

Disclaimer: This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 7, 2024

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: Hiroyuki Kono, General Manager, Corporate Planning Department
 Phone: +81-3-5348-3911
 Scheduled date of commencing dividend payments: -
 Scheduled date of filing quarterly securities report: February 13, 2024
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly 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, 2023 (April 1, 2023 – December 31, 2023)

(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, 2023	44,936	6.9	3,276	21.4	2,041	22.0
December 31, 2022	42,046	6.1	2,699	8.5	1,673	(12.3)

(Note) Comprehensive income: Nine months ended December 31, 2023: 2,110 million yen [334.5%]
 Nine months ended December 31, 2022: 485 million yen [(74.8) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	25.39	—
December 31, 2022	20.60	—

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

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

Nine months ended December 31, 2022: 2,863 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, 2023: 2,193 million yen

Nine months ended December 31, 2022: 1,837 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	63,043	28,969	46.0
As of March 31, 2023	61,407	28,184	45.9

(Reference) Equity: As of December 31, 2023: 28,969 million yen

As of March 31, 2023: 28,184 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, 2023	–	0.00	–	4.00	4.00
Fiscal year ending March 31, 2024	–	0.00	–		
Fiscal year ending March 31, 2024 (Forecast)				5.50	5.50

(Note) Revision of the latest dividend forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(% 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	60,000	6.1	4,000	8.5	2,500	9.4	30.77

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

*** Notes:**

- (1) Changes in significant subsidiaries 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: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) 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, 2023:	81,309,160 shares
As of March 31, 2023:	81,309,160 shares
 - 2) Total number of treasury shares at the end of the period:

As of December 31, 2023:	1,628,636 shares
As of March 31, 2023:	61,476 shares
 - 3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023:	80,407,006 shares
Nine months ended December 31, 2022:	81,251,039 shares

* These quarterly financial results are outside the scope of quarterly audit by certified public accountants or an audit firm.

* 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 2 of the Attachments.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months under review, the Japanese economy showed signs of gradual recovery as a result of the normalization of the social environment, mainly due to the easing of restrictions on domestic activities and entry into Japan from abroad following the reclassification of COVID-19. On the other hand, the economic outlook remained uncertain due to factors such as the protracted situation in Russia and Ukraine, unstable global conditions, soaring energy and resource prices, the prolonged depreciation of the yen, and continued price increases.

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 1,172,819 policies, an increase of 59,675 or 5.4% 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 60.7%, 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 1.7 points year on year to 33.4%, despite active investments aimed at expansion of scale and due to 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 0.8 points year on year to 94.1%.

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 pet foods with symbiotic bacteria as a key feature, 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 its pet-related businesses into overseas markets.

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

Underwriting revenue increased by 6.6% year on year to 40,270 million yen, investment revenue increased by 21.3% year on year to 569 million yen, other recurring revenue, which includes new business, etc., increased by 8.0% year on year to 4,096 million yen, for the total recurring revenue of 44,936 million yen, a 6.9% increase year on year. On the other hand, recurring expenses increased by 5.9% year on year to 41,660 million yen, including underwriting expenses of 28,381 million yen, up 7.1% year on year, and operating and general administrative expenses of 11,823 million yen, up 2.5% year on year. As a result, recurring profit increased by 21.4% year on year to 3,276 million yen. Profit attributable to owners of parent was 2,041 million yen, up 22.0% year on year.

(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

1) Assets, liabilities and net assets

Total assets as of the end of the third quarter under review increased by 1,635 million yen to 63,043 million yen compared to the previous year-end. This was primarily attributable to an increase in marketable securities of 12,165 million yen.

Total liabilities as of the end of the third quarter under review increased by 850 million yen to 34,073 million yen compared to the previous year-end. This was primarily attributable to an increase of 870 million yen in reserve for insurance policy liabilities due to an increase in insurance policies. There were no borrowings from financial institutions,

etc.

Total net assets as of the end of the third quarter under review increased by 785 million yen to 28,969 million yen compared to the previous year-end. This was primarily attributable to recording 2,041 million yen in profit attributable to owners of parent.

2) Cash flows

Net cash provided by operating activities was 3,733 million yen, primarily due to an increase in underwriting reserves of 578 million yen resulting from the steady increase in policies in force. This represents an increase of 1,161 million yen year on year.

