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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 8, 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

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Scheduled date of commencing dividend payments: -

Scheduled date of filing quarterly securities report: November 14, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly 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 Six months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

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

| | Recurring revenue | | Recurring profit | | Profit attributable to owners of parent | |
|-------------------------------------|-------------------|------|------------------|------|---|------|
| | Million yen | % | Million yen | % | Million yen | % |
| Six months ended September 30, 2022 | 27,974 | 6.2 | 1,955 | 21.5 | 1,316 | 2.7 |
| September 30, 2021 | 26,336 | 11.6 | 1,609 | 21.0 | 1,281 | 78.3 |

(Note) Comprehensive income: Six months ended September 30, 2022: 65 million yen [(95.3)%]

Six months ended September 30, 2021: 1,394 million yen [22.4%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Six months ended September 30, 2022 | 16.20 | - |
| September 30, 2021 | 15.77 | - |

(Reference) Recurring profit before amortization of goodwill (Total of recurring profit and amortization of goodwill):

Six months ended September 30, 2022: 2,067 million yen

Six months ended September 30, 2021: 1,717 million yen

Net profit before amortization of goodwill (Total of Profit attributable to owners of parent and amortization of goodwill):

Six months ended September 30, 2022: 1,427 million yen

Six months ended September 30, 2021: 1,389 million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|--------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of September 30, 2022 | 59,331 | 27,178 | 45.8 |
| As of March 31, 2022 | 58,635 | 27,316 | 46.6 |

(Reference) Equity: As of September 30, 2022: 27,178 million yen

As of March 31, 2022: 27,316 million yen

2. Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|-----------------|-----------------|-------------|-------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| Fiscal year ended March 31, 2022 | Yen – | Yen 0.00 | Yen – | Yen 2.50 | Yen 2.50 |
| Fiscal year ended March 31, 2023 | – | 0.00 | | | |
| Fiscal year ending March 31, 2023 (Forecast) | | | – | 4.00 | 4.00 |

(Notes) Revision of the latest financial results forecasts: Yes

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 |
| Full year | 57,000 | 7.5 | 3,650 | 15.3 | 2,464 | 16.7 | 30.32 |

(Note) Revision of the latest financial results forecasts: None

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year under review: None
- (2) Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the year (including treasury shares):

| | |
|--------------------------|-------------------|
| As of September 30, 2022 | 81,309,160 shares |
| As of March 31, 2022: | 81,309,160 shares |
 - 2) Total number of treasury shares at the end of the year:

| | |
|---------------------------|---------------|
| As of September 30, 2022: | 59,356 shares |
| As of March 31, 2022: | 56,436 shares |
 - 3) Average number of shares outstanding during the year:

| | |
|---------------------------------------|-------------------|
| Fiscal year ended September 30, 2022: | 81,251,662 shares |
| Fiscal year ended September 30, 2021: | 81,262,502 shares |

* These quarterly financial results are outside the scope of quarterly 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 “Explanation of Consolidated Financial Results Forecast and Other Forward looking Statements” on page 4 of the Attachments.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months under review, the Japanese economy showed signs of normalization in economic and social activities as restrictions on activities due to COVID-19 infection were eased. Nonetheless, the economic outlook remained uncertain and challenging due to further upward pressure on prices as a result of soaring resource prices caused by the protracted situation in Russia and Ukraine and the sharp depreciation of the yen in the exchange markets due to global monetary tightening.

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 1,073,026 policies, an increase of 44,195 or 4.3% from the end of the previous fiscal year. In addition, the E/I loss ratio*¹ increased by 0.1 points year on year to 59.5%, despite the 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)*² improved by 2.7 point year on year to 35.3%, 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 2.6 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 7.6% year on year to 25,063 million yen, investment revenue decreased by 7.2% year on year to 356 million yen, and other recurring revenue, which includes new business, etc., decreased by 3.8% year on year to 2,554 million yen, total recurring revenue of 27,974 million yen, a 6.2% increase year on year. On the other hand, recurring expenses increased by 5.2% year on year to 26,019 million yen, including underwriting expenses of 17,483 million yen, up 4.5% year on year, and operating and general administrative expenses of 7,661 million yen, up 6.9% year on year. Consequently, recurring profit increased by 21.5% year on year to 1,955 million yen. Profit attributable to owners of parent was 1,316 million yen, up 2.7% 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) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets as of the end of the second quarter under review increased by 695 million to 59,331 million yen compared to the previous year-end. This was primarily attributable to an increase in marketable securities of 1,726 million yen.

