

INDEX

1

FY03/23 results overview

2

Progress of Mid-term Management Plan 2022-2024

3

Financial Forecast for FY03/24

4

APPENDIX

Results Overview

- 1. Overall summary (Recurring revenue and recurring profit)**
- 2. Income statement summary**
- 3. Factors related to changes in recurring profit**
(Comparison analysis with FY2021 results)
- 4. Balance sheet summary**
- 5. Recurring expenses and profit indicators**





1. Overall summary (Recurring revenue and recurring profit)

| | |
|-------------------|---|
| Recurring revenue | <h2 style="margin: 0;">56,528</h2> <p style="margin: 0;">Million JPY</p> <p style="margin: 0;">FY03/22 JPY 53,022 mn +6.6 % YoY Planned JPY 57,000 mn -0.8 % Of which, underwriting revenue :JPY 50,781 mn FY03/22 JPY 47,321 mn +7.3%</p> |
|-------------------|---|

| | |
|--|---|
| Recurring profit before amortization of goodwill | <h2 style="margin: 0;">3,900</h2> <p style="margin: 0;">Million JPY</p> <p style="margin: 0;">FY03/22 JPY 3,385 mn +15.2% YoY</p> |
|--|---|

| | |
|------------------|---|
| Recurring profit | <h2 style="margin: 0;">3,685</h2> <p style="margin: 0;">Million JPY</p> <p style="margin: 0;">FY03/22 JPY 3,166 mn +16.4 % YoY Planned 3,650 mn +1.0 %</p> |
|------------------|---|

Steadily turned robust demand for pet ownership into an increase in the number of new policies, while improving policy acquisition cost, to hit record highs in both revenue and profit

- **Recurring revenue (YoY)**
 - For FY2022, the number of new policies was **218,000** and the number of policies in force totaled **1,113,000 (+8.2%)**, **showing continuous growth at a solid pace.**
 - Other recurring revenue was JPY **4,912** million (–2.1%), mainly because a slowdown of special demand amid the pandemic for pet ownership led to declines in the number of contracts concluded at SIMNET’s breeder matching site and that of generic testing conducted.
 - Investment revenue was JPY **834** million (+22.7%), and we **achieved the plan** through agile investment management under uncertain market conditions.
- **Recurring profit (YoY)** *“Recurring profit before amortization of goodwill” is added for disclosure from FY1H 03/23.
 - We **achieved the plan** due in part to improved policy acquisition cost and agile investment management, despite an increase in insurance payouts and a decline in other recurring revenue.
 - Moving forward, we will focus on achieving a more preferable loss ratio, improving the sales administrative expense ratio, and making businesses generating synergies profitable while closely monitoring trends in insurance payouts.

2. Income statement summary



(JPYmn)

| | 4Q FY03/22 | 4Q FY03/23 | Change |
|---|---------------|---------------|---------------|
| Recurring revenue | 53,022 | 56,528 | 6.6 % |
| Underwriting revenue | 47,321 | 50,781 | 7.3 % |
| Investment revenue | 679 | 834 | 22.7 % |
| Other recurring revenue | 5,020 | 4,912 | -2.1 % |
| Recurring expenses | 49,855 | 52,842 | 6.0 % |
| Underwriting expenses | 33,504 | 35,664 | 6.4 % |
| • Net claims paid | 25,559 | 27,934 | 9.3 % |
| • Loss adjustment expenses | 1,080 | 1,106 | 2.5 % |
| • Net commission and collection expenses | 5,193 | 5,067 | -2.4 % |
| • Provision for reserve for outstanding losses and claims | 165 | 283 | 70.6 % |
| • Provision for underwriting reserves | 1,505 | 1,272 | -15.4 % |
| Of which unearned premiums | 1,391 | 1,161 | -16.5 % |
| Of which catastrophe reserve | 114 | 111 | -2.9 % |
| Investment expenses | 66 | 118 | 79.1 % |
| Operating and general administrative expenses | 14,656 | 15,350 | 4.7 % |
| Other recurring expenses | 1,628 | 1,709 | 5.0 % |
| Recurring profit before amortization of goodwill | 3,385 | 3,900 | 15.2 % |
| Recurring profit | 3,166 | 3,685 | 16.4 % |
| Net profit | 2,112 | 2,284 | 8.2 % |



2. Income statement summary

■ Reasons for changes in major accounting items

(1) Underwriting revenue

- The number of policies in force **increased by 84,313 (+8.2%)**

(2) Investment revenue

- Amid uncertain market conditions, we partially realized unrealized stock gains and have since been steadily accumulating income gains

(3) Other recurring revenue

- Other recurring revenue fell year on year due to declines in the number of contracts concluded at SIMNET's breeder matching site, that of generic testing conducted, and so forth.

(4) Net claims paid

- Claims paid increased, primarily because the frequency of hospital visits and the average payout per claim remained high despite the waning impact of COVID-19.

(5) Net commission and collection expenses

- Largely improved thanks to the diversification of sales channels and the efficient acquisition of policies.

(Reference) Anicom Insurance's key insurance indicators

(JPYmn)

| | 4Q FY03/22 | 4Q FY03/23 | Change |
|--|---------------|---------------|--------|
| Earned premiums | 46,102 | 49,797 | 8.0% |
| Claims incurred (including loss adjustment expenses) | 26,805 | 29,324 | 9.4% |
| E/I loss ratio (1) | 58.1% | 58.9% | 0.8pt |
| Expense ratio (based on earned premiums) (2) | 36.7% | 34.9% | -1.8pt |
| Combined ratio (based on earned premiums) (1)+(2) | 94.8% | 93.8% | -1.0pt |

3. Factors related to changes in recurring profit

(Comparison analysis with FY03/22 results)

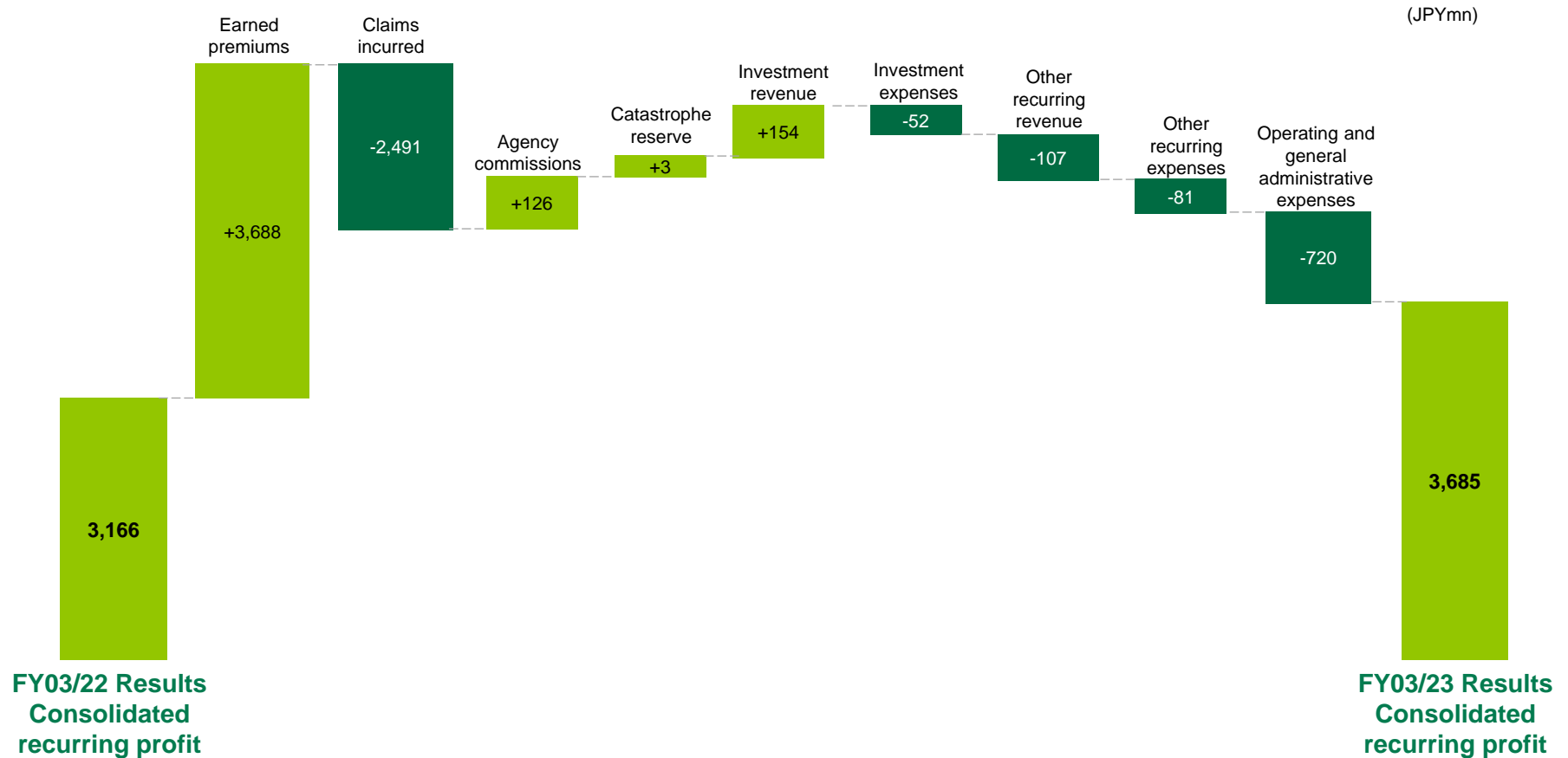


Recurring profit increased due to an underwriting revenue increase, in addition to contribution from the improvement of agency commissions rate, etc.

Note 1) Earned premiums = Underwriting revenue - Provision for normal underwriting reserves (Unearned premiums)

Note 2) Claims incurred = Net claims paid + Provision for reserve for outstanding losses and claims

Note 3) Catastrophe reserve = Provision for Catastrophe reserve losses and claims + Reversal of Catastrophe reserve reimbursements



4. Balance sheet summary



(JPYmn)

| | End-FY03/22 | End-FY03/23 | Change |
|--|---------------|---------------|--------------|
| Total assets | 58,635 | 61,407 | 4.7 % |
| Cash and bank deposits | 29,641 | 30,835 | 4.0 % |
| Marketable securities | 16,570 | 16,956 | 2.3 % |
| Tangible fixed assets | 6,020 | 5,799 | - 3.7 % |
| Other assets | 6,402 | 7,815 | 22.1 % |
| Total liabilities | 31,319 | 33,223 | 6.1 % |
| Reserve for insurance policy liabilities | 21,297 | 22,853 | 7.3 % |
| Of which loss reserves | 2,705 | 2,988 | 10.5 % |
| Of which underwriting reserves | 18,592 | 19,865 | 6.8 % |
| Corporate Bonds | 5,000 | 5,000 | — % |
| Other liabilities | 5,021 | 5,369 | 6.9 % |
| Total net assets | 27,316 | 28,184 | 3.2 % |
| Shareholders' equity | 27,658 | 29,740 | 7.5 % |
| Valuation and transaction adjustments | - 342 | - 1,555 | — % |
| Total liabilities and net assets | 58,635 | 61,407 | 4.7 % |

■ Reasons for changes in major accounting items

(1) Marketable securities

- Sold shares and carefully invested in bonds and other instruments

(2) Corporate bonds

- Funds raised through the issuance of first series unsecured bonds in September 2020

(3) Valuation and transaction adjustments

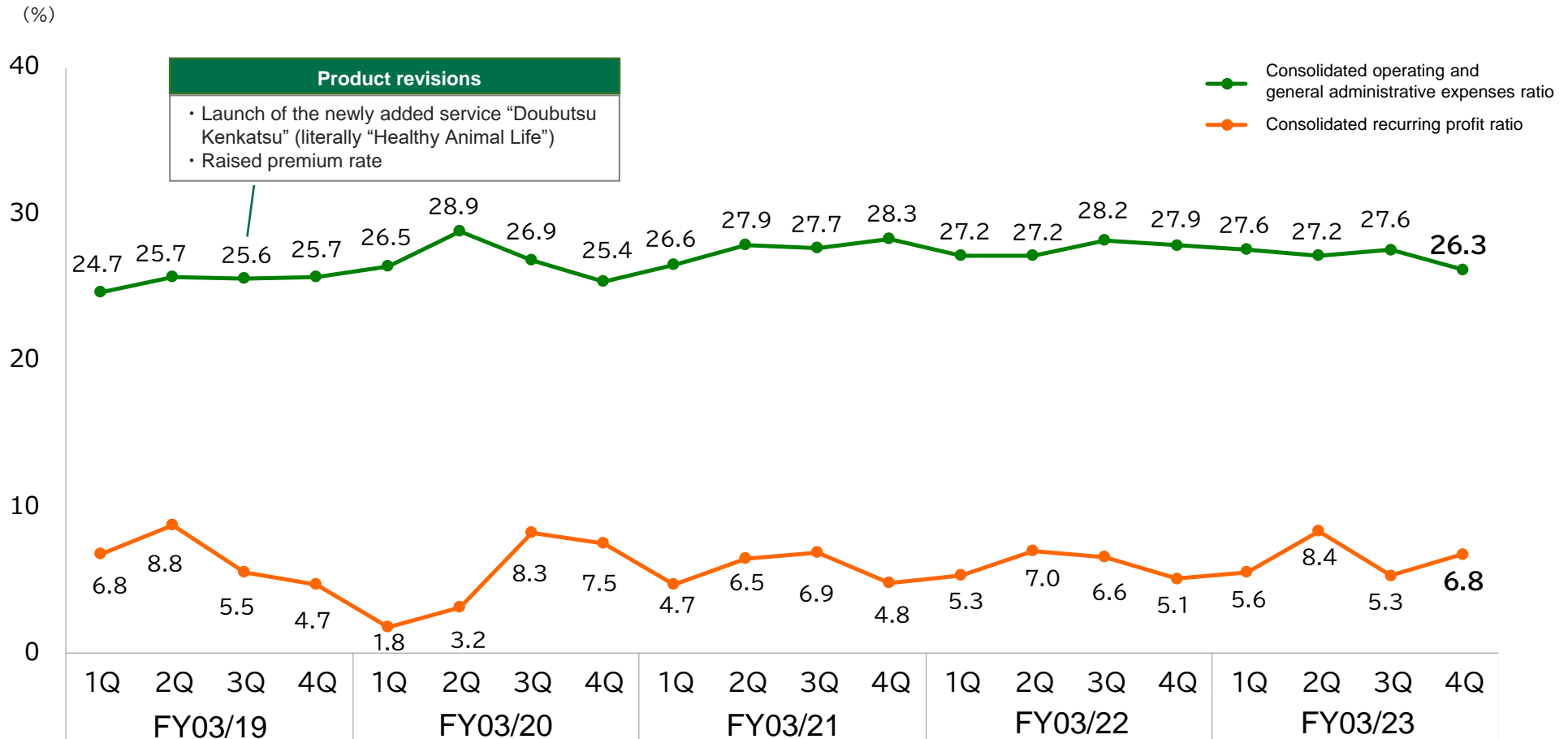
- Decrease in valuation difference on available-for-sale securities

5. Recurring expenses and profit indicators



*Operating and general administrative expenses ratio, recurring profit ratio (consolidated)

*Refer to the appendix for management indicators for Anicom Insurance on a non-consolidated basis (loss ratio, expense ratio, number of policies)



Progress of Mid-term Management Plan 2022-2024

- 1. Progress of key numerical targets**
- 2. Progress of priority measures**





1. Progress of Key Numerical Targets (1)

Progress we made toward achieving the targets in the Mid-term Management Plan during FY2022, the first year of the plan, differs depending on the indicator, but we have been making progress as planned as a whole.

[Key Numerical Targets for Management]

| | FY2022 Results | FY2024 Targets | Evaluation of progress |
|--|---|-----------------------------------|---|
| Consolidated Recurring Revenue | 56.52 billion JPY | 65-70 billion JPY | Recurring revenue fell slightly short of the initial plan in the first year of the plan, but has been growing at a solid pace centered in the insurance business and basically as planned. |
| Consolidated Recurring Profit | 3.68 billion JPY | 4.5-5.0 billion JPY | Recurring profit has been growing as planned toward reaching the target, owing to investment management, reduced operating and general administrative expenses, etc. |
| Consolidated ROE | 8.2% (8.0% in FY2021) | around 10% | ROE is on an improving trend toward reaching the double-digit target. Cost of equity (7.2%) < 8.2% equity spread |
| Shareholder Returns | Dividend payout ratio 14.2% (9.6% in FY2021) | Dividend payout ratio around 20% | Payout ratio has been gradually increasing toward reaching 20%. |
| Net sales and percentage of net sales in businesses generating synergies | JPY 4.91 billion 8.7% | JPY 7.8-8.4 billion around 12% | Net sales and the percentage of net sales decreased year on year due to declines in the number of contracts concluded at the breeder matching site and that of generic testing conducted. |
| SMR on a non-consolidated basis (solvency margin ratio) | 373.1% (393.5% in FY2021) | 300-320% | SMR jumped compared to the plan because a tax-effect equivalent amount was not included in the calculation of SMR. Based on this increase and new SMR*, we aim at an optimal capital structure. |

* At present, discussions are underway on regulatory changes over the medium term with regard to the financial soundness of insurance companies (e.g., risk coefficient). We therefore currently examine our responses with an eye to the future regulatory changes.



1. Progress of Key Numerical Targets (2)

A reduction in the expense ratio covered a rise in the loss ratio in the insurance business. We started to disclose net sales of the food business.

[Key KPIs]

| Insurance Business | FY2022 Results | FY2024 Targets | Evaluation of progress |
|------------------------------------|--|--|--|
| Loss Ratio | 58.9% (58.1% in FY2021) | 58~59% | The loss ratio remained slightly higher than the plan partly because the frequency of animal hospital visits remained high and medical expenses per visit increased. |
| Expense Ratio | 34.9% (36.7% in FY2021) | 35~36% | The expense ratio has been going as planned to achieve the target due to reduced operating and general administrative expenses including improved policy acquisition cost. |
| Combined Ratio | 93.8% (94.8% in FY2021) | 93~94% | The combined ratio has been going down steadily as a result of the improved expense ratio covering the increased loss ratio. |
| Synergy Generation Business | | | |
| Profitability of Hospital Business | Before amortization of goodwill: -70 mill. JPY After amortization of goodwill: -150 mill. JPY | Positive after amortization of goodwill Toward sales of 3.0 bill. JPY | The amount of recurring loss was reduced year on year, but we need to take more measures to improve profitability. |
| No. of Genetic Testings | 92,000/year | 120,000-150,000/year | This number declined year on year due to a decreased number of orders placed by pet shops. We need to increase it from breeders. |
| No. of gut microbiota measuring | 211,000/year | 200,000-250,000/year | The number of applicants for gut microbiota testing steadily increased in line with the increased number of policies in force. |
| Pet Food Sales | 63 mil. JPY | Toward sales of 0.8-1.0 bill. JPY | The amount of net sales was still small as FY2022 was the first year that we started selling pet foods, but are aiming to expand sales channels. |



2. Progress of priority measures (1) (Insurance business and investment)

Insurance Business

Numbers of new policies and policies in force

- The number of new policies totaled over **218,000** for FY2022, and the number of policies in force exceeded **1.11 million** as of March 31, 2023.

