

Strategy to Realize SOMPO's Purpose

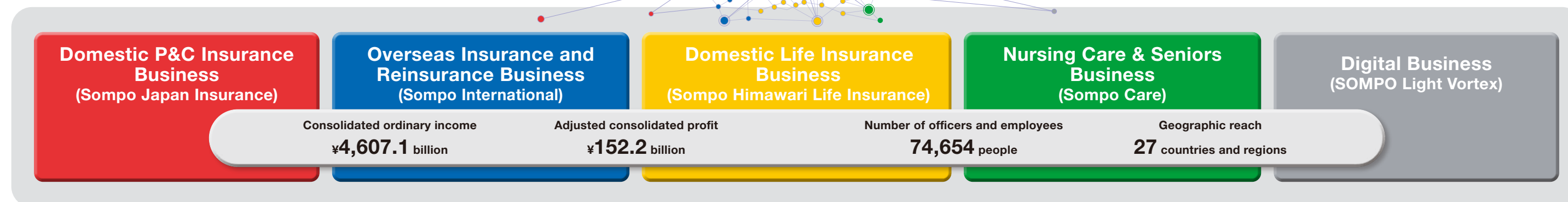
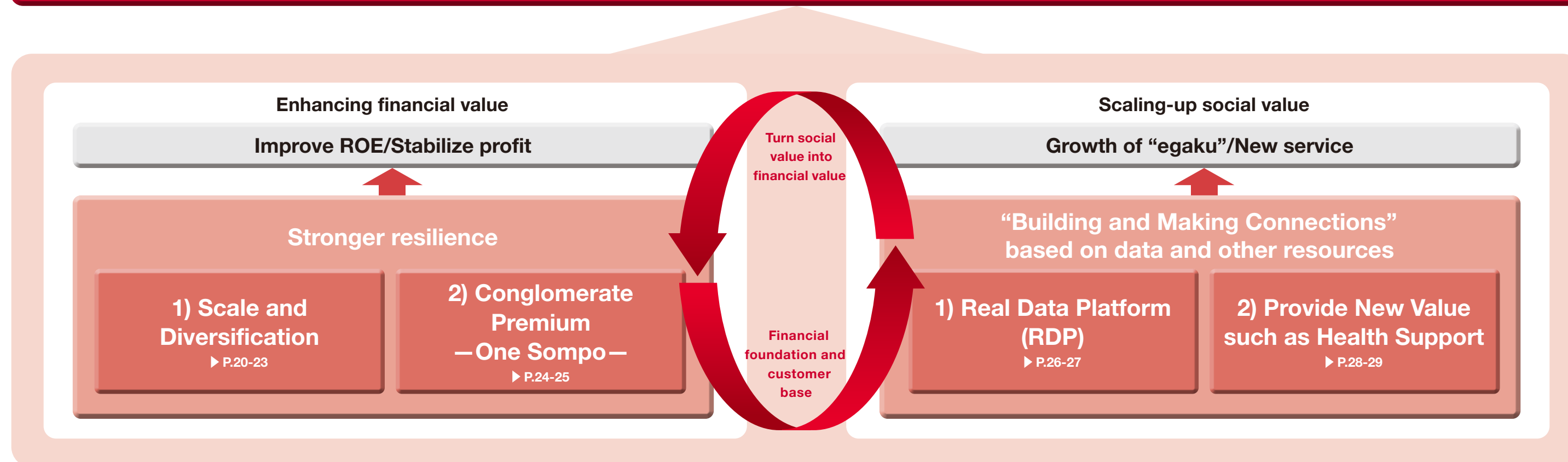
Strengthening resilience is essential for SOMPO to continue meeting the needs of its customers in order to realize SOMPO's Purpose. We aim to improve financial value by further promoting scale and diversification, which we have been working on under the Mid-Term Management Plan, as well as pursuing a conglomerate premium, while providing and returning to the Group the financial and customer base gained from these activities.

In addition, we aim to create social value by making use of the diversity of our business, which is one of the strengths of SOMPO, and by using data and other resources as the starting point for our strategy of "Building and Making Connections." Using the abundant data from the Group's operations as a starting point, we will connect our businesses to each other and make

connections with multi-stakeholders to understand the needs of our customers and adapt to their changing behavior. We will also create value that only SOMPO can provide and that only SOMPO can deliver, thereby enhancing our corporate value.

Key to the implementation of these strategies will be our digital strategies. In addition to contributing to business efficiency, cost reduction, and new service development through digital transformation (DX) (Horizon 1), we are spearheading the transformation of the business itself, for example by contributing to the development of new businesses by utilizing data accumulated through DX (Horizon 2). Furthermore, in anticipation of major changes in the future, such as Web3 and AI, we will continue to drive our own transformation and take on the challenge of realizing SOMPO's Purpose (Horizon 3).

