

# Anicom's Business Model

Securities Code: 8715



# 1 Company Profile

1. Overall group profile and group history
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4. Pet insurance products
5. Anicom's strengths

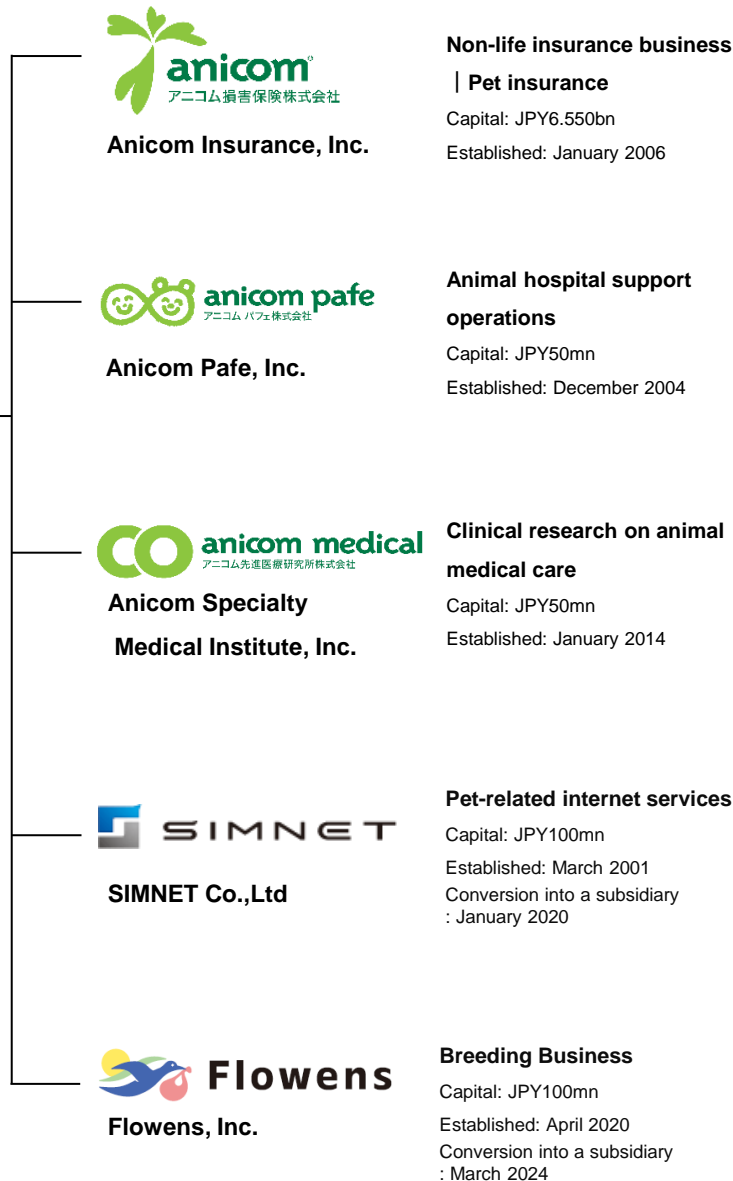


# 1. Overall group profile and group history



**Anicom Holdings, Inc.**  
**Subsidiary Business Management**

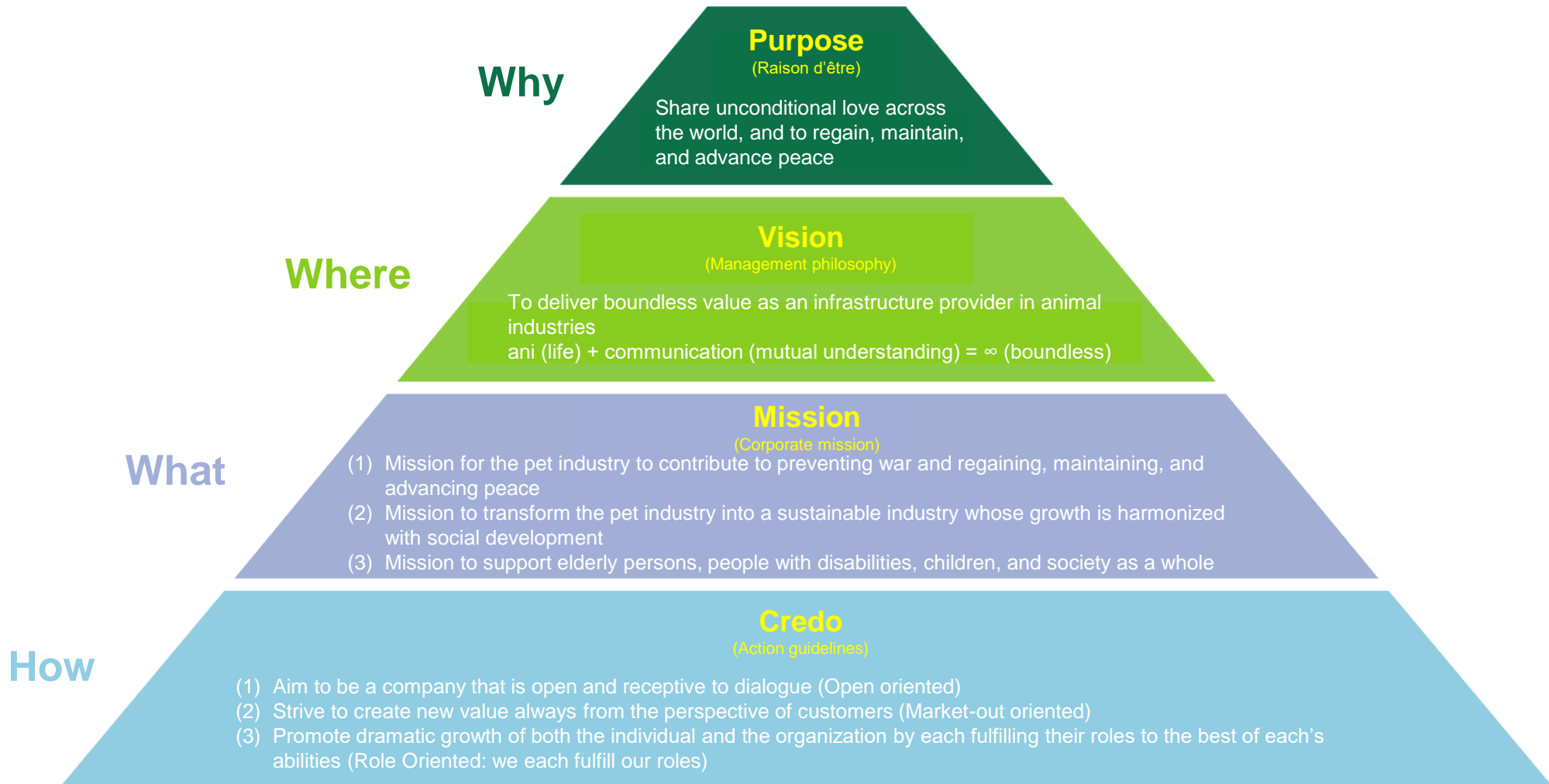
Capital: JPY8.202bn  
 Established: July 2000



Apr. 2000	Established anicom as voluntary association (mutual aid association for pets)
Jul. 2000	Based on anicom, established BSP Inc. as an animal insurance business entrustment company. (Changed trade name to Anicom International, Inc. in January 2005, and to Anicom Holdings, Inc. in June 2008)
Dec. 2004	Established Anicom Pafe, Inc.
Feb. 2005	Established Anicom Frontier, Inc.
Jan. 2006	Established Anicom Insurance Planning, Inc. to prepare for the establishment of an insurance company (changed trade name to Anicom Insurance, Inc. in December 2007)
Dec. 2007	Anicom Insurance, Inc. acquired a nonlife insurance business license Anicom International, Inc. acquired certification as an insurance holding company
Jan. 2008	Start of sales of pet insurance by Anicom Insurance, Inc.
Apr. 2008	Start of pet insurance coverage by Anicom Insurance, Inc.
Nov. 2009	Published "White Paper on Household Animals" (published annually thereafter)
Mar. 2010	Anicom Holdings, Inc. listed on the Tokyo Stock Exchange Mothers market; (securities code: 8715)
Jan. 2014	Established the Japan Animal Specialty Medical Institute, Inc. (currently, Anicom Specialty Medical Institute, Inc.)
Jun. 2014	Anicom Holdings, Inc. shares moved to First Section of Tokyo Stock Exchange
Jul. 2015	Established Anicom Capital, Inc.
Apr. 2016	Established Celltrust Animal Therapeutics Co., Ltd. as a joint venture between Anicom Holdings, Inc. (49% stake) and Fujifilm Corporation (51%)
Mar. 2017	Established Hong Kong Anicom Company Limited as a joint business related to animal medical care in China with 49% of funding by our company
Jan. 2020	Acquired all shares of SIMNET Co.,Ltd. making it a wholly-owned subsidiary
Mar. 2021	Dissolution of the joint venture agreement with Fujifilm Corporation and transfer of the business of Celltrust Animal Therapeutics Co., Ltd. to Anicom Specialty Medical Institute, Inc. Dissolution of Anicom Capital, Inc.
Feb. 2022	Acquired Hong Kong Anicom Company Limited as a subsidiary by underwriting of capital increase
Apr. 2022	Transited to Prime Market from 1st Section by Market Restructuring of Tokyo Stock Exchange
Oct. 2022	Anicom Pafe, Inc. absorbed and merged Anicom Frontier, Inc.
Mar. 2023	Acquired shares in Flowence, Inc. and made it a consolidated subsidiary

## 2. Group's Philosophy Framework

Amidst the dramatic changes in the environment surrounding society, we as a member of pet industry have positioned this philosophy framework as the highest-order concept in order to contribute to the resolution of social challenges, and achieve further enhancement of corporate value and sustainable growth.





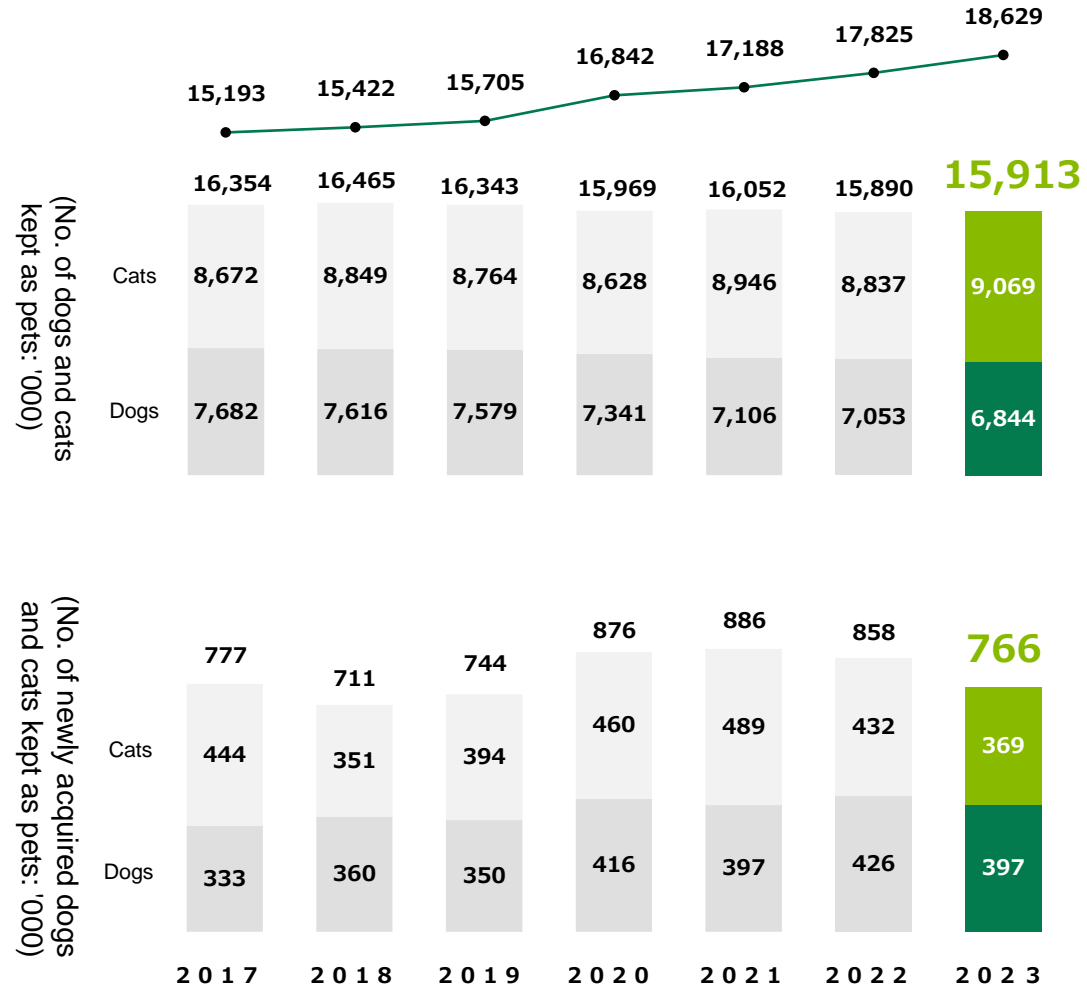
# 3. Pet insurance market environment

## Market Size and Number of Pets

Growth in market overall, despite pet population is decreasing



Market scale of whole pet industry (unit: 100 million JPY)



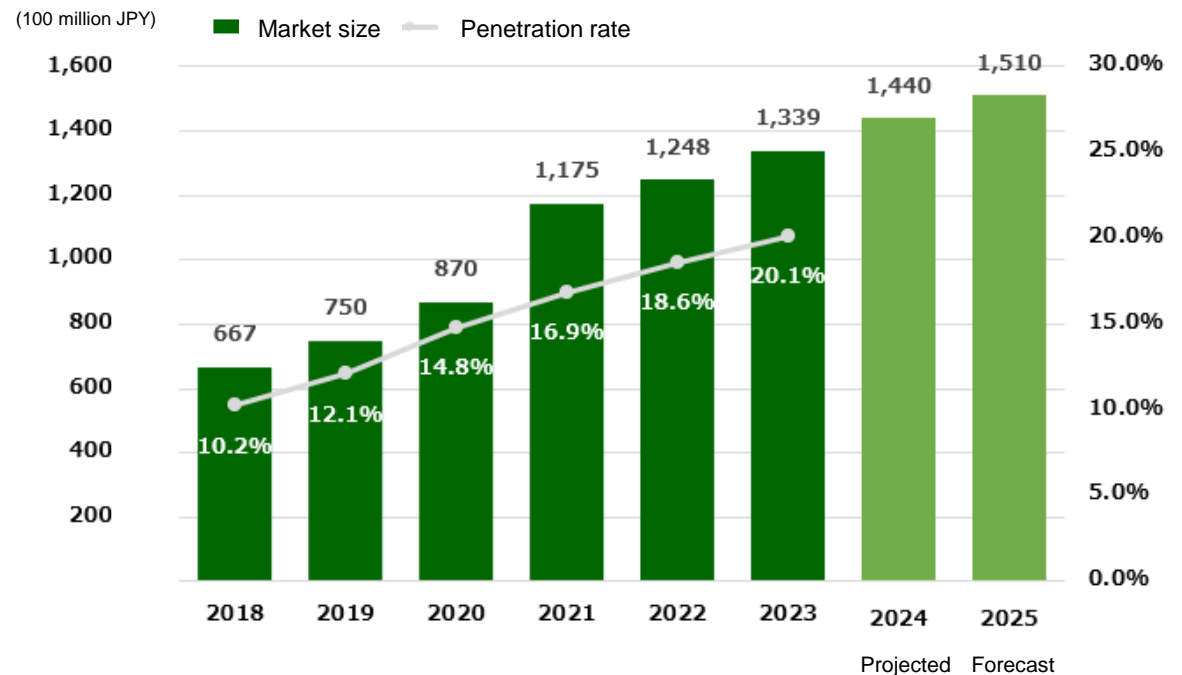
Source: Japan Pet Food Association  
 Source: Yano Keizai Co., Ltd. Pet Business Marketing Overview

\*Due to changes in estimation methods used in Japan Pet Food Association's national survey of cat and dog ownership, values provided here may differ from estimated values previously published.

### 3. Pet insurance market environment

# Pet Insurance Market Size and Penetration Rate

Penetration rate remains 20%, market is still growing



Source: Fuji Keizai Co., Ltd.: Overview of Pet-related Sector Marketing in 2024 / Penetration rate is estimated from the said overview, and Japan Pet Food Association's national survey of cat and dog ownership, 2023

