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Anicom Holdings

Company Name

Anicom Holdings, Inc.

Listed On

Tokyo Stock Exchange, Prime Market

Established

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Head Office

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Fiscal Year-End

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Exchange Listing

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Executive summary

Business overview

Anicom Holdings, Inc. comprises a group of non-life insurers that sell pet insurance to general consumers to cover a certain percentage of treatment or hospitalization costs at veterinary hospitals (for a period of one year) mainly for dogs, cats, and other household pets. Founded in 2000, the company now holds a 42.2% share of the domestic pet insurance market (on a premium basis). Its operations include the non-life insurance business (89.4% of recurring revenue in FY03/25), pet-related internet services (3.3%), and other businesses (7.3%). In FY03/25, recurring revenue was JPY67.7bn, recurring profit was JPY4.9bn, and the recurring profit margin was 7.3%.

Anicom's mainstay pet insurance products reimburse policyholders for a fixed proportion of the expenses incurred in connection with the medical treatment (including surgery) of their pets in the event of illness or injury (for up to one year). Pet insurance is similar to the personal health insurance available from third-sector insurance companies, but under Japanese law is considered to be a kind of non-life insurance, that is, insurance that compensates the insured party for damages suffered as a result of unexpected events. The majority of insured pets are dogs and cats. Insurance products covering pet injury risk were originally managed by mutual aid associations. After the 2005 revision of the Insurance Business Law, these associations were reorganized into non-life insurance companies and small-amount, short-term insurers, and new market entry was allowed. The company mainly competes with five other non-life insurance companies, like Anicom licensed by the Financial Services Agency to handle pet insurance. However, 11 small-amount, short-term insurers registered with the Finance Bureau also compete.

Anicom's mainstay pet insurance sales and underwriting business is a recurring-revenue business that generates revenue from monthly premiums paid after the insurance contract is signed. This means top-line revenue is determined simply by the number of insurance contracts in force and the premiums paid; insurance accounting comes into play when calculating earnings, however. Revenue from insurance premiums is booked first, then after paying claims (the cost of revenue), additions to underwriting reserves must be made for unearned premiums to cover claims in future periods; these reserves are carried forward to bridge the gap between the time premiums are received and income is earned.

On the expense front, management of the loss ratio is key because earnings are impacted by the amount of insurance claims paid. Pet insurance claims are marked by being small and frequent. An insurer's competitive advantage thus depends on how efficiently it can manage payout operations. In 2008, Anicom launched an over-the-counter (OTC) insurance payout system that allows policyholders to pay only a copayment by presenting their pet's insurance card at the vet's reception desk—this has become the industry a de facto standard for policyholder membership and insurance payouts and has helped stabilize the company's loss ratio.

In addition, the company is building its presence in the prevention of pet injury and disease. All pet injury and disease is caused by a combination of genetic and environmental factors. The company believes genetic factors account for a significant portion of net insurance payouts. The company believes that if it can eliminate such factors, this will push down annual claims paid. In addition to its Dobutsu Kenkatsu health management service for pets, the company believes it can curb claims paid by adding new medical checkup services for various disease types. By adding value in this way, the company looks to acquire new policyholders and shore up its renewal rate while also seeing a decline in total claims paid and add-on service costs, leading to a lower combined ratio.

The company's management vision for the completion of its second founding phase in FY2030 (FY03/20 and beyond) is to provide society with unlimited value as an infrastructure player that connects the upstream and downstream markets in the animal industry. In its second founding phase, the company aims to create new corporate value and achieve high growth through the pet insurance business and businesses that generate synergies. In the latter, it plans to develop and sell pet foods, expand matching sites, expand the genetic testing business, commercialize breeding support, promote the animal hospital business, commercialize and expand regenerative medicine, while also pursuing other businesses (real estate management, lifelong pet care facilities, etc.). The company seeks to create synergy between its two businesses to become a prevention insurance group that analyzes illnesses and injuries based on a range of data to understand pet health.

The company identifies several key risks that could affect the soundness of its insurance operations. These include risk concentration (where high-risk policyholders are disproportionately represented in the insurance portfolio, thereby increasing the company's exposure to losses), aging of the insured under in-force policies, and inflation in veterinary medical costs. To address these risks, Anicom is working to establish a preventive insurance model. Initiatives include

visualizing immune health through regular checkups and promoting proper oral and intestinal immune care. The company also aims to explore advanced veterinary treatments and build a portfolio of related intellectual property. Specifically, it seeks to promote the adoption of advanced veterinary care and standardize advanced medical care technologies.

Earnings trends

In FY03/25, Anicom reported consolidated recurring revenue of JPY67.7bn (+JPY7.2bn or +12.0% YoY), due to an increase of JPY4.6bn in underwriting revenue, a decrease of JPY853mn in investment revenue, and an increase of JPY1.8bn in other recurring revenue. Policies in force increased 7.9% YoY to 1,287,923, and new policy acquisition was up 10.1% YoY to 245,741, driven by continued strong demand for pet ownership, various initiatives to strengthen sales channel activities, and the transfer of policies from other insurers. Other recurring revenue from non-insurance businesses also expanded steadily. Profit increased, supported by revenue growth and improved operational efficiency, despite incurring costs related to the transfer of policies from other companies.

In conjunction with the earnings announcement, the company announced an increase in dividends for FY03/25. The company plans to pay an annual dividend of JPY8.5 per share, up JPY3.0n from FY03/24 (dividend payout ratio: 20.2%).

For FY03/26, the company forecasts consolidated recurring revenue of JPY73.0bn (+7.9% YoY), recurring profit of JPY3.3bn (-33.2% YoY), and net income attributable to owners of the parent of JPY2.1bn (-35.3% YoY). For FY03/26, the company expects to pay an annual dividend of JPY9.0 per share (with a payout ratio of 31.6%), an increase of JPY0.5 per share from FY03/25. The company intends to achieve record-high revenue while expanding its business, addressing social issues, and taking a leadership role in the pet industry. Profit is projected to decline due to transfer fees associated with the migration of other insurers' policies.

In May 2025, the company announced Anicom Group's "mid-term management plan 2025–2027." As part of its mid-term management plan, the company has set consolidated financial targets for FY03/28, including recurring revenue of JPY80.0–85.0bn (compared with JPY67.7bn in FY03/25), recurring profit of JPY6.8–7.3bn (JPY4.9bn), and ROE of about 12% (11.2%). To support these goals, Anicom intends to make upfront investments aimed at realizing a preventive-type insurance model. The company is positioning these investments as a foundation for sustainable profit growth over the medium to long term. It plans to allocate about JPY7.0bn toward growth investments, JPY2.0bn to reinforce its business foundation, and JPY6.0bn for shareholder returns. While maintaining an appropriate ESR level, the company seeks to balance these three priorities.

Strengths and Weakness

Anicom's strengths include 1) its over-the-counter insurance payout system that allows pet owners to show their animal health insurance cards at their local vet and make settlement, now the de facto standard at veterinary hospitals and clinics; 2) the advantage of its high market share in terms of name recognition, large customer base, and huge database, all of which will facilitate moves into new businesses; and 3) the steady stream of recurring revenue from its pet insurance business. Weaknesses include 1) the high compliance costs associated with operating in a licensed industry, 2) its high loss rate (claim payment rate) relative to competitors, which puts it at a disadvantage when it comes to competing on price; and 3) high earnings volatility stemming from unexpected swings in costs, such as sharp increases in the consumption tax rate or claims rate.

Key financial data

Income statement	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25	FY03/26
(JPYmn)	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Est.
Recurring revenue	26,506	28,978	32,339	35,829	41,465	48,049	53,022	56,528	60,437	67,683	73,000
YoY	17.1%	9.3%	11.6%	10.8%	15.7%	15.9%	10.3%	6.6%	6.9%	12.0%	7.9%
Underwriting revenue	25,370	28,068	31,290	34,535	39,105	43,312	47,321	50,781	54,273	58,862	
Investment revenue	690	504	420	383	496	488	679	834	733	1,586	
Other recurring revenue	446	405	628	910	1,863	4,248	5,020	4,912	5,430	7,235	
Recurring expenses	24,377	26,606	30,486	33,550	39,275	45,290	49,855	52,842	56,277	62,742	
YoY	14.0%	9.1%	14.6%	10.1%	17.1%	15.3%	10.1%	6.0%	6.5%	11.5%	
Underwriting expenses	17,393	18,967	21,771	24,071	27,212	30,512	33,504	35,664	38,436	41,928	
Operating and general administrative expenses	6,699	7,273	8,479	9,112	11,153	13,283	14,656	15,350	15,795	17,857	
Other	285	366	236	367	910	1,495	1,695	1,828	2,046	2,957	
Recurring profit	2,129	2,372	1,853	2,278	2,189	2,758	3,166	3,685	4,159	4,941	3,300
YoY	70.3%	11.4%	-21.9%	22.9%	-3.9%	26.0%	14.8%	16.4%	12.9%	18.8%	-33.2%
Recurring profit margin	8.0%	8.2%	5.7%	6.4%	5.3%	5.7%	6.0%	6.5%	6.9%	7.3%	4.5%
Net income	1,399	1,568	1,320	1,610	1,525	1,586	2,112	2,284	2,729	3,246	2,100
YoY	68.8%	12.1%	-15.8%	22.0%	-5.3%	4.0%	33.2%	8.1%	19.5%	18.9%	-35.3%
Net margin	5.3%	5.4%	4.1%	4.5%	3.7%	3.3%	4.0%	4.0%	4.5%	4.8%	2.9%
Per-share data											
Shares issued (000 shares)	17,934	17,946	18,028	20,211	20,226	81,309	81,309	81,309	81,309	74,939	
EPS	78.2	86.9	73.5	84.7	75.5	19.6	26.0	28.1	34.0	42.0	28.5
EPS (fully diluted)	77.5	86.2	73.0	84.0	75.4	19.6	-	-	-	-	
Dividend per share	5.0	5.0	5.0	5.0	5.0	1.3	2.5	4.0	5.5	8.5	9.0
Book value per share	596.6	676.1	744.3	1,092.7	1,147.0	316.5	336.2	346.9	375.2	376.5	
ROE	14.0%	13.7%	10.3%	9.1%	6.7%	6.5%	8.0%	8.2%	9.4%	11.2%	
Balance sheet (JPYmn)											
Cash and deposits	7,566	15,242	19,078	29,643	24,427	31,683	29,641	30,835	23,879	26,460	
Investment securities	10,739	5,914	4,625	4,660	9,999	11,667	16,570	16,956	27,510	29,430	
Tangible fixed assets	1,527	1,432	1,359	1,367	1,858	2,520	2,550	2,557	3,032	3,070	
Intangible assets	653	904	1,462	1,506	3,956	3,466	3,469	3,242	3,893	3,944	
Other assets	4,297	3,876	3,908	4,344	4,263	5,208	5,481	6,504	6,710	7,837	
Allowance for doubtful accounts	-16	-140	-88	-76	-75	-78	-33	-8	-9	-57	
Deferred tax assets	433	597	623	718	1,041	898	951	1,315	1,335	1,764	
Total assets	25,192	28,123	31,164	42,390	45,598	55,459	58,635	61,407	66,357	72,494	
Reserve for insurance contract	11,888	12,993	14,508	16,041	17,977	19,626	21,297	22,853	24,551	26,774	
Bonds payable						5,000	5,000	5,000	5,000	10,000	
Other liabilities	2,414	2,635	2,845	3,867	4,018	4,787	4,647	4,945	6,201	7,152	
Provision for bonuses	157	172	173	191	209	247	274	304	304	325	
Reserve for special laws	32	41	48	54	68	80	98	119	146	175	
Total liabilities	14,492	15,842	17,576	20,156	22,273	29,741	31,319	33,223	36,204	44,427	
Shareholders' equity	10,762	12,233	13,546	22,233	23,719	25,648	27,658	29,740	31,144	30,132	
Valuation and transaction adjustments	-123	-100	-128	-150	-530	69	-342	-1,555	-1,248	-1,916	
Non-controlling interests	-	-	-	-	-	-	-	-	256	-	
Total net assets	10,699	12,281	13,587	22,234	23,325	25,717	27,316	28,184	30,152	28,066	
Total liabilities and equity	25,192	28,123	31,164	42,390	45,598	55,459	58,635	61,407	66,357	72,494	
Cash flow statement (JPYmn)											
Cash flows from operating activities	1,960	3,231	3,393	4,359	4,246	4,231	4,456	4,422	5,669	6,400	
Cash flows from investing activities	2,489	4,233	253	-487	-10,263	-2,129	-5,485	-4,066	-11,132	-5,091	
Cash flows from financing activities	89	-79	-10	6,693	-99	5,154	-112	-212	-1,343	271	
Financial indicators											
ROA (RP-based)	9.0%	8.9%	6.3%	6.2%	5.0%	5.5%	5.6%	6.1%	6.5%	7.1%	
ROE	14.1%	13.7%	10.3%	9.1%	6.7%	6.5%	8.0%	8.2%	9.4%	11.2%	
ROIC (before tax)	14.3%	14.3%	9.9%	8.8%	6.7%	7.8%	8.3%	9.2%	9.9%	-	
Equity ratio	42.2%	43.1%	43.1%	52.1%	50.9%	46.4%	46.6%	45.9%	45.1%	38.9%	
Combined ratio (fully earned basis)	91.2%	91.0%	94.4%	93.5%	94.9%	96.1%	94.8%	93.8%	93.2%	92.9%	
E/I loss ratio	60.1%	58.9%	59.2%	59.0%	57.8%	58.4%	58.1%	58.9%	59.9%	60.6%	
Expense ratio (earned premiums basis)	31.1%	32.1%	35.2%	34.5%	37.1%	37.7%	36.7%	34.9%	33.3%	32.3%	
Solvency margin (parent)	282.6%	295.6%	305.6%	379.8%	357.0%	355.5%	393.5%	373.1%	333.7%	345.2%	

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Net loss ratio, net expenses ratio, and combined ratio calculated by Shared Research.

Note: Per share data calculated as of the financial year. The company initiated a 200-for-1 split in June 2009, a 10-for-1 split in October 2011, and a 4-for-1 split in October 2020.

Recent updates

September 2025 monthly management parameters

2025-11-10

Anicom Holdings, Inc. announced its September 2025 monthly management parameters.

FY03/25												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Net premiums written (JPYmn)	4,670	4,932	4,750	4,708	4,832	4,894	4,911	4,783	5,023	5,181	4,974	5,201
YoY	7.5%	7.4%	8.3%	7.8%	7.7%	8.4%	8.1%	7.1%	10.1%	9.3%	9.7%	9.9%
Number of policies in force	1,199,358	1,206,083	1,213,737	1,220,965	1,228,626	1,236,904	1,243,536	1,250,158	1,260,176	1,269,979	1,278,228	1,287,923
YoY	7.1%	7.1%	7.1%	7.1%	7.1%	7.2%	7.1%	7.2%	7.4%	7.6%	7.7%	7.9%
Average renewal rate	88.2%	88.0%	88.0%	88.1%	87.9%	88.2%	88.5%	88.4%	88.1%	88.2%	88.3%	88.7%
YoY	-0.1%	0.2%	-0.3%	-0.2%	-0.2%	0.0%	0.4%	0.0%	-0.3%	0.0%	-0.1%	0.3%
No. of applications for Dobutsu Kenkatsu	18,886	21,379	19,166	18,268	20,018	19,287	22,087	19,752	18,398	21,875	20,630	22,674
YoY	2.0%	12.8%	7.5%	8.5%	12.3%	5.6%	16.0%	11.5%	2.1%	17.3%	12.2%	11.2%
No. of PARM member hospitals	736	741	750	756	760	767	771	773	778	787	799	809
YoY	13.8%	13.3%	13.5%	13.3%	12.6%	12.3%	11.4%	11.5%	11.3%	11.9%	12.4%	11.0%
No. of patents held	18	18	19	19	19	20	20	20	21	21	22	22
YoY	63.6%	63.6%	72.7%	72.7%	46.2%	53.8%	33.3%	33.3%	40.0%	23.5%	22.2%	22.2%
FY03/26												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Net premiums written (JPYmn)	5,134	5,424	5,220	5,175	5,332	5,387						
YoY	9.9%	10.0%	9.9%	9.9%	10.3%	10.1%	-	-	-	-	-	-
Number of policies in force	1,297,369	1,308,167	1,318,043	1,326,765	1,337,652	1,347,456						
YoY	8.2%	8.5%	8.6%	8.7%	8.9%	8.9%	-	-	-	-	-	-
Average renewal rate	88.5%	88.2%	88.2%	88.4%	88.4%	88.4%						
YoY	0.3%	0.2%	0.2%	0.3%	0.5%	0.2%	-	-	-	-	-	-
No. of applications for Dobutsu Kenkatsu	20,749	23,085	19,134	20,123	22,258	21,294						
YoY	9.9%	8.0%	-0.2%	10.2%	11.2%	10.4%	-	-	-	-	-	-
No. of patents held	22	22	23	24	25	25						
YoY	22.2%	22.2%	21.1%	26.3%	31.6%	25.0%	-	-	-	-	-	-

Source: Shared Research based on company data

Notes: Dobutsu Kenkatsu provides pet insurance policyholders an annual gut microbiota measurement. The results of these tests are used to measure vulnerability to illness based on the company's own indices. Depending on the results, the pet may receive a free health check at a designated veterinary hospital.

As of April 2025, the company has decided to discontinue the disclosure of the number of hospitals participating in the Research and Development Partnership for Animal Regenerative Medicine (PARM).

Trends and outlook

Quarterly trends and results

Quarterly performance (cumulative)

Cumulative	FY03/24				FY03/25				FY03/26		
(Cons., JPYmn)	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	% of forecast	FY forecast
Recurring revenue	14,868	29,837	44,936	60,437	16,519	32,903	49,706	67,683	18,235	25.0%	73,000
YoY	6.6%	6.7%	6.9%	6.9%	11.1%	10.3%	10.6%	12.0%	10.4%		7.9%
Underwriting revenue	13,326	26,774	40,270	54,273	14,351	28,787	43,505	58,862	15,778		
YoY	6.6%	6.8%	6.6%	6.9%	7.7%	7.5%	8.0%	8.5%	9.9%		
Investment revenue	126	361	569	733	295	516	806	1,586	362		
YoY	-4.5%	1.4%	21.3%	-12.1%	134.1%	42.9%	41.7%	116.4%	22.7%		
Interest and dividend income	120	268	450	610	191	375	572	777	213		
Gains on sale of securities	2	87	117	117	101	141	232	808	148		
Other recurring revenue	1,414	2,701	4,096	5,430	1,871	3,599	5,394	7,235	2,095		
YoY	7.6%	5.8%	8.0%	10.5%	32.3%	33.2%	31.7%	33.2%	12.0%		
% of recurring revenue	9.5%	9.1%	9.1%	9.0%	11.3%	10.9%	10.9%	10.7%	11.5%		
Recurring expenses	13,666	27,235	41,660	56,277	14,899	29,773	45,913	62,742	17,275		
YoY	3.7%	4.7%	5.9%	6.5%	9.0%	9.3%	10.2%	11.5%	15.9%		
% of recurring revenue	91.9%	91.3%	92.7%	93.1%	90.2%	90.5%	92.4%	92.7%	94.7%		
Underwriting expenses	9,265	18,392	28,381	38,436	10,016	19,930	30,892	41,928	11,298		
YoY	4.2%	5.2%	7.1%	7.8%	8.1%	8.4%	8.8%	9.1%	12.8%		
% of recurring revenue	62.3%	61.6%	63.2%	63.6%	60.6%	60.6%	62.1%	61.9%	62.0%		
Net premiums written	7,346	15,079	22,843	30,494	8,045	16,507	25,117	33,345	8,759		
YoY	9.8%	9.9%	9.1%	9.2%	9.5%	9.5%	10.0%	9.3%	8.9%		
% of recurring revenue	49.4%	50.5%	50.8%	50.5%	48.7%	50.2%	50.5%	49.3%	48.0%		
Loss adjustment expenses	268	556	841	1,108	277	566	848	1,122	290		
YoY	-3.6%	-0.2%	0.1%	0.2%	3.4%	1.8%	0.8%	1.3%	4.7%		
% of recurring revenue	1.8%	1.9%	1.9%	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%		
Commissions and collection fees	1,291	2,564	3,825	5,135	1,330	2,665	3,874	5,235	1,412		
YoY	1.1%	1.2%	1.2%	1.3%	3.0%	3.9%	1.3%	1.9%	6.2%		
% of recurring revenue	8.7%	8.6%	8.5%	8.5%	8.1%	8.1%	7.8%	7.7%	7.7%		
Provision for outstanding losses and claims	91	191	291	257	154	164	240	286	396		
Provision for underwriting reserves	268	-	578	1,439	208	26	811	1,937	439		
Unearned premiums	448	-	914	1,325	532	844	1,155	1,788	711		
Catastrophe reserves a)	-180	-	-336	113	-323	-818	-344	148	-272		
Investment expenses	-	2	2	97	-	2	-	263	1		
% of recurring revenue	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	-	0.4%	0.0%		
Operating and general administrative expenses	3,918	7,863	11,823	15,795	4,183	8,478	13,003	17,857	5,224		
YoY	1.7%	2.6%	2.5%	2.9%	6.8%	7.8%	10.0%	13.1%	24.9%		
% of recurring revenue	26.4%	26.4%	26.3%	26.1%	25.3%	25.8%	26.2%	26.4%	28.6%		
Other recurring expenses	482	978	1,454	1,948	699	1,361	2,017	2,693	750		
% of recurring revenue	3.2%	3.3%	3.2%	3.2%	4.2%	4.1%	4.1%	4.0%	4.1%		
Recurring profit before goodwill amortization	1,252	2,703	3,427	4,362	1,682	3,254	3,979	5,191	1,025		
YoY	50.1%	30.8%	19.7%	11.8%	34.3%	20.4%	16.1%	19.0%	-39.1%		
Recurring profit margin before goodwill amortization	8.4%	9.1%	7.6%	7.2%	10.2%	9.9%	8.0%	7.7%	5.6%		
Recurring profit	1,201	2,601	3,276	4,159	1,620	3,130	3,793	4,941	960	29.1%	3,300
YoY	54.4%	33.0%	21.4%	12.9%	34.9%	20.3%	15.8%	18.8%	-40.7%		-33.2%
Recurring profit margin	8.1%	8.7%	7.3%	6.9%	9.8%	9.5%	7.6%	7.3%	5.3%		4.5%
Extraordinary gains	-	-	49	264	-	1	1	1	-		
Extraordinary losses	8	22	57	227	6	13	23	193	9		
Net income	811	1,756	2,041	2,729	1,111	2,180	2,574	3,246	650	31.0%	2,100
YoY	63.2%	33.4%	22.0%	19.5%	37.0%	24.1%	26.1%	18.9%	-41.5%		-35.3%
Net margin	5.5%	5.9%	4.5%	4.5%	6.7%	6.6%	5.2%	4.8%	3.6%		2.9%

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

Recurring revenue for Q2 FY03/24 is based on company data.

