

3Q FY03/25

Financial Report

February 7 , 2025



Security Code:8715

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Results Overview

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4. Factors of changes in recurring profit
(Comparison analysis with 3Q FY03/24 results)
5. Balance sheet summary





1. Overall summary (Recurring revenue and recurring profit)

Recurring revenue	<div>49,706 Million JPY</div> <div>+10.6% YoY (+4,770 mn JPY)</div> <div>Of which, underwriting revenue: +8.0% YoY (+JPY 3,235 mn)</div>
Recurring profit before amortization of goodwill	<div>3,979 Million JPY</div> <div>+16.1% YoY (+JPY 552 mn)</div>
Recurring profit	<div>3,793 Million JPY</div> <div>+15.8% YoY (+JPY 517 mn)</div>

Steadily turned demand for pet ownership and changes in the competitive environment into an increase in the number of new policies, while improving operational efficiency to achieve increases in both revenue and profit.

■ Recurring revenue

- For Apr–Dec, the number of new policies was 178,000 and the number of policies in force totaled 1,260,000 (+7.4%), **showing accelerating growth**.
- Outside the insurance business, other recurring revenue **grew steadily** to JPY5,394 million (+31.7%).
- Investment revenue was JPY806 million (+41.6%), **progressing in line with the plan** through agile investment management under uncertain market conditions.

■ Recurring profit

- Despite transfer costs associated with another company's policies, we achieved **increased profit** and **progress in line with the plan** due to higher revenue and improved efficiency of business operations.



2. Income statement summary

(JPY mn)

	3Q FY03/24	3Q FY03/25	Change	
Recurring revenue	44,936	49,706	10.6	%
Underwriting revenue	40,270	43,505	8.0	%
Investment revenue	569	806	41.6	%
Other recurring revenue	4,096	5,394	31.7	%
Recurring expenses	41,660	45,913	10.2	%
Underwriting expenses	28,381	30,892	8.8	%
• Net claims paid	(22,843)	(25,117)	10.0	%
• Loss adjustment expenses	(841)	(848)	0.9	%
• Net commission and collection expenses	(3,825)	(3,874)	1.3	%
• Provision for reserve for outstanding losses and claims	(291)	(240)	-17.6	%
• Provision for underwriting reserves	(578)	(811)	40.2	%
Of which unearned premiums	(914)	(1,155)	26.4	%
Of which catastrophe reserve	(-336)	(-344)	-	%
Investment expenses	2	—	-	%
Operating and general administrative expenses	11,823	13,003	10.0	%
Other recurring expenses	1,454	2,017	38.7	%
Recurring profit before amortization of goodwill	3,427	3,979	16.1	%
Recurring profit	3,276	3,793	15.8	%
Net profit	2,041	2,574	26.1	%



2. Income statement summary

(Reference) Anicom Insurance's key insurance indicators

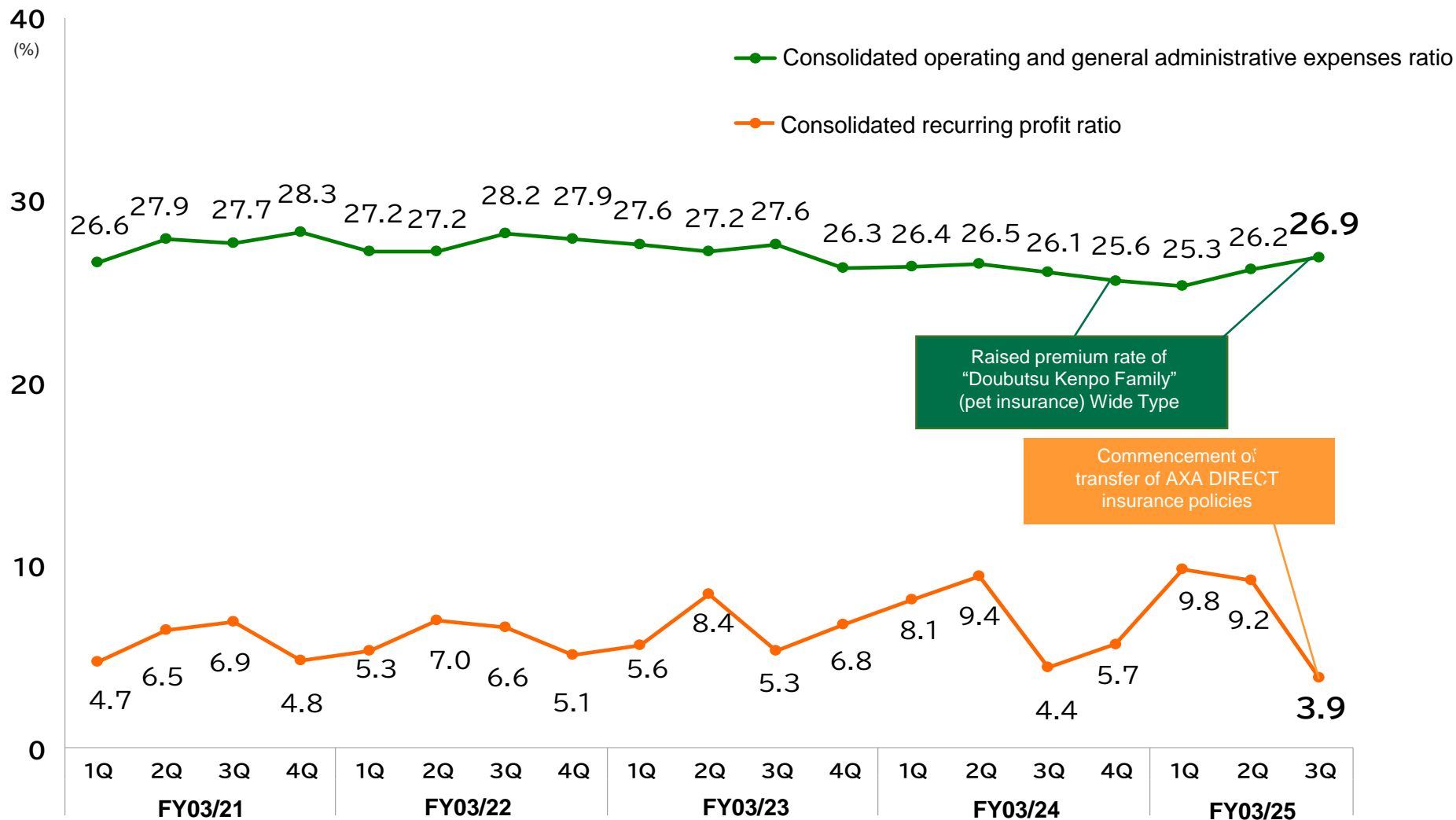
(JPY mn)

