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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 9, 2024

Company name: Anicom Holdings, Inc.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 8715

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

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Scheduled date of annual general meeting of shareholders: June 24, 2024

Scheduled date of commencing dividend payments: June 25, 2024

Scheduled date of filing annual securities report: June 21, 2024

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (For analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

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

	Recurring revenue		Recurring profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	60,437	6.9	4,159	12.9	2,729	19.4
March 31, 2023	56,528	6.6	3,685	16.4	2,284	8.2

(Note) Comprehensive income: Fiscal year ended March 31, 2024: 3,036 million yen [183.4%]

Fiscal year ended March 31, 2023: 1,071 million yen [(37.0)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of recurring profit to total assets	Ratio of recurring profit to recurring revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	34.02	–	9.4	6.5	6.9
March 31, 2023	28.12	–	8.2	6.1	6.5

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

Fiscal year ended March 31, 2024: 8 million yen

Fiscal year ended March 31, 2023: (3) million yen

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

Fiscal year ended March 31, 2024: 4,362 million yen

Fiscal year ended March 31, 2023: 3,900 million yen

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

Fiscal year ended March 31, 2024: 2,931 million yen

Fiscal year ended March 31, 2023: 2,499 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	66,357	30,152	45.1	375.20
As of March 31, 2023	61,407	28,184	45.9	346.90

(Reference) Equity: As of March 31, 2024: 29,895 million yen
As of March 31, 2023: 28,184 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	5,669	(11,132)	(1,343)	21,029
March 31, 2023	4,422	(4,066)	(212)	27,835

2. Dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	–	0.00	–	4.00	4.00	324	14.2	1.2
March 31, 2024	–	0.00	–	5.50	5.50	438	16.2	1.5
March 31, 2025 (Forecast)	–	–	–	8.00	8.00		20.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(% 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)	32,000	7.2	2,800	7.6	1,800	2.5	22.59
Full year	66,000	9.2	4,800	15.4	3,100	13.6	38.90

*** Notes:**

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

As of March 31, 2024:	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 March 31, 2024:	1,628,636 shares
As of March 31, 2023:	61,476 shares
 - 3) Average number of shares outstanding during the year:

Fiscal year ended March 31, 2024:	80,226,378 shares
Fiscal year ended March 31, 2023:	81,250,670 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

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

	Operating revenue		Operating profit		Recurring profit		Net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2024	5,402	90.7	3,875	208.7	3,854	210.1	4,371	277.4
March 31, 2023	2,832	57.0	1,255	589.5	1,242	636.3	1,158	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2024	54.49	–
March 31, 2023	14.26	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	26,602	20,671	77.7	259.43
As of March 31, 2023	23,463	17,625	75.1	216.93

(Reference) Equity: As of March 31, 2024: 20,671 million yen
As of March 31, 2023: 17,625 million yen

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

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

(Financial Results Forecast)

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

1. Overview of Operating Results, etc.

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

1) Overview of operating results

During the fiscal year under review, while the Japanese economy saw a normalization of socioeconomic activities that had been stagnant for a long time due to the COVID-19, and employment and income conditions improved, the rising cost of living due to the weak yen and other factors highlighted a polarization of personal consumption, with consumers becoming more frugal in their daily consumption and more aggressive in their spending on high-value-added products and services. On the other hand, uncertainty about the future outlook remained due to such factors as continued global political instability, slowdown in growth of the Chinese economy, and downside risks to the economy associated with monetary tightening policies and continued high interest rates in the United States and European countries.

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 1,193,560 policies, an increase of 80,416 or 7.2% from the end of the previous fiscal year. In addition, the E/I loss ratio*¹ increased by 1.0 points year on year to 59.9%, 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 1.6 points year on year to 33.3%, 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 0.6 points year on year to 93.2%.

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 the scope of its pet-related businesses.

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

Underwriting revenue increased by 6.9% year on year to 54,273 million yen, investment revenue decreased by 12.1% year on year to 733 million yen, and other recurring revenue, which includes new business, etc., increased by 10.5% year on year to 5,430 million yen, for the highest ever total recurring revenue of 60,437 million yen, a 6.9% increase from the previous fiscal year. In addition, recurring expenses increased by 6.5% year on year to 56,277 million yen, including underwriting expenses of 38,436 million yen, up 7.8% year on year, and operating and general administrative expenses of 15,795 million yen, up 2.9% year on year. As a result, recurring profit increased by 12.9% year on year to 4,159 million yen, a record high. Profit attributable to owners of parent was 2,729 million yen, up 19.4% year on year.

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

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

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

Non-life insurance business expenses ÷ Earned premiums

2) Financial results forecast for the next consolidated fiscal year

In the Japanese economic environment, social and economic activities are expected to move further toward normalization as measures to prevent the COVID-19 infection are being eased; however, the economic situation is

likely to remain uncertain due to such factors as continued global political instability, slowdown in growth of the Chinese economy, and downside risks to the economy associated with monetary tightening policies and continued high interest rates in the United States and European countries. Under such environment, the Anicom Group's main business of pet insurance is trending strongly. To achieve the Mid-term Management Plan FY2022–FY2024, we consider the fiscal year ending March 31, 2025, which is the last fiscal year of the management plan, to be a key period. The Group will continue to facilitate diversifying sales channels in the pet insurance business, pursuing uniqueness of insurance, and reducing policy acquisition cost, and further accelerate measures to make synergistic businesses other than insurance capable of earning revenue. In addition, in its aim to be a major infrastructure player in the pet industry, the Group will conduct sustainability management to create both economic and social value.

In financial results forecast for the fiscal year ending March 31, 2025, while achieving both business expansion and leading the pet industry in resolving social issues, the Group anticipates recurring revenue of 66,000 million yen and recurring profit of 4,800 million yen. The projections on which these forecasts are assumed are based on the changes in the management environment, trends in the pet insurance market, including the competitive environment, and its further future dissemination, efforts to promote and expand sales, movements in insurance claims that take into account the effects of loss ratio improvement measures, and expenditure forecasts.

While the financial results forecast is based on the aforementioned assumptions, actual results may differ significantly from these forecasts.

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

1) Assets, liabilities and net assets

Total assets as of the end of the fiscal year under review increased by 4,949 million yen year on year to 66,357 million yen. This was primarily attributable to an increase in purchase of marketable securities of 10,553 million yen.

Total liabilities as of the end of the fiscal year under review increased by 2,981 million yen year on year to 36,204 million yen. This was primarily attributable to an increase of 1,697 million yen in reserve for insurance policy liabilities due to an increase in insurance policies.

Total net assets as of the end of the fiscal year under review increased by 1,968 million yen year on year to 30,152 million yen. This was primarily attributable to the recording of 2,729 million yen in profit attributable to owners of parent.

2) Cash flows

Net cash provided by operating activities was 5,669 million yen, primarily due to an increase in underwriting reserves of 1,439 million yen resulting from the steady increase in policies in force. This represents an increase of 1,246 million yen compared with the previous fiscal year.

Net cash used in investing activities was 11,132 million yen. This represents an increase in cash outflow of 7,066 million yen compared with the previous fiscal year, primarily due to purchase of marketable securities of 16,202 million yen.

Net cash used in financing activities was 212 million yen for the fiscal year under review. For the previous fiscal year, there was a cash outflow of 1,343 million yen.

As a result of the above, cash and cash equivalents at the end of the fiscal year under review was 21,029 million yen, a decrease of 6,806 million yen from the end of the previous fiscal year.

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

Under its recognition that the return of profits to shareholders is one of the key management issues, the Company's basic policy on shareholder returns is to conduct ongoing and stable distribution of profits from medium to long-term perspectives while taking into account financial soundness and capital efficiency. During the fiscal year under review, which is the second year of the Mid-term Management Plan FY2022–FY2024 formulated in 2022, the Company plans to achieve even higher corporate value in line with the management vision in the second founding period phase. At the same time, the Company aims to gradually improve shareholder returns, while balancing equity, risk, and return, to achieve a dividend payout ratio at the level of 20% toward the fiscal year ending March 31, 2025. Based on the policy and the current ongoing solid business performance, the Company plans to pay a year-end dividend of 5.50 yen per share to shareholders for the fiscal year under review, an increase of 1.50 yen from the previous fiscal year-end dividend paid, as announced in the dividend forecast on May 25, 2023.

The Company's policy remains the same for the next fiscal year and beyond that is to gradually improve shareholder

returns with an eye on higher shareholder returns, while balancing equity, risk, and return. In the fiscal year ending March 31, 2025, the final year of the Mid-term Management Plan FY2022–FY2024, in order to meet the expectations of our shareholders, we expect an increase of a dividend by 2.5 yen from the current fiscal year’s dividend to 8 yen, aiming for a dividend payout ratio of 20%, which is the target set in the mid-term management plan.

2. State of Corporate Group

The Anicom Group comprises five (5) companies: the Company, which is an insurance holding company, and its consolidated subsidiaries, including Anicom Insurance, Inc.