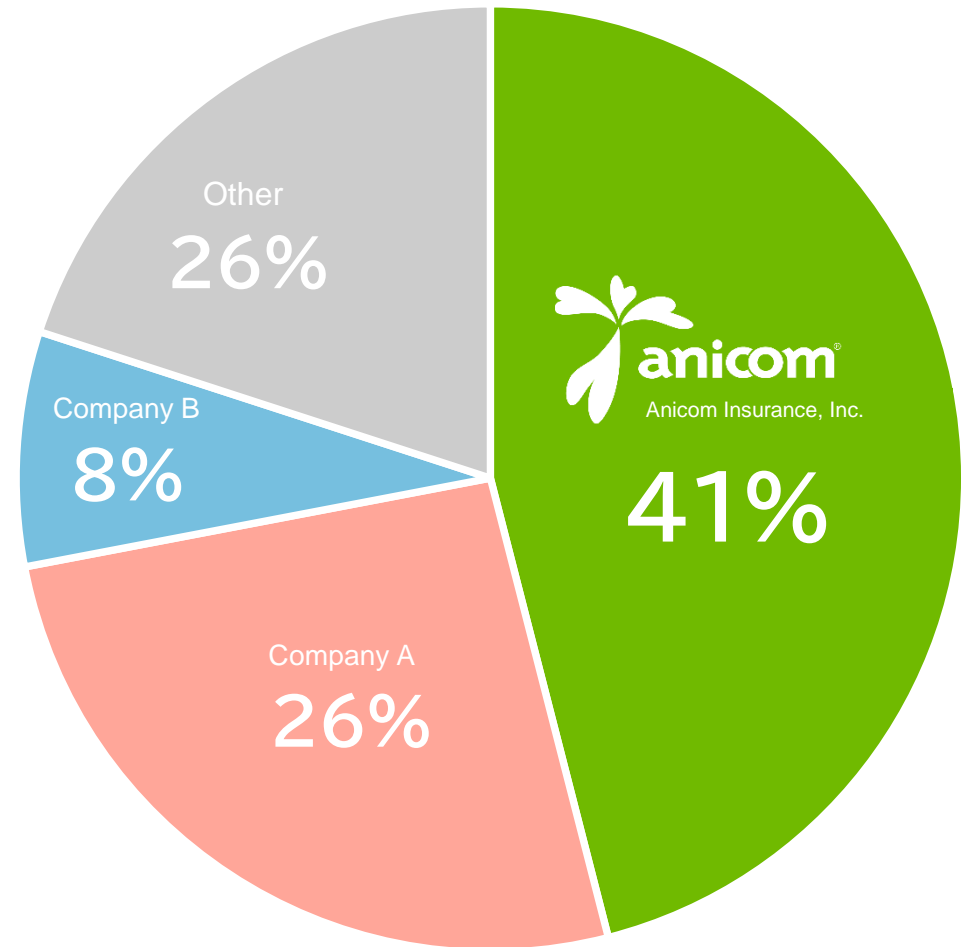
\*Due to changes in estimation methods used in Japan Pet Food Association's national survey of cat and dog ownership, values provided here may differ from estimated values previously published.

### 3. Pet insurance market environment

# Company Share of Pet Insurance Market

(Premium basis (Approximate))

No. 1 share for 15 years in a row



Assumed by our company based on each company's disclosure materials and published financial statements

# 4. Pet insurance products

## 01 Pet health insurance



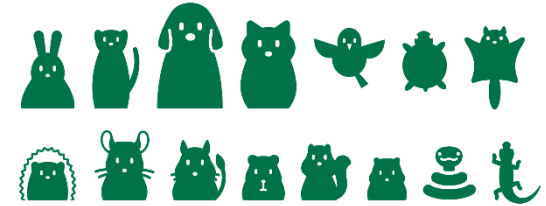
Two coverage plans: 70% and 50%

## 02 Premiums and product features

	70%プラン 支払限度額と 限度日数(回数)	50%プラン 支払限度額と 限度日数(回数)
通院	1日あたり最高 14,000円まで 利用できる日数は各20日まで(年)	1日あたり最高 10,000円まで 利用できる日数は各20日まで(年)
入院	1日あたり最高 140,000円まで 利用できる回数は2回まで(年)	1日あたり最高 100,000円まで 利用できる回数は2回まで(年)

Maximum payout and hospitalization stays covered by full coverage products

## 03 Coverage for wide range of animals



Total of 15 species covered

### Product development meeting various demands

Our main product, Animal Health Insurance Family, can be utilized for medical treatment at any animal hospitals, and covers fees incurred for hospital visits, hospitalization, and surgery. Also, we offer Animal Health Insurance Petit specializes in hospitalization and surgery with low premiums, and Animal Health Insurance Senior targets dogs and cats over 8 years old, and specializes in hospitalization and surgery.  
(Note) Neither product offers death cover.

### Newly added service “Doubutsu Kenkatsu”

In December 2018, we started providing insurance incorporating gut microbiota measurements and a medical-examination recommendation service. It is the first service of its kind in the insurance industry. Utilizing the service, we aim to become a prevention-oriented insurance company which makes policyholders healthier.

### Premiums determined by breed and age

The annual premium is around JPY34,000 for a one-year-old chihuahua and JPY71,000 for a five-year-old golden retriever on the 70% plan, full coverage product. Our premiums increase more gradually with age compared to our competitors.

### Controlling loss ratio by policy limits (payouts and hospitalization days)

Each insurance product sets limits on the payout amount and hospitalization days covered to keep the loss ratio under control. That being said, coverage is made generous so that policyholders will be satisfied with their payout.

### 15 species of animals eligible for coverage

In addition to dogs and cats, insurance can be issued for other popular pets such as birds, rabbits and ferrets. Moreover, we started proving insurance for Japanese flying squirrels, squirrels, hamsters, mice, guinea pigs, hedgehogs, turtles and lizards from 2016, and chinchillas and snakes from March 2019. As a result, the number of covered animals became one of the largest in the industry.

### Lifelong renewals

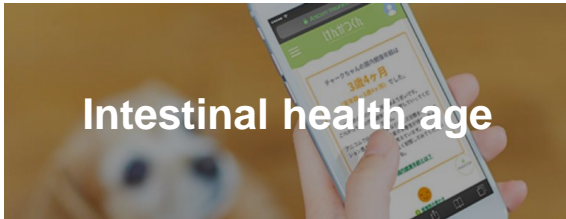
We accept new policies for dogs and cats of all ages. Although the policies are non-life insurance products that must be renewed annually, they can in principle be renewed throughout a pet's lifetime.



## 4. Pet insurance products

"Doubutsu Kenkatsu" (microbiota measurement + medical checkups)

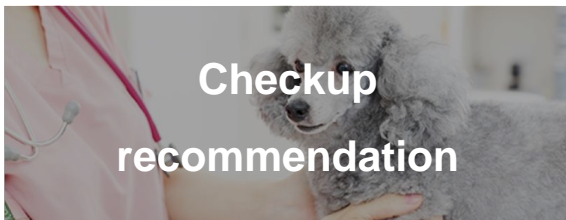
We provide free gut microbiota measurement services for policy holders.



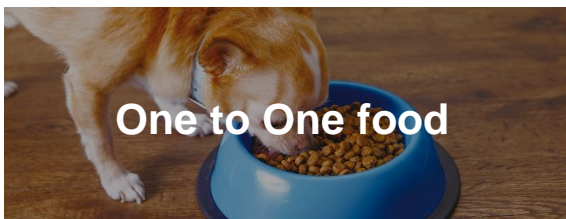
By comparing test results with the same species' average microbiota balance, we measure the animals' intestinal health age. We offer the test once a year, so that policyholders can utilize the results for health care.



We measure the likelihood of getting sick by using the tens of thousands of microbiota research data and statistical data based on insurance payouts.  
(Note) Microbiota measurement is not a diagnosis.



Depending on the test results, we recommend a free medical checkup (blood test) at animal hospitals of our designation. We aim to prevent and detect illness in early stages through this service.



Anicom Pafe, a Group company, started selling "Kimi no Gohan: microbiota," a one-to-one food based on the results of microbiota measurements, in 2021. The food is tailored to the individual body condition to protect the health of pets.

# 5. Anicom's strengths

## (1) Our Greatest Strength: The "over-the-counter payment system" paired with our industry's leading number of partner hospitals※

※As of September 2023, based on Anicom's research

OTC settlement flow



The insurance payout temporarily shouldered by the animal hospital (JPY7,000 in the case above) is paid to the animal hospital by Anicom at the end of the month.

**Our OTC settlement system, which facilitates a smooth link between policyholders, animal hospitals and Anicom, is available across nearly the entire country. The high barriers to entry in this segment of the market give us a substantial competitive advantage.**

### 01 Great customer convenience

We established an over-the-counter (OTC) settlement system for animals, allowing policyholders to pay only uncovered amounts out of pocket simply by presenting their insurance card at the hospital (similar to the National Health Insurance system). Our Japan's first business model centered on ease of use is the strongest point as medical treatment for pets is characterized by low cost but high frequency.

### 02 Broad partnership with hospitals

We have always worked to expand the network of hospitals accepting Anicom insurance. Consequently our network has grown to 6,900 hospitals (more than 50% of all animal hospitals in Japan). In addition, Anicom is highly competitive because newly opened hospitals are more likely to partner with an insurance company that has a broad presence in the market as their first choice.

### 03 Low administrative costs

Compared to the traditional claim, which incur administrative costs such as bank transfer charges, postage, and assessment costs per every claim, our OTC settlement system has reduced this cost significantly. Of the annual 4.3million claims we receive, roughly 87% are settled over the counter, resulting in high business efficiency.



**GOOD DESIGN  
AWARD 2024**

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.

# 5. Anicom's strengths

## (2) Sales capability covering all of Japan and variety of channels

### 01 Newborn channel (FLOW)

Our largest channel targeting newborn animals has mainly been sold through pet shops and breeders.

This channel is distinguished by a high contract ratio and a low loss ratio due to the young age of the animals.



#### Insurance sales where owners meet their pets for the first time

This channel targets pets about to join new families. We have concluded agency agreements with major pet shops and breeders nationwide to sell pet insurance with the pets. In addition, we are pioneering channels such as adoption sessions to sell insurance at various occasions where owners meet their pets.

