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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 11, 2022

Company name: Anicom Holdings, Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 8715  
 URL: <https://www.anicom.co.jp/>  
 Representative: Nobuaki Komori, Representative Director  
 Contact: Hiroshi Sato, General Manager, Corporate Planning Department  
 Phone: +81-3-5348-3911  
 Scheduled date of annual general meeting of shareholders: June 24, 2022  
 Scheduled date of commencing dividend payments: June 27, 2022  
 Scheduled date of filing annual securities report: June 23, 2022  
 Availability of supplementary explanatory materials on annual financial results: Available  
 Schedule of annual financial results briefing session: Scheduled (For analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Recurring revenue		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended						
March 31, 2022	53,022	10.3	3,166	14.8	2,112	33.1
March 31, 2021	48,049	15.9	2,758	26.0	1,586	4.0

(Note) Comprehensive income: Fiscal year ended March 31, 2022: 1,700 million yen [(22.2)%]

Fiscal year ended March 31, 2021: 2,186 million yen [90.8%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of recurring profit to total assets	Ratio of operating profit to recurring revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	25.99	-	8.0	5.6	6.0
March 31, 2021	19.56	19.55	6.5	5.5	5.7

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2022: 140 million yen

Fiscal year ended March 31, 2021: 33 million yen

(Note) The Company conducted a 4-for-1 stock split of common shares, with an effective date of October 1, 2020. "Basic earnings per share" and "diluted earnings per share" were calculated on the assumption that this stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	58,635	27,316	46.6	336.19
As of March 31, 2021	55,459	25,717	46.4	316.47

(Reference) Equity: As of March 31, 2022: 27,316 million yen

As of March 31, 2021: 25,717 million yen

(Note) The Company conducted a 4-for-1 stock split of common shares, with an effective date of October 1, 2020. Net assets per share were calculated on the assumption that this stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	4,456	(5,485)	(112)	27,691
March 31, 2021	4,231	(2,129)	5,154	28,833

### 2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	0.00	–	1.25	1.25	101	6.4	0.4
March 31, 2022	–	0.00	–	2.50	2.50	203	9.6	0.8
March 31, 2023 (Forecast)	–	–	–	–	–		–	

(Notes) 1. The dividend forecasts for the fiscal year ending March 31, 2023 have not yet been decided.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Recurring revenue		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half (cumulative)	28,000	6.3	1,600	(0.6)	1,076	(16.0)	13.24
Full year	57,000	7.5	3,650	15.3	2,464	16.7	30.32

**\* Notes:**

- (1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (3) Number of issued shares (common shares)
- 1) Total number of issued shares at the end of the year (including treasury shares):
 

As of March 31, 2022:	81,309,160 shares
As of March 31, 2021:	81,309,160 shares
  - 2) Total number of treasury shares at the end of the year:
 

As of March 31, 2022:	56,436 shares
As of March 31, 2021:	45,636 shares
  - 3) Average number of shares outstanding during the year:
 

Fiscal year ended March 31, 2022:	81,260,883 shares
Fiscal year ended March 31, 2021:	81,116,462 shares

**(Reference) Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Operating revenue		Operating profit		Recurring profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	1,803	(3.9)	182	(19.4)	168	9.9	0	-
March 31, 2021	1,876	18.7	225	261.2	153	223.1	(69)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2022	0.00	-
March 31, 2021	(0.85)	-

(Note) The Company conducted a 4-for-1 stock split of common shares, with an effective date of October 1, 2020. “Basic earnings per share” and “diluted earnings per share” were calculated on the assumption that this stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	22,760	16,670	73.2	205.17
As of March 31, 2021	22,917	16,771	73.2	206.39

(Reference) Equity: As of March 31, 2022: 16,670 million yen

As of March 31, 2021: 16,771 million yen

(Note) The Company conducted a 4-for-1 stock split of common shares, with an effective date of October 1, 2020. Net assets per share were calculated on the assumption that this stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

(Financial Results Forecast)

The forward-looking statements such as performance forecasts, contained herein are based on information currently available to Anicom Holdings, Inc. (“the Company”) and certain assumptions that the Company regards as reasonable. They are not intended as the Company’s commitment to achieving such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the forecasts and cautionary notes, etc. for using the forecasts, please refer to “1. (1) Financial results forecast for the next consolidated fiscal year” on page 2 of the Attachments.

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

#### 1) Overview of operating results

During the fiscal year under review, the situation continued to be severe due to successive announcements of declarations of a state of emergency and priority measures for prevention of the spread of disease, in response to the spread of COVID-19 variants. However, the Japanese economy began to see daily life and economic activities gradually returning to normal, driven by factors such as the increase in the vaccination rate and the effects of various policies to prevent the spread of COVID-19. Nonetheless, with the many downward risks affecting the Japanese economy, including Russia's invasion of Ukraine, the global semiconductor shortage, and soaring resource prices, the future outlook remains uncertain.

Under these circumstances, to achieve the "further enhancement of the profitability of pet insurance", which has been positioned as a priority measure of the Anicom Group's core subsidiary, Anicom Insurance, Inc., efforts were focused on strengthening areas such as sales and marketing activities. This, combined with continued robust demand for pet ownership, resulted in a steady increase in the number of policies in force, which reached 1,028,831 policies, an increase of 106,958 or 11.6% from the end of the previous fiscal year. In addition, the E/I loss ratio\*<sup>1</sup> improved by 0.3 points year on year to 58.1%, owing in part to the fact that effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized. Expense ratio (based on earned premiums)\*<sup>2</sup> improved by 1.0 point year on year to 36.7%, despite active investments aimed at expansion of scale and to an increase in the number of applicants for Doubutsu Kenkatsu (gut microbiota testing and medical checkups). As a result, the combined ratio (based on earned premiums), which is the sum of both E/I loss ratio and expense ratio (based on earned premiums), improved by 1.3 points year on year to 94.8%.

In addition, the Anicom Group has promoted efforts to further accelerate its initiatives in the second founding period phase. It has accelerated its efforts toward the priority measures in new businesses to grow into a prevention-type insurance company group that considers degrees of health by analyzing diseases and injuries from all data. In the genetic testing business, the Group will progress further toward the provision of breeding support by adding medical support to science, technology, and data, which involves conducting genetic testing in parents and offspring to prevent avoidable genetic diseases. The Group is also pursuing the popularization of animal health checks through its Doubutsu Kenkatsu service, the development and sales of pet foods with symbiotic bacteria as a key feature, and the commercialization of lifestyle consulting, etc. Furthermore, as well as striving for the practical application and expansion of advanced, cutting-edge medicine (cell therapy and regenerative medicine) in veterinary medicine, along with the expansion of medical records management system business (enhancement of booking systems and other functions), the Group is aiming to use data further in the development of preventive methods and expand its pet-related businesses into overseas markets.

As a result, the consolidated results for the Anicom Group are as follows.

Underwriting revenue increased by 9.3% year on year to 47,321 million yen, investment revenue increased by 39.3% year on year to 679 million yen, and other recurring revenue, which includes new business, etc., increased by 18.2% year on year to 5,020 million yen, for the highest ever total recurring revenue of 53,022 million yen, a 10.3% increase from the previous fiscal year. In addition, recurring expenses increased by 10.1% year on year to 49,855 million yen, including underwriting expenses of 33,504 million yen, up 9.8% year on year, and operating and general administrative expenses of 14,656 million yen, up 10.3% year on year. As a result, recurring profit increased by 14.8% year on year to 3,166 million yen, a record high. Profit attributable to owners of parent was 2,112 million yen, up 33.1% year on year.

(Notes) 1. E/I loss ratio: Loss ratio based on claims

(Net claims paid + Increase (decrease) in loss reserves + Loss adjustment expenses) ÷ Earned premiums

2. Expense ratio (based on earned premiums): Ratio of business expenses based on claims to premiums based on claims made (earned premiums)

Non-life insurance business expenses ÷ Earned premiums

#### 2) Financial results forecast for the next consolidated fiscal year

The economic situation in Japan continues to be uncertain as the effects of the COVID-19 pandemic, Russia's invasion of Ukraine, and other factors remain unpredictable, as in the previous fiscal year. However, the Anicom Group's main

business of pet insurance is trending strongly. In the fiscal year ending March 31, 2023, considering that the pet supply and distribution structure may change due to the amendment of the Act on Welfare and Management of Animals, the Group will diversify sales channels for pet insurance, achieve a balance between quantity and quality, and promote measures to make synergistic businesses other than the insurance business capable of earning revenue. In addition, in its aim to be a major infrastructure player in the pet industry, the Group will conduct sustainability management to contribute to society.

In financial results forecast for the fiscal year ending March 31, 2023, while achieving both business expansion and leading the pet industry in resolving social issues, the Group anticipates recurring revenue of 57,000 million yen and recurring profit of 3,650 million yen. The projections on which these forecasts are assumed are based on the changes in the management environment, trends in the pet insurance market, including the competitive environment, and its further future dissemination, efforts to promote and expand sales, movements in insurance claims that take into account the effects of loss ratio improvement measures, and expenditure forecasts.

While the financial results forecast is based on the aforementioned assumptions, actual results may differ significantly from these forecasts. Please refer to “(4) Business and Other Risks” for the major factors involved.

## (2) Overview of Financial Position for the Fiscal Year under Review

### 1) Assets, liabilities and net assets

Total assets as of the end of the fiscal year under review increased by 3,176 million yen year on year to 58,635 million yen. This was primarily attributable to an increase in marketable securities of 4,903 million yen.

Total liabilities as of the end of the fiscal year under review increased by 1,577 million yen year on year to 31,319 million yen. This was primarily attributable to an increase of 1,671 million yen in reserve for insurance policy liabilities due to an increase in insurance policies. There were no borrowings from financial institutions, etc.

Total net assets as of the end of the fiscal year under review increased by 1,598 million yen year on year to 27,316 million yen. This was primarily attributable to the recording of 2,112 million yen in profit attributable to owners of parent.

### 2) Cash flows

Net cash provided by operating activities was 4,456 million yen, primarily due to the recording of profit before income taxes of 2,995 million yen resulting from the steady increase in policies in force as well as an increase in underwriting reserves of 1,505 million yen. However, this represents a decrease of 225 million yen compared with the previous fiscal year.

Net cash used in investing activities was 5,485 million yen. This represents an increase in cash outflow of 3,355 million yen compared with the previous fiscal year, primarily due to an increase in purchase of marketable securities.

Net cash used in financing activities was 112 million yen for the fiscal year under review, compared with a cash inflow of 5,154 million yen in the previous fiscal year.

As a result of the above, cash and cash equivalents at the end of the fiscal year under review was 27,691 million yen, a decrease of 1,141 million yen from the end of the previous fiscal year.

## (3) Basic Policy on Distribution of Profits and Dividends for Fiscal Year under Review and Next Fiscal Year

Regarding the distribution of profits, recognizing that the return of profits to shareholders is one of the management issues, under the shareholder return policy declared in the Mid-term Management Plan FY2019-FY2021, the Company shall conduct ongoing and stable distribution of profits from medium to long-term perspectives while taking into account financial soundness and capital efficiency. The fiscal year under review is the final year of the Mid-term Management Plan FY2019-FY2021, and recurring revenue and recurring profit have reached record highs. In addition, the “Status Report on the Study of Economic Value-based Solvency Regulations” published by the Financial Services Agency in June 2021 states that insurance premium risk is around 10-15% at the average level and will be at an even lower level when compared with the coefficient of 35% in the “Other” category, which suggests that consideration of a future revision is underway. Therefore, the Company plans to pay an increased year-end dividend of 2.50 yen per share to shareholders for the fiscal year under review while keeping in mind future appropriate capital allocation and shareholder returns.

The Company’s policy is to gradually improve the dividend amount for the next fiscal year and beyond with an eye on higher shareholder returns, while balancing equity, risk, and return in consideration of the newly drafted Mid-term Management Plan FY2022-FY2024. The medium-term goal is a dividend payout ratio at the level of 20%, but those

dividend amounts are undecided at this time.

#### (4) Business and Other Risks

Regarding the risks to the Anicom Group's businesses and other risks, major matters that could materially affect investors' decisions and matters that are believed to be important for understanding the business activities of the Anicom Group are listed below. With a recognition of these risks, the Company shall endeavor to prevent them from occurring and to respond in the event that they do occur.

Forward-looking matters described herein have been determined as of the date of publication of this Consolidated Financial Results.

##### 1) Impact of COVID-19 and responses, etc.

Due to changes in lifestyle as a result of increased time spent at home during the COVID-19 pandemic, pet ownership demand has increased, and the number of new policies is on the rise. As pet shops, which are the major agents, have continued to operate while taking due health precautions, etc., it is believed that there is little risk that suspension of operations, etc. under state of emergency declarations will cause insurance premiums and consolidated recurring revenue to fall.

On the other hand, there is a risk that the increase in pet ownership demand will be limited as daily life and economic activities return to normal. With owners spending more time at home with their pets, it is easier for them to notice unusualness in their pets, leading to increases in visits to animal hospitals, and at the same time, insurance claims are also increasing. In the immediate term, the effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized, but depending on future circumstances, the Group's financial position and business results could be affected by another rise in the level of claims incurred and other factors.

In addition, regarding safety measures for Group employees, to mitigate employees' risk of infection, the Group is recommending work-from-home, including remote work, with the aim of reducing as much as possible the chances of coming in contact with other people. On the other hand, because the Company, as a financial institution, is required to continue operations even under state of emergency declarations, measures are being taken to mitigate the risks of infection during commuting for employees who are required to attend company premises, such as staggered commuting times and the establishment of a shiftwork system that includes working on weekends.

##### 2) Risks to non-life insurance business

###### (a) Risks to pet insurance business

The pet insurance business is the main business of the Anicom Group. However, due to reasons such as the amendment of the Act on the Welfare and Management of Animals and the aging of breeders and their decline in numbers, the pet supply may decline. In addition, due to business format changes in the pet industry, the distribution structure also may change. If these trends continue into the future, issues could arise in the area of continued expansion of new pet insurance policy numbers.

To respond to this situation, the Group will shift from a focus on sales of insurance at pet shops to enhance its sales and marketing in regular channels targeting owners who already have pets. In addition, the Group will respond to the decline in pet ownership through the breeding support that brings together the Group's resources.

###### (b) Risks of intensifying competition

The competition environment in Japan's pet insurance business is severe, with six companies that have obtained a non-life insurance business license under the provisions of the Insurance Business Act and ten companies that have registered as Small Amount and Short Term Insurance Companies under the provisions of the same Act. Going forward, if, due to the entry into the business by non-insurance companies and the major non-life insurance companies, or the expansion of existing competitors, competition in products, services and prices becomes more intense, this might cause a decline in policies in force, fewer commissioned agencies, a decline in premiums written due to a fall in premium unit prices or an increase in the level of agency commissions (due to intensifying competition), resulting in the negative impact on the financial position and business results of the Anicom Group.

(c) Insurance underwriting risks

In the non-life insurance business conducted by Anicom Insurance, Inc., the Group sets appropriate coverage contents and premium levels, but in its core product of pet insurance, if an appropriate level of insurance premiums cannot be ensured or excessive risks accumulate mainly due to rising rates of pets contracting disease caused by epidemics, increasing level of pet medical expenses, changes in the portfolio of policies in force, and a concentration of risks, it may become impossible to maintain the soundness of management, which could affect the financial position and business results of the Anicom Group.

Although there have been reports in Japan and overseas of pets contracting COVID-19, there has been no spread of infections in Japan or impact on medical expenses.

3) Legal risks related to the Group's conduct of business

(a) Legal risks related to Insurance Business Act, etc.

The core business of the Anicom Group is the non-life insurance business conducted by Anicom Insurance, Inc., which has obtained a non-life insurance business license under the provisions of Article 3 of the Insurance Business Act. The non-life insurance business license is of unlimited duration, but in the event that Anicom Insurance comes to fall under any of the following, there is a possibility that its license will be rescinded, or it will be ordered to suspend its operations under the provisions of Articles 133 and 134 of the Insurance Business Act.

- if it is in violation of a disposition of the Prime Minister pursuant to laws and regulations or particularly important matters among those prescribed in its Articles of Incorporation, statement of business procedures, general policy conditions, or statement of calculation procedures for insurance premiums and underwriting reserves;
- if it is in violation of the conditions attached to the relevant license;
- if it engages in conduct prejudicial to the public interest;
- if the asset status of the insurance company is significantly worsening and it is not appropriate for it to continue the insurance business from the viewpoint of protecting policyholders, etc.

In addition, if the solvency margin ratio falls below the standard value and prompt rectification measures are invoked by the Financial Services Agency, the company may be ordered to submit an improvement plan to ensure the soundness of management, or to suspend its operations in whole or in part for a defined period.

The Company recognizes that no facts that correspond to these matters exist at Anicom Insurance, Inc. at this time, but in the event that its license is rescinded, or it is ordered to suspend its operations for any reason in the future, it could significantly impede the Group's core business activities and have a material impact on its business results.

To manage the business of Anicom Insurance, Inc., the Company has obtained authorization as an insurance holding company under the provisions of Article 271-18 (1) of the Insurance Business Act, but in the event that the Company has violated a law or regulation, its Articles of Incorporation, or any disposition of the Prime Minister pursuant to laws and regulations, or has engaged in any conduct that is prejudicial to the public interest, that authorization may be rescinded or the insurance companies that are its subsidiary companies may be ordered to suspend their operations in whole or in part, under the provisions of Article 271-30 of the said act.

The Company recognizes that no facts that correspond to these matters exist at the Company at this time, but in the event that its authorization as an insurance holding company is rescinded or an order is made for suspension, etc. of its insurance company's business for any reason in the future, it could cause a significant hindrance to the Group's business activities in general and have a material impact on its business results.

(b) Risks of changes to regulations

The non-life insurance business conducted by Anicom Insurance, Inc. is regulated by the Insurance Business Act, the Financial Instruments and Exchange Act, and other laws and regulations. In the event of the establishment of new regulations or changes to existing regulations, etc., depending on the nature of that new or changed regulation, there is potential for a decline in revenue or an increase in expenses such as additions to the policy reserve, which could affect the Group's financial position and business results.

In addition, pets covered by the pet insurance products provided by Anicom Insurance are subject to standards, etc. concerning the care and keeping, etc. of animals under the Act on Welfare and Management of Animals. In addition to these immediate amendments, any further changes, etc. to these regulations that result in a decline in pet



ownership could lead to a decrease in pet insurance policies and affect the Group's financial position and business results.

#### 4) Other risks

##### (a) Risks of dependence on non-life insurance business

The core business of the Anicom Group is the non-life insurance business conducted by Anicom Insurance, Inc. Because the revenue from this business currently accounts for over half of the revenue of the entire Group, if the growth of this business cannot be realized or if the expansion of new business fields other than pet insurance does not proceed smoothly, it could affect the Group's financial position and business results. The Group has been working to expand synergistic businesses other than the insurance business in order to reduce its level of dependence on the pet insurance business.

##### (b) Risks related to executive management

If unexpected circumstances were to befall any important members of executive management or senior management employees of the Group, particularly the Representative Director, Nobuaki Komori, this could hinder the development and expansion of the Group's business.

##### (c) Risks related to business operations

Business operation risks are inherent to the business activities of the Group. Examples of such risk include the non-payment or missed payment of insurance claims in the non-life insurance business, clerical errors, administrative disposition by the regulatory authorities due to a violation of a law or regulation, etc., misconduct by an executive or employee, and insufficient labor management. Although the Group has established internal control systems to control these risks, if this kind of business operation risk were to manifest, it may cause a loss of customers' trust and social credibility, which could affect the Group's financial position and business results.

##### (d) Investment risks

The Group conducts investments in shares, bonds, various types of investment trust products, etc. In addition to regular monitoring of fluctuations in share price levels and interest rate levels, etc., it has adopted various countermeasures for the appropriate control of the risk of falls in the market value of its investments. However, there is potential for valuation losses and falls in the market value of bonds, etc. to occur primarily due to major falls in share prices and rises in interest rates, which could affect the Group's business results and financial position.

In addition, as well as the aforementioned bonds, investment trust products, etc., the Group also manage its assets as bank deposits, etc., and if the issuer of a corporate bond, etc., becomes unable to fulfill its obligation and falls behind in the payment of the principal or interest, etc., this could affect the Group's financial position and business results.

##### (e) Liquidity risks

The Group has established systems for cashflow management through the ascertainment of appropriate fund positions. However, in the event of a deterioration in its fund positions due to an increase in insurance claims caused by a sudden epidemic of an infectious disease and other reasons, the Group may be forced to procure funds at a significantly higher cost than usual or to sell assets at a significantly lower price, which could affect the Group's financial position and business results.

##### (f) Risks related to disruption of business

In preparation for unforeseen circumstances such as an earthquake striking directly under the Greater Tokyo Area or other large-scale natural disaster, or a novel influenza pandemic, by building crisis management systems that include the formulation of business continuity plans, the Group has established systems for the ongoing continuation of business to contain business disruption to a certain level. However, if business continuity is impeded or the effects of the disaster are greater than anticipated, this could affect the Group's financial position and business results.

(g) Risks related to information security

The Anicom Group handles large volumes of customer information, including policyholder information in the insurance business, agency information, and animal hospital information. Each Group company has established information management systems and controls that information rigorously. However, an information leak due to unauthorized access to or computer virus infection, etc. of the computer systems of a Group company or external subcontractor, could lead to damage to social credibility and brand image, the payment of compensation for damages caused by the incident, etc., which could affect the Group's financial position and business results.

(h) Systems risks

The Group has established systems that will enable it to contain to a certain level the risk of the suspension, malfunction, or unauthorized use of information systems caused by natural disaster, accident, unauthorized access stemming from a cyber-attack, etc., and by problems related to the development and operation of information systems, etc., allowing it to operate its business continuously. However, if a material systems dysfunction were to occur, it could affect the Group's financial position and business results.

(i) Reputation risks

If negative reputations about the Group were to spread in media reports, comments posted on the internet, etc., whether those reputations were based on facts or not, they have the potential to affect the Group's social credibility. The Group makes efforts on a daily basis to detect such reputations at an early stage and minimize their impact, but if malicious reputations were to spread, it could affect the Group's financial position and business results.

## 2. State of Corporate Group

The Anicom Group comprises six (6) companies: the Company, which is an insurance holding company, and its wholly-owned subsidiaries, namely Anicom Insurance, Inc., Anicom Pafe, Inc., Anicom Frontier, Inc., Anicom Specialty Medical Institute, Inc., and SIMNET Co., Ltd.

As a holding company that conducts business management and associated operations, the Company ascertains the state of the operating companies' management and strives to manage the Group's risks and strengthen its compliance. Its work also includes the formulation of Group business strategies and promoting the demonstration of intra-Group synergies.

### 3. Basic Policy on Selection of Accounting Standards

The Anicom Group adopts the Japanese Generally Accepted Accounting Principle (GAAP) to ensure comparability with other Japanese companies in the same industry.

#### 4. Consolidated Financial Statements and Principal Notes

##### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Cash and bank deposits	31,683	29,641
Marketable securities	11,667	16,570
Loans receivable	92	3
Property, plant and equipment	2,520	2,550
Land	809	809
Buildings, net	970	992
Leased assets, net	31	20
Construction in progress	8	110
Other, net	699	617
Intangible assets	3,466	3,469
Software	783	790
Software in progress	281	407
Goodwill	2,381	2,253
Other	20	18
Other assets	5,208	5,481
Accounts receivable	2,068	2,208
Accrued premiums	534	571
Suspense payments	1,451	1,237
Rest of other assets	1,154	1,463
Deferred tax assets	898	951
Allowance for doubtful accounts	(78)	(33)
<b>Total assets</b>	<b>55,459</b>	<b>58,635</b>
<b>Liabilities</b>		
Reserve for insurance policy liabilities	19,626	21,297
Loss reserves	2,539	2,705
Underwriting reserves	17,087	18,592
Corporate bonds	5,000	5,000
Other liabilities	4,787	4,647
Income taxes payable	694	533
Accounts payable - other	2,018	1,835
Suspense receipt	1,783	1,964
Rest of other liabilities	291	314
Provision for bonuses	247	274
Reserves under special laws	80	98
Reserve for price fluctuation	80	98
<b>Total liabilities</b>	<b>29,741</b>	<b>31,319</b>

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus	8,092	8,092
Retained earnings	9,353	11,364
Treasury shares	(1)	(1)
Total shareholders' equity	25,648	27,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	69	(342)
Total accumulated other comprehensive income	69	(342)
Total net assets	25,717	27,316
Total liabilities and net assets	55,459	58,635

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Recurring revenue	48,049	53,022
Underwriting revenue	43,312	47,321
Net premiums written	43,312	47,321
Investment revenue	488	679
Interest and dividend income	253	316
Gain on sale of marketable securities	233	360
Net foreign exchange gains	1	3
Other recurring revenue	4,248	5,020
Share of profit of entities accounted for using equity method	33	140
Other	4,214	4,879
Recurring expenses	45,290	49,855
Underwriting expenses	30,512	33,504
Net claims paid	23,226	25,559
Loss adjustment expenses	1,098	1,080
Net commission and collection expenses	4,539	5,193
Provision for reserve for outstanding losses and claims	211	165
Provision for underwriting reserves	1,437	1,505
Investment expenses	141	66
Loss on sale of marketable securities	38	61
Loss on valuation of marketable securities	103	4
Operating and general administrative expenses	13,283	14,656
Other recurring expenses	1,353	1,628
Interest expenses	8	15
Other	1,344	1,612
Recurring profit	2,758	3,166
Extraordinary income	54	–
Gain on bargain purchase	5	–
Gain on reversal of share acquisition rights	48	–
Gain on disposal of non-current assets	0	–
Extraordinary losses	400	170
Loss on disposal of non-current assets	16	52
Impairment losses	278	94
Provision of reserves under special laws	12	18
Provision of reserve for price fluctuation	12	18
Other	93	4
Profit before income taxes	2,412	2,995
Income taxes - current	915	776
Income taxes - deferred	(89)	106
Total income taxes	826	883
Net profit	1,586	2,112
Profit attributable to owners of parent	1,586	2,112

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net profit	1,586	2,112
Other comprehensive income		
Valuation difference on available-for-sale securities	599	(411)
Total other comprehensive income	599	(411)
Comprehensive income	2,186	1,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,186	1,700
Comprehensive income attributable to non-controlling interests	–	–



## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,981	7,871	7,868	(0)	23,719
Changes during period					
Issuance of new shares	221	221			442
Dividends of surplus			(101)		(101)
Profit attributable to owners of parent			1,586		1,586
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					-
Total changes during period	221	221	1,485	(0)	1,928
Balance at end of period	8,202	8,092	9,353	(1)	25,648

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(530)	(530)	135	23,325
Changes during period				
Issuance of new shares				442
Dividends of surplus				(101)
Profit attributable to owners of parent				1,586
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	599	599	(135)	463
Total changes during period	599	599	(135)	2,392
Balance at end of period	69	69	-	25,717

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,202	8,092	9,353	(1)	25,648
Changes during period					
Issuance of new shares					–
Dividends of surplus			(101)		(101)
Profit attributable to owners of parent			2,112		2,112
Purchase of treasury shares					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,010	–	2,010
Balance at end of period	8,202	8,092	11,364	(1)	27,658

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	69	69	25,717
Changes during period			
Issuance of new shares			–
Dividends of surplus			(101)
Profit attributable to owners of parent			2,112
Purchase of treasury shares			–
Net changes in items other than shareholders' equity	(411)	(411)	(411)
Total changes during period	(411)	(411)	1,598
Balance at end of period	(342)	(342)	27,316

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,412	2,995
Depreciation	713	832
Amortization of goodwill	219	219
Increase (decrease) in loss reserves	211	165
Increase (decrease) in underwriting reserves	1,437	1,505
Increase (decrease) in allowance for doubtful accounts	2	(44)
Increase (decrease) in provision for bonuses	38	27
Increase (decrease) in reserve for price fluctuation	12	18
Interest and dividend income	(253)	(316)
Loss (gain) related to marketable securities	(93)	(297)
Share of loss (profit) of entities accounted for using equity method	(33)	(140)
Share-based payment expenses	101	42
Gain on reversal of share acquisition rights	(48)	-
Corporate bond issuance costs	32	-
Interest expenses	8	15
Impairment losses	278	94
Loss (gain) related to property, plant and equipment	15	52
Decrease (increase) in other investing and financing activities assets	(873)	(183)
Increase (decrease) in other investing and financing activities liabilities	676	116
Subtotal	4,859	5,104
Interest and dividend income received	261	322
Interest paid	(7)	(15)
Income taxes paid	(882)	(954)
Net cash provided by (used in) operating activities	4,231	4,456
Cash flows from investing activities		
Net decrease (increase) in bank deposits	-	900
Purchase of marketable securities	(9,157)	(9,886)
Proceeds from sale and redemption of marketable securities	8,664	4,874
Loan advances	(71)	-
Proceeds from collection of loans receivable	-	58
Total of net cash provided by (used in) investment transactions	(564)	(4,054)
Total of net cash provided by (used in) operating activities and investment transactions	3,666	402
Purchase of property, plant and equipment	(855)	(605)
Proceeds from sale of property, plant and equipment	3	-
Purchase of intangible assets	(309)	(608)
Payments for acquisition of businesses	(252)	(107)
Other, net	(151)	(108)
Net cash provided by (used in) investing activities	(2,129)	(5,485)

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from issuance of corporate bonds	4,967	–
Proceeds from issuance of shares	299	–
Purchase of treasury shares	(0)	–
Repayments of lease obligations	(11)	(11)
Dividends paid	(101)	(101)
Net cash provided by (used in) financing activities	5,154	(112)
Net increase (decrease) in cash and cash equivalents	7,255	(1,141)
Cash and cash equivalents at beginning of period	21,577	28,833
Cash and cash equivalents at end of period	28,833	27,691

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when the control of promised goods or services are transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled to receive in exchange for those goods and services.

Accordingly, for performance obligations that are to be satisfied over time, the Company estimates the degree of progress toward satisfaction of performance obligations and recognizes revenue based on that degree of progress over time.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is added to or subtracted from retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance.

The impact of this change on profit and loss for the fiscal year under review, and on retained earnings at the beginning of the fiscal year under review is insignificant.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the consolidated financial statements.

(Financial instruments)

1. Matters related to the status of financial instruments

(1) Policy for handling financial instruments

The Company and its consolidated subsidiaries are primarily engaged in the non-life insurance business. In our asset management, we make a comprehensive determination of safety, profitability, liquidity, and public interest, taking into account the nature of the assets being invested in, with the aim of contributing to society and public welfare.

Our main investments are in bank deposits, corporate and government bonds, corporate and government bond investment trusts, shares, share investment trusts, and real estate investment trusts, and we conduct our investments according to an annual investment plan.

(2) Details of financial instruments and associated risks

The financial instruments held by the Company and its consolidated subsidiaries include bank deposits, corporate and government bonds, corporate and government bond investment trusts, shares, share investment trusts, and real estate investment trust. These instruments are exposed to the following risks.

1) Market-related risks

Risk of incurring losses with the fluctuation in portfolio value due to fluctuations in interest rates, foreign exchange rates, and share and other markets.

2) Credit risk

Risk of incurring losses with the fluctuation in portfolio values due to changes in the creditworthiness of individual borrowers.

(3) Risk management framework for financial instruments

Anicom Insurance, Inc. has established an investment division (Finance Department), clerical administration division (Accounting Department), and risk management division (Risk Management Department) as its framework for managing risks, which has a function of mutual checks and balances based on Investment Risk Management Regulations.

1) Management of market-related risks

For marketable securities, namely shares and bonds, etc., the company determines fair value and the degree of risk, and continuously reviews the status of its holdings.

2) Management of credit risks

The company manages the credit risk of the issuers of marketable securities by determining credit rating information and fair value, etc. for each issue. In addition, regarding marketable securities held for strategic purposes, it regularly monitors the market environment and business performance, etc. of business partners.

The status of asset management, including risk management, is reported to the Board of Directors on a monthly basis. The results of monitoring are confirmed, and risk management preparedness is constantly improved.

(4) Supplemental explanation on the fair value, etc. of financial instruments

The fair values of financial instruments have been calculated using certain premises and assumptions, and may differ if calculated based on different assumptions and other factors.

2. Matters related to fair value, etc. of financial instruments

Amount recorded in the consolidated balance sheets, fair values, and the difference between them are as follows.

Previous fiscal year (as of March 31, 2021)

(Million yen)

	Amount recorded in consolidated balance sheets	Fair value	Difference
(1) Cash and bank deposits	31,683	31,683	–
(2) Marketable securities			
Available-for-sale securities (*1)	10,446	10,446	–
(3) Loans receivable	92	87	(4)
(4) Accounts receivable (*2)	2,016	2,016	–
Total assets	44,238	44,233	(4)
(1) Corporate bonds	5,000	4,997	(2)
Total liabilities	5,000	4,997	(2)

(\*1) The following is a financial instrument whose fair value is deemed extremely difficult to determine, and therefore is not included in (2) Marketable securities.

(Million yen)

	Previous fiscal year (as of March 31, 2021)
Unlisted shares	1,220

(\*2) Allowance for doubtful accounts on accounts receivable is immaterial and is directly deducted from the amount recorded in the consolidated balance sheets.

Fiscal year under review (as of March 31, 2022)

(Million yen)

	Amount recorded in consolidated balance sheets	Fair value	Difference
(1) Cash and bank deposits	29,641	29,641	–
(2) Marketable securities			
Available-for-sale securities (*1)	14,809	14,809	–
(3) Loans receivable	3	3	–
(4) Accounts receivable (*2)	2,175	2,175	–
Total assets	46,630	46,630	–
(1) Corporate bonds	5,000	4,988	(12)
Total liabilities	5,000	4,988	(12)

(\*1) Shares, etc. and investments in partnerships without market prices are as indicated below and are not included in “(2) Marketable securities.”

(Million yen)

	Fiscal year under review (as of March 31, 2022)
Shares, etc. without market prices (*1)	1,393
Investments in partnerships (*2)	367
Total	1,761

\*1 Shares, etc. without market prices refer to unlisted shares and, pursuant to Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020), are not subject to fair value disclosure.

\*2 Investments in partnerships refer to investment limited partnerships and silent partnerships. Pursuant to Paragraph 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), these are not subject to fair value disclosure.

(\*2) Allowance for doubtful accounts on accounts receivable is immaterial and is directly deducted from the amount recorded in the consolidated balance sheets.

(Notes)

1. Calculation methods for fair values of financial instruments

Assets

(1) Cash and bank deposits

As the fair values of deposits without maturity approximate book values, their fair values are based on the book values.

For deposits with maturity, present value is calculated by discounting each deposit by the deposit interest rate assumed if a new deposit were to be made.

(2) Marketable securities

The fair values of shares and exchange-traded funds are based on prices by stock exchanges. The fair values of investment trusts excluding exchange-traded funds, and investment accounts of investment corporations are based on published prices or standard prices, etc. offered by asset management companies.

(3) Loans receivable

The fair values of loans receivable are calculated by discounting the total amount of principal and interest by the interest rate assumed if a similar loan were to be made. The fair values of loans to borrowers who have a high probability of bankruptcy approximate the values derived by deducting the estimated uncollectible amount from the book values, therefore their fair values are based on such values. Investment losses from the application of the equity method are deducted directly from loans receivable carried on the consolidated balance sheets.

(4) Accounts receivable

The fair values of accounts receivable approximate the values derived by deducting the estimated uncollectible amount from the book values, therefore their fair values are based on such values.

Liabilities

(1) Corporate bonds

The fair values of corporate bonds are calculated based on reference statistical prices for over-the-counter public and corporate bond transactions published by the Japan Securities Dealers Association.

2. Scheduled redemption amounts of monetary claims and marketable securities with maturity after consolidated closing date

Previous fiscal year (as of March 31, 2021)

(Million yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Bank deposits	31,683	—	—	—
Loans receivable	—	92	—	—
Accounts receivable (*)	2,016	—	—	—
Total	33,699	92	—	—

(\*) Allowance for doubtful accounts on accounts receivable is immaterial and is directly deducted from the amount recorded in the consolidated balance sheets.



Fiscal year under review (as of March 31, 2022)

(Million yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Bank deposits	29,641	–	–	–
Loans receivable	–	3	–	–
Accounts receivable (*)	2,175	–	–	–
Total	31,817	3	–	–

(\*) Allowance for doubtful accounts on accounts receivable is immaterial and is directly deducted from the amount recorded in the consolidated balance sheets.

### 3. Scheduled repayment amounts of corporate bonds after consolidated closing date

Previous fiscal year (as of March 31, 2021)

(Million yen)

	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	–	–	–	–	5,000	–
Total	–	–	–	–	5,000	–

Fiscal year under review (as of March 31, 2022)

(Million yen)

	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	–	–	–	5,000	–	–
Total	–	–	–	5,000	–	–

(Marketable securities)

#### 1. Trading securities

Not applicable.

#### 2. Held-to-maturity securities

Not applicable.

#### 3. Available-for-sale securities

Previous fiscal year (as of March 31, 2021)

(Million yen)

		Amount recorded in consolidated balance sheets	Acquisition cost	Difference
Those for which the amount recorded in consolidated balance sheets exceeds the acquisition cost	Shares	–	–	–
	Other	2,550	2,209	340
	Subtotal	2,550	2,209	340
Those for which the amount recorded in consolidated balance sheets does not exceed the acquisition cost	Shares	62	70	(7)
	Other	7,833	8,070	(236)
	Subtotal	7,895	8,140	(244)
Total		10,446	10,350	96

(Note) Available-for-sale securities whose fair values are deemed extremely difficult to determine, are not included in the above table.

Fiscal year under review (as of March 31, 2022)

(Million yen)

		Amount recorded in consolidated balance sheets	Acquisition cost	Difference
Those for which the amount recorded in consolidated balance sheets exceeds the acquisition cost	Shares	24	8	15
	Other	2,918	2,603	314
	Subtotal	2,942	2,611	330
Those for which the amount recorded in consolidated balance sheets does not exceed the acquisition cost	Shares	–	–	–
	Other	11,866	12,672	(806)
	Subtotal	11,866	12,672	(806)
Total		14,809	15,284	(475)

(Note) Shares, etc. without market prices and investments in partnerships are not included in the above table.

4. Held-to-maturity securities sold during the fiscal year under review

Not applicable.

5. Available-for-sales securities sold during the fiscal year under review

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

Type	Proceeds from sales	Total gains on sales	Total losses on sales
Shares	185	18	(6)
Other	8,373	214	(31)
Total	8,559	233	(38)

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

Type	Proceeds from sales	Total gains on sales	Total losses on sales
Shares	144	77	(8)
Other	4,729	282	(53)
Total	4,874	360	(61)

6. Marketable securities for which holding purposes have been changed

Not applicable.

7. Marketable securities for which impairment losses were recognized during the fiscal year under review

An impairment loss of 100 million yen (of which, 100 million yen in shares) was recognized for available-for-sale securities for which fair values are deemed extremely difficult to determine for the fiscal year ended March 31, 2021.

The criteria for determining that fair values “declined significantly” are a decline by 50% or more from their acquisition costs in all cases, while for those with fair values declining by 30% or more but less than 50%, a decision on “significant decline” is made based on credit rating agencies’ ratings, etc.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Anicom Group are components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors for the purpose of making decisions about the allocation of management resources and evaluating their performance.

The core business of the Group is the non-life insurance business conducted by Anicom Insurance, Inc., which has obtained a non-life insurance business license under the provisions of Article 3 of the Insurance Business Act. Accordingly, the Group classifies the non-life insurance business as a reportable segment. The “Non-life insurance business” comprises underwriting of pet insurance and related investment operations. In addition, “Pet-related internet services business,” which is the operation of a breeder matching website and pet adoption matching website, including transfer of ownership, and other businesses conducted by SIMNET Co., Ltd., is also classified as a reportable segment.

2. Methods for calculating net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting treatment for reported business segments is generally the same as described in “Significant matters for preparation of consolidated financial statements.” Profits of reportable segment are based on figures for recurring profit.

3. Information on the amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment  
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments	Amount recorded in consolidated financial statements (Note 2)
	Non-life insurance business	Pet-related internet services business	Total				
Recurring revenue from sales to external customers	43,812	1,571	45,383	2,665	48,049	–	48,049
Inter-segment recurring revenue or transfers	177	154	332	513	845	(845)	–
Total	43,990	1,726	45,716	3,178	48,895	(845)	48,049
Segment profit (loss)	2,713	370	3,084	(325)	2,758	–	2,758
Segment assets	49,342	2,909	52,251	3,713	55,964	(505)	55,459
Segment liabilities	28,703	271	28,974	1,272	30,247	(505)	29,741
Other items							
Depreciation	502	3	505	208	713	–	713
Amortization of goodwill	–	133	133	85	219	–	219
Investment revenue	492	0	492	0	492	(4)	488
Interest expenses	8	–	8	4	12	(4)	8
Share of profit of entities accounted for using equity method	–	–	–	33	33	–	33
Investment in associates accounted for using equity method	–	–	–	856	856	–	856
Increase in property, plant and equipment and intangible assets	618	3	622	772	1,394	–	1,394

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the veterinary clinic support operations, insurance agency operations, and research and clinical operations in the veterinary medicine area.  
2. Segment profit (loss) coincides with recurring profit in the consolidated statements of income.  
3. The adjustment amount of segment assets and segment liabilities of (505) million yen refers to elimination of inter-segment receivable/payable amounting to (505) million yen.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustments	Amount recorded in consolidated financial statements (Note 2)
	Non-life insurance business	Pet-related internet services business	Total				
Recurring revenue from sales to external customers	48,030	1,753	49,783	3,238	53,022	–	53,022
Inter-segment recurring revenue or transfers	237	142	380	106	486	(486)	–
Total	48,267	1,896	50,164	3,344	53,508	(486)	53,022
Segment profit (loss)	3,478	141	3,619	(453)	3,166	–	3,166
Segment assets	51,455	2,823	54,278	5,247	59,526	(891)	58,635
Segment liabilities	30,252	213	30,465	1,744	32,210	(891)	31,319
Other items							
Depreciation	617	10	627	200	828	–	828
Amortization of goodwill	–	133	133	85	219	–	219
Investment revenue	684	0	684	1	686	(6)	679
Interest expenses	14	–	14	6	21	(6)	15
Share of profit of entities accounted for using equity method	–	–	–	140	140	–	140
Investment in associates accounted for using equity method	–	–	–	1,038	1,038	–	1,038
Increase in property, plant and equipment and intangible assets	527	57	585	740	1,325	–	1,325

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the veterinary clinic support operations, insurance agency operations, and research and clinical operations in the veterinary medicine area.
2. Segment profit (loss) coincides with recurring profit in the consolidated statements of income.
3. The adjustment amount of segment assets and segment liabilities of (891) million yen refers to elimination of inter-segment receivable/payable amounting to (891) million yen.

[Related information]

1. Information by product and service

This information is omitted because recurring revenue from sales to external customers in a single product and service category exceeds 90% of the recurring revenue recorded in the consolidated statements of income.

2. Information by geographical area

(1) Net sales

Not applicable as there are no consolidated subsidiaries or overseas branches in countries or regions other than Japan.

(2) Property, plant and equipment

Not applicable as there are no consolidated subsidiaries or overseas branches in countries or regions other than Japan.

3. Information by major customer

Not applicable.

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

An impairment loss of 278 million yen was recorded for the fiscal year ended March 31, 2021 in the “Non-life insurance business.”

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

An impairment loss of 94 million yen was recorded for the fiscal year ended March 31, 2022 in the “Non-life insurance business.”

[Information on the amortization of goodwill and unamortized balance by reportable segment]

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Non-life insurance business	Pet-related internet services business	Other	Corporate/eliminations	Total
Amortization of goodwill	–	133	85	–	219
Balance at end of the fiscal year	–	1,872	509	–	2,381

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Non-life insurance business	Pet-related internet services business	Other	Corporate/eliminations	Total
Amortization of Goodwill	–	133	85	–	219
Balance at end of the fiscal year	–	1,738	515	–	2,253

[Information on the gains on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Non-life insurance business	Pet-related internet services business	Other	Corporate/eliminations	Total
Gains on bargain purchase	–	–	5	–	5

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Not applicable.