SOMPO's Purpose



Message from the Group CFO/CSO

Execution of medium-term profitability measures and effective capital policies will drive SOMPO's growth

Masahiro Hamada

Group CFO/CSO



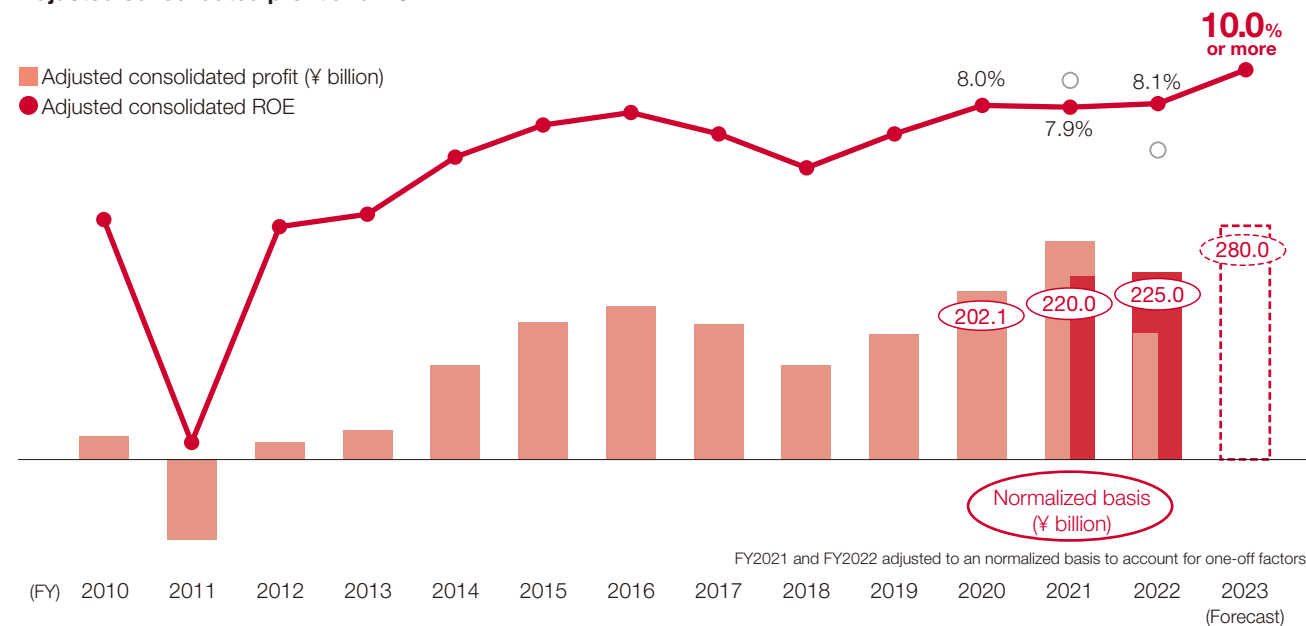
Progress on management targets

Our Mid-Term Management Plan that kicked off in FY2021 calls for adjusted consolidated profit of more than ¥300 billion and adjusted consolidated ROE of at least 10% as the management targets for FY2023, the final year of the plan. In the last two years, we have made solid progress on the initiatives outlined in the plan, including earnings structure reforms in the Domestic P&C Insurance Business and growth in the Overseas Insurance and Reinsurance Business. This has led to a steady improvement in underlying profitability.

On the other hand, the operating environment, particularly in the Domestic P&C Insurance Business, has changed significantly over the last two years. Specifically, the earnings environment in the

Domestic P&C Insurance Business is becoming increasingly challenging mainly because natural disasters are growing more severe and occurring more frequently; margins on fire and allied insurance, including major accidents and the like, have deteriorated; car accidents have increased more than expected after COVID-19; and unit repair costs for voluntary automobile insurance have skyrocketed due to inflation. Taking the impact of these factors firmly into account, we are forecasting adjusted consolidated profit of ¥280 billion in FY2023, just shy of the Mid-Term Management Plan target. However, we expect adjusted consolidated ROE to exceed the 10% target, partly reflecting the impacts of shareholder returns, the reduction of strategic shareholdings, and other capital policy measures.

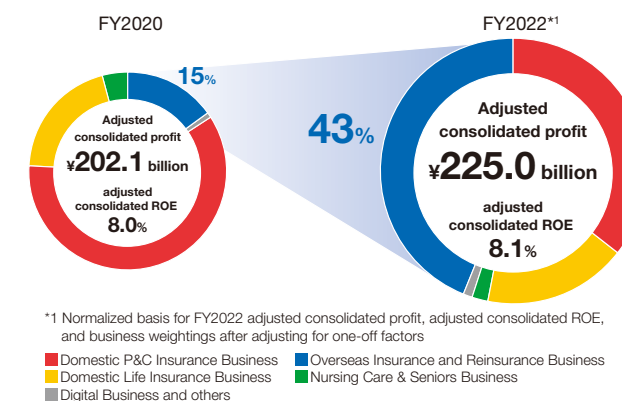
Adjusted consolidated profit and ROE



Measures boosting profitability during the MTMP period

Looking back on the first two years of the Mid-Term Management Plan, after stripping out one-off factors such as the increase in COVID-19 hospitalization benefits, FY2022 adjusted consolidated profit on a normalized basis came to ¥225.0 billion, which represents steady growth from the ¥202.1 billion posted in FY2020, the final year of the previous plan. Aided by the tailwind of a rising interest rate environment, we also recorded strong topline growth centering on the Overseas Insurance and Reinsurance Business, thereby achieving Group-wide annualized sales growth of more than 10%. Also, growth in the Overseas Insurance and Reinsurance Business predominantly from rate hikes and bolt-on M&As was the driver of Group-wide adjusted consolidated profit and, as a result, the overseas business weighting in the Group increased by approximately 30% over this two-year period, contributing to the diversification and stabilization of Group profit.

