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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



August 7, 2024

Company name: Anicom Holdings, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 8715
 URL: <https://www.anicom.co.jp/en/>
 Representative: Nobuaki Komori, Representative Director
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 Phone: +81-3-5348-3911
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of 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, 2024 (April 1, 2024–June 30, 2024)

(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, 2024	16,519	11.1	1,620	34.8	1,111	37.0
June 30, 2023	14,868	6.6	1,201	54.4	811	63.2

(Note) Comprehensive income: Three months ended June 30, 2024: 836 million yen [(9.5)%]
 Three months ended June 30, 2023: 924 million yen [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2024	Yen 13.98	Yen –
June 30, 2023	9.99	–

(Reference)

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

Three months ended June 30, 2024: 1,682 million yen
 Three months ended June 30, 2023: 1,252 million yen

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

Three months ended June 30, 2024: 1,173 million yen
 Three months ended June 30, 2023: 862 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	65,882	30,212	45.5
As of March 31, 2024	66,357	30,152	45.1

(Reference) Equity: As of June 30, 2024: 29,969 million yen
 As of March 31, 2024: 29,895 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	5.50	5.50
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		0.00	–	8.00	8.00

(Note) Revision of the latest dividend forecast: None

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

(Note) Revision of the latest financial results forecast: None

*** Notes:**

- (1) Significant changes in the scope of consolidation during the period: 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 period (including treasury shares):

As of June 30, 2024:	81,309,160 shares
As of March 31, 2024:	81,309,160 shares

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

As of June 30, 2024:	2,166,036 shares
As of March 31, 2024:	1,628,636 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024:	79,546,008 shares
Three months ended June 30, 2023:	81,247,658 shares

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- * 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 Information” 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 a moderate recovery trend, backed by a recovery in personal consumption due to social activity returning to normalcy and inbound demand growth. On the other hand, the economic outlook remained uncertain due to soaring raw material prices resulting from soaring resource prices caused by the prolonged geopolitical risks in Ukraine and the Middle East, as well as price rises due to the yen's depreciation against the backdrop of the interest rate differential between Japan and the U.S.

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 1,213,737 policies, an increase of 20,177 or 1.7% from the end of the previous fiscal year. In addition, the E/I loss ratio^{*1} increased by 1.5 points year on year to 61.1%, despite the fact that the effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized. Expense ratio (based on earned premiums)^{*2} improved by 1.0 points year on year to 32.8%, 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 0.5 points year on year to 93.9%.

In addition, the Anicom Group has promoted efforts to further accelerate its initiatives in the second founding period phase. It has accelerated its efforts toward the priority measures in new businesses to grow into a prevention-type insurance company group that considers degrees of health by analyzing diseases and injuries from all data. In the genetic testing business, the Group will progress further toward the provision of breeding support by adding medical support to science, technology, and data, which involves conducting genetic testing in parents and offspring to prevent avoidable genetic diseases. The Group is also pursuing the popularization of animal health checks through its Doubutsu Kenkatsu service, the development and sales of oral and intestinal care products based on various diagnostic tests, 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 7.7% year on year to 14,351 million yen, investment revenue increased by 134.3% year on year to 295 million yen, other recurring revenue, which includes new business, etc., increased by 32.3% year on year to 1,871 million yen, for the total recurring revenue of 16,519 million yen, a 11.1% increase year on year. On the other hand, recurring expenses increased by 9.0% year on year to 14,899 million yen, including underwriting expenses of 10,016 million yen, up 8.1% year on year, and operating and general administrative expenses of 4,183 million yen, up 6.8% year on year. As a result, recurring profit increased by 34.8% year on year to 1,620 million yen. Profit attributable to owners of parent was 1,111 million yen, up 37.0% year on year.

Anicom Group's business segments are the "Non-life insurance business (pet insurance)," the "Pet-related internet services business," and "Other businesses," as described in "2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Segment information, etc.)."

