



FY 03 / 24  
**Financial  
Report**

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May 9 , 2024

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Security Code:8715

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## **FY03/24 results overview**

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# 1. Overall summary (Recurring revenue and recurring profit)

<b>Recurring revenue</b>	<p><b>60,437</b> Million JPY</p> <p><b>+6.9%</b> YoY (+3,908 million JPY) vs. plan: <b>+0.7%</b> YoY(+437 million JPY) Of which, underwriting revenue: <b>+6.9%</b> YoY (+3,492 million JPY)</p>
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<b>Recurring profit before amortization of goodwill</b>	<p><b>4,362</b> Million JPY</p> <p><b>+11.8%</b> YoY (+462 million JPY)</p>
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<b>Recurring profit</b>	<p><b>4,159</b> Million JPY</p> <p><b>+12.9%</b> YoY (+474 million JPY) vs. plan: <b>+4.0%</b> YoY(+159 million JPY)</p>
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**Steadily turned robust demand for pet ownership into an increase in the number of new policies, while improving operational efficiency, to hit record highs in both revenue and profit**

- **Recurring revenue**
  - The number of new policies was **223,000** and the number of policies in force totaled **1,193,000 (+7.2%)**, **showing continuous growth at a solid pace.**
  - Outside of the insurance business, other recurring revenue **grew steadily** to JPY **5,430 million (+10.5%)**.
  - Although investment revenue was JPY **733 million (-12.1%)**, we **achieved the plan** through agile investment management under uncertain market conditions.
- **Recurring profit**
  - We secured **significant profit growth and achieved the plan** due to improved policy acquisition cost and improved efficiency of business operations.



## 2. Income statement summary



(JPYmn)

	FY03/23	FY03/24	Change
<b>Recurring revenue</b>	<b>56,528</b>	<b>60,437</b>	<b>6.9 %</b>
Underwriting revenue	50,781	54,273	6.9 %
Investment revenue	834	733	-12.1 %
Other recurring revenue	4,912	5,430	10.5 %
<b>Recurring expenses</b>	<b>52,842</b>	<b>56,277</b>	<b>6.5 %</b>
<b>Underwriting expences</b>	35,664	38,436	7.8 %
• Net claims paid	(27,934)	(30,494)	9.2 %
• Loss adjustment expenses	(1,106)	(1,108)	0.1 %
• Net commission and collection expenses	(5,067)	(5,135)	1.4 %
• Provision for reserve for outstanding losses and claims	(283)	(257)	-8.9 %
• Provision for underwriting reserves	(1,272)	(1,439)	13.1 %
Of which unearned premiums	(1,161)	(1,325)	14.1 %
Of which catastrophe reserve	(111)	(113)	2.6 %
<b>Investment expenses</b>	118	97	-18.2 %
<b>Operating and general administrative expenses</b>	15,350	15,795	2.9 %
<b>Other recurring expenses</b>	1,709	1,948	14.0 %
<b>Recurring profit before amortization of goodwill</b>	<b>3,900</b>	<b>4,362</b>	<b>11.8 %</b>
<b>Recurring profit</b>	<b>3,685</b>	<b>4,159</b>	<b>12.9 %</b>
<b>Net profit</b>	<b>2,284</b>	<b>2,729</b>	<b>19.4 %</b>



## 2. Income statement summary

### Reasons for changes in major accounting items

**(1) Underwriting revenue**

➤ The number of policies in force **increased by 80,416 (+7.2%)**.

**(2) Investment revenue**

➤ Amid uncertain market conditions, we have been conducting flexible and opportunistic investment.

**(3) Other recurring revenue**

➤ Recurring revenue from animal hospitals and the breeder matching site increased.

**(4) Net claims paid**

➤ Claims paid increased, primarily because the frequency of hospital visits remained high and the average payout per claim increased.

**(5) Net commission and collection expenses**

➤ The improvement trend continued thanks to diversification of sales channels and the efficient acquisition of policies.

**(6) Operating and general administrative expenses**

➤ Improved through efficient business operations against revenue increase.

### (Reference) Anicom Insurance's key insurance indicators

(JPYmn)

