- 

1 Contribution to 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.
- 

2 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.
- 

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.

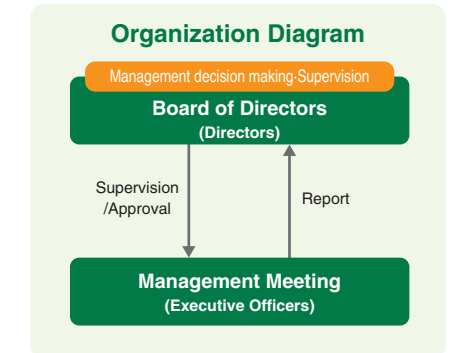
Materiality



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)]



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 |
|-----|---|----------------------|-----------------------|------------------------|-------------|
| | | FY2020 | FY2021 | FY2022 | FY2030 |
| 1 | Percentage of female employees | 58.6% | 61.2% | 60.9% | 50~60% |
| 2 | Percentage of females in managerial positions*2 | 31.7% | 31.8% | 31.2% | 50~60% |
| 3 | Acquisition rate of childcare leave (men) | 50% | 58.8% | 77.8% | 100% |
| 4 | Acquisition rate of childcare leave (women) | 100% | 100% | 96.0% | 100% |
| 5 | Ratio of paid leave days taken*3 | 58.2% | 62.7% | 64.6% | 80% |
| 6 | Voluntary turnover rate*4 | 11% | 12.3% | 11.8% | 10% |
| 7 | Total training cost | 8,234,516 Yen | 12,350,455 Yen | 12,784,247 Yen | — |
| 8 | Average training cost per person | 11,038 Yen | 14,581 Yen | 14,364 Yen | 15,000 Yen |
| 9 | Number of inventors | 4 (cumulative 15) | 51 (cumulative 66) | 37 (cumulative 103) | per year 60 |

*1The calculation scope covers Anicom Holdings, Inc. and consolidated subsidiary, excluding paid leave rate(No.5)
*2The 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."
*3Excluding SIMNET CO., Ltd.
*4The 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 self-development 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">• Training for New Members (3 weeks after joining)• Training for mid-career hire members (2 weeks after joining)• Departmental OJT• Non-life insurance solicitor qualification examination cost assistance• SP System (senior staff helps junior staff) | <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 lectures hosted by employees• Covering participation fee for veterinary conferences• Training for prospective employees | <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.

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

The Anicom Group has 148 employees with veterinary qualifications (as of March 31, 2023). 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," created by our collection of veterinarians, 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 intestinal 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, doctors of medicine/agriculture/science/pharmacy, lawyers, certified public accountants, actuaries, 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, 2023)

● 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 with disabilities is assigned, to assist the employee as needed. The company has adopted a mentor system in which a "support person" is assigned to the department to which the employee is assigned as necessary, and has established a support system tailored to individual circumstances.

Improvement of Workplace Environment

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, thus maintaining a safe, healthy, and comfortable working environment.

● Engagement Survey

The Anicom Group has decided to conduct an employee engagement survey of all employees from 2023 onward, with the aim of enhancing employees' sense of growth, making Anicom an attractive and stronger organization. The results will be analyzed and used to improve the workplace environment.

● Remote-work System

A home-based remote-work system has been available to employees since FY2017. We are striving to create an environment that is receptive to flexible work styles and 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.

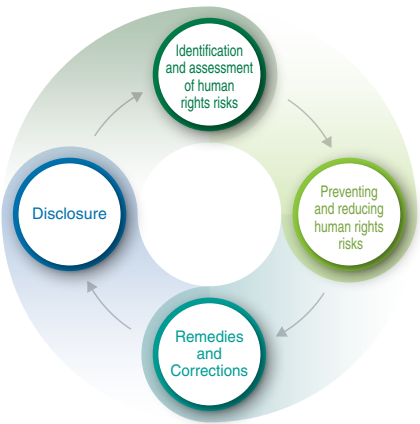
Respect for Human Rights

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 | Increase personnel retention by mitigating/eliminating 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.

Preservation of Animal Dignity

Declaration on the Dignity of Animals

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.

Our Initiatives

● Animal welfare

In FY2012, we launched the "PAW (Project of Animal Welfare)." This is a project across our Group companies which contributes to animal welfare and animal protection. Educational activities during Animal Protection Week is one example of this project's undertakings. PAW (Project of Animal Welfare), a project across Group companies, was launched in FY2012.



● Eliminating euthanasia

Animals that live with us (humans) give us the power to live just by being around them; we can call them "power plants of the heart." However, many unclaimed animals are still being killed in Japan. In order to solve this social problem as a company involved with animals, our group operates shelters, manages the "hugU" foster parent matching website, and provides support for animal adoption events.



● 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.



● 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 on-demand media.



Climate Change Initiatives

Response to TCFD Recommendations

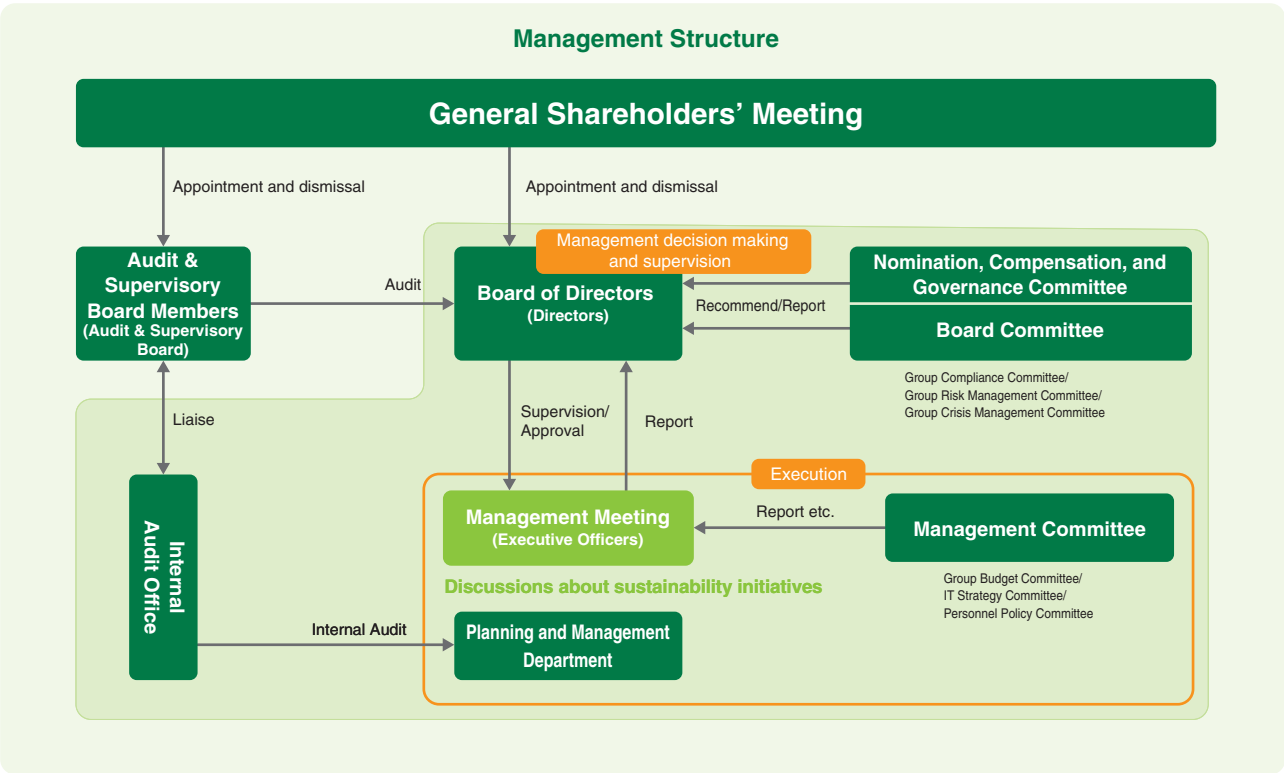
Environmental issues such as climate change have become increasingly serious around the world. Climate change has affected Japan as well, becoming one of the most significant social issues, with many large-scale natural disasters occurring due to abnormal weather conditions.

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. To promote sustainability management across the entire group, the "Group Management Committee," discusses the progress of sustainability initiatives about once every half year and reports to the Board of Directors. 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 discusses the 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 our 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

Our 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.