Expanding and strengthening sales channels

- Closer collaboration with SIMNET led to a steady increase in the number of new policies sold through the breeder channel.
 - ⇒ Number of breeder agencies: Increased to 887 as of March 31, 2023, accompanied by a rise in insured rate (91 as of September 30, 2020)
- An ongoing effort was made to expand sales channels further, centered on corporate agencies.
- Enhancing online ads made a greater contribution to the number of new policies.

Building on the expansion and strengthening of sales channels, Anicom promoted the improvement in efficiency and costs in the insurance business

⇒ Acquired policies efficiently while strongly pushing the fusion of the real and digital worlds

Expanding products and services

- Owing to a steady increase in Doubutsu Kenkatsu applications, the renewal rate remained stable and high for FY2022 at **88.2%**.

Improving the loss ratio, policy acquisition efficiency, and sales administrative expense ratio

- **Loss ratio (58.9% in FY2022) improvement**
 The impact of COVID-19 started to wane; still, insurance payouts require close monitoring on an ongoing basis
 Ongoing measures to improve the loss ratio
 - Promote the use of recommended health insurance treatment flowcharts to encourage more appropriate medical care
 - Refer more pet owners to outstanding hospitals using appointment functions.
- **Net commission and collection expense ratio (10.0% in FY2022) improvement**
 A significant 1.0 point improvement was made year-on-year owing to improved policy acquisition cost through expansion and diversification of sales channels
- **Sales administrative expense ratio (27.2% in FY2022) improvement**
 A 0.4 point improvement was made year-on-year owing mainly to improved policy acquisition cost and streamlined operations
 - Reduce both the number of direct claims and processing cost per claim in insurance payout operations.
 - Save labor for handling various procedures and reduce paperwork costs.

2. Progress of priority measures (1) (Insurance business and investment)



Investment

- **As a result of flexible and opportunistic investment, we achieved the plan.**
We partially realized unrealized stock gains in light of uncertain market conditions and have steadily accumulated income gains.
- **Opening of Shippo-no-sato [tail's home], a complex facility aimed at promoting animal welfare.**
(incorporating shelters, breeding spaces, and dog café)
The facility hosts activities to further promote animal welfare making use of Group companies' resources, and also serves as a venue for developing human resources for the future of pet industry and for school education, in cooperation with Kokusai Business Gakuin in Ishikawa prefecture.
- **Anicom announced the formation of a business partnership with Tokyu Land Corporation to help people have a better life with their pets.**



Other

- **As of March 31, 2023, we have filed a total of 46 patent applications** (an increase of 16 applications year-on-year).

Numbers of patents applied for and granted by field of technology

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

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

- **Promotion of the "strategy of one patent per employee"**
Anicom has developed businesses that touch each employee's heart such as image recognition AI, food, gut microbiota measuring, and regenerative medicine. Consequently, **the number of inventors increased to 103 as of March 31, 2023**, from 13 as of December 31, 2020.
- **Development of AI and a database (basic animal resident register).**
 - Gather data to detect signs of labor or heat in animals.
 - Develop a detection AI model using collected images and build it into cameras.





2. Progress of priority measures (2) (Businesses generating synergies)

Before birth

Upstream



Enhancing the genetic testing business

- The number of samples for genetic testing exceeded **92,000** for FY2022.
- Genetic testing for gastrointestinal polyposis in Jack Russell terriers was launched in July.
- We started to implement panel testing that makes it possible to check disposition (behavior), breed, fur color, temperament, parentage, etc. in a single test.

Results of matching service business (SIMNET) for FY2022

- Net sales: JPY**1,872** million
- Recurring profit: JPY**56** million
- Recurring profit ratio: **3.0%**



Note: Recurring profit above does not include amortization of goodwill.

Anicom has been expanding breeding support through the dog and cat breeders registered with its Minna no Breeder and Minna no Koneko Breeder websites



Strengthening breeding support

We have been actively advancing various initiatives, taking into account the amended Act on Welfare and Management of Animals and other developments.

- **Genetic testing** ⇒ Development of testing and matching services that help improve breeding efficiency (e.g., **analyzing the genetic information of animals that produce many offspring**)
- **Technological development** ⇒ Development of methods to detect the optimal mating period, **utilization of stem cells**, research aimed at improving technologies for the use of frozen sperms, etc.
- **Medical support** ⇒ **Expanding house call service areas.** Guiding breeding skills (e.g., smear test and artificial insemination)
- **Sales support** ⇒ **Expansion of the support center for direct sale from breeders (steady increase in the number of animals handed over, coupled with a high ratio of contracts concluded)**
- **Business support** ⇒ **An increase in the number of breeders** recommending the Group's food; development and trial start of a reproductive management system; provision [leasing] of breeding spaces, etc.
- **Support for adoption of retired breeding dogs and cats** ⇒ The ani TERRACE shelter began to rescue, care for, and facilitate the adoption of, dogs and cats (some adoptions already made) while also working to attract visitors utilizing its dog park and pet hotel

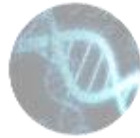
2. Progress of priority measures (2) (Businesses generating synergies)



From day-to-day routines to curing the incurable

Midstream

Downstream



Commercializing health exams and food and products, etc.

- Over 211,000 applications were received for Doubutsu Kenkatsu service for FY2022.
- “Kimi no Gohan (Food for You)” series (DNA food and food for gut microbiota) Expanding sales mainly to policyholders Exploring collaboration with pet shops
- “Minna no Gohan (Food for Everyone)” Recommended by breeders →Induce to subscription plans Sales channels are expanding Revised guidebook and updated website helped increase the rate of applicants for the foods

Business related to animal healthcare treatments (from prevention to general practice/regenerative medicine)

- Directly-operated animal hospitals totaled 53 (14 capable of performing surgery), growing at a solid pace.
- As of March 31, 2023, 637 animal hospitals joined the Research and Development Partnership for Animal Regenerative Medicine (PARM) launched mainly by the Anicom Group for the purpose of spreading regenerative medicine. PARM achieved to administer 355 doses of cells in FY2022 (222 doses administered in FY2021).

Addressing social issues (ESG activities)

- The ani TERRACE shelter for rescue animals opened in April (within the VISON commercial facility in Mie Prefecture).
- A website specializing in information on disaster risk reduction for pets Launched “Dobutsu Bosai Zukan [Illustrated Guide to Animal Disaster Preparedness]” (December)
- Launched sustainability webpages (December) As a provider of infrastructure for pet industry, we aim to make contribution in the three areas of people, animals, and the environment.
- Concluded an agreement with Kanagawa Prefecture on the initiatives to promote animal welfare, etc. (January)



ワンちゃんの健康のために腸内環境を配慮!

アニコムFODs(腸)が育つ環境により、ワンちゃんの腸内環境が改善され「みんなのごはん」に必要となる腸内フローラの多様性を高めることが期待されます。

みんなのごはんを食べてから

腸内フローラの多様性を高めることが期待されます。

腸内フローラの多様性を高めることが期待されます。

「みんなのごはん」を食べてから

腸内フローラの多様性を高めることが期待されます。

腸内フローラの多様性を高めることが期待されます。

喜びの声が届きました!

素晴らしいフードを食べて

アレルギー対応のフードに悩んでいた「麻呂」は、アレルギー対応のフードを食べたことで、皮膚がガサガサと毛もボサボサだったのが...

投与3ヶ月後

見違える程ふさふさとお顔もまんまるに!

- [Initiatives for which cooperation and collaboration are under way]
- (1) Prevention of animal hoarding
 - (2) Further promotion of adoption
 - (3) Disaster preparedness for pets
 - (4) Classes for children





2. Progress of priority measures (3) Topics

Recently formed strategic business partnerships

HIROTSU BIO SCIENCE INC. (capital and business alliance announced on March 7, 2023)

■ Objective

To facilitate **the practical use of a cancer test for pets** by drawing on the R&D, planning and sales capabilities that both companies have and strengthening cooperation between them.

■ Key initiatives

- Put more effort into selling N-NOSE, a cancer test, and doing after sales follow-ups by using the Anicom Group's network of animal hospitals.
- Consider offering the cancer test for pets as an added service to Anicom Insurance's pet insurance products.

Tokyu Land Corporation (business partnership announced on March 15, 2023)

■ Objective

To **put more effort into making a housing proposition to help people have a better life with their pets** by drawing on the strengths that both companies have.

■ Key initiatives

- Introduce products and offer value to both customers of Anicom Insurance and Tokyu Land Corporation.
- Utilize the Anicom Group's services in residences offered by Tokyu Land Corporation.
- Jointly develop pet-friendly condominiums and other residences.