Weighting of Overseas Insurance and Reinsurance Business as a percentage of adjusted consolidated profit (normalized basis)



Furthermore, in addition to the steady progress made on initiatives in each business, in FY2022 we launched a new "conglomerate premium" initiative and promoted appropriate risk-taking throughout the Group in order to generate profit through the pursuit of the Group Best concept. The first step was to deploy concrete measures across businesses in the areas of retention & cession, asset management, and multinational. We are forecasting an after-tax profit boost of around ¥15 billion in FY2023 as a result of this initiative.

Evolution of each business in Japan

In the Domestic P&C Insurance Business, we have steadily carried out the earnings structure reforms outlined in the Mid-Term Management Plan. Standardizing pricing to match income and expenditures for insurance contracts, strengthening underwriting with the use of Palantir's data analysis technology, and boosting productivity by improving business processes with the use of digital tools, among other initiatives, have all yielded better-than-expected results.

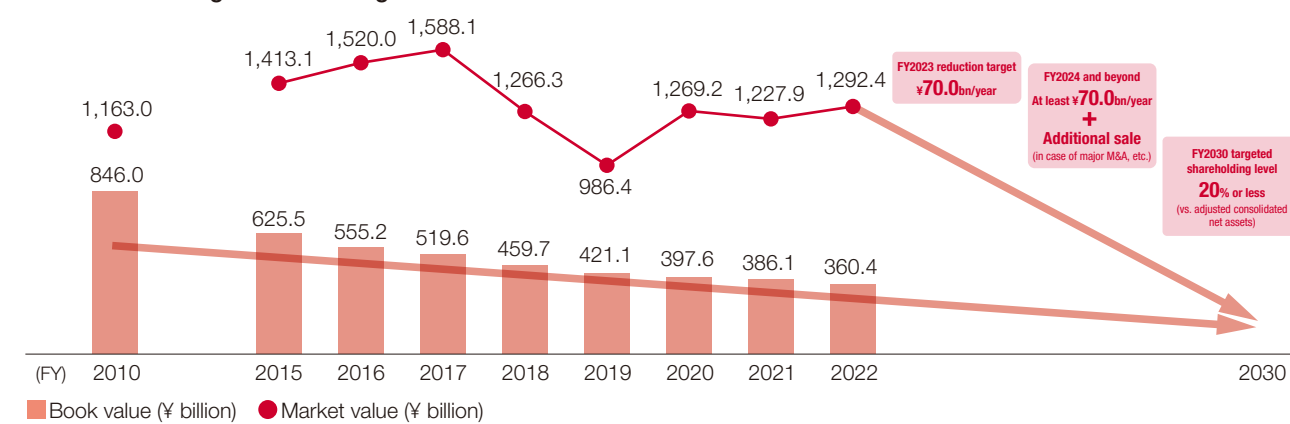
In the Domestic Life Insurance Business, revenue deteriorated in FY2022 owing to one-off insurance claim payments in connection with COVID-19, but the continued rollout of Insurhealth® products, which combine insurance and health support functions, has led to steady topline growth. As a result, we expect to achieve our Mid-Term Management Plan target for adjusted profit as well.

In the Nursing Care & Seniors Business, we made steady progress on developing "egaku," our Real Data Platform (RDP). Moreover, we beefed up our external sales structure mainly through the acquisition of ND Software Co., Ltd., a company that holds an industry-leading share of the nursing care software market, and pressed ahead with the development of a business foundation aimed at solving issues in society.

Capital policy during the MTMP period

Even on the capital policy front, we are making steady progress on the objectives of the Mid-Term Management Plan chiefly by minimizing risk in areas characterized by low capital efficiency and allocating capital to growth investments. Particularly regarding the strategic shareholdings of Sompo Japan Insurance, when the Mid-Term Management Plan was formulated, we set a reduction target of ¥50 billion per year (for a cumulative reduction of ¥150 billion over the plan's three-year period), but with the aim of further improving capital efficiency and generating surplus capital, we ramped up the annual pace of reductions to ¥70 billion starting from FY2022. Our policy in the medium term is to lower the balance of our strategic shareholdings to 20% or less compared to adjusted consolidated net assets by FY2030. However, this target is also a milestone on the way to further reductions in strategic shareholdings and we intend to continue this reduction in FY2030 onwards.

Balance of strategic shareholdings



Message from the Group CFO/CSO



As for interest rate risk, when we formulated the Mid-Term Management Plan, we aimed to have Sampo Himawari Life Insurance purchase super-long-term bonds worth ¥300 billion on an annual basis (for a total of ