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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



February 7, 2023

Company name: Anicom Holdings, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 8715
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 Representative: Nobuaki Komori, Representative Director
 Contact: Hiroshi Sato, General Manager, Corporate Planning Department
 Phone: +81-3-5348-3911
 Scheduled date of commencing dividend payments: -
 Scheduled date of filing quarterly securities report: February 14, 2023
 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 Nine Months Ended December 31, 2022 (April 1, 2022 - December 31, 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	%
Nine months ended December 31, 2022	42,046	6.1	2,699	8.5	1,673	-12.3
December 31, 2021	39,616	11.0	2,488	14.7	1,909	46.9

(Note) Comprehensive income: Nine months ended December 31, 2022: 485 million yen [(74.8)%]
 Nine months ended December 31, 2021: 1,927 million yen [6.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	20.60	-
December 31, 2021	23.50	-

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

Nine months ended December 31, 2022: 2,863 million yen

Nine months ended December 31, 2021: 2,652 million yen

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

Nine months ended December 31, 2022: 1,837 million yen

Nine months ended December 31, 2021: 2,072 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2022	59,834	27,598	46.1
As of March 31, 2022	58,635	27,316	46.6

(Reference) Equity: As of December 31, 2022: 27,598 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	0.00	—	2.50	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: None

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

	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 December 31, 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 December 31, 2022:	59,596 shares
As of March 31, 2022:	56,436 shares
 - 3) Average number of shares outstanding during the year:

Fiscal year ended December 31, 2022:	81,251,039 shares
Fiscal year ended December 31, 2021:	81,261,857 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 2 of the Attachments.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months under review, the Japanese economy showed signs of a gradual recovery as restrictions on activities due to the COVID-19 infection eased. On the other hand, the soaring prices of natural resources due to the protracted situation in Russia and Ukraine and the sharp depreciation of the yen in the exchange rate due to the global monetary tightening have simultaneously increased the upward pressure on prices, adversely affecting economic and consumer activities that had been on a recovery trend. The economic outlook remains a matter of concern.

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 1,094,863 policies, an increase of 66,032 or 6.4% from the end of the previous fiscal year. In addition, the E/I loss ratio*¹ increased by 0.6 points year on year to 59.8%, 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 2.4 point year on year to 35.1%, 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 1.8 points year on year to 94.9%.

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 7.5% year on year to 37,782 million yen, investment revenue decreased by 15.9% year on year to 469 million yen, and other recurring revenue, which includes new business, etc., decreased by 3.3% year on year to 3,794 million yen, total recurring revenue of 42,046 million yen, a 6.1% increase from the previous fiscal year. On the other hand, recurring expenses increased by 6.0% year on year to 39,347 million yen, including underwriting expenses of 26,501 million yen, up 6.3% year on year, and operating and general administrative expenses of 11,538 million yen, up 5.7% year on year. Consequently, recurring profit increased by 8.5% year on year to 2,699 million yen. Profit attributable to owners of parent was 1,673 million yen, down 12.3% 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 third quarter under review increased by 1,198 million to 59,834 million yen compared to the previous year-end. This was primarily attributable to an increase in marketable securities of 2,314 million yen.

Total liabilities as of the end of the third quarter under review increased by 916 million to 32,235 million yen compared to the previous year-end. This was primarily attributable to an increase of 949 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 third quarter under review increased by 282 million yen to 27,598 million yen compared to the previous year-end. This was primarily attributable to profit attributable to owners of parent.

2) Cash flows

Net cash provided by operating activities was 2,572 million yen, primarily due to an increase in underwriting reserves of 593 million yen resulting from the steady increase in policies in force. This represents a decrease of 70 million yen year on year.

Net cash used in investing activities was 4,011 million yen. This represents a decrease in cash outflow of 920 million yen year on year, primarily due to purchase of marketable securities.

Net cash used in financing activities was 210 million yen for the third quarter under review, compared with a cash outflow of 110 million yen in the previous third quarter.

As a result of the above, cash and cash equivalents at the end of the third quarter under review was 26,042 million yen, a decrease of 1,649 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 December 31, 2022
Assets		
Cash and bank deposits	29,641	27,592
Marketable securities	16,570	18,884
Loans receivable	3	4
Property, plant and equipment	2,550	2,630
Intangible assets	3,469	3,246
Other assets	5,481	6,344
Accounts receivable	2,208	2,995
Accrued premiums	571	619
Suspense payments	1,237	1,006
Rest of other assets	1,463	1,722
Deferred tax assets	951	1,138
Allowance for doubtful accounts	(33)	(8)
Total assets	58,635	59,834
Liabilities		
Reserve for insurance policy liabilities	21,297	22,247
Loss reserves	2,705	3,061
Underwriting reserves	18,592	19,185
Corporate bonds	5,000	5,000
Other liabilities	4,647	4,716
Provision for bonuses	274	157
Reserves under special laws	98	115
Reserve for price fluctuation	98	115
Total liabilities	31,319	32,235
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus	8,092	8,092
Retained earnings	11,364	12,835
Treasury shares	(1)	(1)
Total shareholders' equity	27,658	29,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(342)	(1,530)
Total accumulated other comprehensive income	(342)	(1,530)
Total net assets	27,316	27,598
Total liabilities and net assets	58,635	59,834