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

3. Basic Policy on Selection of Accounting Standards

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

4. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and bank deposits	30,835	23,879
Marketable securities	16,956	27,510
Loans receivable	3	5
Property, plant and equipment	2,557	3,032
Land	809	891
Buildings, net	1,207	1,330
Leased assets, net	11	12
Construction in progress	7	48
Other, net	521	748
Intangible assets	3,242	3,893
Software	943	882
Software in progress	254	523
Goodwill	2,038	2,482
Other	5	4
Other assets	6,504	6,710
Accounts receivable	3,296	3,408
Accrued premiums	628	678
Suspense payments	849	901
Rest of other assets	1,730	1,722
Deferred tax assets	1,315	1,335
Allowance for doubtful accounts	(8)	(9)
Total assets	61,407	66,357
Liabilities		
Reserve for insurance policy liabilities	22,853	24,551
Loss reserves	2,988	3,245
Underwriting reserves	19,865	21,305
Corporate bonds	5,000	5,000
Other liabilities	4,945	6,201
Income taxes payable	679	1,109
Accounts payable - other	1,843	2,229
Suspense receipt	2,119	2,298
Rest of other liabilities	302	563
Provision for bonuses	304	304
Reserves under special laws	119	146
Reserve for price fluctuation	119	146
Total liabilities	33,223	36,204

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus	8,092	8,092
Retained earnings	13,446	15,850
Treasury shares	(1)	(1,001)
Total shareholders' equity	29,740	31,144
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,555)	(1,248)
Total accumulated other comprehensive income	(1,555)	(1,248)
Share acquisition rights	–	0
Non-controlling interests	–	256
Total net assets	28,184	30,152
Total liabilities and net assets	61,407	66,357

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

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Recurring revenue	56,528	60,437
Underwriting revenue	50,781	54,273
Net premiums written	50,781	54,273
Investment revenue	834	733
Interest and dividend income	439	610
Gain on sale of marketable securities	391	117
Net foreign exchange gains	3	5
Other investment income	0	0
Other recurring revenue	4,912	5,430
Share of profit of entities accounted for using equity method	–	8
Other	4,912	5,421
Recurring expenses	52,842	56,277
Underwriting expenses	35,664	38,436
Net claims paid	27,934	30,494
Loss adjustment expenses	1,106	1,108
Net commission and collection expenses	5,067	5,135
Provision for reserve for outstanding losses and claims	283	257
Provision for underwriting reserves	1,272	1,439
Investment expenses	118	97
Loss on sale of marketable securities	116	91
Loss on valuation of marketable securities	2	5
Operating and general administrative expenses	15,350	15,795
Other recurring expenses	1,709	1,948
Interest expenses	15	15
Share of loss of entities accounted for using equity method	3	–
Provision of allowance for doubtful accounts	–	0
Other	1,690	1,932
Recurring profit	3,685	4,159
Extraordinary income	–	264
Gain on disposal of non-current assets	–	24
Gain on step acquisitions	–	239
Extraordinary losses	142	227
Loss on disposal of non-current assets	35	8
Impairment losses	80	56
Loss on sale of shares of subsidiaries and associates	–	135
Provision of reserves under special laws	20	27
Provision of reserve for price fluctuation	20	27
Other	5	–
Profit before income taxes	3,543	4,196
Income taxes - current	1,150	1,605
Income taxes - deferred	107	(138)
Total income taxes	1,258	1,467
Net profit	2,284	2,729
Profit attributable to owners of parent	2,284	2,729

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net profit	2,284	2,729
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,213)	307
Total other comprehensive income	(1,213)	307
Comprehensive income	1,071	3,036
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,071	3,036
Comprehensive income attributable to non-controlling interests	–	–

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,202	8,092	11,364	(1)	27,658
Changes during period					
Dividends of surplus			(203)		(203)
Profit attributable to owners of parent			2,284		2,284
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,081	–	2,081
Balance at end of period	8,202	8,092	13,446	(1)	29,740

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(342)	(342)	27,316
Changes during period			
Dividends of surplus			(203)
Profit attributable to owners of parent			2,284
Net changes in items other than shareholders' equity	(1,213)	(1,213)	(1,213)
Total changes during period	(1,213)	(1,213)	868
Balance at end of period	(1,555)	(1,555)	28,184

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,202	8,092	13,446	(1)	29,740
Changes during period					
Dividends of surplus			(324)		(324)
Profit attributable to owners of parent			2,729		2,729
Purchase of treasury shares				(999)	(999)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,404	(999)	1,404
Balance at end of period	8,202	8,092	15,850	(1,001)	31,144

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	(1,555)	(1,555)	–	–	28,184
Changes during period					
Dividends of surplus					(324)
Profit attributable to owners of parent					2,729
Purchase of treasury shares					(999)
Net changes in items other than shareholders' equity	307	307	0	256	563
Total changes during period	307	307	0	256	1,968
Balance at end of period	(1,248)	(1,248)	0	256	30,152