Tokio Marine & Nichido Fire Insurance Co., Ltd. (capital and business alliance announced on March 23, 2023)

■ Objective

To develop and provide insurance products and solutions in the pet domain.

■ Key initiatives

- Develop and provide new solutions and services that connect upstream to downstream in the pet field, including pet insurance, pet disaster prevention, and pet healthcare, by collaborating and exchanging the knowledge, network, experience, and know-how of both companies.
- **Jointly develop and provide insurance products and solutions** to further promote the "pets are family" concept and to contribute to solving various social issues surrounding pets.

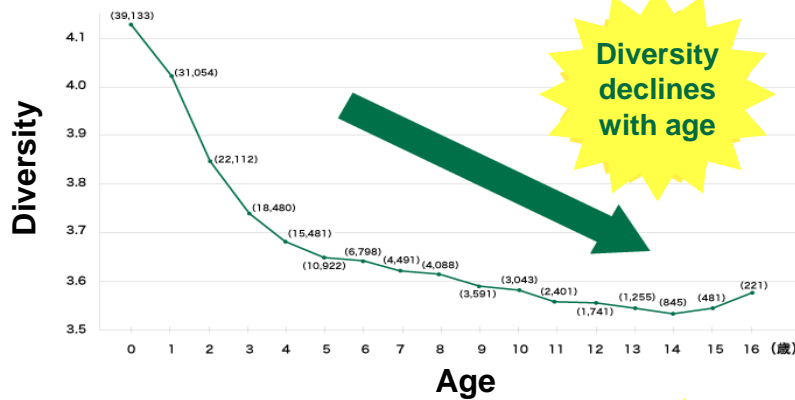
2. Progress of priority measures (3) Topics



We analyzed the world's largest-scale data of approximately 170,000 samples of dog gut microbiota. The results revealed what bacteria are bad for dogs.

Age-related changes in diversity of dog gut microbiota

* Numbers in parentheses indicate the number of samples

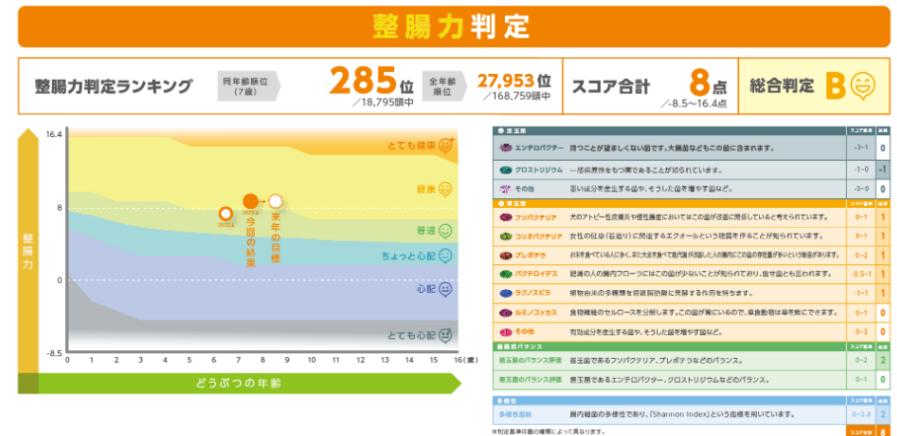


- The results of the analysis revealed that with age,
- the diversity of gut microbiota declines, and
 - bacteria belonging to the family Enterobacteriaceae of the phylum Proteobacteria increase.

Based on the results of the analysis and the results of gut microbiota testing (Doubutsu Kenkatsu) in the past, we plan to keep customers informed about new findings of gut microbiota testing to check if their pets have the ability to regulate the functions of the gut.

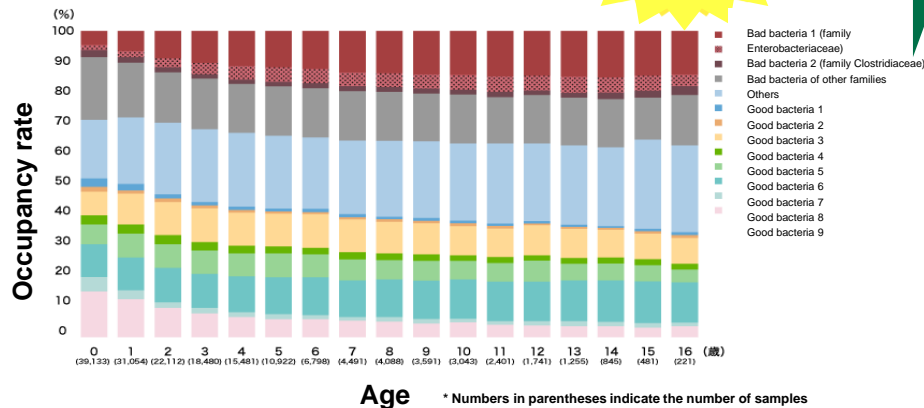


【例】モコちゃん(トイ・プードル/7歳)の検査結果



Age-related changes in dog gut microbiota

Enterobacteriaceae increases with age





We will assist pets in promoting health in their daily diet to encourage pet owners to take out preventive insurance that helps their pets stay healthy.

→ We aim to ensure a new source of revenue by supporting pet diet (through our food business) and to reduce insurance payouts.



2. Progress of priority measures (3) Topics

The Anicom Group formulated a Basic Policy on Sustainability in June 2022 and launched a sustainability webpage in December 2022. We promote initiatives aimed at pursuing sustainability management that creates both economic and social value.

| | Initiatives | Reference data | 2021 | 2022 | |
|-------------|---|---|--|---------|---------|
| People | <ul style="list-style-type: none"> Diversity <ul style="list-style-type: none"> We promote the advancement of women so that diverse human resources can maximize their abilities. We also encourage active use of childcare leave regardless of gender. Disaster support <ul style="list-style-type: none"> We rescued and saved 32 dogs affected by heavy rains and landslide in Shizuoka Prefecture. We implemented the “Ukraine Pet Rescue Fund” project and donated a total of JPY 56 million to IFAW. |  | Percentage of female employees (%) | 61.2 | 60.9 |
| | | | Percentage of females in managerial positions (%) | 31.8 | 31.2 |
| | | | Rate of childcare leave taken by men (%) | 58.8 | 77.8 |
| | | | Total number of inventors | 66 | 103 |
| Animals | <ul style="list-style-type: none"> Eliminating euthanasia <ul style="list-style-type: none"> We started operating an animal shelter “ani TERRACE” and transferred 18 shelter dogs and cats to new owners. Promotion of health <ul style="list-style-type: none"> We promote Doubutsu Kenkatsu (gut microbiota testing) to early detect diseases. |  | Number of adoptions via hugU | 2,377 | 3,200 |
| | | | Number of adoption events assisted | 14 | 22 |
| | | | Number of shelter dogs and cats transferred | – | 18 |
| | | | Number of applicants for Doubutsu Kenkatsu | 188,312 | 211,731 |
| Environment | <ul style="list-style-type: none"> Climate change <ul style="list-style-type: none"> We expressed our support for the TCFD recommendations in April 2023. We calculated and announced Scope 1 and Scope 2 GHG emissions based on the GHG Protocol. Reducing the use of plastics <ul style="list-style-type: none"> Revising the material used for health insurance cards reduced the amount of plastic by approx. 42.7% compared to the JIS standard. | | Scope 1 emissions ^{*1, 2} (tons of CO2) | 207 | 229 |
| | | | Scope 2 emissions ^{*1, 2, 3} (tons of CO2) | 843 | 997 |
| | | | Electricity used (1,000kWh) ^{*1, 2} | 2,023 | 2,325 |
| | | | CO2 emissions per employee (Scope 1 + Scope 2) ^{*1, 2, 3} (tons of CO2) | 1.24 | 1.38 |

*1 We revised the FY2021 figures as the accuracy of calculations increased.
 *2 Some figures include tentative ones. *3 These are market-based figures.

Financial Forecast for FY03/24

- 1. Changes in the business environment and the Anicom Group strategy**
- 2. FY2023 priority measures**
- 3. Position and direction of businesses generating synergies**
- 4. Profit forecasts (Annual/semi-annual cumulative)**
- 5. Factors related to changes in recurring profit**
(Comparison analysis with FY03/23 results)





1. Changes in the business environment and the Anicom Group strategy

In response to rapid changes in the business environment, we implemented the Anicom Group strategy that was developed with a view to future pet industry trends

External factors (changes in the business environment)

- Ongoing robust demand for pet ownership despite a slowdown in special demand amid the pandemic
- A rush of new entry into the pet insurance industry by leading insurers and other companies
- The distribution revolution being accelerated by the fusion of the business formats of breeders and pet shops, after the tightening of regulations in animal welfare laws
- Higher frequency of animal hospital visits and increasing medical expenses per visit

Internal factors (Anicom Group strategy)

- Improving insurance policy acquisition cost
- Promoting the diversification of sales channels
- Accelerating the white label strategy (Meiji Yasuda Life Insurance, Tokio Marine & Nichido Fire Insurance, etc.)
- Strengthening breeding support
- Expanding the food business
- Advancing regenerative treatments

We continue to create both economic and social value in FY2023 in light of the business environment and risk factors.



