

2Q FY03/25

# Financial Report

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November 8, 2024

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Security Code:8715

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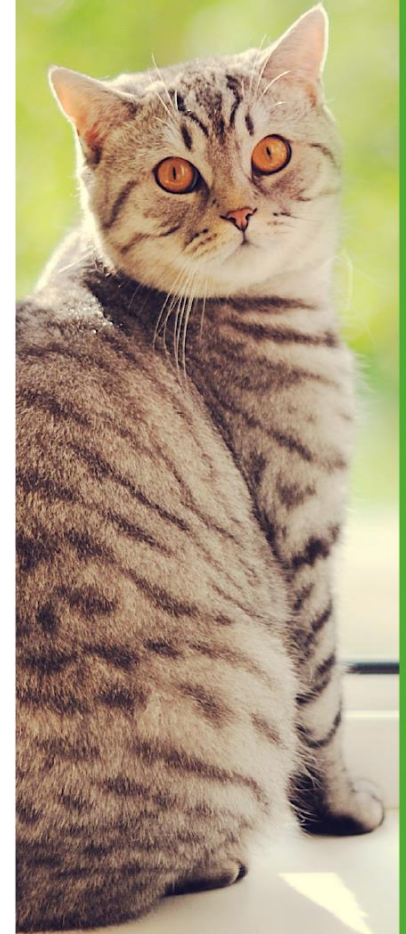
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**APPENDIX**

# 1

## Results Overview

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

<b>Recurring revenue</b>	<h2 style="margin: 0;">32,903</h2> <p style="margin: 0;">+10.3% YoY (+3,066 mn JPY) Planned JPY 32,000 mn +2.8%</p> <p style="margin: 0;">Of which, underwriting revenue: +7.5% YoY (+JPY 2,012 mn)</p>	<p style="margin: 0;"><b>Million JPY</b></p>
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<b>Recurring profit before amortization of goodwill</b>	<h2 style="margin: 0;">3,254</h2> <p style="margin: 0;">+20.4% YoY (+ JPY 551 mn)</p>	<p style="margin: 0;"><b>Million JPY</b></p>
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<b>Recurring profit</b>	<h2 style="margin: 0;">3,130</h2> <p style="margin: 0;">+20.3% YoY (+JPY 528 mn) Planned JPY 2,800 mn +11.8%</p>	<p style="margin: 0;"><b>Million JPY</b></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 achieve increases both in revenue and profit.**

- **Recurring revenue**
  - For Apr–Sept, the number of new policies was **117,000** and the number of policies in force totaled **1,236,000 (+7.2%)**, **showing continuous growth at a solid pace.**
  - Outside the insurance business, other recurring revenue **grew steadily** to **JPY 3,599 million (+33.2%)**.
  - Investment revenue was **JPY 516 million (+43.2%)**, **progressing in line with the plan** through agile investment management under uncertain market conditions.
- **Recurring profit**
  - We secured **significant profit growth, progressing in line with the plan** due to improved policy acquisition cost and improved efficiency of business operations.

## 2. Income statement summary



(JPY mn)

	2Q FY03/24	2Q FY03/25	Change
<b>Recurring revenue</b>	<b>29,837</b>	<b>32,903</b>	<b>10.3</b> %
Underwriting revenue	26,774	28,787	7.5 %
Investment revenue	361	516	43.2 %
Other recurring revenue	2,701	3,599	33.2 %
<b>Recurring expenses</b>	<b>27,235</b>	<b>29,773</b>	<b>9.3</b> %
<b>Underwriting expenses</b>	18,392	19,930	8.4 %
• Net claims paid	(15,079)	(16,507)	9.5 %
• Loss adjustment expenses	(556)	(566)	1.7 %
• Net commission and collection expenses	(2,564)	(2,665)	3.9 %
• Provision for reserve for outstanding losses and claims	(191)	(164)	-13.8 %
• Provision for underwriting reserves	-	(26)	- %
Of which unearned premiums	-	(844)	- %
Of which catastrophe reserve	-	(-818)	- %
<b>Investment expenses</b>	2	2	30.2 %
<b>Operating and general administrative expenses</b>	7,863	8,478	7.8 %
<b>Other recurring expenses</b>	978	1,361	39.2 %
<b>Recurring profit before amortization of goodwill</b>	<b>2,703</b>	<b>3,254</b>	<b>20.4</b> %
<b>Recurring profit</b>	<b>2,601</b>	<b>3,130</b>	<b>20.3</b> %
<b>Net profit</b>	<b>1,756</b>	<b>2,180</b>	<b>24.1</b> %