Segment	For the three months ended June 30,2023	For the three months ended June 30, 2024	Year-on-year increase (decrease) rate
	Amount (Million yen)	Amount (Million yen)	(%)
Non-life insurance business (pet insurance)	13,457	14,654	8.9
Non-life insurance (Anicom Insurance, Inc.)	13,457	14,654	8.9
(Of which, net premiums written)	13,326	14,351	7.7
Pet-related internet services business	470	558	18.7
Other businesses	940	1,305	38.9
Veterinary clinic support	82	85	3.3
Insurance agencies	4	4	0.1
Clinical and research operations in the veterinary medicine area	574	699	21.8
Genetic testing, etc.	82	85	4.6
Other	196	430	118.8
Total	14,868	16,519	11.1

Non-life insurance business

Recurring revenue in the Non-life insurance business increased by 1,197 million yen (up 8.9% year on year) to 14,654 million yen. Anicom insurance reported a steady increase in new policies written of 57,986 (up 5.1% year on year) and policies in force of 1,213,737 (up 20,177 policies or 1.7% from the end of the previous fiscal year). This was mainly thanks to strengthened sales and marketing activities in the pet insurance sales channel, which is positioned as a priority measure, increased appeal to customers through the provision of insurance products with our unique service, Doubutsu Kenkatsu, and the impact of new demand for pet ownership arising during the Corona disaster.

In addition, the E/I loss ratio*¹ increased by 1.5 points year on year to 61.1%, despite the fact that the effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized. Expense ratio (based on earned premiums)*² improved by 1.0 points year on year to 32.8%, 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 0.5 points year on year to 93.9%.

(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

Total assets as of the end of the first quarter under review decreased by 474 million yen to 65,882 million yen compared to the previous year-end. This was primarily attributable to a decrease in marketable securities of 844 million yen.

Total liabilities as of the end of the first quarter under review decreased by 534 million yen to 35,669 million yen compared to the previous year-end. This was primarily attributable to a decrease of 756 million yen in other liabilities.

Total net assets as of the end of the first quarter under review increased by 59 million yen to 30,212 million yen compared to the previous year-end. This was primarily attributable to an increase in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

About consolidated financial results forecast among the financial results forecast for the fiscal year ending March 31, 2025, please refer to “Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025” of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 disclosed on May 9, 2024. 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, 2024	As of June 30, 2024
Assets		
Cash and bank deposits	23,879	21,604
Marketable securities	27,510	26,666
Loans receivable	5	48
Property, plant and equipment	3,032	3,032
Intangible assets	3,893	3,956
Other assets	6,710	9,381
Accounts receivable	3,408	3,405
Accrued premiums	678	710
Suspense payments	901	3,542
Rest of other assets	1,722	1,723
Deferred tax assets	1,335	1,248
Allowance for doubtful accounts	(9)	(54)
Total assets	66,357	65,882
Liabilities		
Reserve for insurance policy liabilities	24,551	24,914
Loss reserves	3,245	3,399
Underwriting reserves	21,305	21,514
Corporate bonds	5,000	5,000
Other liabilities	6,201	5,445
Provision for bonuses	304	157
Reserves under special laws	146	153
Reserve for price fluctuation	146	153
Total liabilities	36,204	35,669
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus	8,092	8,092
Retained earnings	15,850	16,523
Treasury shares	(1,001)	(1,339)
Total shareholders' equity	31,144	31,479
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,248)	(1,510)
Total accumulated other comprehensive income	(1,248)	(1,510)
Share acquisition rights	0	0
Non-controlling interests	256	242
Total net assets	30,152	30,212
Total liabilities and net assets	66,357	65,882

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
For the three months ended June 30, 2024 and 2023