	3Q FY03/24	3Q FY03/25	Change
Earned premiums	39,516	42,551	7.7%
Claims incurred (including loss adjustment expenses)	23,977	26,207	9.3%
E/I loss ratio (1)	60.7%	61.6%	0.9pt
Expense ratio (based on earned premiums) (2)	33.4%	31.9%	-1.5pt
(of which, net commission and collection expense ratio)	(10.0%)	(9.5%)	(-0.5pt)
Combined ratio (based on earned premiums) (1)+(2)	94.1%	93.5%	-0.6pt

3. Recurring expenses and profit indicators

*Operating and general administrative expenses ratio, recurring profit ratio (consolidated)

*Refer to the appendix for management indicators for Anicom Insurance on a non-consolidated basis (loss ratio, expense ratio, number of policies)

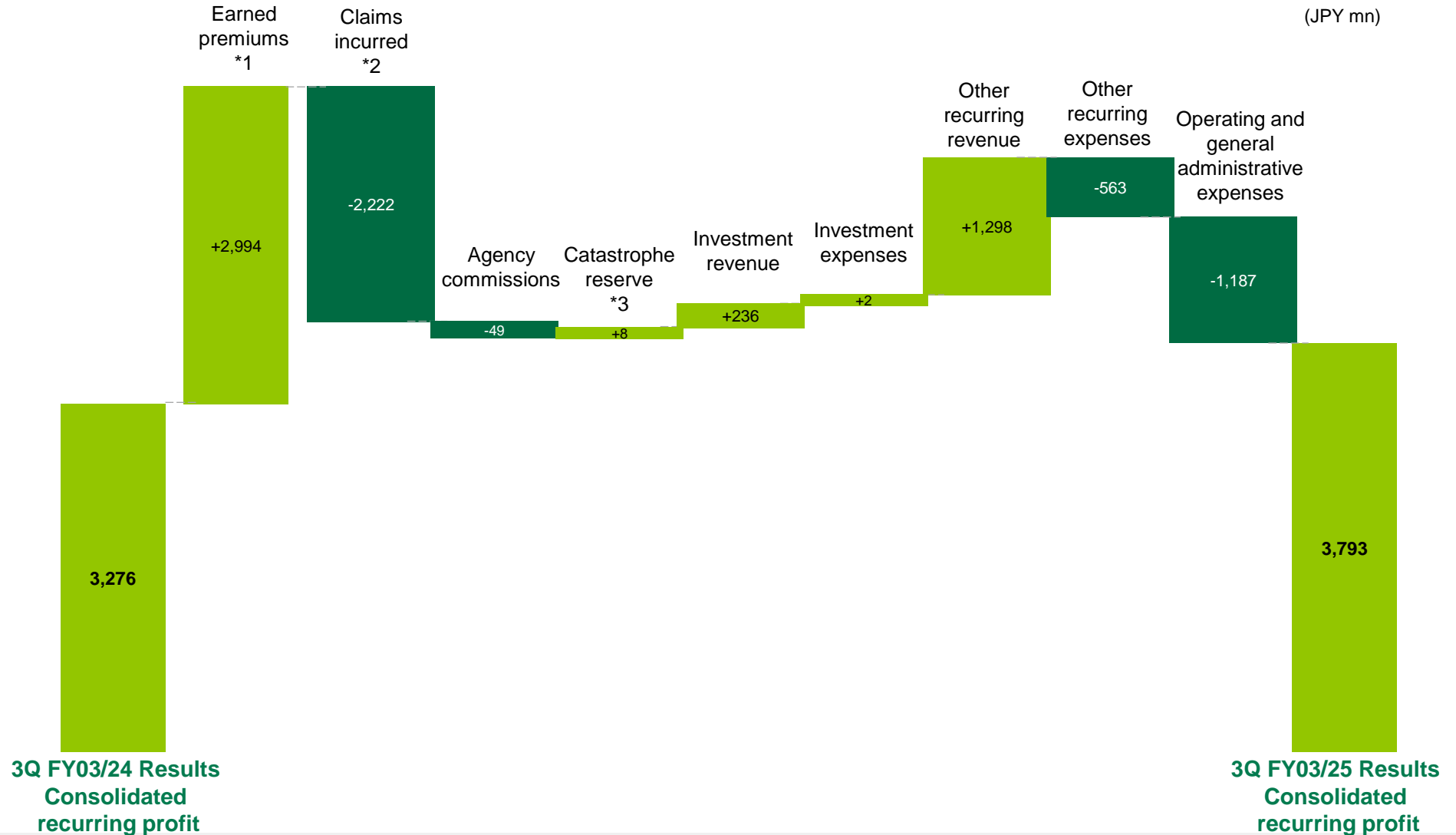


4. Factors of changes in recurring profit

(Comparison analysis with 3Q FY03/24 results)



Note 1) Earned premiums = Underwriting revenue - Provision for normal underwriting reserves (Unearned premiums)
 Note 2) Claims incurred = Net claims paid + Provision for reserve for outstanding losses and claims
 Note 3) Catastrophe reserve = Provision for catastrophe reserve losses and claims + Reversal of catastrophe reserve reimbursements





5. Balance sheet summary

(JPY mn)

	End-FY03/24	End-3Q FY03/25	Change
Total assets	66,357	70,022	5.5 %
Cash and bank deposits	23,879	25,059	4.9 %
Marketable securities	27,510	28,374	3.1 %
Tangible fixed assets	6,925	7,067	2.0 %
Other assets	8,041	9,522	18.4 %
Total liabilities	36,204	41,867	15.6 %
Reserve for insurance policy liabilities	24,551	25,602	4.3 %
Of which loss reserves	3,245	3,486	7.4 %
Of which underwriting reserves	21,305	22,116	3.8 %
Corporate bonds	5,000	10,000	100.0 %
Other liabilities	6,653	6,265	-5.8 %
Total net assets	30,152	28,154	-6.6 %
Shareholders' equity	31,144	30,056	-3.5 %
Valuation on transaction adjustments	-1,248	-1,905	— %
Other	256	3	-98.5 %
Total liabilities and net assets	66,357	70,022	5.5 %

2 Progress of Priority Measures

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





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

Insurance Business

Numbers of new policies and policies in force

