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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



February 7, 2025

Company name: Anicom Holdings, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 8715
 URL: <https://www.anicom.co.jp/en/>
 Representative: Nobuaki Komori, Representative Director
 Contact: Norihiko Sakurai, General Manager, Corporate Planning Department
 Phone: +81-3-5348-3911
 Scheduled date of commencing dividend payments: -
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (For analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 – December 31, 2024)

(1) Consolidated Operating Results (Accumulated) (% indicates changes from the previous corresponding period.)

| | Recurring revenue | | Recurring profit | | Profit attributable to owners of parent | |
|-------------------------------------|-------------------|------|------------------|------|---|------|
| | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended December 31, 2024 | 49,706 | 10.6 | 3,793 | 15.8 | 2,574 | 26.1 |
| December 31, 2023 | 44,936 | 6.9 | 3,276 | 21.4 | 2,041 | 22.0 |

(Note) Comprehensive income: Nine months ended December 31, 2024: 1,867 million yen [(11.5)%]

Nine months ended December 31, 2023: 2,110 million yen [334.5%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2024 | 33.02 | — |
| December 31, 2023 | 25.39 | — |

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

Nine months ended December 31, 2024: 3,979 million yen

Nine months ended December 31, 2023: 3,427 million yen

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

Nine months ended December 31, 2024: 2,761 million yen

Nine months ended December 31, 2023: 2,193 million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of December 31, 2024 | 70,022 | 28,154 | 40.2 |
| As of March 31, 2024 | 66,357 | 30,152 | 45.1 |

(Reference) Equity: As of December 31, 2024: 28,151 million yen

As of March 31, 2024: 29,895 million yen

2. Dividends

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

(Note) Revision of the latest dividend forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(% indicates changes from the previous corresponding period.)

| | Recurring revenue | | Recurring profit | | Profit attributable to owners of parent | Basic earnings per share |
|-----------|-------------------|-----|------------------|------|--|-----------------------------|
| | Million yen | % | Million yen | % | Million yen | Yen |
| Full year | 66,000 | 9.2 | 4,800 | 15.4 | 3,100 | 13.6 |
| | | | | | | 38.90 |

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

*** Notes:**

- (1) Changes in significant the during the period under review: None
- (2) Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

| | |
|--------------------------|-------------------|
| As of December 31, 2024: | 81,309,160 shares |
| As of March 31, 2024: | 81,309,160 shares |
 - 2) Number of treasury shares at the end of the period:

| | |
|--------------------------|------------------|
| As of December 31, 2024: | 5,403,932 shares |
| As of March 31, 2024: | 1,628,636 shares |
 - 3) Average number of shares outstanding during the period:

| | |
|--------------------------------------|-------------------|
| Nine months ended December 31, 2024: | 77,987,554 shares |
| Nine months ended December 31, 2023: | 80,407,006 shares |
- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)
- Explanation of the proper use of financial results forecast and other notes

(Financial Results Forecast)

The forward-looking statements, such as performance forecasts contained herein, are based on information currently available to Anicom Holdings, Inc. ("the Company") and certain assumptions that the Company regards as reasonable. They are not intended as the Company's commitment to achieving such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors. For assumptions underlying the forecasts and cautionary notes, etc. for using the forecasts, please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the Attachments.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months under review, the Japanese economy continued to emerge from a sluggish period, particularly in terms of internal demand, and show a moderate recovery backed by improvements in the employment and income environment and growth in inbound demand. On the other hand, the outlook remained uncertain due to a variety of factors, such as persistent global geopolitical risk and the risk of economic slowdown as a result of inflation, as well as concerns in Japan that price increases caused by rises in labor and logistics costs will have an impact on personal consumption.