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Recurring revenue	14,868	16,519
Underwriting revenue	13,326	14,351
[Of which net premiums written]	13,326	14,351
Investment revenue	126	295
[Of which interest and dividend income]	120	191
[Of which gain on sale of marketable securities]	2	101
Other recurring revenue	1,414	1,871
Recurring expenses	13,666	14,899
Underwriting expenses	9,265	10,016
[Of which net claims paid]	7,346	8,045
[Of which loss adjustment expenses]	268	277
[Of which net commission and collection expenses]	1,291	1,330
[Of which provision for reserve for outstanding losses and claims]	91	154
[Of which provision for underwriting reserves]	268	208
Operating and general administrative expenses	3,918	4,183
Other recurring expenses	482	699
[Of which interest expenses]	3	4
Recurring profit	1,201	1,620
Extraordinary losses	8	6
Loss on disposal of non-current assets	2	0
Provision of reserves under special laws	6	6
Provision of reserve for price fluctuation	6	6
Other	0	—
Profit before income taxes	1,193	1,613
Income taxes - current	209	326
Income taxes - deferred	172	188
Total income taxes	381	515
Net profit	811	1,098
Loss attributable to non-controlling interests	—	(13)
Profit attributable to owners of parent	811	1,111

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net profit	811	1,098
Other comprehensive income		
Valuation difference on available-for-sale securities	112	(261)
Total other comprehensive income	112	(261)
Comprehensive income	924	836
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	924	850
Comprehensive income attributable to non-controlling interests	—	(13)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

Adoption of Accounting Standard for Current Income Taxes and others

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022) and others from the beginning of the current fiscal year. This change has no impact on the quarterly consolidated financial statements.

(Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements)

Not applicable.

(Items related to quarterly consolidated statements of cash flows)

We did not prepare quarterly consolidated statements of cash flows for the three months ended June 30, 2024.

Depreciation (including amortization relating to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2023 and 2024 are as follows:

	(Million yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	176	196
Amortization of goodwill	50	62

(Notes on significant changes in shareholders' equity)

Not applicable.

(Segment information, etc.)
 [Segment information]

I. 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

(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 period	–	1,571	417	–	1,988

II. For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

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	14,654	558	15,213	1,305	16,519	–	16,519
Inter-segment recurring revenue or transfers	79	170	250	55	306	(306)	–
Total	14,734	729	15,463	1,361	16,825	(306)	16,519
Segment profit (loss)	1,581	146	1,728	(107)	1,620	–	1,620

- (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	28	–	62
Balance at end of the period	–	1,437	1,077	–	2,514

3. Additional Information

(1) Status of profit and loss for the three months ended June 30, 2024

(Million yen)

		For the three months ended June 30, 2023	For the three months ended June 30, 2024	Year-on-year change	Year-on-year change rate (%)
Recurring profit (loss)	Underwriting revenue	13,326	14,351	1,024	7.7
	[Of which, net premiums written]	[13,326]	[14,351]	[1,024]	[7.7]
	Underwriting expenses	9,265	10,016	750	8.1
	[Of which, net claims paid]	[7,346]	[8,045]	[699]	[9.5]
	[Of which, loss adjustment expenses]	[268]	[277]	[9]	[3.5]
	[Of which, net commission and collection expenses]	[1,291]	[1,330]	[38]	[3.0]
	[Of which, provision for reserve for outstanding losses and claims]	[91]	[154]	[62]	[68.2]
	[Of which, provision for underwriting reserves]	[268]	[208]	[(59)]	[(22.1)]
	Investment revenue	126	295	169	134.3
	[Of which, interest and dividend income]	[120]	[191]	[71]	[59.4]
[Of which, gain on sale of marketable securities]	[2]	[101]	[98]	[-]	
Investment expenses	-	-	-	-	
Operating and general administrative expenses	3,918	4,183	264	6.8	
Other recurring profit (losses)	932	1,172	239	25.7	
Recurring profit	1,201	1,620	418	34.8	
Extraordinary income (losses)	Extraordinary income	-	-	-	-
	Extraordinary losses	8	6	(2)	(24.6)
	Extraordinary income (losses)	(8)	(6)	2	(24.6)
Profit before income taxes		1,193	1,613	420	35.2
Income taxes - current		209	326	116	55.7
Income taxes - deferred		172	188	16	9.7
Total income taxes		381	515	133	35.0
Profit attributable to owners of parent		811	1,111	300	37.0

(2) 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, 2023			For the three months ended June 30, 2024		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	13,326	100.0	6.6	14,351	100.0	7.7
Total	13,326	100.0	6.6	14,351	100.0	7.7
[Of which, premiums of saving-type insurance]	[-]	[-]	[-]	[-]	[-]	[-]

