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Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



August 7, 2023

Company name: Anicom Holdings, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 8715
 URL: <https://www.anicom.co.jp/>
 Representative: Nobuaki Komori, Representative Director
 Contact: Hiroshi Sato, General Manager, Corporate Planning Department
 Phone: +81-3-5348-3911
 Scheduled date of commencing dividend payments: -
 Scheduled date of filing quarterly securities report: August 10, 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 Three months Ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(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	%
Three months ended June 30, 2023	14,868	6.6	1,201	54.4	811	63.2
June 30, 2022	13,953	5.2	778	11.5	497	2.2

(Note) Comprehensive income: Three months ended June 30, 2023: 924 million yen [(-)%]
 Three months ended June 30, 2022: (205) million yen [(-)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	9.99		-	
June 30, 2022	6.12		-	

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

Fiscal year ended June 30, 2023: 1,252 million yen
 Fiscal year ended June 30, 2022: 834 million yen

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

Fiscal year ended June 31, 2023: 862 million yen
 Fiscal year ended June 31, 2022: 553 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	62,065	28,784	46.4
As of March 31, 2023	61,407	28,184	45.9

(Reference) Equity: As of June 30, 2023: 28,784 million yen
 As of March 31, 2023: 28,184 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, 2023	Yen –	Yen 0.00	Yen –	Yen 4.00	Yen 4.00
Fiscal year ended March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		–	–	5.5	5.5

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Recurring revenue		Recurring profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half (cumulative)	29,000	3.7	2,200	12.5	1,450	10.2	17.85
Full year	60,000	6.1	4,000	8.5	2,500	9.4	30.77

(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 June 30, 2023: 81,309,160 shares

As of March 31, 2023: 81,309,160 shares

2) Total number of treasury shares at the end of the year:

As of June 30, 2023: 63,836 shares

As of March 31, 2023: 61,476 shares

3) Average number of shares outstanding during the year:

Fiscal year ended June 30, 2023: 81,247,658 shares

Fiscal year ended June 30, 2022: 81,252,701 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 3 of the Attachments.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months under review, the Japanese economy showed signs of gradual recovery as a result of the normalization of the social environment due to the lowering of the status of COVID-19 infection to category 5 under the Infectious Diseases Control Law and the relaxation of restrictions on domestic activities and entry into Japan from abroad. On the other hand, the economic outlook remained uncertain, as domestic resource prices rose due to the protracted situation in Russia and Ukraine, unstable global conditions, and soaring energy and resource prices.

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 1,132,856 policies, an increase of 19,712 or 1.8% 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 59.6%, despite the fact that effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized. Expense ratio (based on earned premiums)*² improved by 1.7 points year on year to 33.8%, despite active investments aimed at expansion of scale and 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 1.1 points year on year to 93.4%.

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 6.6% year on year to 13,326 million yen, investment revenue decreased by 5.1% year on year to 126 million yen, and other recurring revenue, which includes new business, etc., increased by 7.6% year on year to 1,414 million yen, total recurring revenue of 14,868 million yen, a 6.6% increase from the previous fiscal year. On the other hand, recurring expenses increased by 3.7% year on year to 13,666 million yen, including underwriting expenses of 9,265 million yen, up 4.2% year on year, and operating and general administrative expenses of 3,918 million yen, up 1.7% year on year. Consequently, recurring profit increased by 54.4% year on year to 1,201 million yen. Profit attributable to owners of parent was 811 million yen, up 63.2% 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 first quarter under review increased by 658 million to 62,065 million yen compared to the previous year-end. This was primarily attributable to an increase in marketable securities of 4,113 million yen.

Total liabilities as of the end of the first quarter under review increased by 58 million yen to 33,281 million yen compared to the previous year-end. This was primarily attributable to an increase of 359 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 first quarter under review increased by 599 million yen to 28,784 million yen compared to the previous year-end. This was primarily attributable to the increase in retained earnings.

2) Cash flows

Net cash provided by operating activities was 1,178 million yen, primarily due to an increase in underwriting reserves of 268 million yen resulting from the steady increase in policies in force. This represents a decrease of 88 million yen year on year.