#### Product design that facilitates signup

Because newly sold pets are likely to experience discomfort due to sudden changes in environment, our newborn-oriented products offer 100% coverage for medical treatment expenses in the first month of the policy, thus encouraging customers to sign up. Compared to the general channel, the young age of the animals results in a low loss ratio over the mid-term, and therefore contributes to an improvement in management efficiency.

### 02 General channel (STOCK)

This channel is via OTC sales or online sales (direct sales by Anicom or sales by agents). It targets pets already owned by households, and is therefore massive market.



#### Massive market

This channel targets dogs and cats already owned by households (approximately 17 mn nationwide) and other pet species. In addition to online sales via our website, our policies are sold by online agents and over the counter by financial institutions. \*Principal agents: Sony Assurance, Meiji Yasuda Life Insurance, Asahi Mutual Life Insurance, Benesse Corporation, regional co-operatives, Yanase, regional banks, and shinkin banks.

#### Targeting scale expansion by strategic marketing

As dogs and cats of all ages are eligible for coverage, the market is huge. The animals insured are older than those in the newborn channel, we therefore aim to expand business by strategic marketing while considering the loss ratio impact. We also exercise control over fraud by requiring a strict preliminary screening and waiting period.

# 5. Anicom's strengths

## (3) Diversity of Human Resources

In addition to our 106 veterinarians\* our group also includes pharmacists, pet nurses, groomers, trainers, lawyers, patent attorneys, certified public accountants, actuaries, analysts, data scientists, and various other professionals. Each member leverages their expertise while collaborating with others to create unique value specific to our group.

\*As of the end of March 2024, according to Anicom's internal survey.



### 01 Harnessing vets' expertise in insurance

We assess claims quickly and accurately by harnessing vets' knowledge and clinical experience. Many vets also play a role in preliminary screening, assessing animals' health and medical history so that we can provide a fair underwriting service.

### 02 Support for pet shops and breeders

Our vets provide an animal management support and hygiene guidance service. Buying a healthy animal not only ensures a lower loss ratio, but provides assurance to owners that their pet has been properly checked by a veterinarian. This also reduces claims against pet shops after the sale.

### 03 White Paper on Household Animals

Utilizing our annual millions of insurance payout data and Anicom survey, we annually release a report on Japanese household animals as world's biggest collection of data from 2010.



# 5. Anicom's strengths

## (4) Creating Synergy

Since our establishment in 2000, we have stayed true to our philosophy of establishing preventive insurance. We have made "prevention" the keyword in our various initiatives, and research and development efforts. Our mission is to contribute to solving societal issues. Leveraging a database accumulated over a quarter-century in the insurance business, we aim to create synergy not only within our group but also across the entire pet industry and beyond.



## 01 Approach Through Clinical Research

### ■ White Paper on Household Animals

To reduce the suffering of pets which comes from genetic diseases, we provide genetic testing and offer appropriate breeding and sales recommendations based on the results. For example, we have been able to "eradicate" diseases such as Degenerative Myelopathy (DM, common in Welsh Corgis), by breeding with individuals without the mutation for this disease. We were able to do this in approximately two years.

### ■ Symbiotic Bacteria | Supporting Everyday Life

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### ■ Regenerative Medicine | Curing the "Incurable"

We are working on the development of technologies and services using regenerative medicine (stem cell therapy) using stem cells as a treatment option for diseases that cannot be cured by conventional drugs or treatments. In 2021, we launched the "Regenerative Medicine Cooperation Fund System" to contribute to the expansion of regenerative medicine.





# 5. Anicom's strengths

## (4) Creating Synergy

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### 02 Data Analysis Capability

Anicom is dedicated to data analyses using many and varied sources and methods. This includes analyses of big data related to pet insurance, but is not limited to this. Anicom is also committed to data analyses of genetics, gut and oral microbiota, disease onset, and animal personalities. Our data analysis team provides educational support to group employees, creating countless possibilities for value creation.

#### ■ Anicom "White Paper on Household Animals"

Since 2010, we have annually published a compendium of data related to pets: the "White Paper on Household Animals". This compendium includes the analysis of data on claims payments for Anicom pet insurance "Dobutsu Kenpo" and results of independently conducted surveys. As the largest collection of pet disease statistics data in Japan, it is utilized in various settings such as prevention campaigns and academic activities.



### 03 Strategy of One Patent Per Employee

To further enrich society, we promote "The one patent per employee" strategy. Anicom views intellectual property created by each employee as a way to give back to the society; we view it as an engine of growth.

#### 【Examples of Past Patents】

- Patient Prediction System, Insurance Premium Calculation System, and Patient Prediction Method (Patent No. 6734457(JP))
- Emotion Detection System and Emotion Detection Method (Patent No. 7330258(JP))
- Method for Predicting Prognosis after Chemotherapy for Lymphoma in Dogs (International Publication No. WO2023/106415) \*Collaborated with Hokkaido University, a national university corporation
- Sample Collection Device (Patent No. 7107824) \*Collaborated with DIC Plastic Co., Ltd.
- Composition for Improving Animal Fur Texture (Patent No. 7415259(JP)) \*Collaborated with Kirin Holdings Co., Ltd.



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### 04 Collaboration with Other Companies

To enhance the quality of life with pets, we believe that a broad perspective is necessary. Therefore, we collaborate with various companies, including those not directly related to the pet industry, such as housing, disaster prevention, and pharmaceuticals.

For the development of new services and products, we take into account the challenges and needs of pet owners and their pets by collecting data through our pet insurance policyholders' survey site, "ani voice."



## 2 Mid-Term Management Plan 2022-2024

1. On Formulation of the Mid-Term Management Plan
2. Intended Directions
3. Anicom's Corporate Value Creation
4. 2022-2024 Phase in Context of Vision for FY2030
5. Key Numerical Targets for Management (Consolidated)
6. Approach to Capital Allocation
7. Outline of Basic Strategies (Priority Measures)
8. Key KPIs (Insurance Business / Synergy Generation Business)
9. Sustainability Management (CSV Management)



# 1. On Formulation of the Mid-Term Management Plan



Representative Director Komori and his family (Meerkat) named Miitan

The name “Anicom” reflects our corporate philosophy that infinite value can be generated when all forms of life overcome their differences and cooperate with one another. On this basis we have been striving to create a society that empowers all living creatures to live their lives to the full, free from suffering.

Since our establishment in 2000, we have worked to create a “prevention-type pet insurance” model, and to date have been able to obtain an array of data which includes genetic information linked to data from more than one million insured animals and more than ten thousand of their daily medical records. Additionally, we have information and data on food and nutrition that enables multifaceted analysis toward the prevention of intestinal bacterial infection, and facilitates health promotion.

We have been using the statistical analysis of these data to shed light on important questions such as whether diseases are caused by genetic factors (in terms of both the blueprint for life itself and biological gene products) or by other factors such as food. We believe that we have now reached a point at which data quantity can yield quality, and the creation of new forms of value is possible.

While centered on the insurance business, the Anicom Group’s fields of business are expanding upstream, midstream and downstream. Anicom’s upstream expansion includes breeding, and support for matching puppies and kittens to owners. Midstream fields will feature regular medical checks included in insurance coverage and the provision of specially tailored, personalized, made-to-order foods. Downstream fields of business such as providing medical treatment are also a part of this business expansion. These endeavours enable the flexible deployment of new approaches to health promotion and allow us to build an organic business portfolio that exerts a mutually positive influence on the insurance business; the previous driver of our group.

We are pursuing three missions in response to dramatic changes in the business environment.

- (1) Mission for the pet industry to contribute to preventing war and regaining, maintaining, and advancing peace
- (2) Mission to transform the pet industry into a sustainable industry whose growth is harmonized with social development
- (3) Mission to support elderly persons, people with disabilities, children, and society as a whole

In addition, in order to fulfill these missions with the united efforts of all employees, we have decided to exercise the one patent (article, etc.) per employee” strategy and we will disclose the footsteps of our efforts on our website and other means as needed. We will establish the governance as a new social organization by determining our intended directions through a wide range of opinions gained by every stakeholder.

May 11, 2022





## 2. Intended Directions

Anicom's Purpose and Sustainability Management

**To share unconditional love  
across the world, and to regain,  
maintain, and advance peace**

- **The pet industry as a key conduit to peace  
(and the Anicom Group will discharge its responsibilities as the industry leader)**
- **Sustainability management (CSV management) that contributes to the resolution of social challenges and creates both economic and social value, not only by alleviating loneliness and anxiety across the world, but also giving people a positive sense of purpose in life, and providing children with formative experiences in educational settings**

A photograph of two dogs in a field of tall grass. One dog is in the foreground, looking up and to the right, while another dog is in the background, looking towards the camera. The text is overlaid on the image.