Net cash used in investing activities was 12,784 million yen. This represents an increase in cash outflow of 8,773 million yen year on year, primarily due to purchase of marketable securities.

Net cash used in financing activities was 1,341 million yen for the third quarter under review, primarily due to purchase of treasury shares, compared with a cash outflow of 210 million yen for the same period in the previous year.

As a result of the above, cash and cash equivalents at the end of the third quarter under review was 17,443 million yen, a decrease of 10,392 million yen from the end of the previous fiscal year.

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

About consolidated financial results forecast among the consolidated financial results forecast for the fiscal year ending March 31, 2024, please refer to “Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024” of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 disclosed on May 10, 2023. 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, 2023	As of December 31, 2023
Assets		
Cash and bank deposits	30,835	21,443
Marketable securities	16,956	29,122
Loans receivable	3	19
Property, plant and equipment	2,557	2,256
Intangible assets	3,242	3,093
Other assets	6,504	6,222
Accounts receivable	3,296	3,147
Accrued premiums	628	671
Suspense payments	849	817
Rest of other assets	1,730	1,586
Deferred tax assets	1,315	895
Allowance for doubtful accounts	(8)	(9)
Total assets	61,407	63,043
Liabilities		
Reserve for insurance policy liabilities	22,853	23,724
Loss reserves	2,988	3,280
Underwriting reserves	19,865	20,444
Corporate bonds	5,000	5,000
Other liabilities	4,945	5,049
Provision for bonuses	304	159
Reserves under special laws	119	140
Reserve for price fluctuation	119	140
Total liabilities	33,223	34,073
Net assets		
Shareholders' equity		
Share capital	8,202	8,202
Capital surplus	8,092	8,092
Retained earnings	13,446	15,162
Treasury shares	(1)	(1,001)
Total shareholders' equity	29,740	30,457
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,555)	(1,487)
Total accumulated other comprehensive income	(1,555)	(1,487)
Total net assets	28,184	28,969
Total liabilities and net assets	61,407	63,043

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
For the Nine Months Ended December 31, 2023 and 2022

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Recurring revenue	42,046	44,936
Underwriting revenue	37,782	40,270
[Of which net premiums written]	37,782	40,270
Investment revenue	469	569
[Of which interest and dividend income]	336	450
[Of which gain on sale of marketable securities]	130	117
Other recurring revenue	3,794	4,096
Recurring expenses	39,347	41,660
Underwriting expenses	26,501	28,381
[Of which net claims paid]	20,930	22,843
[Of which loss adjustment expenses]	840	841
[Of which net commission and collection expenses]	3,781	3,825
[Of which provision for reserve for outstanding losses and claims]	356	291
[Of which provision for underwriting reserves]	593	578
Investment expenses	0	2
[Of which loss on valuation of securities]	0	2
Operating and general administrative expenses	11,538	11,823
Other recurring expenses	1,307	1,454
[Of which interest expenses]	11	11
Recurring profit	2,699	3,276
Extraordinary income	-	49
Gain on disposal of non-current assets	-	49
Extraordinary losses	71	57
Loss on disposal of non-current assets	31	36
Provision of reserves under special laws	16	20
Provision of reserve for price fluctuation	16	20
Other	23	0
Profit before income taxes	2,627	3,267
Income taxes - current	678	832
Income taxes - deferred	275	393
Total income taxes	954	1,225
Net profit	1,673	2,041
Profit attributable to owners of parent	1,673	2,041

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net profit	1,673	2,041
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,188)	68
Total other comprehensive income	(1,188)	68
Comprehensive income	485	2,110
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	485	2,110
Comprehensive income attributable to non-controlling interests	–	–