Net cash used in investing activities was 3,840 million yen. This represents an increase in cash outflow of 829 million yen year on year, primarily due to purchase of marketable securities.

Net cash used in financing activities was 327 million yen for the first quarter under review, compared with a cash outflow of 205 million yen in the previous first quarter.

As a result of the above, cash and cash equivalents at the end of the first quarter under review was 24,846 million yen, a decrease of 2,989 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, 2024, please refer to “Financial results forecast for the next consolidated fiscal year” of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024, disclosed on May 10, 2023. 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, 2023	As of June 30, 2023
Assets		
Cash and bank deposits	30,835	27,846
Marketable securities	16,956	21,070
Loans receivable	3	1
Property, plant and equipment	2,557	2,645
Intangible assets	3,242	3,142
Other assets	6,504	6,266
Accounts receivable	3,296	3,037
Accrued premiums	628	666
Suspense payments	849	828
Rest of other assets	1,730	1,735
Deferred tax assets	1,315	1,099
Allowance for doubtful accounts	(8)	(6)
Total assets	61,407	62,065
Liabilities		
Reserve for insurance policy liabilities	22,853	23,213
Loss reserves	2,988	3,079
Underwriting reserves	19,865	20,133
Corporate bonds	5,000	5,000
Other liabilities	4,945	4,783
Provision for bonuses	304	159
Reserves under special laws	119	125
Reserve for price fluctuation	119	125
Total liabilities	33,223	33,281
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus	8,092	8,092
Retained earnings	13,446	13,932
Treasury shares	(1)	(1)
Total shareholders' equity	29,740	30,227
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,555)	(1,442)
Total accumulated other comprehensive income	(1,555)	(1,442)
Total net assets	28,184	28,784
Total liabilities and net assets	61,407	62,065

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
For the Three Months Ended June 30, 2023 and 2022

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Recurring revenue	13,953	14,868
Underwriting revenue	12,506	13,326
[Of which net premiums written]	12,506	13,326
Investment revenue	132	126
[Of which interest and dividend income]	121	120
[Of which gain on sale of marketable securities]	6	2
[Of which Net foreign exchange gains]	4	3
Other recurring revenue	1,314	1,414
Recurring expenses	13,175	13,666
Underwriting expenses	8,889	9,265
[Of which net claims paid]	6,691	7,346
[Of which loss adjustment expenses]	278	268
[Of which net commission and collection expenses]	1,277	1,291
[Of which provision for reserve for outstanding losses and claims]	166	91
[Of which provision for underwriting reserves]	474	268
Operating and general administrative expenses	3,852	3,918
Other recurring expenses	432	482
[Of which interest expenses]	3	3
Recurring profit	778	1,201
Extraordinary losses	26	8
Loss on disposal of non-current assets	20	2
Provision of reserves under special laws	5	6
Provision of reserve for price fluctuation	5	6
Other	0	0
Profit before income taxes	752	1,193
Income taxes - current	179	209
Income taxes - deferred	74	172
Total income taxes	254	381
Net profit	497	811
Profit attributable to owners of parent	497	811

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net profit	497	811
Other comprehensive income		
Valuation difference on available-for-sale securities	(703)	112
Total other comprehensive income	(703)	112
Comprehensive income	(205)	924
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(205)	924
Comprehensive income attributable to non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	752	1,193
Depreciation	176	176
Amortization of goodwill	55	50
Increase (decrease) in loss reserves	166	91
Increase (decrease) in underwriting reserves	474	268
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses	(117)	(145)
Increase (decrease) in reserve for price fluctuation	5	6
Interest and dividend income	(121)	(120)
Loss (gain) related to marketable securities	(11)	(5)
Share of loss (profit) of entities accounted for using equity method	(3)	(26)
Share-based payment expenses	5	3
Interest expenses	3	3
Loss (gain) related to property, plant and equipment	20	2
Decrease (increase) in other assets except for investing and financing activities	(53)	(68)
Increase (decrease) in liabilities except for investing and financing activities	283	257
Subtotal	1,636	1,684
Interest and dividend income received	132	139
Interest paid	(0)	(0)
Income taxes paid	(501)	(645)
Net cash provided by (used in) operating activities	1,266	1,178
Cash flows from investing activities		
Purchase of marketable securities	(2,858)	(4,254)
Proceeds from sale and redemption of marketable securities	41	639
Total of net cash provided by (used in) investment transactions	(2,817)	(3,615)
Total of net cash provided by (used in) operating activities and investment transactions	(1,550)	(2,436)
Purchase of property, plant and equipment	(73)	(52)
Purchase of intangible assets	(117)	(158)
Other, net	(2)	(14)
Net cash provided by (used in) investing activities	(3,010)	(3,840)
Cash flows from financing activities		
Repayments of lease obligations	(2)	(2)
Dividends paid	(203)	(324)
Net cash provided by (used in) financing activities	(205)	(327)
Net increase (decrease) in cash and cash equivalents	(1,949)	(2,989)
Cash and cash equivalents at beginning of period	27,691	27,835
Cash and cash equivalents at end of period	25,742	24,846