Under these circumstances, to achieve the “further enhancement of the profitability of pet insurance,” which has been positioned as a priority measure of the Anicom Group’s core subsidiary, Anicom Insurance, Inc., efforts were focused on strengthening areas such as sales and marketing activities. This, combined with continued robust demand for pet ownership, resulted in a steady increase in the number of policies in force, which reached 1,260,176 policies, an increase of 66,616 or 5.6% from the end of the previous fiscal year. In addition, the E/I loss ratio^{*1} increased by 0.9 points year on year to 61.6%, despite the fact that the effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized. Expense ratio (based on earned premiums)^{*2} improved by 1.5 points year on year to 31.9%, despite active investments aimed at expansion of scale and an increase in the number of applicants for Doubutsu Kenkatsu (gut microbiota testing and medical checkups). As a result, the combined ratio (based on earned premiums), which is the sum of both E/I loss ratio and expense ratio (based on earned premiums), improved by 0.6 points year on year to 93.5%.

In addition, the Anicom Group has promoted efforts to further accelerate its initiatives in the second founding period phase. It has accelerated its efforts toward the priority measures in new businesses to grow into a prevention- type insurance company group that considers degrees of health by analyzing diseases and injuries from all data. In the genetic testing business, the Group will progress further toward the provision of breeding support by adding medical support to science, technology, and data, which involves conducting genetic testing in parents and offspring to prevent avoidable genetic diseases. The Group is also pursuing the popularization of animal health checks through its Doubutsu Kenkatsu service, the development and sales of oral and intestinal care products based on various diagnostic tests, and the commercialization of lifestyle consulting, etc. Furthermore, as well as striving for the practical application and expansion of advanced, cutting-edge medicine (cell therapy and regenerative medicine) in veterinary medicine, along with the expansion of medical records management system business (enhancement of booking systems and other functions), the Group is aiming to use data further in the development of preventive methods and expand the scope of its pet-related businesses.

As a result, the consolidated results for the Anicom Group are as follows.

Underwriting revenue increased by 8.0% year on year to 43,505 million yen, investment revenue increased by 41.6% year on year to 806 million yen, other recurring revenue, which includes new business, etc., increased by 31.7% year on year to 5,394 million yen, for the total recurring revenue of 49,706 million yen, a 10.6% increase year on year. On the other hand, recurring expenses increased by 10.2% year on year to 45,913 million yen, including underwriting expenses of 30,892 million yen, up 8.8% year on year, and operating and general administrative expenses of 13,003 million yen, up 10.0% year on year. As a result, recurring profit increased by 15.8% year on year to 3,793 million yen. Profit attributable to owners of parent was 2,574 million yen, up 26.1% year on year.

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

| Segment | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 | Year-on-year increase (decrease) rate |
|--|--|--|---|
| | Amount (Million yen) | Amount (Million yen) | (%) |
| Non-life insurance business (pet insurance) | 40,853 | 44,329 | 8.5 |
| Non-life insurance (Anicom Insurance, Inc.) | 40,853 | 44,329 | 8.5 |
| [Of which, net premiums written] | 40,270 | 43,505 | 8.0 |
| Pet-related internet services business | 1,477 | 1,682 | 13.9 |
| Other businesses | 2,605 | 3,694 | 41.8 |
| Veterinary clinic support | 245 | 260 | 5.8 |
| Insurance agencies | 10 | 11 | 9.6 |
| Clinical and research operations in the veterinary medicine area | 1,525 | 1,818 | 19.2 |
| Genetic testing, etc. | 245 | 241 | (1.8) |
| Other | 578 | 1,363 | 135.6 |
| Total | 44,936 | 49,706 | 10.6 |

Non-life insurance business

Recurring revenue in the Non-life insurance business increased by 3,476 million yen (up 8.5% year on year) to 44,329million yen.

To achieve the "further enhancement of the profitability of pet insurance," which has been positioned as a priority measure of the Anicom Group's core subsidiary, Anicom Insurance, Inc., efforts were focused on strengthening areas such as sales and marketing activities. This, combined with continued robust demand for pet ownership, resulted in a steady increase in the number of policies in force, which reached 1,260,176 policies, an increase of 66,616 or 5.6% from the end of the previous fiscal year

In addition, the E/I loss ratio^{*1} increased by 0.9 points year on year to 61.6%, despite the fact that the effect of changes in pet owner behavior due to the impact of COVID-19 has reached its peak and stabilized. Expense ratio (based on earned premiums)^{*2} improved by 1.5 points year on year to 31.9%, despite active investments aimed at expansion of scale and an increase in the number of applicants for Doubutsu Kenkatsu (gut microbiota testing and medical checkups). As a result, the combined ratio (based on earned premiums), which is the sum of both E/I loss ratio and expense ratio (based on earned premiums), improved by 0.6 points year on year to 93.5%.