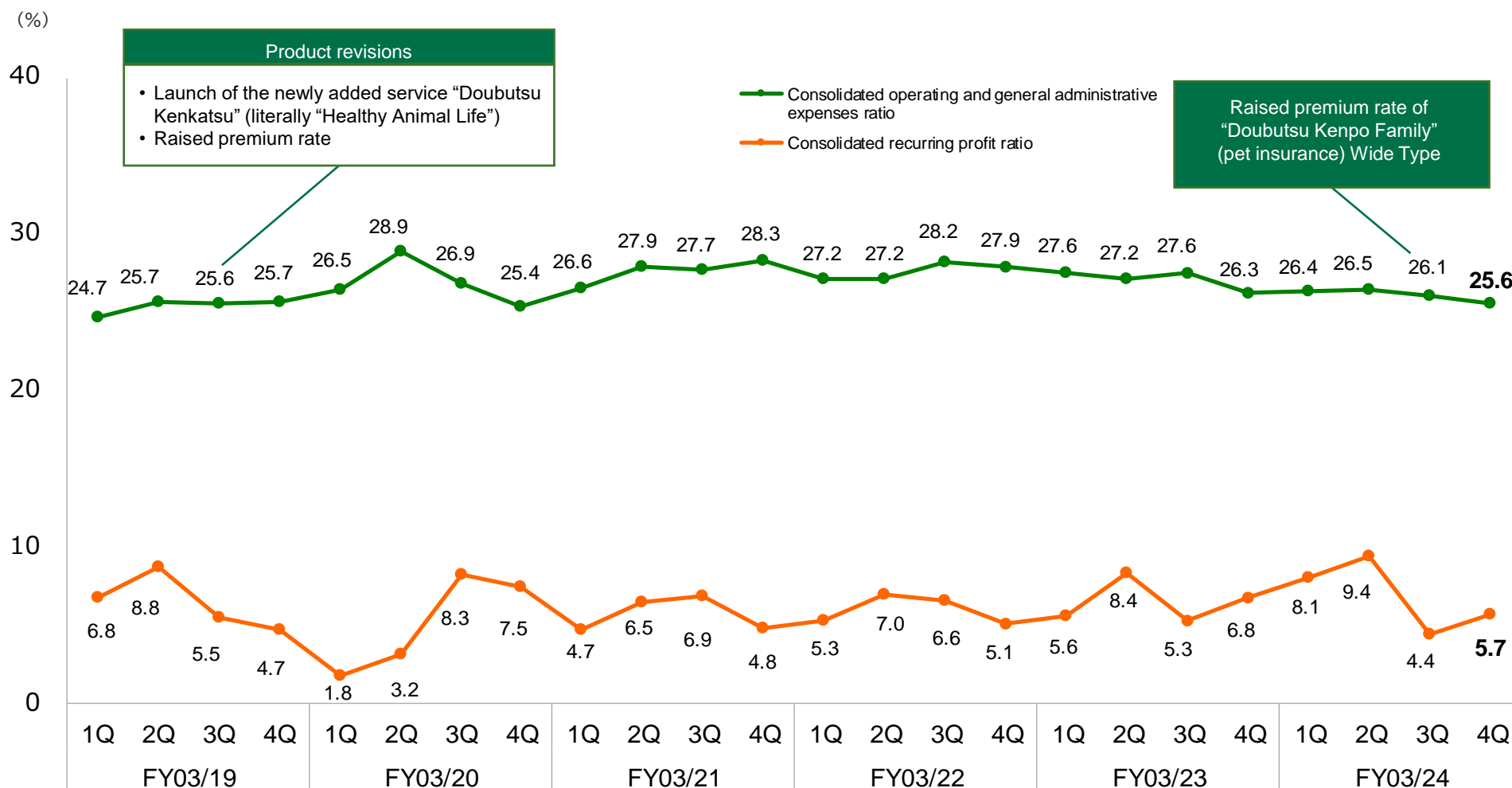
	FY03/23	FY03/24	Change
Earned premiums	49,797	53,171	6.8%
Claims incurred (including loss adjustment expenses)	29,324	31,860	8.7%
E/I loss ratio (1)	58.9%	59.9%	1.0pt
Expense ratio (based on earned premiums) (2)	34.9%	33.3%	-1.6pt
(of which, net commission and collection expense ratio)	(10.4%)	(10.0%)	(-0.4pt)
Combined ratio (based on earned premiums) (1)+(2)	93.8%	93.2%	-0.6pt

# 3. Recurring expenses and profit indicators



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

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



**Product revisions**

- Launch of the newly added service “Doubutsu Kenkatsu” (literally “Healthy Animal Life”)
- Raised premium rate

**Raised premium rate of “Doubutsu Kenpo Family” (pet insurance) Wide Type**

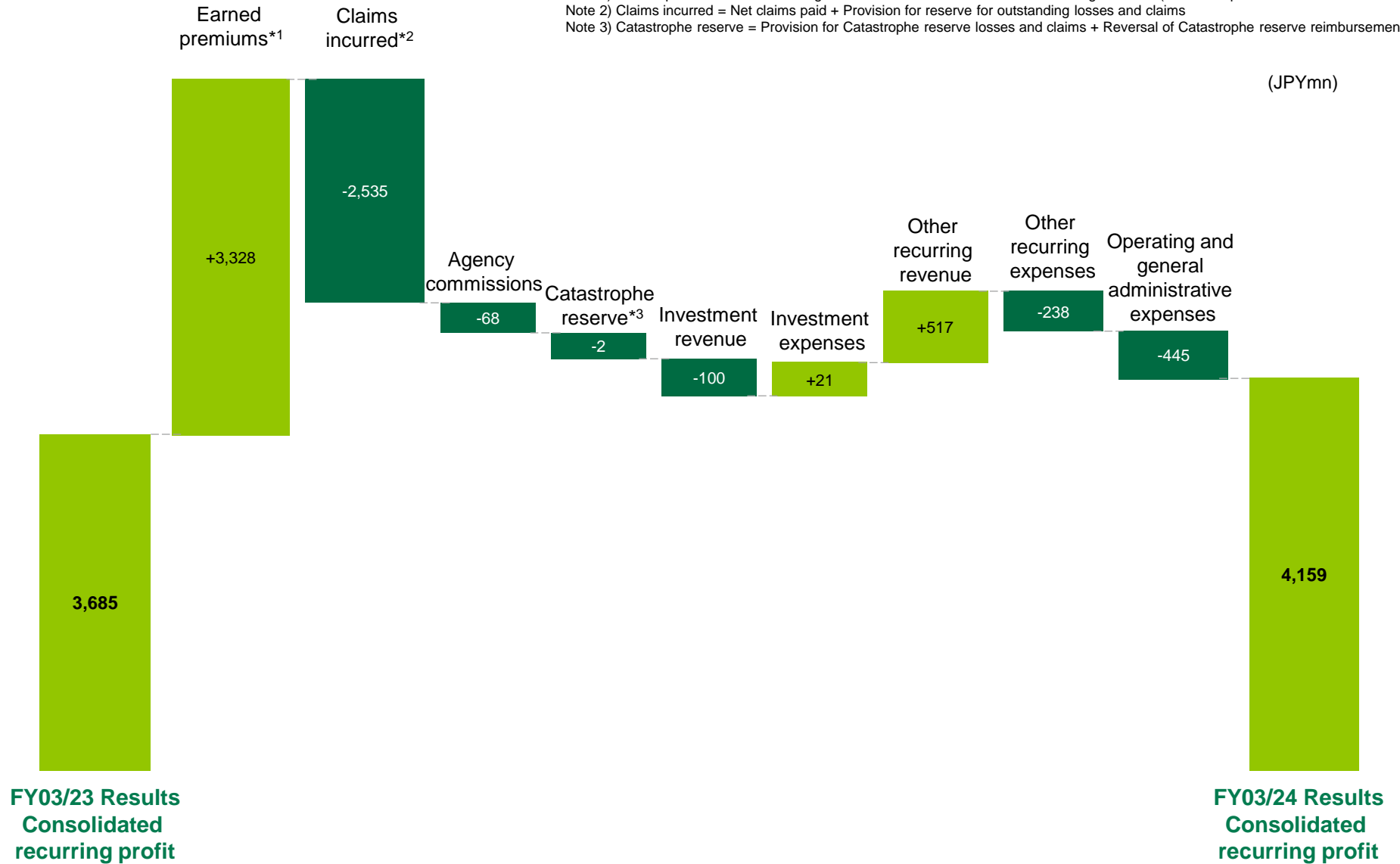
# 4. Factors related to changes in recurring profit