## 2. Income statement summary



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

(JPYmn)

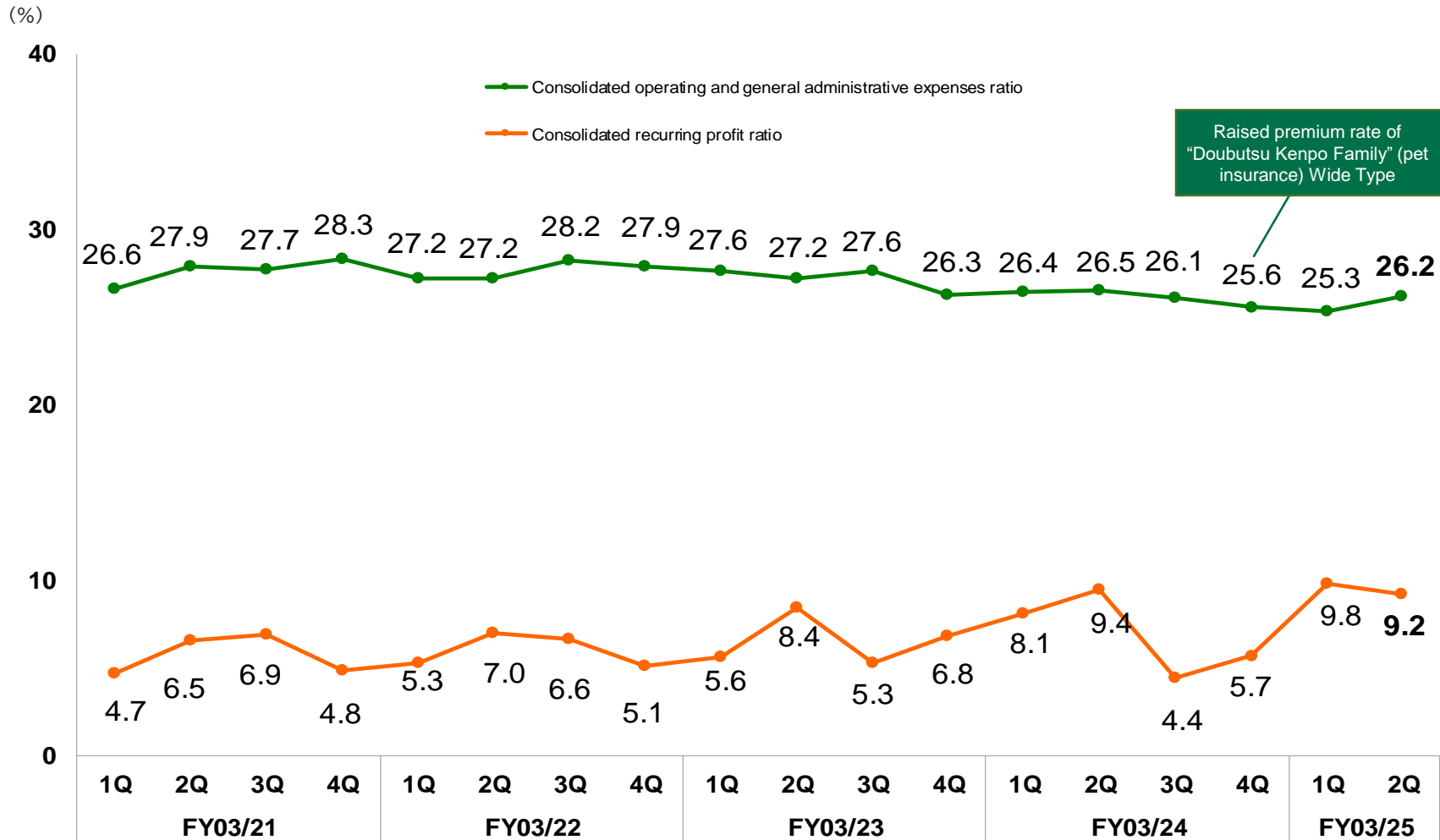
	2Q FY03/24	2Q FY03/25	Change
<b>Earned premiums</b>	<b>26,108</b>	<b>28,076</b>	<b>7.5%</b>
<b>Claims incurred (including loss adjustment expenses)</b>	15,827	17,238	8.9%
<b>E/I loss ratio (1)</b>	60.6%	<b>61.4%</b>	0.8pt
<b>Expense ratio (based on earned premiums) (2)</b>	33.4%	<b>32.1%</b>	-1.3pt
(of which, net commission and collection expense ratio)	(10.1%)	<b>(9.9%)</b>	(-0.2pt)
<b>Combined ratio (based on earned premiums) (1)+(2)</b>	<b>94.0%</b>	<b>93.5%</b>	<b>-0.5pt</b>

