

Anicom Group

Mid-term Management Plan

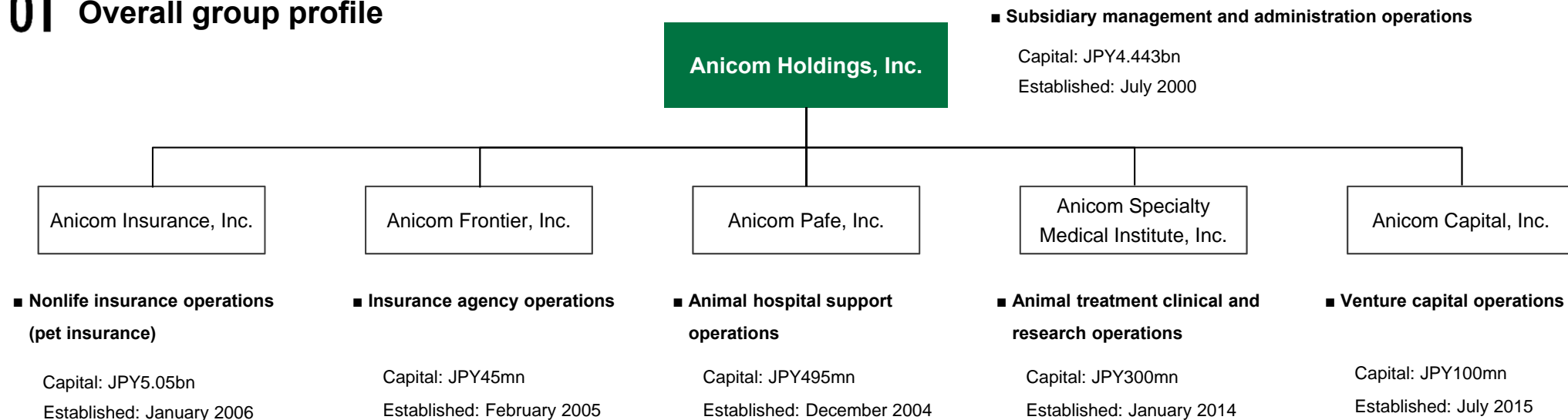
FY03/21

August 8, 2018 (Revised)



Securities Code: 8715

01 Overall group profile



02 Group history

Apr 2000	Established anicom as voluntary association (mutual aid association for pets)	Jan 2008	Start of sales of pet insurance by Anicom Insurance, Inc.
Jul 2000	Based on anicom, established BSP Inc. as an animal insurance business entrustment company. (Changed trade name to Anicom International, Inc. in January 2005, and to Anicom Holdings, Inc. in June 2008)	Apr 2008	Start of pet insurance coverage by Anicom Insurance, Inc.
		Jan 2009	Published "White Paper on Household Animals" (published annually thereafter)
		Mar 2010	Anicom Holdings, Inc. listed on the Tokyo Stock Exchange Mothers market; (securities code: 8715)
Dec 2004	Established Anicom Pafe, Inc.	Jan 2014	Established the Japan Animal Specialty Medical Institute, Inc. (currently, Anicom Specialty Medical Institute, Inc.)
Feb 2005	Established Anicom Frontier, Inc.	Jun 2014	Anicom Holdings, Inc. shares moved to First Section of Tokyo Stock Exchange
Jan 2006	Established Anicom Insurance Planning, Inc. to prepare for the establishment of an insurance company (changed trade name to Anicom Insurance, Inc. in December 2007)	Jul 2015	Established Anicom Capital, Inc.
Dec 2007	Anicom Insurance, Inc. acquired a nonlife insurance business license Anicom International, Inc. acquired certification as an insurance holding company	Apr 2016	Established Celltrust Animal Therapeutics Co., Ltd. as a joint venture between Anicom Holdings, Inc. (49% stake) and Fujifilm Corporation (51%)



The Anicom Group pursues management that values and emphasizes **diversity**.

We believe monolithic, uniform organizations or communities lack the flexible mindset necessary to generate new value. Accordingly, we aspire to grow through cooperation with a **diverse range of human resources**. Anicom group is comprised of approximately 100 veterinarians, physicians, MDs, experts in agricultural science, science, the law, CPAs, actuaries and graphic designers. This range gives us flexibility and the best division of labor.

By **valuing the diversity of all living organisms** ranging from animals to bacteria, we intend to continue providing new value to society.

■ Long-term management vision

We aim to do all we can in contributing to a healthy lifespan for people and their pets by the emotional energy produced by pets and people living life together.

■ Mid-term management vision

As a player in pet sector infrastructure, we acknowledge the diversity of all living organisms, and will provide new and enhanced value by realizing **a world free from concern over hereditary disorders** and through **extension of pets' healthy lifespan**.

■ FY03/19 management vision

Bringing together the resources of our group, we will accelerate our move to **build infrastructure** that connects services **from upstream to downstream** in a way that contributes to pet industry development.



1. Mid-term management plan

2. Pet insurance business

3. Other subsidiary businesses

4. Various initiatives geared toward prevention

- (1) Management strategy
- (2) Existing business strategy (Pet insurance)
- (3) New business strategy
- (4) Priority measures
- (5) Three-year numerical targets (consolidated)
- (6) Single-year numerical targets (consolidated)
- (7) ESG initiatives
- (8) Shareholder returns

(1) Management strategy

1. Mid-term Management plan (to FY03/21)

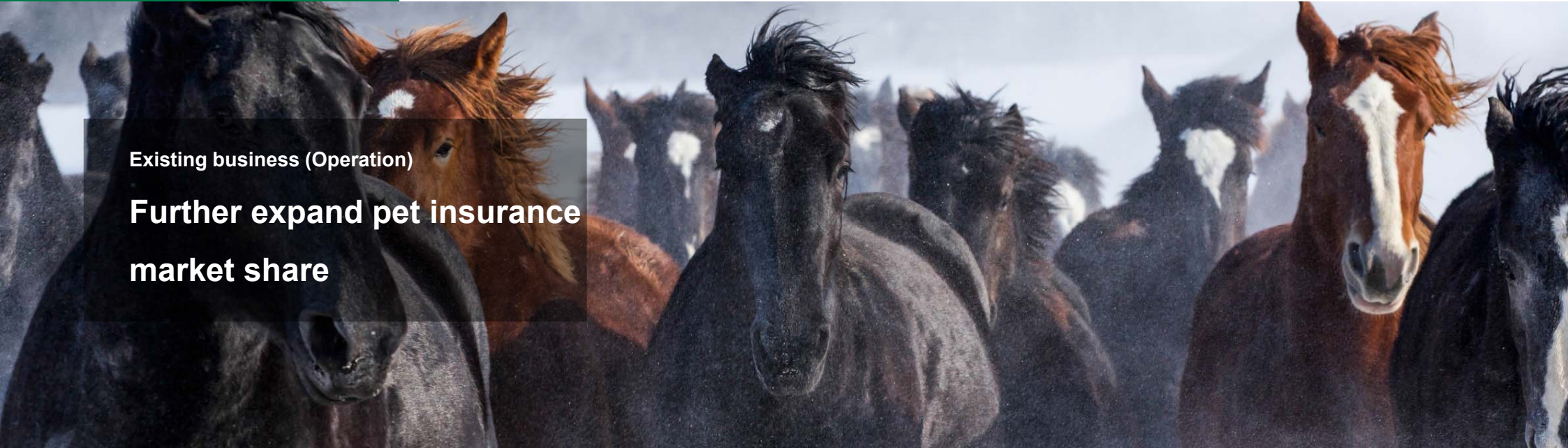


Existing business (Operation) Further expand pet insurance business

New businesses (Innovation) Accelerate infrastructure business serving pets at all life stages

Continue expanding existing business (pet insurance) and secure solid results in new businesses

- 01** Win dominant share and position by continuing to grow existing business to accelerate our move to build infrastructure in the animal industry
- 02** Enhance genetic testing business with the aim to achieve a world without concerns over hereditary diseases, and develop a breeding support business at the earliest opportunity
- 03** Strive to maximize corporate value by planning and executing various initiatives while targeting an optimal balance between capital and risk



Existing business (Operation)

Further expand pet insurance market share

01 Continue scale expansion

We aim to maintain our sales strategy of focusing on both the newborn channel (our main target) and general channel (online sales, OTC sales via banks, etc.) for pets that already have families. In particular, we are focusing on increasing the number of online policies. This has been one of our top priorities since last year. We aim to accelerate earnings growth in the medium term by efficient expansion of the domestic penetration rate and market share.