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,627	3,267
Depreciation	562	552
Amortization of goodwill	164	151
Increase (decrease) in loss reserves	356	291
Increase (decrease) in underwriting reserves	593	578
Increase (decrease) in allowance for doubtful accounts	(25)	0
Increase (decrease) in provision for bonuses	(117)	(144)
Increase (decrease) in reserve for price fluctuation	16	20
Interest and dividend income	(336)	(450)
Loss (gain) related to marketable securities	(133)	(117)
Share of loss (profit) of entities accounted for using equity method	(37)	(53)
Share-based payment expenses	16	3
Interest expenses	11	11
Loss (gain) related to property, plant and equipment	31	(12)
Decrease (increase) in other assets except for investing and financing activities	(812)	(225)
Increase (decrease) in other liabilities except for investing and financing activities	438	427
Subtotal	3,355	4,301
Interest and dividend income received	346	455
Interest paid	(7)	(7)
Income taxes paid	(1,122)	(1,015)
Net cash provided by (used in) operating activities	2,572	3,733
Cash flows from investing activities		
Net decrease (increase) in bank deposits	400	(1,000)
Purchase of marketable securities	(5,218)	(15,316)
Proceeds from sale and redemption of marketable securities	1,518	3,706
Total of net cash provided by (used in) investment transactions	(3,299)	(12,609)
Total of net cash provided by (used in) operating activities and investment transactions	(726)	(8,875)
Purchase of property, plant and equipment	(358)	(219)
Proceeds from sale of property, plant and equipment	-	297
Purchase of intangible assets	(318)	(381)
Other, net	(35)	127
Net cash provided by (used in) investing activities	(4,011)	(12,784)
Cash flows from financing activities		
Repayments of lease obligations	(7)	(6)
Dividends paid	(203)	(324)
Purchase of treasury shares	-	(1,010)
Net cash provided by (used in) financing activities	(210)	(1,341)
Net increase (decrease) in cash and cash equivalents	(1,649)	(10,392)
Cash and cash equivalents at beginning of period	27,691	27,835
Cash and cash equivalents at end of period	26,042	17,443

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Adoption of special accounting procedures for the preparation of quarterly consolidated financial statements)

Not applicable.

(Segment information, etc.)
 [Segment information]

For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

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	38,261	1,319	39,580	2,466	42,046	–	42,046
Inter-segment recurring revenue or transfers	197	87	285	203	489	(489)	–
Total	38,458	1,406	39,865	2,670	42,535	(489)	42,046
Segment profit (loss)	3,257	(66)	3,191	(491)	2,699	–	2,699
(Reference) Segment profit (loss) before amortization of goodwill	3,257	33	3,291	(428)	2,863	–	2,863

(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	63	–	164
Balance at end of the period	–	1,638	451	–	2,089

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
(Reference) Segment profit (loss) before amortization of goodwill	3,696	191	3,887	(460)	3,427	–	3,427

(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

(Significant subsequent events)

(Transfer of shares of an affiliated company accounted for by the equity method)

The Company resolved at a meeting of its Board of Directors held on January 26, 2024 that it will transfer all shares held by the Company in AHB Inc, an affiliated company of the Company accounted for by the equity method.

For details, please refer to the timely disclosure “Notice Regarding Transfer of Shares of an Affiliated Company Accounted for by the Equity Method” dated January 26, 2024.

3. Additional Information

(1) Status of profit and loss for the nine months ended December 31, 2023

(Million yen)

		For the nine months ended December 31, 2022	For the nine months ended December 31, 2023	Year-on-year change	Year-on-year change rate (%)
Recurring profit (loss)	Underwriting revenue	37,782	40,270	2,487	6.6
	[Of which, net premiums written]	[37,782]	[40,270]	[2,487]	[6.6]
	Underwriting expenses	26,501	28,381	1,879	7.1
	[Of which, net claims paid]	[20,930]	[22,843]	[1,913]	[9.1]
	[Of which, loss adjustment expenses]	[840]	[841]	[0]	[0.1]
	[Of which, net commission and collection expenses]	[3,781]	[3,825]	[44]	[1.2]
	[Of which, provision for reserve for outstanding losses and claims]	[356]	[291]	[(64)]	[(18.0)]
	[Of which, provision for underwriting reserves]	[593]	[578]	[(14)]	[(2.5)]
	Investment revenue	469	569	100	21.3
	[Of which, interest and dividend income]	[336]	[450]	[113]	[33.8]
[Of which, gain on sale of marketable securities]	[130]	[117]	[(13)]	[(10.2)]	
Investment expenses	0	2	1	–	
Operating and general administrative expenses	11,538	11,823	285	2.5	
Other recurring profit (losses)	2,486	2,642	155	6.3	
Recurring profit	2,699	3,276	576	21.4	
Extraordinary income (losses)	Extraordinary income	–	49	49	–
	Extraordinary losses	71	57	(13)	(19.5)
	Extraordinary income (losses)	(71)	(8)	63	(88.0)
Profit before income taxes		2,627	3,267	639	24.3
Income taxes - current		678	832	153	22.6
Income taxes - deferred		275	393	118	43.1
Total income taxes		954	1,225	271	28.5
Profit attributable to owners of parent		1,673	2,041	367	22.0