# 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)

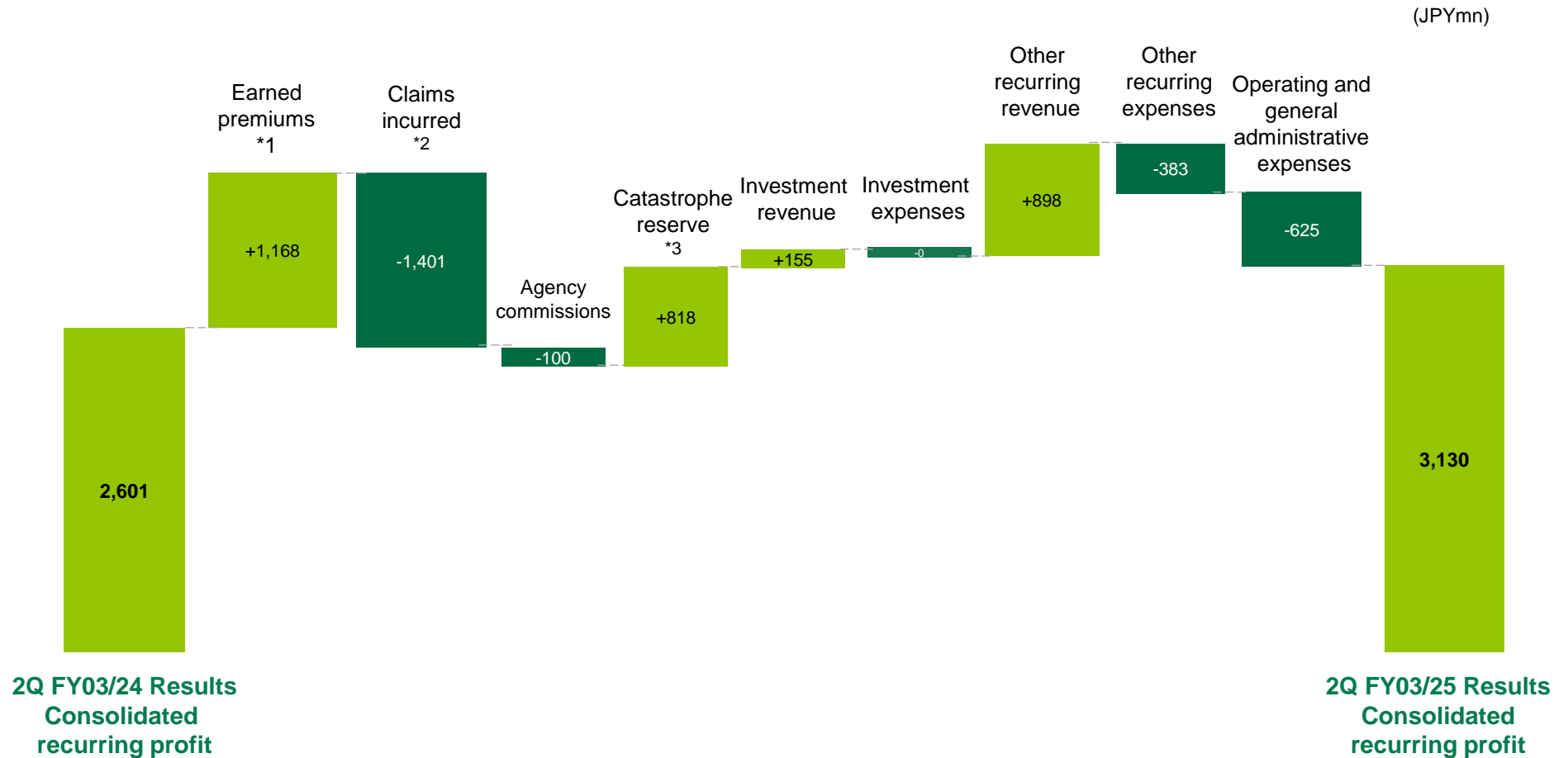


# 4. Factors of changes in recurring profit

(Comparison analysis with 2Q FY03/24 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