(Notes) 1. E/I loss ratio: Loss ratio based on claims

(Net claims paid + Increase (decrease) in loss reserves + Loss adjustment expenses) ÷ Earned premiums

2. Expense ratio (based on earned premiums): Ratio of business expenses based on claims to premiums based on claims made (earned premiums)

Non-life insurance business expenses ÷ Earned premiums

(2) Explanation of Financial Position

Total assets as of the end of the nine months under review increased by 3,665million yen to 70,022 million yen compared to the previous year-end. This was primarily attributable to an increase in cash and bank deposits of 1,179 million yen and an increase in other assets of 1,400 million yen.

Total liabilities as of the end of nine months under review increased by 5,663 million yen to 41,867 million yen compared to the previous year-end. This was primarily attributable to an increase of 1,051 million yen in reserve for insurance policy liabilities due to an increase in insurance policies as well as an increase of 5,000 million yen in corporate bonds.

Total net assets as of the end of the nine months under review decreased by 1,997 million yen to 28,154 million yen compared to the previous year-end. This was primarily attributable to a decrease in shares equity of 1,088 million yen and a decrease of 656 million yen in accumulated other comprehensive profit.

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

About consolidated financial results forecast among the financial results forecast for the fiscal year ending March 31, 2025, please refer to “Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025” of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 disclosed on May 9, 2024. If there are revisions in the future, notification will be promptly made.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|---|----------------------|-------------------------|
| Assets | | |
| Cash and bank deposits | 23,879 | 25,059 |
| Marketable securities | 27,510 | 28,374 |
| Loans receivable | 5 | 47 |
| Property, plant and equipment | 3,032 | 3,183 |
| Intangible assets | 3,893 | 3,883 |
| Other assets | 6,710 | 8,111 |
| Coinsurance accounts receivable | – | 0 |
| Reinsurance accounts receivable | – | 5 |
| Accounts receivable | 3,408 | 3,510 |
| Accrued premiums | 678 | 697 |
| Suspense payments | 901 | 1,534 |
| Rest of other assets | 1,722 | 2,363 |
| Deferred tax assets | 1,335 | 1,419 |
| Allowance for doubtful accounts | (9) | (56) |
| Total assets | 66,357 | 70,022 |
| Liabilities | | |
| Reserve for insurance policy liabilities | 24,551 | 25,602 |
| Loss reserves | 3,245 | 3,486 |
| Underwriting reserves | 21,305 | 22,116 |
| Corporate bonds | 5,000 | 10,000 |
| Other liabilities | 6,201 | 5,928 |
| Provision for bonuses | 304 | 169 |
| Reserves under special laws | 146 | 166 |
| Reserve for price fluctuation | 146 | 166 |
| Total liabilities | 36,204 | 41,867 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,202 | 8,202 |
| Capital surplus | 8,092 | 7,277 |
| Retained earnings | 15,850 | 17,987 |
| Treasury shares | (1,001) | (3,410) |
| Total shareholders' equity | 31,144 | 30,056 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,248) | (1,905) |
| Total accumulated other comprehensive income | (1,248) | (1,905) |
| Share acquisition rights | 0 | 0 |
| Non-controlling interests | 256 | 3 |
| Total net assets | 30,152 | 28,154 |
| Total liabilities and net assets | 66,357 | 70,022 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
For the nine months ended December 31, 2024 and 2023

