

# The Pet Industry's Mission

For over 10,000 years, pets have been humanity's closest companions, sharing life's journey. Through this history, their existence has transcended the concept of animals and has evolved into a unique coexistence of life.

However, Japan is often referred to as a "backward nation in terms of animal welfare," with increasing cases of pet abuse, abandonment, and euthanasia. Addressing such challenges together and ensuring that pets can live with dignity is the mission that we believe the pet industry must fulfill.



## ● Pets are the Cure for Loneliness

In modern society, technological advances have created convenience and freedom, allowing people to live independently. However, this has also led to fewer opportunities to feel the essential connection of being needed and loved, causing people to lose a sense of life and increasing the risk of loneliness.

Pets, offering unconditional love, are the antidote to this loneliness. Pets have a special ability to alleviate the loneliness brought about by modern societal development and rekindle the fundamental vitality of life. The pet industry has become uniquely positioned to address the global issue of loneliness.



## ● The Pet Industry as an Investment Target

While Japan has endured economic stagnation referred to as "the lost 30 years," the pet industry has steadily grown. In the past, the pet industry was considered a "hobby world" for pet lovers, but now many companies outside of the pet sector have begun to develop businesses that focus on pets as a key element. The pet industry is transforming beyond the boundaries of "pets" into one that can provide new value to society by creating connections with other industries.



## ● Towards Zero Euthanasia

Japan is often labeled a "backward nation in terms of animal welfare." Why is that? Despite the fact that Japan is a peaceful country with low violent crime rates, animal abuse and abandonment are increasing. This can ultimately result in the euthanasia of pets. When people meet their pets for the first time they have no thought or desire for such a tragic end. Additionally, unexpected situations like natural disasters have also increasingly torn people apart from their pets. This tragically, and with no ill intent from the owner, can also lead to euthanasia.

The pet industry must work together to address these challenges and ensure pets can live with dignity. This is the mission entrusted to the pet industry: to care for pets, which are a cure to human loneliness and which provide the joy of being loved.



## Message from the CEO

We aim to bring smiles to both pets and people by providing new value through preventive insurance utilizing insurance and medical data.

Anicom Holdings, Inc.  
Representative Director

小森 伸昭

### Anicom will break the curse of the pet industry.

Recently, we have seen an outburst of inconvenient truths emerging across the world. It has come to light that despite being expected to uphold animal welfare based on the Animal Welfare and Management Act, the pet industry itself has long worked against the principles of animal protection.

There are also inconvenient truths in the history of pets. The most crucial factor for the strength and evolution of life is the prohibition of inbreeding. In fact, the Code of Hammurabi, said to be the oldest legal code created about 3,800 years ago, prohibited inbreeding. Despite this, humans have subjected pets to what can be considered a form of abuse—10,000 years of inbreeding of wolves and wildcats. This has been done to fix traits favorable to people, traits like tameness and cuteness. For instance, inbreeding was repeatedly practiced to establish the unique characteristics of

the dachshund with its long body and short legs. As a result, certain traits have become pronounced compared to other species. With these traits significant genetic vulnerabilities have also been inherited. This genetic fragility, imposed over millennia, cannot be easily undone. The pet industry must face these inconvenient truths head-on and work to resolve them. This, we believe, is the mission of the Anicom Group.

Anicom Group is involved in a wide range of businesses that span the entire lifespan of pets, from upstream to downstream. At the upstream stage, we perform proper breeding to produce healthy pets. In the midstream stage, we identify the likelihood and causes of disease based on breed, age, and other factors, and provide solutions. We believe this is the Anicom Group's assigned role. We are committed to confronting the consequences of what people have done to pets over the past 10,000 years.





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

### What Anicom aims for as a prevention based insurance company

Statistics show that countries where car insurance is more prevalent also have a higher incidence of accidents. This is because people are assured that insurance companies will cover the costs in the event of an accident. While insurance offers peace of mind by ensuring that individuals don't face large financial burdens after an accident, it can also dull people's caution and give rise to complacency. Ideally, insurance companies should use the data they accumulate to focus more on preventing accidents.