Total liabilities as of the end of the second quarter under review increased by 833 million to 32,152 million yen compared to the previous year-end. This was primarily attributable to an increase of 674 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 second quarter under review decreased by 137 million yen to 27,178 million yen compared to the previous year-end. This was primarily attributable to the decrease in valuation difference on available-for-sale securities.

2) Cash flows

Net cash provided by operating activities was 2,406 million yen, primarily due to an increase in underwriting reserves of 422 million yen resulting from the steady increase in policies in force. This represents an increase of 457 million yen year on year.

Net cash used in investing activities was 3,367 million yen. This represents a decrease in cash outflow of 215 million yen year on year, primarily due to purchase of marketable securities.

Net cash used in financing activities was 207 million yen for the first half of FY2022, compared with a cash outflow of 107 million yen for the same period in the previous year.

As a result of the above, cash and cash equivalents at the end of the second quarter under review was 26,523 million yen, a decrease of 1,168 million yen from the end of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

About consolidated financial results forecast among the consolidated financial results forecast for the fiscal year ending march 31, 2023, please refer to “Financial results forecast for the next consolidated fiscal year” of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 disclosed on May 11, 2022. If there are revisions in the future, notification will be promptly made.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2022 | As of September 30, 2022 |
|---|----------------------|--------------------------|
| Assets | | |
| Cash and bank deposits | 29,641 | 28,073 |
| Marketable securities | 16,570 | 18,297 |
| Loans receivable | 3 | 4 |
| Property, plant and equipment | 2,550 | 2,607 |
| Intangible assets | 3,469 | 3,300 |
| Other assets | 5,481 | 5,718 |
| Accounts receivable | 2,208 | 2,283 |
| Accrued premiums | 571 | 618 |
| Suspense payments | 1,237 | 1,130 |
| Rest of other assets | 1,463 | 1,686 |
| Deferred tax assets | 951 | 1,338 |
| Allowance for doubtful accounts | (33) | (9) |
| Total assets | 58,635 | 59,331 |
| Liabilities | | |
| Reserve for insurance policy liabilities | 21,297 | 21,972 |
| Loss reserves | 2,705 | 2,957 |
| Underwriting reserves | 18,592 | 19,014 |
| Corporate bonds | 5,000 | 5,000 |
| Other liabilities | 4,647 | 4,755 |
| Provision for bonuses | 274 | 315 |
| Reserves under special laws | 98 | 109 |
| Reserve for price fluctuation | 98 | 109 |
| Total liabilities | 31,319 | 32,152 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,202 | 8,202 |
| Capital surplus | 8,092 | 8,092 |
| Retained earnings | 11,364 | 12,477 |
| Treasury shares | (1) | (1) |
| Total shareholders' equity | 27,658 | 28,771 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (342) | (1,593) |
| Total accumulated other comprehensive income | (342) | (1,593) |
| Total net assets | 27,316 | 27,178 |
| Total liabilities and net assets | 58,635 | 59,331 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
For the Six Months Ended September 30, 2022 and 2021

(Million yen)

| | For the six months ended September 30, 2021 | For the six months ended September 30, 2022 |
|--|--|--|
| Recurring revenue | 26,336 | 27,974 |
| Underwriting revenue | 23,297 | 25,063 |
| [Of which net premiums written] | [23,297] | [25,063] |
| Investment revenue | 384 | 356 |
| [Of which interest and dividend income] | [142] | [219] |
| [Of which gain on sale of marketable securities] | [241] | [130] |
| Other recurring revenue | 2,654 | 2,554 |
| Recurring expenses | 24,726 | 26,019 |
| Underwriting expenses | 16,732 | 17,483 |
| [Of which net claims paid] | [12,586] | [13,718] |
| [Of which loss adjustment expenses] | [552] | [557] |
| [Of which net commission and collection expenses] | [2,599] | [2,533] |
| [Of which provision for reserve for outstanding losses and claims] | [241] | [252] |
| [Of which provision for underwriting reserves] | [753] | [422] |
| Investment expenses | 33 | — |
| [Of which loss on sale of marketable securities] | [33] | [—] |
| Operating and general administrative expenses | 7,165 | 7,661 |
| Other recurring expenses | 795 | 874 |
| [Of which interest expenses] | [7] | [7] |
| Recurring profit | 1,609 | 1,955 |
| Extraordinary losses | 43 | 38 |
| Loss on disposal of non-current assets | 34 | 26 |
| Other | 0 | 0 |
| Provision of reserves under special laws | 8 | 10 |
| Provision of reserve for price fluctuation | 8 | 10 |
| Profit before income taxes | 1,566 | 1,917 |
| Income taxes - current | 229 | 502 |
| Income taxes - deferred | 54 | 99 |
| Total income taxes | 284 | 601 |
| Net profit | 1,281 | 1,316 |
| Profit attributable to owners of parent | 1,281 | 1,316 |