(2) Status of recurring revenue

The table below shows recurring revenue by segment.

Segment	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023	Year-on-year increase (decrease) rate
	Amount (Million yen)	Amount (Million yen)	(%)
Non-life insurance business (pet insurance)	38,261	40,853	6.8
Non-life insurance (Anicom Insurance, Inc.)	38,261	40,853	6.8
[Of which, net premiums written]	37,782	40,270	6.6
Pet-related internet services business	1,319	1,477	12.0
Other businesses	2,466	2,605	5.7
Veterinary clinic support	226	245	8.5
Insurance agencies	13	10	(21.6)
Clinical and research operations in the veterinary medicine area	1,414	1,525	7.8
Genetic testing, etc.	316	245	(22.5)
Other	494	578	16.9
Total	42,046	44,936	6.9

(3) 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, 2022			For the nine months ended December 31, 2023		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	37,782	100.0	7.5	40,270	100.0	6.6
Total	37,782	100.0	7.5	40,270	100.0	6.6
[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, 2022			For the nine months ended December 31, 2023		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	37,782	100.0	7.5	40,270	100.0	6.6
Total	37,782	100.0	7.5	40,270	100.0	6.6

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

3) Net claims paid

	For the nine months ended December 31, 2022			For the nine months ended December 31, 2023		
	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)	Amount (Million yen)	Composition ratio (%)	Year-on-year increase (decrease) (%)
Pet insurance	20,930	100.0	9.1	22,843	100.0	9.1
Total	20,930	100.0	9.1	22,843	100.0	9.1

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

(4) 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, 2023)

Not applicable.

II. Period under review (as of December 31, 2023)

	Amount recorded in consolidated balance sheets (Million yen)	Fair value (Million yen)	Difference (Million yen)
Corporate and government bonds			
Local government bonds	1,200	1,209	9
Corporate bonds	1,900	1,909	9
Total	3,100	3,119	19

2. Available-for-sale securities

I. Previous fiscal year (as of March 31, 2023)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	631	643	11
Other	15,874	13,701	(2,172)
Total	16,505	14,344	(2,161)

(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, 2023)

	Acquisition cost (Million yen)	Amount recorded in consolidated balance sheets (Million yen)	Difference (Million yen)
Shares	752	792	40
Corporate and government bonds			
Local government bonds	1,200	1,208	8
Corporate bonds	1,500	1,501	1
Other	21,765	19,649	(2,116)
Total	25,217	23,152	(2,065)

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

(5) Solvency margin ratio

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

	As of March 31, 2023 (Million yen)	As of December 31, 2023 (Million yen)
(A) Total amount of solvency margin	25,719	23,422
Stated capital or funds, etc.	21,785	20,500
Reserve for price fluctuation	119	140
Contingency reserve	–	–
Catastrophe reserve	1,633	1,297
General allowance for doubtful accounts	2	1
Unrealized gains (losses) on available-for-sale securities before tax effect deductions	(2,161)	(2,065)
Unrealized gains (losses) on land	60	45
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	4,280	3,503
(B) Total amount of risk $\sqrt{(R1 + R2)^2 + (R3 + R4)^2} + R5 + R6$	13,785	14,502
General insurance risk (R1)	13,445	14,119
Third sector insurance risk (R2)	–	–
Assumed interest rate risk (R3)	–	–
Asset management risk (R4)	1,142	1,425
Business administration risk (R5)	291	310
Major catastrophe risk (R6)	–	–
(C) Solvency margin ratio on a non-consolidated basis (%) [(A) / {(B) x 1/2}] x 100	373.1%	323.0%

(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.