02 Grow sales channels

We seek to grow our insurance sales channels by pioneering the breeder sales channel and strengthening our sales capability via cat adoption sessions and effectively utilizing pet-related facilities such as animal hospitals and grooming salons. For online sales, we are exploring collaboration with partners that offer synergies with pet insurance as a way to expand our insurance sales channels.

03 Develop next-generation insurance products

By leveraging our research findings on genetics and symbiotic bacteria, we plan to develop next-generation insurance that combines biotechnology with financial products. We seek to increase our share of the pet insurance market further by strengthening our core competencies to develop one-of-a-kind products.



New businesses (Innovation)

Accelerate infrastructure business serving pets at all life stages

01 Make a business of eliminating hereditary diseases

We are tackling the heightened risk of hereditary diseases in purebred pet animals to reduce insurance payouts. We will do this in two ways. First, we plan to make a viable business from genetic analysis (the science, technology, and data) to support veterinary care and help breeders eliminate hereditary diseases. Second, we plan to make a business of hereditary disease prevention and work toward identifying unknown disease-inducing genes.

02 Symbiotic bacteria and pet lifestyles

We seek to extend the healthy lifespan of pets by combining the world's leading research data on pet gut microbiota with data on pet lifestyles. We plan businesses such as popularizing health checks using gut microbiota tests, developing pet food with a focus on improving symbiotic bacteria, and offering pet lifestyle consulting with the goal of making them profitable.

03 Help advances in veterinary medicine

We aim for practical application of cutting-edge veterinary treatments such as cell therapy and regenerative medicine and also aim to expand their use.

In addition to expanding our medical records management system (e.g., by adding new features such as hospital appointment systems), we plan further data utilization such as developing disease prevention methods and to move into pet-related businesses outside Japan.

Short term (one year)

Strengthen business base

- Maintain and accelerate measures to increase profitability of pet insurance
- Produce solid results in new businesses focusing on hereditary disease prevention, health checks, and regenerative medicine

01 Expand sales

- (1) Acquire large volume of policies via general channel (efficient online strategy)
- (2) Further expand pet shop channel
- (3) Pioneer new channels (breeders, adoption sessions, etc.)
- (4) Increase renewal rate of no claim policies and second-year contracts of newborn policies
- (5) Develop new products

02 Improve expenses

- (1) Normalize insurance payouts (rigorous prevention of erroneous and false claims)
- (2) Expand lifestyle-related disease prevention programs for pets

03 Invest in new businesses

- (1) Enhance genetic testing business (breeder support business)
- (2) Expand sales of services such as gut microbiota testing
- (3) Promote preventative veterinary care
- (4) Grow and add new features to medical records management system
- (5) Practical application and expansion of cell therapy and regenerative medicine
- (6) Begin overseas expansion of animal hospital business

Medium term (three years)

Build infrastructure business

- Expand market share and pet insurance adoption further
- Build an infrastructure business in the pet industry
- Establish new sources of revenue by leveraging big data

01 Establish solid pet insurance business

- (1) Maintain increase in market share and penetration rate in pet insurance business
- (2) Maintain combined ratio at around 90%
- (3) Target solvency margin ratio of 360%

02 Build pet infrastructure business

- (1) Support hereditary disease-free breeding
- (2) Lifestyle improvement (diet, exercise, training) and preventative medicine
- (3) Prevent disease progression by establishing early diagnosis tools
- (4) Promote cutting-edge treatments such as cell therapy and regenerative medicine
- (5) Expand overseas pet-related business
- (6) Support services for pet industry workers (recruitment and temporary staffing agencies, etc.)

03 Utilize big data

- (1) Utilize disease data based on insurance claims
- (2) Utilize veterinary treatment data (Anicom Receptor)
- (3) Utilize genetic information
- (4) IoT (watch service, AI, etc.)

04 Foothold in personal insurance

- (1) Sales of medical insurance for pet owners

Long term (three to five years)

Develop diverse businesses

- Become a prevention-oriented insurance company
- Expand revenue from infrastructure business
- Develop overseas and personal insurance operations

01 For a prevention-type insurance society

- (1) Make pet insurance the norm
- (2) Eliminate the risk of hereditary diseases
- (3) Issue genetic information certificates
- (4) Supply food and other products to prevent disease onset
- (5) Establish home health management methods

02 Increase infrastructure business earnings

- (1) Establish genetics-based breeding support
- (2) All-round support for breeding and pet owner environment
- (3) Run pet food-related business
- (4) Animal hospital referral business
- (5) Provide multilateral advanced treatment and preventative medical care services

03 Overseas and personal insurance development

- (1) Export of infrastructure business overseas
- (2) Develop personal insurance and ancillary businesses

(5) Three-year numerical targets (consolidated)

1. Mid-term Management plan (to FY03/21)

August 8, 2018 revised

(JPYmn)

Consolidated	FY03/18	FY03/19	FY03/20	FY03/21
Recurring revenue	32,339	36,464	41,400	46,370
Undewriting revenue	31,290	34,852	39,600	43,870
Investment revenue	420	600	600	700
Other recurring revenue	628	1,012	1,200	1,800
Recurring expenses	30,486	33,935	38,500	42,670
Underwriting expenses	21,771	24,486	28,000	30,840
Operating and general administrative expenses	8,479	8,954	9,469	10,300
Other recurring expenses	235	495	1,030	1,530
Recurring profit	1,853	2,529	2,900	3,700
Pre-tax profit	1,839	2,509	2,880	3,680
Net profit	1,320	1,731	1,990	2,540
Consolidated ROE	10.3%	12.4%	12.4%	13.9%
Adjusted profit	1,702	2,195	3,615	4,525