(Comparison analysis with FY03/23 results)



Note 1) Earned premiums = Underwriting revenue - Provision for normal underwriting reserves (Unearned premiums)  
 Note 2) Claims incurred = Net claims paid + Provision for reserve for outstanding losses and claims  
 Note 3) Catastrophe reserve = Provision for Catastrophe reserve losses and claims + Reversal of Catastrophe reserve reimbursements

(JPYmn)





## 5. Balance sheet summary



(JPYmn)

	FY03/23	FY02/24	Change
<b>Total assets</b>	<b>61,407</b>	<b>66,357</b>	<b>8.1 %</b>
Cash and bank deposits	30,835	23,879	-22.6 %
Marketable securities	16,956	27,510	62.2 %
Tangible fixed assets	5,799	6,925	19.4 %
Other assets	7,815	8,041	2.9 %
<b>Total liabilities</b>	<b>33,223</b>	<b>36,204</b>	<b>9.0 %</b>
Reserve for insurance policy liabilities	22,853	24,551	7.4 %
Of which loss reserves	2,988	3,245	8.6 %
Of which underwriting reserves	19,865	21,305	7.2 %
Corporate bonds	5,000	5,000	— %
Other liabilities	5,369	6,653	23.9 %
<b>Total net assets</b>	<b>28,184</b>	<b>30,152</b>	<b>7.0 %</b>
Shareholders' equity	29,740	31,144	4.7 %
Valuation and transaction adjustments	-1,555	-1,248	— %
Share acquisition rights	—	0	— %
Non-controlling interests	—	256	— %
<b>Total liabilities and net assets</b>	<b>61,407</b>	<b>66,357</b>	<b>8.1 %</b>

### ■ Reasons for changes in major accounting items

#### (1) Increase in assets

- Marketable securities increased as a result of phased build-up of investment in bonds and other instruments.

#### (2) Increase in liabilities

- Reserve for insurance policy liabilities increased due to an increase in the number of policies in force.

#### (3) Increase in net assets

- Retained earnings increased.



# 6. Progress of priority measures (1) (Insurance Business, Investment, Other)

## Insurance Business

### Numbers of new policies and policies in force

- The number of new policies totaled over 223,000 for FY2023, and the number of policies in force exceeded 1.19 million as of March 31, 2024.
- No. 1 share of domestic pet insurance market for 15 years in a row

### Expanding and strengthening sales channels

- Expand sales partnerships with life and non-life insurance companies in Japan  
Plan for future expansion in addition to current partners (Asahi Mutual Life Insurance, Meiji Yasuda Life Insurance, Fukuoku Mutual Life Insurance, Sony Assurance)



### Revision of premiums

- The premiums for Wide Type products (no limited days) will be revised (raised) by an average of 7.8%.
- \*The revision will be first applied to policies with a start date on November 1, 2023.

### Expanding products and services

- Owing to a steady increase in Doubutsu Kenkatsu applications, the renewal rate remained stable and high for FY2023 at 88.2%.

## Investment

- As a result of flexible and opportunistic investment, we achieved the plan.  
We are progressing at a pace to achieve the plan while steadily accumulating income gains.

## Other

- Promotion of the “strategy of one patent per employee”  
127 inventors as of March 31, 2024 (13 inventors as of December 31, 2020)

Numbers of patents granted by field of technology \*As of March 31, 2024

	Image recognition AI	Genes, food, and gut microbiota	Regenerative medicine	Other	Total
Patents granted	7	6	2	3	18

- [Examples of patents granted in FY03/24]  
Patent 7330258: Emotion Reading System and Method for Reading Emotion  
Patent 7437479: Insurance Premium Calculation System, Insurance Premium Calculation Method and Coverage Prediction Method

- Awarded the first place in the categories of “insurance payouts/benefits” and “OTC (over-the-counter) insurance settlement” of the pet insurance ranking in the 2023 Oricon Customer Satisfaction® Survey





# 6. Progress of priority measures (2) (Synergistic Businesses)

## Before birth

### Upstream



#### Strengthening breeding support

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

#### Strengthening matching service business

- “Minna no Breeder” and “Minna no Koneko Breeder” exceeded 300,000 contracts in total (February 2024).