## 5. Balance sheet summary



	End-FY03/24	End-2Q FY03/25	Change
<b>Total assets</b>	<b>66,357</b>	<b>66,430</b>	<b>0.1 %</b>
Cash and bank deposits	23,879	21,271	- 10.9 %
Marketable securities	27,510	28,709	4.4 %
Tangible fixed assets	6,925	6,997	1.0 %
Other assets	8,041	9,452	17.5 %
<b>Total liabilities</b>	<b>36,204</b>	<b>36,369</b>	<b>0.5 %</b>
Reserve for insurance policy liabilities	24,551	24,742	0.8 %
Of which loss reserves	3,245	3,410	5.1 %
Of which underwriting reserves	21,305	21,331	0.1 %
Corporate bonds	5,000	5,000	— %
Other liabilities	6,653	6,627	- 0.4 %
<b>Total net assets</b>	<b>30,152</b>	<b>30,061</b>	<b>- 0.3 %</b>
Shareholders' equity	31,144	31,227	0.3 %
Valuation and transaction adjustments	- 1,248	- 1,439	— %
Other	256	273	6.5 %
<b>Total liabilities and net assets</b>	<b>66,357</b>	<b>66,430</b>	<b>0.1 %</b>

## **2** Progress of Priority Measures

- 1. Progress of priority measures (Insurance business, investment, other)**
- 2. Progress of priority measures (Synergistic businesses)**
- 3. Topics**





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

## Insurance Business

### Numbers of new policies and policies in force

- The number of new policies totaled over 117,000 for Apr–Sept, and the number of policies in force exceeded 1.23 million as of September 30, 2024.

### Revision of Premiums

- The premiums for Wide Type products (no limited days) will be revised (raised) by an average of 6.6%.  
\*The revision will be first applied to policies with a start date on December 1, 2024.

### Expanding products and services

- Owing to a steady increase in Doubutsu Kenkatsu applications, the renewal rate remained stable and high for Apr-Sept at 88.1%.

## 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”  
132 inventors as of September 30, 2024 (13 inventors as of December 31, 2020)

Numbers of patents granted by field of technology \*As of September 30, 2024

	Image recognition AI	Genes, food, and gut microbiota	Regenerative medicine	Other	Total
Patents granted	7	7	3	3	20

### [Examples of patents granted]

**Patent 7559010: Food Suggestion System and Food Suggestion Method**  
The system proposes suitable food based on the insurance claim ratio of each breed of pets.

- Ranked 1st in the categories of “insurance payouts/benefits” and “OTC (over-the-counter) insurance settlement” of the pet insurance ranking in the 2024 Oricon Customer Satisfaction® Survey  
Awarded for eight consecutive years in the “insurance payouts/benefits” category.



Ranked 1st in the “pet insurance: insurance payouts/benefits” category in the 2024 Oricon Customer Satisfaction® Survey/  
Ranked 1st in the “pet insurance: OTC (over-the-counter) insurance settlement” category in the 2024 Oricon Customer Satisfaction® Survey



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

## Before birth Upstream



## Day-to-day routines Midstream



## Curing the incurable Downstream



### 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 the matching service business

- With demand remained strong, contracts of “Minna no Breeder” and “Minna no Koneko Breeder” grew steadily.



Results of the matching service business (SIMNET) for 2Q FY03/25

- Net sales: 1,393 million JPY (2Q FY03/24: 1,033 million JPY)
- Recurring profit: 201 million JPY (2Q FY03/24: -26 million JPY)

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

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

- Over 117,000 applications were received for Doubutsu Kenkatsu service for Apr-Sept.
- Test-marketed new oral and intestinal care products through Doubutsu Kenkatsu.

#### ● Anicom booth at Interpets Osaka

- Tasting and marketing events for “7 Days Food,” which increases the diversity of intestinal flora



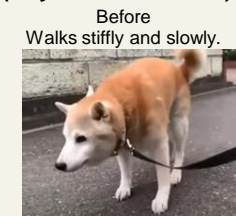
#### ■ Trial use and marketing of “CRYSTAL JOY,” a toothpaste gel using MA-T®



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

#### ➢ Regenerative medicine business

- We established medical treatment and prevention methods using regenerative medicine.
- Conducted research to improve quality of life
- Case of a dog underwent stem cell administration (15-year old Shiba inu)



#### ➢ Animal hospital business 57 hospitals as of September 30, 2024



# 3. Topics (1) Enhancement of value as preventive pet insurance brand



## Anicom Insurance's Animal Health Insurance "Dobutsu Kenpo" Wins Good Design Award 2024

First Pet Insurance to Receive "Insurance That Makes Pets Healthier" Recognition



Anicom has become the first\* pet insurance company to win the Good Design Award for its "Dobutsu Kenpo," the insurance "that makes pets healthier."