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

| | For the six months ended September 30, 2021 | For the six months ended September 30, 2022 |
|--|--|--|
| Net profit | 1,281 | 1,316 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 112 | (1,250) |
| Total other comprehensive income | 112 | (1,250) |
| Comprehensive income | 1,394 | 65 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,394 | 65 |
| Comprehensive income attributable to non-controlling interests | – | – |

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

| | For the six months ended September 30, 2021 | For the six months ended September 30, 2022 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 1,566 | 1,917 |
| Depreciation | 393 | 363 |
| Amortization of goodwill | 108 | 111 |
| Increase (decrease) in loss reserves | 241 | 252 |
| Increase (decrease) in underwriting reserves | 753 | 422 |
| Increase (decrease) in allowance for doubtful accounts | (43) | (23) |
| Increase (decrease) in provision for bonuses | 28 | 40 |
| Increase (decrease) in reserve for price fluctuation | 8 | 10 |
| Interest and dividend income | (142) | (219) |
| Loss (gain) related to marketable securities | (207) | (137) |
| Share of loss (profit) of entities accounted for using equity method | (141) | 11 |
| Share-based payment expenses | 20 | 11 |
| Interest expenses | 7 | 7 |
| Loss (gain) related to property, plant and equipment | 34 | 26 |
| Decrease (increase) in other assets except for investing and financing activities | (343) | (221) |
| Increase (decrease) in other liabilities except for investing and financing activities | 91 | 165 |
| Subtotal | 2,373 | 2,738 |
| Interest and dividend income received | 144 | 224 |
| Interest paid | (6) | (7) |
| Income taxes paid | (561) | (548) |
| Net cash provided by (used in) operating activities | 1,949 | 2,406 |
| Cash flows from investing activities | | |
| Net decrease (increase) in bank deposits | - | 400 |
| Purchase of marketable securities | (4,702) | (4,861) |
| Proceeds from sale and redemption of marketable securities | 1,769 | 1,519 |
| Proceeds from collection of loans receivable | 58 | - |
| Total of net cash provided by (used in) investment transactions | (2,874) | (2,942) |
| Total of net cash provided by (used in) operating activities and investment transactions | (925) | (535) |
| Purchase of property, plant and equipment | (277) | (205) |
| Purchase of intangible assets | (244) | (200) |
| Payments for acquisition of businesses | (79) | - |
| Other, net | (107) | (18) |
| Net cash provided by (used in) investing activities | (3,583) | (3,367) |
| Cash flows from financing activities | | |
| Repayments of lease obligations | (5) | (4) |
| Dividends paid | (101) | (203) |
| Net cash provided by (used in) financing activities | (107) | (207) |
| Net increase (decrease) in cash and cash equivalents | (1,741) | (1,168) |
| Cash and cash equivalents at beginning of period | 28,833 | 27,691 |
| Cash and cash equivalents at end of period | 27,092 | 26,523 |

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable

(Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements)

Not applicable

(Changes in accounting policies)

We started to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021, hereinafter the "Fair Value Measurement Accounting Standard") at the beginning of the first quarter of the current fiscal year. Accordingly, we have decided to continue to apply the new accounting policies specified in the Fair Value Measurement Accounting Standard and related measures according to the provisional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Accounting Standard. This application has no impact on quarterly consolidated financial statements.

(Additional information)

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and its consolidated subsidiaries in Japan have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year. As a result, accounting treatment and disclosure of corporate and local income taxes and tax effect accounting are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021, hereinafter, "PITF No. 42"). Pursuant to the provision in Paragraph 32 (1) of PITF No. 42, the Company has judged that there is no impact from the change in accounting policies as a result of applying PITF No. 42.

(Segment information, etc.)
 [Segment information]

For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

1. Information on the amounts of recurring revenue, profit (loss), by reportable segment

(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 | 23,686 | 888 | 24,575 | 1,761 | 26,336 | — | 26,336 |
| Inter-segment recurring revenue or transfers | 122 | 79 | 201 | 48 | 249 | (249) | — |
| Total | 23,809 | 968 | 24,777 | 1,809 | 26,586 | (249) | 26,336 |
| Segment profit (loss) | 1,488 | 133 | 1,621 | (11) | 1,609 | — | 1,609 |
| (Reference) Segment profit before amortization of goodwill | 1,488 | 200 | 1,688 | 29 | 1,717 | — | 1,717 |

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the insurance agency operations, veterinary clinic support 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.