Results of matching service business (SIMNET) for FY2023

- Net sales : 2,371 million JPY (FY2022: 1,872 million JPY)
- Recurring profit : 188 million JPY (FY2022: -77 million JPY)

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

## Day-to-day routines

### Midstream



#### Health checkups + commercialization of oral and intestinal care products

- Over 220,000 applications were received for Doubutsu Kenkatsu service for FY2023.
- We developed new oral and intestinal care products through Doubutsu Kenkatsu.

- We launched “CRYSTAL JOY,” a toothpaste gel that uses MA-T™ to prevent periodontal disease.



- We launched “7 Days Food,” which increases the diversity of intestinal flora.



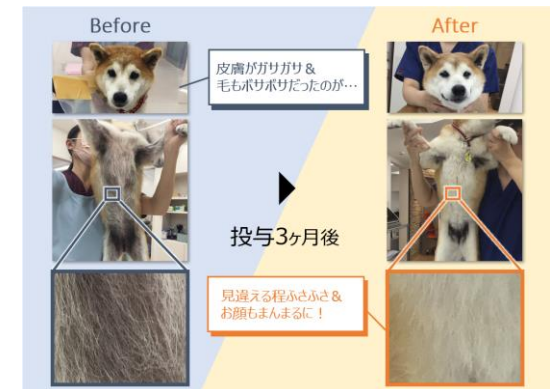
## Curing the incurable

### Downstream



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

- **Animal hospital business**
  - We added two hospitals in FY2023 (55 in total).
- **Regenerative medicine business**
  - We established medical treatment and prevention methods using regenerative medicine.
  - 729 hospitals joined the Research and Development Partnership for Animal Regenerative Medicine.
  - \* Association to promote regenerative medicine





# 6. Progress of priority measures (3) Capital policy / Shareholder returns

- Purchase of treasury shares FY03/24: 1.0 billion JPY (purchased in Sept. 2023), FY03/25: Approx. 3.0 billion JPY planned
- Improvement of dividend payout ratio FY03/24: 16.2% (FY03/23: 14.2%)
- Improvement of consolidated ROE FY03/24: 9.4% (FY03/23: 8.2%) \*Cost of equity 7.0% (FY03/23: 7.2%) ⇒ Equity spread expanded by 1.4 pt.

**SMR (Solvency Margin Ratio)**  
**ROR (Return On Risk)**

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FY2021 result: SMR 334.6%

▼

FY2024 target:  
**SMR 300-320%**

▼

FY2030 vision:  
Planning to calculate using new SMR

**ROR focused management**



**ROE (Return On Equity)**

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FY2021 result: 8.0%

▼

FY2024 target:  
**around 10%**

▼

FY2030 vision:  
**around 12-15%**

**ROE in excess of capital cost  
Predicated on equity spread**

**Shareholder returns (dividend payout ratio / DOE)**

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FY2021 result: Dividend payout ratio 9.6% > (after dividend increase)


FY2024 target: **Dividend payout ratio around 20%** >

FY2030 vision: **Replace dividend payout ratio with disclosure of dividend on equity (DOE) ratio**

# 6. Progress of priority measures (4) Sustainability



We promote initiatives aimed at pursuing sustainability management that creates both economic and social value.

	Initiatives	Reference data	FY03/23	FY03/24
People	<p><b>■ Diversity</b>                      • We promote the advancement of women so that diverse human resources can maximize their abilities. We also encourage active use of childcare leave regardless of gender.</p> <p><b>■ Disaster support</b>                      • We engaged in fundraising activities for earthquakes in Turkey/Syria and Morocco, flooding in Libya, and the Noto Peninsula earthquake.                      • In response to the Noto Peninsula earthquake, we lent out disaster medical vehicles for animals, temporarily took in the pets of disaster victims, and helped owners search for their lost pets.</p>	Percentage of female employees (%)	60.9	61.4
		Percentage of females in managerial positions (%)	31.2	33.7
		Rate of childcare leave taken by men (%)	77.8	68.0
		Total number of inventors	103	127
Animals	<p><b>■ Eliminating euthanasia</b>                      • Through the operation of the animal shelter “ani TERRACE” and assistance to shelters in adoption events, we transferred 74 shelter dogs and cats to new owners.</p> <p><b>■ Promotion of health</b>                      • We promote Doubutsu Kenkatsu (gut microbiota testing) to early detect diseases.</p> 	Number of adoptions via hugU	3,200	3,701
		Number of adoption events assisted	22	19
		Number of shelter dogs and cats transferred*1	18	74
		Number of applicants for Doubutsu Kenkatsu	211,731	220,413
Environment	<p><b>■ Climate change</b>                      • We expressed our support for the TCFD recommendations in April 2023.                      • We calculated and announced Scope 1 and Scope 2 GHG emissions based on the GHG Protocol.                      • We achieved 100% renewable energy use (FY03/24).</p>	Scope 1 emissions (t-CO <sub>2</sub> )	229	271
		Electricity used (1,000 kWh)*1	2,325	2,562
		Renewable energy usage volume*2	-	2,728
		Scope 2 emissions*1, 3 (t-CO <sub>2</sub> )	997	0*4
		CO <sub>2</sub> emissions per employee (Scope 1 + Scope 2)*1, 3 (t-CO <sub>2</sub> )	1.38	0.29

\*1 FY03/23 figure is for the number of animals transferred by ani TERRACE only.

\*1 Some figures include tentative ones. \*2 Renewable energy derived electricity and non-fossil certificates  
 \*3 These are market-based figures. \*4 After deduction of renewable energy

## **2** FY03/25 profit forecasts, progress of Mid-term Management Plan

- 1. The Anicom Group strategy and priority measures**
- 2. FY03/25 profit forecasts (Annual/semi-annual cumulative)**
- 3. Progress of key numerical targets**







# 1. The Anicom Group strategy and priority measures

Deepen the business model for making animals' lives richer and healthier, with the insurance business at its core.