■ Adjusted profit

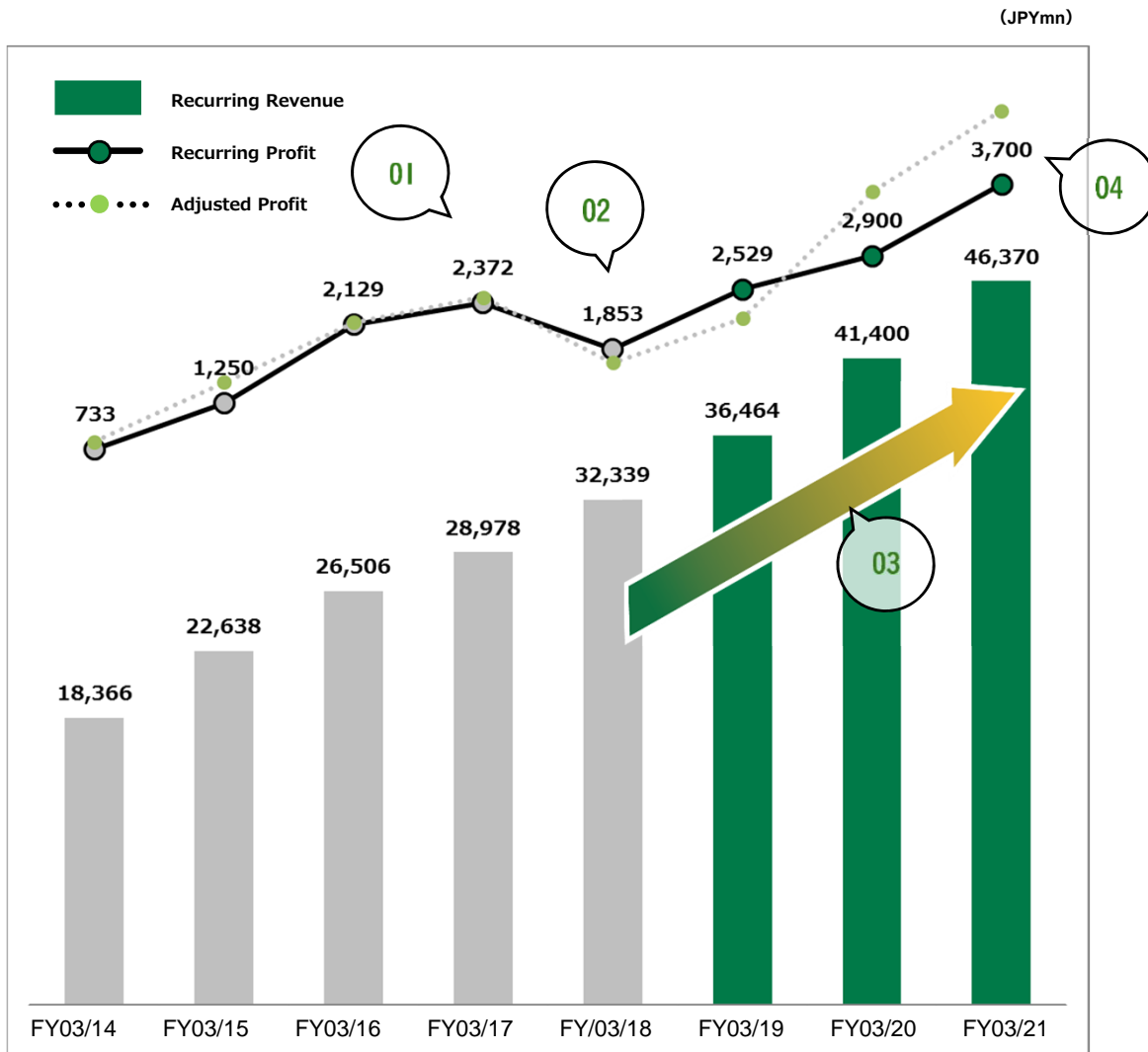
In house indicator used at Anicom Group to reflect effective profits/losses generated by the pet insurance business, eliminating the impact from catastrophe reserves exclusive to the Japanese non-life insurance business as well as investment revenue/expenses and other recurring revenue/expenses.

- 01 We will continue to grow earnings by expanding the scale of our insurance business.
- 02 Our management targets a certain level of profit and strives to reward shareholders.
- 03 We will triple “other recurring revenue” in three years.
- 04 We aim to maintain double-digit ROE, targeting 15%.

(5) Three-year numerical targets (consolidated)

1. Mid-term Management plan (to FY03/21)

August 8, 2018 revised



Accelerated growth

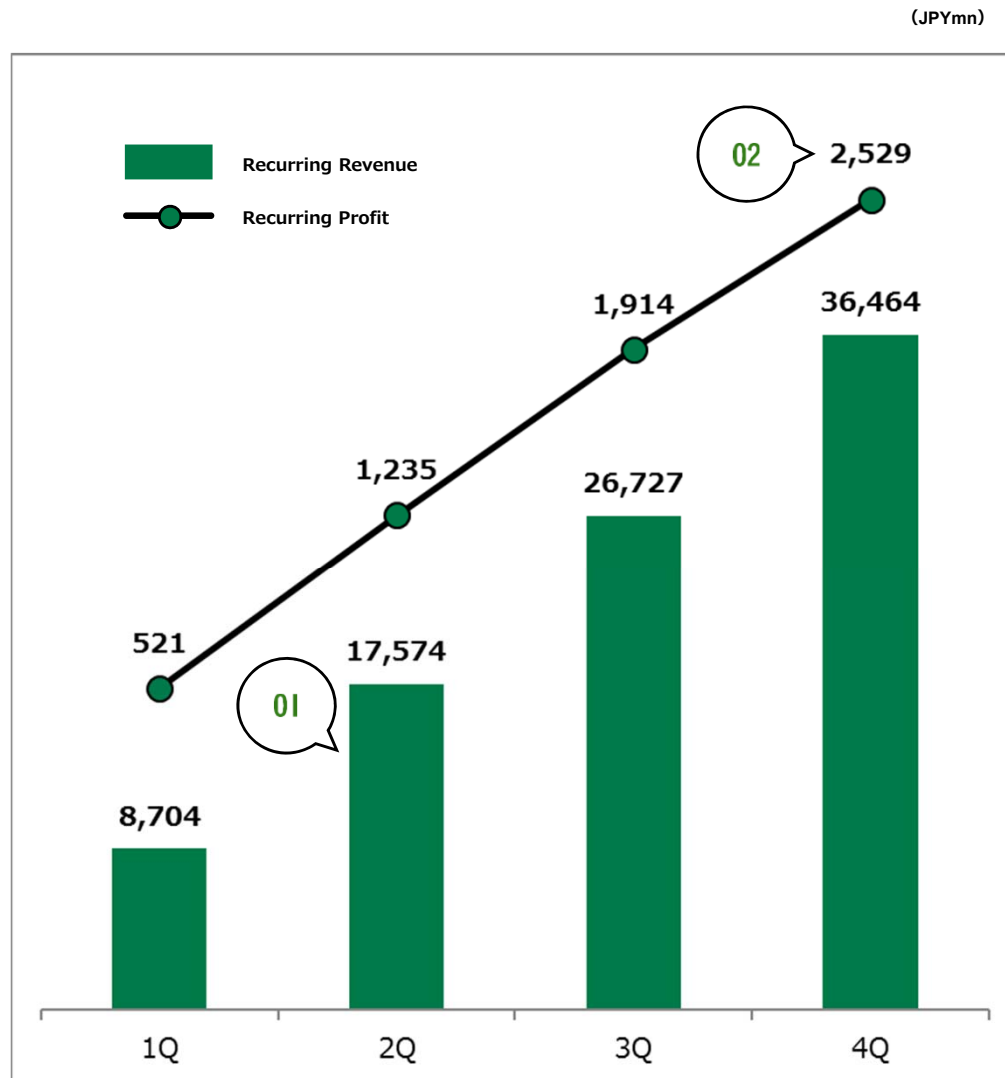
| Three-year numerical targets

- 01 Posted record profits
- 02 Profits down due to investment to expand scale
- 03 Accelerate earnings growth
- 04 Expand profits

(6) Single-year numerical targets (consolidated)

1. Mid-term Management plan (to FY03/21)

August 8, 2018 revised



Pattern of profit growth in 2H

| Single-year (four quarters' total) numerical targets

- 01 Stable earnings growth accompanying scale expansion of pet insurance business
- 02 Pet insurance has seasonality; profits up in 4Q

Environment

We preserve the dignity of animals.

As a company engaged with animals, we will take action to achieve zero euthanasia of homeless animals, zero abuse of animals, and improved conditions for pets and breeding.

We aim to be “doctors of the earth.”

Our work, ranging from bacterial research to cutting-edge medical treatments, is about living harmoniously with all life on earth.

Social

We create even more opportunities for women.

Women currently account for around 60% of our work force and 30% of managers. Two of our directors are women.

*As of March 31, 2018 (group basis)

We care about families.

We care about families, including pets. We have “bring the kids to work day” so that children can see mom and dad on the job, and offer support for employees with pets, allowing them to take a holiday when they acquire a new pet.

Governance

We are taking steps to strengthen governance, such as increasing the number of outside directors.

We clearly separate management supervision and execution by increasing the number of outside directors and establishing an executive officer system.

We will establish nomination, compensation, and corporate governance committees.

We will establish an advisory committee reporting to the Board, whose members are mainly outside directors. They will discuss nomination of representative directors, compensation, and the overall effectiveness of governance, including internal control structure.