(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

(Segment information, etc.)
[Segment information]

For the three months ended June 30, 2022 (from April 1, 2022 to June 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	12,640	432	13,073	880	13,953	—	13,953
Inter-segment recurring revenue or transfers	62	26	89	36	125	(125)	—
Total	12,703	459	13,162	917	14,079	(125)	13,953
Segment profit (loss)	952	(16)	936	(158)	778	—	778
(Reference) Segment profit (loss) before amortization of goodwill	952	17	970	(135)	834	—	834

(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	—	33	22	—	55
Balance at end of the fiscal year	—	1,704	492	—	2,197

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

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	13,457	470	13,927	940	14,868	—	14,868
Inter-segment recurring revenue or transfers	65	39	104	80	184	(184)	—
Total	13,522	509	14,032	1,020	15,052	(184)	14,868
Segment profit (loss)	1,305	(2)	1,303	(101)	1,201	—	1,201
(Reference) Segment profit (loss) before amortization of goodwill	1,305	31	1,336	(84)	1,252	—	1,252

(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	—	33	17	—	50
Balance at end of the fiscal year	—	1,571	417	—	1,988

(Significant subsequent events)

(Repurchase of the Company's Shares)

The Company resolved the repurchase of the Company's share at the meeting of its Board of Directors held on June 22, 2023, under the provision of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same, and repurchased it as follows.

1. Reason for Repurchase

Due to a recently discovered error in the calculation of the "solvency margin ratio" of Anicom Insurance, Inc., the Anicom Group's core insurance company, approximately 4 billion yen was calculated to be an excess over the appropriate capital level. In response to this, the Company has decided to promptly distribute the portion exceeding the appropriate capital level to the Company, the parent company, and to use it for share buybacks. Based on such policy, the Company has decided to repurchase its own shares up to 1 billion yen in the FY2023 in light of the current distributable amount as below.

2. Details of the Repurchase

- | | |
|--|---|
| (1) Class of shares to be repurchased | Shares of common stock of the company |
| (2) Total number of shares to be repurchased | 2,000,000 shares (Maximum) |
| (3) Aggregate amount of acquisition costs | JPY 1,000,000,000 (Maximum) |
| (4) Period of repurchase | From July 3, 2023 to September 29, 2023 |
| (5) Method of repurchase | Market purchase at the Tokyo Stock Exchange |

3. Result of the Repurchase

- | | |
|---|---|
| (1) Class of shares to be repurchased | Shares of common stock of the company |
| (2) Total number of shares repurchased | 728,500 shares |
| (3) Aggregate amount of acquisition costs | JPY 455,424,592 |
| (4) Period of repurchase | From July 3, 2023 to July 31, 2023 |
| (5) Method of repurchase | Market purchase at the Tokyo Stock Exchange |

2. Additional Information

(1) Status of profit and loss for the three months ended June 30, 2023

(Million yen)