2. FY2023 priority measures

Further popularize and advance pet insurance

Pursue uniqueness of insurance

- Increase the renewal rate
- Promote the white label strategy and alliances with other companies
- Consider resetting premium rates based on health promotion drivers

Reduce insurance payouts and improve the loss ratio

- Provide one-to-one information useful for disease prevention
- Increase clinical practice flowcharts

Reduce policy acquisition cost

- Improve the policy acquisition efficiency across the Anicom Group
- Make sales and marketing activities more efficient
- Improve and increase the availability of agencies

Streamline operations

- Automate more operations and promote digitalization



More contribute to businesses generating synergies

Further strengthen breeding support

- Increase and develop Kounotori centers that finds best owners for puppies and kittens from breeders
- Establish an artificial insemination method using frozen sperms
- Develop a service that suggests optimal matching with genetic testing
- Increase the number of visitors to the SIMNET website and the ratio of contracts concluded

Expand the animal hospital business

- Facilitate the relocation of animal hospitals, the expansion of their space, business succession, the establishment of hospitals that provide advanced medical care, etc.
- Enhance an education and training system for clinical staff and hire more of them
- Introduce new clinical practice ways using clinical practice flowcharts, etc.

Expand the food business

- Boost needs for our pet foods through gut microbiota testing
- Put more effort into selling and marketing “Minna no Gohan (Food for Everyone),” targeting breeders
- Increase the purchase rate and repeat purchase rate of the “Kimi no Gohan (Food for You)” series
- Start selling natural foods (toppings and supplements)

Offer advanced medical care including regenerative treatments

- Increase the number of cell administrations (target: 100 administrations per month)
- Examine the preventive effects of stem cell administrations
- Launch a cell-derived treatment service

Expand the pet-friendly housing business (manage investment)

- Enhance investment as part of breeding support
- Facilitate the development of pet-friendly housing

Make our services more accessible and provide more help to prevent diseases

- Develop a system and an application designed for breeders
- Develop an “Anicom Health Promotion Club for Animals” designed for customers
- Develop booking system “anicomGO”

Pursuing both economic value and social value



3. Position and direction of businesses generating synergies

Animal hospital business * excluding the regenerative medicine business

The missions of this business are to standardize animal medical treatments by increasing Group hospitals and their presence and create effects to curb vet bills, which are the sources of insurance payouts (effects of stabilizers). To these ends, we need to continue to scale up this business, but it depends on the outcome of M&A. Therefore, while seeking to scale up the business for a while, we will make the effective use of this business to create synergistic effects with the insurance business (e.g., transferring policyholders to this business).

| | FY2021 Results | FY2022 Results | FY2023 Forecast | FY2024 Target |
|--|-----------------------------|----------------------------|---------------------------|---|
| Net sales (JPYmn) | 1,590 | 1,750 | 1,910 | 3,000 |
| Operating profit (JPYmn) Before: before amortization of goodwill After: after amortization of goodwill | Before: -100 After: -190 | Before: -70 After: -150 | Before: -20 After: -90 | Turn the negative figures into positive on the basis of operating profit after amortization of goodwill |
| Number of hospitals | 56 | 53 | 55 | - |

Impact on future performance:

Net sales is expected to increase steadily through growth within the business by scaling it up through M&A, increasing vet care costs, and taking measures aimed at transferring policyholders to the business. We aim to turn the negative figures into positive on the basis of operating profit after amortization of goodwill in FY2024 through purchase cost and other expense reduction effects to be generated as we scale up the business.

Regenerative medicine business

Missions of this business are to make profits on its own and reduce insurance payouts. To make this business profitable, we are currently advancing the business based on two axes of medical treatment (with the use of the Research and Development Partnership for Animal Regenerative Medicine) and disease prevention (Group hospitals, associates, and other research institutions are currently studying how to make pets healthier, how to help them prevent specified diseases, anti-aging, etc.).

| | FY2021 Results | FY2022 Results | FY2023 Forecast | FY2024 Target |
|--|----------------|----------------|-----------------|---------------|
| Group hospitals (at the end of the fiscal year) | 430 | 637 | 810 | - |
| Number of administrations | 222 | 355 | 1,200 | - |

Impact on future performance:

This business was transferred from FUJIFILM Corporation in FY2021, and we re-launched the business on the initiative of the Anicom Group. Although the number of administrations is accelerating now, we have not been able to make profits yet. However, we aim to make the business profitable by scaling it up. We formed a business partnership with CellSource Co., Ltd. during FY2022 and plan to launch a paid clinical study to find out a new medical treatment method during FY2023.



3. Position and direction of businesses generating synergies

Genetic testing business

Missions of this business are to make this business profitable by conducting hereditary disorder testing for puppies and kittens and reduce insurance payouts by eliminating hereditary disorders. In addition, we will develop panel testing that checks various items in a single test and expand the scope of panel testing to make it our strength in breeding support (e.g., to improve breeding efficiency).

| | FY2021 Results | FY2022 Results | FY2023 Forecast | FY2024 Target |
|---------------------------------------|----------------|----------------|-----------------|-----------------|
| Number of samples for genetic testing | 105,519 | 92,313 | 80,000 | 120,000–150,000 |

Impact on future performance:

We made profits in hereditary disorder testing in FY2021; however, competitors' new entry into this market led the service to become commoditized in FY2022, deteriorating the profitability of hereditary disorder testing. We will therefore not aim at making this business highly profitable for the time being, but are seeking to make other testing that uses new technology widely available and switch from hereditary disorder testing to the new testing, which could contribute to breeding support, etc.

Gut microbiota testing business

Missions of this business are to pursue uniqueness of insurance and help develop the food business by performing an analysis of correlation between the ability to regulate the functions of the gut and the diversity of gut microbiota.

| | FY2021 Results | FY2022 Results | FY2023 Forecast | FY2024 Target |
|---|----------------|----------------|-----------------|-----------------|
| Number of gut microbiota testing conducted or to be conducted | 188,312 | 211,731 | 230,000 | 200,000–250,000 |

Impact on future performance:

As Doubutsu Kenkatsu service fee are included in a premium, this business helps differentiate the service from others as a preventive insurance product.

This business is expected to have a positive impact on performance by collaborating with the food business.



3. Position and direction of businesses generating synergies

Food business

Missions of this business are to make profits on its own (to contribute to net sales and profits on a consolidated basis) and consequently reduce insurance payouts (help pets increase their ability to regulate the functions of the gut). Our pet foods are the “Kimi no Gohan (Food for You)” series (sold mainly to policyholders) and “Minna no Gohan (Food for Everyone)” (sold to policyholders and other customers)

| | FY2021 Results | FY2022 Results | FY2023 Forecast | FY2024 Target |
|-------------------|----------------|----------------|-----------------|---------------|
| Net sales (JPYmn) | 12 | 63 | 200–300 | 800–1,000 |

Impact on future performance:
We plan to develop toppings.

We are seeking to increase net sales and make profits simultaneously toward FY2024. In the medium to long run, we will develop this business into a leading driver that boosts the Anicom Group’s performance.

Matching service business

Missions of this business are to establish a system for a stable supply of dogs and cats through SIMNET matching service and expand the extent of this business that covers insurance and sale of goods.

| | FY2021 Results | FY2022 Results | FY2023 Forecast | FY2024 Target |
|---|----------------|----------------|-----------------|---------------|
| Net sales (JPYmn) | 1,890 | 1,850 | 2,300 | – |
| Recurring profit (JPYmn) (before amortization of goodwill) | 270 | 40 | 240 | – |

Impact on future performance:

Making high profits in this business alone is difficult, but since the distribution revolution in the pet industry is underway, keeping certain supply routes of dogs and cats will make it possible to ensure the extent of this business that covers insurance and sale of goods over future periods.