Anicom Group holds a vast array of big data on pets. These data include over 4.3 million annual insurance claim records from Anicom Insurance, medical data from animal hospital chart management systems provided by Anicom Pafe, genetic data obtained through genetic testing services, and

gut microbiome data analyzed in the gut microbiome testing business. By comprehensively analyzing and integrating these data sets, we aim to identify the true causes of diseases in pets and intervene before they develop.

The key factor is immunity. Through the analysis of our big data, we have discovered that the oral and intestinal environments are closely linked to immunity. For instance, it has been found that dogs suffering from periodontal disease (PD) are approximately 1.4 times more likely to develop other diseases compared to those without PD. Similarly, in cats, those suffering from periodontal disease are about 2.7 times more likely to develop other diseases. Thus, we believe it is scientifically proven that "periodontal disease is the root of many illnesses" for both dogs and cats.

In collaboration with Earth Corporation, Anicom Group has developed a pet-specific toothpaste gel called "CRYSTAL JOY."

"CRYSTAL JOY" is the first pet product in Japan to apply the MA-T® technology that removes bacteria



and viruses. Bad breath is often a sign of periodontal disease, and more than 70% of users have reported a reduction in their pets' bad breath, demonstrating its effectiveness.

Anicom Group has also developed a "Health Score," an indicator of immunity, based on gut microbiome data. The Health Score quantifies the amount, composition and interaction of bacteria found in the gut. Higher health scores have been linked to lower insurance claim rates.

All forms of life, including people, consume a variety of foods in response to seasonal and environmental changes, which increases gut bacterial diversity and boosts immunity. However, dogs and cats are typically fed dry food every day. This lack of dietary diversity weakens their immunity and, in turn, increases their susceptibility to various diseases.

Anicom Pafe has previously released "Minna no Gohan," a product that accounts for the nutritional needs of each dog breed, and "Kimi no Gohan," a custom-made food based on gut microbiome and genetic test results. This year, we have launched an innovative premium dog food topper called "7DaysFood." "7DaysFood" allows dogs to eat a variety of foods. It contains over 12 ingredients in a day's portion and 55 ingredients over seven days. Reports have shown that gut microbiome diversity has improved as a result of dogs eating "7DaysFood."

Going forward, Anicom Group aims to continue analyzing and examining its vast collection of big data to identify the true causes of diseases and develop preventive solutions. Doing this we will work toward the realization of our vision: "As people become policy holders utilizing our services, their pets become healthier."

### Promote "One patent per employee" strategy to encourage self-growth

In human resource development, we create systems that enable employees to perform their duties based on their own initiative and sense of mission, with the goal of building an organization capable of solving complex societal issues effectively. A diverse workforce with various individual characteristics can generate creative ideas and fully engage in their work. Harnessing the capabilities of each person we develop collective intelligence, leading to the betterment of all.

To make this possible, Anicom Group has implemented a unique system called the "One patent per employee" strategy. This system links the efforts of an Anicom employee's duties and the discoveries that they make that enrich society to those very people who make these discoveries. This gives them the opportunity to be recognized in society through the form of patents. In this way, we are promoting a personnel strategy that will give even more meaning to each employee's life as a working professional. This will be further proof that all employees have overcome challenges, laughing, crying, and

struggling together; turning their efforts into a social legacy in the form of a patent. The intellectual property generated from the diverse ideas of unique individuals contributes to the growth of the Anicom Group and enriches society.

### For a society where people and pets can live with "smiles"

The advancement of modern technology has enriched people's lives, freeing them from many hardships such as hunger and disease. However, as a consequence of this advancement social connections have weakened and people have begun to feel more isolated. We believe this has led to issues such as reduced productivity and increased crime rates. Pets are a counterbalance to this problem. The unconditional love that pets provide can enhance their owners' vitality and productivity, and in turn, pets may even become central to economic growth.