The 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

Our 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 Corporate Strategy 2022-2024," we have set a target of reducing Scope 1+2 real greenhouse gas emissions by 50% in FY2023 and 100% in FY2024, with 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 Target | FY2024 Target |
|-------------------------|-------------------|---------------------|--------|--------|------------------|------------------|
| Scope 1+2 GHG emissions | t-CO ₂ | 824 | 1,050 | 1,225 | 412 | 0 |

(note)1. We use our company and its consolidated subsidiaries as the calculation base. Some animal hospitals are excluded due to inadequate data collection systems.
2. 6.5 gas is excluded from the calculation.
3. Calculations here use "adjusted emissions" based on the "emission coefficients by electricity provider" as per the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

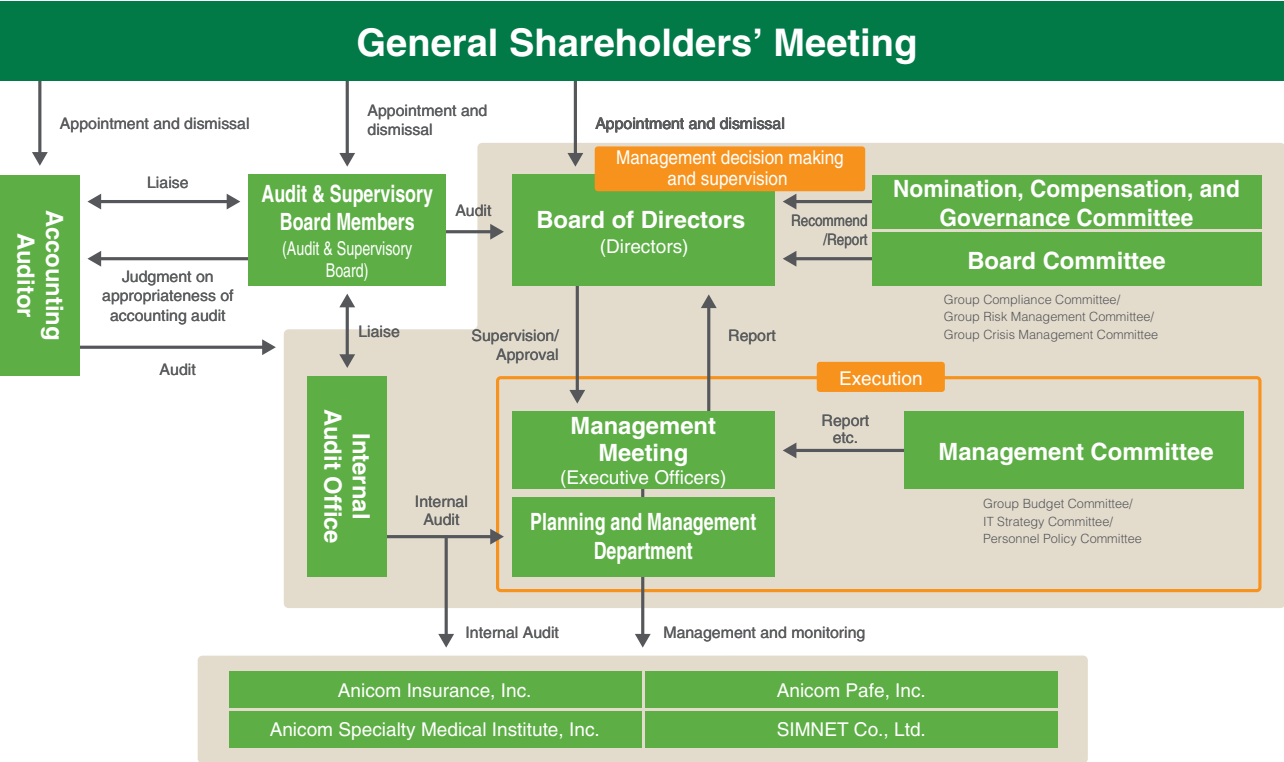
Corporate Governance

Basic Stance on Corporate Governance

The Anicom Group's management philosophy includes "spreading thankfulness" around the world. We "spread thankfulness" through mutual respect for the unique characteristics of each life, and by cooperating in the division of labor." Doing this we will fulfill our duties and commitments to all stakeholders, and fulfill our social mission. In concert with this we also seek to constantly enhance the corporate value of the Group as a whole. To steadily realize these goals, the Anicom Group has formulated the Group Corporate Governance Basic Policy, and is working to maintain and strengthen a sound and highly transparent Group corporate governance system.

1. Reasons for Adoption of Corporate Governance Structure and Overview

Our Company's corporate governance structure is as follows.



(1) Reasons for Adopting a Corporate Governance Structure

We have appointed a Board of Corporate Auditors. The Board of Directors works closely with the Board of Corporate Auditors to make final decisions on important matters, and to strengthen the supervisory function of management.

We have, also established a highly transparent governance system in which the majority of the Board of Directors and the Board of Corporate Auditors are outside directors and outside corporate auditors.

Furthermore, we have introduced an executive officer system to clearly separate the management decision-making and supervisory functions from the business execution functions, thereby strengthening the Board of Directors' check-and-balance and supervisory functions from a governance perspective. In addition to this, and in order to enhance the independence, objectivity, and accountability of the Board of Directors, a "Nominating, Compensation, and Governance Committee" has been established as an advisory body, separate from the Board of Directors. The majority of the members of the "Nominating, Compensation and Governance Committee" are outside directors.

(2) Outline of Corporate Governance Structure

① Board of Directors

The Company's Board of Directors consists of six members: two internal directors (Mr. Nobuaki Komori and Ms. Yumiko Momose) and four external directors (Mr. Eiichi Tanaka, Mr. Katsuo Shoyama, Mr. David G. Litt and Mr. Hiromitsu Takemi). The Board is chaired by Representative Director Nobuaki Komori.

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Directors.

The Board of Directors of our Company places importance on maintaining and improving the trust in the Group, makes important

decisions regarding the execution of business, and supervises the business of executive officers. As a holding company, the Company's Board of Directors has functions such as deciding the Group's mid-to long-term strategies and various basic policies, and each director strives to ensure that the Board of Directors fully fulfills these responsibilities and functions.

In addition, Anicom Insurance, Inc., the core company of the Anicom Group, has also adopted an executive officer system, whereby each executive officer carries out his or her duties as determined by the Board of Directors.

Furthermore, in accordance with the Basic Policy for Management Control of Group Companies, the Board of Directors deliberates important management matters of subsidiaries, and supervises subsidiaries by requesting reports as necessary.

The Group Management Committee meets regularly to discuss agenda items related to the execution of group-wide operations with directors and executive officers of our group companies. The Company's Board of Directors makes decisions on important management matters, giving full consideration to the deliberations and recommendations of the Committee.

② Board of Corporate Auditors

The Board of Corporate Auditors of the Company consists of five members: two Corporate Auditors (Mr. Kazuo Suda (full-time) and Mr. Makoto Hanaoka) and three Outside Corporate Auditors (Mr. Koichiro Iwamoto, Mr. Koichi Ito and Mr. Keiji Aoyama).

The Board of Corporate Auditors receives reports on important matters related to audits, discussing and resolving them in accordance with the Regulations of the Board of Corporate Auditors. This is done according to the auditing standards and audit plans formulated by the Board of Corporate Auditors. Each Corporate Auditor attends meetings of the Board of Directors and other important meetings to audit the status of operations and assets, receives reports from the accounting auditors and the internal audit division, and otherwise works closely with one another to supervise the execution of operations by the directors.

③ Nominating, Compensation and Governance Committee

Our Company has established the Nominating, Compensation and Governance Committee as an advisory committee to the Board of Directors, consisting of seven members: five outside directors and two inside directors of the Company and Anicom Insurance, Inc. The Committee is responsible for the appointment and dismissal of directors and corporate auditors of the Company and Anicom Insurance, Inc. The Committee also has the responsibility to set the requirements for the appointment of directors and executive officers of the Company and Anicom Insurance, Inc., and to decide the compensation system for directors and executive officers of the Company and Anicom Insurance, Inc., The compensation levels of directors of the Company and Anicom Insurance, Inc., as well as the development and implementation status of various policies and measures related to corporate governance are also the duty of the Committee.

2. Other Matters Related to Corporate Governance

Our Company has established the Basic Policy for "Internal Control System," which is based on a resolution of the Board of Directors, for the development of a system to ensure the appropriateness of operations (hereinafter referred to as "Internal Control System"). In addition, the Company stipulates in its various group policies basic matters concerning management control of our group companies, group compliance, risk management, internal audits, and other matters.