We will further strengthen internal control.

We will add more employees in related departments to strengthen governance further.

Shareholder returns policy grounded in our management philosophy

01 Never satisfied with the status quo, we will continue to invest for growth.

We seek to continue investing in growth to expand earnings and create new value, aiming to maintain and improve our double-digit ROE. (Target: 14.6% in FY03/21)

02 We will build a stable financial base.

We aim to secure capital to improve future corporate value and a target solvency margin ratio of over 360%* in medium term.

*Anicom Insurance non-consolidated basis

03 We will continue to reward shareholders.

Based on the above, our basic policy is sustained and stable profit distribution, taking earnings performance into consideration.

1. Mid-term management plan

2. Pet insurance business

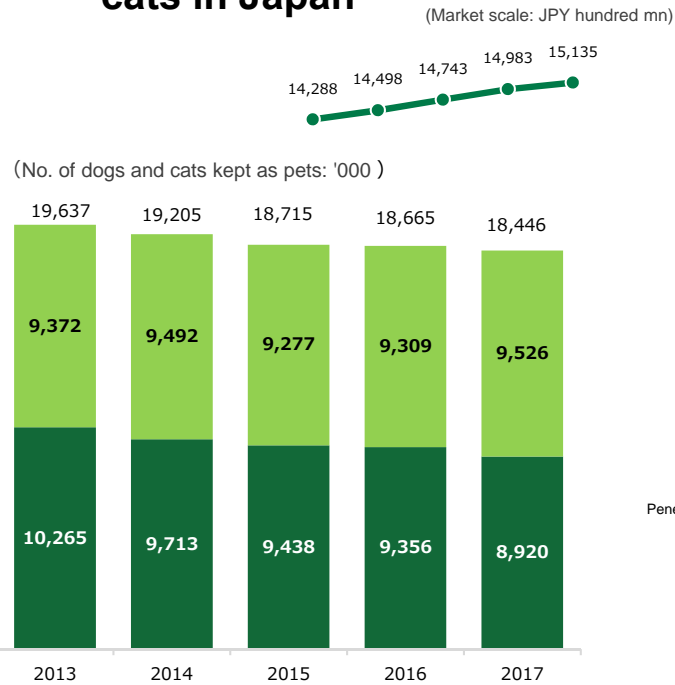
3. Other subsidiary businesses

4. Various initiatives geared toward prevention

- (1) Pet insurance market**
- (2) Pet insurance products**
- (3) Anicom Insurance's strengths**
- (4) Main numerical targets for pet insurance
business (three-year targets)**
- (5) Main management indicators**

2. Pet insurance business

01 Number of pet dogs and cats in Japan

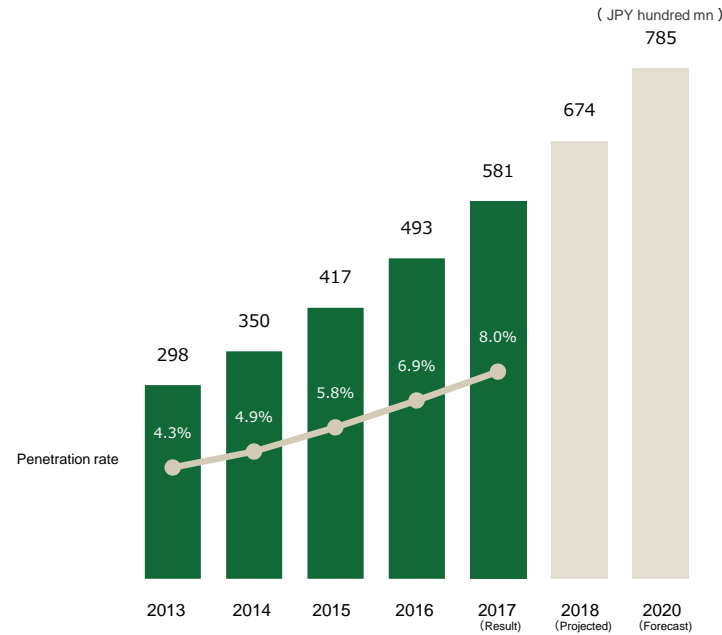


Source: Japan Pet Food Association, Yano Keizai Co., Ltd.: Pet Business Marketing Overview 2018 Edition

Market grows despite slow decline in pet numbers

The pet market is expanding despite a gradual decline in the number of pets. Spending per pet, including insurance, is trending up, indicating that more owners regard pets as much-loved family members. Amid these changes, we see the need for a product strategy targeting senior citizens and cats.

02 Pet insurance market size

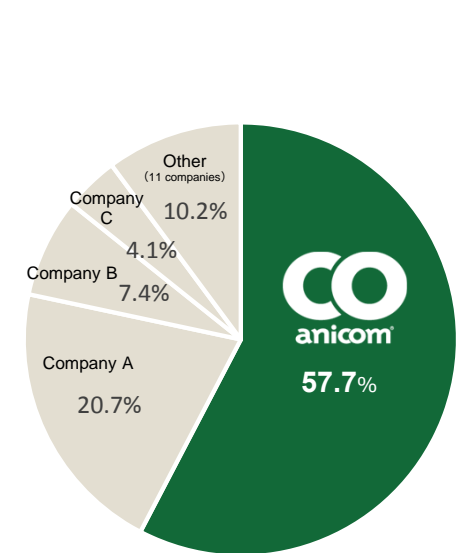


Source: Fuji Keizai Co., Ltd.: Overview of Pet-related Sector Marketing in 2018

Pet insurance penetration rate is roughly 8%

Although the penetration rate of pet insurance in Japan is increasing steadily, it is still only 8% compared with 25% in the UK, which has a long history of pet insurance. We expect strong growth rates to continue, with the possibility that the penetration rate in Japan will reach a similar level as the UK going forward.

03 Insurance market share (premium basis)



Source: Company disclosure materials

Top market share

There are 15 pet insurance companies, of which four are insurers and 11 are small amount and short-term insurance providers. Thus competition remains severe despite the relatively small market size. Anicom has maintained its 50%-plus share of a growing market and is the single dominant player.

2. Pet insurance business

01 Pet health insurance



Two coverage plans: 70% and 50%

Full coverage type products that can be used nationwide

You can claim veterinary fees incurred for hospital visits, hospitalization, and surgery. Treatment is covered at all animal hospitals in Japan. [Premiums](#) vary depending on the [percentage of cover](#) (70% plan or 50% plan).

*Product name: Dobutsu Kempo Family

Low premium product specializing in hospitalization and surgery

On October 2, 2017, we launched a new product specializing in hospitalization and surgery, with premiums at about a third of previous products. A low-cost insurance product that prepares our clients for emergencies.

*Product name: Dobutsu Kempo Petit

Note: Neither product offers death cover.

02 Premiums and product features

	ふあみりい70%プラン 支払割合 70% 支払限度額と限度日数(回数)	ふあみりい50%プラン 支払割合 50% 支払限度額と限度日数(回数)
通院	1日あたり最高14,000円まで ※1年間にご利用できる日数は各20日までです。	1日あたり最高10,000円まで ※1年間にご利用できる日数は各20日までです。
入院	1日あたり最高14,000円まで ※1年間にご利用できる日数は各20日までです。	1日あたり最高10,000円まで ※1年間にご利用できる日数は各20日までです。
手術	1回あたり最高140,000円まで ※1年間にご利用できる回数は2回までです。	1回あたり最高100,000円まで ※1年間にご利用できる回数は2回までです。

Maximum payout and hospitalization days covered by full coverage products

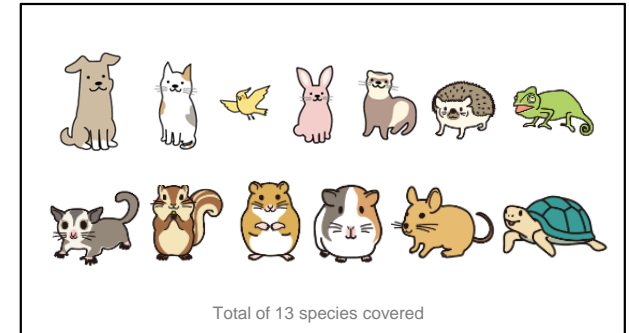
Premiums determined by breed and age

The annual premium is around JPY34,000 for a one-year-old chihuahua and JPY63,000 for a five-year-old golden retriever on the 70% plan, full coverage product. Our premiums increase more gradually with age than our competitors.

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

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

03 Coverage for wide range of animals



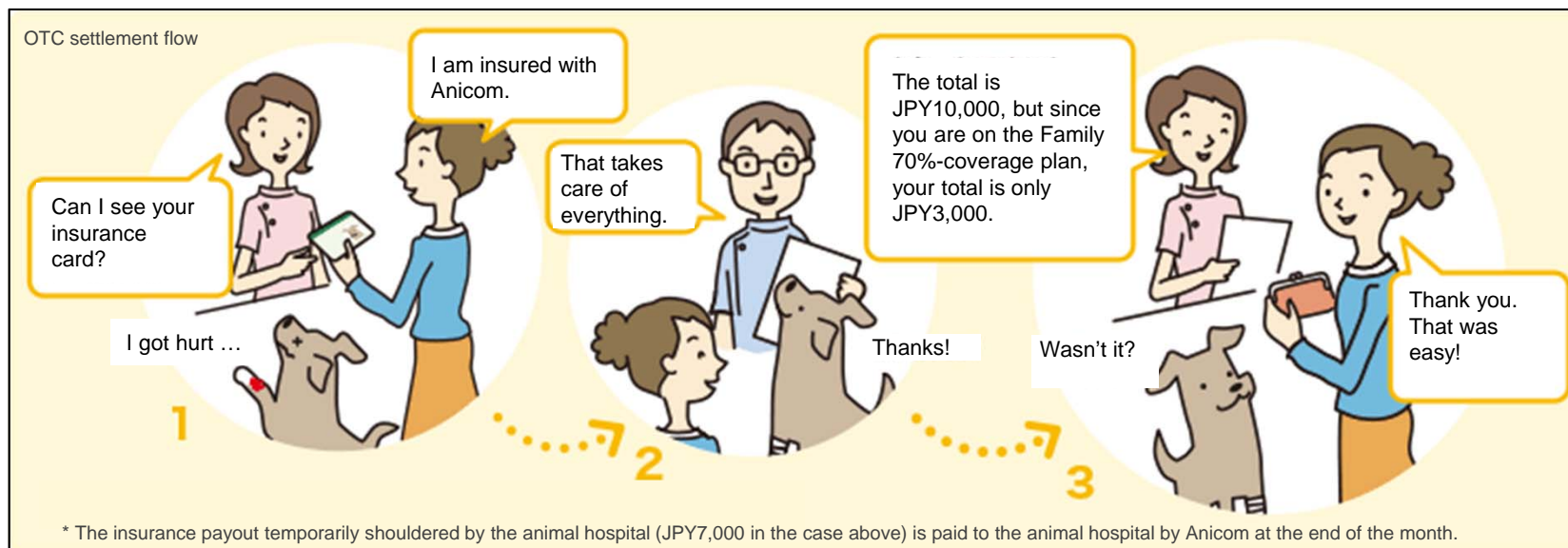
Total of 13 species covered

13 types of animals eligible for coverage

In addition to dogs and cats, insurance can be issued for other popular pets such as birds, rabbits and ferrets. Moreover, coverage eligibility was expanded from 2016 to include a diverse range of animals such as Japanese flying squirrels, squirrels, hamsters, mice, guinea pigs, hedgehogs, turtles and lizards..

Lifelong renewals

New policies for dogs and cats can be issued to pets under eight years old (up to seven years and 11 months). Although the policies are nonlife insurance products that must be renewed annually, they can in principle be renewed throughout a pet's lifetime.



Our OTC settlement system, which facilitates a smooth link between policyholders, animal hospitals and Anicom, is available across nearly the entire country.

The high barriers to entry in this segment of the market give us a substantial competitive advantage.

01 Great customer convenience

We were the first company to establish an [over-the-counter \(OTC\) settlement system](#) for animals in Japan, allowing policyholders to pay only uncovered amounts out of pocket simply by presenting their insurance card at the hospital (similar to the National Health Insurance system). This business model is centered on increasing the ease of use of insurance. This is important as medical treatment for animals is characterized by low cost but high frequency. "Ease of use", therefore is Anicom Insurance's greatest strength.

02 Partnership with over 6,200 hospitals

We have always worked to expand the network of [hospitals accepting Anicom](#) insurance. Consequently our network has grown to 6,200 hospitals (more than 50% of all animal hospitals in Japan), far exceeding our competitors and giving us competitive advantage. Partnerships with animal hospitals is essential for the pet insurance business model and effectively serves as an entry barrier.

03 Low administrative costs

In the traditional pet insurance model, the policyholder mails a claim form to the insurance company. Every claim incurs administrative costs such as bank transfer charges, postage, and assessment costs. Our business model has reduced this cost to about 10%. Although around 85% of claims are made over the counter, we have also started a [claim service using LINE](#), which combines convenience with business efficiency.

01 Newborn channel

(FLOW)

Our largest channel targeting newborn animals has mainly been sold through pet shops. This channel is distinguished by a high contract rate and a low loss rate due to the young age of the animals.



Insurance sales where owners meet their pets

This channel targets pets about to join new families. We have concluded [agency agreements](#) with around 2,000 major pet shops nationwide to sell pet insurance with the animals. In addition, we are pioneering cat adoption sessions and breeder sales channels to sell insurance at various occasions where owners meet their pets.

Product design that facilitates signup

Because newly sold animals may experience discomfort due to sudden changes in environment, our newborn-oriented products offer 100% coverage for medical treatment expenses in the first month of the policy, thus encouraging customers to sign up.

Compared to the general channel, the young age of the animals results in a low loss ratio over the mid-term, and therefore contributes to an improvement in management efficiency.

02 General channel

(STOCK)

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



Massive market

This channel targets dogs and cats already owned by households (approximately 18.4mn nationwide) and other pet species. In addition to [online sales via our website](#), our policies are sold by online agents and over the counter by financial institutions. *Principal agents: [Sony Assurance](#), Asahi Mutual Life Insurance, Benesse Corporation, regional co-operatives, Yanase, regional banks, and shinkin banks.

Targeting scale expansion by strategic marketing

Dogs and cats under eight years old are eligible for coverage. Although the market is huge, the animals insured are older than those in the newborn channel. We therefore aim to expand business by strategic marketing while considering the loss ratio impact. We also exercise control over fraud by requiring a strict preliminary screening and waiting period.

2. Pet insurance business



01 Harnessing vets' expertise in insurance

Accurate assessment of an insurance claim requires the ability to understand the story of a patient's medical history from a medical treatment report. We assess claims quickly and accurately by harnessing vets' knowledge and clinical experience. Many vets also play a role in preliminary screening, assessing animals' health and medical history so that we can provide a fair underwriting service.