(Per share information)

(Yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	316.47	336.19
Basic earnings per share	19.56	25.99
Diluted earnings per share	19.55	—

- (Notes) 1. The Company conducted a 4-for-1 stock split of common shares, with an effective date of October 1, 2020. “Net assets per share,” “basic earnings per share” and “diluted earnings per share” were calculated on the assumption that this stock split had been conducted at the beginning of the fiscal year ended March 31, 2021.
2. Diluted earnings per share is not indicated for the fiscal year ended March 31, 2022, as there are no potential shares.
3. The basis for the calculation of basic earnings and diluted earnings per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	1,586	2,112
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	1,586	2,112
Average number of common shares outstanding during the period (Shares)	81,116,462	81,260,883
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in number of common shares (Shares)	40,577	—
[Of which, share acquisition rights] (Shares)	[40,577]	—
Overview of residual shares not included in the calculation of diluted earnings per share due to their non-dilutive effect	—	—

4. The basis for the calculation of net assets per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total net assets (Million yen)	25,717	27,316
Amounts deducted from total net assets (Million yen)	–	–
[Of which, share acquisition rights] (Million yen)	[–]	[–]
Net assets relating to common shares at end of the fiscal year (Million yen)	25,717	27,316
Year-end number of common shares used for the calculation of net assets per share (Shares)	81,263,524	81,252,724

(Significant subsequent events)

Not applicable.



## 5. Non-Consolidated Financial Statements

### (1) Non-consolidated balance sheets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and bank deposits	6,023	4,759
Prepaid expenses	54	38
Accounts receivable - other	910	966
Other	5	0
<b>Total current assets</b>	<b>6,994</b>	<b>5,764</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	20	18
Tools, furniture and fixtures, net	56	56
Leased assets	11	6
Construction in progress	2	-
<b>Total property, plant and equipment</b>	<b>91</b>	<b>81</b>
Intangible assets		
Software	24	11
Software in progress	7	17
<b>Total intangible assets</b>	<b>31</b>	<b>29</b>
Investments and other assets		
Shares of subsidiaries and associates	15,196	16,315
Long-term prepaid expenses	35	10
Leasehold deposits	527	548
Deferred tax assets	42	11
<b>Total investments and other assets</b>	<b>15,800</b>	<b>16,885</b>
<b>Total non-current assets</b>	<b>15,923</b>	<b>16,996</b>
<b>Total assets</b>	<b>22,917</b>	<b>22,760</b>
<b>Liabilities</b>		
Current liabilities		
Accrued expenses	0	0
Accounts payable - other	169	259
Lease obligations	5	3
Income taxes payable	436	298
Deposits received	12	11
Provision for bonuses	14	11
Other	0	0
<b>Total current liabilities</b>	<b>638</b>	<b>586</b>
Non-current liabilities		
Corporate bonds	5,000	5,000
Lease obligations	6	2
Long-term guarantee deposits	500	500
<b>Total non-current liabilities</b>	<b>5,507</b>	<b>5,503</b>
<b>Total liabilities</b>	<b>6,145</b>	<b>6,090</b>

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus		
Legal capital surplus	8,092	8,092
Total capital surplus	8,092	8,092
Retained earnings		
Other retained earnings		
Retained earnings brought forward	477	376
Total retained earnings	477	376
Treasury shares	(1)	(1)
Total shareholders' equity	16,771	16,670
Total net assets	16,771	16,670
Total liabilities and net assets	22,917	22,760

## (2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Operating revenue</b>		
Management fee income	1,873	1,698
Dividends from subsidiaries and associates	3	105
<b>Total operating revenue</b>	<b>1,876</b>	<b>1,803</b>
<b>Operating expenses</b>		
Selling, general and administrative expenses	1,650	1,621
<b>Total operating expenses</b>	<b>1,650</b>	<b>1,621</b>
<b>Operating profit</b>	<b>225</b>	<b>182</b>
<b>Non-operating revenue</b>		
Interest income	0	0
Other	4	1
<b>Total non-operating revenue</b>	<b>4</b>	<b>2</b>
<b>Non-operating expenses</b>		
Loss on valuation of investment securities	36	–
Interest expenses	0	0
Interest on bonds	8	15
Corporate bond issuance costs	32	–
Other	–	0
<b>Total non-operating expenses</b>	<b>77</b>	<b>15</b>
<b>Recurring profit</b>	<b>153</b>	<b>168</b>
<b>Extraordinary income</b>		
Gain on reversal of share acquisition rights	48	–
<b>Total extraordinary income</b>	<b>48</b>	<b>–</b>
<b>Extraordinary losses</b>		
Loss on sale and retirement of non-current assets	0	1
Loss on valuation of shares of subsidiaries and associates	174	147
Other	0	0
<b>Total extraordinary losses</b>	<b>176</b>	<b>149</b>
<b>Profit before income taxes</b>	<b>25</b>	<b>19</b>
Income taxes - current	83	(10)
Income taxes - deferred	11	30
<b>Total income taxes</b>	<b>94</b>	<b>19</b>
<b>Net profit (net loss)</b>	<b>(69)</b>	<b>0</b>

(3) Non-consolidated Statements of Changes in Equity  
 Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	7,981	7,871	7,871	647	647
Changes during period					
Issuance of new shares	221	221	221		
Dividends of surplus				(101)	(101)
Net profit (net loss)				(69)	(69)
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	221	221	221	(170)	(170)
Balance at end of period	8,202	8,092	8,092	477	477

	Shareholders' equity		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance at beginning of period	(0)	16,499	135	16,635
Changes during period				
Issuance of new shares		442		442
Dividends of surplus		(101)		(101)
Net profit (net loss)		(69)		(69)
Purchase of treasury shares	(0)	(0)		(0)
Net changes in items other than shareholders' equity			(135)	(135)
Total changes during period	(0)	272	(135)	136
Balance at end of period	(1)	16,771	-	16,771

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward	
Balance at beginning of period	8,202	8,092	8,092	477	477
Changes during period					
Issuance of new shares					
Dividends of surplus				(101)	(101)
Net profit (net loss)				0	0
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	–	(101)	(101)
Balance at end of period	8,202	8,092	8,092	376	376

	Shareholders' equity		Total net assets
	Treasury shares	Total shareholders' equity	
Balance at beginning of period	(1)	16,771	16,771
Changes during period			
Issuance of new shares		–	–
Dividends of surplus		(101)	(101)
Net profit (net loss)		0	0
Purchase of treasury shares		–	–
Net changes in items other than shareholders' equity			–
Total changes during period	–	(101)	(101)
Balance at end of period	(1)	16,670	16,670

## 6. Other

### (1) Comparison of status of profit and loss with the previous fiscal year

(Million yen)