\*According to the award recipient.

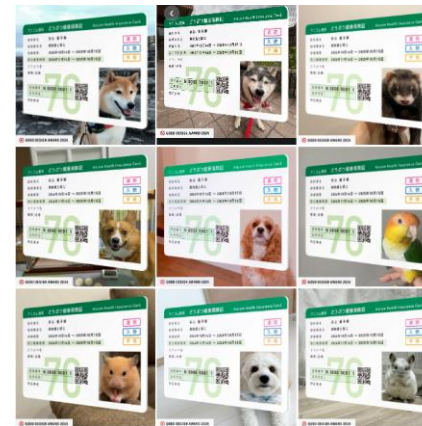


**[Reviewer's comment]**

This service supports pet health by comparing past insurance claim data with health examination results to provide disease risk assessment results and free health checkups. The main reason we purchase insurance is to ensure coverage for unanticipated events. However, the most desirable outcome for both policyholders and businesses would be not having to use insurance. This is an excellent effort based on this understanding, which incorporated the concept into service.



▲ Promoting gut microbiome measurement and animal health insurance cards that are a strong point offered by our animal health insurance "Dobutsu Kenpo"



▲ To commemorate this award, we launched a social media campaign featuring an AR experience with our insurance card.



▲ Scene from the award ceremony banquet (Left: Shingo Noda, Anicom Insurance, Inc. Representative Director; Right: Hiroyuki Takahashi, Anicom Holdings, Inc. Managing Executive Officer)



### 3. Topics (2) Capital policy and shareholder returns

## Status of Repurchase of the Company's Shares

### ■ Outline

- On May 25, 2023, the Company decided on a policy to allocate approx. 4.0 billion yen, an amount resulting from SMR calculation errors, to share repurchases.
- For FY2023, the Company completed purchase of treasury shares of up to 1.0 billion yen by September 21, 2023.
- For FY2024, the Company plans repurchases of up to the remaining 3.0 billion yen between May 27, 2024 and March 31, 2025.
- **As of September 30, 2024, the Company has purchased its own shares of approx. 1.6 billion yen.**

## Issuance of Second Series Unsecured Bonds

### ■ Terms and conditions of bond issuance

(1) Name of bonds	Anicom Holdings, Inc. Second Series Unsecured Bonds (with pari passu conditions among specified bonds)
(2) Total amount of bonds	5.0 billion yen
(3) Maturity date	November 1, 2029 (5-year bond)
(4) Interest rate	0.984% per annum
(5) Payment date	November 1, 2024
(6) Rating obtained	A (Japan Credit Rating Agency, Ltd.)

### ■ Outline of use of funds

- For infrastructure business in the pet industry to expand new businesses and for investment in and loan to subsidiaries and affiliates, etc.

# 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

	2Q FY03/24	End-FY03/24	2Q FY03/25	Vs. previous year		Vs. previous year-end	
				Numbers	Rate	Numbers	Rate
(1) Policies in force	1,154,322	1,193,560	1,236,904	82,582	7.2%	43,344	3.6%
(2) New policies	110,883	223,289	117,552	6,669	6.0%	-	-
(3) Renewal rate	88.2%	88.2%	88.1%	-	-	-	-
(4) Insurance payout cases	2,199,000	4,381,000	2,285,000	86,000	3.9%	-	-

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

	2Q FY03/24	2Q FY03/25	YoY Change
(5) E/I loss ratio	60.6%	61.4%	0.8 pt
(6) Expense ratio (based on earned premiums)	33.4%	32.1%	-1.3 pt
(7) Combined ratio (based on earned premiums)	94.0%	93.5%	-0.5 pt

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

	End-FY03/24	2Q FY03/25	Vs. previous year-end
(8) Solvency margin ratio (non-consolidated)*	333.7%	339.9%	6.2 pt