02 Support for pet shops

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

03 One-of-a-kind service

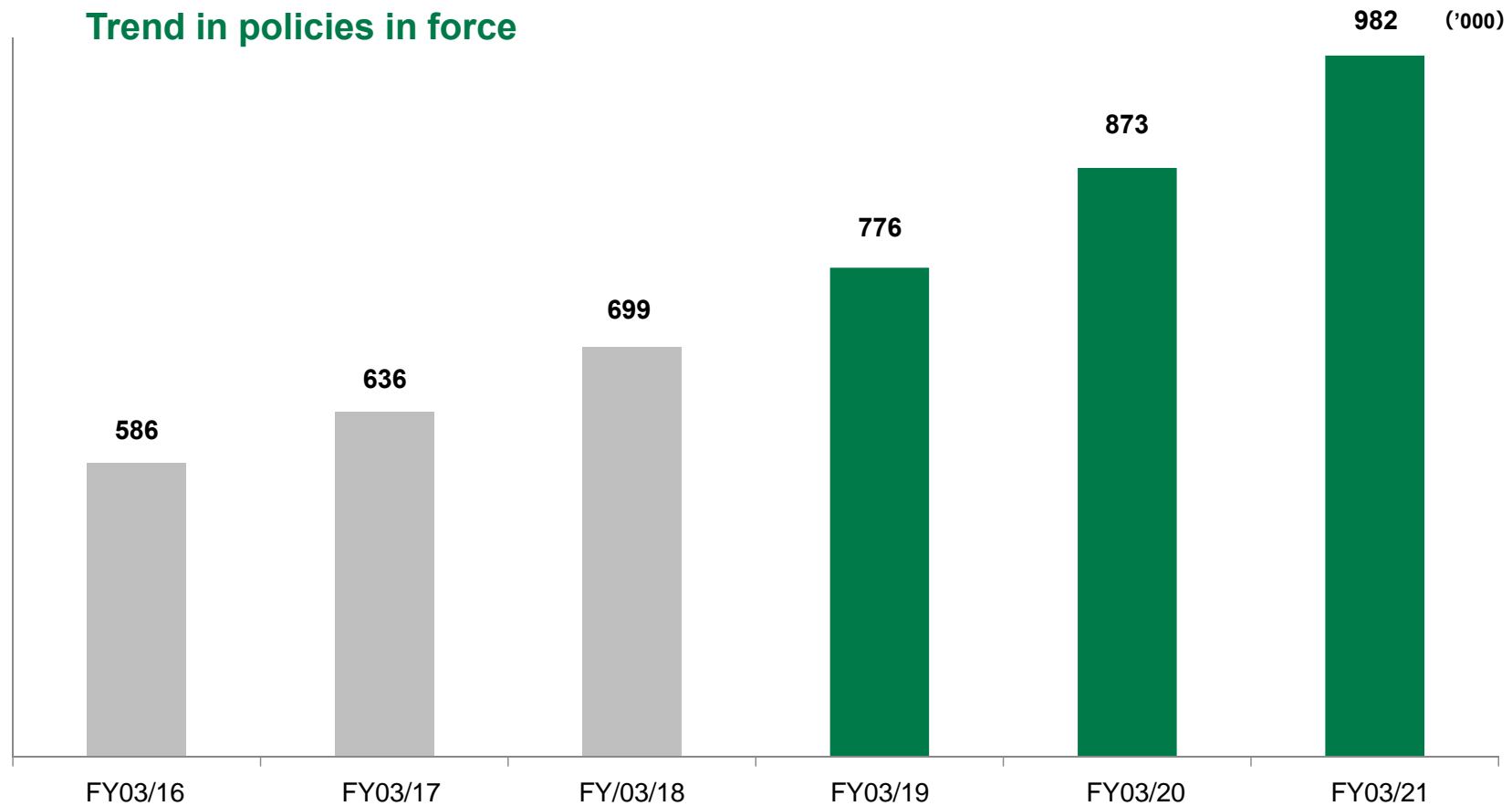
In addition to our established telephone animal health consultation service, we have started [Dobutsu Hotline](#), which allows policyholders to consult vets about illness, health, and training using LINE. We can help pet owners with a broad range of problems, because we have a team of vets with diverse professional experience and areas of expertise.

(2) Main numerical targets for pet insurance Business

2. Pet insurance business

August 8, 2018 revised

Trend in policies in force



	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21
Combined Ratio	91.2%	91.0%	94.4%	93.9%	92.4%	91.7%
Loss Ratio	60.1%	58.9%	59.2%	59.0%	57.4%	56.4%
Expense Ratio	31.1%	32.1%	35.2%	34.8%	35.0%	35.3%

(5) Major management indicators

2. Pet insurance business

August 8, 2018 revised

	① End-FY03/17	② End-FY03/18	② - ① YoY	
			Number	Rate
① Policies in force	635,670	698,566	62,896	9.9 %
② New policies	123,849	143,365	19,516	15.8 %
③ Renewal rate	88.2 %	88.2 %	-	-
④ Insurance payout cases	2,823 ,000	3,006 ,000	182 ,000	6.5 %
⑤ Animal hospitals accepting Anicom	6,083	6,265	182	3.0 %

③ End-FY03/19 (forecast as of May 9)	③ - ② YoY	
	Number	Rate
776,080	77,514	11.1 %
166,000	-	-
88.2 %	-	-
3,218 ,000	211 ,000	7.0 %
6,400	135	2.2 %

	End-FY03/17	End-FY03/18	YoY change
① E/I loss ratio	58.9 %	59.2 %	Up 0.3 Pt
② Expense ratio (based on earned premiums)	32.1 %	35.2 %	Up 3.1 Pt
③ Combined ratio (based on earned premiums)	91.0 %	94.4 %	Up 3.4 Pt
④ Solvency margin ratio (non-consolidated)	295.6 %	305.6 %	10.0 pt

End-03/19 (forecast as of May 9)
59.0 %
34.8 %
93.9 %
Around 315.0 %

1 . Mid-term management plan

2 . Pet insurance business

3 . Other subsidiary businesses

4 . Various initiatives geared toward prevention

(1) Anicom Pafe, Inc.

(2) Anicom Frontier, Inc.

(3) Anicom Specialty Medical Institute, Inc.

(4) Anicom Capital, Inc.

(5) Celltrust Animal Therapeutics Co., Ltd.

3. Other subsidiary businesses

Improving the quality of life for you and your pet through support services for animal hospitals and owners

*If you are viewing this online, you can jump to the company's website by clicking on the logo on the right.



Established: December 24, 2004

Capital: JPY495mn

01 Animal hospital support business



Anicom Pafe provides a range of support services for animal hospital management, including development and sales of [Anicom Receptor](#), a cloud-based medical records management system for comprehensive support of hospital administration such as patient information and accounting management.

02 Owner support business (product sales, etc.)



Anicom Pafe provides a broad range of support services for pets and their owners, such as our online store [Pafe Online](#), a search site for puppies and kittens ([Hello Baby](#)), and a 24-hour hotline to consult veterinarians and other experts and search for lost pets ([anicom24](#)).

03 Pet funeral service referral business



With more people regarding pets as family members and forming deep attachments to them, there is a growing need for pet funeral services. Anicom has a [pet funeral service referral site](#) that features only funeral facilities that satisfy our own high standards.

Insurance and recruitment agency: supporting animal professionals in two ways

*If you are viewing this online, you can jump to the company's website by clicking on the logo on the right.



Established: February 25, 2005

Capital: JPY45mn

01 Insurance agency business



Working with animals has its own risks, such as employees being bitten by an animal or causing accidental injury to an animal while on duty. We provide insurance to protect animal hospital management and staff from these risks, as well as a range of life and nonlife insurance to support people working with animals.

02 Recruitment agency business



[Anijob](#) is a recruitment site specializing in animal professionals such as veterinarians, vet nurses, groomers, and researchers. Its purpose is to contribute toward a job market that allows animal-loving professionals to enjoy a long and stable career.

03 Human resource training business



Anicom Frontier runs courses and workshops at training institutions and animal hospitals that enable students to acquire the knowledge and qualifications needed to join the work force in the pet business.

Seeking a bright future for veterinary medicine through research and clinical work

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Established: January 24, 2014

Capital: JPY300mn

01 Research and development



Anicom Specialty Medical Institute conducts basic research and works to develop medical technologies and medical device for veterinary treatment. The company opened a [laboratory in Yokohama](#) in December 2016. The lab engages in cutting-edge research, armed with the latest research equipment such as next-generation sequencers that analyze massive volumes of DNA data and chromatographic systems that analyze diverse substances including metabolites, as well as basic equipment.