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,543	4,196
Depreciation	764	745
Amortization of goodwill	214	202
Impairment losses	80	56
Increase (decrease) in loss reserves	283	257
Increase (decrease) in underwriting reserves	1,272	1,439
Increase (decrease) in allowance for doubtful accounts	(24)	0
Increase (decrease) in provision for bonuses	29	0
Increase (decrease) in reserve for price fluctuation	20	27
Interest and dividend income	(439)	(610)
Loss (gain) related to marketable securities	(276)	109
Loss (gain) on step acquisitions	–	(239)
Share of loss (profit) of entities accounted for using equity method	3	(8)
Share-based payment expenses	21	3
Interest expenses	15	15
Loss (gain) related to property, plant and equipment	35	(15)
Decrease (increase) in other investing and financing activities assets	(637)	(657)
Increase (decrease) in other investing and financing activities liabilities	262	599
Subtotal	5,169	6,121
Interest and dividend income received	434	594
Interest paid	(15)	(15)
Income taxes paid	(1,165)	(1,031)
Net cash provided by (used in) operating activities	4,422	5,669
Cash flows from investing activities		
Net decrease (increase) in bank deposits	(1,050)	150
Purchase of marketable securities	(6,871)	(16,202)
Proceeds from sale and redemption of marketable securities	4,750	5,775
Total of net cash provided by (used in) investment transactions	(3,170)	(10,277)
Total of net cash provided by (used in) operating activities and investment transactions	1,252	(4,607)
Purchase of property, plant and equipment	(459)	(254)
Proceeds from sale of property, plant and equipment	–	324
Purchase of intangible assets	(395)	(584)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(401)
Other, net	(40)	60
Net cash provided by (used in) investing activities	(4,066)	(11,132)

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Purchase of treasury shares	–	(1,010)
Repayments of lease obligations	(9)	(8)
Dividends paid	(203)	(324)
Net cash provided by (used in) financing activities	(212)	(1,343)
Net increase (decrease) in cash and cash equivalents	143	(6,806)
Cash and cash equivalents at beginning of period	27,691	27,835
Cash and cash equivalents at end of period	27,835	21,029

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Financial instruments)

1. Matters related to the status of financial instruments

(1) Policy for handling financial instruments

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

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

In procuring funds, we issue corporate bonds for the primary purpose of securing funds to invest in our businesses. When we need to raise funds, we decide on amounts and methods based on the Group's cash flow status.

(2) Details of financial instruments and associated risks

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

1) Market-related risks

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

2) Credit risk

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

3) Liquidity risk

Risk of being unable to make transactions in markets due to disorderly market conditions or being forced to make transactions at extremely unfavorable prices compared to usual.

(3) Risk management framework for financial instruments

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

1) Management of market-related risks

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

2) Management of credit risks

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

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

3) Management of liquidity risks

The company, while securing the minimum level of funds, appropriately controls liquidity risks by understanding the status of highly liquid assets held, cash flow conditions, the status of individual financial instruments, etc. In addition, the company has categorized liquidity risk levels into normal, anxious, and crisis based on its cash flow conditions, and has established procedures for dealing with cases which are deemed to fall into these categories. Additionally, the company has established a structure under which it will be able to respond swiftly in the event of emergency situations that affect our funds management.

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

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

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

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

Previous fiscal year (as of March 31, 2023)

(Million yen)

	Amount recorded in consolidated balance sheets	Fair value	Difference
(1) Marketable securities			
Available-for-sale securities (*2) (*3)	14,344	14,344	–
(2) Loans receivable	3	3	–
Total assets	14,348	14,348	–
Corporate bonds	5,000	4,998	(2)
Total liabilities	5,000	4,998	(2)

(*1) “Cash and bank deposits” and “Accounts receivable” are omitted as they are settled in a short period of time and their fair value approximates their book value.

(*2) Some of investment trusts are included in available-for-sale securities with their net asset value being deemed to be their fair value in accordance with generally accepted accounting principles.

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

(Million yen)

	Previous fiscal year (as of March 31, 2023)
Shares, etc. without market prices (*1)	2,220
Investments in partnerships (*2)	390
Total	2,611

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

*2 Investments in partnerships refer to investment limited partnerships and silent partnerships. Pursuant to Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), these are not subject to fair value disclosure.