- The number of new policies won for Apr-Dec exceeded 178,000, and on a quarterly basis reached a record high of 61,000.
The number of policies in force exceeded 1.26 million as of December 31, 2024.

Impact of transfers from AXA DIRECT

- Transfers from AXA DIRECT commenced from December 2024.

[Short-term impact]

Accounting period	No. of policies transferred	Transfer commissions
3Q FY03/25	Approx. 3 thousand (actual)	Approx. JPY150 mn (actual)
4Q FY03/25	8-10 thousand (estimated)	JPY400-500 mn (estimated)
FY03/26	25-30 thousand (estimated)	JPY1,200-1,500 mn (estimated)

[Medium- to long-term impact]

Cumulative net premiums written expected over the next approximately 10 years	Approx. JPY15.0 bn
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- The transfer will contribute to growth in number of new policies won, and to a certain extent, will raise our market share through the next fiscal year.
- The impact on FY03/25 covered by investment management and improved operational efficiency;
The impact on FY03/26 and beyond reflected in the next mid-term management plan

Expanding products and services

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

Investment

- As a result of flexible and opportunistic investment, we achieved the plan.
We are progressing at a pace to achieve the plan while steadily accumulating income gains.

Other

- Promotion of the “strategy of one patent per employee”
133 inventors as of December 31, 2024 (13 inventors as of December 31, 2020)

[Numbers of patents granted by field of technology] *As of December 31, 2024

	Image recognition AI	Genes, food, and gut microbiota	Regenerative medicine	Other	Total
Patents granted	7	8	3	3	21

[Examples of patents granted]

Patent No. 7602893
“A method for testing for disease susceptibility genes useful in the examination and diagnosis canine cataracts”
Provides testinofg methods, reagents, and testing kits for canine cataracts

2. Progress of priority measures (Businesses generating synergies)



Before birth Upstream



Strengthening breeding support

- We have been actively advancing various initiatives, taking into account the amended Act on Welfare and Management of Animals and other developments.