3. Matters Relating to Resolutions of the General Meeting of Shareholders

(1) Requirements for the Election of Directors

The Company's Articles of Incorporation stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at a meeting, where shareholders holding one-third or more of the total voting rights of shareholders, who are entitled to exercise their voting rights, are present.

(2) Requirements for Special Resolution of General Meeting of Shareholders

The Company's Articles of Incorporation stipulate that the requirements for special resolutions of the General Meeting of Shareholders specified in Article 309, Paragraph 2 of the Companies Act require that shareholders holding one-third or more of the voting rights of shareholders, who are entitled to exercise their voting rights be present at the meeting, and that two-thirds or more of the voting rights of the shareholders so present shall be used for the resolution. The Articles of Incorporation also stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders, who are entitled to exercise their voting rights, are present, and that no cumulative voting shall be used. The purpose of these provisions is to ensure the smooth operation of the General Meeting of Shareholders by relaxing the quorum.

(3) Matters That May Be Resolved by the Board of Directors Among Matters to Be Resolved at the General Meeting of Shareholders

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors in order to enable flexible capital policies in response to future changes in the business environment.

The Articles of Incorporation also stipulate that by resolution of the Board of Directors in accordance with the provisions of Article 454, Paragraph 5 of the Companies Act, the Company may pay interim dividends with September 30 of each year as the date of record. This is to enable the Company to return profits to shareholders with flexibility.

Directors, Audit & Supervisory Board Members



Director

Representative Director, President Executive Officer

Komori Nobuaki

Date of birth May 2, 1969

1992

Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)

2000

Established the Company President and Representative Director of the Company

2017

Director of AHB Inc. (current position)

2018

Director, Chairman, and Executive Officer of Anicom Insurance, Inc. (current position) Representative Director of the Company (current position)

2020

Director of Anicom Specialty Medical Institute, Inc. (current position)

2021

Director of Anicom Pafe, Inc. (current position)



Director

Representative Director, Vice President Executive Officer

Momose Yumiko

Date of birth September 8, 1967

1991

Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)

2000

Joined the Company

2003

Director of the Company

2005

Managing Director of the Company

2010

Managing Director of Anicom Insurance, Inc.

2015

Senior Managing Director of Anicom Insurance, Inc.

2018

Director and Senior Managing Executive Officer of Anicom Insurance, Inc. (current position) Senior Managing Executive Officer of the Company

2020

Director and Senior Managing Executive Officer of the Company

2022

Representative Director, Vice President Executive Officer (current position)



Director

Outside Director

Tanaka Eiichi

Date of birth November 25, 1953

1978

Joined the Ministry of Posts and Telecommunications

2007

Director-General of the Radio Department, Telecommunications Bureau, Ministry of Internal Affairs and Communications

2008

Director-General for Policy Coordination, Minister's Secretariat

2010

Director-General of Minister's Secretariat Director-General for Information and Communications Bureau

2012

Vice-Minister for Policy Coordination

2013

Adviser of Sompo Japan Nipponkoa Insurance Inc. (currently Sompo Japan Insurance Inc.)

2015

Executive Vice President of NTT Communications Corporation

2019

Director of Secure Broadcasting Authorization and Research Center (current position) Audit & Supervisory Board Member of GC Story co., Ltd. (current position)

2020

Outside Director of the Company (current position)



Director

Outside Director

Shoyama Katsuo

Date of birth February 21, 1955

1978

Joined ASAHI BREWERIES, LTD. (currently Asahi Group Holdings, Ltd.)

2008

Senior Officer and General Manager of Higashi-kanto Regional Headquarters

2011

Corporate Officer and General Manager of Chugoku Regional Headquarters

2013

President and Representative Director of LB Co., Ltd.

2016

Senior Managing Director of Asahi Group Foods, Ltd.

2017

President and Representative Director

2021

Company Friend of Asahi Group Holdings, Ltd. (current position)

2022

Outside Director of KAMEDA SEIKA CO., LTD. (current position) Outside Director of the Company (current position)



Director

Outside Director

David G. Litt

Date of birth October 10, 1962

1988

Judicial Clerk to the Chief Judge Alfred T. Goodwin of the U.S. Court of Appeals for the Ninth Circuit

1989

Admission to the State Bar of California

1990

Judicial Clerk to Justice Anthony M. Kennedy of the U.S. Supreme Court

1991

Admission to the District of Columbia Bar Joined O'Melveny & Myers LLP, Partner

2007

Joined Morrison & Foerster LLP, Partner

2012

JCEO and Representative Director, Deneb Renewable Energy KK

2015

Professor, Keio University Law School (current position)

2020

Joined O'Melveny & Myers LLP, Foreign lawyer (current position)

2022

Outside Director of the Company (current position)



Director

Outside Director

Takemi Hiromitsu

Date of birth December 16, 1952

1975

Joined Japan Development Bank (currently Development Bank of Japan)

1982

MBA, University of Rochester, USA

1998

Harvard Business School, USA Completed Advanced Management Program

2001

Vice Director of Research Institute of Capital Formation, Development Bank of Japan

2004

Executive Officer of ShinGinko Tokyo, Limited (currently Kiraboshi Bank, Ltd.)

2006

Professor of Graduate School of Accounting & Finance, Chiba University of Commerce (Field of academic interests: Corporate governance and corporate finance)

2007

PhD, Graduate School of Policy Studies, Chiba University of Commerce

2017

Outside Audit & Supervisory Board Member of the Company

2022

Outside Director of the Company (current position)

2023

Professor Emeritus and Visiting Professor of Graduate School of Accounting & Finance, Chiba University of Commerce (Field of academic interests: Corporate governance, corporate ethics, finance and economics)



Audit

Full-time Audit & Supervisory Board Member

Suda Kazuo

Date of birth April 21, 1949

1974

Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)

2005

Director and Vice President of Tokio Marine Seguradora S.A.

2009

Joined Anicom Insurance, Inc.

2010

Director of Anicom Insurance, Inc.

2011

Director of the Company

2016

Audit & Supervisory Board Member of Celltrust Animal Therapeutics Co., Ltd. Full-Time Audit & Supervisory Board Member of the Company (current position)

2019

Audit & Supervisory Board Member of Anicom Pafe, Inc. (current position) Audit & Supervisory Board Member of Anicom Frontier, Inc. Audit & Supervisory Board Member of Anicom Specialty Medical Institute, Inc. (current position)

2020

Audit & Supervisory Board Member of SIMNET Co., Ltd. (current position)



Audit

Outside Audit & Supervisory Board Member

Iwamoto Koichiro

Date of birth February 4, 1967

1996

Registered as attorney-at-law Joined Miyoshi & Associates Law Firm

2005

Opened Iwamoto Takaku & Watanabe Law Office, Lawyer

2007

Audit & Supervisory Board Member of QLC corporation

2008

Audit & Supervisory Board Member of the Company (current position) Audit & Supervisory Board Member of Anicom Insurance, Inc.

2011

Opened The Rights Law and Patent Offices, Lawyer

2015

Audit & Supervisory Board Member of Anicom Capital, Inc.

2018

Opened Iwamoto Law Office, Lawyer (current position)



Audit

Audit & Supervisory Board Member

Hanaoka Makoto

Date of birth April 3, 1969

1992

Joined Tokio Marine & Fire Insurance Co., Ltd. (currently Tokio Marine & Nichido Fire Insurance Co., Ltd.)

2014

Joined Anicom Insurance, Inc. Executive Officer

2018

Director and Executive Officer

2022

Director of ATE Co., LTD Audit & Supervisory Board Member of the Company (current position)

2023

Director of Value Group Co.,Ltd. (current position) Director of Value Agent Co.,Ltd. (current position)



Audit

Outside Audit & Supervisory Board Member

Ito Koichi

Date of birth December 30, 1969

1998

PhD MD, PhD MD Course, Graduate School of Medicine and Faculty of Medicine, The University of Tokyo Research Associate of The Tokyo University of Pharmacy and Life Sciences and Japan Society for the Promotion of Science

2000

Research Associate of Kurume University

2001

Researcher of The University of Texas Medical Branch at Galveston

2005

Assistant Professor of the Graduate School of the University of Tokyo

2008

Associate Professor of the Graduate School of the University of Tokyo

2015

Project Associate Professor, Graduate School of the University of Tokyo (current position)

2022

Audit & Supervisory Board Member of the Company (current position)



Audit

Outside Audit & Supervisory Board Member

Aoyama Keiji

Date of birth February 2, 1949

1973

Joined National Tax Agency

1987

Consul of Consulate-General of Japan in Hong Kong

1998

Director of International Operations Division of National Tax Agency

2003

Visiting scholar at New York University School of Law

2004

Deputy Commissioner (International Affairs) of National Tax Agency

2006

Professor (tax law) at Graduate School of Business Sciences, University of Tsukuba

2009

Project Leader of International Taxation Committee of Keidanren the 21st Century Public Policy Institute (current position)

2012

Professor (tax law) at Graduate School of Accountancy, WASEDA University

2019

Tax advisor of Nomura Institute of Estate Planning (current position) Outside Auditor of Genesis Healthcare Co. (current position)

2020

Visiting professor at Graduate School of Accounting & Finance, Chiba University of Commerce (current position)

2023

Audit & Supervisory Board Member of the Company (current position)

Executive Officer

| Position | Name | Department in charge |
|-----------------------------------|-------------|--|
| Senior Managing Executive Officer | Noda Shingo | Corporate Planning Department, President's Assistant |
| Executive Officer | Okubo Koji | Finance and Accounting Department |

Directors, and Audit & Supervisory Board Members

Directors, and Audit & Supervisory Board Members

Effectiveness of the Board of Directors

Evaluation of Board of Directors' Effectiveness

We periodically conduct self-evaluation and analysis of the effectiveness of the Board of Directors with the aim of improving its functioning and enhancing corporate value. As a method of this self-assessment and analysis, a questionnaire is sent to the members of the Board of Directors and the Nominating, Compensation, and Governance Committee, and the Committee analyzes, evaluates, and discusses the results based on the responses. The results of the effectiveness evaluation based on this analysis, evaluation, and discussion are reported to the Board of Directors for deliberation. The most recent evaluation was conducted in May 2023, and a summary of the results of that effectiveness evaluation is as follows.

The Company evaluates that the effectiveness of the Board of Directors is ensured, given that the majority of the Board of Directors consists of independent outside directors, and that outside directors actively make comments and engage in free, vigorous, and in-depth discussions and exchanges of opinions. On the other hand, there was a shared recognition that there are issues to be addressed to further improve the functions of the Board of Directors, such as the need to manage the agenda with more awareness of the deliberation time for each agenda item, including the speaker's speaking time, and to further strengthen the diversity of the Board of Directors in terms of expertise and gender.

In the future, the Company's Board of Directors will take into consideration this effectiveness evaluation and, by continuously evaluating its effectiveness, respond promptly to the issues recognized therein after thorough consideration, conduct self-evaluation and analysis on a regular basis, and continue to make efforts to further enhance the functions of the Board of Directors. We will continue to make efforts to further enhance the functions of the Board of Directors.

Expertise and Experience of Outside Directors and Outside Auditors (Skills Matrix)

| | | Corporate Management | Financial Affairs/ Accounting/ Finance | Human Resource Management | Risk Management | Legal Affairs/ Compliance | R&D/ Life Science | Internationalism |
|----------------------------------|------------------|----------------------|--|---------------------------|-----------------|---------------------------|-------------------|------------------|
| Director | Tanaka Eiichi | ● | | ● | ● | | | |
| | Shoyama Katsuo | ● | | ● | ● | | | |
| | David G. Litt | ● | | | ● | ● | | ● |
| | Takemi Hiromitsu | ● | ● | ● | | | | |
| Audit & Supervisory Board Member | Iwamoto Koichiro | | | | ● | ● | | |
| | Ito Koichi | | | | | | ● | ● |
| | Aoyama Keiji | | ● | | | ● | | ● |

Selection Policy for Candidates, Directors and Corporate Auditors

To discuss the Group's management strategy and management issues from an objective and multifaceted perspective, we select managers who have a high level of knowledge in a wide range of fields. The "Group Corporate Governance Basic Policy" stipulates the policies for the appointment of directors and auditors as follows.

(Requirements for Appointment of Directors)

- Directors of the Company and Anicom Insurance, Inc. shall be persons who have a good understanding of the business conditions of the Company, have extensive knowledge necessary for corporate management, and have sufficient judgment to make decisions on important business matters of the Company as members of the Board of Directors.
- In addition to satisfying the requirements stipulated in the preceding paragraph, outside directors of the Company and Anicom Insurance, Inc. shall have a high degree of insight and a wealth of experience in areas such as corporate management, finance, finance and accounting, law, internal control including legal compliance, technological innovation, HRM (human resource management), and, in principle, meet the independence criteria stipulated in Article 14.
- In addition to satisfying the requirements stipulated in Paragraph 1, directors who are engaged in the executive management of Anicom Insurance, Inc. shall be those who have "knowledge and experience that enable them to execute business management of an insurance company accurately, fairly and efficiently" and have "sufficient social credibility" as defined in Article 8-2 of the Japanese Insurance Business Law.

(Requirements for Appointment of Corporate Auditors)

- The corporate auditors of the Company and Anicom Insurance, Inc. shall be persons who can contribute to the establishment of a high-quality corporate governance system that will ensure the sound and sustainable growth of the Company and respond to social trust by conducting high-quality audits, taking into consideration their abilities as corporate auditors, past performance and experience.
- In addition to satisfying the requirements stipulated in the preceding paragraph, the outside auditors of the Company and Anicom Insurance, Inc. shall have a high degree of insight and abundant experience in the fields of corporate management, finance, finance and accounting, law, internal control including legal compliance, technological innovation and HRM (Human Resource Management), and in principle satisfy the criteria for determining independence stipulated in Article 14.
- In addition to meeting the requirements stipulated in the preceding two paragraphs, the corporate auditors of Anicom Insurance, Inc. shall be those who have "knowledge and experience that enable them to execute business management of an insurance company accurately, fairly and efficiently" and have "sufficient social credibility" as defined in Article 8-2 of the Japanese Insurance Business Law.

Criteria for Independence of Outside Directors

In accordance with the requirements and standards set forth by financial instrument exchanges, the "Group Corporate Governance Basic Policy" stipulates the following criteria for determining the independence of outside directors and outside corporate auditors. The Company's outside directors and outside corporate auditors shall be judged to be independent of the Company if none of the following applies to them

- A person who is an executive of the Company or its subsidiary
- A person who has been a business executor of the Company or its subsidiary for the past 10 years
- A person whose main business partner is the Company or Anicom Insurance, Inc. (a person whose business with the Company or Anicom Insurance, Inc. accounts for 2% or more of its consolidated net sales in the most recent fiscal year) or a person who executes the business of the Company or Anicom Insurance, Inc.
- A person who is a major business partner of the Company or Anicom Insurance, Inc. (a person whose amount of transactions with the Company or Anicom Insurance, Inc. in the most recent fiscal year is 2% or more of the consolidated ordinary income of the Company) or a person who executes the business of the Company or Anicom Insurance, Inc.
- A financial institution or other major creditor on which the Company or Anicom Insurance, Inc. relies indispensably and to the extent that there is no alternative, or a person who executes the business of such a creditor
- A corporation, partnership or other organization that has received donations from the Company or Anicom Insurance, Inc. and the amount of such donations in the most recent fiscal year exceeds a certain amount (10 million yen or 2% of the total income of such organization in the most recent fiscal year, whichever is higher) A person who executes the business of a corporation, partnership, or other organization whose amount of such donation in the most recent fiscal year exceeds a certain amount (10 million yen or 2% of the total income of such organization in the most recent fiscal year, whichever is higher)
- A person who is a spouse or a relative within the third degree of kinship of a director, corporate auditor or executive officer of the Company or its subsidiary
- Consultants, accountants, lawyers, and other professionals who receive remuneration from the Company or Anicom Insurance, Inc. other than remuneration as directors, and the amount of such remuneration in the most recent fiscal year is a certain amount (10 million yen or 2% of the gross income of the corporation, partnership, or other organization to which such professional belongs in the most recent fiscal year, whichever is higher.)
- A person who holds 10% or more of the voting rights of all shareholders of the Company or a person who executes the business of such a person as of the end of the most recent fiscal year.

Succession Plan

In June 2022, the Company's Board of Directors deliberated and formulated a succession plan for the President and Representative Director, following deliberations by the Nomination, Compensation, and Governance Committee. The succession plan stipulates the drafting of a roadmap, the "ideal image of the Company's President" and evaluation criteria, the selection of successor candidates and the formulation and implementation of a plan for their development, and the methods of discernment and decision-making leading up to the decision on successors, and has been in operation since fiscal 2022.

Message from Outside Directors

The Anicom Group appoints highly knowledgeable executives and professionals in a wide range of fields as outside directors for the purpose of discussing management strategies and issues from objective and diverse perspectives.

We have received input from the four outside directors on the following two points.

- 1. How do you view the challenges to improving corporate value?
- 2. What are your expectations for Anicom in the future?



Outside Director
Tanaka Eiichi

- 1. In defining the current mid-term management plan, we have once again clarified the purpose of this company's existence in society as Purpose. And from a future-oriented perspective, we are working on the challenge of a second founding. While keeping pet insurance as our base, we would like to become a company that can accompany pets throughout their lives, from birth to growth, aging, and death. Through this, we also aim to be a company that can contribute to the happiness of pet owners who spend time with their pets. In today's popular terminology, we call this "well-being," and I will be involved as a director of the company from the standpoint of committing to the realization of happiness for both pets and owners.
- 2. In terms of insurance, we do not want to simply offer low premiums, but would like to increase the number of loyal fans. As we do this, we strive also to firmly maintain Anicom's unique "brand that values life" approach. In addition to insurance, we expect to see (1) a breeding and support business, (2) a healthcare business including food and oral care, and (3) a prevention and treatment business including animal hospitals and stem cell therapy. We believe that these new businesses are areas where the Anicom Group can fully demonstrate its strengths and the results of its past steady efforts in data accumulation, research and development, and other areas. Although it will take a certain period of time for these new businesses to take off as profitable businesses, we intend to develop them steadily, and I will contribute to their realization as a director.



Outside Director
Shoyama Katsuo

- 1. We at Anicom are a company that is constantly growing and evolving. In line with this, we need to steer our management accurately and without error in the direction we are aiming for. However, the environment surrounding our society is constantly changing, and the pace of change is accelerating. I am sure you have experienced this firsthand. Our role as outside directors is to ask ourselves, "Is Anicom correctly facing these changes? Are we offering new value to our customers as a top company in the industry? And do those proposals sufficiently satisfy our customers?" We will make judgments from the viewpoints of our stakeholders, discuss how corporate management should be conducted, and improve its effectiveness. With this in mind, we will continue to work toward the current mid-term management plan and the next new mid-term management plan. You can expect great things from Anicom in the future.
- 2. In recent years, the bond between humans and pets has become deeper and deeper, and we are moving into a different world. The traditional hierarchical relationship between owners and pets has been replaced by that of "partners; as members of the family". This is something that those who live with pets are keenly aware of, isn't this so? We are expected to support each other with love and affection to lead healthy and enriched lives and to be happy together. As a leading company in the industry, our mission at Anicom is to contribute to pets at every stage of their life cycle. To ensure that pets stay healthy from birth to old age, we will pursue effective value propositions through new technologies, and support in various ways, such as in breeding, food, maintenance, and treatment. Please look forward to proposals that only Anicom can provide, utilizing our many years of research and knowledge.



Outside Director
David G. Litt

- 1. I was appointed to the Board of Directors of Anicom Holdings, Inc. last year. We have outside directors with diverse backgrounds, and we are able to have frank and open discussions about the company's strategies and management not only at the Board of Directors meetings but also at the liaison meetings of independent directors made up of outside directors and auditors. Mr. Komori, our CEO, has many ideas for growing our business based on a true entrepreneurial spirit, and the role of the Board of Directors is to provide perspectives from various fields of expertise to help management select the best balance of risk and return for Mr. Komori's ideas, and effectively execute his vision.
- 2. Anicom's greatest mission is to support the health of pets that give us unconditional love and endless joy. Anicom has been working to develop the pet health insurance market in Japan. In the next phase, we expect to expand our insurance business even in a fiercely competitive environment by further developing true "preventive insurance" that leads to better pet health. At the same time, we believe that we can sustainably expand our other businesses related to pet health and pet-related services. While there are examples of large companies supporting entire pet health-related ecosystems overseas, there is no precedent for this in Japan. As a pioneer in the pet health insurance business, Anicom has a social role to play in becoming a leading company that can develop a more comprehensive pet health support business based on the experience it has already built up.



Outside Director
Takemi Hiromitsu

- 1. To sustain returns in excess of the cost of capital. This is the fiduciary duty of management entrusted with funds by investors. Inversely, from the principle of managerial freedom, its execution sometimes differs from what is expected. One of my responsibilities as an outside director is to ask the execution department to explain why this deviation is necessary for sustainable growth. We are aggressively investing upfront to realize insurance products that help pets stay healthy even in the face of intensifying competition. We are also actively involved in the breeding business, which is the source for ensuring the healthy growth of pets. We believe that further and steadily solidifying this aspect of our business as a social impact company, that contributes to the well-being of pet owners (Social Impact), is one of the factors that will support sustainable growth.
- 2. We have non-life insurance for pets, hospital support services, clinical disease research, and an online intermediary company for breeders under our umbrella. Further, we aim to leverage their combined expertise to ensure profitable growth for the entire group. While the first priority of each of the group's companies is to achieve its own profit growth in its individual business, mutual complementation and strengthening of the profit growth base will be based on the combination of data generated by each company. The point of digitization is not just to share information. Ultimately, digitization is to make the easy and quick execution of strategic design that leads to real growth. We believe that the enhancement of this design function is what is expected of us. We believe that the role of our group in society is to be involved in the pet industry from upstream to downstream, and to strengthen the industrial infrastructure to further ensure the happiness of pet owners, and to do this by improving the health of their pets.

Establishing Internal Control Systems

With respect to the development of systems necessary to ensure the appropriateness of business operations of a stock company as stipulated in the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company has adopted the following basic policy on internal control systems. Decisions related to this effort were made at a meeting of the Board of Directors. We are working, therefore, to ensure the appropriateness of business operations, and to enhance corporate value by developing internal control systems throughout the Anicom Group. Our efforts to accomplish this include managing group companies, confirming compliance, overseeing risk management and ensuring the effectiveness of audits by the Board of Corporate Auditors.

Basic Policy on Internal Control Systems

1. Systems to Ensure Proper Business Operations by the Anicom Group

- (1) Based on the Anicom Group Management Philosophy, the Company shall, as the holding company that supervises the business operations of the Anicom Group, establish a basic policy concerning the business management of Group companies, and shall establish and maintain a system for the business management of Group companies by establishing a system for reporting to the Board of Directors.
- 1) The Company shall manage the businesses of Group companies that it manages directly (hereinafter, "Subsidiaries, etc.") through measures such as the conclusion of business management agreements with these Subsidiaries, etc.
- 2) The Company shall present to Subsidiaries, etc. the Group's management strategies and the various basic policies, etc. of the Group that form the foundation of Group management.
- 3) Subsidiaries, etc. shall obtain the Company's prior approval for the establishment of important matters such as business strategies and business plans.
- 4) Subsidiaries, etc. shall report to the Company on matters such as initiatives based on the various basic policies, etc. of the Group and the status of implementation of their business plans.
- (2) The Company shall establish a basic policy on the internal controls associated with the financial reporting of the Group and shall establish and maintain the systems necessary to ensure the appropriateness and reliability of financial reporting.
- (3) The Company shall establish a basic policy on information disclosure by the Group and shall establish and maintain systems to ensure the timely and appropriate disclosure of information on corporate activities.
- (4) The Company shall establish a basic policy on the management of internal transactions and other dealings within the Group and shall establish and maintain systems to manage such dealings.

2. Systems to Ensure that the Execution of Duties Complies with Laws, Regulations, and the Articles of Incorporation

- (1) The Company shall establish a basic policy on compliance within the Group and shall establish and maintain compliance systems.
- 1) The Company shall establish a department to supervise compliance.
- 2) The Company shall establish the Group Code of Ethics, and shall thoroughly spread awareness among the Group's officers and employees of compliance as the highest priority in all situations of business activity, in accordance with this code of ethics.
- 3) The Company shall establish the Group Compliance Manual, implement training for officers and employees concerning the laws, regulations, internal rules, and other standards with which they are expected to comply, and endeavor to thoroughly spread awareness of compliance.
- 4) The Company shall establish a compliance program each fiscal year and shall endeavor to enhance the framework for compliance through the implementation of this program. Moreover, the Group Compliance Committee shall, at its regular meetings, check the Company's response to possible compliance breaches and scandals and the appropriateness of the Company's policies, etc. based on consultation with external legal counsel.
- 5) The Company shall establish reporting rules for cases where compliance with laws, regulations, internal rules, etc. has been violated. The Company shall also establish internal and external hotlines (internal whistleblowing system) apart from the usual reporting routes, and make all of the Group's officers and employees aware of how to use them.
- (2) The Company shall establish basic policies for the Group on matters such as customer protection, and establish and maintain systems to ensure a customer-oriented approach and customer protection.
- (3) The Company shall establish a basic policy on the management of information security within the Group and shall establish and maintain systems to manage information security.
- (4) The Company shall establish a basic policy on the Group's response to antisocial forces, etc. Moreover, in addition to establishing and maintaining systems to respond to antisocial forces, etc. the Company shall cooperate with legal counsel, the police, and others to sever all relationships with antisocial forces, etc. and refuse unreasonable demands, and shall take a firm and resolute stance against antisocial forces, etc. as an organization.
- (5) The Company shall establish an internal auditing department independent from the departments to be audited, establish a basic policy on internal auditing within the Group, and establish and maintain an effective internal auditing system for the Company and Group companies.