Fiscal year under review (as of March 31, 2024)

(Million yen)

	Amount recorded in consolidated balance sheets	Fair value	Difference
(1) Marketable securities			
Held-to-maturity securities	3,100	3,107	7
Available-for-sale securities (*2) (*3)	23,363	23,363	–
(2) Loans receivable	5	5	–
Total assets	26,468	26,475	7
Corporate bonds	5,000	4,979	(20)
Borrowings	124	121	(2)
Total liabilities	5,124	5,101	(22)

(*1) “Cash and bank deposits” and “Accounts receivable” are omitted as they are settled in a short period of time and their fair value approximates their book value.

(*2) Some of investment trusts are included in available-for-sale securities with their net asset value being deemed to be their fair value in accordance with generally accepted accounting principles.

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

(Million yen)

	Fiscal year under review (as of March 31, 2024)
Shares, etc. without market prices (*1)	662
Investments in partnerships (*2)	384
Total	1,046

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

*2 Investments in partnerships refer to investment limited partnerships and silent partnerships. Pursuant to Paragraph 24–16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), these are not subject to fair value disclosure.

(Notes)

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

Previous fiscal year (as of March 31, 2023)

(Million yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Bank deposits	30,814	–	–	–
Loans receivable	–	3	–	–
Accounts receivable (*)	3,289	–	–	–
Total	34,104	3	–	–

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

Fiscal year under review (as of March 31, 2024)

(Million yen)

	Within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Bank deposits	23,820	–	–	–
Securities				
Held-to-maturity securities				
Local government bonds	–	500	700	–
Corporate bonds	–	600	1,300	–
Available-for-sale securities with maturities				
Local government bonds	–	–	1,300	–
Corporate bonds	–	1,000	500	–
Loans receivable	–	5	–	–
Accounts receivable (*)	3,401	–	–	–
Total	27,221	2,105	3,800	–

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

2. Scheduled repayment amounts of corporate bonds and borrowings after consolidated closing date

Previous fiscal year (as of March 31, 2023)

(Million yen)						
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	-	-	5,000	-	-	-
Total	-	-	5,000	-	-	-

Fiscal year under review (as of March 31, 2024)

(Million yen)						
	Within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	-	5,000	-	-	-	-
Borrowings	9	9	9	9	9	77
Total	9	5,009	9	9	9	77

(Marketable securities)

1. Trading securities

Not applicable.

2. Held-to-maturity securities

Previous fiscal year (as of March 31, 2023)

Not applicable.

Fiscal year under review (as of March 31, 2024)

(Million yen)			
	Amount recorded in consolidated balance sheets	Fair value	Difference
Those for which the fair value exceeds the amount recorded in consolidated balance sheets			
Corporate and government bonds			
Local government bonds	900	905	5
Corporate bonds	1,000	1,003	3
Subtotal	1,900	1,909	9
Those for which the fair value does not exceed the amount recorded in consolidated balance sheets			
Corporate and government bonds			
Local government bonds	300	299	(0)
Corporate bonds	900	898	(1)
Subtotal	1,200	1,197	(2)
Total	3,100	3,107	7

3. Available-for-sale securities

Previous fiscal year (as of March 31, 2023)

(Million yen)

		Amount recorded in consolidated balance sheets	Acquisition cost	Difference
Those for which the amount recorded in consolidated balance sheets exceeds the acquisition cost	Shares	323	305	18
	Other	824	734	89
	Subtotal	1,147	1,039	107
Those for which the amount recorded in consolidated balance sheets does not exceed the acquisition cost	Shares	319	325	(6)
	Other	12,877	15,140	(2,262)
	Subtotal	13,197	15,466	(2,268)
Total		14,344	16,505	(2,161)

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

Fiscal year under review (as of March 31, 2024)

(Million yen)

		Amount recorded in consolidated balance sheets	Acquisition cost	Difference
Those for which the amount recorded in consolidated balance sheets exceeds the acquisition cost	Shares	1,040	813	227
	Corporate and government bonds			
	Local government bonds	803	800	3
	Corporate bonds	200	200	0
	Other	5,514	4,736	777
	Subtotal	7,558	6,549	1,008
Those for which the amount recorded in consolidated balance sheets does not exceed the acquisition cost	Shares	—	—	—
	Corporate and government bonds			
	Local government bonds	499	500	(0)
	Corporate bonds	1,295	1,300	(4)
	Other	14,009	16,748	(2,738)
	Subtotal	15,804	18,548	(2,743)
Total		23,363	25,097	(1,734)

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

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

Not applicable.

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

Type	Proceeds from sales	Total gains on sales	Total losses on sales
Shares	4	1	–
Other	5,056	390	(116)
Total	5,061	391	(116)

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

Type	Proceeds from sales	Total gains on sales	Total losses on sales
Shares	331	3	–
Other	3,959	114	(91)
Total	4,290	117	(91)

6. Marketable securities for which holding purposes have been changed

Not applicable.