Anicom Group has developed a variety of businesses that promote pet health. As a result of efforts in the area of pet insurance, we proudly hold the largest collection of pet-related data in Japan. Anicom Group believes it has a responsibility to treat pet life with sincerity. By exploring philosophical questions related to true biodiversity, the significance of pets, and what it means to love a pet, and by analyzing the accumulated big data scientifically, we aim to provide preventive solutions to society and create a world where people and pets can live with smiles.



## Anicom's Mission

**We explore "prevention" strategies to create a society where people and pets live together with "smiles."**

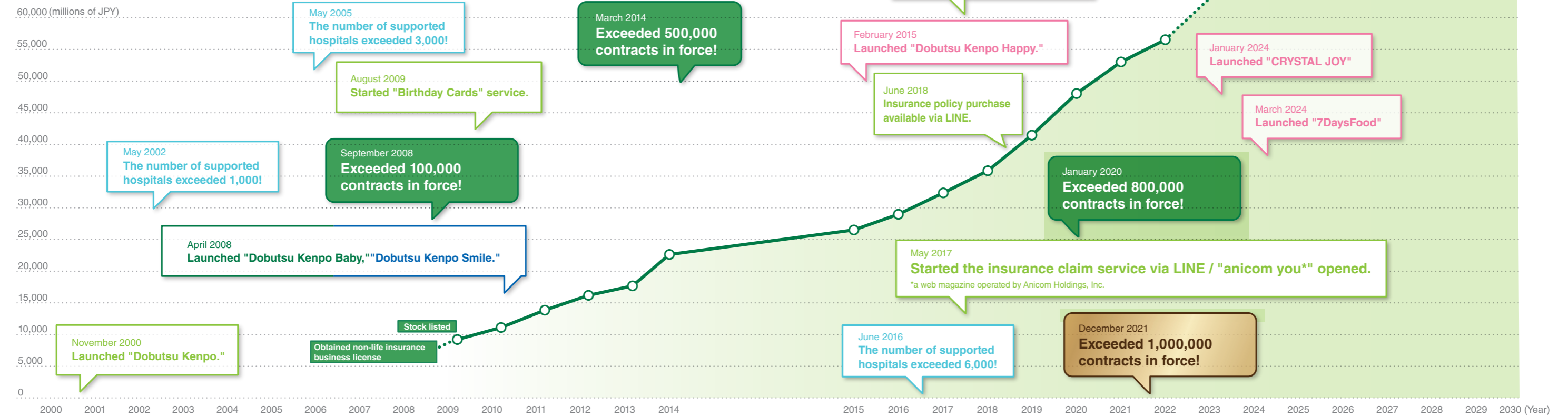
To fulfill its mission, we believe that it is essential for the pet industry to increase the number of "smiles." As "smiles" are a way pets can communicate their joy. At Anicom Group, we analyze injuries and illnesses from diverse data sources and aim to become a prevention based insurance company group that promotes health through our services, delivering numerous smiles to both pets and their owners.



# Anicom's History

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.

February 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.

March 2023 Acquired shares in Flowence, Inc. and made it a consolidated subsidiary.

## Foundation building period from inception

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.

## The second founding period

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 1.19 million as of FY2023, and the annual number of insurance claims has exceeded 4.3 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.

# Anicom's Business Development

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.



**Healthcare Innovation Business**

Using big data from our pet insurance operations we develop products for oral and intestinal care necessary for maintaining the health of pets. The goal of this business is to generate revenue independently while also supporting pet health and thereby reducing the amount paid out for insurance claims.

Synergy Generation Business





**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.

Synergy Generation Business





**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.

Synergy Generation Business





**Breeding Business**

We operate a dog and cat breeding business that prioritizes environmental enrichment. By focusing on quality food and regular exercise, we ensure that we deliver healthy and energetic puppies and kittens to their owners.

Anicom Group utilizes its vast data resources on disease, collected through its pet insurance operations in the development of solutions for both congenital and acquired diseases in pets. Specifically, we are striving to eradicate hereditary diseases by expanding our genetic testing services, conducting research and analysis to discover the relationship between oral and intestinal health, and overall health and acquired diseases. Further, we are working to develop and offer health solutions based on these findings. We are also engaged in regenerative medicine, providing new options for diseases previously considered incurable. All of this is being done with the goal of supporting the health and happiness of animals. Leveraging AI and other advances in information technology in these research and service offerings, we aim to deliver new value to society and continue increasing the smiles of animals.