Strengthening the matching service business

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



Results of the matching service business (SIMNET) for 3Q FY03/25

■ Net sales:	2,075 million JPY
	(3Q FY03/24: 1,695 million JPY)
■ Recurring profit:	241 million JPY
	(3Q FY03/24: 91 million JPY)

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

Day-to-day routines Midstream



Health checkups + commercialization of oral and intestinal care products

- Over 177,000 applications were received for Doubutsu Kenkatsu service for Apr-Dec.
- Strengthened variations of oral and intestinal care products through Doubutsu Kenkatsu.

Diversity of intestinal flora increased by “7 Days Food”



7 Days Food

A toothpaste gel using MA-T®, “CRYSTAL JOY”



Oral and intestinal care snack “CARE PUREE”



■ Tasting events at group hospitals and sales/trials at pet events



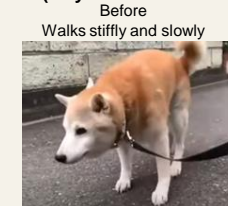
Curing the incurable Downstream



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

- **Regenerative medicine business**
 - Established medical treatment and prevention methods using regenerative medicine.
 - Research to improve quality of life

■ Case of a dog that underwent stem cell administration (15-year old Shiba inu)



- **Animal hospital business** 57 hospitals as of December 31, 2024





3. Topics (1) Creation of new value through advanced technologies

Conclusion of a joint R&D agreement with surgical assisting robots company Riverfield Inc.

Anicom Insurance and Anicom Specialty Medical Institute signed a joint research and development agreement on February 6, 2025 with Riverfield Inc., a company engaged in surgical assisting robots, with the goal of medical robot design and manufacture, as well as the creation of intellectual property using AI generated through these processes.

▶ Press release issued February 7, 2025 (In Japanese only): <https://www.anicom-sompo.co.jp/news-release/2024/20250207/>



▲ Image of the surgical support robot “TSURU” (tentative name, trademark pending in January 2025) to be introduced in the Anicom Group. A bird long cherished in Japan, the “tsuru,” or crane, is a symbol of long life and health in other countries as well. Our plan to use this name was made with the same feeling that all pet owners have when they wish for the pets they adore to live long and healthy lives, and that like a crane Japanese veterinary medicine will spread its wings to the world.

■ “Force feedback technology, the pride of Japan”

Japan’s medical technology is internationally renowned for the exceptional precision of its surgical techniques and experienced surgeons. In particular, as many Japanese pets are small, veterinary medicine here has honed exquisite and advanced techniques unparalleled in the world. Further promoting the development of “force feedback technology,” which makes the most of such fine and sophisticated technology, will accelerate development of medical care in Japan and around the world.

Moreover, force feedback technology is expected to offer a wide array of applications, and as such, we will pursue more potential applications and advance development into new fields.

3. Topics (2) Enhancement of value as a preventive pet insurance brand



“White Paper on Household Animals” that Protects Animal Health with Data

Anicom has been collecting and publishing epidemiological data on pets annually since 2009. The latest edition includes additional data on cat breeds, the number of which has been increasing in recent years, as well as on oral care, nursing care, and other noteworthy topics.



* World's largest scale: Based on Anicom research from data published by global pet insurance companies (as of December 2024)

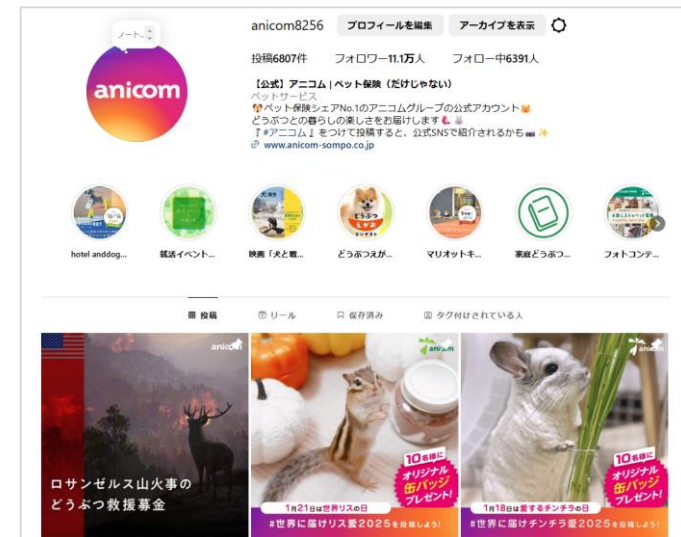
■ Thoughts on “White Paper on Household Animals”

Collecting data is a way to listen to our pets that cannot speak. For example, even though they cannot communicate in human words, we “translate” information into the form of data with the goal of understanding animals and safeguarding their future health. These are our thoughts we put into its production.

Anicom’s Official Instagram Account Reaches Over 100 Thousand Followers

Established in September 2017, in December 2024 the number of followers surpassed 100 thousand.* While communicating the “joy of living with pets,” Anicom also promotes the appeal and prowess of the Anicom Group in areas other than pet insurance.