	2Q FY03/24	2Q FY03/25	YoY Change
(9) No. of applicants of Doubutsu Kenkatsu (gut microbiota testing)	108,207	117,004	8.1%
(10) Animal hospitals accepting Anicom	6,850	6,919	1.0%
(11) No. of samples for genetic testing	34,281	33,787	-1.4%

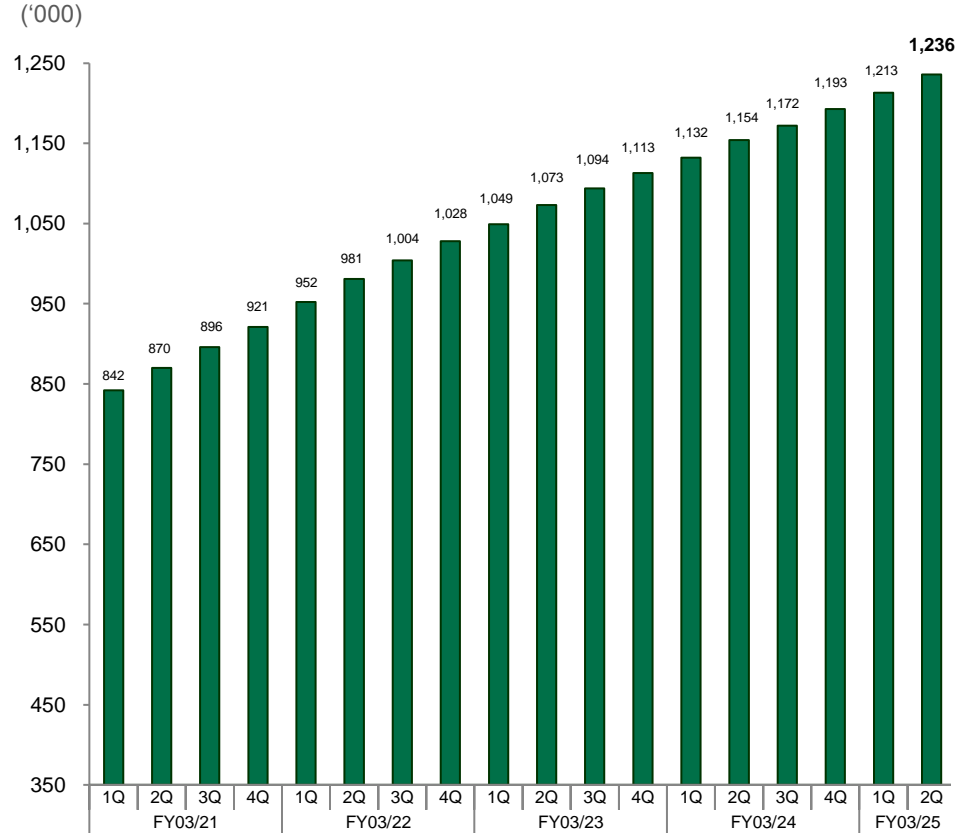
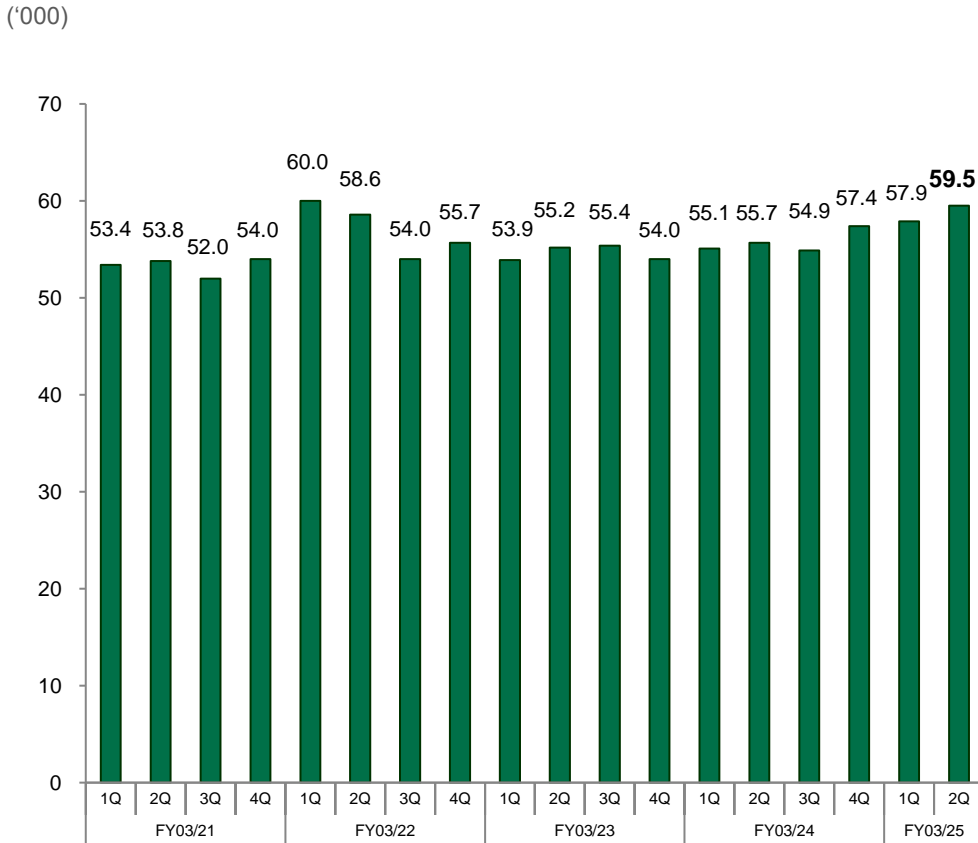