**Creation of new value through high-level data analysis of vast data resources**

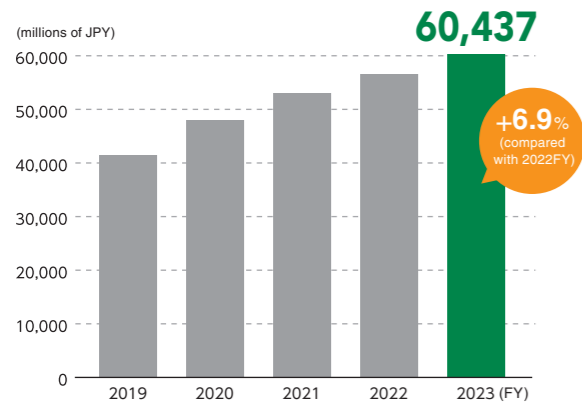


**Realizing the Vision for FY2030**

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

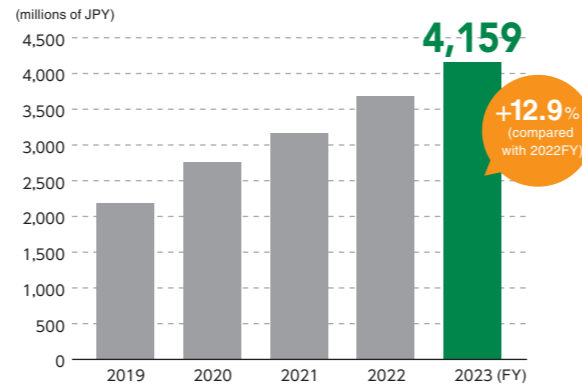
# Financial Highlights

## Consolidated recurring revenue

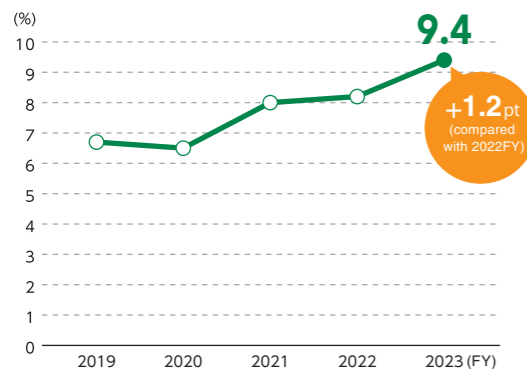


As a result of efforts to link solid pet-owning demands to the acquisition of new pet insurance policies, and efforts to improve policy acquisition costs, consolidated ordinary revenues and consolidated ordinary income reached record highs for both the third consecutive year since the Company's listing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

## Consolidated recurring profit

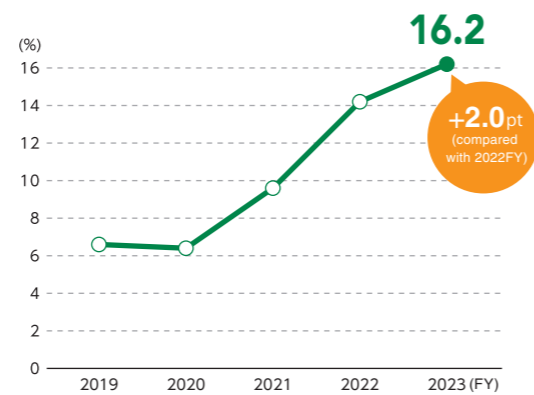


## Consolidated ROE



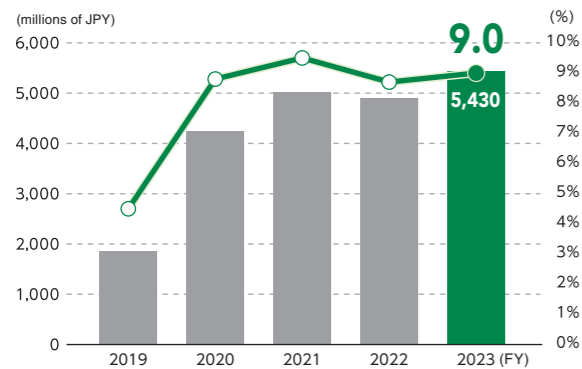
We have improved our capital efficiency, which was lowered by the equity financing in FY 2018, to a level higher than our cost of capital.