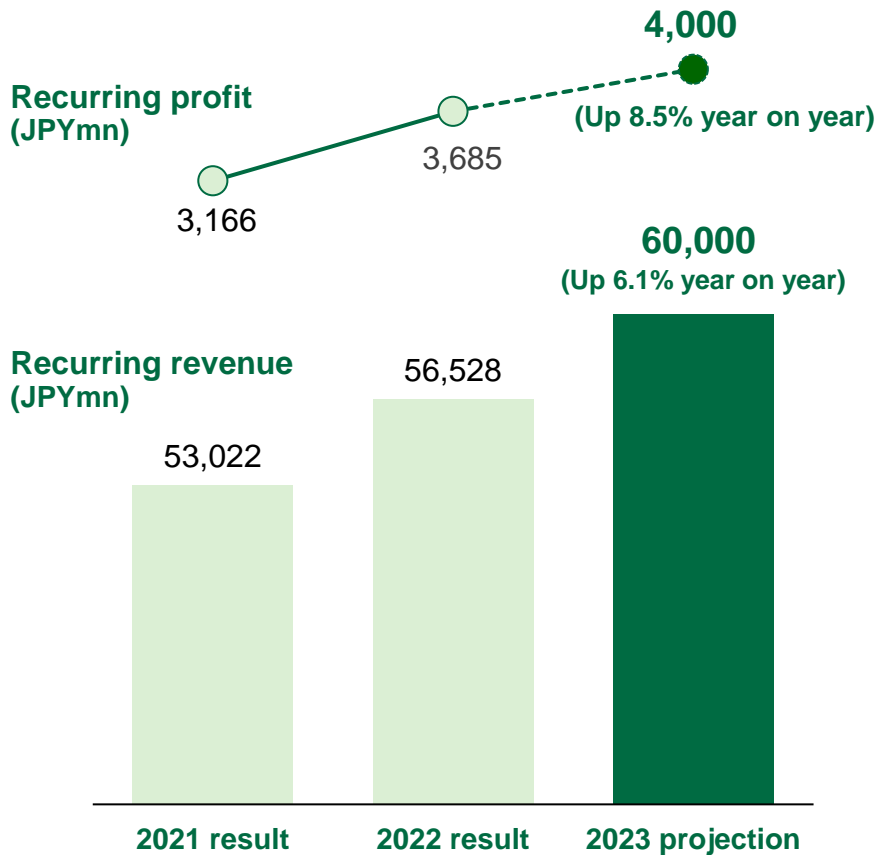


4. Profit forecasts (Annual/semi-annual cumulative)

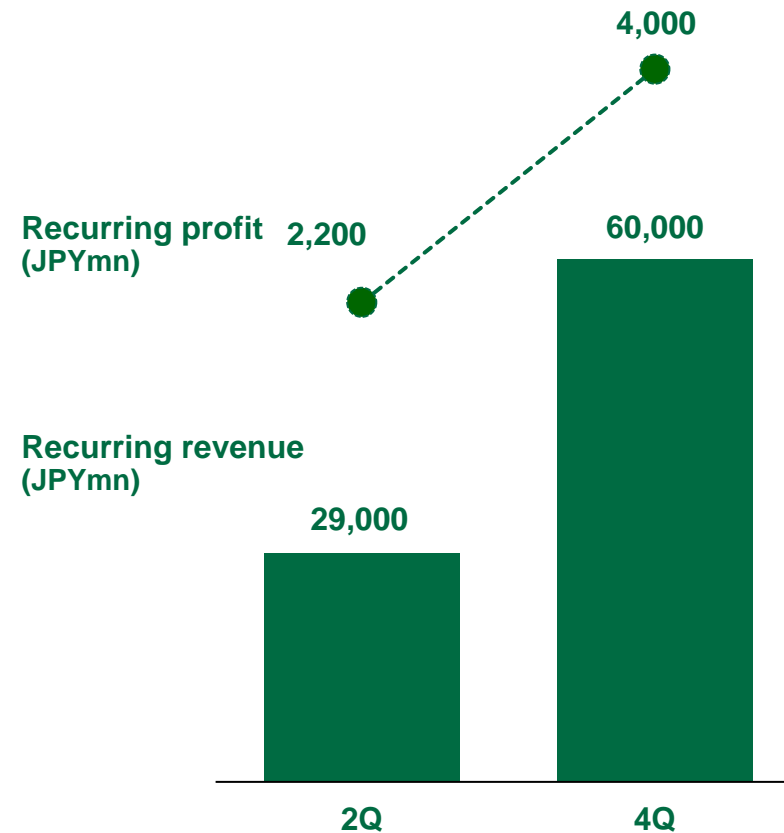
Recurring revenue will continue stable growth while changes in business management environment are expected. In relation to recurring profit, our policy will be changed to emphasize a balance of quantity and quality in stages.

Aim to hit record highs in both revenue and profit.

[Annual Forecasts]



[semi-annual cumulative Forecasts]

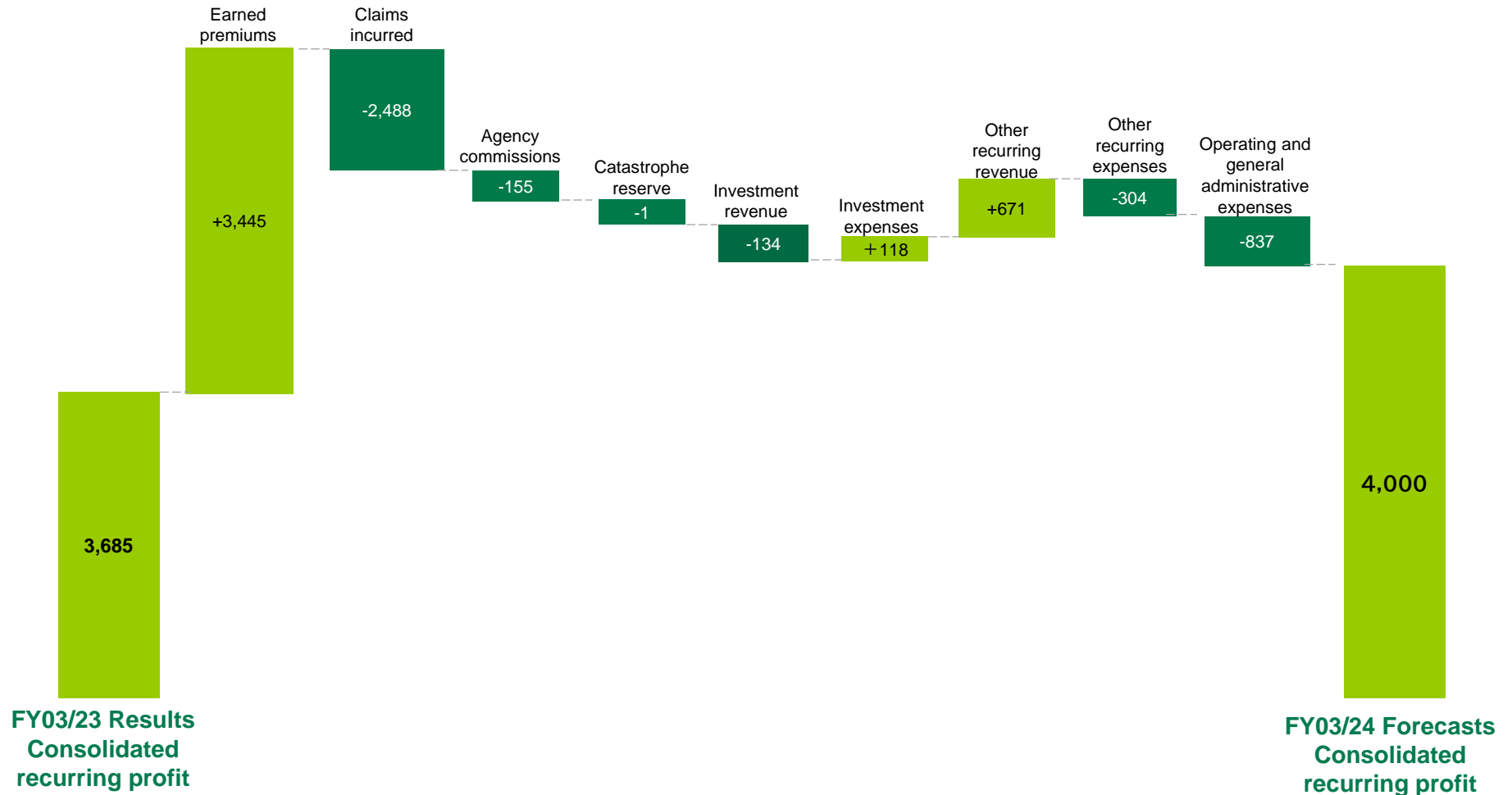




5. Factors related to changes in recurring profit

(Comparison analysis with FY03/23 results)

We forecast an increase in recurring profit for FY03/24, to be driven by an increase in underwriting revenue, strong sales in businesses generating synergies, and other positive factors.



APPENDIX

- 1. Major management indicators**
- 2. Anicom Insurance (non-consolidated): Recurring revenue indicators**
(Trend in new policies / number of pet insurance policies in force)
- 3. Anicom Insurance (non-consolidated): Recurring expenses indicators**
(Loss ratio (E/I), expense ratio based on earned premiums)
- 4. Peripheral new-business revenue opportunities and synergy with pet insurance**



1. Major management indicators



| | End-FY03/22 | End-FY03/23 | Vs. previous year-end | | End-FY03/24 (forecast as of May 10) |
|---------------------------------------|-------------|-------------|-----------------------|--------|--|
| | | | Numbers | Rate | |
| (1) Policies in force | 1,028,831 | 1,113,144 | 84,313 | 8.2 % | 1,200,000 |
| (2) New policies | 229,099 | 218,695 | -10,404 | -4.5 % | 220,000 |
| (3) Renewal rate | 87.8% | 88.2% | - | 0.4 pt | 88.5 % |
| (4) Insurance payout cases | 4,019 ,000 | 4,216 ,000 | 197 ,000 | 4.9 % | 4,429 ,000 |
| (5) Animal hospitals accepting Anicom | 6,681 | 6,789 | 108 | 1.6 % | 6,880 |

| | End-FY03/22 | End-FY03/23 | YoY Change | End-FY03/24 (forecast as of May 10) |
|---|-------------|-------------|------------|--|
| (6) E/I loss ratio | 58.1 % | 58.9 % | 0.8 pt | 59.8 % |
| (7) Expense ratio (based on earned premiums) | 36.7 % | 34.9 % | -1.8 pt | 33.7 % |
| (8) Combined ratio (based on earned premiums) | 94.8 % | 93.8 % | -1.0 pt | 93.5 % |

| | End-FY03/22 | End-FY03/23 | Vs. previous year-end |
|--|-------------|-------------|-----------------------|
| (9) Solvency margin ratio (non-consolidated) | 393.5 % | 373.1 % | -20.4 pt |

*SMR in FY03/22 and FY03/23 jumped compared to the plan because a tax-effect equivalent amount was not included in the calculation.