# To deliver boundless value as an infrastructure provider in animal industries

- Honing our pet insurance operations to become a presence in society as natural as the air or water
- Further strengthening our businesses and services with stabilizing functions and synergies with the insurance business



## 2. Intended Directions

To share unconditional love  
across the world, and to  
regain, maintain, and advance  
peace

×

To deliver boundless value as  
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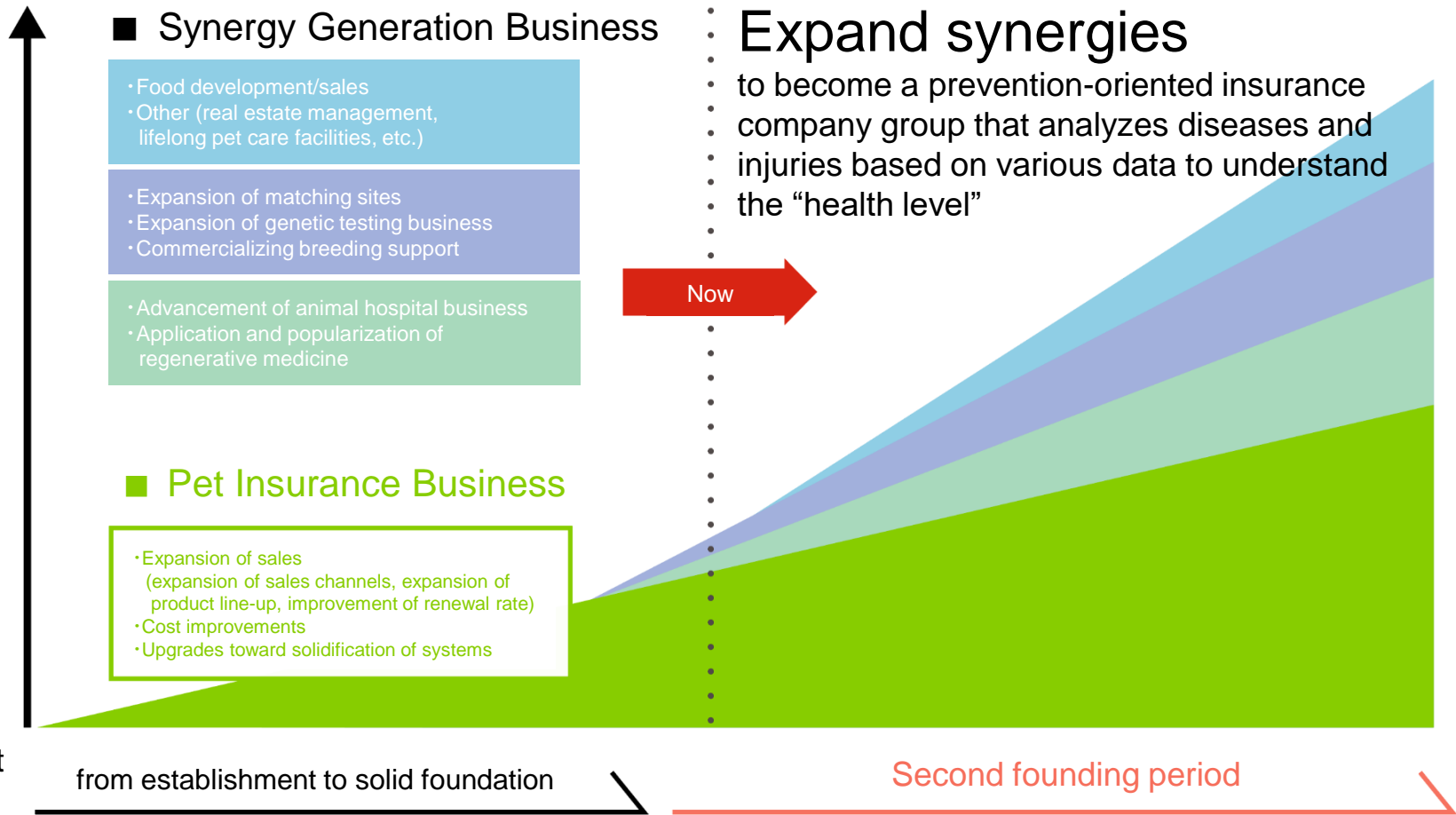
# Reliable profit growth and improved capital efficiency

- Balancing stable expansion of pet insurance business with improvement in profitability
- Capital allocations in line with improved investment returns and revised capital controls (risk coefficients)

# 3. Anicom's Corporate Value Creation

Generate new corporate value and sustain high growth through the pet insurance business and synergy generation business in combination

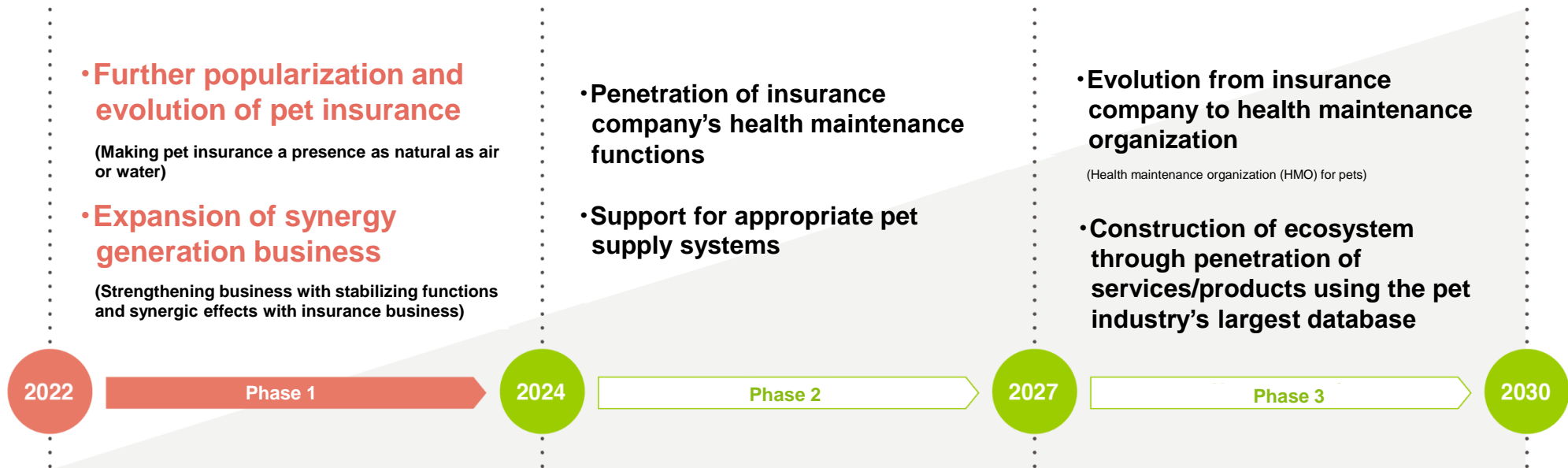
Corporate Value Generation  
(Recurring Revenue)





## 4. 2022-2024 Phase in Context of Vision for FY2030

Positioned as the first phase in building the foundations for achieving our management vision, looking toward the completion of the second founding period in FY03/30



# Realizing the vision for FY2030

**Delivering boundless value to society with infrastructure that connects services from upstream to downstream in a way that contributes to pet industry development**

# 5. Key Numerical Targets for Management (Consolidated)

- The FY2025 is the final year of the 2022-2024 Mid-Term Management Plan.
- Toward the next Mid-Term Management Plan, we will promote the profitability of synergy-creating businesses.

## [Key Numerical Targets for Management (Consolidated)]

	FY2023 Result	FY2024 Target	Initial Mid-term Management Plan
Consolidated Recurring Revenue	60.43 bill. JPY	<b>66.0 bill. JPY</b>	65.0-70.0 bill. JPY
Consolidated Recurring Profit	4.15 bill. JPY	<b>4.8 bill. JPY</b>	4.5-5.0 bill. JPY
Consolidated ROE	9.4%	<b>10%</b>	around 10%
Shareholder Returns (Dividend payout ratio)	16.2%	<b>20%</b>	Dividend payout ratio around 20%
Net Sales and Percentage of Net Sales in Synergy Generation Business	5.43 bill. JPY 9.0%	<b>7.2 bill. JPY</b> <b>11%</b>	7.8-8.4 bill. JPY around 12%
SMR on a Nonconsolidated Basis (Solvency Margin Ratio)	333.7%	<b>320%</b>	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.