# 2. Anicom Insurance (non-consolidated): Recurring revenue indicators



Quarterly trend in number of new policies

Quarterly trend in number of policies in force



# 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

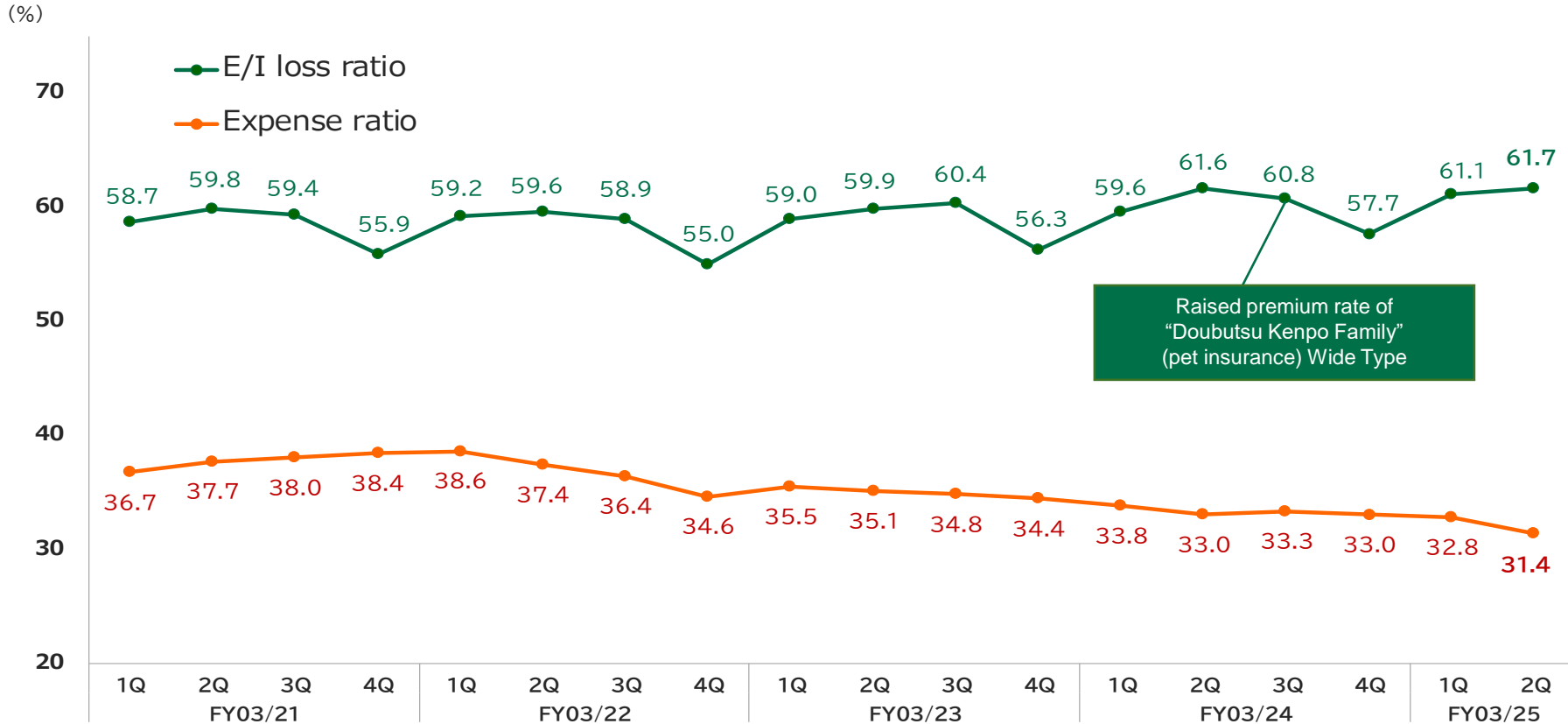
- Raised premium rate
- Raised premium rate for animals that are eight years or older