## Dividend payout ratio



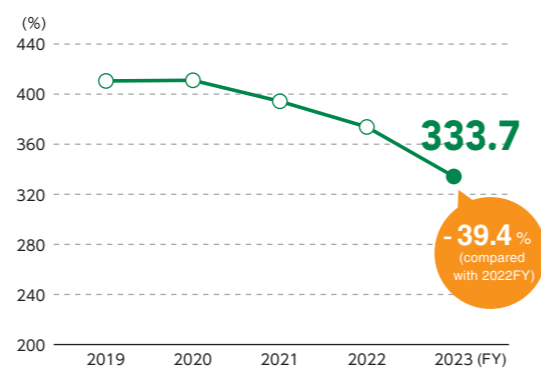
We have continued to pay dividends since FY 2015, and we are implementing a phased increase in dividends to improve the dividend payout ratio to the 20% level under the Mid-term Management Plan 2022-2024.

## 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.

## 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.

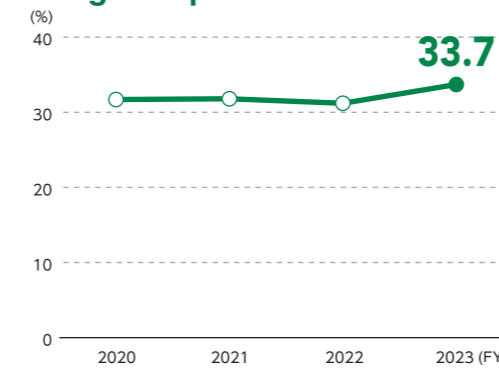
# Non-Financial Highlights

## People

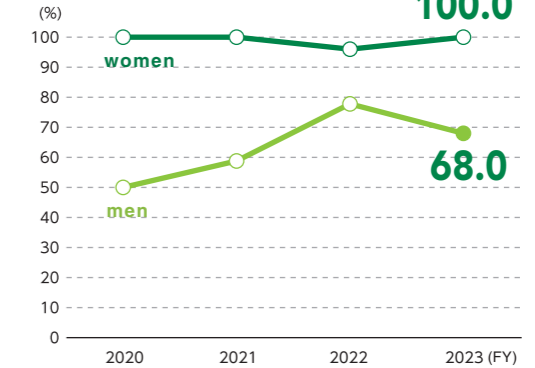
To close the gender gap, we are actively promoting women to management positions and encouraging men to take maternity leave.

\*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



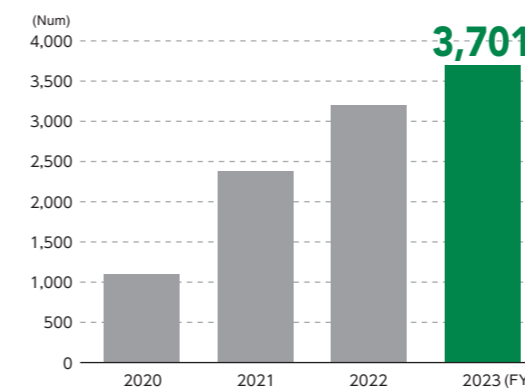
### Rate of maternity leave taken (women and men)