# 6. Approach to Capital Allocation (ERM perspective)

ERM (Enterprise Risk Management) required in managing an insurance company group

- Achieve even higher corporate value in line with management vision for second founding period
- Balance capital, risk, and return, with an eye to shareholder returns as well

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

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FY2022 result: **SMR 373.1%**

∨

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

∨

**FY2030 vision:**  
Planning to calculate using new SMR

**ROR focused management**



**ROE (Return On Equity)**

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FY2022 result: **8.2%**

∨

**FY2024 target: around 10%**

∨

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

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

Shareholder returns (dividend payout ratio / DOE)

FY2022 result:  
Dividend payout ratio 14.2%  
(after dividend increase)



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



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

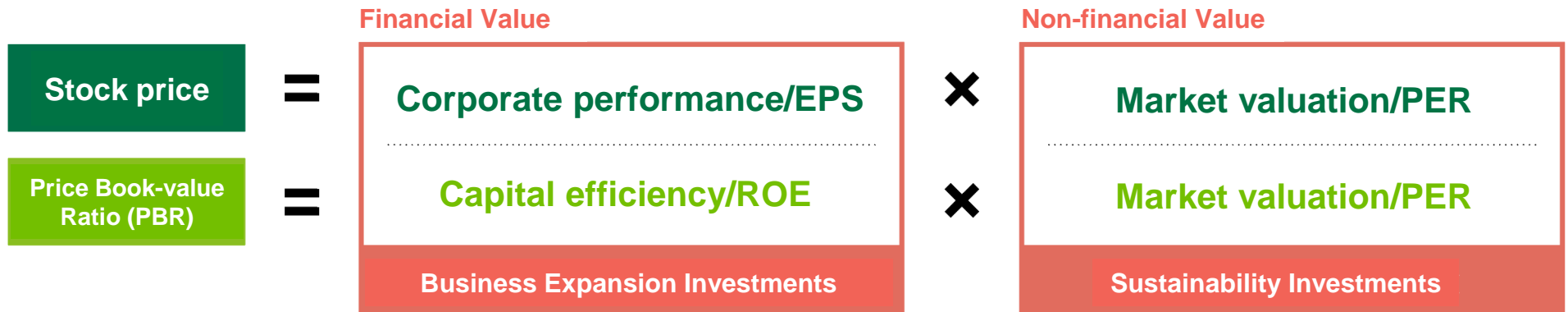


# 6. Approach to Capital Allocation (Valuation of non-financial value)

Use appropriate capital allocations to build a reputation as “a company that resolves social issues and leads the pet industry” in the stock market, leading to an increase in both market valuation (PER) and corporate value in terms of both financial and non-financial value

## Approach to Capital Allocation

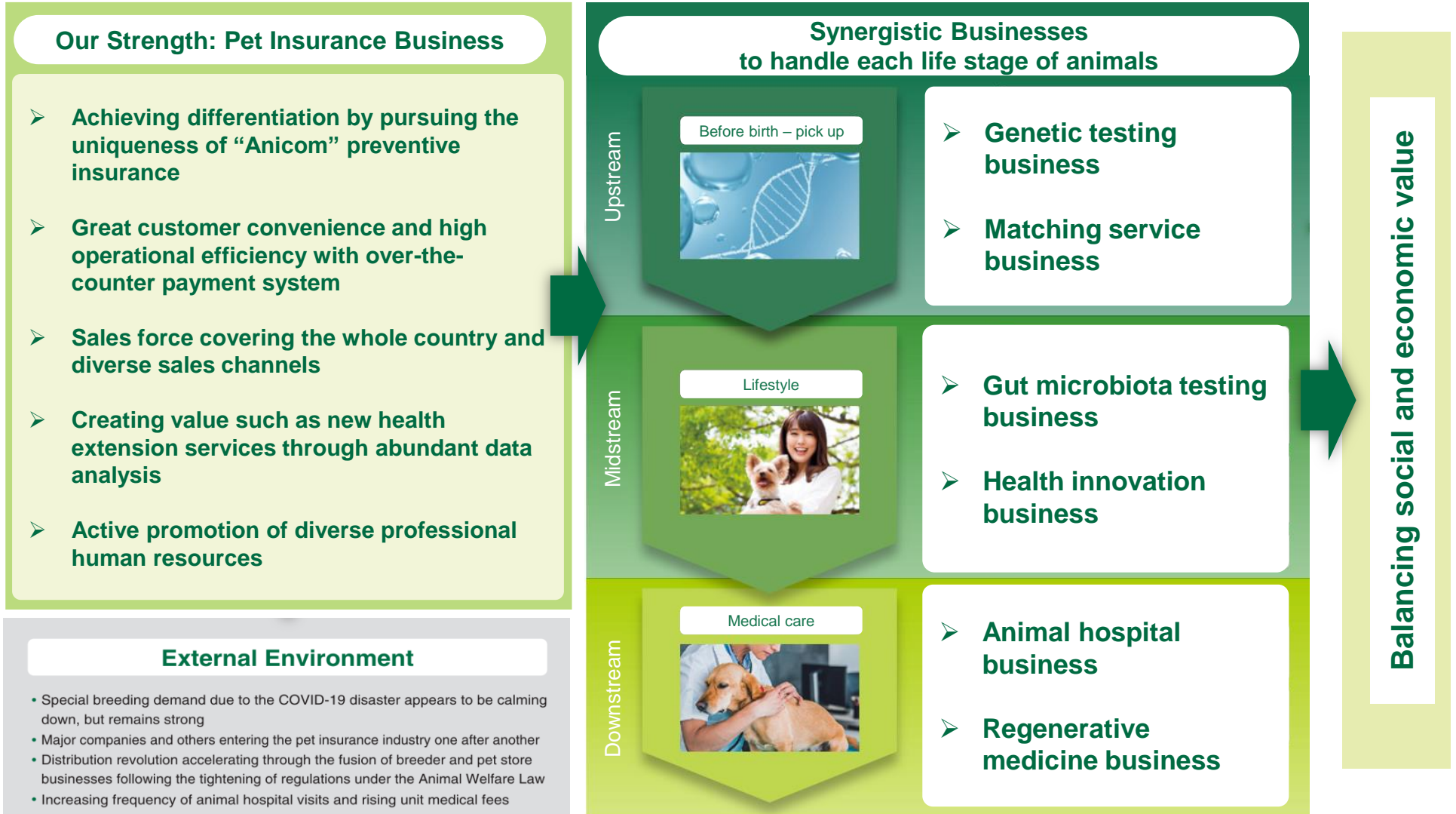
Make re-investments (in business expansion and sustainability) taking into account the volume of newly generated risk and based on increases in investment returns and revision of capital controls (risk coefficients); also make efficient allocations toward shareholder returns. In re-investments, prioritize allocations that put initiatives in breeding support, animal hospitals, and pet food on track for early success. Consequently raise mid to long-term corporate value with appropriate capital allocation and structure.



When re-investing, prioritize implementation of projects that contribute significantly to both financial and non-financial value, and well as pursuing incremental improvement of shareholder returns, to achieve balance between investments and returns

# 7. Outline of Basic Strategies (Priority Measures)

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



## 8. Key KPIs (Insurance Business / Synergy Generation Business)

- The FY2025 is the final year of the 2022-2024 Mid-Term Management Plan.
- Toward the next Mid-Term Management Plan, we will promote the profitability of synergy-creating businesses.

Insurance Business		Synergistic Businesses	
	FY2023 Result	FY2024 Target	
Loss Ratio	59.9%	60.9%	No. of Genetic Testings
Expense Ratio	33.3%	32.3%	No. of gut microbiota measuring
Combined Ratio	93.2%	93.2%	Health Innovation Business Sales
Solvency Margin Ratio	333.7%	320% *	Hospital Business *

			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

\*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). With an eye to the future regulatory changes, Anicom will aim for incremental optimization of capital structure.

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

# 9. Sustainability Management (CSV Management)

## (1) Social Issues that Can be Addressed by the Pet Industry

The pet industry can address four major social issues



**Traceability**

**Issues in the supply chain**

- Lack of transparency in breeding environments
- Breaks in traceability
- Retired reproductive animals
- Hereditary diseases



**Health**

**Health problems in pets and medical system issues**

- Underdeveloped standard medical care
- Inadequate medical care infrastructure



**Environment**

**Issues in co-existence / natural environment**

- Inadequate environment for coexistence with pets
- Environmental load of pet food