2. Information about impairment loss or goodwill of non-current assets by reportable segment
 (Significant change in the amount of goodwill)

(Million yen)

| | Non-life insurance business | Pet-related internet services business | Other | Corporate/ eliminations | Total |
|------------------------------|--------------------------------|---|-------|----------------------------|-------|
| Amortization of goodwill | — | 66 | 41 | — | 108 |
| Balance at end of the period | — | 1,805 | 534 | — | 2,339 |

For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

1. Information on the amounts of recurring revenue, profit (loss), by reportable segment

(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 | 25,424 | 868 | 26,293 | 1,681 | 27,974 | — | 27,974 |
| Inter-segment recurring revenue or transfers | 129 | 53 | 183 | 120 | 303 | (303) | — |
| Total | 25,554 | 922 | 26,477 | 1,801 | 28,278 | (303) | 27,974 |
| Segment profit (loss) | 2,302 | (45) | 2,257 | (301) | 1,955 | — | 1,955 |
| (Reference) Segment profit (loss) before amortization of goodwill | 2,302 | 21 | 2,324 | (256) | 2,067 | — | 2,067 |

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the insurance agency operations, veterinary clinic support 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.

2. Information about impairment loss or goodwill of non-current assets by reportable segment
(Significant change in the amount of goodwill)

(Million yen)

| | Non-life insurance business | Pet-related internet services business | Other | Corporate/ eliminations | Total |
|------------------------------|--------------------------------|---|-------|----------------------------|-------|
| Amortization of goodwill | — | 66 | 44 | — | 111 |
| Balance at end of the period | — | 1,671 | 470 | — | 2,141 |

2. Additional Information

(1) Status of profit and loss for the six months ended September 30, 2022

(Million yen)

| | | For the six months ended September 30, 2021 | For the six months ended September 30, 2022 | Year-on-year change | Year-on-year change rate (%) |
|---|---|---|---|------------------------|------------------------------------|
| Recurring profit (loss) | Underwriting revenue | 23,297 | 25,063 | 1,765 | 7.6 |
| | [Of which, net premiums written] | [23,297] | [25,063] | [1,765] | [7.6] |
| | Underwriting expenses | 16,732 | 17,483 | 751 | 4.5 |
| | [Of which, net claims paid] | [12,586] | [13,718] | [1,132] | [9.0] |
| | [Of which, loss adjustment expenses] | [552] | [557] | [4] | [0.8] |
| | [Of which, net commission and collection expenses] | [2,599] | [2,533] | [(65)] | [(2.5)] |
| | [Of which, provision for reserve for outstanding losses and claims] | [241] | [252] | [11] | [4.7] |
| | [Of which, provision for underwriting reserves] | [753] | [422] | [(331)] | [(44.0)] |
| | Investment revenue | 384 | 356 | (27) | (7.2) |
| | [Of which, interest and dividend income] | [142] | [219] | [76] | [53.3] |
| | [Of which, gain on sale of marketable securities] | [241] | [130] | [(110)] | [(45.9)] |
| Investment expenses | 33 | — | (33) | (100.0) | |
| Operating and general administrative expenses | 7,165 | 7,661 | 495 | 6.9 | |
| Other recurring profit (losses) | 1,859 | 1,680 | (178) | (9.6) | |
| Recurring profit | 1,609 | 1,955 | 345 | 21.5 | |
| Extraordinary income (losses) | Extraordinary income | — | — | — | — |
| | Extraordinary losses | 43 | 38 | (5) | (12.6) |
| | Extraordinary income (losses) | (43) | (38) | 5 | (12.6) |
| Profit before income taxes | | 1,566 | 1,917 | 351 | 22.4 |
| Income taxes - current | | 229 | 502 | 272 | 118.4 |
| Income taxes - deferred | | 54 | 99 | 44 | 82.2 |
| Total income taxes | | 284 | 601 | 316 | 111.4 |
| Profit attributable to owners of parent | | 1,281 | 1,316 | 34 | 2.7 |

(2) Status of recurring revenue

The table below shows recurring revenue by segment.