Quarterly performance

Quarterly (Cons., JPYmn)	FY03/24				FY03/25				FY03/26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Recurring revenue	14,868	14,969	15,099	15,501	16,519	16,384	16,803	17,977	18,235
YoY	6.6%	6.8%	7.3%	7.0%	11.1%	9.5%	11.3%	16.0%	10.4%
Underwriting revenue	13,326	13,448	13,496	14,003	14,351	14,436	14,718	15,357	15,778
YoY	6.6%	7.1%	6.1%	7.7%	7.7%	7.3%	9.1%	9.7%	9.9%
Investment revenue	126	235	208	164	295	221	290	780	362
Interest and dividend income	120	148	182	160	191	184	197	205	213
Gains on sale of securities	2	85	30	-	101	40	91	576	148
Other recurring revenue	1,414	1,287	1,395	1,334	1,871	1,728	1,795	1,841	2,095
% of recurring revenue	9.5%	8.6%	9.2%	8.6%	11.3%	10.5%	10.7%	10.2%	11.5%
Recurring expenses	13,666	13,569	14,425	14,617	14,899	14,874	16,140	16,829	17,275
YoY	3.7%	5.6%	8.2%	8.3%	9.0%	9.6%	11.9%	15.1%	15.9%
% of recurring revenue	91.9%	90.6%	95.5%	94.3%	90.2%	90.8%	96.1%	93.6%	94.7%
Underwriting expenses	9,265	9,127	9,989	10,055	10,016	9,914	10,962	11,036	11,298
YoY	4.2%	6.2%	10.8%	9.7%	8.1%	8.6%	9.7%	9.8%	12.8%
% of recurring revenue	62.3%	61.0%	66.2%	64.9%	60.6%	60.5%	65.2%	61.4%	62.0%
Net premiums written	7,346	7,733	7,764	7,651	8,045	8,462	8,610	8,228	8,759
YoY	9.8%	10.0%	7.7%	9.2%	9.5%	9.4%	10.9%	7.5%	8.9%
% of recurring revenue	49.4%	51.7%	51.4%	49.4%	48.7%	51.6%	51.2%	45.8%	48.0%
Loss adjustment expenses	268	288	285	267	277	289	282	274	290
YoY	-3.6%	3.2%	0.7%	0.4%	3.4%	0.3%	-1.1%	2.6%	4.7%
% of recurring revenue	1.8%	1.9%	1.9%	1.7%	1.7%	1.8%	1.7%	1.5%	1.6%
Commissions and collection fees	1,291	1,273	1,261	1,310	1,330	1,335	1,209	1,361	1,412
YoY	1.1%	1.4%	1.0%	1.9%	3.0%	4.9%	-4.1%	3.9%	6.2%
% of recurring revenue	8.7%	8.5%	8.4%	8.5%	8.1%	8.1%	7.2%	7.6%	7.7%
Provision for outstanding losses and claims	91	100	100	-34	154	10	76	46	396
Provision for underwriting reserves	268	-268	578	861	208	-182	785	1,126	439
Unearned premiums	448	-448	914	411	532	312	311	633	711
Catastrophe reserves a)	-180	180	-336	449	-323	-495	474	492	-272
Investment expenses	-	2	-	95	-	2	-2	263	1
% of recurring revenue	0.0%	0.0%	-	0.6%	0.0%	0.0%	-0.0%	1.5%	0.0%
Operating and general administrative expenses	3,918	3,945	3,960	3,972	4,183	4,295	4,525	4,854	5,224
YoY	1.7%	3.6%	2.1%	4.2%	6.8%	8.9%	14.3%	22.2%	24.9%
% of recurring revenue	26.4%	26.4%	26.2%	25.6%	25.3%	26.2%	26.9%	27.0%	28.6%
Other recurring expenses	482	496	476	494	699	662	656	676	750
% of recurring revenue	3.2%	3.3%	3.2%	3.2%	4.2%	4.0%	3.9%	3.8%	4.1%
Recurring profit before goodwill amortization	1,252	1,451	724	935	1,682	1,572	725	1,212	1,025
YoY	50.1%	17.7%	-9.0%	-9.8%	34.3%	8.3%	0.1%	29.6%	-39.1%
Recurring profit margin before goodwill amortization	8.4%	9.7%	4.8%	6.0%	10.2%	9.6%	4.3%	6.7%	5.6%
Recurring profit	1,201	1,400	675	883	1,620	1,510	663	1,148	960
YoY	54.4%	18.9%	-9.3%	-10.4%	34.9%	7.9%	-1.8%	30.0%	-40.7%
Recurring profit margin	8.1%	9.4%	4.5%	5.7%	9.8%	9.2%	3.9%	6.4%	5.3%
Extraordinary gains	-	-	49	215	-	1	-	-	-
Extraordinary losses	8	14	35	170	6	7	10	170	9
Net income	811	945	285	688	1,111	1,069	394	672	650
YoY	63.2%	15.4%	-20.2%	12.6%	37.0%	13.1%	38.2%	-2.3%	-41.5%
Net margin	5.5%	6.3%	1.9%	4.4%	6.7%	6.5%	2.3%	3.7%	3.6%

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

Key indicators

Cumulative	FY03/24				FY03/25				FY03/26		
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	% of forecast	FY forecast
Number of policies in force	1,132,856	1,154,322	1,172,819	1,193,560	1,213,737	1,236,904	1,260,176	1,287,923	1,318,043	29.5%	1,390,000
YoY	7.9%	7.6%	7.1%	7.2%	7.1%	7.2%	7.4%	7.9%	8.6%		16.5%
Number of newly acquired policies	55,161	110,883	165,842	223,289	57,986	117,552	178,908	245,741	69,815	24.9%	280,000
YoY	2.2%	1.5%	0.7%	2.1%	5.1%	6.0%	7.9%	10.1%	20.4%		25.4%
YoY change	1,203	1,681	1,199	4,594	2,825	6,669	13,066	22,452	11,829		61,305
Renewal rate	88.1%	88.2%	88.2%	88.2%	88.1%	88.1%	88.1%	88.2%	88.3%		88.2%
Number of payout cases ('000)	1,072	2,199	3,317	4,381	1,116	2,285	3,468	4,564	1,161	24.2%	4,804
YoY	4.5%	4.3%	3.8%	3.9%	4.1%	3.9%	4.6%	4.2%	4.0%		5.3%
Number of hospitals accepting Anicom	6,830	6,850	6,851	6,879	6,908	6,919	6,935	6,964	6,995		
YoY	1.7%	1.6%	1.2%	1.3%	1.1%	1.0%	1.2%	1.2%	1.3%		
Earned premiums	12,878	26,774	39,356	52,948	13,819	27,943	42,350	57,074	15,067		
Claims paid (incl. loss adjustment expenses)	7,705	15,826	23,975	31,859	8,476	17,237	26,205	34,753	9,445		
Combined ratio	93.4%	94.0%	94.1%	93.2%	93.9%	93.5%	93.5%	92.9%	97.9%		94.7%
E/I loss ratio	59.6%	60.6%	60.7%	59.9%	61.1%	61.4%	61.6%	60.6%	62.4%		61.1%
Expense ratio (earned premiums basis)	33.8%	33.4%	33.4%	33.3%	32.8%	32.1%	31.9%	32.3%	35.5%		33.6%
Quarterly	FY03/24				FY03/25				FY03/26		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
Total number of policies in force	1,132,856	1,154,322	1,172,819	1,193,560	1,213,737	1,236,904	1,260,176	1,287,923	1,318,043		
Number of newly acquired policies	55,161	55,722	54,959	57,447	57,986	59,566	61,356	66,833	69,815		
YoY	2.2%	0.9%	-0.9%	6.3%	5.1%	6.9%	11.6%	16.3%	20.4%		
Number of payout cases ('000)	1,072	1,127	1,118	1,064	1,116	1,169	1,183	1,096	1,161		
YoY	4.5%	4.2%	2.9%	4.2%	4.1%	3.7%	5.8%	3.0%	4.0%		
Earned premiums	12,878	13,896	12,582	13,592	13,819	14,124	14,407	14,724	15,067		
Claims paid (incl. loss adjustment expenses)	7,705	8,121	8,149	7,884	8,476	8,761	8,968	8,548	9,445		
Combined ratio	93.4%	94.6%	94.1%	90.7%	93.9%	93.1%	93.4%	91.3%	97.9%		
E/I loss ratio	59.6%	61.6%	60.8%	57.7%	61.1%	61.7%	62.0%	57.8%	62.4%		
Expense ratio (earned premiums basis)	33.8%	33.0%	33.3%	33.0%	32.8%	31.4%	31.4%	33.5%	35.5%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

1H FY03/26 results

- Recurring revenue: JPY18.2bn (+10.4% YoY; 25.0% of the full-year company forecast)
- Recurring expenses: JPY17.3bn (+15.9% YoY)
- Recurring profit: JPY960mn (-40.7% YoY; +29.1%)
- Net income attributable to owners of the parent: JPY650mn (-41.5% YoY; 31.0%)

Earnings summary

- Recurring revenue was up JPY1.7bn or 10.4% YoY to JPY18.2bn, due to an increase of JPY1.4bn in underwriting revenue, an increase of JPY67mn in investment revenue, and an increase of JPY224mn in other recurring revenue. The number of policies in force increased 8.6% YoY to 1,318,043, and new policy acquisition rose 20.4% YoY to 69,815, driven by continued strong demand for pet ownership, various initiatives to strengthen sales channel activities, and the transfer of policies from other insurers. Other recurring revenue from non-insurance businesses grew steadily to JPY2.1bn (+12.0% YoY). Investment revenue increased 22.5% YoY to JPY362mn, exceeding its projection through agile asset management amid uncertain market conditions.
- Recurring profit was down JPY660mn YoY to JPY960mn (-40.7% YoY). The decrease in recurring profit reflected a JPY1.2bn increase in earned premiums, a JPY956mn decrease in claims paid, a JPY81mn decrease in agency fees, a JPY50n decrease in the provision for catastrophe reserves, a JPY66mn increase in investment revenue, a JPY1mn decrease in investment expenses, a 223mn increase in other recurring revenue outside the insurance business, a JPY50mn decrease in other recurring expenses, and a JPY1.1bn decrease in SG&A expenses. The recurring profit margin was 5.3%, down 4.5pp YoY. While the company steadily increased revenue, supported by strong new policy acquisition and expansion of peripheral businesses, profit declined due to costs related to the transfer of AXA Direct insurance contracts. Nevertheless, profit remained strong in line with its projection.
- The E/I loss ratio increased 1.3pp YoY to 62.4% due mainly to the increasing average lifespan of pets, advances in veterinary medicine, and persistently high medical costs due to inflation. Due to costs associated with the transfer of policies from other insurers, the operating expense ratio on an earned premiums basis rose 2.7pp YoY to 35.5%. As a result of adding up the E/I and the operating expense ratios, the combined ratio based on earned premiums increased 4.0pp YoY to 97.9%.

More details will be provided after an interview with the company.

Company forecast for FY03/26

Numerical targets

(JPYmn)	FY03/24			FY03/25			FY03/26		
	1H results	2H results	FY results	1H results	2H results	FY results	1H forecast	2H forecast	FY forecast
Recurring revenue	29,837	30,600	60,437	32,903	34,780	67,683	35,000	38,000	73,000
YoY change	6.7%	7.2%	6.9%	10.3%	13.7%	12.0%	6.4%	9.3%	7.9%
Recurring profit	2,601	1,558	4,159	3,130	1,811	4,941	1,800	1,500	3,300
YoY change	33.0%	-9.9%	12.9%	20.3%	16.2%	18.8%	-42.5%	-17.2%	-33.2%
Recurring profit margin	8.7%	5.1%	6.9%	9.5%	5.2%	7.3%	5.1%	3.9%	4.5%

Source: Shared Research based on company data

The earnings forecast for FY03/26 calls for consolidated recurring revenue of JPY73.0bn (+7.9% YoY), recurring profit of JPY3.3bn (-33.2% YoY), and net income attributable to owners of the parent of JPY2.1bn (-35.3% YoY). Anicom anticipates consolidated recurring revenue of JPY35.0bn (+6.4% YoY) and recurring profit of JPY1.8bn (-42.5% YoY) for 1H FY03/26.

The company expects to achieve record-high revenue while expanding its business, addressing social issues, and taking a leadership role in the pet industry. Profit, however, is projected to decline due to one-time transfer fees associated with the migration of AXA Direct policies, which are not expected to recur from FY03/27 onward. The earnings forecast is based on projected insurance claims and expense levels, taking into consideration factors such as changes in the business environment, trends in the pet insurance market—including competitive dynamics—ongoing initiatives to promote broader adoption and sales expansion, and the anticipated effects of measures aimed at improving the loss ratio.

- ▶ Downward pressure on the recurring profit growth curve projected in the company's long-term management plan is attributed to three main factors: a JPY600mn decline due to the transfer of policies from AXA Direct, a JPY1,000mn decline from business investments including the JARVIS Animal Medical Center Tokyo, and a JPY400mn decline from other factors.
- ▶ Regarding the medium- to long-term profit impact of the AXA Direct policy transfer, the company expects transfer fee payments to conclude in FY03/26 (as the transfer of policies is to be completed by end-November 2025), with the business projected to become profitable from FY03/27 onward.

Key KPIs for the insurance business in FY03/26 are as follows.

- E/I loss ratio: 61.1% (+0.5pp YoY)
- Operating expense ratio on an earned premiums basis: 33.6% (+1.3pp YoY)
- Combined ratio: 94.7% (+1.8pp YoY)
- Number of policies in force: 1,390,000 (+7.9% YoY)
- Number of new policies: 280,000 (+13.9% YoY)
- Renewal rate: 88.2% (unchanged)
- Number of payouts: 4,804,000 (+5.3% YoY)
- ▶ The company also expects strong growth in the number of new policies, driven by the transfer of contracts from AXA Direct.

To improve transparency on progress in strategic focus areas under the medium-term business plan, the company intends to revise its segment disclosures as follows.

1. Non-life insurance business
2. Pet-related internet services business
3. Veterinary clinic management business (Anicom Animal Hospital Group)
4. Health innovation business (development and sales of oral and intestinal care products)
5. Other businesses (animal hospital support, insurance agency, genetic screening, and other services)

- Revenue from the veterinary clinic management business is projected to reach between JPY2.4bn and JPY2.6bn (versus JPY2.2bn in FY03/25), with the number of medical consultations or treatments expected to increase to 220,000–230,000 (vs. 212,000 in FY03/25). The company expects revenue from existing group hospitals to remain firm, with further growth anticipated from the planned opening of a new large hospital in Shinagawa. The company also plans to disclose the number of consultations as a revenue-related KPI.
- In the health innovation business, since launching the *Kimi no Gohan* dry food product in 2021, the company has expanded its lineup of health-focused offerings for animals. Sales have more than doubled YoY each year since launch. For FY03/26, revenue is forecast at JPY800mn–1.0bn (vs. JPY374mn in FY03/25), driven by growth in repeat purchases, expansion into new sales channels—including animal hospitals, grooming salons, and pet shops—and the development and launch of new products.

Key management parameters

	FY03/23	FY03/24	FY03/25	FY03/26
	Act.	Act.	Act.	Est.
No. of policies in force	1,113,144	1,193,560	1,287,923	1,390,000
Difference	84,313	80,416	94,363	102,077
YoY	8.2%	7.2%	7.9%	7.9%
No. of new policies	218,695	223,289	245,741	280,000
Difference	-10,404	4,594	22,452	34,259
YoY	-4.5%	2.1%	10.1%	13.9%
Renewal rate	88.2%	88.2%	88.2%	88.2%
Difference	0.4%	0.0%	0.0%	0.0%
Number of payout cases ('000)	4,216	4,381	4,564	4,804
Animal hospitals accepting Anicom pet insurance	6,789	6,879	6,964	
Difference	108	90	85	-
YoY	1.6%	1.3%	1.2%	-
E/I loss ratio (%)	58.9%	59.9%	60.6%	61.1%
Difference	0.8%	1.0%	0.7%	0.5%
Expense ratio (earned premiums basis)	34.9%	33.3%	32.3%	33.6%
Difference	-1.8%	-1.6%	-1.0%	1.3%
Combined ratio (earned premium basis, %)	93.8%	93.2%	92.9%	94.7%
Difference	-1.0%	-0.6%	-0.3%	1.8%
Solvency margin (parent) (%)	373.1%	333.7%	345.2%	
Difference	-20.4%	-39.4%	11.5%	

Source: Shared Research based on company data

Shareholder Returns

The annual dividend per share for FY03/26 is projected at JPY9.0, up JPY0.5 from the previous fiscal year, representing a forecast dividend payout ratio of 31.6%. In May 2025, the company also announced a share buyback program of up to JPY1.0bn, equivalent to 2.7% of the total number of shares outstanding (excluding treasury shares). The buyback period is scheduled to run through September 30, 2025.

Anicom Group's medium-term management plan 2025–2027 (out May 9, 2025)

Review of the previous medium-Term management plan

The company reviewed performance against the initial targets set in its medium-term management plan for FY03/25. Results were as follows:

- Consolidated recurring revenue: Target JPY65.0–70.0bn vs. actual JPY67.7bn
- Consolidated recurring profit: Target JPY4.5–5.0bn vs. actual JPY4.9bn
- Consolidated ROE: Target approx. 10% vs. actual 11.2%
- Dividend payout ratio: Target approx. 20% vs. actual 20.2%
- Revenue from and revenue share of synergy-generating businesses: Target JPY7.8–8.4bn; 12% vs. actual JPY7.2bn; 10.7%

- Non-life insurance solvency margin ratio: Target 300–320% vs. actual 345.2%

Placing emphasis on balancing scale and profitability, the company steadily executed its plan and achieved most of its numerical targets, except for revenue and revenue share from synergy-generating businesses.

Key KPIs—insurance business (FY03/25 results versus targets)

- Loss ratio: Target 58–59% vs. actual 60.6%
- Expense ratio: Target 35–36% vs. actual 32.3%
- Combined ratio: Target 93–94% vs. actual 92.9%

Although the loss ratio exceeded the initial target, the significant reduction in the expense ratio resulted in a combined ratio below the target, representing a favorable outcome. The company maintained appropriate performance levels for a non-life insurer while steadily expanding its business foundation.

Key KPIs—synergy-generating businesses (FY03/25 results versus targets)

- Genetic test samples: Target 120,000–150,000 per year vs. actual 66,000
- Gut microbiota test applications: Target 200,000–250,000 per year vs. actual 242,000
- Health innovation business revenue: Target JPY800mn–1.0bn vs. actual JPY290mn
- Veterinary clinic management business: Target JPY3.0bn in revenue and JPY2.2bn of post-amortization profit vs. actual JPY2.2bn in revenue and a post-amortization loss of JPY30mn

Except for gut microbiota test applications, most results fell short of projections. Nonetheless, the company advanced business investments and worked to improve earnings, aiming to build infrastructure that supports the realization of preventive insurance and to strengthen its overall management base.

On the qualitative front, the company advanced several initiatives within the insurance business. These included expanding and strengthening sales channels—such as enhancing partnerships with domestic life and non-life insurers—optimizing product offerings (e.g., revising premiums for the *Dobutsu Kempo Family Wide* plan), enhancing product and service functionality through the introduction of online and LINE-based claims submission systems, and improving brand value, as evidenced by receiving a Good Design Award. In its synergy-generating businesses, the company also implemented a range of strategic initiatives. These included strengthening breeder support through expanded services for breeders; enhancing its pet matching service, which surpassed 300,000 cumulative matches; developing and launching new oral and gut care products through Dobutsu Kenkatsu; and advancing its regenerative medicine business, including initiatives aimed at improving quality of life (QOL) via stem cell therapy.

Basic strategy

The company recognizes the following developments in the external environment.

- The overall pet industry continues to expand.
 - While the pandemic-driven surge in pet ownership has subsided, the number of new dog and cat adoptions appears to have stabilized.
 - Interest in pet insurance is rising, driven by factors such as longer pet lifespans, advances in veterinary medicine, and inflationary pressures.
 - Market expansion is progressing, supported by new entrants from major life and non-life insurers as well as players from other industries, leading to higher pet insurance penetration.
 - Following tighter regulations under the Animal Welfare and Management Act, the industry is undergoing a distribution shift as breeder and pet shop business models begin to converge.
 - Intensifying competition and rising loss ratios have prompted a wave of withdrawals from online-focused pet insurers, accelerating industry consolidation.
 - The frequency of veterinary visits is increasing, along with the average cost per consultation.
 - Amid growing demand for high-quality, premium-priced products, the market is shifting from volume-based expansion to quality-driven growth.
- The company believes that the pet insurance industry is entering a phase where brand strength and a clearly differentiated business model will determine competitiveness. Against the backdrop of ongoing market growth, the company expects to further expand its market share, including through collaboration with external partners.

To achieve its vision of providing “insurance that makes pets healthier”—supporting a long, healthy life for animals—the company is advancing the following initiatives in its core pet insurance business.

- Pursue differentiation of Anicom as a unique, prevention-oriented insurance product
- Enhance customer convenience and operational efficiency through a direct payment system at veterinary clinics
- Nationwide sales coverage and diversified distribution channels
- Create added value through data analytics, such as offering new health-extension services
- Actively hire and utilize a diverse range of specialized personnel

Beyond its insurance operations, the company continues to expand its synergy-generating businesses, which support animals across every stage of life—upstream, midstream, and downstream—aiming to deliver both social and economic value. Specifically, breeding support and pet matching services for upstream; gut microbiota testing and the health innovation business for midstream; and animal hospital operations and advanced veterinary care for downstream.

Key management targets

As part of its medium-term management plan, the company has set consolidated financial targets for FY03/28, including recurring revenue of JPY80.0–85.0bn (compared with JPY67.7bn in FY03/25), recurring profit of JPY6.8–7.3bn (JPY4.9bn), and ROE of about 12% (11.2%). To achieve these goals, Anicom intends to make investments aimed at establishing a preventive-type insurance model. The company is positioning these investments as a foundation for sustainable profit growth over the medium to long term.

- ▶ With regard to the medium- to long-term profit impact of the AXA Direct policy transfer, the company expects transfer fees to conclude in FY03/26. According to projections released in the FY03/25 financial results material, transfer fees are forecast to exceed JPY1.0bn for FY03/26. From FY03/27 onward, the company anticipates no additional fees and projects the business to turn profitable with a contribution of over JPY500mn. Thereafter, the incremental profit contribution is expected to gradually decline.

Capital allocation policy

Anicom expects total cash inflows of approximately JPY15.0bn through FY03/28. It plans to allocate about JPY7.0bn toward growth investments, JPY2.0bn to business foundation reinforcements, and JPY6.0bn for shareholder returns. While maintaining an appropriate ESR level, the company seeks to balance these three priorities. The company also aims for a stable dividend increases, targeting a payout ratio of around 30%. In addition, Anicom will consider executing share buybacks in a flexible manner, in line with its capital policy.

- ▶ Growth investments include M&A activity (primarily succession-based acquisitions of animal hospitals), investments in business infrastructure (e.g., the JARVIS Animal Medical Center Tokyo), and R&D for new health care product development.
- ▶ Foundation enhancement efforts include human capital initiatives (such as recruiting specialized personnel and training DX talent) and operational efficiency improvements (including AI integration and system upgrades).
 - ▶ As part of its human capital strategy, the company is working to build an organization capable of fostering and retaining talent who can create and execute corporate strategy. Initiatives include increasing the proportion of specialist personnel, improving retention rates among high-performing employees, and investing in DX-related training for staff.
The following KPIs—already emphasized under the previous medium-term plan—will continue to be promoted: voluntary turnover rate below 10%; at least 60 inventors per year; and 100 supporters for children education. Additionally, new KPIs introduced under the company's foundation enhancement policy include: proportion of new graduates among specialist hires; employee engagement score; and certification as a Health and Productivity Management Outstanding Organization.
- ▶ Anicom's shareholder return policy comprises two main components: dividend payments and share buybacks. It targets a dividend payout ratio of approximately 30%, with the aim of delivering sustained dividend growth. The company intends to execute share buybacks flexibly, taking into consideration factors such as earnings performance, capital adequacy, share price levels, and growth investment opportunities. Compared with the previous medium-term plan, the company has raised its dividend payout ratio target from 20% to 30%. While maintaining its primary focus on

- ▶ dividends, the company has indicated a more proactive stance toward share buybacks, with decisions to be made while balancing shareholder returns and growth investments.
- ▶ With the upcoming implementation of new regulations requiring assets and liabilities—including underwriting reserves—to be evaluated on an economic value basis, the company expects changes in the classification of insurance categories. Specifically, pet insurance will be reclassified from “other insurance,” which carries a higher risk coefficient, to the lower-risk “pet insurance” category. In light of this reclassification, the company is considering how best to utilize surplus capital. The company also noted that it is reviewing the possibility of disclosing further details on its ESR, including surplus capital, in conjunction with the FY03/26 earnings announcement scheduled for May 2026.

Segment changes and key KPIs

To clarify progress on strategic initiatives under the new medium-term plan, the company will revise its segment disclosure starting from FY03/26. Previously, the company reported three segments: 1) non-life insurance business; 2) pet-related internet services business; and 3) other businesses (including veterinary clinic support, insurance agency services, clinical research and R&D in veterinary medicine, genetic testing, etc.). Going forward, the following five-segment structure will be adopted.

1. Non-life insurance business
2. Pet-related internet services business
3. Veterinary clinic management business (Anicom Animal Hospital Group)
4. Health innovation business (development and sales of oral and intestinal care products)
5. Other businesses (veterinary clinic support operations, insurance agency, genetic screening, and other services)

Key KPIs for the Insurance business (FY03/28 targets) are as follows.

- Combined ratio: 92% level (vs. 92.9% in FY03/25)
- Loss ratio: 61–62% (vs. 60.6%)
- Expense ratio: 30–31% (vs. 32.3%)

The FY03/28 targets are positioned as the second phase toward achieving the company's Vision for FY2030. Through further expansion of sales channels, provision of preventive solutions, and the adoption of AI to drive operational efficiency, the company aims to appropriately control both the loss and expense ratios and achieve stable growth in its insurance business.

- ▶ The company expects a slight increase in the loss ratio compared with FY03/25, reflecting the impact of continued inflation. However, it anticipates a modest decline in the expense ratio through improved efficiency, including the implementation of AI and system upgrades.

For the veterinary clinic management business, the company will regularly disclose key KPIs, including revenue and the number of consultations at group hospitals. For the health innovation business, the company will continue to provide regular updates, focusing on revenue trends from related products and services.

Vision FY03/30

Vision for FY03/30

The company's management vision is to provide unlimited value to society as an infrastructure player that connects the upstream and downstream markets in the animal industry. The management vision will mark the end of the company's second founding phase (FY03/20–FY03/30). The company positions the following as the management vision's phase to build a foundation for the realization of the vision.

The main themes of each phase are as follows.

First phase (2022–2024)

- Further spread and evolution of pet insurance
- Expansion of synergistic businesses

Second phase (2024–2027)

- Deepening the insurance company's preventive services as a point of differentiation
- Building an integrated pet health platform that combines health checkups, medical care, and insurance

Third phase (2027–2030)

- Evolution from insurance company to health maintenance organization
- Construction of ecosystem through penetration of services/products using the pet industry's largest database

Key risks to the soundness of insurance company management

The company has identified the following three as key risks that could affect the stability of its operations, and is implementing appropriate countermeasures.

- Risk concentration: Individuals with a higher likelihood of claims are more inclined to purchase insurance, and those who have made claims are more likely to renew their policies. This dynamic can result in high-risk policyholders becoming concentrated within the portfolio, increasing the insurer's exposure to potential losses.
- Aging of the insured under in-force policies: In insurance plans where loss ratios rise with age, earnings may come under pressure if the company fails to continuously attract new, younger policyholders. Without this influx, the average age of insureds rises, placing downward pressure on profitability.
- Medical cost inflation: Advances in medical technologies (e.g., surgical procedures) and diagnostic equipment (e.g., MRI, CT scanners) are driving up treatment costs, leading to higher insurance payouts and directly impacting the company's earnings.

Countermeasures to address key risks

The company is addressing these risks through two main strategic pillars.

- Establishing a preventive-type insurance model: By enhancing preventive services, the company aims to realize its concept of "insurance that makes pets healthier." This initiative seeks to elevate the intrinsic value of insurance, reduce claims, and transform the underwriting revenue model. Through strengthening its proprietary offerings, the company also aims to differentiate its pet insurance products.
- ▶ Visualization of immunity (health checkups): A fundamental challenge in preventive care is that while "illness" is visible, "health" is not. By offering health checkups—such as gut microbiota testing—the company enables the visualization of immune health, thereby motivating preventive care and facilitating early intervention.
- ▶ Oral and intestinal immune care: To maintain gut microbiota diversity, it is essential not only to promote a varied diet but also to prevent the intrusion of harmful bacteria. A major source of such bacteria is periodontal pathogens; therefore, the company promotes oral care to prevent bacterial invasion and offers diverse dietary recommendations as part of its prevention strategy.
- Exploring advanced veterinary medicine and building a portfolio of related IP: The company aims to lead the market in obtaining regulatory approval for next-generation medical technologies such as robotic-assisted surgery and stem cell-based regenerative therapies. It also seeks to secure intellectual property (IP) for these innovations to support the advancement of veterinary medicine. Additionally, through the standardization of advanced treatments, the company aims to contain the upward pressure on medical costs.
- ▶ Promotion and expansion of advanced care: Sectors like healthcare and aging care remain growth fields even in human medicine. By combining its animal health big data with leading-edge knowledge from human regenerative medicine, the company is working to develop advanced diagnostic methods and new treatment approaches.
- ▶ Standardization of advanced technologies: Through proactive investment in AI-assisted diagnostics and robotic surgery, the company seeks both to secure IP rights and to promote the standardization and rationalization of veterinary medical costs.

Strategy for disease prevention by stabilizing acquired immunity and corporate value creation

The company possesses a vast dataset comprising gut microbiota profiles for 600,000 dogs and 220,000 cats, along with over 4.0mn annual insurance claims. By analyzing this world-leading dataset, the company has begun to uncover the

potential for preventing diseases such as cancer. Through the development of a new theoretical framework focused on chronic low-grade inflammation and acquired immunity, the company aims to help realize every pet owner's wish to "stay together forever." At the same time, it is taking on the challenge of generating new corporate value through this innovative approach.

Business

Business description

Leader in domestic pet insurance industry, going all out to establish a preventive insurance company

Three individuals, including Nobuaki Komori, established a mutual aid association for pets in July 2000 and named it Anicom. They also set up a separate company in the same month to handle administrative duties for the mutual aid association. This company obtained a non-life insurance license in 2007 and began operations in January 2008. The company reports that it now leads the industry with a 42.2% share (based on premiums) of the domestic pet insurance market.

Wholly owned subsidiaries operating under the umbrella of Anicom Holdings are Anicom Insurance (non-life insurance business specializing in pet insurance; 100% of voting rights), Anicom Pafe (veterinary hospital support business; 100%), Anicom Specialty Medical Institute (veterinary medicine clinical and research services; 100%), SIMNET (operating breeder matching websites; 100%), and Flowens, Inc. (dog and cat breeding business; 100.0%). The company provides services centered on non-life insurance business (pet insurance business), health innovation business, veterinary clinic support and management business, insurance agency business, research and clinical business in the field of animal medical care, as well as the operation of a breeder matching website, among others.

Anicom's pet insurance business generates a steady flow of recurring revenue from insurance policyholders paying their monthly premiums. And because the monthly premiums it receives depend on the number of insurance policies in force, the company can expect steady growth in revenue from insurance premiums as long as the number of policies continues to increase. In FY03/18 the company began moving away from its traditional sales strategy that depended heavily on pet shops, turning its focus to developing the newborn market through sales channels other than the pet shop and general channels that it had traditionally used. This rapidly expanded the pet insurance business.

Considering FY03/20 to be the start of its second founding period, the company intends to accelerate the efforts it has been conducting to date. During this second founding period, as has been its goal since it was founded, Anicom aims to become a preventive insurance group that analyzes illnesses and injuries based on a range of data and looks after the health of pets. The company's management vision for its second founding period (from FY03/20) is to provide unlimited value to society as an infrastructure player that connects the upstream and downstream markets in the animal industry.

In its second founding period, Anicom aims to create new corporate value and achieve high growth through both its pet insurance business and its businesses that generate synergies. Its initiatives in the latter include the development and sale of pet foods, the expansion of matching sites, the expansion of the genetic testing business, the commercialization of breeding support, the promotion of the animal hospital business, the commercialization and expansion of regenerative medicine, and others (real estate management, lifelong pet care facilities, etc.). The company seeks to create synergy between its two businesses to become a prevention insurance group that analyzes illnesses and injuries based on a range of data to understand pet health.

Non-life insurance business (89.4% of recurring revenue)

Products and services

Pet insurance

Pet insurance is a product providing full or partial coverage for medical expenses incurred for hospital visits, hospitalization, and surgery due to illness or injury of pets (what is covered and the percentage of coverage depends on

the insurance product). Since there is no public insurance system for the medical care of pets, the entire burden of treatment falls on pet owners. The reason pet insurance is necessary is that the average life expectancy of pets is increasing due to improvements in pets' living environments and medical care technologies. The risk of developing diseases increases as pets age, leading to higher medical costs.

Companies offering pet insurance

Both non-life insurance companies and small-amount, short-term insurers handle pet insurance. The latter have been allowed to enter the market since April 2006. They are only allowed to pay claims of JPY10mn or less for non-life insurance and cover a period of up to two years. They can operate at a business scale with annual premiums of less than JPY5bn, and must have a minimum capitalization of JPY10.0mn. There is a difference in the scope of the safety net available in the event of bankruptcy or other failure and the scope of asset management between non-life insurers, which must be licensed by the Financial Services Agency, and the small-amount, short-term insurers, which can operate after registering with a local finance bureau. As of June 2025, Shared Research has identified five non-life insurance companies and 11 small-amount, short-term insurance companies that offer pet insurance.

Differences between non-life insurance companies and small-amount, short-term insurance companies

	Regulation of entry	Minimum capital requirements	Operating both life and non-life insurance businesses	System for policyholders protection	Asset management
Non-life insurance operator	Licensing by Financial Services Agency	JPY1.0bn	Not allowed	None (security deposit to Legal Affairs Bureau required)	No limitations in principal
Small-amount short-term insurance operator	Registration at Finance Bureau	JPY10.0mn	Allowed	In place	Limited to bank deposits, JGBs, local bonds, other

Source: Shared Research, based on data from the Financial Services Agency

Scope of compensation

Pet insurance mainly covers outpatient visits, hospitalization, and surgery. Compensation for outpatient visits covers medical expenses for examining and treating pet illness or injury at a veterinary hospital. Compensation for hospitalization covers medical expenses when a pet is hospitalized. Compensation for surgery covers medical expenses when a pet undergoes surgery due to injury or illness. Some non-life insurers sell pet insurance products that offer lower premiums by excluding some outpatient visits, hospitalizations, and surgeries from coverage.

Proportion of compensation

Pet insurance companies generally stipulate a certain percentage of compensation for the medical expenses incurred by an owner when a pet receives medical treatment for injury or illness. Coverage percentages can be, say, 50%, 70%, or 100%, but vary by company and product. In general, the higher the coverage rate, the higher the premium.

Payout limits

Depending on the insurer, there may be limits to the amount of claims payable during the insurance period for outpatient, hospitalization, surgery, and other medical treatment. In some cases, insurers limit the number of claims paid per day (once), and in other cases, limit the number of days claims can be made per year or total number of claims per year. Other products place no limits on claims.

Mainstay products

The company's mainstay product, Dobutsu Kempo Family, covers medical expenses incurred for hospital visits, hospitalization, and surgery, and can be applied to medical treatment at any veterinary hospital or clinic in Japan. Depending on the premiums the policyholder pays, a policy covers either 50% or 70% of the treatment cost. In October 2017, the company began offering Dobutsu Kempo Petit, which reduced premiums to about a third of the conventional product by limiting coverage to hospitalization and surgery. In October 2019, it also launched Dobutsu Kempo Senior, a product specifically for dogs and cats eight years or more at the time of policy purchase that covers only hospitalization and surgery. Dobutsu Kempo Senior has no upper age limit for underwriting. By limiting coverage to hospitalization and surgery and not covering outpatient visits, this insurance offers protection against unforeseen circumstances like hospitalization and surgery that tend to be expensive.

Insurance products

Product name	Sales channel	Product features
Dobutsu Kempo Family	General agencies	Guarantees either 50% or 70% of medical fees for sickness or injuries of an animal during a one-year coverage period; policyholders choose either 50% or 70% when they sign a contract.
	Pet shops	
	Direct sales	
Dobutsu Kempo Petit	General agencies	Guarantees 70% of medical fees for sickness or injuries of a dog or a cat during a one-year coverage period (limited to hospitalization and surgery); policyholders can choose only 70%.
	Pet shops	
	Direct sales	
Dobutsu Kempo Baby	Pet shops	Covers animals less than 1 year of age sold at pet shops; provides 100% coverage during the first one month, and either 50% or 70% during the remaining 11-month period; policyholders can choose the coverage ratio when they sign a contract.
Dobutsu Kempo Smile Baby	Directly by pet shops	Pet shops themselves provide guarantees under contracts with Anicom Insurance; covers animals less than one year of age; provides 100% coverage for pet owners for free during the first one month.
Dobutsu Kempo Smile Family	Pet shops	Dobutsu Kempo Smile Baby expires after one month; before expiration, policyholders make an application for additional one-year coverage for payouts of either 50% or 70%; policyholders can choose the coverage ratio when they sign a contract.
Dobutsu Kempo Happy	Pet shops	Covers dogs, cats, birds, rabbits, ferrets, momongas, squirrels, hamsters, mice, guinea pigs, hedgehogs, turtles, lizards, chinchillas, and snakes, sold through pet shops and aged less than two years; guarantees either 50% or 70% of medical fees covered in the contract for those 15 pets; policyholders choose the coverage ratio when they sign a contract.
Dobutsu Kempo Senior	Pet shops	Covers dogs and cats aged eight or older (no upper limit) traditionally out of range of new contracts; focuses on guaranteeing medical fees for hospitalization and surgery, with choice of add-on service Dobutsu Kenkatsu Family; guarantees either 50% or 70% of medical fees covered in the contract during a one-year coverage period.

Source: Shared Research based on company data

Note 1: Animals covered included dogs, cats, birds, rabbits, and ferrets; flying squirrels, squirrels, hamsters, mice, guinea pigs, hedgehogs, turtles, lizards, chinchillas, and snakes are only covered by renewed policies.

Note 2: There are limits to daily insurance payouts/ The maximum payouts are JPY10,000 a day under the 50% plan and JPY14,000 a day under the 70% plan for hospital visits or stays. For surgery, the maximum payout is JPY100,000 under the 50% and JPY140,000 under 70% plan. The company pays for hospital visits or stays up to 20 days and two surgeries a year.

Note 3: Maximum insurance payout limited to JPY14,000 per day for hospital stays and JPY500,000 per surgery

Note 4: The maximum payouts are JPY20,000 for hospital visits or stays. For surgery, the maximum payout is JPY200,000. The company pays for hospital visits or stays up to 20 days and two surgeries a year.

Dobutsu Kempo Family was revised in November 2014. The company added a "standard" plan, which limits the number of hospital visits and stays. The existing plan, which does not have such a limit, is called a "wide" plan.

The company began offering Dobutsu Kempo Happy for chinchillas and snakes on March 1, 2019, covering 15 pet types in total.

The company began offering Dobutsu Kempo Senior on September 17, 2019.

Premiums

Premiums differ depending on the species (e.g., dog, cat, bird, rabbit, ferret) and age of the pet. In the case of a one-year-old Chihuahua (70% coverage plan with full range of coverage), the annual premium would be about JPY35,630. For a five-year-old Golden Retriever, it would be about JPY71,010. The company's premium system puts dogs into five categories by size (roughly broken down by breed), from A (small dogs) to E (large dogs). The larger the dog, the higher the premium. The company says claim rates are lowest for dogs and cats aged three to four, after which rates tend to rise.

Annual premiums according to breeds (70% Standard Plan; in JPY; revised in December 2018)

(JPY)	Dog A	Dog B	Dog C	Dog D	Dog E	Cats	Birds	Rabbits	Ferrets
0 yrs	35,630	39,160	42,700	48,870	55,970	36,320	30,750	35,680	36,690
1 yr	33,940	37,270	40,750	46,630	53,610	34,590	30,750	36,470	37,370
2 yrs	34,450	37,510	41,500	47,490	55,220	34,740	30,750	39,980	45,400
3 yrs	36,630	39,010	43,890	50,270	59,210	35,200	30,750	44,160	59,400
4 yrs	43,750	48,720	52,490	64,100	75,540	36,520			
5 yrs	47,330	52,150	56,420	71,010	84,650	37,840			
6 yrs	52,180	56,520	61,620	77,840	93,810	39,710			
7 yrs	58,180	61,630	67,930	85,400	101,880	42,120			

Source: Shared Research based on company data

Dog A: Japanese Spitz, Chihuahua, etc.; mixed-breed dogs weighing less than 10kg

Dog B: Miniature Dachshund, Shiba, Papillon, Toy Poodle, etc.; mixed-breed dogs weighing between 10kg and 20kg

Dog C: Maltese, Akita, Beagle, Chow, Poodle, Pomeranian, Yorkshire Terrier, etc.; mixed-breed dogs weighing between 20kg and 30kg

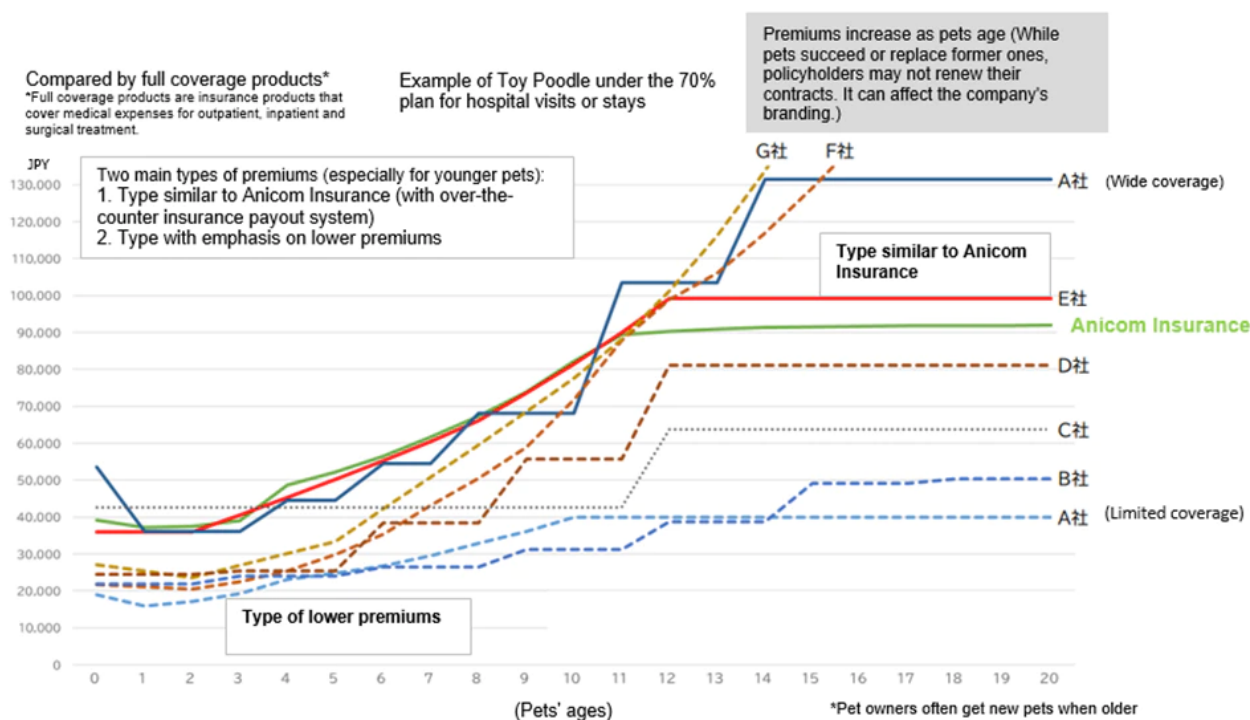
Dog D: Shih Tzu, Golden Retriever, Collie, Dachshund, French Bulldog, etc.; mixed-breed dogs weighing between 30kg and 45kg

Dog E: Siberian Husky, Tosa, American Cocker Spaniel, Bulldog, etc.; mixed-breed dogs weighing 45kg or more

A comparison of the company's premium structure with that of competitors indicates that online insurance companies appeal to customers with lower premiums than Anicom. Meanwhile, insurers with a similar premium structure to Anicom may set higher premiums for senior dogs older than 10. Despite a string of new market entrants, there does not seem to be any price convergence. Also, with the exception of Anicom, many insurers continue to operate at a loss. It is an open

question as to whether companies are setting premiums on a risk-return basis. In recent years, an increasing number of pet insurance companies have exited the market.

Pricing strategy comparison



Source: Shared Research extracted from company's news "Competitive analysis and further development of pet insurance" (February 7, 2023)

Average of JPY340,000 spent on pet dogs annually

There are different attitudes toward pet insurance between those who consider pets as mere "animals" and those who consider them as family members. Those who consider dogs as animals often do not take them to vets when they get sick. Thus, there is little incentive for them to acquire pet insurance. On the other hand, those who acquire pets as family members tend to buy insurance and take the pets to hospitals. A survey conducted by Anicom shows that its respondents spent an average of JPY340,000 on dogs and JPY165,000 on cats in 2020 for all their needs, including pet insurance premiums.

Survey on annual spending on pets

(JPY)	Dogs				Cats			
	2018	2019	2020	YoY	2018	2019	2020	YoY
Treatment for sickness or injuries	56,691	44,869	60,430	34.7%	29,631	23,919	31,848	33.1%
Foods and snacks	57,049	52,497	64,745	23.3%	42,925	49,713	42,925	-13.7%
Supplements	11,311	8,737	11,861	35.8%	4,694	2,783	5,668	103.7%
Training	6,446	7,273	7,204	-0.9%	22	2	1	-50.0%
Shampoo and grooming	44,508	42,323	48,692	15.0%	3,002	2,623	3,635	38.6%
Pet insurance premiums	48,153	50,155	46,895	-6.5%	30,653	30,155	34,929	15.8%
Vaccination and health checks	30,250	27,653	32,463	17.4%	12,424	12,814	14,029	9.5%
Pet hotels and pet sitters	7,743	8,339	3,991	-52.1%	3,563	3,469	1,609	-53.6%
Daily necessities	13,339	20,601	13,750	-33.3%	13,113	12,118	13,766	13.6%
Clothing	11,105	13,156	11,640	-11.5%	408	753	674	-10.5%
Playground, etc.	3,795	4,157	2,880	-30.7%	-	6	0	-100.0%
Collars and leashes	5,112	5,387	5,949	10.4%	1,929	2,354	1,614	-31.4%
Disaster prevention	602	1,082	703	-35.0%	633	1,431	982	-31.4%
Transportation	15,998	5,457	14,908	173.2%	2,057	1,357	891	-34.3%
Utilities (for pets)	19,152	15,113	12,449	-17.6%	15,920	15,183	12,264	-19.2%
Total	331,615	306,801	338,561	10.4%	160,975	158,680	164,835	3.9%

Source: Shared Research, based on company's "Survey of Annual Spending on Pets"

Claim and payout method: establishment of OTC settlement system

Owners file an insurance claim when their pet receives medical treatment for injury or illness. There are two types of payout methods for pet insurance in Japan: the reimbursement method and the over-the-counter (OTC) payout method. With reimbursements, policyholders pay the treatment cost in full to the veterinary hospital and later file a claim for reimbursement to the insurance company. They receive the insurance payment after the claim clears.

With the OTC settlement system, by presenting an insurance card proving their pet's insurance coverage at the vet's reception desk, the policyholder only pays a copayment—the amount remaining after deducting the percentage covered by insurance. There is no hassle of filing a claim later. However, this payout method is limited to treatment at facilities that are affiliated with an insurer.

Anicom was the first in Japan to establish such an OTC settlement system. Pet insurance claims are marked by being small and frequent. The company has more than 1.0mn policies in force, with an annual payout amount of over 4.0mn. The OTC settlement is the basis of the company's business model—it emphasizes ease of use of insurance given the frequent but relatively small-amount pet medical care. There are still only three companies in Japan that offer OTC settlement at veterinary hospitals: Anicom, ipet, and Pet & Family. These settlement systems also help hospitals attract customers.

Anicom provides Anicom Receptor, a management system for treatment records, to veterinary hospitals. The system allows hospitals to offer settlement services. The hospital provides fee details for clients and submits payment requests to Anicom, which reviews the requests and sends the money to the hospital. The system improves administrative efficiency and makes it easier for hospitals to handle insurance payments. It is also designed to prevent fraudulent claims and miscalculations.

With the conventional reimbursement method, in which policyholders mail in their claims, each claim incurs administrative costs such as bank transfer fees, postage, and assessment costs. The OTC settlement system streamlines such costs. Of the more than 4mn insurance claims the company receives in Japan, about 85% are through its OTC system.

Veterinary hospitals accepting Anicom insurance

The number of veterinary clinics and hospitals accepting Anicom insurance, which Anicom has been working to increase ever since it began operations, now exceeds 6,964 (as of FY03/25), an overwhelmingly large number compared to competitors. Furthermore, when veterinarians open new hospitals, they are more likely to choose an alliance with a widely used insurance company. This gives Anicom a strong competitive edge.

There were 8,809 veterinary hospitals and clinics in Japan as of end-December 2024, according to new business notifications submitted to the Ministry of Agriculture, Forestry and Fisheries in 2023. Of these, 6,512 cater to small animals, excluding industrial animals. Anicom's pet insurance pays for treatment provided by any veterinary hospital in Japan. Affiliated hospitals also accept Anicom-issued health insurance cards. OTC settlement and animal health insurance cards are important tools for veterinary hospitals and clinics to attract customers and are becoming the de facto industry standard.

This is how the system works: Anicom issues animal health insurance cards to policyholders, who show their card at the hospitals/clinics when they bring in their pets for treatment. The pet owners who have insurance cards are only liable for copayments at hospital counters. This system is a key point of differentiation for Anicom's services in relation to its competitors.

Animal health insurance cards issued by Anicom



Source: Shared Research extracted from company data.

Pet insurance policy renewal

Dogs account for more than 80% of Anicom's pet insurance policies. The older the dog, the higher the premium. An increase in average age thus leads to an increase in both average premium revenue and average claim payout. Age also affects insurance renewal rates, due to death surrender. The following table shows the number and percentage of policies by age for dogs.