(Million yen)

| | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 |
|--|--|--|
| Recurring revenue | 44,936 | 49,706 |
| Underwriting revenue | 40,270 | 43,505 |
| [Of which net premiums written] | 40,270 | 43,505 |
| Investment revenue | 569 | 806 |
| [Of which interest and dividend income] | 450 | 572 |
| [Of which gain on sale of marketable securities] | 117 | 232 |
| Other recurring revenue | 4,096 | 5,394 |
| Recurring expenses | 41,660 | 45,913 |
| Underwriting expenses | 28,381 | 30,892 |
| [Of which net claims paid] | 22,843 | 25,117 |
| [Of which loss adjustment expenses] | 841 | 848 |
| [Of which net commission and collection expenses] | 3,825 | 3,874 |
| [Of which provision for reserve for outstanding losses and claims] | 291 | 240 |
| [Of which provision for underwriting reserves] | 578 | 811 |
| Investment expenses | 2 | – |
| [Of which loss on valuation of securities] | 2 | – |
| Operating and general administrative expenses | 11,823 | 13,003 |
| Other recurring expenses | 1,454 | 2,017 |
| [Of which interest expenses] | 11 | 21 |
| Recurring profit | 3,276 | 3,793 |
| Extraordinary income | 49 | 1 |
| Gain on disposal of non-current assets | 49 | 1 |
| Extraordinary losses | 57 | 23 |
| Loss on disposal of non-current assets | 36 | 3 |
| Provision of reserves under special laws | 20 | 19 |
| Provision of reserve for price fluctuation | 20 | 19 |
| Other | 0 | – |
| Profit before income taxes | 3,267 | 3,771 |
| Income taxes - current | 832 | 1,077 |
| Income taxes - deferred | 393 | 170 |
| Total income taxes | 1,225 | 1,247 |
| Net profit | 2,041 | 2,523 |
| Loss attributable to non-controlling interests | – | (51) |
| Profit attributable to owners of parent | 2,041 | 2,574 |

Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2024 and 2023

| | (Million yen) | |
|--|--|--|
| | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 |
| Net profit | 2,041 | 2,523 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 68 | (656) |
| Total other comprehensive income | 68 | (656) |
| Comprehensive income | 2,110 | 1,867 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 2,110 | 1,918 |
| Comprehensive income attributable to non-controlling interests | — | (51) |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)
Not applicable.

(Changes in accounting policies)

Adoption of Accounting Standard for Current Income Taxes and others

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

(Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements)
Not applicable.

(Items related to quarterly consolidated statements of cash flows)

We did not prepare quarterly consolidated statements of cash flows for the nine months ended December 31, 2024. Depreciation (including amortization relating to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as follows:

| | (Million yen) | |
|--------------------------|--|--|
| | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 |
| Depreciation | 552 | 627 |
| Amortization of goodwill | 151 | 186 |

(Notes on significant changes in shareholders' equity)

(1) Purchase of Treasury Shares

Based on a resolution of a meeting of the Board of Directors held on May 24, 2024, the Company has purchased 3,775,200 treasury shares. As a result, in the nine months ended December 31, 2024, treasury shares increased by 2,409 million yen to a total of 3,410 million yen as of December 31, 2024.

(2) Additional Purchase of Shares of Subsidiaries

In the nine months ended December 31, 2024, the Company purchased additional shares in the Company's consolidated subsidiary Flowens, Inc. This was the main factor behind the 815 million yen decrease in capital surplus in the nine months ended December 31, 2024, resulting in capital surplus of 7,277 million yen as of December 31, 2024.

(Segment information, etc.)
[Segment information]

I For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on the amounts of recurring revenue, profit (loss), by reportable segment

(Million yen)

| | Reportable segments | | | Other (Note 1) | Total | Adjustments | Amount recorded in consolidated financial statements (Note 2) |
|---|-----------------------------------|---|--------|-------------------|--------|-------------|--|
| | Non-life insurance business | Pet-related internet services business | Total | | | | |
| Recurring revenue from sales to external customers | 40,853 | 1,477 | 42,330 | 2,605 | 44,936 | — | 44,936 |
| Inter-segment recurring revenue or transfers | 210 | 218 | 428 | 158 | 587 | (587) | — |
| Total | 41,063 | 1,695 | 42,758 | 2,764 | 45,523 | (587) | 44,936 |
| Segment profit (loss) | 3,696 | 91 | 3,787 | (511) | 3,276 | — | 3,276 |

(Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the insurance agency operations, veterinary clinic support operations, and research and clinical operations in the veterinary medicine area.
2. Segment profit (loss) coincides with recurring profit in the consolidated statements of income.