| Segment | For the six months ended September 30, 2021 | For the six months ended September 30, 2022 | Year-on-year increase (decrease) rate |
|---|--|--|---|
| | Amount (Million yen) | Amount (Million yen) | (%) |
| Non-life insurance business (pet insurance) | 23,686 | 25,424 | 7.3 |
| Non-life insurance (Anicom Insurance, Inc.) | 23,686 | 25,424 | 7.3 |
| [Of which, net premiums written] | [23,297] | [25,063] | 7.6 |
| Pet-related internet services business | 888 | 868 | (2.2) |
| Other businesses | 1,761 | 1,681 | (4.5) |
| Veterinary clinic support | 134 | 150 | 12.2 |
| Insurance agencies | 6 | 13 | 101.0 |
| Clinical and research operations in the veterinary medicine area | 860 | 987 | 14.7 |
| Genetic testing, etc. | 294 | 220 | (25.1) |
| Other | 464 | 309 | (33.5) |
| Total | 26,336 | 27,974 | 6.2 |

(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 six months ended September 30, 2021 | | | For the six months ended September 30, 2022 | | |
|---|---|-----------------------|--------------------------------------|---|-----------------------|--------------------------------------|
| | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) |
| Pet insurance | 23,297 | 100.0 | 9.9 | 25,063 | 100.0 | 7.6 |
| Total | 23,297 | 100.0 | 9.9 | 25,063 | 100.0 | 7.6 |
| [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 six months ended September 30, 2021 | | | For the six months ended September 30, 2022 | | |
|---------------|---|-----------------------|--------------------------------------|---|-----------------------|--------------------------------------|
| | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) |
| Pet insurance | 23,297 | 100.0 | 9.9 | 25,063 | 100.0 | 7.6 |
| Total | 23,297 | 100.0 | 9.9 | 25,063 | 100.0 | 7.6 |

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

3) Net claims paid

| | For the six months ended September 30, 2021 | | | For the six months ended September 30, 2022 | | |
|---------------|---|-----------------------|--------------------------------------|---|-----------------------|--------------------------------------|
| | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) |
| Pet insurance | 12,586 | 100.0 | 10.9 | 13,718 | 100.0 | 9.0 |
| Total | 12,586 | 100.0 | 10.9 | 13,718 | 100.0 | 9.0 |

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

(4) Marketable securities

A list of items that are material to the operations of the corporate group and have undergone significant changes compared to the end of the previous consolidated fiscal year is as follows.

1. Held-to-maturity securities

Not applicable.

2. Available-for-sale securities

Previous fiscal year (as of March 31, 2022)

| | Acquisition cost (Million yen) | Amount recorded in consolidated balance sheets (Million yen) | Difference (Million yen) |
|--------|-----------------------------------|--|-----------------------------|
| Shares | 8 | 24 | 15 |
| Other | 15,275 | 14,784 | (491) |
| Total | 15,284 | 14,809 | (475) |

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

Period under review (as of September 30, 2022)

| | Acquisition cost (Million yen) | Amount recorded in consolidated balance sheets (Million yen) | Difference (Million yen) |
|--------|-----------------------------------|--|-----------------------------|
| Shares | 8 | 15 | 6 |
| Other | 17,991 | 15,771 | (2,219) |
| Total | 17,999 | 15,787 | (2,212) |

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

(5) Solvency margin ratio

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

| | As of March 31, 2022 (Million yen) | As of September 30, 2022 (Million yen) |
|--|---------------------------------------|---|
| (A) Total amount of solvency margin | 21,467 | 20,274 |
| Stated capital or funds, etc. | 20,288 | 21,089 |
| Reserve for price fluctuation | 98 | 109 |
| Contingency reserve | — | — |
| Catastrophe reserve | 1,522 | 1,224 |
| General allowance for doubtful accounts | 1 | 2 |
| Unrealized gains (losses) on available-for-sale securities before tax effect deductions | (475) | (2,212) |
| Unrealized gains (losses) on land | 30 | 60 |
| 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 $\sqrt{\{(R1 + R2)^2 + (R3 + R4)^2\}} + R5 + R6$ | 12,830 | 13,309 |
| General insurance risk (R1) | 12,447 | 12,964 |
| Third sector insurance risk (R2) | — | — |
| Assumed interest rate risk (R3) | — | — |
| Asset management risk (R4) | 1,596 | 1,250 |
| Business administration risk (R5) | 280 | 284 |
| Major catastrophe risk (R6) | — | — |
| (C) Solvency margin ratio on a non-consolidated basis (%) [(A) / {(B) x 1/2}] x 100 | 334.6% | 304.6% |

(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 (excluding major catastrophe risk)
 - (General insurance 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.