## Our Strength: Pet Insurance Business

- Achieving differentiation by pursuing the uniqueness of “Anicom” preventive insurance
- Great customer convenience and high operational efficiency with over-the-counter payment system
- Sales force covering the whole country and diverse sales channels
- Creating value such as new health extension services through abundant data analysis
- Active promotion of diverse professional human resources

## External Environment

- Special breeding demand due to the COVID-19 disaster appears to be calming down, but remains strong
- Major companies and others entering the pet insurance industry one after another
- Distribution revolution accelerating through the fusion of breeder and pet store businesses following the tightening of regulations under the Animal Welfare Law
- Increasing frequency of animal hospital visits and rising unit medical fees

## Synergistic Businesses to handle each life stage of animals

Upstream

Before birth – pick up



- Genetic testing business
- Matching service business

Midstream

Lifestyle



- Gut microbiota testing business
- Health innovation business

Downstream

Medical care



- Animal hospital business
- Regenerative medicine business

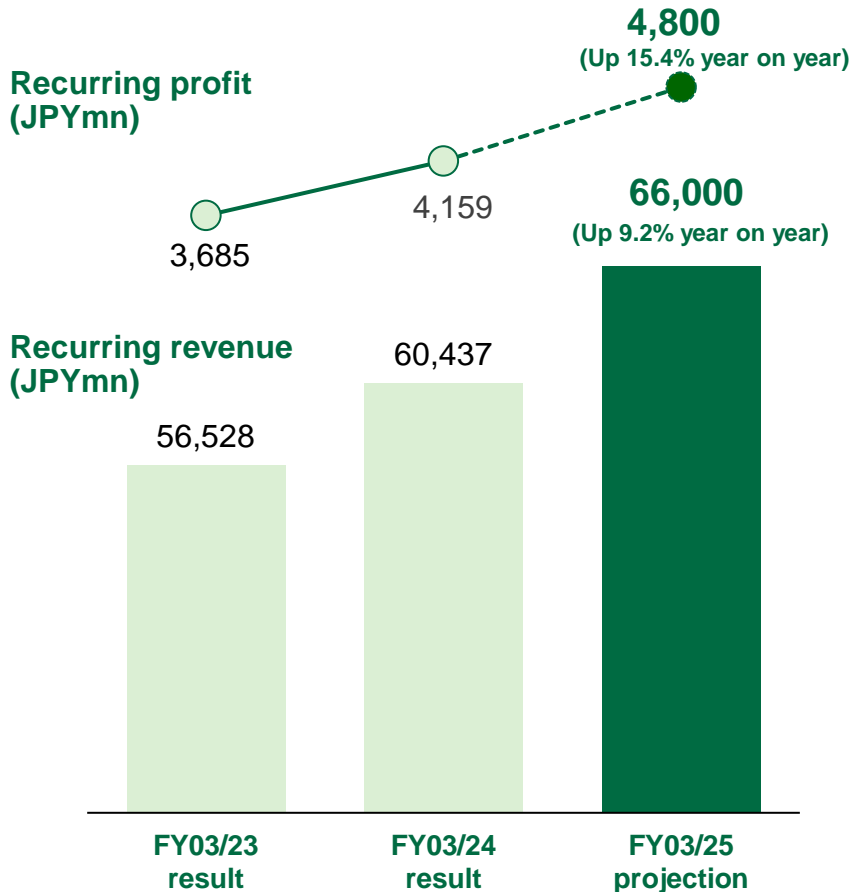
Balancing social and economic value



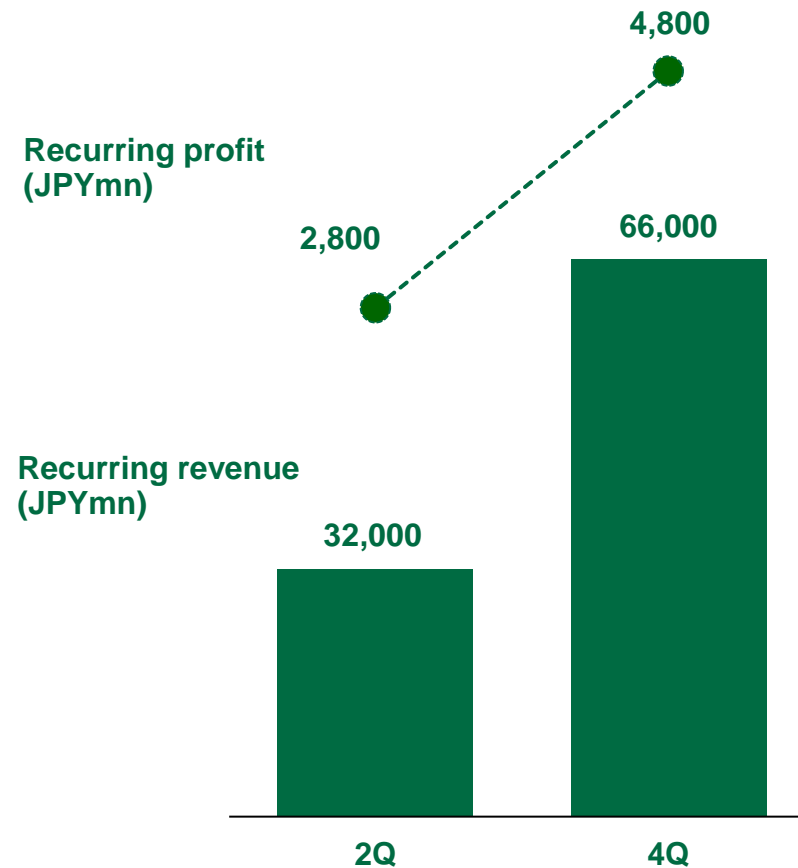
## 2. FY03/25 profit forecasts (Annual/semi-annual cumulative)

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

[Annual Forecasts]



[semi-annual cumulative Forecasts]





### 3. Progress of key numerical targets (1)

We have made progress toward achieving the Mid-term Management Plan mostly as planned.