		For the three months ended June 30, 2022	For the three months ended June 30, 2023	Year-on-year change	Year-on-year change rate (%)
Recurring profit (loss)	Underwriting revenue	12,506	13,326	820	6.6
	[Of which, net premiums written]	[12,506]	[13,326]	[820]	[6.6]
	Underwriting expenses	8,889	9,265	376	4.2
	[Of which, net claims paid]	[6,691]	[7,346]	[654]	[9.8]
	[Of which, loss adjustment expenses]	[278]	[268]	[(10)]	[(3.8)]
	[Of which, net commission and collection expenses]	[1,277]	[1,291]	[13]	[1.1]
	[Of which, provision for reserve for outstanding losses and claims]	[166]	[91]	[(75)]	[(45.2)]
	[Of which, provision for underwriting reserves]	[474]	[268]	[(206)]	[(43.5)]
	Investment revenue	132	126	(6)	(5.1)
	[Of which, interest and dividend income]	[121]	[120]	[(1)]	[(1.3)]
	[Of which, gain on sale of marketable securities]	[6]	[2]	[(4)]	[(64.7)]
Investment expenses	—	—	—	—	
Operating and general administrative expenses	3,852	3,918	65	1.7	
Other recurring profit (losses)	881	932	51	5.8	
Recurring profit	778	1,201	423	54.4	
Extraordinary income (losses)	Extraordinary income	—	—	—	—
	Extraordinary losses	26	8	(17)	(67.1)
	Extraordinary income (losses)	(26)	(8)	17	(67.1)
Profit before income taxes		752	1,193	440	58.6
Income taxes - current		179	209	29	16.5
Income taxes - deferred		74	172	97	129.7
Total income taxes		254	381	126	49.7
Profit attributable to owners of parent		497	811	314	63.2

(2) Status of recurring revenue

The table below shows recurring revenue by segment.

Segment	For the three months ended June 30, 2022	For the three months ended June 30, 2023	Year-on-year increase (decrease) rate
	Amount (Million yen)	Amount (Million yen)	(%)
Non-life insurance business (pet insurance)	12,640	13,457	6.5
Non-life insurance (Anicom Insurance, Inc.)	12,640	13,457	6.5
(Of which, net premiums written)	12,506	13,326	6.6
Pet-related internet services business	432	470	8.7
Other businesses	880	940	6.8
Veterinary clinic support	75	82	9.9
Insurance agencies	3	4	10.9
Clinical and research operations in the veterinary medicine area	546	574	5.0
Genetic testing, etc.	109	82	(25.3)
Other	144	196	36.3
Total	13,953	14,868	6.6

(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 three months ended June 30, 2022			For the three months ended June 30, 2023		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	12,506	100.0	7.6	13,326	100.0	6.6
Total	12,506	100.0	7.6	13,326	100.0	6.6
[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 three months ended June 30, 2022			For the three months ended June 30, 2023		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	12,506	100.0	7.6	13,326	100.0	6.6
Total	12,506	100.0	7.6	13,326	100.0	6.6

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

3) Net claims paid

	For the three months ended June 30, 2022			For the three months ended June 30, 2023		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	6,691	100.0	8.5	7,346	100.0	9.8
Total	6,691	100.0	8.5	7,346	100.0	9.8

(Note) 1. 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, 2023)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	631	643	11
Other	15,874	13,701	(2,172)
Total	16,505	14,344	(2,161)

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

Three months under review (as of June 30, 2023)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	305	360	55
Other	19,928	17,869	(2,059)
Total	20,234	18,229	(2,004)

(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, 2023 (Million yen)	As of June 30, 2023 (Million yen)
(A) Total amount of solvency margin	25,719	26,605
Stated capital or funds, etc.	21,785	22,442
Reserve for price fluctuation	119	125
Contingency reserve	—	—
Catastrophe reserve	1,633	1,452
General allowance for doubtful accounts	2	1
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	(2,161)	(2,004)
Unrealized gains (losses) on land	60	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	4,280	4,525
(B) Total amount of risk $\sqrt{\{(R1 + R2)^2 + (R3 + R4)^2\}} + R5 + R6$	13,785	14,056
General insurance risk (R1)	13,445	13,670
Third sector insurance risk (R2)	—	—
Assumed interest rate risk (R3)	—	—
Asset management risk (R4)	1,142	1,502
Business administration risk (R5)	291	303
Major catastrophe risk (R6)	—	—
(C) Solvency margin ratio on a non-consolidated basis (%) $[(A) / \{(B) \times 1/2\}] \times 100$	373.1%	378.5%

(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.