(Notes) 1. Direct net premiums (including premiums of saving-type insurance) refer 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, 2023			For the three months ended June 30, 2024		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	13,326	100.0	6.6	14,351	100.0	7.7
Total	13,326	100.0	6.6	14,351	100.0	7.7

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

3) Net claims paid

	For the three months ended June 30, 2023			For the three months ended June 30, 2024		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	7,346	100.0	9.8	8,045	100.0	9.5
Total	7,346	100.0	9.8	8,045	100.0	9.5

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

(3) 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

I. Previous fiscal year (as of March 31, 2024)

	Amount recorded in consolidated balance sheets (Million yen)	Fair value (Million yen)	Difference (Million yen)
Corporate and government bonds			
Local government bonds	1,200	1,204	4
Corporate bonds	1,900	1,902	2
Total	3,100	3,107	7

II. Period under review (as of June 30, 2024)

	Amount recorded in consolidated balance sheets (Million yen)	Fair value (Million yen)	Difference (Million yen)
Corporate and government bonds			
Local government bonds	1,200	1,184	(15)
Corporate bonds	2,000	1,973	(26)
Total	3,200	3,158	(41)

2. Available-for-sale securities

I. Previous fiscal year (as of March 31, 2024)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	813	1,040	227
Corporate and government bonds			
Local government bonds	1,300	1,303	3
Corporate bonds	1,500	1,495	(4)
Other	21,484	19,523	(1,960)
Total	25,097	23,363	(1,734)

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

II. Period under review (as of June 30, 2024)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	813	1,085	271
Corporate and government bonds			
Local government bonds	1,900	1,871	(28)
Corporate bonds	1,900	1,872	(27)
Other	19,904	17,590	(2,313)
Total	24,517	22,419	(2,098)

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

(4) Solvency margin ratio

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

	As of March 31, 2024 (Million yen)	As of June 30, 2024 (Million yen)
(A) Total amount of solvency margin	24,659	25,038
Stated capital or funds, etc.	20,839	21,616
Reserve for price fluctuation	146	153
Contingency reserve	–	–
Catastrophe reserve	1,747	1,423
General allowance for doubtful accounts	2	2
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	(1,734)	(2,098)
Unrealized gains (losses) on land	42	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	3,616	3,898
(B) Total amount of risk $\sqrt{\{(R1 + R2)^2 + (R3 + R4)^2\}} + R5 + R6$	14,777	15,046
General insurance risk (R1)	14,356	14,614
Third sector insurance risk (R2)	–	–
Assumed interest rate risk (R3)	–	–
Asset management risk (R4)	1,695	1,752
Business administration risk (R5)	321	327
Major catastrophe risk (R6)	–	–
(C) Solvency margin ratio on a non-consolidated basis (%) $[(A) / \{(B) \times 1/2\}] \times 100$	333.7	332.8

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

Solvency Margin Ratio

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

(English Translation)

Independent Auditor's Interim Review Report

August 7, 2024

The Board of Directors
Anicom Holdings, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Kenjiro Tsumura
Designated Engagement Partner
Certified Public Accountant

Nobutaka Fujima
Designated Engagement Partner
Certified Public Accountant

Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of Anicom Holdings, Inc. and its subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at June 30, 2024, the quarterly consolidated statements of income and comprehensive income for the three-month period ended June 30, 2024, and notes to the quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards) and accounting standards for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

Basis for Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibilities of Management, the Audit & Supervisory Board Member and the Audit & Supervisory Board for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting standards for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting standards for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

The Audit & Supervisory Board Member and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review.

We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting standards for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting standards for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Audit & Supervisory Board Member and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant review findings.

We also provide the Audit & Supervisory Board Member and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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- (Notes)1. This is an English translation from the original copy of the Independent Auditor's Interim Review Report, which is in the Company's custody (the company disclosing the quarterly financial statements).
2. XBRL and HTML data are exempt from the interim review.