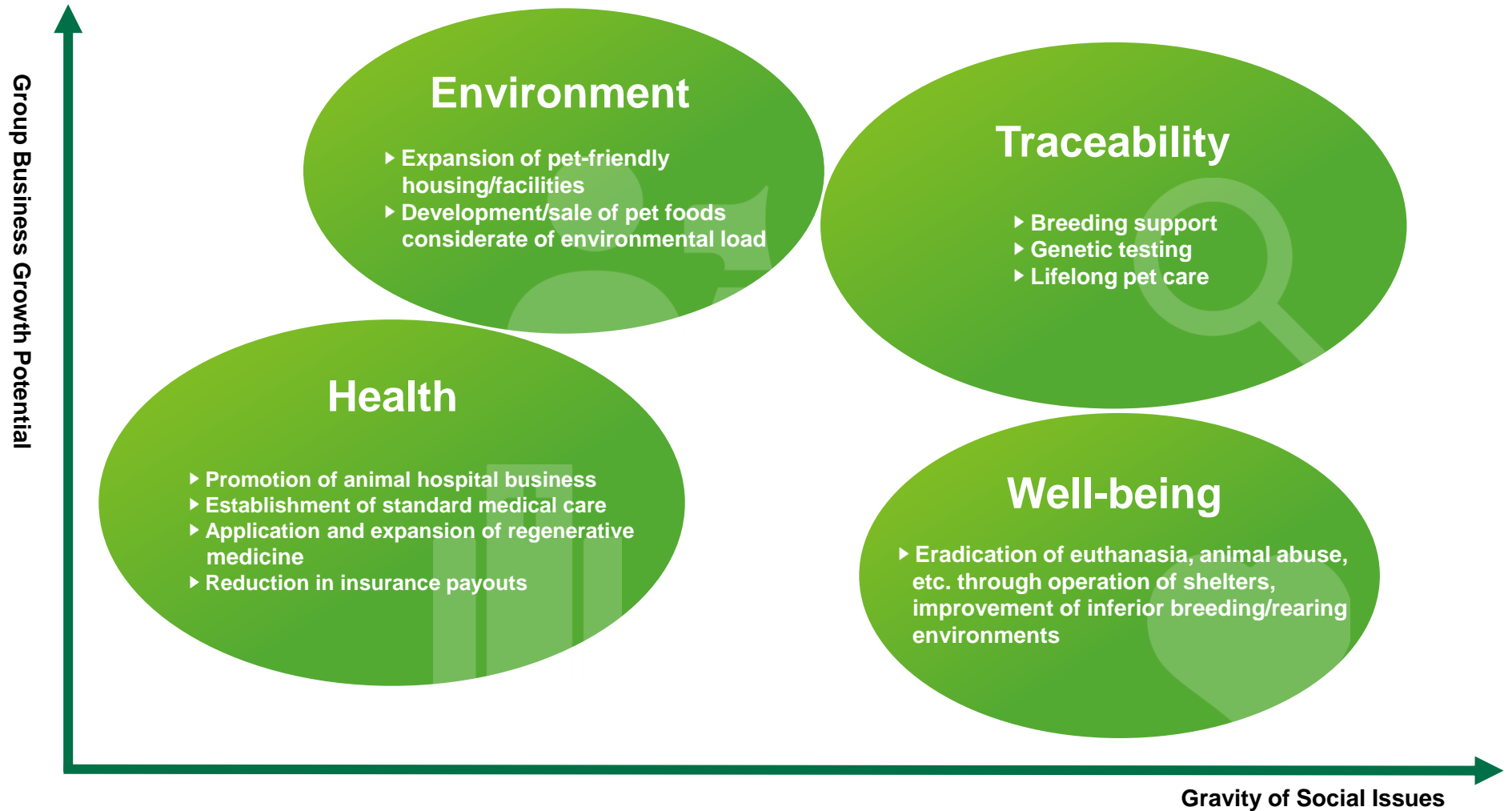
**Well-being**

**Issues in animal welfare**

- Inferior conditions for pets and breeding
- Loneliness resulting from long periods home alone
- Difficulties experienced by elderly persons in caring for pets
- Animal abuse, abandonment, euthanasia

# 9. Sustainability Management (CSV Management)

## (2) Relationship between Anicom Group's Business and Resolution of Social Issues



Evaluate links with advancement of the pet industry as a whole and degree of contribution thereto, determine materiality (key issues)



# 9. Sustainability Management (CSV Management)

## (3) Anicom's Materiality (Key Issues)



- Mental and physical health
- Supply chain transparency
- Improving the status of pets



- Providing purpose in life
- Contributing to regional revitalization
- Equalization of educational opportunities
- Strengthening social functions
- Health and wellbeing



- Responding to climate change
- Biodiversity conservation

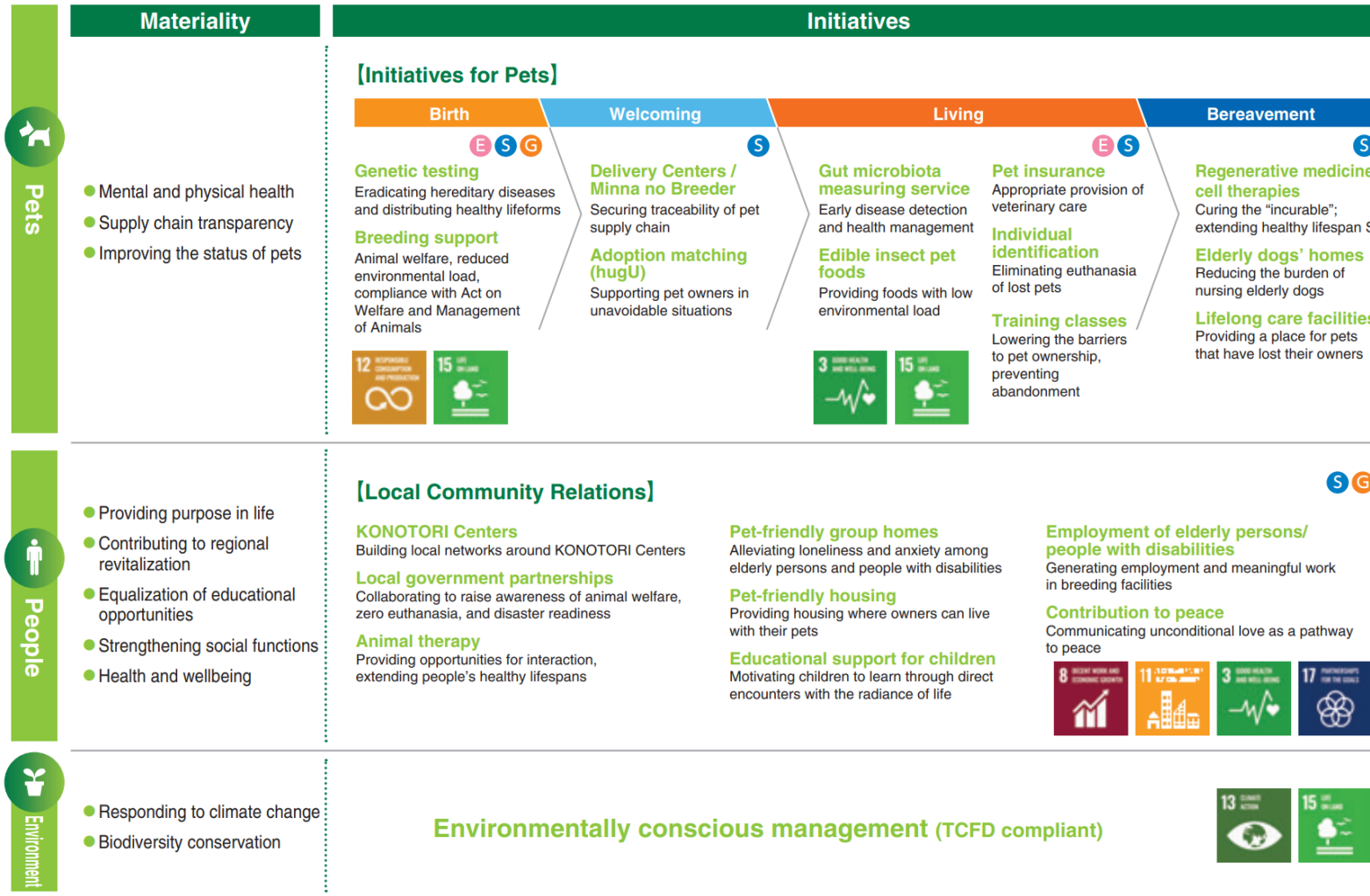


### [Numerical Targets Toward Resolution of the Issues]

- Strategy of one patent per employee ..... Over 100 inventors
- Community events for the elderly, people with disabilities, and children ..... 20 times/year
- Employment support for the elderly and people with disabilities ..... starting gradually (results will be announced as needed)
- Child education support (number of participants in animal hospital experience, etc.) ..... 100 people/year

# 9. Sustainability Management (CSV Management)

## (4) Anicom's CSV Activities in the Value Chain (Responses to ESG/SDGs)



### Basis for value creation

Development of ERM structures, compliance, information security, human resource and organizational management, internal auditing, strengthening of risk management systems