#### [Key Numerical Targets for Management]

	FY03/23 Results	FY03/24 Results	FY03/25 Targets	Initial Mid-term Management Plan
Consolidated Recurring Revenue	56.52 billion JPY	60.43 billion JPY	66.0 billion JPY	65.0–70.0 billion JPY
Consolidated Recurring Profit	3.68 billion JPY	4.15 billion JPY	4.8 billion JPY	4.5–5.0 billion JPY
Consolidated ROE	8.2% (8.0% in FY03/22)	9.4%	10%	around 10%
Shareholder Returns (Dividend Payout Ratio)	14.2% (9.6% in FY03/22)	16.2%	20%	around 20%
Net Sales and Percentage of Net Sales in Synergistic Businesses	JPY 4.91 billion 8.7%	JPY 5.43 billion 9.0%	JPY 7.2 billion 11%	JPY 7.8–8.4 billion around 12%
SMR on a Non-consolidated Basis (Solvency Margin Ratio)	373.1% (393.5% in FY03/22)	333.7%	320%	300–320%*

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



### 3. Progress of key numerical targets (2)

A reduction in the expense ratio covered a rise in the loss ratio in the insurance business.

[Key KPIs]

	FY03/23 Results	FY03/24 Results	FY03/25 Targets	Initial Mid-term Management Plan
<b>Insurance Business</b>				
Loss Ratio	58.9% (58.1% in FY03/22)	59.9%	60.9%	58–59%
Expense Ratio	34.9% (36.7% in FY03/22)	33.3%	32.3%	35–36%
Combined Ratio	93.8% (94.8% in FY03/22)	93.2%	93.2%	93–94%
<b>Synergistic Businesses</b>				
No. of Genetic Testings	92,000/year	67,000/year	65,000/year	120,000-150,000/year
No. of Applicants of Gut Microbiota Measuring	211,000/year	220,000/year	252,000/year	200,000-250,000/year
Health Innovation Business Sales	63 mill. JPY	176 mill. JPY	800 mill. JPY	Toward sales of 800-1,000 mill. JPY
Hospital Business*	Sales: 1.76 bill. JPY Profit after amortization of goodwill: -0.26 bill. JPY	Sales: 1.87 bill. JPY Profit after amortization of goodwill: -0.17 bill. JPY	Sales: 2.2 bill. JPY Profit after amortization of goodwill: 0.0 bill. JPY	Toward sales of 3.0 bill. JPY Positive profit after amortization of goodwill

\* Figures are after allocation of indirect departmental expenses, including for past fiscal years

# 3

## APPENDIX

### 1. Major management indicators

### 2. Anicom Insurance (non-consolidated):

#### Recurring revenue indicators

(Trend in new policies / number of pet insurance policies in force)

### 3. Anicom Insurance (non-consolidated):

#### Recurring expenses indicators

(Loss ratio (E/I), expense ratio based on earned premiums)



# 1. Major management indicators



	End-FY03/23	End-FY03/24	Vs. previous year-end	
			Numbers	Rate
(1) Policies in force	1,113,144	1,193,560	80,416	7.2 %
(2) New policies	218,695	223,289	4,594	2.1 %
(3) Renewal rate	88.2 %	88.2 %	-	0.0 pt
(4) Insurance payout cases	4,216,000	4,381,000	165,000	3.9 %

End-FY03/25 (forecast as of May 9)
1,280,000
230,000
88.2 %
4,800,000

	End-FY03/23	End-FY03/24	YoY Change
(5) E/I loss ratio	58.9 %	59.9 %	1.0 pt
(6) Expense ratio (based on earned premiums)	34.9 %	33.3 %	-1.6 pt
(7) Combined ratio (based on earned premiums)	93.8 %	93.2 %	-0.6 pt

End-FY03/25 (forecast as of May 9)
60.9 %
32.3 %
93.2 %

	End-FY03/23	End-FY03/24	Vs. previous year-end
(8) Solvency margin ratio (non-consolidated)	373.1 %	333.7 %	-39.4 pt

\* SMR for FY03/24 decreased by 39.4 points from the end of FY03/23. This is because the items in the total amount of solvency margin, "stated capital or funds, etc." and "other (tax-effect equivalent amount)," decreased as a result of the payment of interim dividend by Anicom Insurance to the parent company.