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

In the fiscal year under review, an impairment loss of 3 million yen (including 3 million yen for shares) was recognized for available-for-sale securities that are shares, etc. without market prices.

In the event that the actual value of shares, etc. without market prices declines by more than 50% from their book value, an impairment loss is recognized for the amount deemed necessary, taking into account factors such as recoverability.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

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

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

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

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

3. Information on the amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment
For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	51,624	1,750	53,375	3,152	56,528	–	56,528
Inter-segment recurring revenue or transfers	261	121	382	287	669	(669)	–
Total	51,885	1,872	53,757	3,439	57,197	(669)	56,528
Segment profit (loss)	4,519	(77)	4,442	(756)	3,685	–	3,685
Segment assets	53,870	2,715	56,586	4,836	61,422	(15)	61,407
Segment liabilities	32,203	236	32,439	798	33,238	(15)	33,223
Other items							
Depreciation	456	8	465	299	764	–	764
Amortization of goodwill	–	133	133	80	214	–	214
Investment revenue	848	0	848	1	849	(15)	834
Interest expenses	14	–	14	6	21	(6)	15
Share of profit of entities accounted for using equity method	–	–	–	(3)	(3)	–	(3)
Investment in associates accounted for using equity method	–	–	–	1,765	1,765	–	1,765
Increase in property, plant and equipment and intangible assets	582	3	586	327	913	–	913
(Reference)							
Segment profit (loss) before amortization of goodwill	4,519	56	4,575	(675)	3,900	–	3,900

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the veterinary clinic support operations, insurance agency operations, and clinical and research operations in the veterinary medicine area.
2. Segment profit (loss) coincides with recurring profit in the consolidated statements of income.
3. The adjustment amount of segment assets and segment liabilities of (15) million yen refers to elimination of inter-segment receivable/payable amounting to (15) million yen.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	55,024	2,027	57,051	3,385	60,437	–	60,437
Inter-segment recurring revenue or transfers	289	344	633	202	836	(836)	–
Total	55,313	2,371	57,685	3,588	61,273	(836)	60,437
Segment profit (loss)	4,793	188	4,982	(822)	4,159	–	4,159
Segment assets	56,617	3,094	59,712	6,666	66,378	(21)	66,357
Segment liabilities	34,538	532	35,070	1,154	36,225	(21)	36,204
Other items							
Depreciation	426	6	433	312	745	–	745
Amortization of goodwill	–	133	133	68	202	–	202
Investment revenue	741	0	741	1	743	(9)	733
Interest expenses	14	–	14	0	15	–	15
Share of profit of entities accounted for using equity method	–	–	–	8	8	–	8
Investment in associates accounted for using equity method	–	–	–	–	–	–	–
Increase in property, plant and equipment and intangible assets	610	1	611	322	934	–	934
Reference: Segment profit (loss) before amortization of goodwill	4,793	322	5,116	(754)	4,362	–	4,362

- (Notes)
1. “Other” refers to business segments not included in the reportable segments and includes the veterinary clinic support operations, insurance agency operations, and clinical and research operations in the veterinary medicine area.
 2. Segment profit (loss) coincides with recurring profit in the consolidated statements of income.
 3. The adjustment amount of segment assets and segment liabilities of (21) million yen refers to elimination of inter-segment receivable/payable amounting to (21) million yen.

[Related information]

1. Information by product and service

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

2. Information by geographical area

(1) Net sales

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

(2) Property, plant and equipment

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

3. Information by major customer

Not applicable.

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

An impairment loss of 80 million yen was recorded for the fiscal year ended March 31, 2023 in “Other.”

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

An impairment loss of 56 million yen was recorded for the fiscal year ended March 31, 2024 in “Other.”

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Non-life insurance business	Pet-related internet services business	Other	Corporate/ eliminations	Total
Amortization of goodwill	–	133	80	–	214
Balance at end of the fiscal year	–	1,604	434	–	2,038

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Non-life insurance business	Pet-related internet services business	Other	Corporate/ eliminations	Total
Amortization of Goodwill	–	133	68	–	202
Balance at end of the fiscal year	–	1,470	1,011	–	2,482

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

(Yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	346.90	375.20
Basic earnings per share	28.12	34.02

- (Notes) 1. Diluted earnings per share is not indicated as there are no potential shares.
2. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	2,284	2,729
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	2,284	2,729
Average number of common shares outstanding during the period (Shares)	81,250,670	80,226,378

(Significant subsequent events)

Not applicable.

5. Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and bank deposits	4,374	6,911
Prepaid expenses	20	17
Accounts receivable - other	274	180
Income taxes refund receivable	154	-
Other	2	0
Total current assets	4,826	7,109
Non-current assets		
Property, plant and equipment		
Buildings, net	15	12
Tools, furniture and fixtures, net	66	55
Leased assets	2	1
Construction in progress	0	-
Total property, plant and equipment	85	68
Intangible assets		
Patent right	2	1
Software	26	30
Software in progress	8	1
Total intangible assets	37	33
Investments and other assets		
Shares of subsidiaries and associates	17,934	18,876
Long-term prepaid expenses	14	11
Leasehold deposits	547	473
Deferred tax assets	17	29
Total investments and other assets	18,514	19,390
Total non-current assets	18,636	19,492
Total assets	23,463	26,602
Liabilities		
Current liabilities		
Accrued expenses	0	0
Accounts payable - other	276	254
Lease obligations	1	0
Income taxes payable	28	207
Deposits received	12	12
Provision for bonuses	16	15
Other	0	-
Total current liabilities	335	492
Non-current liabilities		
Corporate bonds	5,000	5,000
Lease obligations	1	0
Long-term guarantee deposits	500	438
Total non-current liabilities	5,502	5,438
Total liabilities	5,837	5,930

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus		
Legal capital surplus	8,092	8,092
Total capital surplus	8,092	8,092
Retained earnings		
Other retained earnings		
Retained earnings brought forward	1,331	5,377
Total retained earnings	1,331	5,377
Treasury shares	(1)	(1,001)
Total shareholders' equity	17,625	20,671
Total net assets	17,625	20,671
Total liabilities and net assets	23,463	26,602

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Operating revenue		
Management fee income	1,810	1,589
Dividends from subsidiaries and associates	1,022	3,813
Total operating revenue	2,832	5,402
Operating expenses		
Selling, general and administrative expenses	1,577	1,527
Total operating expenses	1,577	1,527
Operating profit	1,255	3,875
Non-operating revenue		
Interest income	0	0
Other	2	3
Total non-operating revenue	2	3
Non-operating expenses		
Interest expenses	0	0
Interest on bonds	15	15
Other	0	10
Total non-operating expenses	15	25
Recurring profit	1,242	3,854
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	938
Total extraordinary income	–	938
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	1
Loss on valuation of shares of subsidiaries and associates	12	100
Total extraordinary losses	12	102
Profit before income taxes	1,230	4,690
Income taxes - current	78	330
Income taxes - deferred	(6)	(11)
Total income taxes	71	319
Net profit	1,158	4,371

(3) Non-consolidated Statements of Changes in Equity
 Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	8,202	8,092	8,092	376	376
Changes during period					
Dividends of surplus				(203)	(203)
Net profit				1,158	1,158
Total changes during period	–	–	–	955	955
Balance at end of period	8,202	8,092	8,092	1,331	1,331

	Shareholders' equity		Total net assets
	Treasury shares	Total shareholders' equity	
Balance at beginning of period	(1)	16,670	16,670
Changes during period			
Dividends of surplus		(203)	(203)
Net profit		1,158	1,158
Total changes during period	–	955	955
Balance at end of period	(1)	17,625	17,625

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus		Retained earnings	
		Legal capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
				Retained earnings brought forward	
Balance at beginning of period	8,202	8,092	8,092	1,331	1,331
Changes during period					
Dividends of surplus				(324)	(324)
Net profit				4,371	4,371
Purchase of treasury shares					
Total changes during period	–	–	–	4,046	4,046
Balance at end of period	8,202	8,092	8,092	5,377	5,377

	Shareholders' equity		Total net assets
	Treasury shares	Total shareholders' equity	
Balance at beginning of period	(1)	17,625	17,625
Changes during period			
Dividends of surplus		(324)	(324)
Net profit		4,371	4,371
Purchase of treasury shares	(999)	(999)	(999)
Total changes during period	(999)	3,046	3,046
Balance at end of period	(1,001)	20,671	20,671

6. Other

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

(Million yen)