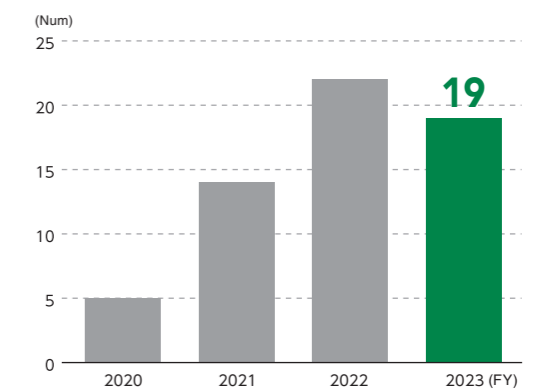
## Pets

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



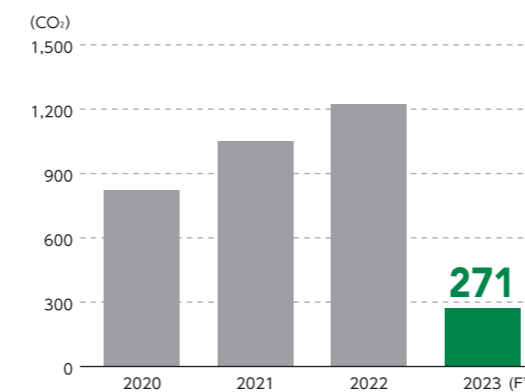
### Number of adoption events assisted



## Environment

To achieve carbon neutrality, we will work to reduce CO<sub>2</sub> emissions.

### Scope 1+2 emissions



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

\*2 Scope 1+2 emissions are calculated using the 'adjusted emission factors' for each electricity utility published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

\*3 Achieve 100% Scope 2 renewable energy ratio in FY2023 by purchasing non-fossil certificates.

# 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
  - Fundraising and donations to help those who have suffered as a result of earthquakes in Turkey, Syria, Morocco, floods in Libya and the earthquake on the Noto Peninsula
- Great customer convenience and high operational efficiency with over-the-counter payment system**
  - Number of animal hospitals supported: 6,879
  - Percentage of claims settled over the counter: 87.2%
- Sales force covering the whole country and abundant channels**
  - Number of pet shops/breeder agents: 4,941
  - Number of general agents: 8,435
  - Breeders, pet shops, web agencies, insurance companies, banks, local co-ops, etc.
- Creating new value through abundant data and data analysis**
  - Data on over 4.3 million insurance claims per year
  - Total number of applications for intestinal flora measurement: approx. 880,000
  - Cumulative number of genetic testing samples: approx. 530,000
- Active promotion of diverse professional human resources**
  - Veterinary license holders: 106
  - Doctor of Medicine/Agriculture/Physical Science/Pharmaceutical Science, Lawyer, Certified Public Accountant, Actuary, Patent Attorney, Designer, etc.

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

	Animal	Life Stages
<b>Upstream</b>	<p>Before birth - pick up</p>	<p><b>Genes</b></p> <ul style="list-style-type: none"> <li>Genetic testing business</li> </ul> <p><b>Mating and Birth</b></p> <ul style="list-style-type: none"> <li>Matching sites</li> <li>Breeding support</li> <li>Sperm bank</li> </ul> <p><b>Pet Shop</b></p> <ul style="list-style-type: none"> <li>Providing training services</li> <li>Issuing genetic testing certificates</li> </ul>
<b>Midstream</b>	<p>Lifestyle</p>	<p><b>Daily Life</b></p> <ul style="list-style-type: none"> <li>Food development and sales</li> <li>Cooperation with other companies</li> </ul> <p><b>Health Examination</b></p> <ul style="list-style-type: none"> <li>Gut microbiome measurement business</li> <li>Insurance with new services</li> </ul> <p><b>Primary Medical Care (General Medical Care)</b></p> <ul style="list-style-type: none"> <li>Electronic medical record sales expansion</li> <li>Reservation customer transfer business</li> <li>Primary animal hospital operation</li> </ul> <p><b>Pet Insurance</b></p>
<b>Downstream</b>	<p>Pet farewell services</p>	<p><b>Secondary Care (Advanced Medical Care)</b></p> <ul style="list-style-type: none"> <li>Providing regenerative medicine</li> <li>Secondary animal hospital operation</li> </ul> <p><b>Farewell Services</b></p> <ul style="list-style-type: none"> <li>Introduction to pet cemeteries</li> <li>Lifetime care facilities</li> </ul>

**Social Value**

- Pets**
  - Mental and physical health
  - Transparency in the supply chain
  - Improved status of pets
- People**
  - Providing a sense of purpose in life
  - Contribution to community revitalization
  - Fairness in educational opportunities
  - Strengthening social functions
  - Health and wellbeing
- Environment**
  - Reduction of environmental impact
  - Biodiversity conservation

See p. 39.