2. Information about impairment loss or goodwill of non-current assets by reportable segment

(Significant change in the amount of goodwill)

(Million yen)

| | Non-life insurance business | Pet-related internet services business | Other | Corporate/ eliminations | Total |
|---------------------------------|--------------------------------|---|-------|----------------------------|-------|
| Amortization of goodwill | — | 100 | 51 | — | 151 |
| Balance at end of the period | — | 1,504 | 382 | — | 1,887 |

II For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information on the amounts of recurring revenue, profit (loss), by reportable segment

(Million yen)

| | Reportable segments | | | Other (Note 1) | Total | Adjustments | Amount recorded in consolidated financial statements (Note 2) |
|--|-----------------------------------|---|--------|-------------------|--------|-------------|--|
| | Non-life insurance business | Pet-related internet services business | Total | | | | |
| Recurring revenue from sales to external customers | 44,329 | 1,682 | 46,012 | 3,694 | 49,706 | — | 49,706 |
| Inter-segment recurring revenue or transfers | 224 | 392 | 637 | 194 | 831 | (831) | — |
| Total | 44,574 | 2,075 | 46,649 | 3,888 | 50,538 | (831) | 49,706 |
| Segment profit (loss) | 4,319 | 241 | 4,561 | (767) | 3,793 | — | 3,793 |

- (Notes) 1. “Other” refers to business segments not included in the reportable segments and includes the insurance agency operations, veterinary clinic support operations, and research and clinical operations in the veterinary medicine area.
2. Segment profit (loss) coincides with recurring profit in the consolidated statements of income.

2. Information about impairment loss or goodwill of non-current assets by reportable segment

(Significant change in the amount of goodwill)

(Million yen)

| | Non-life insurance business | Pet-related internet services business | Other | Corporate/ eliminations | Total |
|------------------------------|--------------------------------|---|-------|----------------------------|-------|
| Amortization of goodwill | — | 100 | 86 | — | 186 |
| Balance at end of the period | — | 1,370 | 1,019 | — | 2,390 |

3. Additional Information

(1) Status of profit and loss for the nine months ended December 31, 2024

(Million yen)

| | | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 | Year-on-year change | Year-on-year change rate (%) |
|---|---|---|---|------------------------|------------------------------------|
| Recurring profit (loss) | Underwriting revenue | 40,270 | 43,505 | 3,235 | 8.0 |
| | [Of which, net premiums written] | [40,270] | [43,505] | [3,235] | [8.0] |
| | Underwriting expenses | 28,381 | 30,892 | 2,511 | 8.8 |
| | [Of which, net claims paid] | [22,843] | [25,117] | [2,273] | [10.0] |
| | [Of which, loss adjustment expenses] | [841] | [848] | [7] | [0.9] |
| | [Of which, net commission and collection expenses] | [3,825] | [3,874] | [49] | [1.3] |
| | [Of which, provision for reserve for outstanding losses and claims] | [291] | [240] | [(51)] | [(17.6)] |
| | [Of which, provision for underwriting reserves] | [578] | [811] | [232] | [40.2] |
| | Investment revenue | 569 | 806 | 236 | 41.6 |
| | [Of which, interest and dividend income] | [450] | [572] | [122] | [27.2] |
| | [Of which, gain on sale of marketable securities] | [117] | [232] | [115] | [98.2] |
| Extraordinary income (losses) | Investment expenses | 2 | — | (2) | (100.0) |
| | Operating and general administrative expenses | 11,823 | 13,003 | 1,179 | 10.0 |
| | Other recurring profit (losses) | 2,642 | 3,377 | 734 | 27.8 |
| | Recurring profit | 3,276 | 3,793 | 517 | 15.8 |
| Extraordinary income (losses) | Extraordinary income | 49 | 1 | (47) | (96.9) |
| | Extraordinary losses | 57 | 23 | (33) | (58.8) |
| | Extraordinary income (losses) | (8) | (22) | (13) | 159.7 |
| Profit before income taxes | | 3,267 | 3,771 | 503 | 15.4 |
| Income taxes - current | | 832 | 1,077 | 245 | 29.5 |
| Income taxes - deferred | | 393 | 170 | (223) | (56.7) |
| Total income taxes | | 1,225 | 1,247 | (21) | (1.8) |
| Profit attributable to owners of parent | | 2,041 | 2,574 | 533 | 26.1 |