3. Risk Management Systems

- (1) The Company shall establish a basic policy on risk management within the Group and shall establish and maintain systems to manage risk.
- 1) The Company shall establish a department to supervise risk management.
- 2) The Group Risk Management Committee shall, at its regular meetings, examine the progress and effectiveness of the establishment and maintenance of the risk management framework, and shall report important matters to the Board of Directors.
- 3) Risks shall be classified into risk categories for risk management purposes. A process shall be established for the identification, assessment, control, the formulation of emergency response plans, monitoring, and reporting.
- 4) The Company shall ensure that each of Subsidiaries, etc. engages in risk management that is appropriate for its business type, risk characteristics, and other factors.
- (2) The Company shall establish a policy on integrated risk management within the Group for the purpose of enhancing corporate value in a sustained and stable manner while ensuring management soundness, thus contributing to protecting the interests of insurance policyholders and other stakeholders.
- (3) The Company shall establish a basic policy on crisis management within the Group and shall establish and maintain systems to manage crises.

4. Systems to Ensure the Efficient Execution of Duties

- (1) The Company shall formulate medium-term management plans and fiscal year plans (including numerical targets) for the Group.
- (2) The Company shall establish rules on authority to achieve the efficient execution of business through the division of duties and the designation of chains of command, and build an appropriate organizational structure to achieve business goals.
- (3) The Company shall establish the Management Meeting Regulations and set up the Management Meeting composed of Directors and others to discuss and report on important management matters.
- (4) The Company shall establish the Nomination, Compensation, and Governance Committee as an advisory body to the Board of Directors. The committee shall deliberate on the following matters and report back to the Board of Directors.
- 1) Election and dismissal of Directors and Audit & Supervisory Board Members of the Company and Anicom Insurance, Inc.
- 2) Requirement for the election of Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and Anicom Insurance, Inc.
- 3) Evaluation of the performance of the Directors of the Company and Anicom Insurance, Inc.
- 4) Compensation structure for the Directors and Executive Officers of the Company and Anicom Insurance, Inc.
- 5) Compensation levels for the Directors of the Company and Anicom Insurance, Inc.
- 6) Status of establishment and implementation of policies, measures, etc. concerning corporate governance
- (5) The Company shall establish a basic policy on the Group's human resources and endeavor to enhance productivity and corporate value by improving employees' work satisfaction and their sense of being rewarded and ensuring thoroughly transparent and fair human resources management.
- (6) In addition to (1) to (5) above, the Company shall establish and maintain systems to ensure that duties are executed efficiently at the Company and Group companies.

5. Systems for the Preservation and Management of Information Associated with the Execution of Duties by Directors and Executive Officers

The Company shall establish rules on the preservation of documents and other information. Important documents, etc. that include information on the execution of duties by Directors and Executive Officers, such as the minutes of important meetings and other information, shall be appropriately preserved and managed in accordance with the provisions of these rules.

6. Personnel to Support Audit & Supervisory Board Members in Their Duties

- (1) The Company shall establish the Audit & Supervisory Board Members Secretariat under the direct control of the Audit & Supervisory Board Members to assist Audit & Supervisory Board Members in their auditing duties. The Company shall assign to the Audit & Supervisory Board Members Secretariat dedicated personnel with the necessary knowledge and capacity to assist in auditing duties, as requested by Audit & Supervisory Board Members.
- (2) Personnel assigned to the Audit & Supervisory Board Members Secretariat shall engage in the duties ordered by Audit & Supervisory Board Members and the support duties necessary for the implementation of audits, and shall have the authority to gather the necessary information.
- (3) The consent of the standing Audit & Supervisory Board Member shall be obtained for the performance evaluation, changes, and disciplinary actions of these personnel.

7. Systems for Reporting to Audit & Supervisory Board Members

- (1) Officers and employees shall report regularly to the Audit & Supervisory Board Members regarding the status of matters such as management, finance, compliance, risk management, and internal auditing. Officers and employees shall also immediately report to Audit & Supervisory Board Members upon the discovery of any serious violation of laws, regulations, or internal rules, or any fact that may cause significant damage to the Company related to the execution of duties at the Company or Group companies.
- (2) The Company shall establish and maintain systems for officers and employees of Group companies, or persons who have received reports from officers and employees of Group companies, to report to the Company's Audit & Supervisory Board Members upon the discovery of any serious violation of laws, regulations, or internal rules, or any fact that may cause significant damage to the Company related to the execution of duties at the Company or Group companies.
- (3) The Company shall establish and maintain the necessary systems to ensure that any person who makes a report to an Audit & Supervisory Board Member at the Company or Group companies as in (1) or (2) above is not treated unfavorably because they made such report.
- (4) Officers and employees shall report regularly to Audit & Supervisory Board Members on the operational status of the hotline (internal whistleblowing system) and the matters reported or consulted upon.

8. Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- (1) In addition to attending meetings of the Board of Directors, Audit & Supervisory Board Members shall be able to attend and express opinions at the Management Meeting and other important meetings or committee meetings.
- (2) Audit & Supervisory Board Members shall be able to view the minutes of important meetings, important approval documents, and other documents decided by Directors and Executive Officers, at any time.
- (3) Audit & Supervisory Board Members shall coordinate closely with the Audit and Supervisory Board Members of subsidiary companies, including actively engaging in communication and information exchange with them, to enhance audit efficiency.
- (4) Audit & Supervisory Board Members shall hold regular meetings of the Management Council with the Representative Director to share information and exchange opinions.
- (5) Officers and employees shall provide briefings on matters relating to the execution of duties whenever requested by Audit & Supervisory Board Members.
- (6) The internal auditing department shall strengthen coordination with the Audit & Supervisory Board Members through cooperation with audits, etc.
- (7) The Company shall pay all expenses and other outlays associated with the execution of duties by Audit & Supervisory Board Members, except where the Company has proved that the outlays are unnecessary for the execution of duties by Audit & Supervisory Board Members

Promoting Compliance

The Company has established the Group Compliance Basic Policy, which specifies the basic concepts of compliance and the roles of the Company and its group companies. In addition, the Company's Board of Directors deliberates and decides on important compliance-related matters in order to further ensure compliance at Group companies.

Anicom Group Basic Policy on Compliance

1. Compliance with Laws, Regulations, and Rules

We shall obey laws, regulations, and internal rules, engage in fair and free competition, and undertake honest and appropriate corporate activities.

- (1) Compliance
Compliance refers to obeying laws, regulations, internal rules, etc. and undertaking honest and appropriate corporate activities. It is only by correctly understanding and strictly obeying all rules related to corporate activities that we can undertake appropriate corporate activities.
- (2) Fair and free competition
We shall comply with the Insurance Business Act, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, and other relevant laws and regulations in the execution of business. We shall never engage in collusion, cartels, or other acts that impede fair and free competition; nor shall we ever use our bargaining power to unjustly coerce a counterparty to accept unfavorable conditions.
- (3) Preventing conflicts of interest
We shall manage transactions that risk unjustly damaging the interests of customers or other Group companies as "transactions with potential conflicts of interest" in accordance with the relevant laws and regulations. We shall never tolerate actions intended to achieve one's own benefits or that of third parties in conflict with the rightful interests of the Company.
- (4) Protecting intellectual property rights
We shall pay adequate attention to avoiding any violation of intellectual property rights such as copyrights, patents, or trademarks.
- (5) Workplace environments
We shall comply with laws, regulations, and other rules related to labor and employment, and endeavor to maintain safe and healthy workplace environments.

2. Relationships with Society and Politics

We shall maintain appropriate relationships with society and politics.