**Pursuing both social and economic value**

**Economic Value**

- Consolidated recurring revenue: **60,437 million yen**
- Consolidated recurring profit **4,159 million yen**
- Consolidated ROE **9.4%**
- Dividend payout ratio **16.2%**
- Synergy-generating business sales ratio **9.0%**
- Solvency margin ratio of Anicom Insurance, Inc. on a non-consolidated basis **333.7%**

**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



# Our Positioning in the Pet Insurance Industry

## The Changing Environment of the Pet Insurance Industry

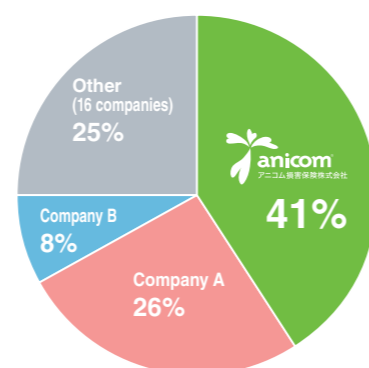
In recent years, Japan's population under the age of 15 has continued to decline. It has slipped to approximately 14 million, while the number of dogs and cats kept as pets is estimated to be 16 million. The market size of the pet industry also grew to 1.7 trillion yen in 2021. As people's anxiety and 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 15 consecutive years from 2009 to 2023. We believe the reason for this is the following competitive advantages.

\*Estimated by Anicom Group based on the disclosure magazine of pet insurance companies, financial statements, and the 2024 Pet-related Market Marketing Overview by Fuji Keizai Co., Ltd.

\*Calculation method changed from FY2023.

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 6,800 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 4.3 million insurance claims filed annually, about 90% 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 4,900 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.

## Value Creation Through Collaboration with Other Companies

Anicom Group, via Anicom Insurance, is advancing collaborations with major life and non-life insurers and companies in other industries. This signifies that the pet industry is entering a phase where it is realizing inter-industry connections that transcend traditional boundaries. Further, this signifies that pets play a crucial role in customer relationships, having significant business importance. As the industry transforms from one of "hobbies" to one of "value creation," we aim to further promote this initiative throughout the entire group.

## Promoting a Group Strategy Centered on "Prevention"

"I want my pet to stay healthy and live a long life." This is a heartfelt wish of all pet owners. Anicom Group provides health solutions that reduce the risk of various diseases. We do this by promoting oral care for periodontal disease prevention and intestinal care to improve gut microbiota diversity, thereby enhancing immunity. By making prevention a part of everyday life, we aim to prevent serious diseases and extend the healthy lifespan of pets.

For details, see "Feature: Synergy Creation Business (P.29)."



## Launching the World's Largest Cancer Prevention Project!

Until now, people have focused on "treatment" in response to disease "diagnosis," but our group believes that the focus should now shift to "prevention." As part of this initiative, we began a joint study on "the prevention of all diseases, including cancer, through oral care" on July 20, 2024. For details on the project, please refer to the presentation materials from the "78th Annual Meeting of Japanese Stomatological Society" held on July 20. This is the world's largest project of its kind: over 16 years of pet insurance operations, with data from a cumulative total of 2.06 million insured dogs, 37.52 million medical records (from 12,201 veterinary hospitals), and 507,436 gut microbiota test samples (170,886 with periodontal bacteria).\* \*Based on Anicom's research as of July 2024.

<https://www.anicom.co.jp/news-release/2024/20240723/>



## Promoting a Group Strategy Centered on "Prevention"

Living organisms have resisted constant environmental changes with finite strength. Through breeding, they have ceaselessly combined the base sequences (ATGC) of DNA, often referred to as the blueprint of life, entrusting their hopes to future generations.