*Japan’s first pet insurance Instagram account (according to Anicom research)



■ Customer comments on surpassing 100 thousand followers

- Congratulations on passing the 100 thousand follower mark! Insurance cards, health discounts, annual gut microbiota testing, birthday cards...even with 0 times use, the ample service offers true merit. When I think about which insurance to get, it's definitely Anicom.
- I always look forward to seeing other pets on Anicom's posts.
- Congratulations on over 100 thousand followers! My pet cat absolutely loves “CARE PUREE.” I learned about it at an event, and I still buy it online.

3. Topics (3) Capital policy and shareholder returns

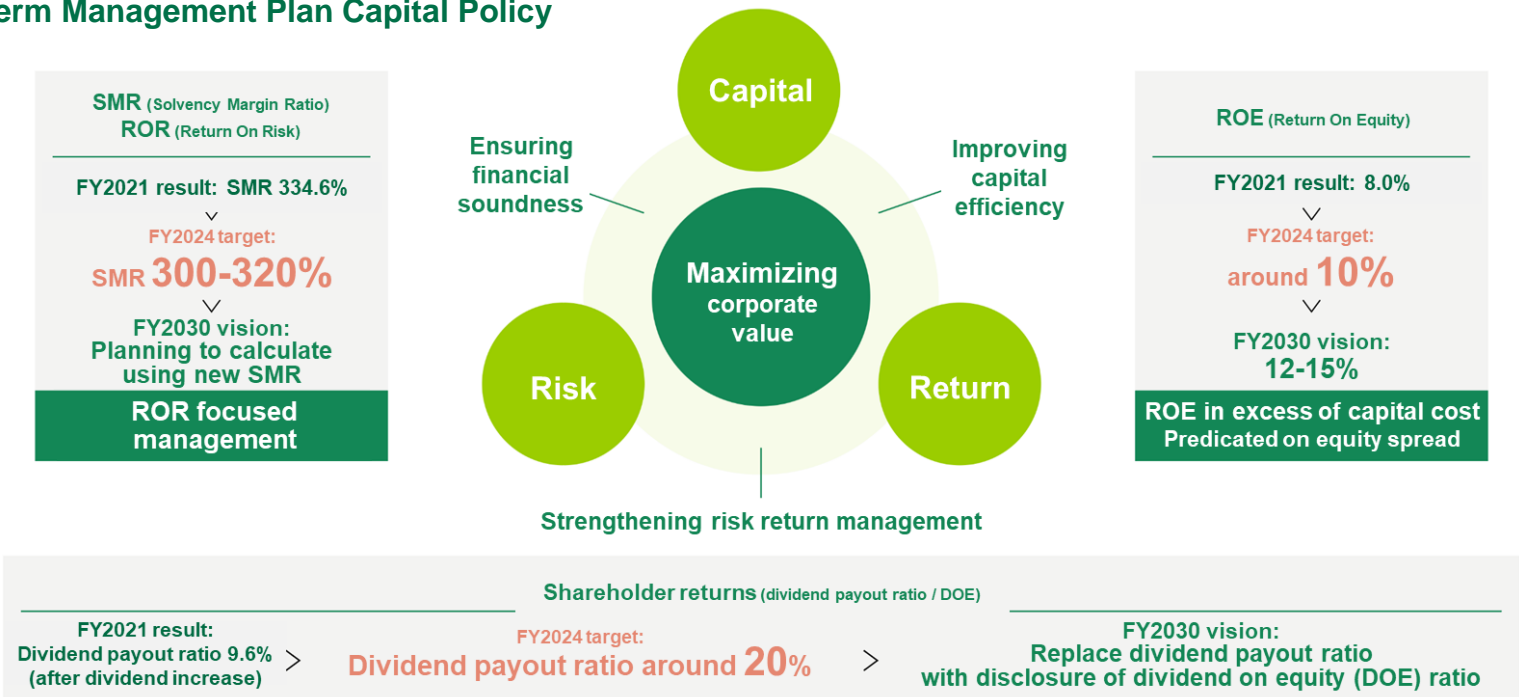


Status of Repurchase of the Company's Shares

■ Outline

- On May 25, 2023, the Company decided on a policy to allocate approx. 4.0 billion yen, an amount resulting from SMR calculation errors, to share repurchases.
- For FY2023, the Company completed purchase of treasury shares of up to 1.0 billion yen by September 21, 2023.
- For FY2024, the Company plans repurchases of up to the remaining 3.0 billion yen between May 27, 2024 and March 31, 2025.
- As of December 31, 2024, the Company has purchased its own shares of approx. 2.4 billion yen.**

■ Mid-term Management Plan Capital Policy



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APPENDIX

1. Major management indicators

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

(Trend in new policies / number of pet insurance policies in force)

3. Anicom Insurance (non-consolidated): Recurring expenses indicators

(Loss ratio (E/I), expense ratio based on earned premiums)





1. Major management indicators

	3Q FY03/24	End-FY03/24	3Q FY03/25	Vs. previous year		Vs. previous year-end		End-FY03/25 (forecast as of May 9)
				Numbers	Rate	Numbers	Rate	
(1) Policies in force	1,172,819	1,193,560	1,260,176	87,357	7.4%	66,616	5.6%	1,280,000
(2) New policies	165,842	223,289	178,908	13,066	7.9%	-	-	230,000
(3) Renewal rate	88.2%	88.2%	88.1%	-	-	-	-	88.2%
(4) Insurnce payout cases	3,317,000	4,381,000	3,468,000	151,000	4.5%	-	-	4,800,000

