

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

## Anicom Holdings, Inc. (security code: 8715)

<Affirmation>

Long-term Issuer Rating: A  
Outlook: Stable  
Bonds: A

## Anicom Insurance, Inc. (security code: -)

<Affirmation>

Long-term Issuer Rating: A  
Outlook: Stable

### Rationale

- (1) The Anicom Group (the “Group”) has, under the umbrella of insurance holding company Anicom Holdings, Inc. (“Anicom HD”), Anicom Insurance, Inc. (“Anicom Insurance”) at the core and a number of other subsidiaries for businesses such as animal hospital support operations, clinical research on animal medical care, pet-related internet services and breeding. Anicom Insurance is Japan’s first insurance company specializing in pet insurance and leads the industry with the market share of more than 40% (an estimate based on insurance premiums for the fiscal year ended March 2024 (FY2023)). JCR evaluates the Group’s creditworthiness as equivalent to an A rating, in light of such factors as the Group’s solid business base backed by the differentiated business model, competitive marketability and so forth; relatively high and stable earning capacity; and capital adequacy relative to risks. JCR believes that continuing to improve the earning capacity of the insurance business, as well as expanding profits in the synergy generation business, among others, will positively affect the Group’s creditworthiness.
- (2) The domestic pet insurance market maintains high growth potential due to the increased awareness of pet insurance and the growing perception of pets as family members. Although a number of major companies are entering the market sequentially, the Group maintains its advantage without engaging in excessive price competition thanks to its excellent merchandisability and service offering. Anicom Insurance’s greatest strength lies in its business model, “over-the-counter payment system,” which adopts the system similar to the human health insurance system. The fact that it has been able to establish this highly convenient system with animal hospitals across the country has led to a strong business base. Furthermore, since its founding, the Group has aimed to realize a “prevention-type pet insurance company group.” It has promoted the eradication of genetic diseases through genetic testing, health support through intestinal flora measurement, the provision of products that focus on oral/intestinal care, etc., focusing on efforts to prevent and detect diseases early by using pet insurance as a gateway. Besides, the Group also engages in the breeding support business, and intends to increase the corporate value of the entire group by pursuing synergy between its “insurance business” and “businesses other than insurance.”
- (3) The Group has relatively high earning capacity. The number of insurance policies in force is steadily increasing, and the ratio of renewed insurance policies remains stably high at approximately 90%. The Group’s consolidated financial results for FY2023 showed robust performance, with both recurring revenue and recurring profit exceeding the previous fiscal year’s level. However, the E/I loss ratio for Anicom Insurance alone has been on a slight upward trend over the past few years due to factors such as the rise in medical fee per service with inflation. Although a certain level of profitability has been maintained thanks to reductions in agency commissions, etc., JCR will pay attention to the effects of improvements in the loss ratio through initiatives, such as pet health support measures and the expansion of revenue scale in the insurance business by diversifying marketing channels.
- (4) Capital adequacy relative to the risks of the entire group is at a level appropriate for the A rating category. The solvency margin ratio under the current regulations is at a low level compared to the industry average, but since pet insurance does not have a separate classification for insurance types under the regulations and relatively high risk coefficients are applied, general insurance risks are calculated higher than the actual situation. The economic value-based solvency regulations to be

introduced in FY2025 will set new risk coefficients for pet insurance. However, JCR believes that there will be no change in the actual amount of risks and no direct impact on the Group's creditworthiness. In terms of asset management, as Anicom Insurance has a stance to prioritize ensuring safety and liquidity, risks are limited.

- (5) Since the Group focuses on pet insurance-related businesses, its risk profile is far different from that of a general non-life insurance company. As pet insurance is an aggregation of small policies and risks are basically dispersed, the law of large numbers works, thus constraining income/loss volatility. That said, there is a possibility that an increase in the frequency of payment events, price competition, amendment to the Act on Welfare and Management of Animals, etc. may push down profits. Ensuring the risk-return balance is essential, and thus monitoring payment histories and appropriately addressing the deviation from the scheduled payment rates, etc. will likely be needed.