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
For the Nine months Ended December 31, 2022 and 2021

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Recurring revenue	39,616	42,046
Underwriting revenue	35,133	37,782
[Of which net premiums written]	35,133	37,782
Investment revenue	558	469
[Of which interest and dividend income]	243	336
[Of which gain on sale of marketable securities]	313	130
Other recurring revenue	3,923	3,794
Recurring expenses	37,127	39,347
Underwriting expenses	24,940	26,501
[Of which net claims paid]	19,186	20,930
[Of which loss adjustment expenses]	832	840
[Of which net commission and collection expenses]	3,894	3,781
[Of which provision for reserve for outstanding losses and claims]	247	356
[Of which provision for underwriting reserves]	779	593
Investment expenses	61	0
[Of which loss on sale of marketable securities]	61	-
[Of which loss on valuation of marketable securities]	0	0
Operating and general administrative expenses	10,915	11,538
Other recurring expenses	1,209	1,307
[Of which interest expenses]	11	11
Recurring profit	2,488	2,699
Extraordinary losses	50	71
Loss on disposal of non-current assets	35	31
Provision of reserves under special laws	13	16
Provision of reserve for price fluctuation	13	16
Other	1	23
Profit before income taxes	2,438	2,627
Income taxes - current	372	678
Income taxes - deferred	156	275
Total income taxes	528	954
Net profit	1,909	1,673
Profit attributable to owners of parent	1,909	1,673

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Net profit	1,909	1,673
Other comprehensive income		
Valuation difference on available-for-sale securities	17	(1,188)
Total other comprehensive income	17	(1,188)
Comprehensive income	1,927	485
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,927	485
Comprehensive income attributable to non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,438	2,627
Depreciation	607	562
Amortization of goodwill	163	164
Increase (decrease) in loss reserves	247	356
Increase (decrease) in underwriting reserves	779	593
Increase (decrease) in allowance for doubtful accounts	(45)	(25)
Increase (decrease) in provision for bonuses	(102)	(117)
Increase (decrease) in reserve for price fluctuation	13	16
Interest and dividend income	(243)	(336)
Loss (gain) related to marketable securities	(253)	(133)
Share of loss (profit) of entities accounted for using equity method	(206)	(37)
Share-based payment expenses	30	16
Interest expenses	11	11
Loss (gain) related to property, plant and equipment	35	31
Decrease (increase) in other assets except for investing and financing activities	(259)	(812)
Increase (decrease) in other liabilities except for investing and financing activities	0	438
Subtotal	3,217	3,355
Interest and dividend income received	250	346
Interest paid	(6)	(7)
Income taxes paid	(817)	(1,122)
Net cash provided by (used in) operating activities	2,643	2,572
Cash flows from investing activities		
Net decrease (increase) in bank deposits	-	400
Purchase of marketable securities	(7,804)	(5,218)
Proceeds from sale and redemption of marketable securities	3,928	1,518
Proceeds from collection of loans receivable	58	-
Total of net cash provided by (used in) investment transactions	(3,817)	(3,299)
Total of net cash provided by (used in) operating activities and investment transactions	(1,174)	(726)
Purchase of property, plant and equipment	(520)	(358)
Purchase of intangible assets	(407)	(318)
Payments for acquisition of businesses	(79)	-
Other, net	(106)	(35)
Net cash provided by (used in) investing activities	(4,932)	(4,011)
Cash flows from financing activities		
Repayments of lease obligations	(8)	(7)
Dividends paid	(101)	(203)
Net cash provided by (used in) financing activities	(110)	(210)
Net increase (decrease) in cash and cash equivalents	(2,398)	(1,649)
Cash and cash equivalents at beginning of period	28,833	27,691
Cash and cash equivalents at end of period	26,434	26,042

(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 Nine Months ended December 31, 2021 (from April 1, 2021 to December 31, 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	35,713	1,322	37,036	2,579	39,616	—	39,616
Inter-segment recurring revenue or transfers	178	112	291	75	366	(366)	—
Total	35,892	1,435	37,327	2,655	39,983	(366)	39,616
Segment profit (loss)	2,487	155	2,642	△154	2,488	—	2,488
(Reference) Segment profit before amortization of goodwill	2,487	255	2,743	△90	2,652	—	2,652

(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 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	—	100	63	—	163
Balance at end of the fiscal year	—	1,771	512	—	2,284

