Anicom Holdings Q&A Summary of Q1 FY03/27 Financial Result Briefing

August 10, 2026

Q: While the Company recorded gains on the sale of equities in the first quarter, its holdings of Japanese government bonds increased. Could you explain the reasons for this increase and provide your outlook for investment revenue going forward?

A: The increase in Japanese government bonds resulted from reallocating a portion of cash and deposits to short-term government bonds. Meanwhile, with respect to the existing investment portfolio, we continue to manage assets flexibly in accordance with our established policy, including reallocating a portion of bond holdings to equities. In the first quarter, we realized a portion of the unrealized gains on equities and secured investment income broadly in line with the plan. Going forward, we intend to manage the balance of the overall portfolio while also considering measures to eliminate unrealized losses.

Q: Could you explain the rationale for setting the management target for the economic value-based solvency ratio (ESR) at 210%, as well as the Company's approach to capital allocation in light of the dividend from Anicom Insurance to Anicom Holdings?

A: The ESR management target of 210% was set somewhat conservatively, taking into account the levels maintained by other life and non-life insurers. Going forward, we intend to consider whether the target level of 210% itself should be revised. The ¥3.06 billion dividend from Anicom Insurance to Anicom Holdings had already been factored to some extent into the cash allocation plan under the Mid-Term Management Plan. We will first proceed in accordance with the plan's policy of providing cumulative shareholder returns of ¥6.0 billion. At the same time, we will consider additional shareholder returns, taking into account the appropriate balance with growth investments and foundation strengthening.

Q: The Mid-Term Management Plan calls for cumulative shareholder returns of ¥6.0 billion. Given the current ESR level, could you explain the Company's view on surplus capital and the possibility of additional shareholder returns?

A: The current ESR exceeds the management target of 210%, and we therefore recognize that the Company has a certain amount of surplus capital. At present, we intend to proceed in accordance with the Mid-Term Management Plan's policy of providing cumulative shareholder returns of ¥6.0 billion. However, we will also consider using the surplus capital to provide additional shareholder returns beyond the ¥6.0 billion as one possible option.

Q: When do you expect JARVIS Animal Medical Center Tokyo to reach full operating capacity, and what level of sales do you anticipate at that point?

A: We expect the facility to reach full operating capacity in approximately two years, at which point we anticipate annual sales of approximately ¥5.0 billion.

Q: Could you explain why the number of new policies declined year on year when policies transferred from AXA Direct are excluded?

A: The primary factor was weak performance in the pet shop channel, which accounts for approximately 70% of new policies, during the first quarter. Stronger demand for travel and other leisure activities, particularly around Golden Week, resulted in slower year-on-year sales of dogs and cats at pet shops. However, sales have shown signs of recovery since the beginning of the second quarter, and we believe that underlying demand for pets remains stable over the long term.

Q: Could you explain the reasons for closing or scaling back existing hospitals in the animal hospital business?

A: We are currently concentrating resources on advanced veterinary care, centered on JARVIS Animal Medical Center Tokyo. With respect to existing primary care hospitals, we are closing or scaling back individual hospitals as appropriate, taking into account their respective circumstances and the profitability of the overall business portfolio.

Q: What factors have caused the loss ratio to rise more than anticipated, and how does the Company intend to address this going forward?

A: The main factors behind the increase in the loss ratio are the aging of the portfolio of policies in force and rising veterinary care costs. In addition to higher treatment fees at animal hospitals due to inflation, veterinary care costs have been affected by increasingly advanced medical care resulting from the wider adoption of CT, MRI, and other technologies. Although both are structural factors, we intend to address them by promoting preventive insurance to extend animals' healthy life expectancy and by capturing demand within the Group's advanced veterinary care businesses, including JARVIS Animal Medical Center Tokyo. In parallel, we will consider revising insurance premiums in light of inflation and other factors to curb the increase in the loss ratio.

Q: If the Company expands its share repurchases going forward, could the resulting increase in the ownership ratios of existing major shareholders constrain its ability to conduct further share repurchases?

A: We recognize that repurchasing and canceling treasury shares would result in a relative increase in the ownership ratios of existing shareholders. However, we do not intend to determine our capital policy solely on the basis of the current shareholder composition. We will consider the appropriate level of shareholder returns and the scale of share repurchases, taking into account the balance among growth investments, foundation strengthening, and shareholder returns, as well as Anicom Holdings’ cash position.