Number and percentage of policies by age for dogs

	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23
Total	429,335	456,822	482,187	507,375	534,227	549,954	576,835	621,450	669,611	704,442
0 yrs	66,805	63,762	69,200	74,239	79,760	73,980	80,301	93,287	93,145	90,434
1 yr	49,221	53,282	49,916	54,154	58,682	64,680	63,064	70,150	82,029	83,211
2 yrs	47,910	46,248	49,362	46,676	50,927	54,931	61,058	60,081	67,637	78,427
3 yrs	44,089	45,930	43,835	47,200	45,008	48,948	53,193	59,162	58,795	65,545
4 yrs	42,270	42,436	44,059	42,125	45,732	43,234	46,987	51,249	57,362	56,901
5 yrs	29,249	40,832	40,860	42,537	41,114	44,160	41,965	46,118	50,691	56,078
6 yrs	33,590	28,837	39,443	39,646	41,531	39,907	42,982	41,554	45,977	50,040
7 yrs	30,802	33,282	28,711	38,654	39,155	40,549	39,046	42,323	41,626	45,503
8 yrs	27,706	28,865	31,056	27,032	36,381	36,410	38,003	37,613	41,038	40,364
9 yrs	24,038	25,973	26,965	29,320	25,499	33,812	34,218	36,735	36,669	39,755
10 yrs	17,515	22,409	24,087	25,191	27,324	23,594	31,493	32,854	35,534	35,340
11 yrs	10,162	15,958	20,499	22,202	23,211	25,006	21,837	29,950	31,257	33,732
12 yrs	5,978	9,008	14,194	18,399	19,903	20,743	22,688	20,374	27,851	29,112
	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
0 yrs	15.6%	14.0%	14.4%	13.5%	14.9%	13.5%	13.9%	15.0%	13.9%	12.8%
1 yr	11.5%	11.7%	10.4%	11.8%	11.0%	11.8%	10.9%	11.3%	12.3%	11.8%
2 yrs	11.2%	10.1%	10.2%	10.0%	9.5%	10.0%	10.6%	9.7%	10.1%	11.1%
3 yrs	10.3%	10.1%	9.1%	8.9%	8.4%	8.9%	9.2%	9.5%	8.8%	9.3%
4 yrs	9.8%	9.3%	9.1%	7.9%	8.6%	7.9%	8.1%	8.2%	8.6%	8.1%
5 yrs	6.8%	8.9%	8.5%	8.0%	7.7%	8.0%	7.3%	7.4%	7.6%	8.0%
6 yrs	7.8%	6.3%	8.2%	7.3%	7.8%	7.3%	7.5%	6.7%	6.9%	7.1%
7 yrs	7.2%	7.3%	6.0%	7.4%	7.3%	7.4%	6.8%	6.8%	6.2%	6.5%
8 yrs	6.5%	6.3%	6.4%	6.6%	6.8%	6.6%	6.6%	6.1%	6.1%	5.7%
9 yrs	5.6%	5.7%	5.6%	6.1%	4.8%	6.1%	5.9%	5.9%	5.5%	5.6%
10 yrs	4.1%	4.9%	5.0%	4.3%	5.1%	4.3%	5.5%	5.3%	5.3%	5.0%
11 yrs	2.4%	3.5%	4.3%	4.5%	4.3%	4.5%	3.8%	4.8%	4.7%	4.8%
12 yrs	1.4%	2.0%	2.9%	3.8%	3.7%	3.8%	3.9%	3.3%	4.2%	4.1%
Average age	4.2	4.5	4.6	4.7	4.7	4.7	4.7	4.6	4.7	4.7

Source: Shared Research based on Anicom's 2024 White Paper on Household Animals (number of expired and surrendered one-year policies by animal type and age)

One reason for canceling a pet insurance policy is the death of the pet. However, considering that pets have an average life expectancy of about 13 years and that the ratio of policies for pets older than 12 is only about 4.2% at Anicom, the company believes the impact from death surrenders is limited. To maintain high continuity, it is important to capture the relatively new market for newborn pets and increase renewal rates at the end the first year, as well as implement measures that go down well with policyholders and prevent cancellation. The company has a renewal rate of about 70%

after the first year for newborn pets, but above 90% from the second year onwards. The overall renewal rate has recently been stable, as at 88.2% in FY03/25.

Renewal rate

	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
Renewal rate	88.2%	88.2%	88.2%	87.7%	87.2%	87.7%	87.8%	88.2%	88.2%	88.2%

Source: Shared Research based on company data

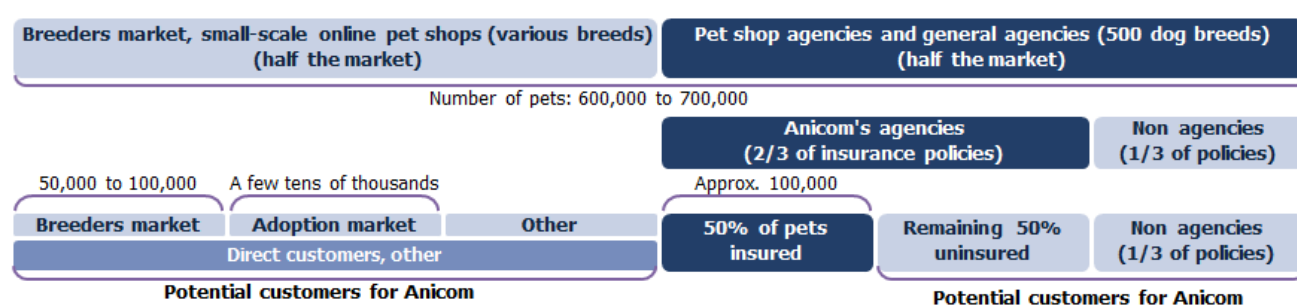
Sales channels (subscription routes)

Newborn channel

Pet shops are the largest channel for the company's insurance sales, with pet shop agencies selling more than 80% of new policies. Pet shops in Japan sell 600,000–700,000 pets under one year old every year, and the company targets prospective pet owners for its pet insurance. Anicom has agency agreements with major pet shop chains nationwide (comprising about 2,000 stores), which then sell insurance policies along with pet sales. The company is also developing channels among breeders, placing emphasis on selling insurance in various situations in which people come into contact with pets.

Since pets that have just been welcomed into a household often fall ill due to the stress of a sudden change of environment, the company offers a plan that covers 100% of medical expenses during the first month. This helps spur insurance demand. In addition, the loss ratio for newborn pets over the medium term is lower than that of the general channel due to their younger age, which contributes to improved management efficiency.

Overview of newborn-pet market



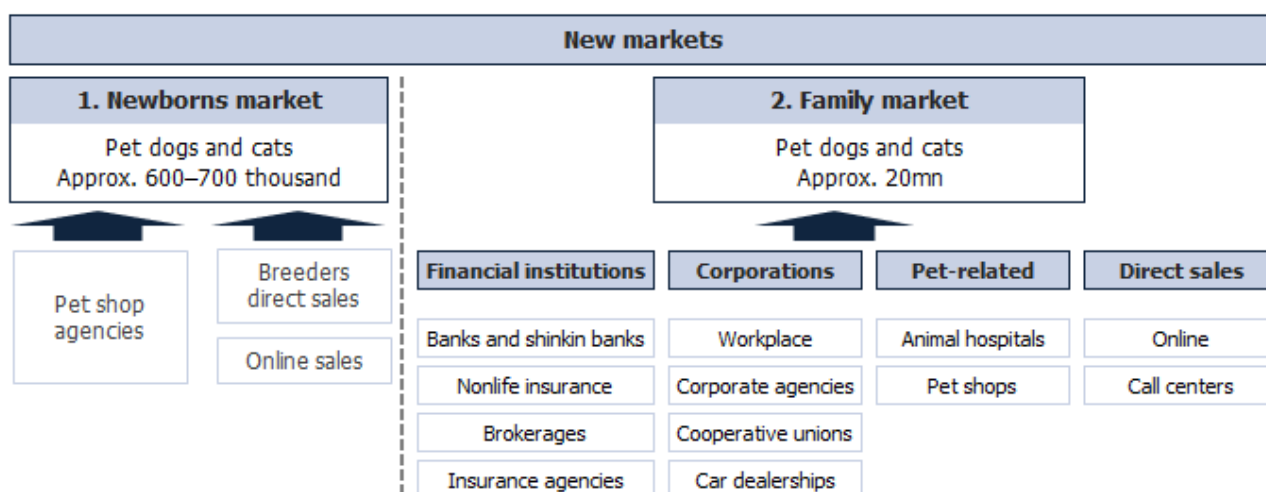
Source: Shared Research based on company data

General channel

This is a channel for online sales of pet insurance (through the company's own websites and online agencies) and over-the-counter sales at banks or other places pet insurance is sold. The general market is said to comprise approximately 20mn animals, most of which are already kept as pets, which is why the market is so large. The channel's two main routes are the direct sales route (directly sales via the company's websites and call center) and the general agency route, encompassing pet-related companies, financial institutions, cooperatives, insurance agencies, online agencies, and veterinary hospital/clinic agencies.

In the past, the company considered direct sales to offer the advantage of incurring no agency commissions, but also thought the loss ratio tended to be higher. However, after confirming that the loss ratio in the general sales channel is roughly on a par with that among pet shop agencies, the company shifted its strategy in FY03/18 and began building up the general sales channel to further accelerate growth in the pet insurance business. The new medium-term plan positions the general channel as a new pillar of revenue and aims to make it a future earnings driver. The economic census of the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry identifies about 5,000 pet shop operators in Japan. The company estimates it has partnerships with about 40% of them.

Pet insurance market and sales channels



Source: Shared Research based on company estimates based on data from the Japan Pet Food Association and Fuji-Keizai

Affiliated insurance companies

Sony Assurance Inc.

In January 2009, the company entered into a business alliance with Sony Assurance Inc. as a sales agent and began selling Dobutsu Kempo Family pet insurance through Sony Assurance. In June 2024, Anicom Holdings, Inc. and Sony Assurance Inc. announced the signing of a business alliance agreement to jointly develop pet insurance products. The two companies aim to further leverage their synergies in the pet insurance field.

Asahi Mutual Life Insurance Company

In March 2011, the company and Asahi Mutual Life Insurance Company obtained approval from the authorities for "agency and administrative services" related to the sale of insurance products. As a result, Asahi Mutual Life Insurance Company became an agent of Anicom Insurance and started to handle Anicom Insurance's pet insurance. This was the first instance in the life insurance industry where pet insurance was handled through sales staff using "agency and administrative services."

Meiji Yasuda Life Insurance

In September 2020, the company entered an agency agreement for the sale of non-life insurance with Meiji Yasuda Life Insurance, and in October of the same year, it began handling pet insurance on behalf of Anicom Insurance. Pet insurance products sold by Anicom Insurance under the names Dobutsu Kempo Family, Dobutsu Kempo Senior, and Dobutsu Kempo Petit have been added to the product lineup of "Simple Insurance Series Light! By Meiji Yasuda Life Insurance." Egao no Pet has been added in this product lineup by Meiji Yasuda Life Insurance, targeting mainly female employees and senior citizens.

Fukoku Mutual Life Insurance

In October 2023, the company concluded an agency contract for the sale of indemnity insurance with Fukoku Mutual Life Insurance Company. Fukoku Life, acting as an agent for Anicom Insurance, began handling Anicom Insurance's Dobutsu Kempo Family, Dobutsu Kempo Petit, and Dobutsu Kempo Senior pet insurance products in December 2023.

Tokio Marine & Nichido Fire Insurance Co., Ltd. (Tokio Marine Nichido)

Tokio Marine Nichido and Anicom Insurance signed a capital and business alliance agreement in March 2023 and have been working to develop and provide insurance products and solutions in the pet sector. In May 2024, Tokio Marine Nichido and Anicom Insurance announced that they would jointly sell pet insurance. The two companies plan to start selling pet insurance jointly from June 2024, creating synergies by leveraging the company's knowledge as the largest pet insurance provider and its network of veterinary clinics and hospitals, as well as Tokio Marine Nichido's agency network, one of the largest in Japan. The product names for Tokio Marine Nichido's pet insurance are Dobutsu Kempo Family, Dobutsu Kempo Petit, and Dobutsu Kempo Senior.

AXA Direct

In May 2024, Anicom Holdings, Inc. entered into a business alliance agreement with AXA General Insurance Co., Ltd. (Axa Direct) for the pet insurance business. AXA Direct will discontinue underwriting its own pet insurance products and will sell Anicom Insurance's pet insurance as its agent to existing AXA Direct customers instead of continuing its own products. AXA Direct will also sell pet insurance to new customers as an agent of Anicom Insurance.

Sumitomo Life Insurance and Mitsui Sumitomo Insurance

In July 2025, Anicom Insurance (Anicom Holdings' subsidiary), Sumitomo Life Insurance Company, and Mitsui Sumitomo Insurance Company, Limited concluded a business alliance agreement to collaborate on new initiatives to promote pet insurance and improve pet health. Under this partnership, Anicom Insurance's pet insurance will be sold in Sumitomo Life's sales network beginning September 24, 2025. Mitsui Sumitomo Insurance has already established a support structure for sales of non-life insurance products via Sumitomo Life's sales representatives. It will support pet insurance sales by providing product training and other assistance.

Pet-related internet services (3.3% of recurring revenue)

Acquisition of SIMNET shares

In January 2020, Anicom acquired all shares of SIMNET Co., Ltd., which plans, develops, and operates internet services related to pets. Minna no Pet Online Co., Ltd., a wholly owned subsidiary of SIMNET (established in March 2001), operates breeder matching websites including Minna no Breeder (for dogs) and Minna no Koneko Breeder (for cats).

Minna no Breeder: Japan's largest breeder site, introducing puppies from breeders all over Japan. The advantage to breeders registering on the site is the ability to post puppy information that will be seen by more people. Since people wanting to raise a pet buy directly from breeders, they can buy healthy puppies at a lower price than usual. Breeders on the platform (about 3,847) are excellent breeders who have cleared strict standards set by SIMNET.

SIMNET has the largest share of the breeder matching services market and has also been serving as a pet insurance agency for Anicom Insurance, Inc. Anicom will be able to utilize the platform of SIMNET's breeder matching sites, giving it opportunities to more directly communicate with breeders about the various support services it offers.

SIMNET results

(JPYmn)	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
Revenue		1,730	1,896	1,872	2,371	2,767
Recurring profit (before goodwill amortization)		370	275	56		
Recurring profit (after amortization of goodwill)					188	264
Recurring profit margin		21.4%	14.5%	3.0%	7.9%	9.5%

Source: Shared Research based on company data

Other businesses (7.3% of recurring revenue)

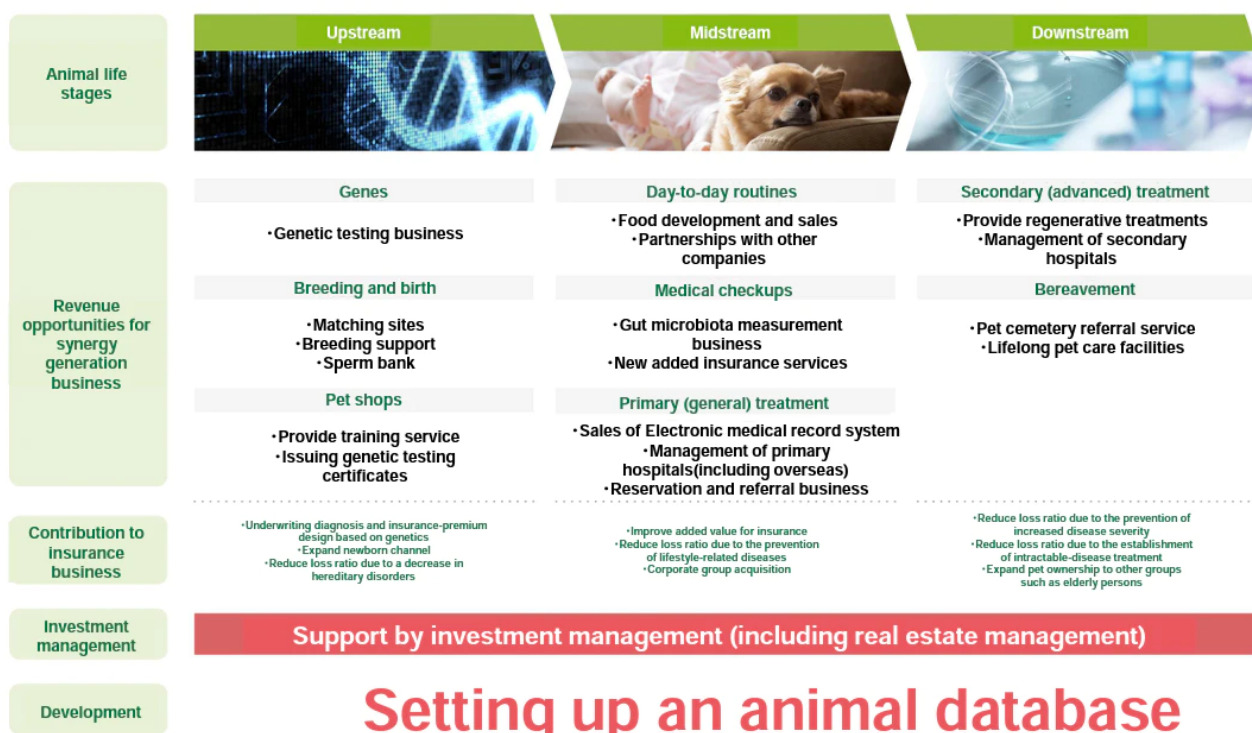
Initiatives for becoming a preventive insurance company

As for new business strategy, Shared Research believes that the transition to the preventive services industry, President Nobuaki Komori's wish since the time the company was founded, has been moving forward and is becoming more detailed and refined at the same time. Under the previous medium-term business plan announced in May 2017, in addition to the medium-term VISION of offering, as an infrastructure player in the animal industry, a world free of concern for hereditary disorders, and the new value of the lengthening of a healthy lifespan, more specific details were indicated regarding in what way the company will be a partner engaged in animals' life stages from upstream (before becoming ill, before being born) to midstream (lengthening of a healthy lifespan) to downstream (after becoming ill). At the same time, it was clear the various initiatives to date fit in nicely as parts of the strategy.

Preventive insurance business: With its breeder support services, the company is looking to use its genetic screening service to help eradicate genetic diseases and quickly identify and prevent diseases that can easily be contracted by pets. At the veterinary hospital level, in addition to preventive diagnostic services the company is looking to create guidelines and standardize diagnostic methods, then use its portal website to deliver information on preventive medical services for pets and direct pet owners to appropriate clinic/hospital. Already, Anicom has upgraded its IT system for veterinary clinics/hospitals with the launch of its cloud-based medical records management system (*anirece cloud*), which increases system functionality and helps hold down excessive charges for medical treatment with new features such as the display of the average cost of treatment for each type of medical condition.

Although these and similar measures do not have the same quick impact on revenue as an increase in insurance premiums would, Shared Research sees them as a means of strengthening the foundation of the company's insurance business and potentially differentiating itself from competitors. With the rollout of *anirece cloud*, the company is looking to go beyond simply treating pets and use it to create the backbone a system that draws on open medical records and the medical history of breeding animals and their offspring.

Synergies and earnings opportunities between pet insurance and new businesses



Source: Company data

In its new business strategy announced in May 2017, the company outlined a range of initiatives: 1) upstream, it said it would work toward eradicating hereditary diseases in pets; 2) midstream, it said it would develop a business related to symbiotic bacteria; 3) downstream, it said it would develop new areas of veterinary medicine. For the upstream effort, the company aimed to identify genes causing hereditary diseases and provide consulting services to domestic breeders based on genetic analysis to commercialize the prevention of hereditary diseases. For the midstream effort, it aimed to make health checks using gut microbiota screening a common part of pet health care and launch a pet food business based on symbiotic bacteria and a lifestyle consulting business. Downstream, it aimed to commercialize a portal site for searching veterinary hospitals and clinics, find practical applications for advanced medical treatments (cell therapy and regenerative medicine) and increase their use, and expand the veterinary hospital business overseas.

Starting in FY03/20, Anicom has positioned the period beginning in FY03/20 as its second founding phase. In Phase 1 (FY03/22–FY03/24), the company focused on further promoting and evolving its pet insurance business while expanding its synergy-generating operations. From FY03/26, it entered Phase 2 (2025–2027), during which it is working to deepen its preventive services as a point of differentiation and to build an integrated pet health platform that combines health checkups, medical care, and insurance.

Upstream/midstream

Expansion of genetic testing business:

Genetic screening for animals is one of Anicom's initiatives as it seeks to become a preventive insurance company. In the past, breeding was based solely on the experience of breeders, but with advancements in science and technology, various types of screening are now available at low cost, and hereditary diseases can be reduced at the breeding stage.

Hereditary diseases are more prevalent when large-scale professional breeders attempt to maintain pure bloodlines in popular dog breeds. If hereditary diseases can be eliminated, it will directly extend animals' healthy lifespans. By providing genetic testing services to all breeders, from large-scale professional breeders to private breeders and those operated by pet shops, the company can help to prolong healthy lifespans by providing health checkups at appropriate times for animals with an awareness of high-risk diseases for each breed. For its part, Anicom stands to benefit from a lower loss ratio while pet owners can enjoy healthy pets and lower insurance premiums, and breeders enjoy a strong reputation (i.e., for breeding healthy animals), which will lead to more revenue opportunities.

However, there are drawbacks in promoting genetic screening alone. Leaving behind those animals with causative genes for hereditary diseases and selecting only those with no causative genes for hereditary diseases may lead to inbreeding. The company is conducting research on causative genes for such diseases, development of mechanisms to prevent disease onset and therapeutic methods, methods for end-of-life care, and the level of inbreeding. The goal is to avoid hereditary diseases that can be obviated through genetic screening before and after breeding.

By performing genetic tests in the lab of a group company (Anicom Specialty Medical Institute, established in 2014), Anicom hopes to contribute to both revenue and the bottom line, by reducing insurance payouts. The genetic testing business is centered on breeders and pet shops, and in FY03/25, performed genetic tests on 66,000 specimens.

Commercialization of breeder support business

On the breeder support front, Anicom provides on-site support services to help breeders resolve various problems (including decline in the number of breeders, decrease in the number of animals supplied due to aging of the population, and issues with the breeding environment), thereby helping them increase their own profit opportunities, and taking additional steps to help breeders avoid new hereditary diseases in their animals and otherwise promote animal health. The company uses accumulated data to manage the level of inbreeding and avoid the incidence of new hereditary diseases and deformities. It provides comprehensive support for breeding in a total package of advising on appropriate breeding timing, artificial insemination, sperm banks, and medical care.

For example, degenerative myelopathy (DM) is an incurable disease developing frequently in the Welsh Corgi breed, which often leads to death about 18 months after onset. However, some individuals do not have this genetic abnormality (noncarriers). Theoretically, DM can be eradicated by breeding among noncarriers. By providing this kind of breeding support, the company hopes to promote a distribution of healthy dogs and cats free of hereditary diseases. It also aims to reduce the number of animals with hereditary diseases by identifying the genes related to various diseases.

The company provides support for compliance with revisions to the Act on Welfare and Management of Animals including in medical care (genetic testing, technology development, medical support), sales (opening of a direct breeder sales support center), business support (development of breeding management systems, provision of breeding space, etc.), and support for transferring dogs and cats whose owners no longer want them.

In March 2024, Anicom Holdings acquired additional shares in Flowens, Inc., an equity-method affiliate engaged in the breeding business, making it a subsidiary. Flowens primarily operates a dog and cat breeding business in the city of Ichihara, Chiba Prefecture.

Midstream/downstream

Promotion of healthy lifestyles

By analyzing massive customer data, Anicom can recommend healthier lifestyles and reduce its insurance payouts. It also aims to use such data in the development of pet foods and devices. Main activities include analyzing the relationships between lifestyle and disease based on customer data, promoting disease prevention awareness through owned media and social media, and conducting development, joint research, and other collaborations on preventive foods and devices.

Health innovation business

The health Innovation business encompasses products and services designed to support the maintenance of animal health. These offerings are expected to contribute indirectly to the insurance business by helping reduce the loss ratio over time.

In FY03/21, subsidiary Anicom Pafe utilized expertise it has accumulated through gut microbiota measurement and genetic screening to begin providing custom pet foods tailored to individual animals' health status as determined by testing. This custom pet food, Kimi no Gohan (translated literally as "your food"), is intended to suit the individual pet's physical needs and support their health and longevity.

In FY03/24, the company launched Crystal Joy, a toothpaste gel for pets, jointly developed with Earth Corporation to prevent periodontal disease in pets. In addition to conventional dry foods, the company has begun selling 7Days Food, which offers a menu of seven different fresh foods and uses a wide variety of ingredients to support intestinal health.