02 Cutting-edge veterinary treatment



Anicom Specialty Medical Institute operates an animal hospital specializing in [neurological disorders caused by spinal injury, herniated disk, etc.](#) Its goal is to help extend the healthy lifespan of animals by curing conditions that were previously considered incurable.

03 Animal hospital operation



Anicom Specialty Medical Institute runs its own animal hospitals specializing in prevention of disease. The company is also aiming for [standardization of veterinary medicine](#) by formulating standard practices and guidelines for veterinary care.

3. Other subsidiary businesses

The only venture capital company in Japan specializing in veterinary medicine and pet businesses

*If you are viewing this online, you can jump to the company's website by clicking on the logo on the right.



Established: July 7, 2015

Capital: JPY100mn

01 Investment in, and incubation of startups



Anicom Capital seeks to create value in animal-based businesses to play a part in Japan's future economic growth by investing in, and incubating startups with the potential to power the growth of veterinary medicine and pet-related businesses, and R&D projects with potential to drive innovation.

02 Financial assistance for joint research and business ventures



The company runs **EVOLVE**, a program that funds research and business development projects that contribute toward progress of veterinary medicine and growth of pet-related markets.

3. Other subsidiary businesses

FUJIFILM × anicom

Anicom's reputation in pet business and Fujifilm's cell therapy technology combine to serve veterinary medicine by providing advanced treatments (mainly regenerative medicine and cell therapy)

*If you are viewing this online, you can jump to the company's website by clicking on the logo on the right.



Established: April 1, 2016

Capital: JPY50mn

Equity ratio: Fujifilm Corporation 51%, Anicom Holdings 49%

01 Develop and provide cutting-edge treatments



Celltrust Animal Therapeutics will develop and put into practical application cell therapy for veterinary purposes. It is a center for translational research that specializes in developing cutting-edge treatments from the results of basic research by universities and companies, i.e., the D of R&D. Its priority is to establish scientific evidence in diagnosis and treatment as part of developing a culture for the spread of cell therapy in veterinary care.

02 Provide solutions



The ultimate goal is for animal hospitals providing primary care to provide cutting-edge treatments as well. In the case of cell therapy, we are not only developing treatment methods, but designing a system for primary treatment hospitals to collaborate with Celltrust's [Animal Regenerative Medicine Center Hospital](#).



1 . Mid-term management plan

2 . ペット保険事業

3 . Other subsidiary businesses

4 . Various initiatives geared toward prevention

(1) Commitment to prevention

(2) Prevention strategy overview

(3) Hereditary disorders

(4) Symbiotic bacteria

(5) Big data

(6) Other services

Becoming a prevention-oriented insurance company

Data on accidents or illnesses are tremendously valuable to any insurance company. This is because the insurance operations of each company are informed by statistical insights derived from massive amounts of such data.

However, I believe that such data should not only be used for insurance companies, but also leveraged for the benefit of society as a whole. For example, the integration of accident data for major intersections across the nation into car navigation systems would likely lead to a reduction in accidents.

From this perspective, I think the case can be made that the essential role played by insurance companies in society should not be the mitigation of damage resulting from accidents or illnesses, but rather the prevention of such damage.

Anicom group has been committed to this goal since its establishment, and we intend to further strengthen our preventive services with the goal of becoming a prevention-oriented insurance company.

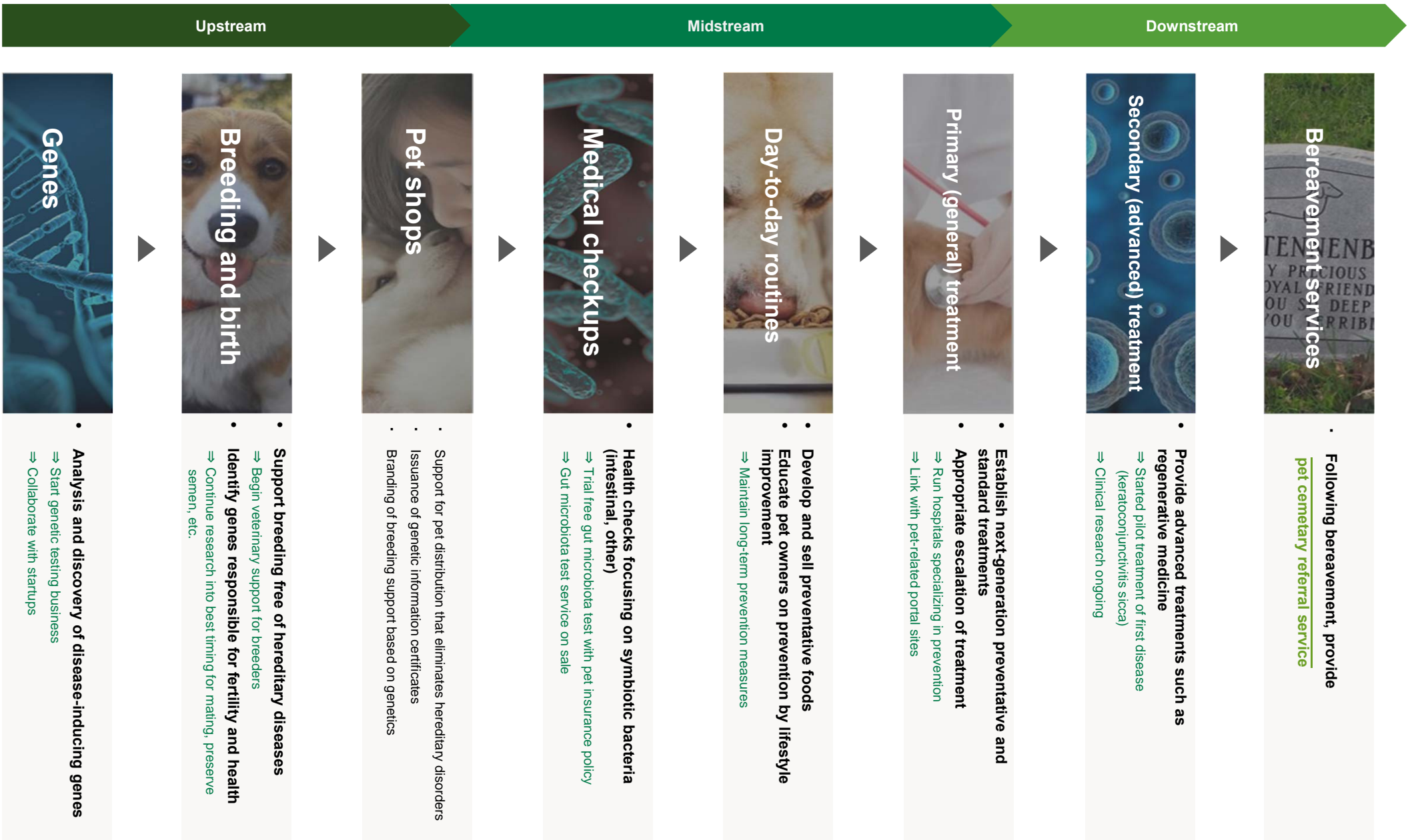


Nobuaki Komori
President
Anicom Holdings, Inc.



(2) Prevention strategy overview

4. Various initiatives geared toward prevention



4. Various initiatives geared toward prevention

Eliminating hereditary disorders of pets

In their role as man's working partner, dogs have evolved over the years into various breeds. As a consequence, however, many dog breeds have inherited pathological genes. Although hereditary disease in humans can be extremely difficult to address, we have the potential to eliminate similar conditions in pets by responsible breeding and other means.

01 Breeding support to eliminate hereditary disorders



For example, [degenerative myelopathy](#) (DM) is a hereditary disease common in Welsh Corgis. Once symptoms appear, the disease is incurable and many die around 18 months after onset. However, some Welsh Corgis do not carry this abnormal genetic condition. At the breeding stage, it should in theory be possible to eradicate DM by matching dogs that are clear of the condition. By providing such breeding support, we aim to promote the distribution of healthy cats and dogs that are free of hereditary disorders. We also aim to provide information related to previously unknown genetic predispositions to certain illnesses, and reduce the number of animals suffering from hereditary disorders, accordingly.