		For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	Year-on-year change	Year-on-year change rate (%)
Recurring profit (loss)	Underwriting revenue	43,312	47,321	4,009	9.3
	[Of which, net premiums written]	[43,312]	[47,321]	[4,009]	[9.3]
	Underwriting expenses	30,512	33,504	2,992	9.8
	[Of which, net claims paid]	[23,226]	[25,559]	[2,333]	[10.0]
	[Of which, loss adjustment expenses]	[1,098]	[1,080]	[(18)]	[(1.7)]
	[Of which, net commission and collection expenses]	[4,539]	[5,193]	[654]	[14.4]
	[Of which, provision for reserve for outstanding losses and claims]	[211]	[165]	[(45)]	[(21.4)]
	[Of which, provision for underwriting reserves]	[1,437]	[1,505]	[67]	[4.7]
	Investment revenue	488	679	191	39.3
	[Of which, interest and dividend income]	[253]	[316]	[62]	[24.8]
	[Of which, gain on sale of marketable securities]	[233]	[360]	[126]	[54.3]
	Investment expenses	141	66	(74)	(53.0)
	[Of which, loss on sale of marketable securities]	[38]	[61]	[23]	[61.9]
	[Of which, loss on valuation of marketable securities]	[103]	[4]	[(98)]	[(95.5)]
Operating and general administrative expenses	13,283	14,656	1,373	10.3	
Other recurring expenses	2,894	3,392	497	17.2	
Recurring profit	2,758	3,166	407	14.8	
Extraordinary income (losses)	Extraordinary income	54	–	(54)	(100.0)
	Extraordinary losses	400	170	(229)	(57.4)
	Extraordinary income (losses)	(345)	(170)	175	(50.7)
Profit before income taxes		2,412	2,995	583	24.2
Income taxes - current		915	776	(138)	(15.2)
Income taxes - deferred		(89)	106	196	–
Total income taxes		826	883	57	7.0
Net profit		1,586	2,112	525	33.1
Profit attributable to owners of parent		1,586	2,112	525	33.1

(2) Status of recurring revenue

The table below shows recurring revenue by segment for the past two fiscal years.

Segment	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	Year-on-year increase (decrease) rate
	Amount (Million yen)	Amount (Million yen)	(%)
Non-life insurance business (pet insurance)	43,812	48,030	9.6
Non-life insurance (Anicom Insurance, Inc.)	43,812	48,030	9.6
(Of which, net premiums written)	43,312	47,321	9.3
Pet-related internet services business	1,571	1,753	11.6
Other businesses	2,665	3,238	21.5
Insurance agencies	15	15	4.6
Veterinary clinic support	249	278	11.3
Clinical and research operations in the veterinary medicine area	1,424	1,641	15.2
Genetic testing, etc.	511	596	16.7
Other	464	706	52.2
Total	48,049	53,022	10.3

- (Notes) 1. The above amounts do not include consumption taxes etc.  
2. Sales results by major customer and the ratio of those sales results to total sales results are not stated as there were no customers that accounted for more than 10% of total sales.

(3) Insurance premiums and insurance claims by type

The table below shows the insurance underwriting results by Anicom Insurance, Inc.

1) Direct net premiums (including premiums of saving-type insurance)

	For the fiscal year ended March 31, 2021			For the fiscal year ended March 31, 2022		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	43,312	100.0	10.4	47,321	100.0	9.3
Total	43,312	100.0	10.4	47,321	100.0	9.3
[Of which, premiums of saving-type insurance]	[-]	[-]	[-]	[-]	[-]	[-]

(Note) 1. Direct net premiums (including premiums of saving-type insurance) refers to direct premiums from which direct cash surrender value and direct other refunds have been deducted. (Includes deposit premiums for savings-type insurance)

2. Figures are amounts after the elimination of inter-segment transactions.

2) Net premiums written

	For the fiscal year ended March 31, 2021			For the fiscal year ended March 31, 2022		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	43,312	100.0	10.4	47,321	100.0	9.3
Total	43,312	100.0	10.4	47,321	100.0	9.3

(Note) 1. Figures are amounts after the elimination of inter-segment transactions.

3) Net claims paid

	For the fiscal year ended March 31, 2021			For the fiscal year ended March 31, 2022		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	23,226	100.0	11.2	25,559	100.0	10.0
Total	23,226	100.0	11.2	25,559	100.0	10.0

(Note) 1. Figures are amounts after the elimination of inter-segment transactions.



(4) Solvency margin ratio

The table below shows solvency margin ratio of Anicom Insurance, Inc.

	For the fiscal year ended March 31, 2021 (Million yen)	For the fiscal year ended March 31, 2022 (Million yen)
(A) Total amount of solvency margin	20,743	21,467
Stated capital or funds, etc.	18,658	20,288
Reserve for price fluctuation	80	98
Contingency reserve	–	–
Catastrophe reserve	1,407	1,522
General allowance for doubtful accounts	472	1
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	86	(475)
Unrealized gains (losses) on land	37	30
Excess of premium refund reserve	–	–
Subordinated debt, etc.	–	–
Amounts within “Excess of premium refund reserve” and “Subordinated debt, etc.” not calculated into the margin	–	–
Deductions	–	–
Other	–	–
(B) Total amount of risk $\sqrt{\{(R1 + R2)^2 + (R3 + R4)^2\}} + R5 + R6$	11,669	12,830
General insurance risk (R1)	11,339	12,447
Third sector insurance risk (R2)	–	–
Assumed interest rate risk (R3)	–	–
Asset management risk (R4)	1,318	1,596
Business administration risk (R5)	253	280
Major catastrophe risk (R6)	–	–
(C) Solvency margin ratio on a non-consolidated basis (%) [(A) / {(B) x 1/2}] x 100	355.5%	334.6%

(Note) The above amounts and figures are calculated in accordance with Articles 86 and 87 of the Regulation for Enforcement of the Insurance Business Act and Public Notice No. 50 issued by the Ministry of Finance in 1996.

### Solvency Margin Ratio

- Non-life insurance companies set aside reserves to cover the payment of insurance claims in the event of an insured event and payments of maturity refunds for savings-type insurance policies. However, they must also maintain sufficient solvency in order to cover risks that exceed the normally predictable range, such as the occurrence of a major catastrophe or a significant decline in the value of assets held by the non-life insurance companies.
- The “solvency margin ratio on a non-consolidated basis” ((C) in the above table) indicates the ratio of the “solvency margin of an insurance company in terms of its stated capital, reserves, etc.” (i.e. total amount of solvency margin: (A) in the above table) to the “total amount of risk” ((B) in the above table), which represents “risks that exceed the normally predictable range,” calculated in accordance with the Business Insurance Act, etc.
- “Risks that exceed the normally predictable range” are the total amount of the risks described below.
  - 1) Risk on underwriting of insurance : Risk that may occur due to the incidence rate of insured events being in excess of normally predictable range  
(General insurance risk) (excluding major catastrophe risk)  
(Third-sector insurance risk)
  - 2) Assumed interest rate risk : Risk that may occur due to the actual yields of invested assets falling below the yields assumed for the calculation of premiums for savings-type insurance
  - 3) Asset management risk : Risk that may occur due to the value of assets such as marketable securities held fluctuating in excess of the normally predictable range
  - 4) Business administration risk : Risks that may occur in the operation of business in excess of the normally predictable range other than 1) to 3) above and 5) below
  - 5) Major catastrophe risk : Risk that may occur due to a major catastrophe (equivalent to the Great Kanto Earthquake or the Isewan Typhoon) in excess of the normally predictable range
- The “solvency margin of an insurance company in terms of its stated capital, reserves, etc.” (total amount of solvency margin) refers to the total of the insurance company’s net assets (excluding the amount of scheduled disbursement, etc.), various reserves (reserve for price fluctuation, catastrophe reserve, etc.), part of its unrealized gains on land, etc.
- The solvency margin ratio is one objective indicator used by government authorities to determine the soundness of insurance companies’ management in its supervision of insurance companies. It is understood that a ratio of 200% or more indicates an appropriate level of solvency of an insurance company in terms of its ability to pay insurance claims, etc.

### (5) Changes in Directors and Audit & Supervisory Board Members

To further strengthen its corporate governance framework to increase management soundness and further enhance its corporate value, the Company plans to propose the election of Directors and/or Audit & Supervisory Board Members at the 22nd Annual General Meeting of Shareholders scheduled for June 24, 2022, but this proposal has not been finalized at this time.

The Company plans to propose the election of two (2) or more Outside Directors.