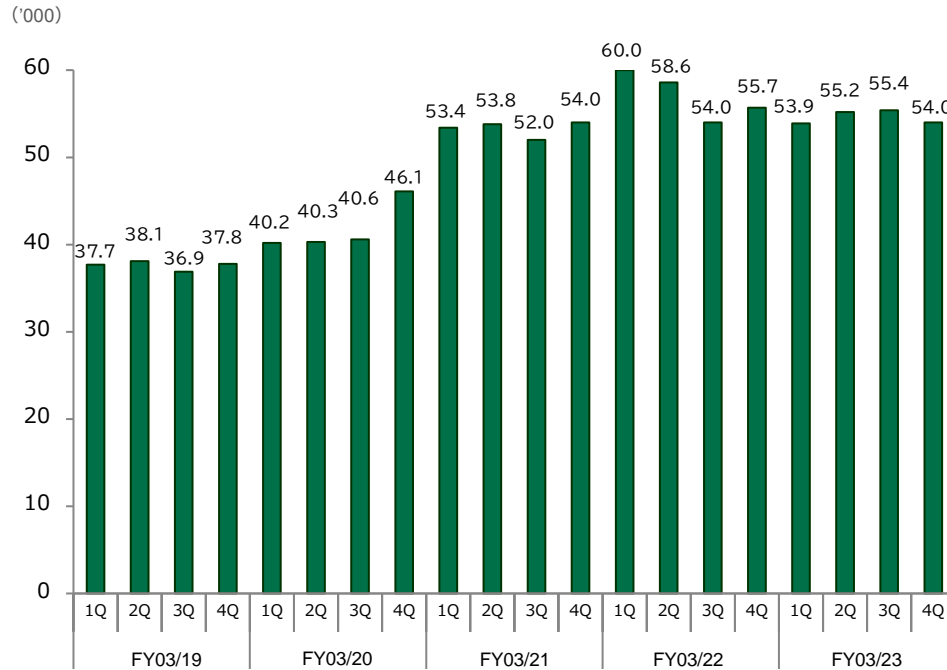
At present, discussions are underway on regulatory changes over the medium term with regard to the financial soundness of insurance companies (e.g., risk coefficient). We therefore currently examine our responses with an eye to the future regulatory changes.

| | End-FY03/22 | End-FY03/23 | YoY Change |
|--|-------------|-------------|------------|
| (10) No. of applicants of Doubutsu Kenkatsu (gut microbiota testing) | 188,312 | 211,731 | 12.4 % |
| (11) No. of samples for genetic testing | 105,519 | 92,313 | -12.5 % |
| (12) No. of page views of Animal Health Encyclopedia | 7,867,895 | 4,736,761 | -39.8 % |
| (13) No. of page views of Veterinary Clinic Search Site | 1,639,842 | 1,818,499 | 10.9 % |

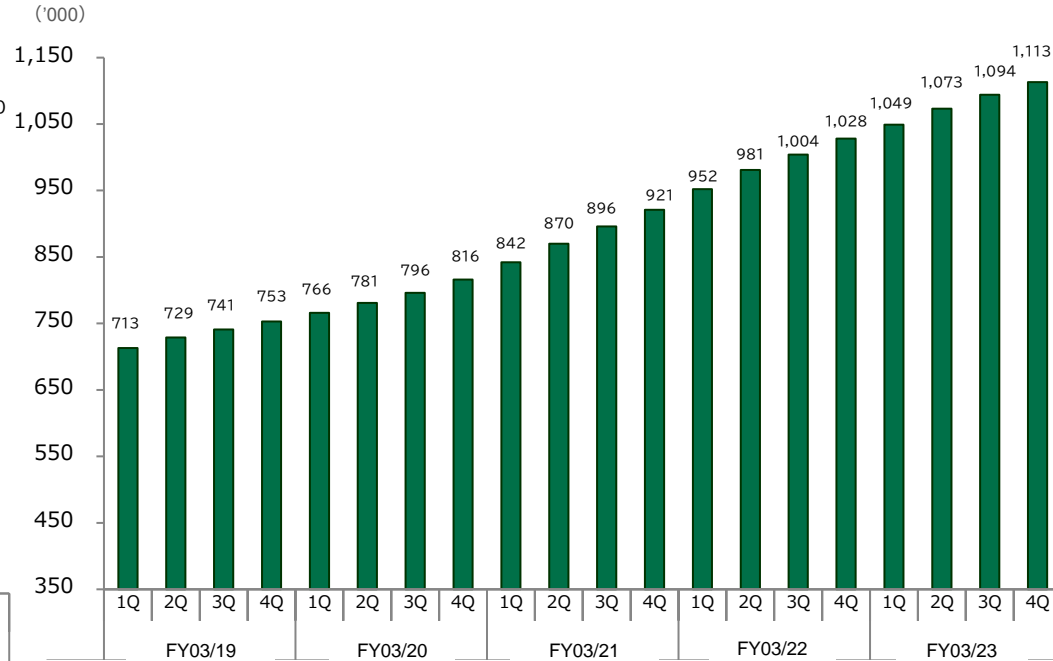
2. Anicom Insurance (non-consolidated): Recurring revenue indicators



Quarterly trend in number of new policies



Quarterly trend in number of policies in force



The number of new policies increased steadily

On a combined newborn/general channels basis, the number of new policies totaled 55,000, achieving steady growth on a quarterly basis, but the number is smaller year on year.

Number of policies in force

The number of policies in force totaled 1,113,000, increasing steadily, but falling slightly short of the annual plan of 1,120,000.

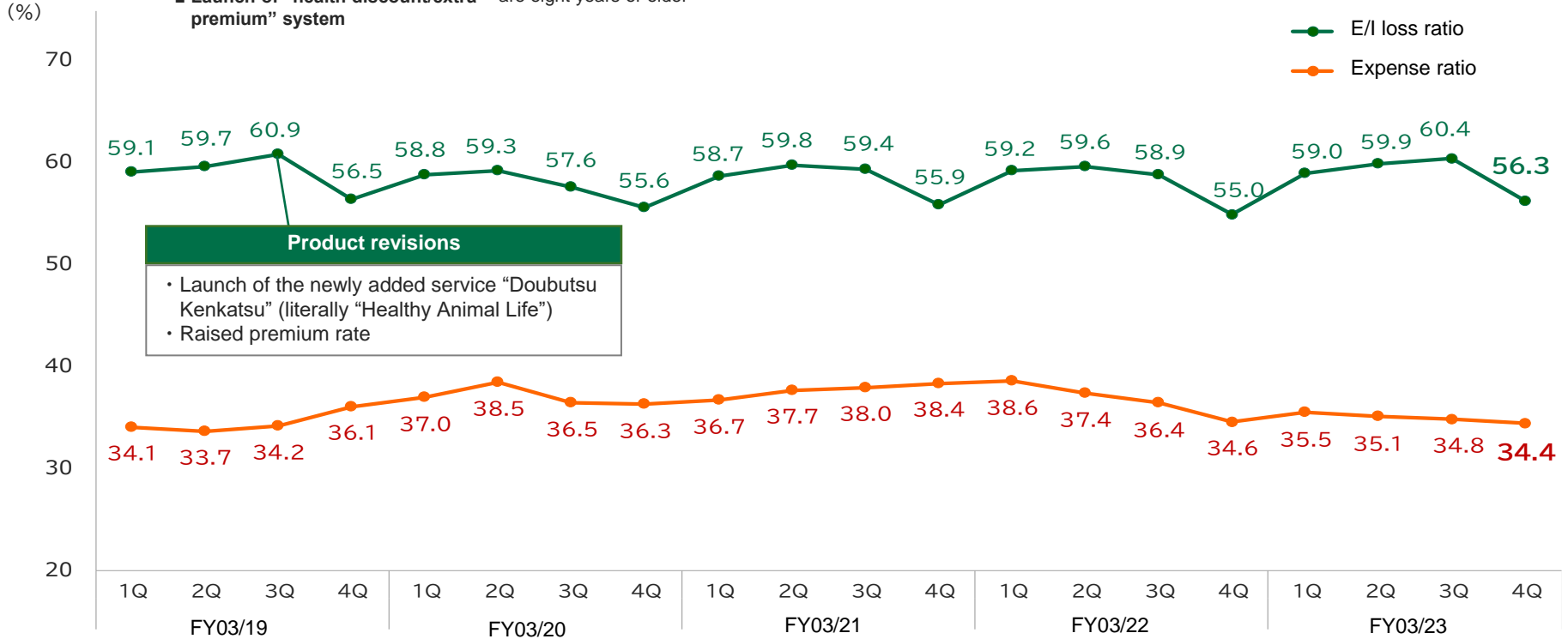
3. Anicom Insurance (non-consolidated): Recurring expenses indicators



[Reference information]

- 1Q FY03/15
 - **Raised premium rate**
 - Average revision of 12%
- 3Q FY03/15
 - **New products with limited hospital days**
 - **Launch of “health discount/extra premium” system**
- 2Q FY03/18
 - **Raised premium rate**
 - Raised premium rate for animals that are eight years or older

Note 1: The graph below shows quarterly average values, and the data therefore may differ from average values for current period.
 Note 2: The expense ratio represents the “expense ratio based on earned premiums” (insurance business expenses / earned premiums).