(Hereditary disease project logo)

02 Development of genetic testing business



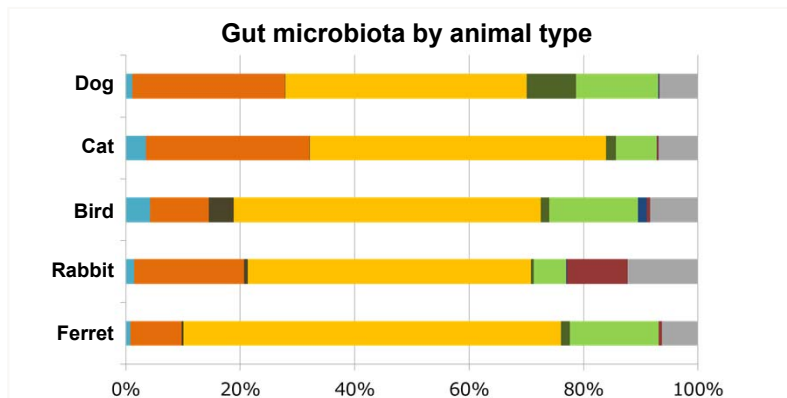
Anicom Specialty Medical Institute, Inc. [conducts research into disease-inducing genes](#) and has established world-class genetic analysis technologies. Going forward, we look to expand the breadth and depth of such research, discover new hereditary disorders, develop proprietary testing technology and commercialize such tests. By going beyond testing and concurrently pursuing treatment-related research, we aim to create an environment that fosters reassurance even when animals have been diagnosed with a hereditary predisposition to illness. Specifically, we aim to remove hereditary disorder risk. Further, by establishing a brand for our animal genetics-related business, we aim to raise awareness about hereditary disorders and how they can be eradicated.

4. Various initiatives geared toward prevention

Enhancing symbiosis with bacteria that hold unlimited potential

Because of their considerable potential symbiotic bacteria (e.g. gut, oral, skin microbiota) have attracted the attention of researchers from around the world. Anicom started research related to animal microbiota in 2016, and has since accumulated a vast amount of data from over 20,000 tests. We aim to find commercial applications for this data, and support extension of animals' healthy lifespan accordingly.

01 Wealth of research achievements



Anicom started symbiotic bacteria (intestinal, etc.) tests on animals in 2016, and has conducted over 10,000 of such tests. [Anicom's research](#) suggests that different types of animals have different and distinctive gut microbiota.

By comparing symbiotic bacteria test data with insurance claims and our [Animal Kokusei Survey](#) (Anicom survey on lifestyle practices), we are identifying correlations between some illnesses and lifestyle practices and intend to publish such findings in research articles and the like going forward. We also aim to expand our policyholder-oriented gut microbiota tests to non-policyholders and commercialize this business accordingly.

02 Business development centered on symbiotic bacteria



We aim to develop various businesses and services based on the research results shown in 01. For example, we are pursuing research related to food and drinks, which are strongly correlated with symbiotic bacteria. By clarifying the optimal diets and lifestyle practices for each animal category, we look to develop pet foods and supplements either individually or in partnership with others.

We will work to increase revenue through development of non-insurance businesses revolving around symbiotic bacteria, while also reducing insurance payouts through prevention of disease outbreaks and escalation into serious conditions.

4. Various initiatives geared toward prevention

Leveraging treatment data toward prevention: data from over 15 million claims

The Anicom Group has access to big data such as insurance claim data derived from over 15 million cases, data from the [Animal Kokusei Survey](#) and [Anicom Receptor](#) (our management system for treatment records). Anicom aims to leverage these assets to establish next-generation prevention services that can help reduce insurance payouts.

01 One of Japan's largest statistical reports on veterinary medicine



Released as a free publication since 2009, the [White Paper on Household Animals](#) conducts multifaceted analysis using reference data related to health management for household animals and animal illness statistics derived from insurance payout data. Representing the largest collection of epidemiological data in the country, the publication is widely cited in newspapers and other publications, and now contributes to the broad-based development of veterinary medicine and other segments of the pet industry.

02 AI-assisted development of next-gen preventive services



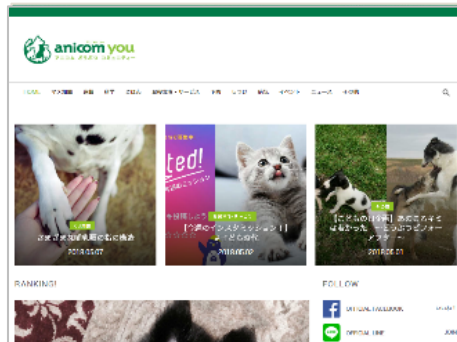
We are working to develop next-generation prevention services by utilizing insurance claim data in combination with our [Animal Kokusei Survey](#) results, and [Anicom Receptor](#) data (our management system for treatment records). Additionally, we will utilize a vast and diverse collection of other data such as genetic data and test data on symbiosis bacteria. In addition to expert human analysis, we are leveraging [deep learning](#) (AI) to support the establishment of next-generation prevention services that only Anicom can deliver. Importantly, this includes such things as reporting illnesses before they develop.

4. Various initiatives geared toward prevention

*If you are viewing this online, you can jump to the company's website by clicking on the images below.

01 anicom you

Online magazine that disseminates information about preventive practices and fun facts related to pets, as well as information about rare animals and species threatened with extinction.



02 Hello baby

A matching support site that gives out information about pets for sale at nationwide pet shops.



03 STOP heatstroke

A project that raises awareness of preventive practices with the aim of reducing cases of heatstroke among dogs. We also operate a project to stop accidental ingestion cases.



04 Minimaru PLANET

An online magazine that disseminates information related to exotic animals (i.e., animals other than cats and dogs).



05 Animal life support

A service under which Anicom insurance policyholders can receive benefits when visiting affiliated dog cafes, hotels and other facilities.



06 Anicom Navi

Various services offered through LINE, Facebook, and Instagram. You can find us there under "Anicom."



■ Insurance terminology

- **Premium** Moneys paid by policyholder to insurance company as payment for risk to policyholder that is covered by the insurance company
- **Insurance payout** Moneys paid by insurance company to policyholder in the event of losses incurred in insured event
- **Business expense** Insurance company's business expenses as a total of operating and general administrative expenses, net commissions, and collection expenses
- **Loss ratio** Ratio of insurance payout to premiums. In this presentation, it is the ratio of incurred loss to earned premiums (including loss adjustment expenses).
- **Expense ratio** Business expenses as share of premiums. In this presentation, it is the ratio of insurance business expenses to earned premiums.
- **Combined ratio** Total of loss ratio and expense ratio. A value under 100% means an insurance company's revenue exceeds expenditure.
- **Solvency margin ratio** Share of margin of solvency such as capital and reserves versus risks that exceed a company's normal estimates
- **Catastrophe reserve** Reserves that insurance companies set aside as a percentage of premiums to prepare for a catastrophic disaster
- **Renewal rate** Number of renewed policies versus the total number of policies in the previous year
- **Underwriting** Assessing risk, conditions, premium rates, etc., when providing insurance cover

■ Pet insurance terminology

- **Newborn channel** Anicom's main sales channel targeting newborn animals sold in pet shops
- **General channel** Online and over-the-counter sales channel (financial institutions and others) for pets who already have owners
- **Hospitals accepting Anicom** Animal hospitals that have contracts with Anicom Insurance and have adopted our OTC settlement system
- **OTC settlement system** A system where insurance payouts are settled over the counter when the policyholder pays the uncovered amount at the animal hospital
- **Insured rate** An indicator mainly used in pet shops. The percentage of animals sold whose owners buy pet insurance
- **Diffusion rate** Percentage of pet dogs and cats in Japan whose owners have taken out pet insurance



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【Disclaimer】

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