- ▶ Crystal Joy uses an innovative oxidation control technology (Matching Transformation System®), which was awarded the Prime Minister's Award, the Grand prize, of the 6th Japan Open Innovation Prize. The company says that demand is

- ▶ expected to expand significantly in the future as measures to prevent periodontal disease in pets become more widespread. It is sold on the Anicom Pafe Online Shop and at veterinary hospitals within the group, and gradually expanded to veterinary hospitals nationwide.

Promotion and expansion of Dobutsu Kenkatsu service

As an add-on service for its pet insurance, the company measures gut microbiota of pets to assess their health status. This makes it possible to determine a dog's intestinal health age and its risk of developing allergies. Since the measurement is conducted annually, it is also useful in health management. Based on research data involving tens of thousands of gut microbiota measurements and disease data obtained from insurance claim statistics, the company can assess a pet's susceptibility to disease. The gut microbiota measurement itself is not used to diagnose disease, but depending on the results, the pet may be eligible to undergo a free health check (blood test) at a veterinary hospital or clinic designated by the company.

With the rollout of Dobutsu Kenkatsu, the company is seeing increases in the numbers of both new pet insurance policies sold and renewals, and has also seen an increase in the renewal rate of policies sold through the newborn channel. By making it possible to refer pet owners to good hospitals at the health exam stage, Dobutsu Kenkatsu helps prevent diseases from becoming severe and thereby serves to reduce insurance payouts and lowers Anicom's loss ratio.

Veterinary clinic management business

In its veterinary clinic management business, Anicom began providing advanced veterinary medical treatment at Anicom Specialty Medical Institute in January 2014. Starting in FY03/18, it also began operating a chain of general veterinary clinics it had acquired, most of which are located inside pet shops and specialize in preventive care, attended to by veterinarians part-time. As of end-March 2025, the company directly operated 58 veterinary clinics, and was working to expand from preventive care into general medical services. (Anicom primarily acquires animal hospitals through M&A transactions prompted by business succession opportunities.) The company aims to develop standard veterinary medical treatments and to bring down medical expenses that are the basis of insurance claims.

The company is working to develop and expand its veterinary clinic business (including clinics specializing in preventive medicine), increase the number of hospitals and clinics using its medical record management system, and improve customer convenience in regard to appointments and referrals. It is looking to establish preventive veterinary medicine protocols in the future, making use of data from claims paid and medical records acquired in the course of this businesses.

Clinical practice flowcharts

Anicom seeks to reduce insurance payouts by optimizing (standardizing) noninsurance medical care, raising pet owners' awareness of appropriate clinical practice, and providing appropriate treatment. To that end, it has created "symptom-specific flowcharts" and "standard clinical practice flowcharts," and is working toward dissemination of the former among pet owners and the latter among animal hospitals.

For pet owners, the aim is to provide symptom-specific details of home care and information with which to decide whether to visit the veterinarian, and if a visit to the veterinarian is needed, provide information that enables pet owners to go through treatment with sufficient knowledge, also providing referrals to recommended hospitals based on symptoms, and helping to make appointments. For animal hospitals, the company looks to provide information on standard clinical practice and help eliminate excessive, wrong, or otherwise improper treatment. With the introduction also of regenerative medicine flowcharts, Anicom aims to promote penetration of regenerative medicine, which cures the incurable.

The Veterinary Clinic Search Site also was revamped so that each owner can find the best hospital for their pet based on the symptoms using clinical practice flowcharts. The search user interface was improved to highlight the benefits individual hospitals offer and enhance convenience to pet owners.

- ▶ Anicom aims to achieve profitability in the veterinary clinic management business on a post-goodwill amortization basis. While the business recorded a post-amortization loss of JPY190mn in FY03/22, this was reduced to a loss of JPY30mn by FY03/25.



Source: Exterior view from the company's website

In May 2025, Anicom Specialty Medical Institute announced plans to fully open JARVIS Animal Medical Center Tokyo—a state-of-the-art veterinary hospital offering advanced medical care, including robotic-assisted surgery—around October 2025.

JARVIS Animal Medical Center Tokyo will provide advanced care across a broad range of specialties, including orthopedic surgery, neurosurgery, spinal surgery, cardiovascular surgery, and soft tissue surgery. It will also offer expertise in dentistry, gastroenterology, cardiology, diagnostic imaging, anesthesiology, and rehabilitation. Specialists in each of these fields will deliver treatment tailored to animal patients.

The facility will feature TSURU, the world's first veterinary surgical-assist robot equipped with force feedback technology. TSURU is a customized version of a surgical-assist robot developed by Riverfield Inc., specifically adapted for veterinary use. By enabling highly delicate and advanced procedures, TSURU is expected to raise the standard of surgical veterinary care in Japan and support the broader advancement of animal medicine globally. A cutting-edge research institute will also be co-located at the hospital, equipped with advanced diagnostic equipment. The institute will focus primarily on microbiota analysis—especially the gut microbiome—and conduct a wide range of R&D initiatives to support the development of veterinary medicine. Through this integrated approach spanning prevention, early detection, and advanced care, the company aims to establish a comprehensive veterinary care system that delivers optimized treatment for each individual animal.

Downstream

Establishment of Research and Development Partnership for Animal Regenerative Medicine

Celltrust Animal Therapeutics, a joint venture between Anicom and Fujifilm, established the Research and Development Partnership for Animal Regenerative Medicine (PARM) in December 2019 (780 hospitals have joined as of June 2025). The Partnership was established for the purpose of creating protocols for the as yet non-standardized processes involved in cell therapy services for dogs and cats, and putting in place best-practices guidelines that would allow veterinary physicians at various kinds of medical facilities to provide safe and effective cell therapy services for dogs and cats. This will feed into a reduction in insurance claims.

Through collaboration among veterinary doctors and others in the field, PARM aims to conduct experiments that will help create protocols for each process in cell therapy services (cultivation, transportation, administration, and follow-up observation) and establish voluntary standards in these areas. In this way, PARM hopes to help expand cell therapy services in the veterinary medicine field. As of March 31, 2021, all operations of Celltrust Animal Therapeutics were transferred to Anicom Specialty Medical Institute. In FY03/24, the company started paid clinical research on new treatments.

Expansion of practical applications of cell therapy and regenerative medicine

The Research and Development Partnership for Animal Regenerative Medicine (PARM) has begun delivering mesenchymal stem cells to veterinary hospitals nationwide. It began providing stem cell therapy services for 18 canine and 15 feline diseases that account for a large weighting of insurance claims (approx. 20% for dogs and 30% for cats). Veterinary hospitals that are members of the partnership have been able to start cell therapy without an initial capital outlay and despite the small number of cases involved. The therapy's effectiveness has been confirmed in dogs with herniated intervertebral discs and chronic intestinal disease, and in cats with chronic kidney disease.

Special services for elderly people and their aging pets

The company is also looking to move into both general and advanced veterinary medical care, become an introducing agency for pet cemeteries, and also build lifetime care facilities for pets. In the area of advanced veterinary medicine, Anicom established Japan's first veterinary hospital specializing in regenerative therapy in 2016 with the aim of popularizing regenerative therapy and cell therapy for pets, which would in turn hopefully lead to the development of new insurance products designed to cover advanced medical treatments for pets. Going forward, the company is also looking to address the problem of aging owners and aging pets by development homes for aging dogs, lifetime care facilities, and other facilities that provide care when owners or their pets die.

Pursuit of various business alliances

During FY03/20 the company entered into a business alliance with Forest Hills, Inc., and Advanced Net Co., Ltd., with the aim of developing new services such as pet-friendly hotels and pet-friendly residential properties. It built anico flora Higashi-Nakano (Tokyo), a pet-friendly rental residential complex that proposes comfortable living spaces for people and animals, and began accepting tenant applications in February 2021.

Other

Patenting intellectual property and Animal Resident Registration

Intellectual property

To encourage the accumulation of intellectual property, the company is pursuing a "One Employee, One Patent" strategy. By end-March 2024, the company had obtained 18 patents, including for a system to predict diseases from photos of pets. In addition to the insurance business, the company has developed projects in areas such as testing and diagnosis, medicine and treatment, stem cells, pet food, and AI. As a result, the number of inventors increased to 144 as of end-March 2025.

In February 2021, the company announced that it had been granted the world's first patent in Japan for a disease prediction system and method designed to prognosticate medical conditions based on photographs of pets (Patent No. 6734457). The company has been using its disease statistics based on analysis of pet insurance claim data to publicize diseases that pets are susceptible to according to breed, age, and gender, and to spread knowledge and raise awareness among pet owners. The patented system uses AI technology to predict whether or not pets will suffer from eye, ear, or skin diseases within a certain period of time. All that is needed to make a decision is a photo of the pet's face. The system has been able to correctly predict whether or not a toy poodle will develop an eye disease within a year using a photo of the poodle's face, with approximately 70% accuracy. The patent is a major leap forward in the company's focus area of preventive medicine. In 2024, the company obtained a patent for an AI-powered system for detecting pet emotions in videos. In FY03/25, the company obtained a patent for a cut style recognition system and method that uses AI to identify an animal's grooming style based on photographs.

Basic animal resident registration

The company is currently developing a system to identify individual animals using AI and create a "basic animal resident registry" with their data. The company classifies this system as a "core customer relationship management (CRM) system" and aims to secure a competitive edge through its use by building and utilizing big data and patenting intellectual property. In the future, the company aims to utilize this animal resident registration project as a starting point for the construction of a system for providing new value-added services associated with insurance, hospital referral, health

checks, pet food sales, genetic testing, and product sales.

Profitability analysis

Recurring revenue

Income statement (JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Recurring revenue	26,506	28,978	32,339	35,829	41,465	48,049	53,022	56,528	60,437	67,683
YoY	17.1%	9.3%	11.6%	10.8%	15.7%	15.9%	10.3%	6.6%	6.9%	12.0%
Underwriting revenue	25,370	28,068	31,290	34,535	39,105	43,312	47,321	50,781	54,273	58,862
Investment revenue	690	504	420	383	496	488	679	834	733	1,586
Other recurring revenue	446	405	628	910	1,863	4,248	5,020	4,912	5,430	7,235
Recurring expenses	24,377	26,606	30,486	33,550	39,275	45,290	49,855	52,842	56,277	62,742
YoY	14.0%	9.1%	14.6%	10.1%	17.1%	15.3%	10.1%	6.0%	6.5%	11.5%
Underwriting expenses	17,393	18,967	21,771	24,071	27,212	30,512	33,504	35,664	38,436	41,928
Investment expenses	182	0	8	10	109	141	66	118	97	263
Operating and general administrative expenses	6,699	7,273	8,479	9,112	11,153	13,283	14,656	15,350	15,795	17,857
Recurring profit	2,129	2,372	1,853	2,278	2,189	2,758	3,166	3,685	4,159	4,941
YoY	70.3%	11.4%	-21.9%	22.9%	-3.9%	26.0%	14.8%	16.4%	12.9%	18.8%
Recurring profit margin	8.0%	8.2%	5.7%	6.4%	5.3%	5.7%	6.0%	6.5%	6.9%	7.3%

Source: Shared Research, based on company data

In the non-life insurance industry, recurring revenue refers to sales. Recurring revenue consists of underwriting revenue, investment revenue, and other recurring revenue. Investment is an important part of non-life insurance operations. Therefore, investment revenue is included in recurring revenue.

Underwriting revenue

Anicom's underwriting revenue consists of net premiums written, reversal of reserve for outstanding losses and claims, and reversal of underwriting reserves. However, net premiums written is the main component since the company does not offer savings-type insurance. The company's pet insurance policies are valid for one year and are subject to renewal each year.

The company revised its pet insurance pricing structure in June 2014. This was the first price revision since the company obtained its non-life insurance license in January 2008. Another rate revision, along with changes in policy terms, was implemented in November 2014 and again in December 2018. The company also revised premiums for the Wide Type in 2023 and 2024.

Recurring revenue composition

Income statement (JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Recurring revenue	26,506	28,978	32,339	35,829	41,465	48,049	53,022	56,528	60,437	67,683
YoY	17.1%	9.3%	11.6%	10.8%	15.7%	15.9%	10.3%	6.6%	6.9%	12.0%
Underwriting revenue	25,370	28,068	31,290	34,535	39,105	43,312	47,321	50,781	54,273	58,862
Net premiums written	25,370	28,068	31,290	34,535	39,105	43,312	47,321	50,781	54,273	58,862
Reversal of reserves for outstanding losses and claims	-	-	-	-	-	-	-	-	-	-
Investment revenue	690	504	420	383	496	488	679	834	733	1,586
Interest and dividend income	334	320	255	154	219	253	316	439	610	777
Gains on sale of securities	355	184	165	228	276	233	360	391	117	808
Other recurring revenue	446	405	628	910	1,863	4,248	5,020	4,912	5,430	7,235

Source: Shared Research based on company data

Investment policy

Liquidity is the highest priority for Anicom in managing its insurance assets since the company's policies are valid for one year. Notwithstanding, the company is beginning to place more emphasis on investment yield now that number of policies is showing steady growth and the company can generate stable premium revenue. However, high-risk investments would affect Anicom's solvency margin. Thus, the company is seeking low-risk investments.

Overview of expenses

Underwriting expenses

Income statement (JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Underwriting expenses	17,393	18,967	21,771	24,071	27,212	30,512	33,504	35,664	38,436	41,928
Net premiums written	13,547	14,901	16,591	18,456	20,492	23,226	25,559	27,934	30,494	33,345
Loss adjustment expenses	895	965	1,004	1,003	1,109	1,098	1,080	1,106	1,108	1,122
Commissions and collection fees	1,590	1,995	2,660	3,077	3,674	4,539	5,193	5,067	5,135	5,235
Provision for outstanding losses and claims	122	181	212	196	179	211	165	283	257	286
Provision for underwriting reserves	1,237	923	1,302	1,336	1,756	1,437	1,505	1,272	1,439	1,937

Expense items

	Notes
Underwriting expenses	
Net premiums written	Closely linked with the number of policies in force. Should be considered together with the provision for outstanding losses and claims.
Loss adjustment expenses	Mainly personnel expenses.
Commissions and collection fees	Commissions paid to agencies. Closely linked with the value of newly signed policies (Commissions for newly signed policies are more generous than those for renewals.)
Provision for outstanding losses and claims	An estimate for claims payable in general, except in pet insurance, where there are no such estimates, and this item reflects "claims in progress". Should be considered together with net claims paid.
Provision for underwriting reserves	A combination of the following two items:
Unearned premiums	YoY increase in the annual sum of the figures calculated each month by the 1/12 method
Catastrophe reserves	The difference between the reversal of the reserves at previous year end and 3.2% of the net premiums written (provision).
	The reversal is possible when the loss ratio exceeds 50%, up to the reserve amount at the beginning of the fiscal year.

Source: Shared Research based on company data

Many expense items are linked with the number of policies and the value of new policies written. However, there are items that could be adjusted through changes in product offerings, such as net claims paid (including a provision for reserve for outstanding losses and claims).

Loss ratio

Indicators that can be used in tracking the company's expenses include the net loss ratio, the E/I loss ratio, and the net expense ratio, as well as a combination of the three ratios (E/I loss ratio + net expense ratio).

The loss ratio is an index that expresses the ratio of claims paid and claims adjustment expenses to premium income (net premiums written) from pet insurance policyholders. In other words, it is the ratio of an insurance company's payouts to its revenue, which corresponds to the cost of revenue ratio of companies. The lower the loss ratio, the better. The loss ratio includes both a net loss ratio and an E/I loss ratio. The net loss ratio is conceptually close to cash basis accounting. The E/I loss ratio is the ratio of losses incurred during the fiscal period divided by premiums earned. It is conceptually close to accrual method accounting. The company considers a loss ratio of 57%–59% to be an acceptable level.

E/I loss ratio

		FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
E/I loss ratio	a)	60.1%	58.9%	59.2%	59.0%	57.8%	58.4%	58.1%	58.9%	59.9%	60.6%
Expense ratio (earned premiums basis)	b)	31.1%	32.1%	35.2%	34.5%	37.1%	37.7%	36.7%	34.9%	33.3%	32.3%
Combined ratio (earned premiums basis)	a) + b)	91.2%	91.0%	94.4%	93.5%	94.9%	96.1%	94.8%	93.8%	93.2%	92.9%
Net loss ratio	c)	56.9%	56.5%	56.2%	56.3%	55.2%	56.2%	56.3%	55.7%	58.2%	58.6%
Net expense ratio	d)	32.7%	33.0%	35.6%	35.3%	37.9%	41.1%	41.9%	40.2%	38.6%	39.2%
Combined ratio	c) + d)	89.6%	89.5%	91.8%	91.6%	93.2%	97.3%	98.2%	95.9%	96.8%	97.8%
Solvency margin ratio		282.6%	295.6%	305.6%	379.8%	357.0%	355.5%	393.5%	373.1%	333.7%	345.2%
Renewal rate		88.2%	88.2%	88.2%	87.7%	87.2%	87.7%	87.8%	88.2%	88.2%	88.2%

Note: E/I loss ratio = (Net claims paid + Increase in reserve for outstanding losses and claims + Loss adjustment expenses) ÷ Earned premiums

Note: Net loss ratio = (Net claims paid + Loss adjustment expenses) ÷ Net premiums written

Note: Net expense ratio = (Commissions and collection fees + Underwriting expenses) ÷ Net premiums written

Note: Combined ratio = Net loss ratio + Net expense ratio

Loss ratio management

It is difficult for pet insurance companies to turn a profit unless they can adequately control the loss ratio. The company's loss ratio has remained largely stable, however, while the loss ratios of competitors have continued to rise. As the loss ratio rises, profitability declines, which has ultimately resulted in these insurers revising their premiums.

The chief determinant of a pet insurer's loss ratio is the adequacy of product design. Because the rate of health incidents increases with age, the point is how to set premiums and put in place enrollment restrictions for older pets. The balance between marketing strategy and product design is important here. The second determining factor is the quality of claims adjustment capabilities. The company says there are cases where payments at veterinary hospitals have included health food and supplements that are not meant to be covered by insurance.

In addition, to stabilize the loss ratio, having a solid framework in place for insurance settlements is critical. Since pet insurance covers outpatient visits that do not involve hospitalization, claim frequency is relatively high compared to medical insurance for people. Even if a pet insurer late to the market emphasizes low premiums and captures policies, in a few years they will face a growing volume of claims and will have to deal with a rising loss ratio. In this regard, Anicom has established a mechanism for efficient insurance settlement centered on its OTC settlement system. This has enabled the company to maintain a stable loss ratio compared to the competition.

Expense ratio

The expense ratio indicates the proportion of insurance subscription fees and commissions, advertising costs, general administrative expenses, and other expenses to premium income received from policyholders and other income (net premiums written). As with the loss ratio, the lower the ratio, the better. A high ratio suggests a problem with efficiency.

Commissions to sales agents

Commissions paid to sales agents are around 15% in the initial year and decline to about 5% in the second year and thereafter at the time of contract renewal. Commissions or agency fees had continued rising amid intensifying competition but have settled down recently, according to the company. Shared Research notes that commission payments vary depending on the number of new policies and the percentage of sales made through sales agents.

Changes in cost structure accompanying preventive insurance

The company is building its presence in the prevention of pet injury and disease. All pet injury and disease is caused by a combination of genetic and environmental factors. The company believes that animals suffer from more injuries and illnesses due to genetic factors than human beings. It recognizes that a considerable portion of annual claims paid are due to genetic factors.

In response, the company launched a genetic screening business and is focusing on eradicating genetic diseases. It believes such diseases can be prevented through genetic screening and other technologies, and that it can hold down annual claims paid by eliminating genetic factors.

In the past, each of the company's policyholders would make an average of five claims a year, with the average claim amount being JPY6,000 (FY03/21). Currently, with the use of Dobutsu Kenkatsu (gut microbiota measurement and health checks), even if the frequency of medical consultations increases, the price per consultation declines, leading to a drop in the total amount of insurance payouts. This change is due to the early detection of diseases through the Dobutsu Kenkatsu service.

In addition to its current Dobutsu Kenkatsu health management service, the company believes that adding new medical checkup services for various disease types and promoting home care, as opposed to hospitalization, through diet and other measures will reduce insurance payouts going forward. By providing added value through the Dobutsu Kenkatsu service and new medical checkup services, the company looks to acquire new policyholders and improve its renewal rate while also seeing a decline in total claims paid and add-on service costs, leading to a lower combined ratio.

Market and value chain

Market scale

Pet population on a downtrend

In 2024, the population of pet dogs and cats in Japan was 6,796,000 dogs and 9,155,000 cats. There are 5,148,000 households with dogs, accounting for 8.76% of total households, and 5,058,000 households with cats, accounting for 8.61% of total households. A total of 10,206,000 households, or 17.1% of total households, had dogs or cats as pets.

The decrease in the number of households with dogs and the increase in households keep cats can be attributed to significant changes in Japan's social structure and lifestyles. The main reasons are as follows.

- Changes in household composition: The increase in single-person and dual-income households has increased demand for cats as pets because they are easier to care for and do not require walks. The aging population is also increasing the demand for cats because they require less walking and grooming.
- Changing living environments: People living in apartments and other multi-unit dwellings are increasing in number, especially in urban areas. In many multi-unit buildings, dog ownership is prohibited or restricted by size. On the other hand, cats are typically kept indoors, are relatively quiet, and are easier to keep in such living environments.

Reasons for the overall decrease in the number of pet-owning households include: 1) Aging population (as the population ages, it becomes more difficult to care for pets, compounded by a declining population.); 2) Economic burden (people's real incomes continue to decline, and pet healthcare costs are rising.); 3) Housing constraints (many people live in multi-unit dwellings with restrictions on pet ownership.); 4) Lifestyle changes (the increase in single-person and dual-income households leads to more extended periods when the home is unoccupied, making pet care more challenging.)

('000)	Total households (0)	Households with pets (Total dog, cat population, '000)	Dogs	Households with dogs (0)	% of households with pets	Average number of	Cats	Households with dogs (0)	% of households with pets	Average number of	% of total
			(JPFA est.)	(JPFA est.)	(JPFA survey)	(JPFA survey)	(JPFA est.)	(JPFA est.)	(JPFA survey)	(JPFA survey)	
2015	55,364	11,249	7,994	6,493	11.73%	1.23	8,297	4,756	8.59%	1.74	20.0%
2016	55,812	11,261	8,008	6,495	11.64%	1.23	8,333	4,766	8.54%	1.75	19.8%
2017	56,212	11,153	7,682	6,252	11.12%	1.23	8,672	4,901	8.72%	1.77	19.5%
2018	56,614	11,141	7,616	6,116	10.80%	1.25	8,849	5,025	8.88%	1.76	19.3%
2019	56,997	11,110	7,579	6,116	10.73%	1.24	8,764	4,994	8.76%	1.75	19.2%
2020	57,381	10,921	7,341	5,887	10.26%	1.25	8,628	5,034	8.77%	1.71	18.7%
2021	57,855	10,828	7,106	5,656	9.78%	1.26	8,946	5,172	8.94%	1.73	18.4%
2022	58,227	10,665	7,053	5,640	9.69%	1.25	8,837	5,025	8.63%	1.76	18.0%
2023	58,493	10,410	6,844	5,325	9.10%	1.29	9,069	5,085	8.69%	1.78	17.5%
2024	58,739	10,206	6,796	5,148	8.76%	1.32	9,155	5,058	8.61%	1.81	17.1%

Source: Shared Research based on Japan Pet Food Association (JPFA) data

Pet insurance market

(JPYbn)	2020	2021	2022	2023	2024	2025 (Projection)	2026 (Forecast)
Market size	870	1,175	1,248	1,292	1,408	1,560	1,640
Penetration rate	14.8%	16.9%	18.6%	20.1%	21.4%	-	-

Source: Shared Research based on company data

The pet insurance market continues to expand, supported by multiple tailwinds: growing interest driven by longer pet lifespans, advances in veterinary medicine, inflationary pressures, and increased public awareness during the COVID-19 pandemic. Market development is also accelerating as major life and non-life insurers—as well as new entrants from other industries—enter the space, contributing to a rising penetration rate. At the same time, intensifying competition and

rising loss ratios have triggered a wave of business withdrawals among online-based insurers, leading to ongoing industry consolidation.

According to the Consumer Survey on Usage of Pet Healthcare Products and Services in Japan: Key Research Findings 2024 from Yano Research Institute Ltd., the rates of enrollment for pet insurance were 51.4% for small dogs aged 0 to under 8 years, 43.5% for medium to large dogs in the same age group, 27.8% for cats aged 0 to under 8 years that are kept entirely indoors, and 14.1% for outdoor cats or cats that have access to both indoors and outdoors. Shared Research believes the domestic pet insurance coverage rates were lower than overseas (compared with about 25% in the UK and roughly 50% in Scandinavia) but have continued to rise.