- (1) Attitude to antisocial forces
We shall maintain a firm attitude to antisocial forces such as crime syndicates and corporate racketeers, and shall not submit to their pressure.
- (2) Attitude to suspicious transactions
We regard the implementation of money laundering and terrorism financing countermeasures as a key management issue. We recognize and understand the importance of these countermeasures, and we shall engage in building a framework for internal control.
- (3) Political activities and political funding
We shall firmly maintain a fair attitude regarding elections, political activities, political funding, etc., in compliance with the relevant laws, regulations, and other rules.
- (4) Bribery, business entertainment, gifts, loans, etc.
We shall never use our business position to engage in bribery, the exchange of money or goods, or other actions to gain unfair benefits; nor shall we provide or accept socially inappropriate business entertainment or gifts. As officers or employees, we shall not engage in lending or borrowing money with trading partners or other business associates or with other officers or employees.

3. Appropriate and Highly Transparent Management

We shall strive for appropriate business operations, engage in timely and appropriate information disclosure, and endeavor to ensure highly transparent management.

- (1) Timely and appropriate information disclosure
We believe that the timely and appropriate disclosure of various forms of management information is crucial. This is also true from the perspective of enhancing customer trust. We shall endeavor to actively disclose various information, including information submitted to regulatory authorities, to facilitate reasonable decision-making by shareholders, investors, customers, and others.
- (2) Accurate information preparation and management
We shall prepare accurate records of management information and strictly manage these records to enable timely and appropriate information disclosure. We shall also cooperate honestly and sincerely with internal and external audits and investigations.
- (3) Handling of confidential information
We shall strictly manage the various types of confidential information in accordance with internal rules and never disclose such information to, or use such information with, anyone except the persons concerned.

4. Respecting Human Rights

We shall respect the basic human rights of customers, Group officers and employees, and all other people.

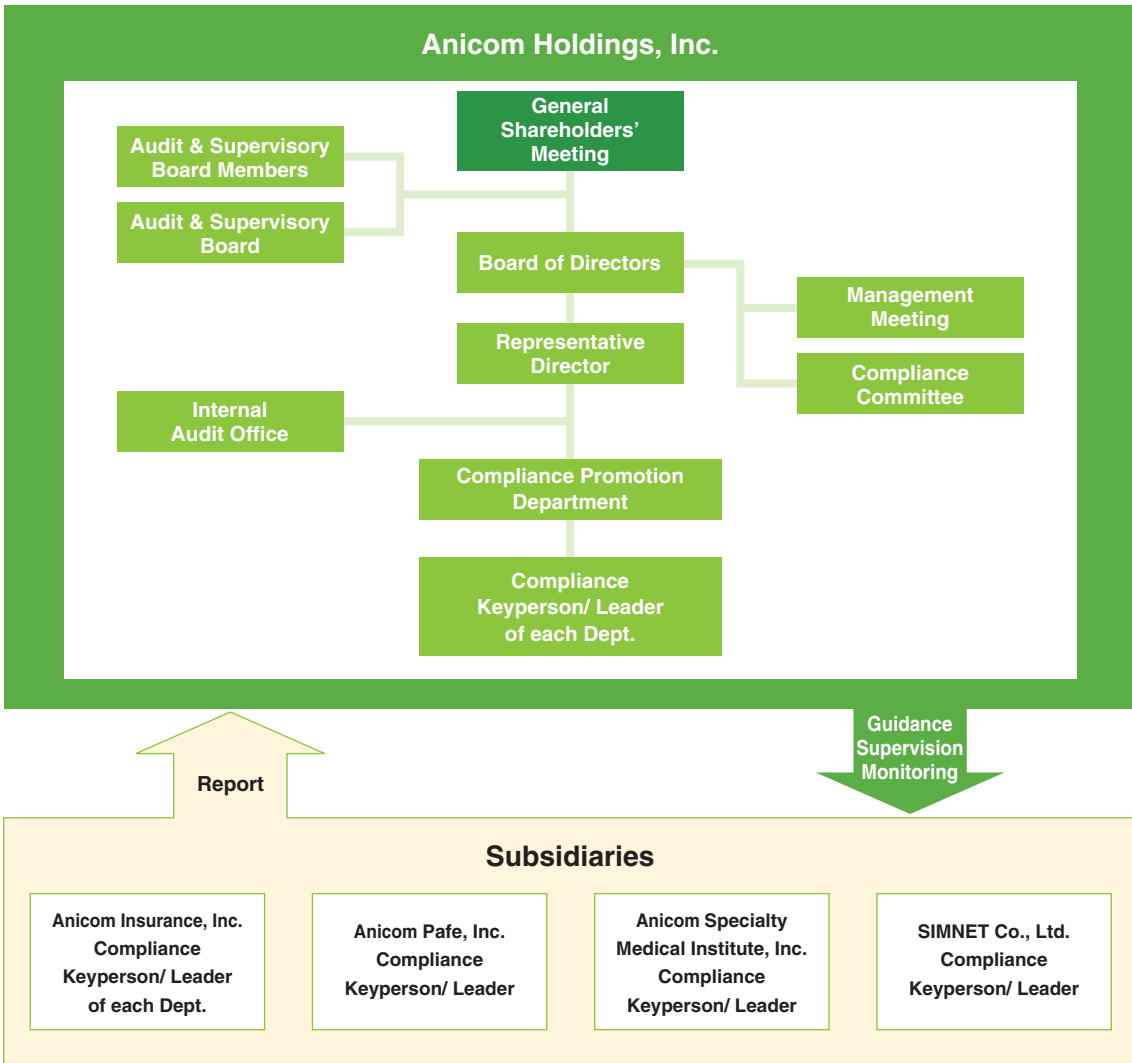
- (1) Prohibition of discrimination
We shall mutually respect diverse values, individuality, and privacy, and shall never tolerate discrimination or human rights violations for any reason, such as gender, age, occupation, nationality, race, sexual orientation, disability, ideology, beliefs, religion, social status, or family background.
- (2) Prohibition of harassment
We shall not tolerate any form of harassment, such as sexual harassment or abuse of authority.
- (3) Handling of personal information
We shall obey the relevant laws and regulations, as well as the privacy policies established by each Group company, to avoid any violation of personal privacy. We shall exercise due caution in the management of customer information and other personal information, and shall never use this information for any purpose not necessary for business operations.

<Compliance Promotion System>

The Management Committee and the "Group Compliance Committee" formulate measures to promote compliance. Further these committees inspect and confirm the status of compliance implementation. The Compliance Key Person (KP), who is the person in charge (President and General Manager) at each organizational unit of the Group companies and divisions, and the Compliance and Risk Management Leaders are assigned to each organizational unit. The Company's Compliance Promotion Department plays a central role in ensuring that all employees are fully aware of compliance issues.

In the event that a compliance problem (including suspicious cases) is discovered, it must be immediately reported to the Compliance Promotion Department and other relevant departments. Furthermore, if the discoverer determines that reporting through normal channels is not appropriate, a system is in place that allows for reporting and consultation through the Group's internal and external whistle-blowing system (hotline).

[Compliance Promotion System Chart]



Group Risk Management System

We have established a basic policy for group risk management, with which we strive to foresee and control risks that may affect the management of the Group. We constantly prepare response initiatives assuming environmental changes, and provide services even in the event of unforeseen circumstances. We are striving to build a risk management system to maintain the quality of our products and services, and to ensure business continuity.

■ Promotion of ERM

At our company the Corporate Planning and Risk Management Departments, under the leadership of the Board of directors, are leading efforts to promote ERM (Enterprise Risk Management). The Board of Directors has established an ERM framework in the Group Risk Management Basic Policy, which is communicated to all Group companies, and specific arrangements are stipulated in the Group ERM Regulations. In addition, the Group Risk Selection Policy sets targets for soundness and profitability, and serves as the foundation for the mid-term management plan.

The Group Risk Management Committee (consisting mainly of full-time directors and executive officers of the Company and Anicom Insurance, Inc.) discusses both the status of the Group's risk management with regards to its individual companies, and also the status of comprehensively evaluated risks. The Group Risk Management Committee reports regularly to the Board of Directors.

(1) Risk Profile

In order to correctly recognize our group's risk exposure, we have created a risk profile based on a comprehensive identification of risks, including potentially significant

emerging risks. We regularly create risk profiles of this kind. Additionally, the Risk Management Department verifies the comprehensiveness of various risks, including ones that cannot be handled by individual Group companies. Examples of this kind of risk would be spillover risks within the Group, which the Risk Management Department quantitatively evaluates, monitoring the risk situation.

(2) Solvency Assessment by Internal Model

Using our track record as a basis, we have created an internal model to measure such things as risk, capital adequacy, and to evaluate our company's solvency. We are working to improve our model based on the analysis of various risks.