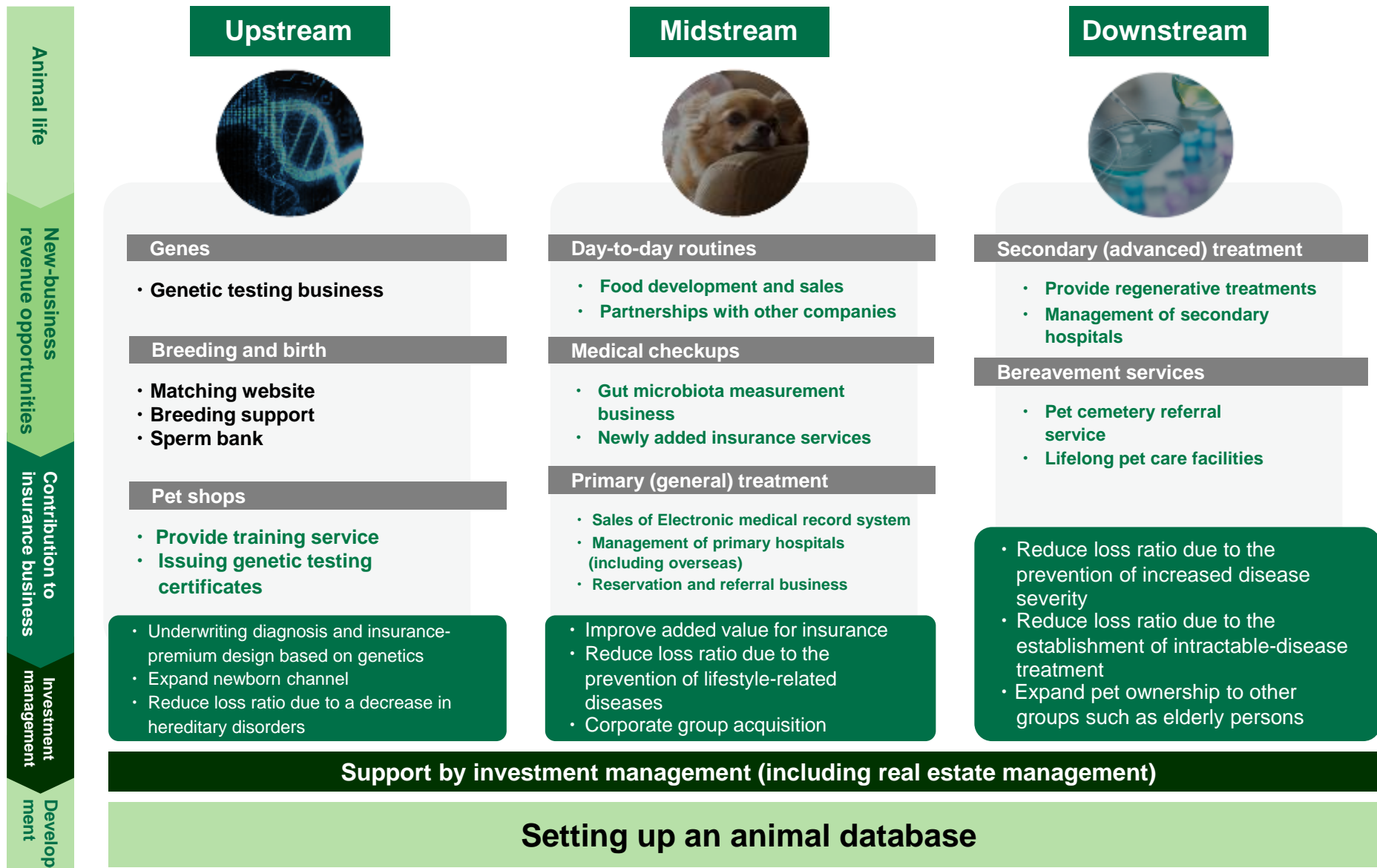
E/I loss ratio

The product portfolio continued to improve due to a significant increase in new policy acquisition since FY2020. Meanwhile, claims paid increased and remained at a high level due to the higher frequency of hospital visits caused by the impact of changes in behavior in the COVID-19 pandemic, as well as an increase in the average payout per claim. Recently, however, it is confirmed that such impact of the changes is showing a tendency toward gradually becoming stabilized.

Expense ratio

We continued with proactive investment aimed at the business expansion. The costs of the unique Doubutsu Kenkatsu service increased. The expense ratio had been trending upward due mainly to a rise in agency commissions owing to an increase in new policies and intensifying competition, while a reduction in agency commissions and the measures taken to improve efficiency and costs are beginning to show effect.

4. Peripheral new-business revenue opportunities and synergy with pet insurance

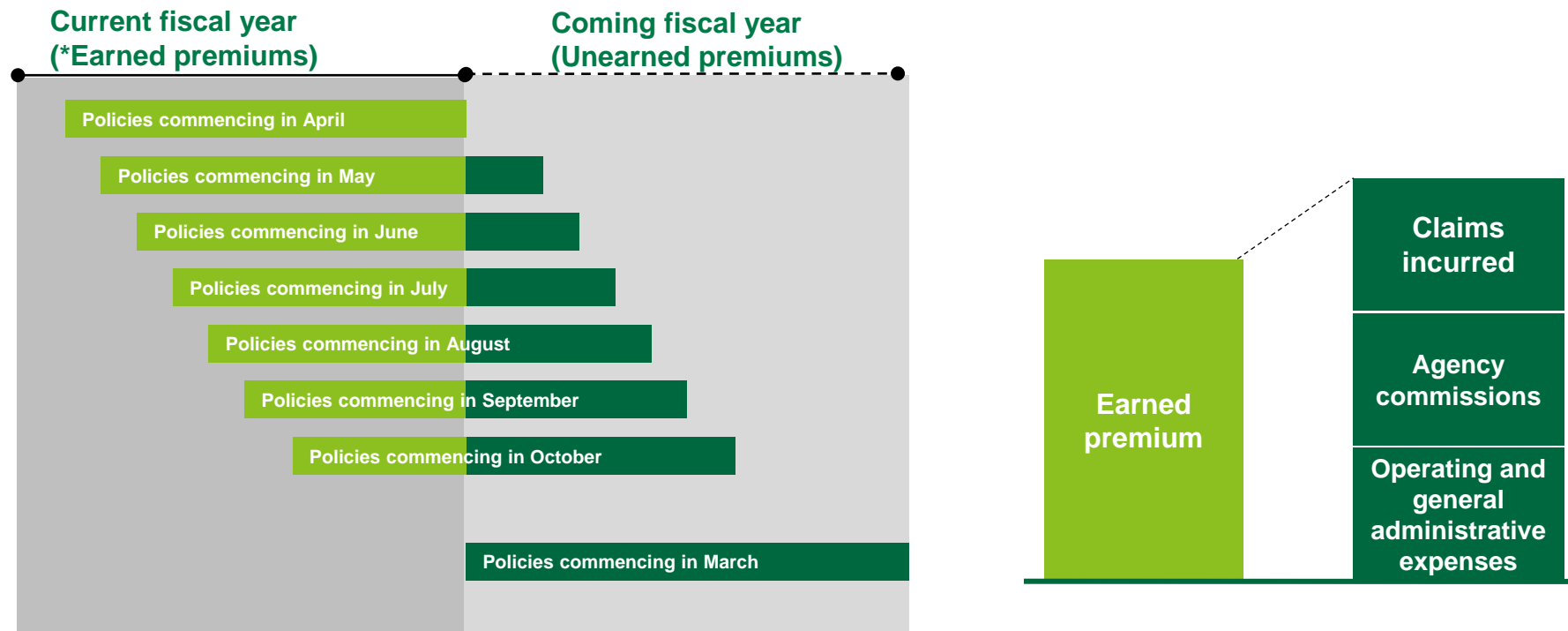


(Reference) Impact of insurance accounting on recurring profits/losses



1. Impact of growth in premium on recurring profits/losses (Based on Japanese non-life insurance accounting)

Generally, the growth in premium contributes to an increase in recurring revenue, but Japanese non-life insurance business laws require non-life insurance companies to carry any unearned premium portion over to the coming fiscal year as an underwriting reserve (unearned premium). Conversely, expenses such as claims incurred, agency commissions, operating and general administrative expenses are required to be accounted to that fiscal year. There is, therefore, a negative impact on recurring profits/losses when above expenses exceed earned premium in current fiscal year even if sales revenue rise due to growth in premium.



2. Impact of catastrophe reserves on recurring profits/losses (Based on Japanese non-life insurance accounting)

- Every non-life insurance company must accumulate catastrophe reserves each fiscal year in order to prepare for natural disasters.
- The reserve is liquidated (decreases expenses) when the net loss ratio* exceeds 50%. *Net claims paid ÷ Net premiums written



Inquiries

**Corporate Planning Dept. (IR team),
Anicom Holdings, Inc.**

Sumitomo Fudosan Shinjuku Grand Tower 39F, 8-17-1 Nishi-Shinjuku,
Shinjuku-ku, Tokyo

URL : <https://www.anicom.co.jp/>

Disclaimer

This document contains forward-looking statements compiled by Anicom Holdings based on information available to the company at the time of writing. Accordingly, Anicom Holdings gives no representation or guarantee of their accuracy or completeness.

The information contained in this document is subject to change without notice.

Such statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, the reader should note that actual performance may vary significantly from the outlook and forward-looking statements presented in this document.

Accordingly, the reader is advised not to rely on the forward-looking statements contained herein. Anicom Holdings is under no obligation to change or amend such statements in light of new information, future events, or the discovery thereof.

Furthermore, this document is solely provided for informational purposes, and should not be construed as an offer or solicitation to invest in securities issued by the company.