(2) Insurance premiums and insurance claims by type

The table below shows the insurance underwriting results by Anicom Insurance, Inc.

1) Direct net premiums (including premiums of saving-type insurance)

| | For the nine months ended December 31, 2023 | | | For the nine months ended December 31, 2024 | | |
|---|---|-----------------------------|---|---|-----------------------------|---|
| | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) |
| Pet insurance | 40,270 | 100.0 | 6.6 | 43,488 | 100.0 | 8.0 |
| Total | 40,270 | 100.0 | 6.6 | 43,488 | 100.0 | 8.0 |
| [Of which, premiums of saving-type insurance] | [-] | [-] | [-] | [-] | [-] | [-] |

(Notes) 1. Direct net premiums (including premiums of saving-type insurance) refer to direct premiums from which direct cash surrender value and direct other refunds have been deducted. (Includes deposit premiums for savings-type insurance)

2. Figures are amounts after the elimination of inter-segment transactions.

2) Net premiums written

| | For the nine months ended December 31, 2023 | | | For the nine months ended December 31, 2024 | | |
|---------------|---|-----------------------------|---|---|-----------------------------|---|
| | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) |
| Pet insurance | 40,270 | 100.0 | 6.6 | 43,505 | 100.0 | 8.0 |
| Total | 40,270 | 100.0 | 6.6 | 43,505 | 100.0 | 8.0 |

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

3) Net claims paid

| | For the nine months ended December 31, 2023 | | | For the nine months ended December 31, 2024 | | |
|---------------|---|-----------------------------|---|---|-----------------------------|---|
| | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) | Amount (Million yen) | Composition ratio (%) | Year-on-year increase (decrease) (%) |
| Pet insurance | 22,843 | 100.0 | 9.1 | 25,117 | 100.0 | 10.0 |
| Total | 22,843 | 100.0 | 9.1 | 25,117 | 100.0 | 10.0 |

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

(3) Marketable securities

A list of items that are material to the operations of the corporate group and have undergone significant changes compared to the end of the previous consolidated fiscal year is as follows.

1. Held-to-maturity securities

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

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

II. Period under review (as of December 31, 2024)

| | Amount recorded in consolidated balance sheets (Million yen) | Fair value (Million yen) | Difference (Million yen) |
|--------------------------------|--|-----------------------------|-----------------------------|
| Corporate and government bonds | | | |
| Local government bonds | 2,000 | 1,970 | (29) |
| Corporate bonds | 2,400 | 2,364 | (35) |
| Total | 4,400 | 4,334 | (65) |

2. Available-for-sale securities

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

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

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

II. Period under review (as of December 31, 2024)

| | Acquisition cost (Million yen) | Amount recorded in consolidated balance sheets (Million yen) | Difference (Million yen) |
|--------------------------------|-----------------------------------|--|-----------------------------|
| Shares | 1,151 | 1,437 | 285 |
| Corporate and government bonds | | | |
| Local government bonds | 2,600 | 2,554 | (45) |
| Corporate bonds | 1,900 | 1,866 | (33) |
| Other | 19,822 | 16,969 | (2,852) |
| Total | 25,473 | 22,827 | (2,646) |