Anicom is a pioneer in pet insurance with a 42.2% share

As a pioneer in pet insurance in Japan, Anicom has made efforts to expand the market through the construction of mechanisms to support the management of pet shops and veterinary hospitals. The company's market share was 42.2% based on premiums in FY03/24 (the company reports it is the largest share for 16 consecutive years).

Competition

As of March 2025, a total of 17 companies can be identified, including six non-life insurance companies and 11 small-amount, short-term insurers competing in pet insurance. The top three players in the industry are Anicom (1,287,923 policies in force in FY03/25), ipet Insurance (over 900,000 policies), and Pet & Family Insurance (T&D Holdings, 222,015 policies).

History of the pet insurance industry in Japan: Pet insurance in Japan began around 1995 and was initially operated under a mutual aid system, which was mainly managed by small organizations. With the revision of the Insurance Business Law in 2006, a new category of small-amount, short-term insurance was established, allowing only insurance companies or small-amount, short-term insurers to provide pet insurance. This change enabled entry into the insurance industry with relatively low capital, leading to an influx of small-amount, short-term insurance companies and non-life insurance companies. Consequently, the pet insurance market expanded.

A number of major insurers and operating companies have entered the pet insurance industry in recent years. Zurich Small Amount and Short Term Insurance entered the market in July 2022. In November of the same year, Dai-ichi Life Holdings (TSE Prime: 8750) announced that it would convert ipet Holdings, the second largest company in the industry, into a wholly owned subsidiary (finalized in March 2023). In November 2023, Amazon.com (NASDAQ: AMZ) teamed up with major non-life insurer Aioi Nissay Dowa Insurance to enter the industry.

From March 2020 to December 2022, the company conducted exit surveys of policyholders who did not renew their policies. Results indicated that roughly 2% took out policies with competitors (results announced during a February 17, 2023 business and strategy briefing). Many who did so stated that they switched insurers because of lower premiums, suggesting a loss to low-price strategies. However, an analysis of policyholder loss suggest that a significant number were policies already associated with high loss ratios. This could mean that the loss of these policies actually helped stabilize the company's overall loss ratio. Meanwhile, results of an online survey of new policyholders from July 2021 to December 2022 showed that about 1% of new policies were with customers switching from other insurers. The survey indicated that switching policyholders preferred Anicom's OTC settlement system, underscoring the company's view that it is difficult to retain customers with a low-price strategy alone.

Although a number of players have recently entered the pet insurance market and achieved subsequent revenue growth, few generate stable profits. Unlike other types of insurance, pet insurance claims are marked by being small and frequent. Thus, finding ways of keeping down administrative costs is key. A new player cannot establish a business model that generates profit until it recruits a sufficient number of hospitals to support its product and builds an OTC settlement system. In addition, facing a mounting loss ratio rise after a few years, as insured pets age, some companies are being forced to raise their premiums to cover insurance claims.

In the pet insurance market, competition intensified due to an increase in new entrants, and some companies have recently been restructured and consolidated. The primary examples are as follows.

- Nihon Animal Club Inc.: In 2020, SBI Insurance Group Co., Ltd., through its subsidiary SBI Nihon SSI Co., Ltd., made Nihon Animal Club a subsidiary.
 - Pets Best Japan Co., Ltd.: Filed for bankruptcy in September 2022. All insurance policies in force were transferred to Aflac Pet Small Amount Short-Term Insurance Co., Ltd. (a new company).
 - AXA General Insurance Co., Ltd.: The sale of AXA Direct Pet Insurance was discontinued in June 2024. Policies expiring at end-November 2024 or later have been transferred to Anicom Insurance's pet insurance plans.
 - ipet Insurance Co., Ltd.: In March 2023, Dai-ichi Life Holdings, Inc. fully acquired ipet Holdings, Inc., which was a leading player in the industry.
 - Nihon Pet Small-Amount Short-Term Insurance (SSI) Co., Ltd.: In February 2025, Scala, Inc., which held shares in Japan Pet SSI, announced the transfer of all its shares. The transfer was due to marketing investments taking precedence and delayed profitability.
- In recent years, an increasing number of pet insurance companies have exited the market or ceased operations due to intensifying competition. Shared Research believes Anicom can benefit from business acquisitions (as in the case of AXA Direct and Sony Assurance) and business expansion through M&A. Also, as market share increases due to company exits, survivor profits are anticipated to grow.

Competitors

	Insurance company	Claim payment	Description
Non-life insurance	Rakuten General Insurance		Anshin SSI and Motto Gyutto SSI merged.
	Anicom Insurance	OTC payouts	Online application
	ipet Insurance	OTC payouts	Online application. Dai-ichi Life Holdings makes ipet wholly owned subsidiary (March 2023)
	Pet & Family Small-amount Short-term Insurance Company	OTC payouts	Online application; no changes in premiums for pet aged 10 or older; shifted to non-life insurance business in Apr. 2019
	AXA General Insurance		Online application; free 24-H consultation by veterinarian
	au insurance		Online application; free 24-H consultation by veterinarian
Small-amount short-term insurance	Zurich Small Amount and Short Term Insurance		Entered the market in July 2022.
	e-Pet S.S. Insurance		Online application
	SBI Insurance Group (SBI Ikiiki SSI + SBI Prism SSI + SBI Resta SSI Co.,Ltd.)		Online application accepted for pets aged up to 11 year 11 months; offers plans for birds and reptiles
	FPC		Online application; premiums increase happens only twice in lifetime (three times for mid to large dogs)
	Nihon Pet SSI		Online application. 90% coverage plan available. Parent company Scala, Inc. announced the transfer of all its shares in February 2025.
	Aflac Pet Small Amount Short Term Insurance		Takes over policyholders due to start of bankruptcy proceedings of former Pets Best Japan. Merger with US-based Truepanion.
	Pet Medical Support		Online application; free 24-H consultation by veterinarian
	Tsubaki SSI		OTC settlement available.
	Little Family SS Insurance		Established in July 2021 by Aioi Nissay Dowa Insurance. Amazon Japan G.K. became a soliciting agent in November 2023 and began selling on its site.

Source: Shared Research based on companies' materials

Strengths, weaknesses

Strengths

Payout system becoming de facto standard at veterinary hospitals (insurance card, health records)

The company operates an insurance payout system in which pet owners show their animal health insurance card at hospital counters and make copayments. The system not only provides convenience to policyholders but also helps the company reduce administrative expenses. As of March 31, 2025, 6,964 veterinary hospitals accepted animal health insurance cards, more than 90% of hospital facilities in Japan excluding industrial animals.

Name recognition, industry data, customer base, and market share provide resources to expand into new business areas

The company holds a largest 42.2% share of Japan's pet insurance market (for FY03/24 based on premiums, according to the company), leading the market for 16 consecutive years. This formidable share is a major advantage since customer trust is vital in the insurance business. Starting in FY03/20, Anicom considers itself to be in its second founding period and is accelerating the establishment of preventive insurance mechanisms such as its genetic screening business and Dobutsu Kenkatsu service. Shared Research believes that if the company can turn these businesses into de facto industry standards, it will have an even greater competitive edge.

Stable source of recurring revenue

The company's pet insurance policies have an average renewal rate of 88.2% (in FY03/25). The renewal rate for the second year exceeds 90%. Maintenance of a high renewal rate is generating a stable stream of recurring revenue.

Weaknesses

Earnings vulnerable to sudden cost increases, such as a tax hike or a surge in the loss ratio

The company has high variable costs and a low marginal profit ratio, so earnings are vulnerable in the short term to a sudden increase in costs, such as the consumption tax rate and the loss ratio.

Restricted by the Insurance Business Law

The company is engaged in the non-life insurance business, and is subject to restrictions in its business activities dictated by Japan's Insurance Business Law. When the company embarks on new businesses, it may find itself in competition with companies that are not subject to the same restrictions. Hence, it may be at a competitive disadvantage in some situations. For example, the pace of new business rollout may be slowed or it may suffer impact from consolidated solvency margin ratio rules in its new business development. Such restrictions may lead to weakness in the execution of new businesses. On the other hand, its sound equity base and licensing by the Financial Services Agency under the Insurance Business Law also may be regarded as a source of strength.

Higher loss ratio than rivals

Anicom has a high loss ratio compared with its competitors. This is proof of a strong customer focus in its insurance products (insurance payments to customers are high). However, there is the possibility that competitors may try to exploit this cost-difference weakness by going onto the offensive with low-price strategies. At the present stage, rivals are still small and their profitability is low, so the impact of competition is not yet large. Anicom is also focusing efforts on lowering its loss ratio. However, it will be necessary to closely monitor trends in this area.

Past results and financial statements

Q1 FY03/26 results

- Recurring revenue: JPY18.2bn (+10.4% YoY; 25.0% of the full-year company forecast)
- Recurring expenses: JPY17.3bn (+15.9% YoY)
- Recurring profit: JPY960mn (-40.7% YoY; +29.1%)
- Net income attributable to owners of the parent: JPY650mn (-41.5% YoY; 31.0%)

Earnings summary

- ▶ Recurring revenue was up JPY1.7bn or 10.4% YoY to JPY18.2bn, due to an increase of JPY1.4bn in underwriting revenue, an increase of JPY67mn in investment revenue, and an increase of JPY224mn in other recurring revenue. The number of policies in force increased 8.6% YoY to 1,318,043, and new policy acquisition rose 20.4% YoY to 69,815, driven by continued strong demand for pet ownership, various initiatives to strengthen sales channel activities, and the transfer of policies from other insurers. Other recurring revenue from non-insurance businesses grew steadily to JPY2.1bn (+12.0% YoY). Investment revenue increased 22.5% YoY to JPY362mn, exceeding its projection through agile asset management amid uncertain market conditions.
- ▶ Recurring profit was down JPY660mn YoY to JPY960mn (-40.7% YoY). The decrease in recurring profit reflected a JPY1.2bn increase in earned premiums, a JPY956mn decrease in claims paid, a JPY81mn decrease in agency fees, a JPY50n decrease in the provision for catastrophe reserves, a JPY66mn increase in investment revenue, a JPY1mn decrease in investment expenses, a 223mn increase in other recurring revenue outside the insurance business, a JPY50mn decrease in other recurring expenses, and a JPY1.1bn decrease in SG&A expenses. The recurring profit margin was 5.3%, down 4.5pp YoY. While the company steadily increased revenue, supported by strong new policy acquisition and expansion of peripheral businesses, profit declined due to costs related to the transfer of AXA Direct insurance contracts. Nevertheless, profit remained strong in line with its projection.
- ▶ The E/I loss ratio increased 1.3pp YoY to 62.4% due mainly to the increasing average lifespan of pets, advances in veterinary medicine, and persistently high medical costs due to inflation. Due to costs associated with the transfer of policies from other insurers, the operating expense ratio on an earned premiums basis rose 2.7pp YoY to 35.5%. As a result of adding up the E/I and the operating expense ratios, the combined ratio based on earned premiums increased 4.0pp YoY to 97.9%. The company says both the loss and expense ratios were in line with its expectations.

Progress of priority initiatives

Insurance business

The number of new policies surpassed 69,000 in April–June 2025, reaching a new quarterly record. Policies in force exceeded 1.31mn at end-June, showing accelerated growth.

- ▶ In Q1 FY03/26, about 8,000 policies were transferred from AXA Direct (the transfer process began in December 2024), generating transfer fees of around JPY400mn. The company noted that new policy acquisition remained strong, even excluding these transfers, driven by steady contract growth through internet channels and partnerships with major insurers.

The policy renewal rate was 88.3%, remaining consistently high, supported by steady growth in Dobutsu Kenkatsu.

- ▶ The company stated that it is always considering potential premium increases. However, the company does not see an urgent need to raise premiums at this time, as the current loss ratio is in line with the full-year projection (61.1%) and loss ratios tend to track slightly higher in Q1.

In July 2025, Anicom Insurance (Anicom Holdings' subsidiary), Sumitomo Life Insurance Company, and Mitsui Sumitomo Insurance Company, Limited concluded a business alliance agreement to collaborate on new initiatives to promote pet

insurance and improve pet health. Under this partnership, Anicom Insurance's pet insurance will be sold in Sumitomo Life's sales network beginning September 24, 2025.

- ▶ Leveraging Sumitomo Life's strong sales foundation, which includes about 30,000 sales representatives nationwide, and Mitsui Sumitomo Insurance's nationwide sales network, the company aims to deliver products and services that align with customer needs.

In July 2025, Anicom Insurance won two awards at the Insurance Asia Awards 2025 (hosted by Charlton Media Group): "Insurance Product Innovation of the Year—Japan" and "Digital Insurance Initiative of the Year—Japan." The awards recognized initiatives such as Dobutsu Kenpo's supplementary service Dobutsu Kenkatsu (gut microbiota testing) and the company's over-the-counter (OTC) insurance payout system using animal health insurance cards.

In July 2025, Anicom Insurance announced that the number of veterinary hospitals nationwide accepting Dobutsu Kenpo had surpassed 7,000, the highest number among pet insurers in Japan.

Investment

Investment revenue rose 22.7% YoY to JPY362mn. Despite an uncertain market environment, the company pursued flexible asset management and steadily accumulated income gains, securing investment returns above the initial projection.

Other

Other recurring revenue (outside the insurance business) increased steadily to JPY2.1bn (+12.0% YoY). The company has been pursuing a strategy of "one patent per employee." Accordingly, the company's number of "inventors" has risen, 146 as of end-June 2025.

Synergistic businesses

To strengthen its support for animal breeding, the company vigorously promoted various initiatives in response to the Japanese government's amendment of the Animal Welfare Act.

In the enhanced matching service business, the number of completed contracts for Minna no Breeder and Minna no Koneko Breeder exceeded 400,000. In Q1 FY03/26, SIMNET recorded revenue of JPY596mn (vs. JPY552mn in Q1 FY03/25) and recurring profit of JPY84mn after goodwill amortization (vs. JPY134mn).

In expanding health checkups and oral and intestinal care products, the company hosted tasting events and study sessions for various care products nationwide through Dobutsu Kenkatsu. In Q1 FY03/26, the company posted revenue of JPY124mn (JPY70mn in Q1 FY03/25 YoY) and a recurring loss of JPY61mn (a loss of JPY16mn) in the health Innovation business. The wider loss reflected higher expenses from business expansion. On the revenue front, growth remained strong, in line with the pace assumed in the medium-term management plan, supported by additional orders for Crystal Joy and the launch of new sales of 7Days Food (a freeze-dried version of the product).

In July 2025, Anicom Pafe signed an exclusive sales agreement with Earth Corporation for a certain period regarding the MA-T® Oral Care Gel for Pets, which utilizes the oxidation-control technology MA-T® System. The company also distributed free samples of the gel at the Japan MA-T® Industrial Association booth at Expo 2025 Osaka, Kansai. In June 2025, Anicom Pafe began selling *anicom Care Deli with uniam*, a functional wet cat food developed in collaboration with uniam Inc., which operates a cat food business, to provide scientific support for feline health. Also in June, new flavors were added to Anicom Pafe's CARE PUREE treats for dogs and cats—beef flavor (for liver care) and horse meat flavor (for kidney care). The company also launched the website World Smile Expo, where AI judges the smile level of dogs from photos.

The company continued preparations toward the October 2025 opening of JARVIS Animal Medical Center Tokyo, which will provide advanced veterinary care. In Q1 FY03/26, the veterinary clinic management business posted sales of JPY682mn (JPY650mn in Q1 FY03/25) and recurring profit of JPY60mn after goodwill amortization (JPY90mn). The number of consultations reached 60,045 (+1.6% YoY).

- ▶ Regarding costs related to JARVIS Animal Medical Center Tokyo, the company incurred some pre-opening expenses in Q1 FY03/26. However, the company stated that full-year costs are not exceeding the initial projection, and progress remains as expected.

Highlights

As of August 2025, the company had repurchased JPY554mn of its own shares under the buyback program announced at the beginning of the fiscal year (maximum set at JPY1.0bn).

In August 2025, Japan Credit Rating Agency (JCR) revised the outlook on the company's long-term issuer rating from Stable to Positive, indicating a high likelihood of an upgrade. The new rating is A Positive.

The company's non-life insurance solvency margin ratio rose 0.4pp from the previous fiscal year-end to 345.6%.

- ▶ With the application of the economic solvency ratio (ESR) scheduled to begin in March 2026, the company noted that while it cannot specify an exact figure at this point, it expects to generate a certain level of surplus capital. If such surplus materializes, the company intends to return capital to shareholders through share buybacks and dividend payments from FY03/27 onward to the extent possible.

In August 2025, the company announced its Corporate Value Enhancement Strategy to Lead Global Health, summarizing new insights gained through its initiatives and the strategies derived from them. The executive summary is as follows.

- Spaying and neutering extend lifespan but increase cancer risk.
- As cancer continues to evolve, acquired immunity must also evolve.
- Maturation of acquired immunity may reduce cancer risk.
- Diversity of the gut microbiota is essential for the maturation of acquired immunity.
- Dogs and cats consume the most monotonous diets in the world, which may result in immature acquired immunity.
- The instinct of "getting bored with food" may have been a sign of weakened immunity.

In August 2025, the company announced its plan to establish the Anicom Longevity Research Foundation in September 2025. The foundation will promote neutral and academic research aimed at extending healthy lifespans for humans and pets. Research will include studies on the relationship between oral diseases such as periodontal disease and systemic diseases, as well as the similarities of microbiota between humans and pets. The foundation's research outcomes will not only contribute to dentistry and veterinary medicine but also support educational and awareness-raising activities in academia and society at large.

In July 2025, to commemorate its 25th anniversary, Anicom Holdings launched a special anniversary website.

Full-year FY03/25 results

- Recurring revenue: JPY67.7bn (+12.0% YoY; 102.6% of the full-year company forecast)
- Recurring expenses: JPY62.7bn (+11.5% YoY)
- Recurring profit: JPY4.9bn (+18.8% YoY; 102.9%)
- Net income attributable to owners of the parent: JPY3.2bn (+18.9% YoY; 104.7%)

Earnings summary

- ▶ Recurring revenue was up JPY7.2bn or 12.0% YoY to JPY67.7bn, due to an increase of JPY4.6bn in underwriting revenue, an increase of JPY853mn in investment revenue, and an increase of JPY1.8bn in other recurring revenue. The number of policies in force increased 7.9% YoY to 1,287,923, and new policy acquisition rose 10.1% YoY to 245,741, driven by continued strong demand for pet ownership, various initiatives to strengthen sales channel activities, and the transfer of policies from other insurers. Other recurring revenue from non-insurance businesses grew steadily YoY.
- ▶ Recurring profit was up JPY782mn YoY to JPY4.9bn (+18.8% YoY). The company's efforts to control new policy acquisition costs and streamline business operations resulted in steady profit growth. The increase in recurring profit reflected steady growth in the number of policies in force and underwriting revenue, as well as a JPY4.1bn increase in earned premiums, a JPY2.9bn decrease in claims paid, a JPY99mn decrease in agency fees, a JPY34n decrease in the provision for catastrophe reserves, a JPY852mn increase in investment revenue, a JPY166mn decrease in investment expenses, a 1.8bn increase in other recurring revenue outside the insurance business, a JPY744mn decrease in other recurring expenses, and a JPY2.1bn decrease in SG&A expenses. The recurring profit margin was 7.3%, up 0.4pp YoY. The recurring profit margin before goodwill amortization was 7.7%. Despite incurring costs associated with the transfer of policies from other insurers, recurring profit rose due to higher revenue and improved operational efficiency, surpassing the company's projection. By effectively converting increased demand for pet

- ▶ ownership and shifts in the competitive landscape into new contracts, and by driving operational efficiency, the company achieved record-high revenue and profit.
- ▶ The E/I loss ratio increased 0.7pp YoY to 60.6% due mainly to the increasing average lifespan of pets, advances in veterinary medicine, and persistently high medical costs due to inflation. Owing to the company's proactive investments in growing in scale, improved operational efficiency and cost reductions, the operating expense ratio on an earned premiums basis improved by 1.0pp YoY to 32.3%. As a result of adding up the E/I and the operating expense ratios, the combined ratio based on earned premiums improved by 0.3pp YoY to 92.9%.
- ▶ The company plans to pay an annual dividend of JPY8.5 per share, up JPY3.0n from FY03/24, representing a dividend payout ratio of 20.2%.

Progress of priority initiatives

Insurance business

The number of new policies reached 246,000 for the period from April 2024 to March 2025. In Q4 (January–March 2025), the company recorded 67,000 new policies, setting a new quarterly record. As of the end of March, policies in force exceeded 1,280,000. Steady growth in Dobutsu Kenkatsu (a service combining gut microbiota testing and health checkups) contributed to this trend. The annual policy renewal rate remained consistently high at 88.2%.

The transfer of insurance contracts from AXA Direct to Anicom Insurance began in December 2024. In the short term, about 3,000 policies were transferred during the cumulative period through Q3, generating transfer fees of around JPY150mn. In Q4, an additional 8,000 policies were transferred, with corresponding fees of approximately JPY400mn.

- ▶ Excluding the effect of the AXA Direct policy transfers, the company reported that new policy acquisition remained strong, supported by its newborn pet channel and other partnerships.

Investment

Investment revenue rose 116.4% YoY to JPY1.6bn. Despite an uncertain market environment, the company adopted a flexible asset management approach and steadily accumulated income gains. In addition, the sale of certain assets—such as unlisted strategic shareholdings—contributed to stronger-than-expected investment returns, resulting in performance that exceeded the original projection. Gains on the sale of securities rose from JPY117mn in FY03/24 to JPY808mn in FY03/25.

Other

Other recurring revenue (outside the insurance business) increased steadily to JPY7.2bn (+33.2% YoY). The company has been pursuing a “One Employee, One Patent (one patent per employee)” strategy. It observed an increase in its inventor count, which had risen to 144 as of end-March 2025 (up from 13 at end-December 2020).

Synergistic businesses

To strengthen breeding support, the company vigorously promoted various initiatives in response to the Japanese government's amendment of the Animal Welfare Act. Demand remained strong in the enhanced matching service business, and the number of completed contracts for Minna no Breeder and Minna no Koneko Breeder increased steadily. SIMNET posted revenue of JPY2.8bn in FY03/25 (JPY2.4bn in FY03/24) and recurring profit of JPY264mn after amortization of goodwill (JPY188n in FY03/24).

In health checkups and commercialization of oral and intestinal care products, total applications for Dobutsu Kenkatsu reached 242,000 in FY03/25, up from 220,000 in the previous fiscal year. As part of efforts to expand the lineup of oral and intestinal care products offered through Dobutsu Kenkatsu, the company launched a convenient freeze-dried version of its *7Days Food* product. Brushing workshops using CRYSTAL JOY, a toothpaste gel for pets, were also conducted at group hospitals.

In veterinary-related initiatives, the company concluded a joint research and development agreement with Riverfield Inc., a developer of surgical support robots. As of the end of March, the number of animal hospitals accepting Anicom insurance stood at 6,964, representing a 1.2% YoY increase. Revenue from the veterinary hospital business rose to JPY2.2bn (versus JPY1.9bn in FY03/24), while the post-goodwill amortization loss narrowed to JPY30mn (versus a loss of JPY170mn).

Key highlights

In conjunction with the earnings announcement, the company announced a share buyback (total repurchase cost of up to JPY1.0bn; 2.7% of the total number of shares outstanding [excluding treasury stock]) and an increase in dividends. The company plans to pay an annual dividend of JPY8.5 per share, up JPY3.0n from FY03/24 (dividend payout ratio: 20.2%).

Cumulative Q3 FY03/25 results

- Recurring revenue: JPY49.7bn (+10.6% YoY; 75.3% of the full-year company forecast)
- Recurring expenses: JPY45.9bn (+10.2% YoY)
- Recurring profit: JPY3.8bn (+15.8% YoY; 79.0%)
- Net income attributable to owners of the parent: JPY2.6bn (+26.1% YoY; 83.0%)

Earnings summary

- ▶ Recurring revenue was up JPY4.8bn or 10.6% YoY to JPY49.7bn, due to an increase of JPY3.2bn in underwriting revenue, an increase of JPY237mn in investment revenue, and an increase of JPY1.3bn in other recurring revenue. Through the strengthening of sales channels and backed by firm demand for pet ownership, the company had 1,260,176 policies in force (+7.4% YoY), and 178,908 new policies (+7.9% YoY), which remained solid. Other recurring revenue grew steadily YoY, due for instance to growth in revenue from new businesses.
- ▶ Recurring profit was up JPY517mn YoY to JPY3.8mn (+15.8% YoY). The company's efforts to control new policy acquisition costs and streamline business operations resulted in steady profit growth. The increase in recurring profit reflected steady growth in the number of policies in force and underwriting revenue, as well as a JPY3.0bn increase in earned premiums, a JPY2.2bn decrease in claims paid, a JPY49mn decrease in agency fees, a JPY8mn increase in the provision for catastrophe reserves, a JPY236mn increase in investment revenue, a 1.3bn increase in other recurring revenue outside the insurance business, a JPY563mn decrease in other recurring expenses, and a JPY1.2bn decrease in SG&A expenses. The recurring profit margin was 7.6%, up 0.3pp YoY. The recurring profit margin before goodwill amortization was 8.0%.
- ▶ The E/I loss ratio increased 0.9pp YoY to 61.6% due mainly to the numerous holidays in Q3 (October–December 2024) FY03/25, which provided more opportunities for pet owners to visit veterinary clinics. The ratio has stabilized primarily because impact from COVID-19-driven changes in behavior among pet owners is subsiding after previously reaching its peak. However, the company has acknowledged the YoY rise in its loss ratio. Even taking into account factors such as the company's proactive investments in growing in scale and an increased number of applications for Dobutsu Kenkatsu (gut microbiota medical checkups: intestinal flora measurement + health check), the operating expense ratio on an earned premiums basis improved 1.5pp YoY to 31.9%. The combined ratio (based on earned premiums) obtained by adding the E/I loss and the operating expense ratio improved 0.6pp YoY to 93.5%.