Issuer: Anicom Holdings, Inc.

Anicom Holdings is the insurance holding company of the Group. Its issuer rating is at the same level as the Group's creditworthiness. The double leverage ratio has been below a certain level, and given the Group's financial management policy, the ratio is unlikely to increase significantly in the future. Therefore, the structural subordination of holding companies is not reflected in the rating. However, JCR sees that the Group has a relatively strong appetite for strategic investment in the pet-related business, and will pay attention to its stance on business investment, the Group's capital policy, and the balance between debt and capital procurement of the holding company alone.

Issuer: Anicom Insurance, Inc.

Anicom Insurance is the core company of the Group, and its voting rights are held entirely by Anicom Holdings. Anicom Insurance is Japan's first non-life insurance company specializing in pet insurance and leads the industry with the largest market share. It has stable earning capacity, backed by a solid business base, and its financial soundness is relatively high. Given, among others, that Anicom Insurance is the Group's core company, its issuer rating is at the same level as the Group's creditworthiness.

Seito Achiha, Kota Matsuzawa

### Rating

Issuer: Anicom Holdings, Inc.

<Affirmation>

Long-term Issuer Rating: A      Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
Bonds no. 1	JPY 5	Sept. 11, 2020	Sept. 11, 2025	0.300%	A

Issuer: Anicom Insurance, Inc.

<Affirmation>

Long-term Issuer Rating: A      Outlook: Stable

Rating Assignment Date: August 16, 2024

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (February 1, 2024), "Non-Life Insurance" (February 8, 2024) and "Rating Methodology for Financial Groups' Holding Companies and Group Companies" (September 1, 2022) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

### Japan Credit Rating Agency, Ltd.

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

## Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	Anicom Holdings, Inc.
Issuer:	Anicom Insurance, Inc.
Rating Publication Date:	August 21, 2024

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

### A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

### B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

## 4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

## 5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

## 6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

## 7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

## 8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
  - A) Audited financial statements presented by the rating stakeholders
  - B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

## 9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

## 10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

## 11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

### A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

### B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

### C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

### D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

### E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

### F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

### G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

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Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- Historical records of the credit rating herewith presented are posted in the end of this paper.
- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

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Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

### A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch,

as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

**B) Financial Grounds and Asset Quality**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

**C) Liquidity Risks**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

**D) Related Parties' Status and Stance of Support/ Assistance for the Issuer**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

**E) Rise and Fall in General Economy and Markets**

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

**14**

**Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7**

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Anicom Holdings, Inc.	Issuer(Long-term)	July 16, 2020	A	Stable
Anicom Holdings, Inc.	Issuer(Long-term)	July 29, 2021	A	Stable
Anicom Holdings, Inc.	Issuer(Long-term)	July 29, 2022	A	Stable
Anicom Holdings, Inc.	Issuer(Long-term)	August 22, 2023	A	Stable
Anicom Holdings, Inc.	Bonds no.1	September 4, 2020	A	
Anicom Holdings, Inc.	Bonds no.1	July 29, 2021	A	
Anicom Holdings, Inc.	Bonds no.1	July 29, 2022	A	
Anicom Holdings, Inc.	Bonds no.1	August 22, 2023	A	



## The Historical Performance of the Credit Rating

Issuer Name	Issue Name	Publication Date	Rating	Outlook/Direction
Anicom Insurance, Inc.	Issuer(Long-term)	July 16, 2020	A	Stable
Anicom Insurance, Inc.	Issuer(Long-term)	July 29, 2021	A	Stable
Anicom Insurance, Inc.	Issuer(Long-term)	July 29, 2022	A	Stable
Anicom Insurance, Inc.	Issuer(Long-term)	August 22, 2023	A	Stable

## Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Tomohiro Miyao, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

宮尾 知浩

Tomohiro Miyao  
General Manager of Financial Institution Rating Department

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