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

(4) Solvency margin ratio

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

| | As of March 31, 2024 (Million yen) | As of December 31, 2024 (Million yen) |
|--|---------------------------------------|--|
| (A) Total amount of solvency margin | 24,659 | 26,172 |
| Stated capital or funds, etc. | 20,839 | 22,813 |
| Reserve for price fluctuation | 146 | 166 |
| Contingency reserve | — | — |
| Catastrophe reserve | 1,747 | 1,402 |
| General allowance for doubtful accounts | 2 | 3 |
| Unrealized gains (losses) on available-for-sale securities before tax effect deductions | (1,734) | (2,646) |
| Unrealized gains (losses) on land | 42 | 108 |
| Excess of premium refund reserve | — | — |
| Subordinated debt, etc. | — | — |
| Amounts within “Excess of premium refund reserve” and “Subordinated debt, etc.” not calculated into the margin | — | — |
| Deductions | — | — |
| Other | 3,616 | 4,324 |
| (B) Total amount of risk $\sqrt{\{(R1 + R2)^2 + (R3 + R4)^2\}} + R5 + R6$ | 14,777 | 15,610 |
| General insurance risk (R1) | 14,356 | 15,175 |
| Third sector insurance risk (R2) | — | — |
| Assumed interest rate risk (R3) | — | — |
| Asset management risk (R4) | 1,695 | 1,714 |
| Business administration risk (R5) | 321 | 337 |
| Major catastrophe risk (R6) | — | — |
| (C) Solvency margin ratio on a non-consolidated basis (%) [(A) / {(B) x 1/2}] x 100 | 333.7 | 335.3 |

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

Solvency Margin Ratio

Non-life insurance companies set aside reserves to cover the payment of insurance claims in the event of an insured event and payments of maturity refunds for savings-type insurance policies. However, they must also maintain sufficient solvency in order to cover risks that exceed the normally predictable range, such as the occurrence of a major catastrophe or a significant decline in the value of assets held by the non-life insurance companies.

The “solvency margin ratio on a non-consolidated basis” ((C) in the above table) indicates the ratio of the “solvency margin of an insurance company in terms of its stated capital, reserves, etc.” (i.e. total amount of solvency margin: (A) in the above table) to the “total amount of risk” ((B) in the above table), which represents “risks that exceed the normally predictable range,” calculated in accordance with the Business Insurance Act, etc.

“Risks that exceed the normally predictable range” are the total amount of the risks described below

- | | | |
|---|---|---|
| 1) Risk on underwriting of insurance (General insurance risk) (Third-sector insurance risk) | : | Risk that may occur due to the incidence rate of insured events being in excess of normally predictable range (excluding major catastrophe risk) |
| 2) Assumed interest rate risk | : | Risk that may occur due to the actual yields of invested assets falling below the yields assumed for the calculation of premiums for savings-type insurance |
| 3) Asset management risk | : | Risk that may occur due to the value of assets such as marketable securities held fluctuating in excess of the normally predictable range |
| 4) Business administration risk | : | Risks that may occur in the operation of business in excess of the normally predictable range other than 1) to 3) above and 5) below |
| 5) Major catastrophe risk | : | Risk that may occur due to a major catastrophe (equivalent to the Great Kanto Earthquake or the Isewan Typhoon) in excess of the normally predictable range |

The “solvency margin of an insurance company in terms of its stated capital, reserves, etc.” (total amount of solvency margin) refers to the total of the insurance company’s net assets (excluding the amount of scheduled disbursement, etc.), various reserves (reserve for price fluctuation, catastrophe reserve, etc.), part of its unrealized gains on land, etc.

The solvency margin ratio is one objective indicator used by government authorities to determine the soundness of insurance companies’ management in its supervision of insurance companies. It is understood that a ratio of 200% or more indicates an appropriate level of solvency of an insurance company in terms of its ability to pay insurance claims, etc.

(English Translation)

Independent Auditor's Interim Review Report

February 7, 2025

The Board of Directors
Anicom Holdings, Inc.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Kenjiro Tsumura
Designated Engagement Partner
Certified Public Accountant

Nobutaka Fujima
Designated Engagement Partner
Certified Public Accountant

Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of Anicom Holdings, Inc. and its subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at December 31, 2024, the quarterly consolidated statements of income and comprehensive income for the nine-month period ended December 31, 2024, and notes to the quarterly consolidated financial statements.

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

Basis for Conclusion

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

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

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

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

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

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

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

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

We also:

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

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

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

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

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

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