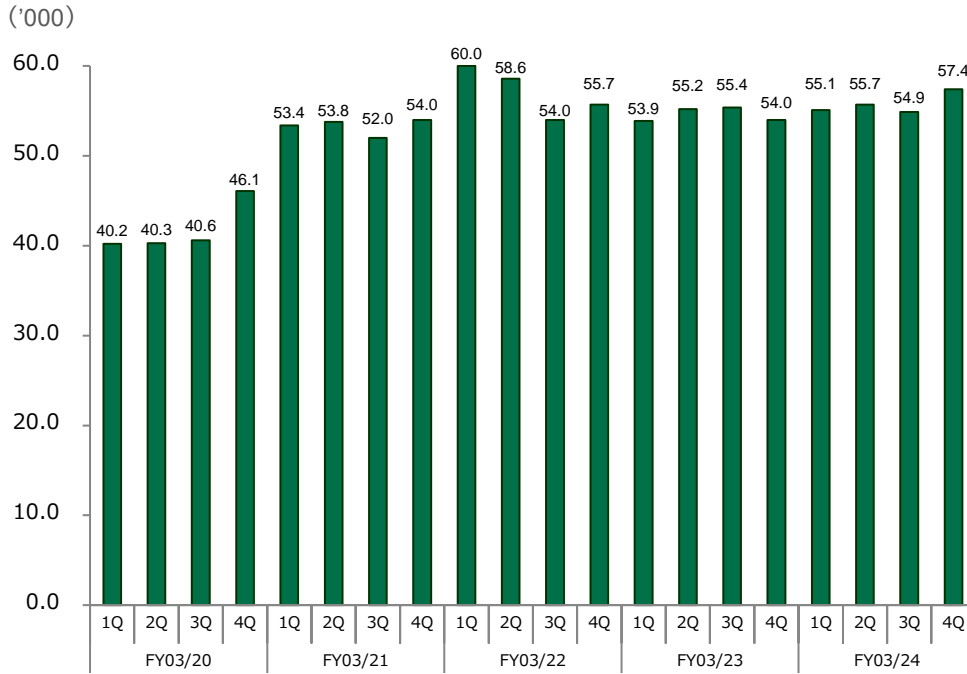
	End-FY03/23	End-FY03/24	YoY Change
(9) No. of applicants of Doubutsu Kenkatsu (gut microbiota testing)	211,731	220,413	4.1 %
(10) Animal hospitals accepting Anicom	6,789	6,879	1.3 %
(11) No. of samples for genetic testing	92,313	67,801	-26.6 %



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



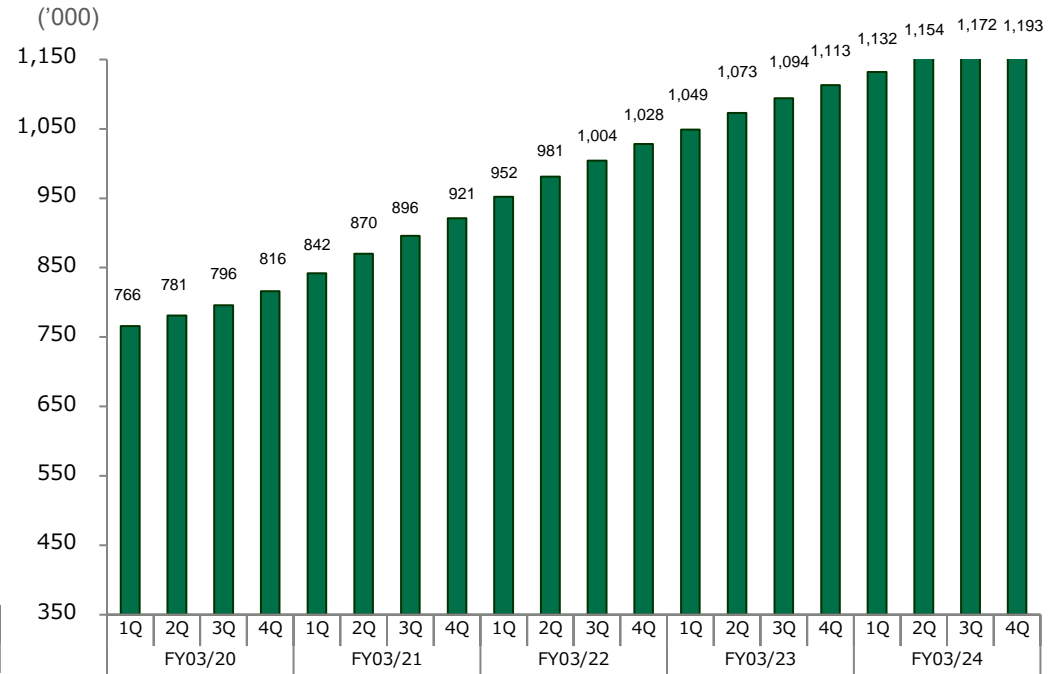
Quarterly trend in number of new policies



**The number of new policies increased steadily**

On a combined newborn/general channels basis, the number of new policies topped 223,000 (FY03/24 cumulative), achieving steady growth. Achieved 101.5% against the annual target of 220,000.

Quarterly trend in number of policies in force



**Number of policies in force**

The number of policies in force totaled 1,193,000, increasing steadily, but falling slightly short of the annual plan of 1,200,000.

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



[Reference information]