(3) Stress testing

The Risk Management Department periodically conducts stress tests, which include running hypothetical scenarios, reverse stress tests, and sensitivity tests in order to predict and manage risks that are difficult to identify through methods (1) and (2). This is important as these risks, should they occur, could have a serious impact on the Group's management. The Company analyzes the impact on the Company's capital adequacy and other factors. In the event that a serious impact is anticipated, we are prepared to promptly consider and implement countermeasures.

(4) Risk Selection Policy and Capital Allocation

The Corporate Planning Department formulates the Group's mid-term management plan based on the Group Risk Selection Policy. The Corporate Planning Department also allocates capital, and sets risk limits for each subsidiary, with the aim of ensuring management stability, and periodically monitors compliance with the limits (limit management). In the event of a potential violation of the limits, the Company is prepared to promptly consider and implement countermeasures such as risk reduction, reallocation, and capital reinforcement.

■ Efforts Toward a New Solvency System

The Financial Services Agency is the main actor considering the introduction of a new solvency system starting in FY2025. Under current solvency regulations, there is no category for "pet insurance" and it is classified as "other." "Pet insurance" will be added under the new system.

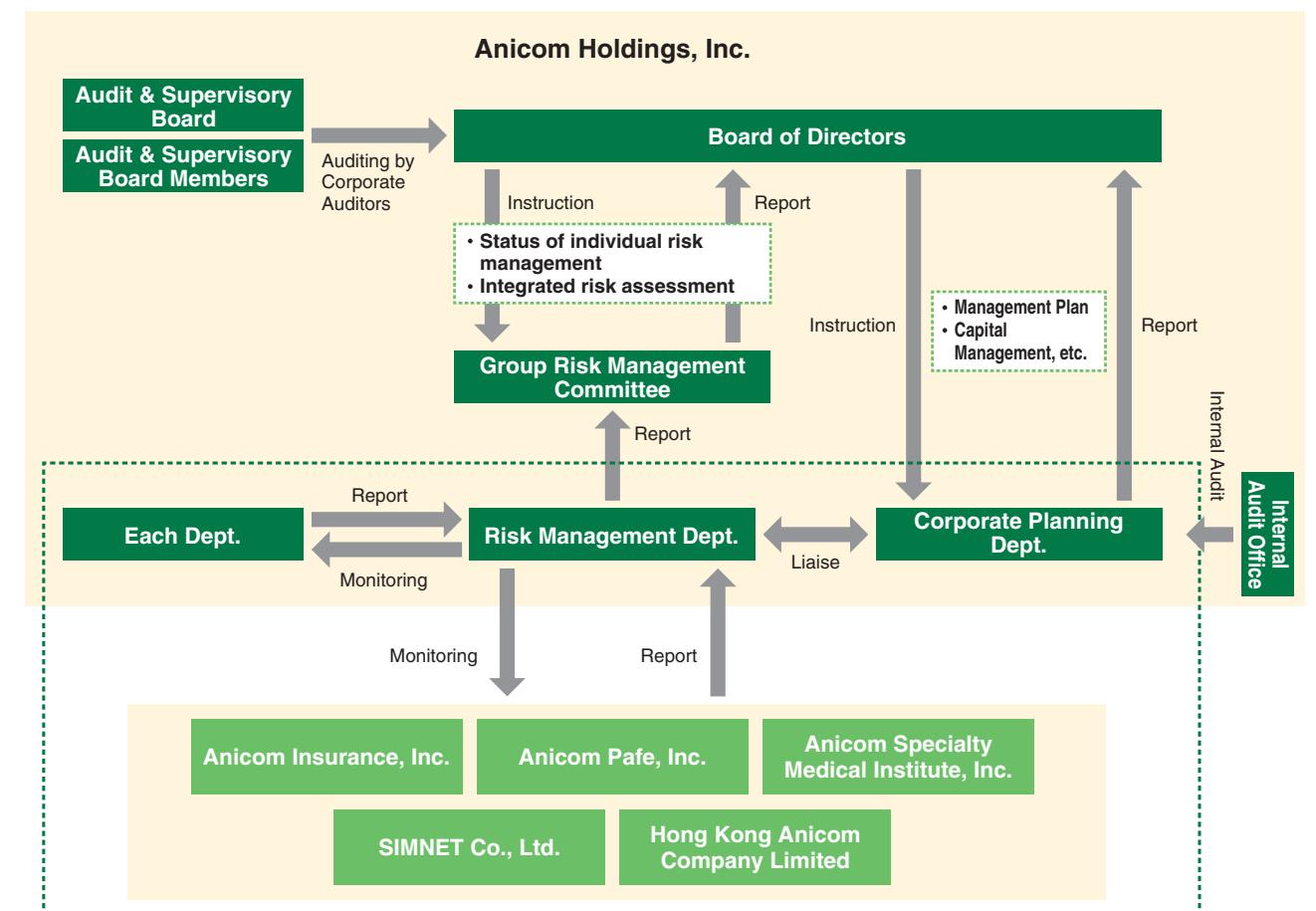
We believe that this will result in an assessment more in line with our actual situation. In addition, we will conduct a risk and solvency self-assessment (ORSA: Own Risk and Solvency Assessment).

We are also promoting ORSA (Own Risk and Solvency Assessment) and working to improve our internal model.

[Concepts of risk, return, and capital]



[Risk Management System]



Overview of Anicom Group

Outline of Anicom Holdings, Inc. (as of July 1, 2023)

Anicom Holdings, Inc. is an insurance holding company under Article 271-18 of the Japanese Insurance Business Act, and is responsible for formulating management strategies and business plans for the entire group. In addition to this Anicom Holdings, Inc. is responsible for the management of subsidiaries, with Anicom Insurance, Inc. at the core. By maximizing each company's ability to create added value, we aim to realize unlimited value creation for the entire group.



| | |
|------------------------|---|
| Company name | Anicom Holdings, Inc. |
| Date of Establishment | July 5, 2000 (Established as BSP Corporation) |
| Address of Head Office | 8-17-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo 160-0023, Japan Sumitomo Fudosan Shinjuku Grand Tower 39F, 8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo Sumitomo Fudosan Shinjuku Grand Tower 39F |
| Telephone number | 03-5348-3911 |
| Capital stock | 8,202 million yen |
| Major Shareholders | Please refer to page 75. |
| Business | Management of Subsidiaries |

Subsidiaries (as of July 1, 2023)



Our goal is to be a preventive insurance company that reduces tears and creates smiles.

〈Non-life Insurance Business〉

Anicom's pet insurance can be used in the same way as medical insurance for people, through its "over-the-counter payment system." Anicom's insurance benefit is automatically applied at the time of check out. Anicom's policy holders simply present their Anicom card and pay the difference. No paperwork.



| | |
|-----------------------|--|
| Company name | Anicom Insurance, Inc. |
| Date of Establishment | January 26, 2006 (Established as Anicom Insurance Planning Co., Ltd.) |
| Capital stock | 6,550 million yen |
| Shareholders | Anicom Holdings, Inc.(100%) |



We support the healthy lives of animals and people through animal hospital and owner support.

〈Animal Hospital Support Business〉

We have developed and sell "Ani-Rese Cloud (anicom receptor cloud)," a medical record management system for animal hospitals. This system also provides various services for pet owners and researchers.



| | |
|-----------------------|-----------------------------|
| Company name | Anicom Pafe, Inc. |
| Date of Establishment | December 24, 2004 |
| Capital stock | 50 million yen |
| Shareholders | Anicom Holdings, Inc.(100%) |



Bringing a brighter future to animal medicine through research and clinical practice.

〈Clinical and research projects in the field of animal medical care〉

We are engaged in the promotion of basic research in the field of animal medical care, the establishment of medical treatment methods based on scientific evidence, and clinical trials for the development of advanced medical care.



| | |
|-----------------------|--|
| Company name | Anicom Specialty Medical Institute, Inc. |
| Date of Establishment | January 24, 2014 |
| Capital stock | 50 million yen |
| Shareholders | Anicom Holdings, Inc.(100%) |



Through the web, we deliver "change" and "happiness."

〈Planning, development and operation of online services related to pets〉

We are a company that plans, develops, and operates online services related to pets. Among these services is "Minna no Breeder," a website that supports the matching of breeders and customers. "Minna no Breeder" is one of the largest of its kind in Japan.



| | |
|-----------------------|-----------------------------|
| Company name | SIMNET Co., Ltd. |
| Date of Establishment | March 2, 2001 |
| Capital stock | 100 million yen |
| Shareholders | Anicom Holdings, Inc.(100%) |