		For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	Year-on-year change	Year-on-year change rate (%)
Recurring profit (loss)	Underwriting revenue	50,781	54,273	3,492	6.9
	[Of which, net premiums written]	[50,781]	[54,273]	[3,492]	[6.9]
	Underwriting expenses	35,664	38,436	2,771	7.8
	[Of which, net claims paid]	[27,934]	[30,494]	[2,560]	[9.2]
	[Of which, loss adjustment expenses]	[1,106]	[1,108]	[1]	[0.1]
	[Of which, net commission and collection expenses]	[5,067]	[5,135]	[68]	[1.4]
	[Of which, provision for reserve for outstanding losses and claims]	[283]	[257]	[(25)]	[(8.9)]
	[Of which, provision for underwriting reserves]	[1,272]	[1,439]	[166]	[13.1]
	Investment revenue	834	733	(100)	(12.1)
	[Of which, interest and dividend income]	[439]	[610]	[171]	[39.0]
	[Of which, gain on sale of marketable securities]	[391]	[117]	[(274)]	[(69.9)]
	Investment expenses	118	97	(21)	(18.2)
	[Of which, loss on sale of marketable securities]	[116]	[91]	[(24)]	[(20.9)]
[Of which, loss on valuation of marketable securities]	[2]	[5]	[2]	[101.2]	
Operating and general administrative expenses	15,350	15,795	445	2.9	
Other recurring expenses	3,203	3,481	278	8.7	
Recurring profit	3,685	4,159	474	12.9	
Extraordinary income (losses)	Extraordinary income	–	264	264	–
	Extraordinary losses	142	227	85	60.1
	Extraordinary income (losses)	(142)	36	178	–
Profit before income taxes		3,543	4,196	653	18.4
Income taxes - current		1,150	1,605	454	39.5
Income taxes - deferred		107	(138)	(246)	–
Total income taxes		1,258	1,467	208	16.6
Net profit		2,284	2,729	444	19.4
Profit attributable to owners of parent		2,284	2,729	444	19.4

(2) Status of recurring revenue

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

Segment	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024	Year-on-year increase (decrease) rate
	Amount (Million yen)	Amount (Million yen)	(%)
Non-life insurance business (pet insurance)	51,624	55,024	6.6
Non-life insurance (Anicom Insurance, Inc.)	51,624	55,024	6.6
(Of which, net premiums written)	50,781	54,273	6.9
Pet-related internet services business	1,750	2,027	15.8
Other businesses	3,152	3,385	7.4
Insurance agencies	20	15	(26.0)
Veterinary clinic support	303	338	11.5
Clinical and research operations in the veterinary medicine area	1,811	1,979	9.3
Genetic testing, etc.	405	319	(21.4)
Other	611	733	19.9
Total	56,528	60,437	6.9

(Note) Sales results by major customer and the ratio of those sales results to total sales results are not stated as there were no customers that accounted for more than 10% of total sales.

(3) Insurance premiums and insurance claims by type

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

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

	For the fiscal year ended March 31, 2023			For the fiscal year ended March 31, 2024		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	50,781	100.0	7.3	54,273	100.0	6.9
Total	50,781	100.0	7.3	54,273	100.0	6.9
[Of which, premiums of saving-type insurance]	[-]	[-]	[-]	[-]	[-]	[-]

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

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

2) Net premiums written

	For the fiscal year ended March 31, 2023			For the fiscal year ended March 31, 2024		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	50,781	100.0	7.3	54,273	100.0	6.9
Total	50,781	100.0	7.3	54,273	100.0	6.9

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

3) Net claims paid

	For the fiscal year ended March 31, 2023			For the fiscal year ended March 31, 2024		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	27,934	100.0	9.3	30,494	100.0	9.2
Total	27,934	100.0	9.3	30,494	100.0	9.2

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

(4) Solvency margin ratio

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

	For the fiscal year ended March 31, 2023 (Million yen)	For the fiscal year ended March 31, 2024 (Million yen)
(A) Total amount of solvency margin	25,719	24,659
Stated capital or funds, etc.	21,785	20,839
Reserve for price fluctuation	119	146
Contingency reserve	–	–
Catastrophe reserve	1,633	1,747
General allowance for doubtful accounts	2	2
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	(2,161)	(1,734)
Unrealized gains (losses) on land	60	42
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	3,616
(B) Total amount of risk $\sqrt{\{(R1 + R2)^2 + (R3 + R4)^2\}} + R5 + R6$	13,785	14,777
General insurance risk (R1)	13,445	14,356
Third sector insurance risk (R2)	–	–
Assumed interest rate risk (R3)	–	–
Asset management risk (R4)	1,142	1,695
Business administration risk (R5)	291	321
Major catastrophe risk (R6)	–	–
(C) Solvency margin ratio on a non-consolidated basis (%) [(A) / {(B) x 1/2}] x 100	373.1%	333.7%

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

Solvency Margin Ratio

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

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

To further strengthen its corporate governance framework to increase management soundness and further enhance its corporate value, the Company plans to propose the election of Directors and/or Audit & Supervisory Board Members at the 24th Annual General Meeting of Shareholders scheduled for June 24, 2024, but this proposal has not been finalized at this time.

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