1Q FY03/15

- Raised premium rate
- Average revision of 12%

3Q FY03/15

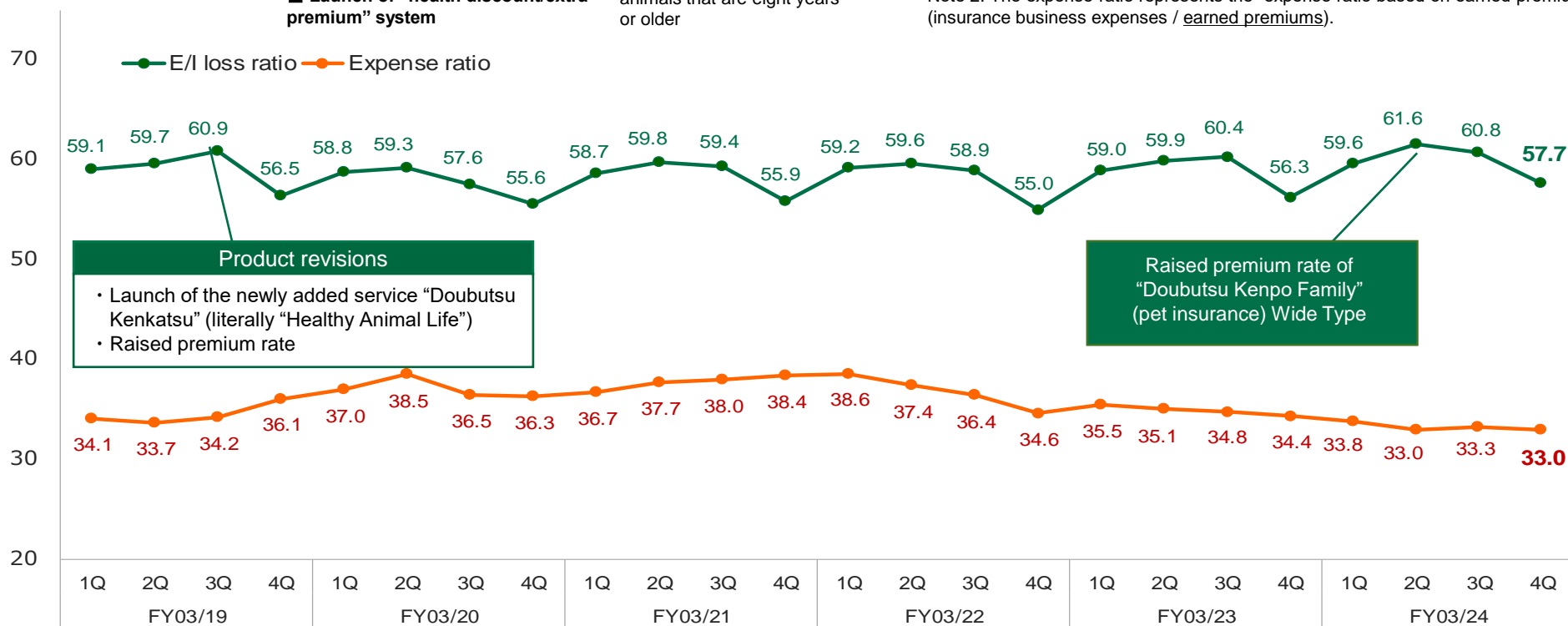
- New products with limited hospital days
- Launch of "health discount/extra premium" system

2Q FY03/18

- Raised premium rate
- Raised premium rate for animals that are eight years or older

Note 1: The graph below shows quarterly average values, and the data therefore may differ from average values for current period.

Note 2: The expense ratio represents the "expense ratio based on earned premiums" (insurance business expenses / earned premiums).



## E/I loss ratio

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

## Expense ratio

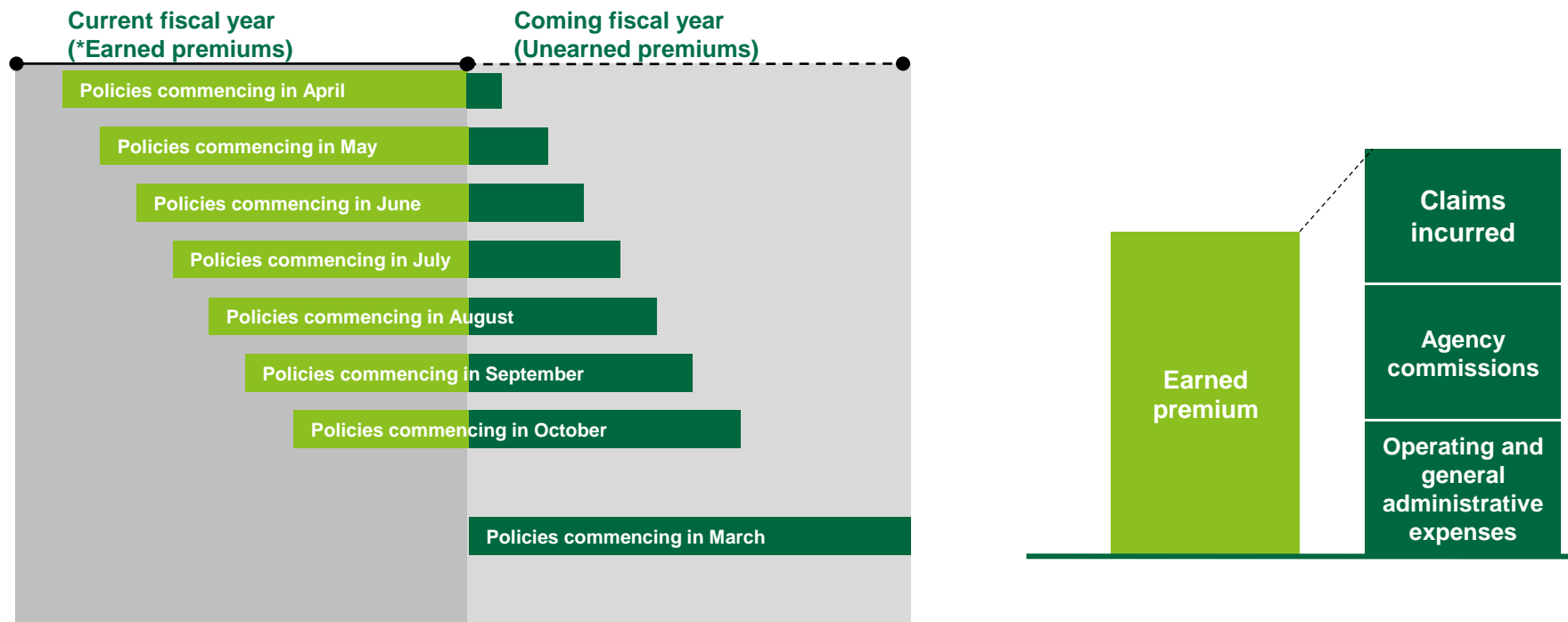
We continued with proactive investment aimed at the business expansion. The costs of the unique Doubutsu Kenkatsu service increased. The expense ratio had been trending upward due mainly to a rise in agency commissions owing to an increase in new policies and intensifying competition, while a reduction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

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



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

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



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

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



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