	3Q FY03/24	3Q FY03/25	YoY Change	End-FY03/25 (forecast as of May 9)
(5) E/I loss ratio	60.7%	61.6%	0.9 pt	60.9%
(6) Expense ratio (based on earned premiums)	33.4%	31.9%	-1.5 pt	32.3%
(7) Combined ratio (based on earned premiums)	94.1%	93.5%	-0.6 pt	93.2%

	End-FY03/24	3Q FY03/25	Vs. previous year-end
(8) Solvency margin ratio (non-consolidated)	333.7%	335.3%	1.6 pt

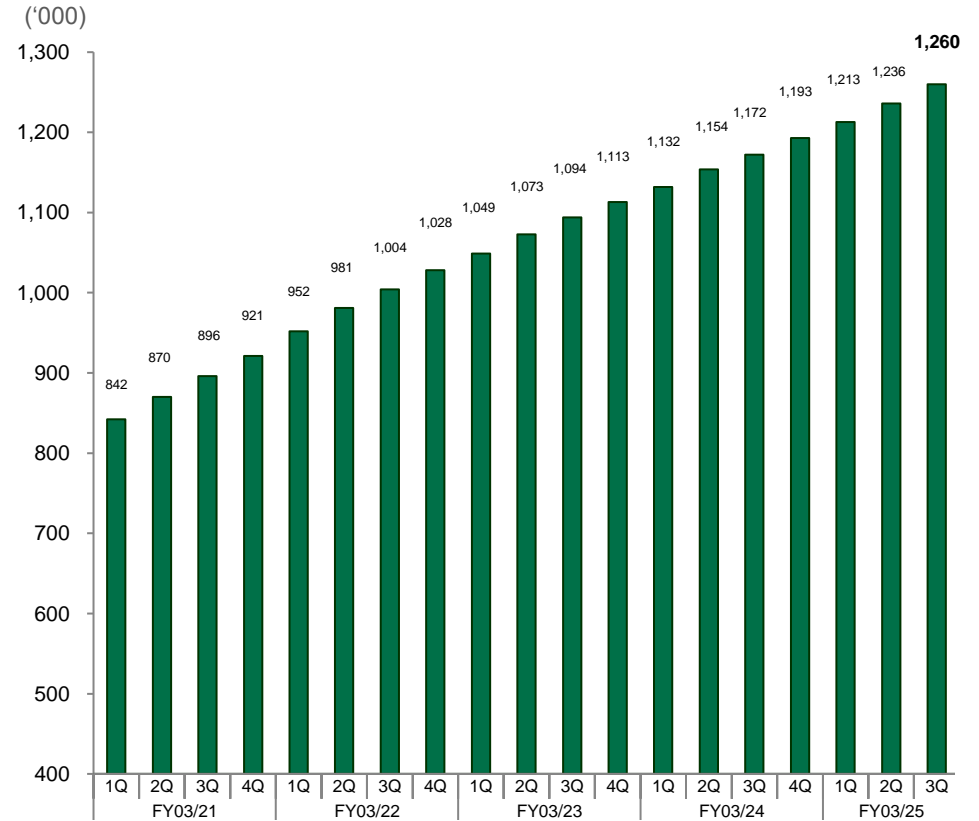
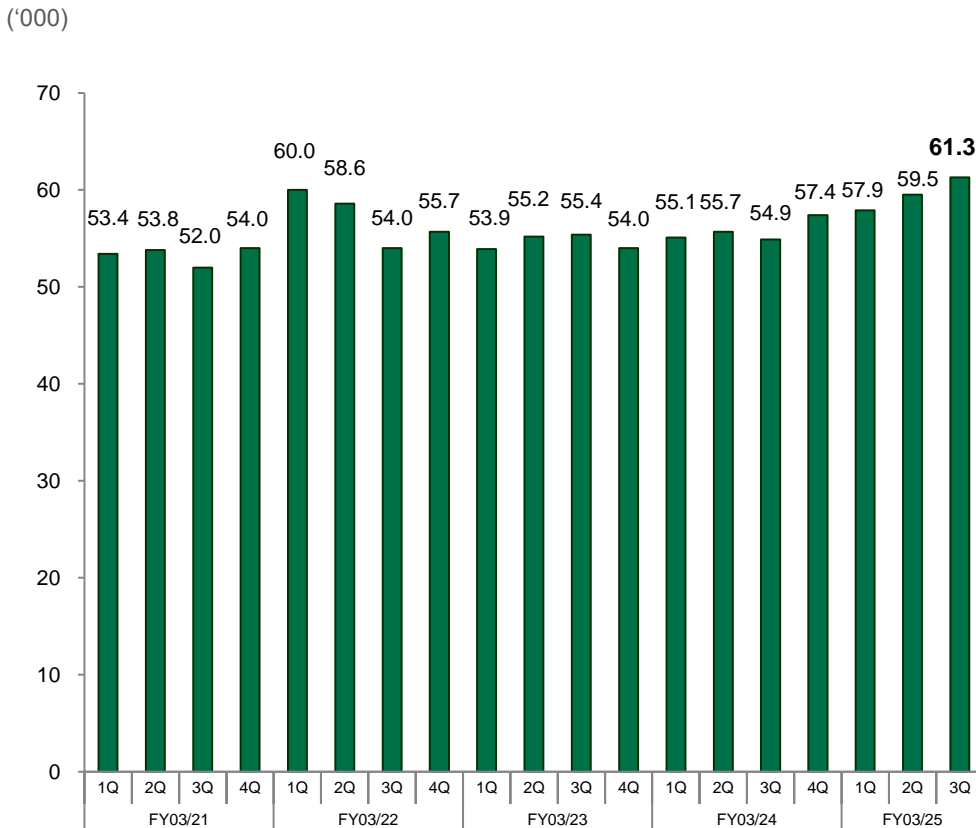
	3Q FY03/24	3Q FY03/25	YoY Change
(9) No. of applicants of Doubutsu Kenkatsu (gut microbiota testing)	162,985	177,241	8.7%
(10) Animal hospitals accepting Anicom	6,851	6,935	1.2%
(11) No. of samples for genetic testing	51,632	50,110	-2.9%