Progress of priority measures

Insurance business

The company reported more than 178,000 new policies totaled for April through December 2024, with 61,000 policies in Q3 (October–December 2024), marking a quarterly record high. As of end-September, the company had more than 1,260,000 policies in force. The transfer of pet insurance policies from AXA Direct to Anicom Insurance began in December 2024. In the short term, Anicom Insurance paid AXA Direct fees of about JPY150mn for transferring roughly 3,000 policies during Q1–Q3. For Q4 (January–March 2025), the company expects an additional 8,000 to 10,000 policies to be transferred, with estimated fees ranging between JPY400mn and JPY500mn.

- ▶ For FY03/26, Anicom expects about 25,000 to 30,000 policies will be transferred from AXA Direct and estimates related fees of around JPY1.2bn to JPY1.5bn. On the revenue front, the company projects cumulative net premiums written from these transferred policies will total roughly JPY15bn over the next 10 years. The company also noted its approach toward profitability for transferred policies differs from the methodology it adopts for regular new policies, for which it incurs agency commissions. The company expects a short-term increase in expenses associated with the transfer of policies through the next fiscal year. However, after the transfer, these policies will function as regular insurance policies and contribute to revenue and profit growth. For FY03/25, the company plans to offset the cost increase from the transfer through investment revenue and operational efficiency improvements. It also incorporates the anticipated increases in revenue and profit from FY03/26 onward into its earnings targets for the next medium-term business plan.

Anicom Insurance raised premiums for Wide Type products (no limited days) by an average of 6.6%. Steady growth in Dobutsu Kenkatsu applications contributed to a stable and high renewal rate of 88.1% for April–September 2024. In the 2024 Oricon Customer Satisfaction Survey, Anicom Insurance won first place in two pet insurance ranking categories (claim payouts and benefits and over-the-counter reimbursement). It has received awards in the “claim payouts and benefits” category for eight consecutive years.

Investment

Investment revenue grew 41.7% YoY to JPY806mn. Progress was commensurate with projections thanks to flexible asset management and steady accumulation of investment gains under uncertain market conditions.

Other

Other recurring revenue (outside the insurance business) increased steadily to JPY5.4bn (up 31.7% YoY). The company has been pursuing a “One Employee, One Patent (one patent per employee)” strategy. It observed an increase in its inventor count, which had risen to 133 as of end-December 2024 (up from 13 at end-December 2020).

Synergistic businesses

To strengthen breeding support, the company vigorously promoted various initiatives in response to the Japanese government’s amendment of the Animal Welfare Act. Demand remained strong in the enhanced matching service business, and the number of completed contracts for Minna no Breeder and Minna no Koneko Breeder increased steadily. SIMNET posted revenue of JPY2.1bn in Q1–Q3 FY03/25 (JPY1.7bn in Q1–Q3 FY03/24) and recurring profit of JPY241mn after amortization of goodwill (JPY91mn in Q1–Q3 FY03/24).

In health checkups and oral and intestinal care product commercialization, the company received more than 177,000 applications for its Dobutsu Kenkatsu service from April through December. In connection with its efforts aiming to expand the variety of oral and intestinal care products through Dobutsu Kenkatsu, the company launched CARE PUREE, a treat supporting both oral and gut health, following its existing food and toothpaste gel products. The company held sampling events at group hospitals and conducted sales and test marketing at pet events.

For veterinary medicine, the company pushed forward with research aiming to improve the quality of life for animals and establish therapies and preventive measures using regenerative medicine in the regenerative medicine business. In the veterinary hospital support business, 57 hospitals had joined the Research and Development Partnership for Animal Regenerative Medicine (PARM) as of end-December 2024.

Topics

Regarding the share buyback program it announced at the beginning of FY03/25, the company finished repurchasing treasury shares worth JPY3.0bn in February 2025 (a total of 4,745,500 shares, reaching the initially set maximum limit of JPY3.0bn). In February 2025, the company also canceled 6,370,000 treasury shares, representing 7.83% of total shares outstanding prior to the cancellation.

- ▶ The company sees opportunity for further share buybacks in the coming fiscal years, considering the balance between its capital policy and solvency margin ratio. However, it has not yet decided the specific size of future repurchases. Going forward, the company aims to optimize capital efficiency while ensuring the soundness of its insurance business, including compliance with solvency regulations. Adopting the same approach as in FY03/25, it will continue to consider repurchasing treasury shares.

In February 2025, Anicom Insurance and Anicom Specialty Medical Institute concluded a joint R&D agreement with Riverfield Inc., a company developing surgical assist robots. Through this collaboration, the two parties aim to design and manufacture medical robots while creating AI-driven intellectual property in the process.

In December 2024, the company published White Paper on Household Animals 2024, the 2024 edition of an annual epidemiological data report on pets it has issued since 2009.

In December 2024, the company’s official Instagram account reached more than 100,000 followers.

1H FY03/25 results

- Recurring revenue: JPY32.9bn (+10.3% YoY; 49.9% of the full-year company forecast)

- Recurring expenses: JPY29.8bn (+9.3% YoY)
- Recurring profit: JPY3.1bn (+20.3% YoY; 65.2%)
- Net income attributable to owners of the parent: JPY2.2bn (+24.1% YoY; 70.3%)

Earnings summary

- ▶ Recurring revenue was up JPY3.1bn or 10.3% YoY to JPY32.9bn, due to an increase of JPY2.0bn in underwriting revenue, an increase of JPY155mn in investment revenue, and an increase of JPY898mn in other recurring revenue. Through the strengthening of sales channels and backed by firm demand for pet ownership, the company had 1,236,904 policies in force (+7.2% YoY), and 117,552 new policies (+6.0% YoY), which remained solid. Other recurring revenue grew steadily YoY, due for instance to growth in revenue from veterinary clinic operations and the breeder matching website.
- ▶ Recurring profit was up JPY529mn YoY to JPY3.1bn (+20.3% YoY). The company's efforts to control new policy acquisition costs and streamline business operations resulted in steady profit growth, progressing in line with its projection. The increase in recurring profit reflected steady growth in the number of policies in force and underwriting revenue, as well as a JPY1.2mn increase in earned premiums, a JPY1.4bn decrease in claims paid, a JPY100mn decrease in agency fees, a JPY818mn increase in the provision for catastrophe reserves, a JPY155mn increase in investment revenue, a 898mn increase in other recurring revenue outside the insurance business, a JPY383mn decrease in other recurring expenses, and a JPY625mn decrease in SG&A expenses. The recurring profit margin was 9.5%, up 0.8pp YoY. The recurring profit margin before goodwill amortization was 9.9%.
- ▶ The E/I loss ratio increased 0.8pp YoY to 61.4% but has stabilized now that the impact of changes in pet owners' behavior due to the COVID-19 pandemic has peaked. Even taking into account factors such as the company's proactive investments in growing in scale and an increased number of applications for Dobutsu Kenkatsu (gut microbiota medical checkups: intestinal flora measurement + health check), the operating expense ratio on an earned premiums basis improved by 1.3pp YoY to 32.1%. As a result, the company's combined ratio improved to 93.5% (down 0.5pp YoY).

Progress of priority measures

Insurance business

The number of new policies totaled more than 117,000 for April–September, and the number of policies in force exceeded 1,230,000 as of end-September 2024. By partner channel, while the number of new policies obtained through pet shops remained flat, those from non-pet shop channels, such as breeders, partners, and web channels steadily increased.

Anicom Insurance raised the premiums for Wide Type products (no limited days) by an average of 6.6%. Steady growth in Dobutsu Kenkatsu applications contributed to a stable and high renewal rate of 88.1% for April–September 2024. In the 2024 Oricon Customer Satisfaction Survey, Anicom Insurance won first place in two pet insurance ranking categories (claim payouts and benefits, and over-the-counter reimbursement). It has been awarded for eight consecutive years in the “claim payouts and benefits” category.

Investment

Investment revenue grew 43.2% YoY to JPY516mn. Progress was in line with the company projection thanks to flexible asset management under uncertain market conditions.

Other

Other recurring revenue outside the insurance business increased steadily to JPY3.6bn (up 33.2% YoY). The company has been pursuing the “One Employee, One Patent (one patent per employee)” strategy. Its number of inventors increased to 132 as of end-September 2024 (up from 13 at end-December 2020).

Synergistic businesses

To strengthen breeding support, the company vigorously promoted various initiatives in light of amendments to the Animal Welfare Act. Demand remained strong in the enhanced matching service business, and the number of completed contracts for Minna no Breeder and Minna no Koneko Breeder increased steadily. In 1H FY03/25, SIMNET posted revenue of JPY1.4bn (up from JPY1.0bn in 1H FY03/24) and recurring profit of JPY201mn after amortization of goodwill (JPY26mn loss in 1H FY03/24).

In health checkups and oral and intestinal care product commercialization, the company received more than 117,000 applications for its Dobutsu Kenkatsu service from April to September. The company promoted test marketing of oral and intestinal care products through Dobutsu Kenkatsu. It also exhibited at Interpets Osaka 2024.

For veterinary medicine, the company continued its research to establish therapies and preventive measures using regenerative medicine in the regenerative medicine business and to improve the quality of life for animals. In the veterinary hospital support business, 57 hospitals joined the Research and Development Partnership for Animal Regenerative Medicine (PARM) as of end-September 2024.

Topics

Regarding the share buyback program announced at the beginning of FY03/25, the company had repurchased treasury shares worth JPY1.9bn (out of a maximum limit of JPY3.0bn) by the end of October.

In October 2024, the company determined the terms for issuing its second series of unsecured bonds (total bond value: JPY5.0bn; five-year maturity). The company plans to use the funds to make Flowens, Inc. a wholly owned subsidiary, invest in non-insurance subsidiary businesses (such as the food business and animal hospital operations), and prevent illnesses (including by expanding health checkup services).

Anicom Insurance's pet insurance product, Dobutsu Kenpo, won the Good Design Award 2024, marking the first time an animal insurance product has received this accolade in the industry.

In November 2024, the company reached a basic agreement to collaborate with CMIC Holdings Co., Ltd. and animo Co., Ltd., an Anicom group company engaged in the animal healthcare business, to promote One Health Platform, a translational research system based on spontaneous disease models. The collaboration aims to extend a healthy life where people and pets coexist.

Q1 FY03/25 results

- Recurring revenue: JPY16.5bn (+11.1% YoY; 25.0% of the full-year company forecast)
- Recurring expenses: JPY14.9bn (+9.0% YoY)
- Recurring profit: JPY1.6bn (+34.9% YoY; 33.8%)
- Net income attributable to owners of the parent: JPY1.1bn (+37.0% YoY; 35.8%)

Earnings summary

- ▶ Recurring revenue was up JPY1.7bn or 11.1% YoY to JPY16.5bn, due to an increase of JPY1.0bn in underwriting revenue, an increase of JPY169mn in investment revenue, and an increase of JPY457mn in other recurring revenue. Through the strengthening of sales channels and backed by firm demand for pet ownership, the company had 1,213,737 policies in force (+7.1% YoY), and 57,986 new policies (+5.1% YoY), which remained solid. Other recurring revenue grew steadily YoY, due for instance to growth in revenue from veterinary clinic operations and the breeder matching website. Investment revenue grew 134.1% YoY to JPY295mn, in line with the company's forecast, as the company pursued flexible asset management in an uncertain market environment.
- ▶ Recurring profit was up JPY419mn YoY to JPY1.6mn (+34.9% YoY), steadily progressing toward meeting the company's full-year target. The company's efforts to control new policy acquisition costs and streamline business operations resulted in steady profit growth. The JPY419mn increase in recurring profit reflected steady growth in the number of policies in force and underwriting revenue, as well as a JPY941mn increase in earned premiums, a JPY761mn increase in claims paid, a JPY38mn increase in agency fees, a JPY142mn decrease in the provision for catastrophe reserves, a JPY169mn increase in investment revenue, a 456mn increase in other recurring revenue outside the insurance business, a JPY217mn increase in other recurring expenses, and a JPY274mn increase in SG&A expenses. The recurring profit margin was 9.8%, up 1.7pp YoY. The recurring profit margin before goodwill amortization was 10.2%.
- ▶ The E/I loss ratio increased 1.5pp YoY to 61.1% due mainly to a rise in the unit treatment fees due to higher costs at veterinary hospitals. It has stabilized now that the impact of changes in pet owners' behavior due to the COVID-19 pandemic has peaked. Even taking into account factors such as the company's proactive investments in growing in scale and an increased number of applications for Dobutsu Kenkatsu (gut microbiota medical checkups: intestinal flora measurement + health check), the operating expense ratio on an earned premiums basis improved by 1.0pp YoY to 32.8%.

- ▶ Regarding KPIs, policies in force reached 1,213,737 (+7.1% YoY; 23.3% of the full-year target), and new policy acquisitions totaled 57,986 (+5.1% YoY; 25.2%). The number of payouts was 1,116 (+23.3% YoY). New policy acquisitions had stagnated due to a post-pandemic slump after two years of pandemic-driven demand but grew solidly in Q1FY03/25. In partner channels, the share of non-pet shop channels, such as breeders, increased. The renewal rate was 88.1% (unchanged YoY), and the number of hospitals accepting Anicom insurance increased to 6,908 (+1.1% YoY).

Progress of priority measures

Insurance business

The company acquired more than 57,000 new policies between April and June 2024, and by the end of June, the number of policies in force surpassed 1,210,000. To expand and strengthen sales channels, the company jointly sold pet insurance with Tokio Marine & Nichido Fire Insurance. It also concluded a business alliance agreement with Sony Assurance to jointly develop pet insurance products, and formed a business alliance with AXA Direct for the pet insurance business. In terms of expanding products and services, the company launched an online insurance claim filing service and improved customer convenience, in combination with the over-the-counter (OTC) insurance payout system and allowing customers to file claims via LINE. In addition, steady growth in Dobutsu Kenkatsu applications contributed to a stable and high renewal rate of 88.1% for April–June 2024.

- ▶ As for the competitive landscape, despite the entry of major non-financial companies such as Amazon Japan LLC and PayPay Corporation into the pet insurance market over the past year, the company stated that its advantages, such as the OTC insurance payout system, have prevented any significant impact, such as policyholders' switching to competitor products or a decline in market share.

In July 2024, Anicom Insurance revised the basic premiums for "Animal Health Insurance Family Wide Type (no limited days)." It increased the premiums for Animal Health Insurance Family Wide Type 70% coverage and Animal Health Insurance Family Wide Type 50% coverage by an average of 6.6%.

- ▶ Combined with the premium hike for the Wide Type in 2023, this revision means that premiums for all Wide Type products have now been increased.

Investment

Flexible and agile asset management enabled the company to accumulate investment gains steadily. The company also posted a gain on the sale of REIT and, as a result, made steady progress toward its full-year target.

Other

The company has been pursuing the "One Employee, One Patent (one patent per employee)" strategy and has increased the number of inventors to 131 as of end-June 2024. In other businesses, revenue from veterinary hospital support was up 3.3% YoY to JPY85mn, veterinary medicine clinical and research services increased 21.8% YoY to JPY699mn, genetic testing and related services rose 4.6% YoY to JPY85mn, and other businesses including breeding grew significantly by 118.8% YoY to JPY430mn.

Synergistic businesses

To strengthen breeding support, the company vigorously promoted various initiatives in light of amendments to the Animal Welfare Act. Demand remained strong in the enhanced matching service business, and the number of completed contracts for Minna no Breeder and Minna no Koneko Breeder increased steadily. SIMNET posted revenue of JPY729mn in Q1FY03/25 (JPY509mn in Q1FY03/24) and recurring profit of JPY146mn after amortization of goodwill (JPY2mn loss in Q1FY03/24), contributing more to a boost in consolidated profits.

For health checkups plus oral and intestinal care products, the cumulative total applications for Dobutsu Kenkatsu increased 7.5% YoY to 59,000 during April–June. The number of genetic testing rose 7.2% YoY to 18,000. The company promoted test marketing of oral and intestinal care products through Dobutsu Kenkatsu. As for a toothpaste gel for pets launched in FY03/24, the company promoted sales at the group's veterinary clinics and received high ratings in the customer survey.

Topics

In creating new value through data utilization, in light of the results of the group's study on the relationship between oral and intestinal health in dogs and cancer risk, the company has opened a call for "joint research on preventing all diseases, including cancer." The joint research aims to explore the potential for cancer prevention, among other diseases, through oral care. The research will focus on advancing cancer prevention efforts not only for pets but also for humans. The company also intends to promote approaches other than oral care initiatives to prevent all diseases, including cancer.

The company concluded a basic agreement for a business alliance with CMIC Holdings Co., Ltd., which operates the animal wellness business (animo Co., Ltd.). The alliance aims to centralize pet-related information management, provide advanced services using information, and maximize business value. Specific issues to be considered include developing services that contribute to advancements in veterinary epilepsy treatment and developing new services to support the development of animal pharmaceuticals.

The company has agreed to a joint research project with South Korean pet tech startup CareSix Co., Ltd. and Cho & Company to build algorithms aimed at preventing diseases and detecting signs of illness in dogs. This will be achieved by collecting and analyzing health-related data from dogs using smart collar devices.

The company has obtained a patent for a system that "determines pet emotions from videos" by using AI to analyze pets' facial photo data that it has accumulated over time.

Regarding the share buyback program announced at the beginning of FY03/25, the company has purchased shares worth JPY1.4bn (out of the total acquisition price [maximum] of JPY3.0bn) as of end-August.

Income statement

Income statement (JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Recurring revenue	26,506	28,978	32,339	35,829	41,465	48,049	53,022	56,528	60,437	67,683
YoY	17.1%	9.3%	11.6%	10.8%	15.7%	15.9%	10.3%	6.6%	6.9%	12.0%
Underwriting revenue	25,370	28,068	31,290	34,535	39,105	43,312	47,321	50,781	54,273	58,862
Net premiums written	25,370	28,068	31,290	34,535	39,105	43,312	47,321	50,781	54,273	58,862
Reversal of reserves for outstanding losses and claims	-	-	-	-	-	-	-	-	-	-
Investment revenue	690	504	420	383	496	488	679	834	733	1,586
Interest and dividend income	334	320	255	154	219	253	316	439	610	777
Gains on sale of securities	355	184	165	228	276	233	360	391	117	808
Other recurring revenue	446	405	628	910	1,863	4,248	5,020	4,912	5,430	7,235
Equity in earnings of affiliates	-	-	-	-	-	33	140	-	8	-
Other	446	405	628	910	1,863	4,215	4,880	4,912	5,422	7,235
Recurring expenses	24,377	26,606	30,486	33,550	39,275	45,290	49,855	52,842	56,277	62,742
YoY	14.0%	9.1%	14.6%	10.1%	17.1%	15.3%	10.1%	6.0%	6.5%	11.5%
Underwriting expenses	17,393	18,967	21,771	24,071	27,212	30,512	33,504	35,664	38,436	41,928
Net premiums written	13,547	14,901	16,591	18,456	20,492	23,226	25,559	27,934	30,494	33,345
Loss adjustment expenses	895	965	1,004	1,003	1,109	1,098	1,080	1,106	1,108	1,122
Commissions and collection fees	1,590	1,995	2,660	3,077	3,674	4,539	5,193	5,067	5,135	5,235
Provision for outstanding losses and claims	122	181	212	196	179	211	165	283	257	286
Provision for underwriting reserves	1,237	923	1,302	1,336	1,756	1,437	1,505	1,272	1,439	1,937
Investment expenses	182	0	8	10	109	141	66	118	97	263
Loss on sale of securities	101	-	8	6	28	38	61	116	91	19
Loss on valuation of securities	80	0	0	3	80	103	4	2	5	243
Operating and general administrative expenses	6,699	7,273	8,479	9,112	11,153	13,283	14,656	15,350	15,795	17,857
Other recurring expenses	100	364	227	356	800	1,353	1,628	1,709	1,948	2,693
Interest paid	-	-	-	-	-	8	15	15	15	37
Provision for doubtful accounts	4	124	-	-	-	-	-	-	0	7
Stock issuance expenses	-	-	-	108	10	-	-	3	-	-
Amort. of deferred assets under Article 113	-	-	-	-	-	-	-	-	-	-
Other recurring expenses	96	122	110	247	790	1,344	1,612	1,690	1,932	2,647
Recurring profit	2,129	2,372	1,853	2,278	2,189	2,758	3,166	3,685	4,159	4,941
YoY	70.3%	11.4%	-21.9%	22.9%	-3.9%	26.0%	14.8%	16.4%	12.9%	18.8%
Recurring profit margin	8.0%	8.2%	5.7%	6.4%	5.3%	5.7%	6.0%	6.5%	6.9%	7.3%
Extraordinary gains	27	-	-	16	14	54	-	-	264	1
Extraordinary losses	83	203	13	19	42	400	170	142	227	193
Pre-tax profit	2,073	2,169	1,839	2,275	2,162	2,412	2,995	3,543	4,196	4,749
Total income taxes	674	610	519	665	637	826	883	1,258	1,467	1,555
Net income	1,399	1,568	1,320	1,610	1,525	1,586	2,112	2,284	2,729	3,246
YoY	68.8%	12.1%	-15.8%	22.0%	-5.3%	4.0%	33.2%	8.1%	19.5%	18.9%
Net margin	5.3%	5.4%	4.1%	4.5%	3.7%	3.3%	4.0%	4.0%	4.5%	4.8%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Balance sheet

(JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
Assets										
Cash and deposits	7,566	15,242	19,078	29,643	24,427	31,683	29,641	30,835	23,879	26,460
Investment securities	10,739	5,914	4,625	4,660	9,999	11,667	16,570	16,956	27,510	29,430
Loans receivable	-	294	196	225	127	92	3	3	5	44
Tangible fixed assets	1,527	1,432	1,359	1,367	1,858	2,520	2,550	2,557	3,032	3,070
Land	518	508	508	508	806	809	809	809	891	881
Buildings	462	433	412	440	447	970	992	1,207	1,330	1,315
Lease assets	4	6	17	27	34	31	20	11	12	42
Other tangible fixed assets	542	484	420	391	548	699	617	521	748	735
Intangible assets	653	904	1,462	1,506	3,956	3,466	3,469	3,242	3,893	3,944
Software	532	642	845	811	1,165	783	790	943	882	933
Software in progress	33	195	473	592	271	281	407	254	523	583
Other	86	66	143	102	2,518	2,318	2,253	2,038	2,482	2,422
Other assets	4,297	3,876	3,908	4,344	4,263	5,208	5,481	6,504	6,710	7,837
Accounts receivable	2,041	1,388	1,689	1,895	1,923	2,068	2,208	3,296	3,408	3,672
Accrued premiums	232	260	365	445	508	534	571	628	678	729
Suspense payments	1,490	1,771	1,351	1,396	906	1,451	1,237	849	901	836
Other	533	455	501	606	926	1,154	1,463	1,730	1,722	2,591
Deferred tax assets	433	597	623	718	1,041	898	951	1,315	1,335	1,764
Allowance for doubtful accounts	-16	-140	-88	-76	-75	-78	-33	-8	-9	-57
Total assets	25,192	28,123	31,164	42,390	45,598	55,459	58,635	61,407	66,357	72,494
Liabilities										
Reserve for insurance contract	11,888	12,993	14,508	16,041	17,977	19,626	21,297	22,853	24,551	26,774
Reserves for outstanding losses and claims	1,558	1,739	1,952	2,148	2,328	2,539	2,705	2,988	3,245	3,532
Underwriting reserves	10,330	11,253	12,556	13,893	15,649	17,087	18,592	19,865	21,305	23,242
Bonds payable						5,000	5,000	5,000	5,000	10,000
Other liabilities	2,414	2,635	2,845	3,867	4,018	4,787	4,647	4,945	6,201	7,152
Income taxes payable	329	463	273	610	600	694	533	679	1,109	1,183
Accounts payable—other	855	856	1,093	1,543	1,550	2,018	1,835	1,843	2,229	2,994
Suspense receipts	1,073	1,172	1,298	1,484	1,603	1,783	1,964	2,119	2,298	2,437
Other	156	143	181	228	264	291	314	302	563	537
Provision for bonuses	157	172	173	191	209	247	274	304	304	325
Reserve for special laws	32	41	48	54	68	80	98	119	146	175
Reserves for price fluctuations	32	41	48	54	68	80	98	119	146	175
Total liabilities	14,492	15,842	17,576	20,156	22,273	29,741	31,319	33,223	36,204	44,427
Net assets										
Shareholders' equity	10,762	12,233	13,546	22,233	23,719	25,648	27,658	29,740	31,144	30,132
Capital stock	4,396	4,402	4,443	7,950	7,981	8,202	8,202	8,202	8,202	8,202
Capital surplus	1,286	4,292	4,333	7,840	7,871	8,092	8,092	8,092	8,092	7,272
Retained earnings	2,080	3,539	4,770	6,443	7,868	9,353	11,364	13,446	15,850	14,660
Treasury stock	-0	-0	-0	-0	-0	-1	-1	-1	-1,001	-2
Valuation and transaction adjustments	-123	-100	-128	-150	-530	69	-342	-1,555	-1,248	-1,916
Valuation difference on securities	-123	-100	-128	-150	-530	69	-342	-1,555	-1,248	-1,916
Total net assets	10,699	12,281	13,587	22,234	23,325	25,717	27,316	28,184	30,152	28,066
Total liabilities and equity	25,192	28,123	31,164	42,390	45,598	55,459	58,635	61,407	66,357	72,494