The Hammurabi Code, one of the oldest legal codes, even contains prohibitions against inbreeding, indicating that it has been a fundamental taboo since ancient times. Despite this, people have forced pets into inbreeding for over 10,000 years. As a result, pets have become genetically fragile, beings with "0% ability to live alone and 100% ability to love and be loved."

Optimal breeding processes have made it possible to avoid the onset of diseases caused by congenital factors. Despite this, it is still difficult to eliminate all diseases in pets, and therefore prevention of diseases caused by acquired factors is also an important issue. Pets, from a young age, are more likely than people to develop almost all diseases, including cancer. While human diseases are influenced by factors such as diet, alcohol consumption, smoking, and stress from relationships, pets are more strongly affected by diet.

Our group's research has revealed that the lower the diversity of gut microbiota in dogs, the higher the prevalence of all diseases. It is our view therefore that gut microbiota diversity forms part of "immune strength" and that maintaining and enhancing this diversity is a key element of disease prevention.






One factor that affects gut microbiota diversity is diet. By incorporating a variety of foods, it is possible to improve gut microbiota diversity. Another factor is periodontal disease. It has been shown that when dogs suffer from periodontal disease, their gut microbiota diversity decreases in the following year. (As the saying goes,) "Periodontal disease is the root of many illness," and it raises the prevalence of all diseases in dogs of every age.

Anicom Group promotes the prevention of all diseases, including cancer. We do this by improving gut microbial diversity through varied diets and by preserving this diversity through periodontal disease prevention. For details, see "Special Feature: Synergy Creation Business (P.29)."

# Stakeholder Relations

As a leading company in the pet industry with over 20 years of knowledge and more than 1.19 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
<b>Customers</b>	 <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"> <li>— 01   <b>Efforts to utilize customer feedback in management</b> <ul style="list-style-type: none"> <li>• Total number of complaints: 14,585, Complaint rate: 1.2% of policies in force, Mini-Market Out Committee meetings: 3 times</li> </ul> </li> <li>— 02   <b>Provision of products and services suitable for customers</b></li> <li>— 03   <b>Provision of easy-to-understand information</b></li> <li>— 04   <b>Prompt and appropriate payment of insurance claims</b></li> <li>— 05   <b>Appropriate management of conflicts of interest</b></li> <li>— 06   <b>Efforts toward customer-oriented business operations</b></li> </ul>
<b>Shareholders and Investors</b>	 <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"> <li>— 01   <b>Financial results and business strategy briefings for institutional investors and analysts (4 times)</b></li> <li>— 02   <b>Conducted individual meetings (146 times) with domestic and foreign investors</b></li> <li>— 03   <b>Dialogue with shareholders at general shareholders' meetings and encouragement to exercise voting rights</b></li> <li>— 04   <b>Appropriate information disclosure through website and disclosure materials</b></li> </ul>
<b>Partners</b>	 <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"> <li>— 01   <b>Providing Breeding Support</b></li> <li>— 02   <b>Insurance managers and insurance key person system</b></li> <li>— 03   <b>Conducting audits for fair and equitable transactions</b></li> </ul>
<b>Employees</b>	 <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"> <li>— 01   <b>Conducting regular employee engagement surveys</b></li> <li>— 02   <b>Publication of in-house newsletters "Anicom Diary" and "Anico Smile"</b></li> <li>— 03   <b>Holding weekly morning meetings with group-wide participation</b></li> </ul>
<b>Local Communities</b>	 <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"> <li>— 01   <b>Implementing animal welfare initiatives in cooperation and collaboration with local governments nationwide</b> <ul style="list-style-type: none"> <li>• Number of municipalities with which agreements have been concluded: 5</li> </ul> </li> <li>— 02   <b>Promote initiatives to achieve net zero CO<sub>2</sub> emissions</b> <ul style="list-style-type: none"> <li>• Scope 1+2 emissions 271 t-CO<sub>2</sub></li> </ul> </li> </ul>