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



Quarterly trend in number of new policies

Quarterly trend in number of policies in force



3. Anicom Insurance (non-consolidated): Recurring expenses indicators



[Reference information]

1Q FY03/15

- Raised premium rate
- Average revision of 12%

3Q FY03/15

- New products with limited hospital days
- Launch of “health discount/extra premium” system

2Q FY03/18

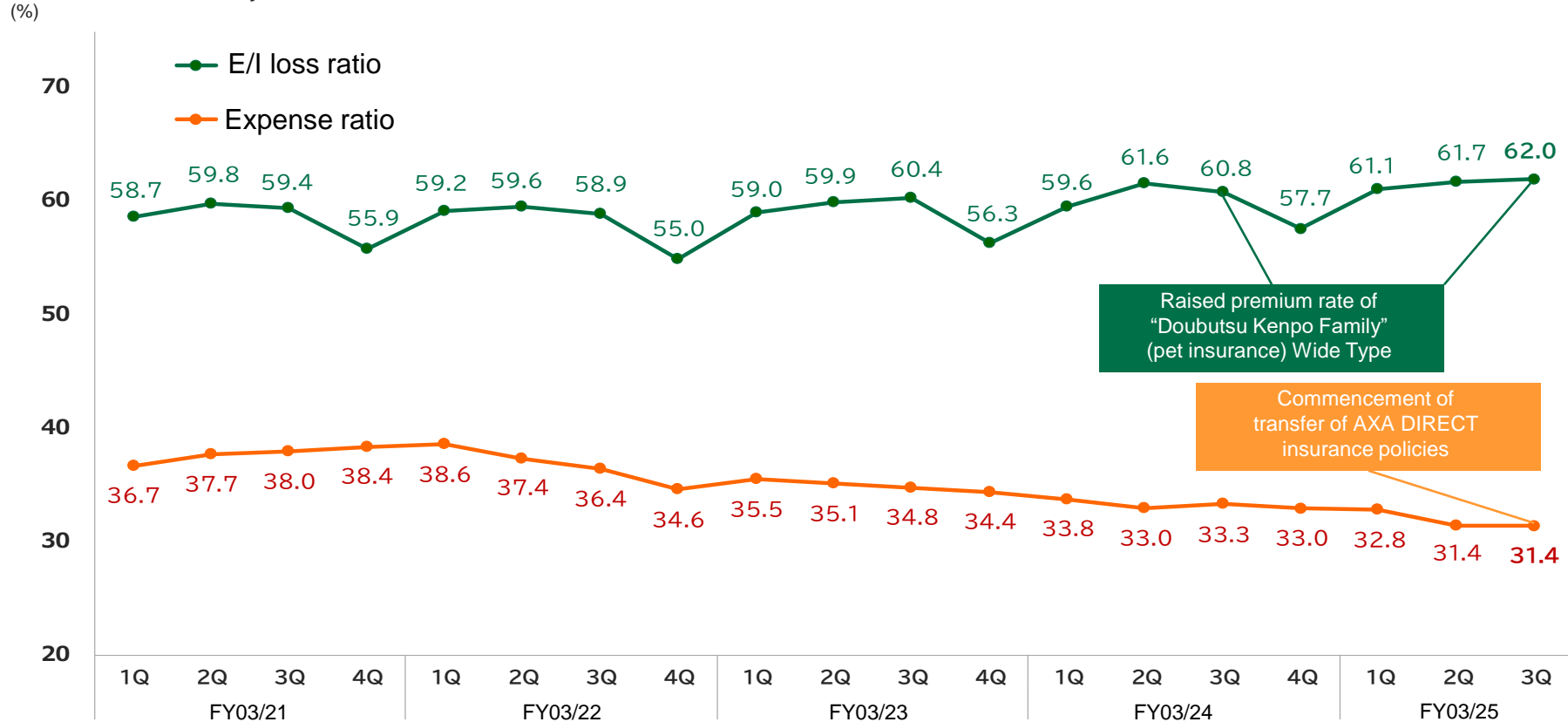
- Raised premium rate
- Raised premium rate for animals that are eight years or older

3Q FY03/19

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

Note 1: The graph below shows quarterly average values, and the data therefore may differ from average values for current period.