# 3 APPENDIX

1. Trend in Consolidated Results

2. Relationship between Insurance Business and Synergy Generation Business

3. Glossary of Terms



# 1. Trend in Consolidated Results

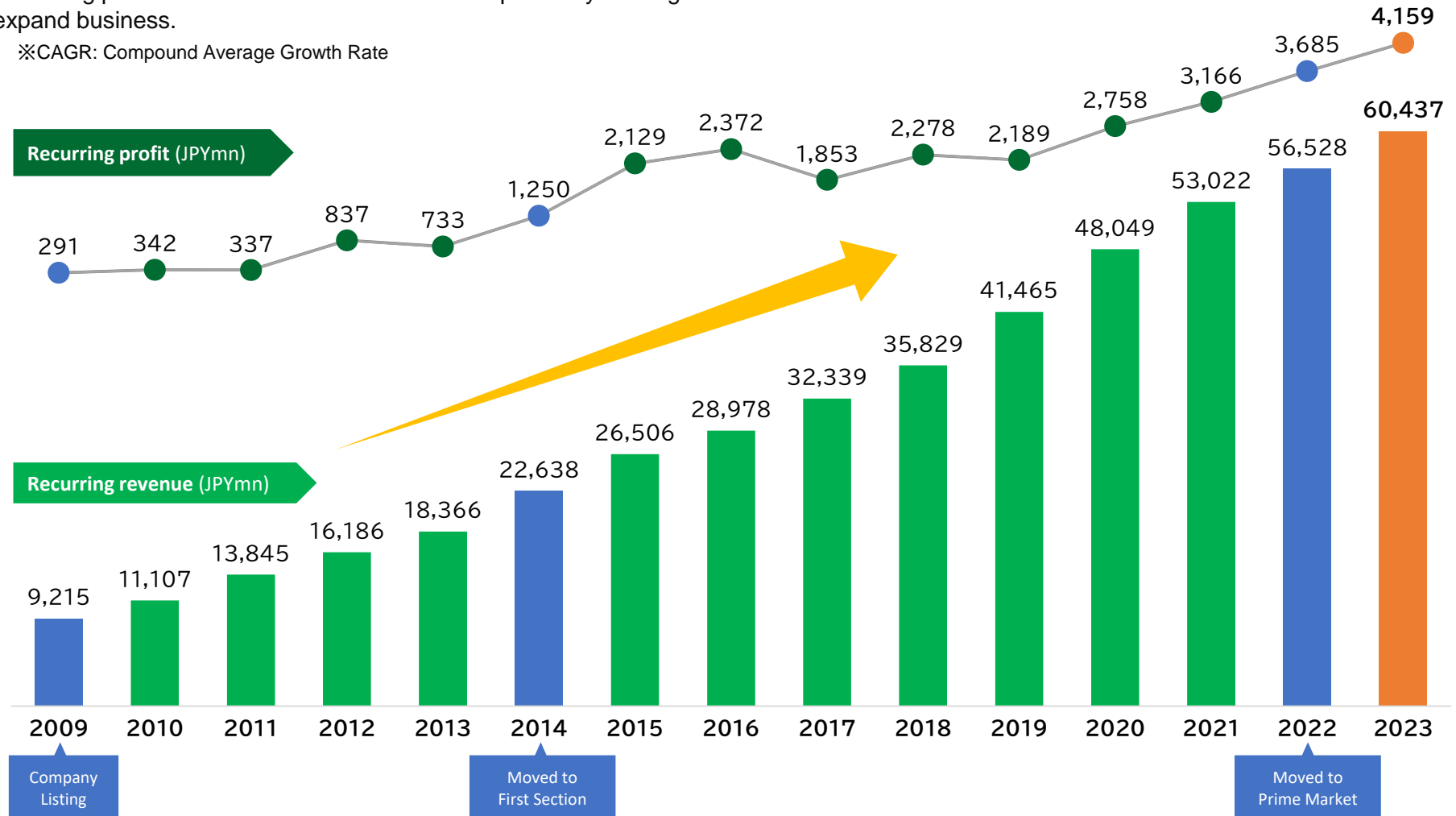
## Consolidated management numerical targets

Recurring revenue achieved **CAGR of 14%** since listing due to the expansion of other business other than insurance as well  
 Recurring profit achieved **CAGR of 21%** while positively making investment to expand business.

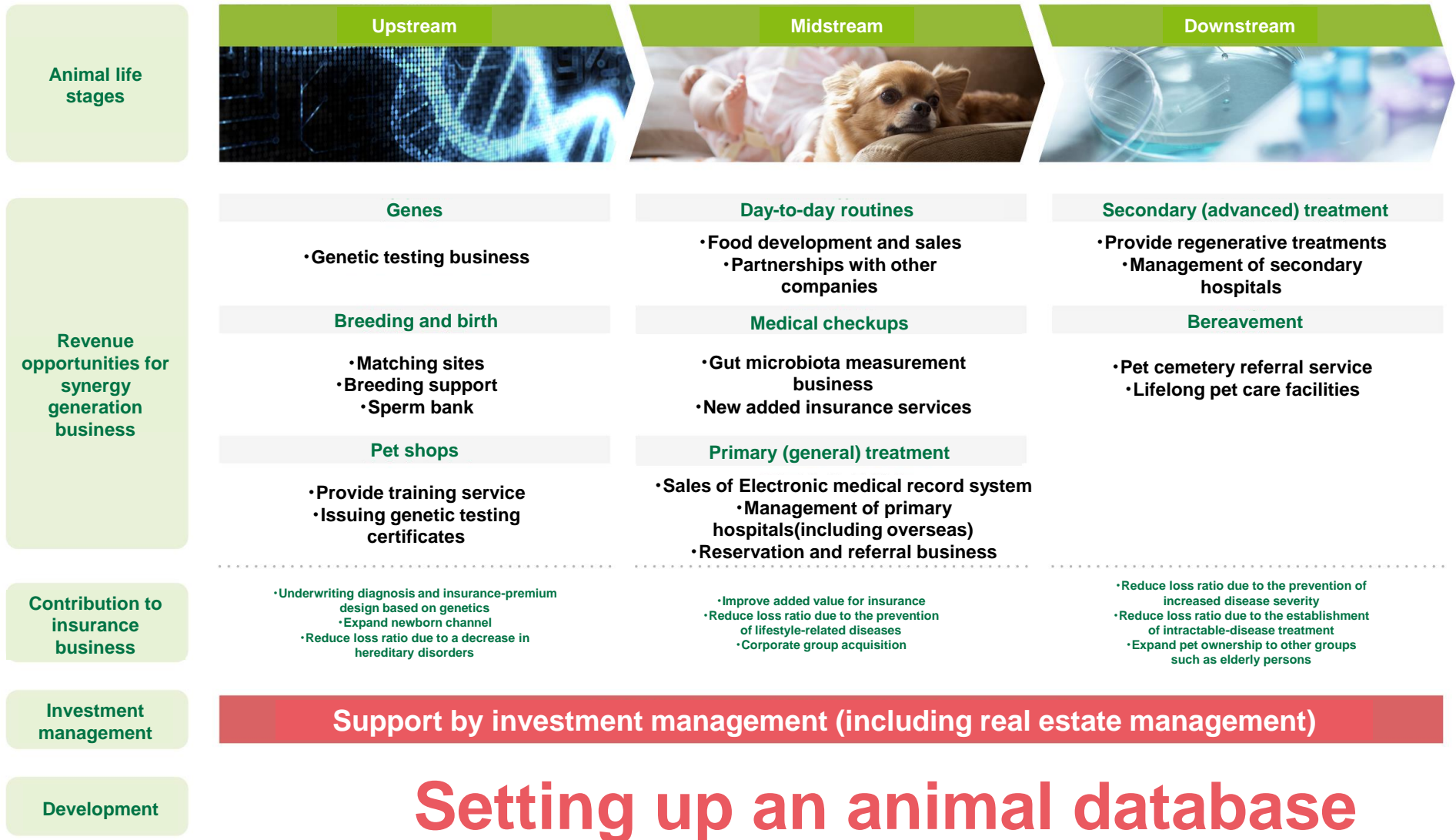
FY2024 Target:

Recurring revenue 66.0 billion JPY  
 Recurring profit 4.8 billion JPY

※CAGR: Compound Average Growth Rate



# 2. Relationship between Insurance Business and Synergy Generation Business





# 3. Glossary of Terms

## ■ Insurance-related terms

- **Insurance premium:** A sum paid by a policyholder to an insurance company as consideration for the insurance company assuming a risk that the insured party is exposed to.
- **Insurance payout:** A sum paid by the insurance company to the policyholder if damage occurs as a result of an insured event.
- **Expenses:** A blanket term for expenses incurred in an insurance company's business, including operating and general administrative expenses, and net commission and collection expenses.
- **Loss ratio:** Ratio of insurance payouts to insurance premiums. In this document, it is expressed as the ratio of incurred insurance payouts to earned premiums, including loss adjustment expenses.
- **Expense ratio:** Ratio of expenses to insurance premiums. In this document, it is expressed as the ratio of expenses related to nonlife insurance business to earned premiums.
- **Combined ratio:** The sum of "loss ratio" and "expense ratio." If it is 100% or less, it means that a nonlife insurance company's revenue exceeds its expenditure.
- **Solvency margin ratio:** Represents the ratio of excess capital, reserves, etc. relative to the risks that may arise beyond ordinary predictions.
- **Catastrophe reserve:** A certain proportion of insurance premiums accumulated by a nonlife insurance company as funds in reserve for major catastrophes.
- **Renewal rate:** Ratio of renewed insurance policies against the number of insurance policies in the preceding fiscal year.
- **Underwriting:** Determination of risk selection, conditions, rates, etc. when establishing an insurance policy.

## ■ Pet insurance-related terms

- **NB channel:** Our company's largest channel, designed for pets aged zero, mainly sold at pet shops. NB is an abbreviation of New Born.
- **General channels:** Sales channels such as online and at financial institution counters, designed for pets already with owners.
- **Contracted hospital:** An animal hospital that is already contracted with Anicom Insurance and has adopted an OTC insurance settlement system.
- **OTC insurance settlement:** A system enabling finalization of an insurance payout when the policyholder settles their treatment expenses over-the-counter (OTC) at an animal hospital, allowing them to pay only their co-payment.
- **Insured rate:** The proportion of animals sold, mainly at pet shops, for which pet insurance premiums are taken out.
- **Diffusion rate:** The proportion of dogs and cats with owners in Japan that are covered by pet insurance.



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