Source: Shared research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Cash flow statement

(JPYmn)	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.	Cons.
Cash flows from operating activities	[a]	1,960	3,231	3,393	4,359	4,246	4,231	4,456	4,422	5,669
Cash flows from investing activities	[b]	2,489	4,233	253	-487	-10,263	-2,129	-5,485	-4,066	-11,132
Free cash flow [a] + [b]		4,449	7,464	3,646	3,872	-6,017	2,102	-1,029	356	-5,463
Cash flows from financing activities		89	-79	-10	6,693	-99	5,154	-112	-212	-1,343
Depreciation and amortization	[c]	367	479	533	552	765	932	1,051	978	1,095
Capital expenditures	[d]	-1,578	-840	-871	-567	-1,181	-1,164	-1,213	-854	-1,269
Change in working capital	[e]	-	-	-	-	-	-	-	-	-
Simple FCF (NI + [c] + [d] - [e])		188	1,207	982	1,595	1,109	1,354	1,950	2,408	3,072

Source: Shared research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Q1 FY03/26 results

- Recurring revenue: JPY18.2bn (+10.4% YoY; 25.0% of the full-year company forecast)
- Recurring expenses: JPY17.3bn (+15.9% YoY)
- Recurring profit: JPY960mn (-40.7% YoY; +29.1%)
- Net income attributable to owners of the parent: JPY650mn (-41.5% YoY; 31.0%)

Earnings summary

- ▶ Recurring revenue was up JPY1.7bn or 10.4% YoY to JPY18.2bn, due to an increase of JPY1.4bn in underwriting revenue, an increase of JPY67mn in investment revenue, and an increase of JPY224mn in other recurring revenue. The number of policies in force increased 8.6% YoY to 1,318,043, and new policy acquisition rose 20.4% YoY to 69,815, driven by continued strong demand for pet ownership, various initiatives to strengthen sales channel activities, and the transfer of policies from other insurers. Other recurring revenue from non-insurance businesses grew steadily to JPY2.1bn (+12.0% YoY). Investment revenue increased 22.5% YoY to JPY362mn, exceeding its projection through agile asset management amid uncertain market conditions.
- ▶ Recurring profit was down JPY660mn YoY to JPY960mn (-40.7% YoY). The decrease in recurring profit reflected a JPY1.2bn increase in earned premiums, a JPY956mn decrease in claims paid, a JPY81mn decrease in agency fees, a JPY50n decrease in the provision for catastrophe reserves, a JPY66mn increase in investment revenue, a JPY1mn decrease in investment expenses, a 223mn increase in other recurring revenue outside the insurance business, a JPY50mn decrease in other recurring expenses, and a JPY1.1bn decrease in SG&A expenses. The recurring profit margin was 5.3%, down 4.5pp YoY. While the company steadily increased revenue, supported by strong new policy acquisition and expansion of peripheral businesses, profit declined due to costs related to the transfer of AXA Direct insurance contracts. Nevertheless, profit remained strong in line with its projection.
- ▶ The E/I loss ratio increased 1.3pp YoY to 62.4% due mainly to the increasing average lifespan of pets, advances in veterinary medicine, and persistently high medical costs due to inflation. Due to costs associated with the transfer of policies from other insurers, the operating expense ratio on an earned premiums basis rose 2.7pp YoY to 35.5%. As a result of adding up the E/I and the operating expense ratios, the combined ratio based on earned premiums increased 4.0pp YoY to 97.9%. The company says both the loss and expense ratios were in line with its expectations.

Progress of priority initiatives

Insurance business

The number of new policies surpassed 69,000 in April–June 2025, reaching a new quarterly record. Policies in force exceeded 1.31mn at end-June, showing accelerated growth.

- ▶ In Q1 FY03/26, about 8,000 policies were transferred from AXA Direct (the transfer process began in December 2024), generating transfer fees of around JPY400mn. The company noted that new policy acquisition remained strong, even excluding these transfers, driven by steady contract growth through internet channels and partnerships with major insurers.

The policy renewal rate was 88.3%, remaining consistently high, supported by steady growth in Dobutsu Kenkatsu.

- ▶ The company stated that it is always considering potential premium increases. However, the company does not see an urgent need to raise premiums at this time, as the current loss ratio is in line with the full-year projection (61.1%) and loss ratios tend to track slightly higher in Q1.

In July 2025, Anicom Insurance (Anicom Holdings' subsidiary), Sumitomo Life Insurance Company, and Mitsui Sumitomo Insurance Company, Limited concluded a business alliance agreement to collaborate on new initiatives to promote pet insurance and improve pet health. Under this partnership, Anicom Insurance's pet insurance will be sold in Sumitomo Life's sales network beginning September 24, 2025.

- ▶ Leveraging Sumitomo Life's strong sales foundation, which includes about 30,000 sales representatives nationwide, and Mitsui Sumitomo Insurance's nationwide sales network, the company aims to deliver products and services that align with customer needs.

In July 2025, Anicom Insurance won two awards at the Insurance Asia Awards 2025 (hosted by Charlton Media Group): "Insurance Product Innovation of the Year—Japan" and "Digital Insurance Initiative of the Year—Japan." The awards recognized initiatives such as Dobutsu Kenpo's supplementary service Dobutsu Kenkatsu (gut microbiota testing) and the company's over-the-counter (OTC) insurance payout system using animal health insurance cards.

In July 2025, Anicom Insurance announced that the number of veterinary hospitals nationwide accepting Dobutsu Kenpo had surpassed 7,000, the highest number among pet insurers in Japan.

Investment

Investment revenue rose 22.7% YoY to JPY362mn. Despite an uncertain market environment, the company pursued flexible asset management and steadily accumulated income gains, securing investment returns above the initial projection.

Other

Other recurring revenue (outside the insurance business) increased steadily to JPY2.1bn (+12.0% YoY). The company has been pursuing a strategy of "one patent per employee." Accordingly, the company's number of "inventors" has risen, 146 as of end-June 2025.

Synergistic businesses

To strengthen its support for animal breeding, the company vigorously promoted various initiatives in response to the Japanese government's amendment of the Animal Welfare Act.

In the enhanced matching service business, the number of completed contracts for Minna no Breeder and Minna no Koneko Breeder exceeded 400,000. In Q1 FY03/26, SIMNET recorded revenue of JPY596mn (vs. JPY552mn in Q1 FY03/25) and recurring profit of JPY84mn after goodwill amortization (vs. JPY134mn).

In expanding health checkups and oral and intestinal care products, the company hosted tasting events and study sessions for various care products nationwide through Dobutsu Kenkatsu. In Q1 FY03/26, the company posted revenue of JPY124mn (JPY70mn in Q1 FY03/25 YoY) and a recurring loss of JPY61mn (a loss of JPY16mn) in the health Innovation business. The wider loss reflected higher expenses from business expansion. On the revenue front, growth remained strong, in line with the pace assumed in the medium-term management plan, supported by additional orders for Crystal Joy and the launch of new sales of 7Days Food (a freeze-dried version of the product).

In July 2025, Anicom Pafe signed an exclusive sales agreement with Earth Corporation for a certain period regarding the MA-T® Oral Care Gel for Pets, which utilizes the oxidation-control technology MA-T® System. The company also distributed free samples of the gel at the Japan MA-T® Industrial Association booth at Expo 2025 Osaka, Kansai. In June 2025, Anicom Pafe began selling *anicom Care Deli with uniam*, a functional wet cat food developed in collaboration with uniam Inc., which operates a cat food business, to provide scientific support for feline health. Also in June, new flavors were added to Anicom Pafe's CARE PUREE treats for dogs and cats—beef flavor (for liver care) and horse meat flavor (for kidney care). The company also launched the website World Smile Expo, where AI judges the smile level of dogs from photos.

The company continued preparations toward the October 2025 opening of JARVIS Animal Medical Center Tokyo, which will provide advanced veterinary care. In Q1 FY03/26, the veterinary clinic management business posted sales of JPY682mn (JPY650mn in Q1 FY03/25) and recurring profit of JPY60mn after goodwill amortization (JPY90mn). The number of consultations reached 60,045 (+1.6% YoY).

- ▶ Regarding costs related to JARVIS Animal Medical Center Tokyo, the company incurred some pre-opening expenses in Q1 FY03/26. However, the company stated that full-year costs are not exceeding the initial projection, and progress remains as expected.

Highlights

As of August 2025, the company had repurchased JPY554mn of its own shares under the buyback program announced at the beginning of the fiscal year (maximum set at JPY1.0bn).

In August 2025, Japan Credit Rating Agency (JCR) revised the outlook on the company's long-term issuer rating from Stable to Positive, indicating a high likelihood of an upgrade. The new rating is A Positive.

The company's non-life insurance solvency margin ratio rose 0.4pp from the previous fiscal year-end to 345.6%.

- ▶ With the application of the economic solvency ratio (ESR) scheduled to begin in March 2026, the company noted that while it cannot specify an exact figure at this point, it expects to generate a certain level of surplus capital. If such surplus materializes, the company intends to return capital to shareholders through share buybacks and dividend payments from FY03/27 onward to the extent possible.

In August 2025, the company announced its Corporate Value Enhancement Strategy to Lead Global Health, summarizing new insights gained through its initiatives and the strategies derived from them. The executive summary is as follows.

- Spaying and neutering extend lifespan but increase cancer risk.
- As cancer continues to evolve, acquired immunity must also evolve.
- Maturation of acquired immunity may reduce cancer risk.
- Diversity of the gut microbiota is essential for the maturation of acquired immunity.
- Dogs and cats consume the most monotonous diets in the world, which may result in immature acquired immunity.
- The instinct of "getting bored with food" may have been a sign of weakened immunity.

In August 2025, the company announced its plan to establish the Anicom Longevity Research Foundation in September 2025. The foundation will promote neutral and academic research aimed at extending healthy lifespans for humans and pets. Research will include studies on the relationship between oral diseases such as periodontal disease and systemic diseases, as well as the similarities of microbiota between humans and pets. The foundation's research outcomes will not only contribute to dentistry and veterinary medicine but also support educational and awareness-raising activities in academia and society at large.

In July 2025, to commemorate its 25th anniversary, Anicom Holdings launched a special anniversary website.

Other information

History

Date	Description	
2000	Jul	BSP, Inc. (currently Anicom Holdings, Inc.) was established to handle administrative duties for Anicom's Dobutsu Kempo mutual pet insurance
2004	Dec	Anicom Pafe, Inc. was established
2005	Jan	BSP was renamed Anicom International, Inc.
2005	Feb	Anicom Frontier, Inc. was established
2006	Jan	Anicom Insurance Planning, Inc. was established to prepare for the founding of an insurance company
2007	Dec	Anicom Insurance Planning was renamed Anicom Insurance Inc. The Financial Services Agency allowed the Anicom Insurance to reorganize under a holding company. Anicom Insurance obtained a non-life insurance license
2008	Jan	Anicom Insurance began non-life insurance operations
2008	Jun	Anicom International was renamed Anicom Holdings Inc.
2010	Mar	Listed shares on the Tokyo Stock Exchange's Mothers market
2014	Jan	Japan Animal Specialty Medical Institute Inc. was established
2014	Jun	Listed shares on the First Section of the Tokyo Stock Exchange
2015	Jul	Anicom Capital, Inc. was established
2016	Apr	Celltrust Animal Therapeutics Co., Ltd. was established as a joint venture (Anicom 49%, FujiFilm 51%) for regenerative medicine for animals
2017	Mar	Established Anicom Hong Kong Co., Ltd., a joint venture (49% stake) with the aim of providing animal healthcare services in China
2020	Jan	Acquired all shares in Simnet Co., Ltd. and made it a wholly owned subsidiary
2021	Mar	Resolved to dissolve the joint venture agreement with Fujifilm Corporation, transfer the business of CellTrust Animal Therapeutics Co., Ltd. to Anicom Specialty Medical Institute Inc., and dissolve Anicom Capital, Inc.
2022	Feb	Acquired Hong Kong Anicom Company Limited as a subsidiary by underwriting capital increase
2022	Apr	Transited to the Prime Market from the First Section of the Tokyo Stock Exchange (TSE) due to TSE market restructuring
2022	Oct	Anicom Pafe, Inc. absorbed and merged with Anicom Frontier, Inc.
2024	Mar	Acquired shares in Flowens, Inc. and made it a consolidated subsidiary.

Source: Shared Research based on company materials

Corporate philosophy

The company's name, "ani (life) + communication (mutual understanding) = ∞ (infinity)," forms the philosophical basis for its corporate activities. Anicom believes that when all living things understand each other and work together toward a single goal, what was once thought to be impossible becomes possible. The company will leverage its unlimited value creation capabilities, centered on the pet insurance business, to spread gratitude.

Three missions

- Contribute to the elimination of war and the advancement of peace through the power of altruistic love.
- Transform the pet industry itself into an industry that benefits society as a whole.
- Support the most vulnerable of society, such as the elderly, the disabled, and children, with the power of Mother Nature.

Purpose and sustainability management (CSV management)

Purpose

To fulfill the above three missions, the company has redefined its "purpose" as "to spread altruistic love throughout the world to regain peace, maintain, and advance peace."

The company strives to alleviate loneliness and anxiety and contribute to the resolution of social issues by providing people with meaning in life and providing hands-on experiences in children's education. At the same time, it aims to create both economic and social value through sustainability management (CSV management).

Direction

- ▶ Provide unlimited value as an infrastructure player in the animal industry. Refine the operational functions of pet insurance and become like water and air for society. Further strengthen the insurance business and businesses or services that generate synergies or offer stability.

- ▶ Achieve steady profit growth and improve capital efficiency: Achieve a balance between growth and improvement of profitability in the pet insurance business. Allocate capital based on improved investment returns and reviewing capital requirements (risk coefficient).

Materiality (key issues)

The company has identified four key social issues that can be addressed through initiatives within the pet industry:

- Supply chain challenges: These include a lack of transparency in breeding environments, breaks in traceability, the issue of retired breeding animals, and the prevalence of hereditary diseases.
- ▶ The company contributes to resolving these issues through initiatives such as breeder support, genetic testing, and lifetime care programs.
- Health and veterinary system challenges: Challenges in this area include the lack of standardized veterinary care and insufficient medical infrastructure.
- ▶ The company promotes solutions through the expansion of its veterinary clinic management business, the establishment of standard treatment protocols, the practical application of regenerative medicine, and efforts to reduce insurance claim costs.
- Coexistence and environmental sustainability challenges: These include the limited availability of pet-friendly housing and the environmental impact of pet food.
- ▶ In response, the company is working to expand pet-friendly residences and facilities, while also developing and marketing environmentally conscious pet food products.
- Animal welfare challenges: Issues include poor living conditions, long hours of solitude for pets, challenges faced by elderly owners, animal abuse, abandonment, and euthanasia.
- ▶ The company supports solutions through the operation of shelters, initiatives to eliminate abuse and euthanasia, and efforts to improve substandard living environments.

In determining its materiality (key social issues), the company assesses the degree of alignment and contribution its initiatives have toward the broader development of the pet industry.

Anicom's materiality

	Materiality		SDG	
People	Provision of purpose in life	3	Good health and well-being	Ensure healthy living and promote the well-being of all people of all ages
	Contribution to local revitalization	8	Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, productive full employment and decent work for all
	Equal educational opportunities	11	Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable
	Stronger social functions			
Pets	Health and well-being			
	Physical and mental health	3	Good health and well-being	Ensure healthy living and promote the well-being of all people of all ages
	Supply chain traceability	12	Responsible consumption and production	Ensure sustainable consumption and production patterns
Environment	Improved status for pets	15	Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, arrest and reverse land degradation, and halt biodiversity loss
	Response to climate change	13	Climate action	Take urgent action to combat climate change and its impacts
Environment	Preservation of biodiversity	15	Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, arrest and reverse land degradation, and halt biodiversity loss

Source: Shared Research based on company materials

Anicom's CSV activities in the value chain (ESG/SDGs compliance)

Birth	Welcoming	Life	Farewell
Specific initiatives			
E • S • G	S	E • S	S
• Genetic testing	• Konotori Center / Minna no Breeder	• Gut microbiota measurement	• Regenerative Medicine/Cell Therapy
Eradication of genetic diseases and distribution of healthy animals	Ensure transparency in pet distribution	Early detection of disease and health management	Curing the "incurable," extending healthy life expectancy
• Breeding support	• Foster care matching (hugU)	• Pet insurance	• Senior dog home
Animal welfare, environmental impact reduction, animal welfare law compliance	Support for owners with unavoidable circumstances	Appropriate provision of veterinary care	Less burden of caring for elderly dogs
		• Entomophagy Food	• lifetime care facility
		Providing food with less environmental impact	Providing a receptacle for ownerless pets
		• Individual Identification	
		Zero stray killings	
		• Training class	
		Reduction of breeding hurdles, prevention of abandonment	
Community relations			
	S • G		
	• Konotori Center	• Pet-friendly group homes	• Employment of the elderly/disabled
	Building local networks around Konotori Center	Alleviate loneliness and anxiety among the elderly and disabled	Creating employment and job satisfaction at breeding facilities
	• Cooperation with local governments	• Pet-friendly Housing	• Contribution to peace
	Cooperation in animal welfare awareness, no animal killing, disaster prevention, etc.	Providing pet-friendly housing	Contribution to peace through the transmission of gratuitous love
	• Animal therapy	• Child education support	
	Providing opportunities for interaction and extending people's healthy life span	Motivate students to learn by experiencing the brightness of life firsthand	

Source: Shared Research based on company materials

Initiatives for sustainability management aimed at creating both economic and social value

	Initiative description	Related data	FY03/24	FY03/25	FY03/31 target
People	Diversity: Promote active participation of women and encourage childcare leave for both men and women to enable all employees to reach their full potential. Disaster relief: Raise funds for the Taiwan offshore earthquake, Morocco earthquake and Libya flooding, Myanmar earthquake, and Los Angeles wildfires	Percentage of female employees (%)	61.4	63.8	50–60
		Percentage of female managers (%)	33.7	36.5	50–60
		Male childcare leave uptake rate (%)	68.0	69.0	100
		Cumulative number of inventors (people)	127	144	60 employees per year
Number of Dobutsu Kenkatsu applications	Zero euthanasia: Promote animal adoptions and support shelters such as ani TERRACE and other animal welfare organizations Health: Promote Dobutsu Kenkatsu (gut microbiota testing) to enable early disease detection	Number of animals adopted via hugU (adoptions)	3,701	4,910	-
		Number of adoption support events held (times)	19	17	-
		Number of rescued dogs and cats adopted (pets)	74	69	-
		No. of applications for Dobutsu Kenkatsu	220,413	242,420	-
Environment	Climate change: • Disclose net greenhouse gas emissions (Scope 1 + 2) • Achieve 100% renewable energy usage • Target reduction of total emissions including Scope 3 by 50% or more from FY2020 levels by FY2030, and achieve carbon neutrality by 2050	Scope 1 emissions (t-CO2)	271	180	0
		Electricity consumption (1,000kWh)	2,513	2,625	-
		Renewable energy usage	2,728	2,666	-
		Scope 2 emissions (t-CO2)	0	0	-
		Scope 1+2 emissions per employee (t-CO2)	0.29	0.18	-

出所: 同社資料より Shared Research 作成

Top management

Nobuaki Komori

1992	Joined Tokio Marine & Fire Insurance Co., Ltd. (now Tokio Marine & Nichido Fire Insurance Co., Ltd.)
2000	Established Anicom and became president and representative director
2017	Became director at AHB Inc. (current position)
2018	Became director, chairman, and executive officer at Anicom Insurance, Inc. (current position)
2018	Became representative director and president and CEO at Anicom Holdings (current position)
2020	Became director at Anicom Specialty Medical Institute Inc. (current position)
2021	Became director at Anicom Pafe Inc. (current position)

Major shareholders (as of end-March 2025)

Top 10 shareholders	Shares held ('000)	Shareholding ratio
Custody Bank of Japan, Ltd. (Trust account)	12,483	16.7%
The Master Trust Bank of Japan, Ltd. (Trust account)	10,734	14.3%
KOMORI Asset Management Co., Ltd.	4,680	6.2%
Hikari Tsushin, Inc.	3,195	4.3%
GOLDMAN,SACHS&CO.REG	2,251	3.0%
THE BANK OF NEW YORK MELLON 133652	2,174	2.9%
Nobuaki Komori	1,671	2.2%
THE BANK OF NEW YORK MELLON 140044	1,305	1.7%
JP MORGAN CHASE BANK 385781	1,107	1.5%
The Bank of New York Mellon 140051	1,079	1.4%
Sum	40,679	54.2%

Source: Shared Research based on company data

News and topics

Anicom announces share buyback, dividends from surplus, and new medium-term management plan

2025-05-12

Anicom Holdings, Inc. has announced plans to repurchase its own shares, distribute dividends, and implement a new medium-term management plan.

(Click [here](#) and [here](#) for the company's press release.)

Share buyback resolution

- Class of shares to be repurchased: Common stock of the company
- Total number of shares to be repurchased: Up to 2,000,000 shares (2.7% of the total number of shares outstanding [excluding treasury stock])
- Total repurchase cost: Up to JPY1.0bn
- Repurchase period: June 2–September 30, 2025
- Repurchase method: Market purchases through the Tokyo Stock Exchange

Dividends of surplus (dividend increase)

Reflecting its shareholder return policy and solid recent performance, the company has decided to pay a year-end dividend of JPY8.5 per share for FY03/25. This represents an increase of JPY0.5 from JPY8.0 per share in the forecast announced on May 9, 2024, and an increase of JPY3.0 per share from the previous fiscal year's actual dividend.

Anicom Group's medium-term management plan 2025–2027

Key management targets

As part of its medium-term management plan, the company has set consolidated financial targets for FY03/28, including recurring revenue of JPY80.0–85.0bn (compared with JPY67.7bn in FY03/25), recurring profit of JPY6.8–7.3bn (JPY4.9bn), and ROE of about 12% (11.2%). To achieve these goals, Anicom intends to make investments aimed at establishing a preventive-type insurance model. The company is positioning these investments as a foundation for sustainable profit growth over the medium to long term.

Capital allocation policy

Anicom expects total cash inflows of approximately JPY15.0bn through FY03/28. It plans to allocate about JPY7.0bn toward growth investments, JPY2.0bn to business foundation reinforcements, and JPY6.0bn for shareholder returns. While maintaining an appropriate ESR level, the company seeks to balance these three priorities. The company also aims for a stable dividend increases, targeting a payout ratio of around 30%. In addition, Anicom will consider executing share buybacks in a flexible manner, in line with its capital policy.

For further details on other initiatives, please refer to the company's release.

Cancellation of treasury shares

2025-02-26

Anicom Holdings, Inc. has announced its resolution to cancel its treasury shares.

(Click [here](#) for the company's press release.)

Anicom Holdings plans to cancel 6,370,000 shares of its common stock (7.83% of the total shares outstanding prior to the cancellation) on March 31, 2025.



About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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