Note 2: The expense ratio represents the “expense ratio based on earned premiums” (insurance business expenses / earned premiums).

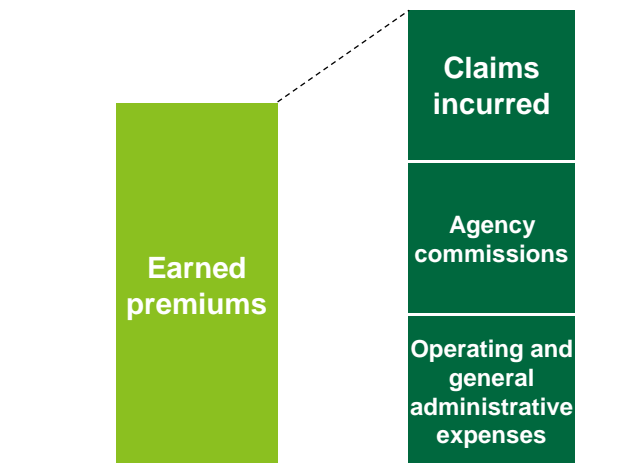
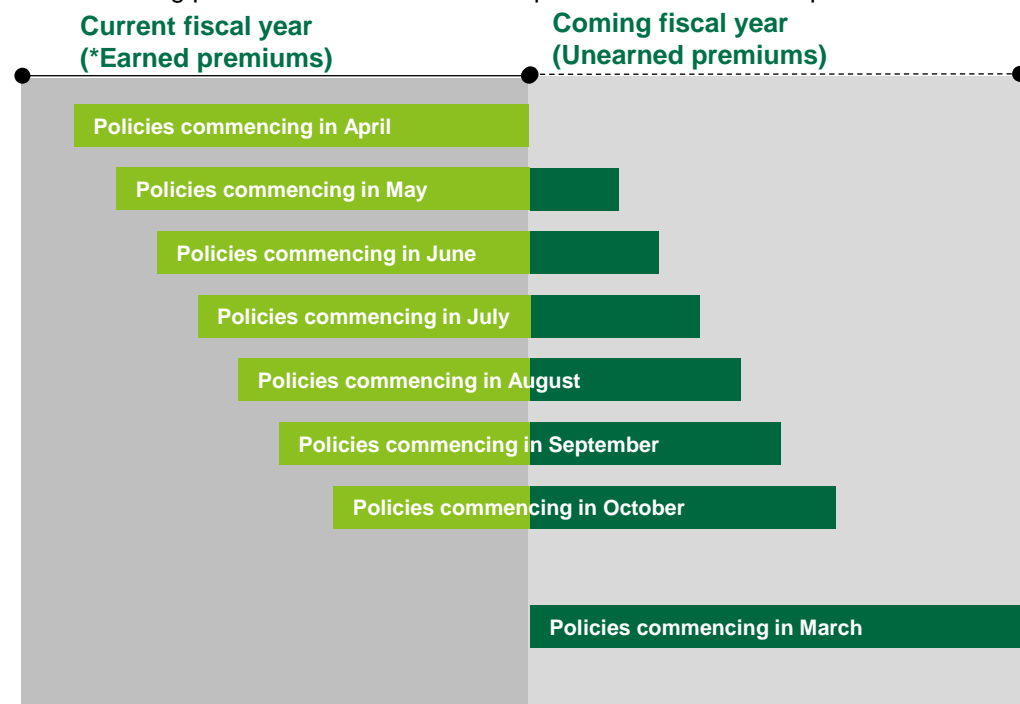


(Reference) Impact of insurance accounting on recurring profits/losses



1. Impact of growth in premium on recurring profits/losses (Based on Japanese non-life insurance accounting)

Generally, the growth in premium contributes to an increase in recurring revenue, but Japanese non-life insurance business laws require non-life insurance companies to carry any unearned premium portion over to the coming fiscal year as an underwriting reserve (unearned premium). Conversely, expenses such as claims incurred, agency commissions, operating and general administrative expenses are required to be accounted to that fiscal year. There is, therefore, a negative impact on recurring profits/losses when above expenses exceed earned premium in current fiscal year even if sales revenue rise due to growth in premium.



2. Impact of catastrophe reserves on recurring profits/losses (Based on Japanese non-life insurance accounting)

- Every non-life insurance company must accumulate catastrophe reserves each fiscal year in order to prepare for natural disasters
- The reserve is liquidated (decreases expenses) when the net loss ratio* exceeds 50%. *Net claims paid ÷ Net premiums written



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