For the Nine Months ended December 31, 2022 (from April 1, 2022 to December 31, 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	38,261	1,319	39,580	2,466	42,046	—	42,046
Inter-segment recurring revenue or transfers	197	87	285	203	489	(489)	—
Total	38,458	1,406	39,865	2,670	42,535	(489)	42,046
Segment profit (loss)	3,257	(66)	3,191	(491)	2,699	—	2,699
(Reference) Segment profit (loss) before amortization of goodwill	3,257	33	3,291	(428)	2,863	—	2,863

(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	—	100	63	—	164
Balance at end of the fiscal year	—	1,638	451	—	2,089

3. Additional Information

(1) Status of profit and loss for the nine months ended December 31, 2022

(Million yen)

		For the nine months ended December 31, 2021	For the nine months ended December 31, 2022	Year-on-year change	Year-on-year change rate (%)
Recurring profit (loss)	Underwriting revenue	35,133	37,782	2,648	7.5
	[Of which, net premiums written]	[35,133]	[37,782]	[2,648]	[7.5]
	Underwriting expenses	24,940	26,501	1,561	6.3
	[Of which, net claims paid]	[19,186]	[20,930]	[1,743]	[9.1]
	[Of which, loss adjustment expenses]	[832]	[840]	[8]	[1.0]
	[Of which, net commission and collection expenses]	[3,894]	[3,781]	[(113)]	[(2.9)]
	[Of which, provision for reserve for outstanding losses and claims]	[247]	[356]	[109]	[44.1]
	[Of which, provision for underwriting reserves]	[779]	[593]	[(186)]	[(23.9)]
	Investment revenue	558	469	(88)	(15.9)
	[Of which, interest and dividend income]	[243]	[336]	[92]	[38.2]
	[Of which, gain on sale of marketable securities]	[313]	[130]	[(183)]	[(58.4)]
Investment expenses	61	0	(61)	(99.9)	
Operating and general administrative expenses	10,915	11,538	622	5.7	
Other recurring profit (losses)	2,714	2,486	(227)	(8.4)	
Recurring profit	2,488	2,699	210	8.5	
Extraordinary income (losses)	Extraordinary income	—	—	—	—
	Extraordinary losses	50	71	21	42.6
	Extraordinary income (losses)	(50)	(71)	(21)	42.6
Profit before income taxes		2,438	2,627	189	7.8
Income taxes - current		372	678	306	82.5
Income taxes - deferred		156	275	118	75.3
Total income taxes		528	954	425	80.3
Profit attributable to owners of parent		1,909	1,673	(235)	(12.3)

(2) Status of recurring revenue

The table below shows recurring revenue by segment.

Segment	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022	Year-on-year increase (decrease) rate
	Amount (Million yen)	Amount (Million yen)	(%)
Non-life insurance business (pet insurance)	35,713	38,261	7.1
Non-life insurance (Anicom Insurance, Inc.)	35,713	38,261	7.1
[Of which, net premiums written]	[35,133]	[37,782]	7.5
Pet-related internet services business	1,322	1,319	(0.3)
Other businesses	2,579	2,466	(4.4)
Veterinary clinic support	207	226	9.0
Insurance agencies	10	13	30.1
Clinical and research operations in the veterinary medicine area	1,264	1,414	11.9
Genetic testing, etc.	438	316	(27.7)
Other	658	494	(24.8)
Total	39,616	42,046	6.1

(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 nine months ended December 31, 2021			For the nine months ended December 31, 2022		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	35,133	100.0	9.6	37,782	100.0	7.5
Total	35,133	100.0	9.6	37,782	100.0	7.5
[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 nine months ended December 31, 2021			For the nine months ended December 31, 2022		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	35,133	100.0	9.6	37,782	100.0	7.5
Total	35,133	100.0	9.6	37,782	100.0	7.5

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

3) Net claims paid

	For the nine months ended December 31, 2021			For the nine months ended December 31, 2022		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	19,186	100.0	10.6	20,930	100.0	9.1
Total	19,186	100.0	10.6	20,930	100.0	9.1

(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.

Nine months under review (as of December 31, 2022)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	8	14	5
Other	18,447	16,315	(2,131)
Total	18,456	16,329	(2,126)

(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 December 31, 2022 (Million yen)
(A) Total amount of solvency margin	21,467	20,482
Stated capital or funds, etc.	20,288	21,215
Reserve for price fluctuation	98	115
Contingency reserve	-	-
Catastrophe reserve	1,522	1,215
General allowance for doubtful accounts	1	1
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	(475)	(2,126)
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	13,564
General insurance risk (R1)	12,447	13,207
Third sector insurance risk (R2)	-	-
Assumed interest rate risk (R3)	-	-
Asset management risk (R4)	1,596	1,328
Business administration risk (R5)	280	290
Major catastrophe risk (R6)	-	-
(C) Solvency margin ratio on a non-consolidated basis (%) [(A) / {(B) x 1/2}] x 100	334.6%	302.0%

(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
(General insurance risk)
(Third-sector insurance risk) : Risk that may occur due to the incidence rate of insured events being in excess of normally predictable range (excluding major catastrophe 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.