3Q FY03/19

- Launch of "Doubutsu Kenkatsu"
- Raised premium rate
- Revised premiums and breed classes

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).

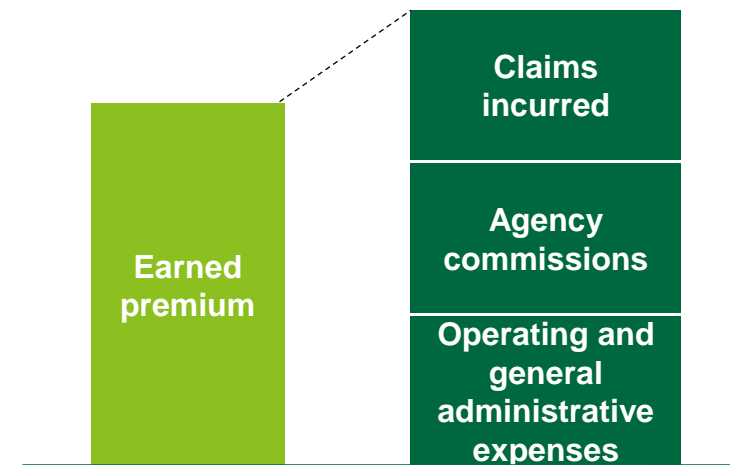
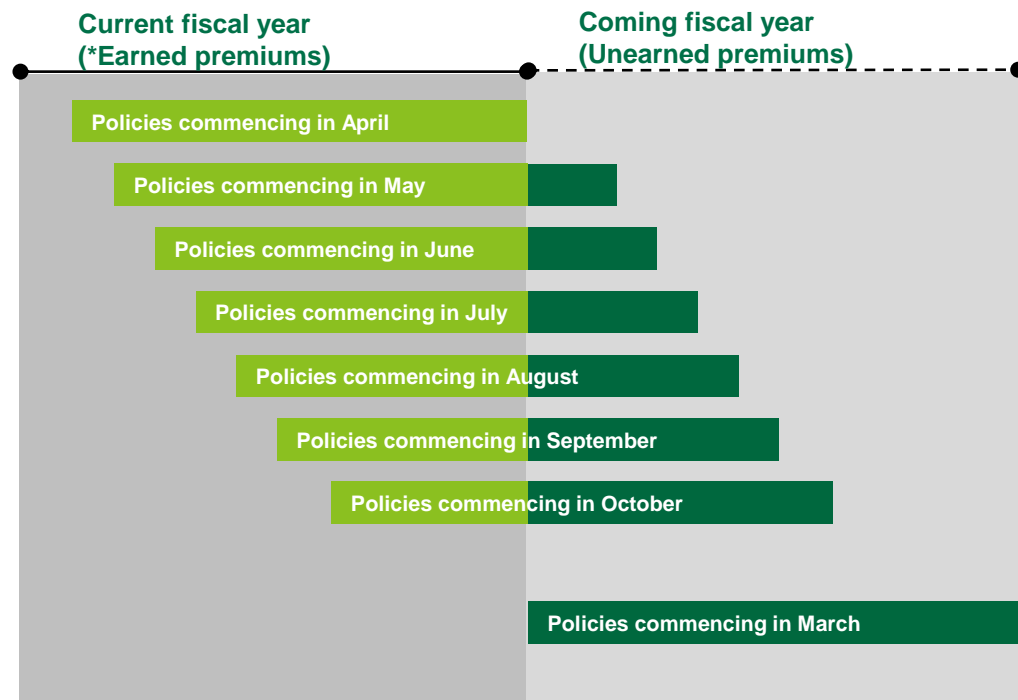


# (Reference) Impact of insurance accounting on recurring profits/losses



## 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



## Integrated Report

<https://www.anicom.co.jp/en/ir/library/disclosure/>

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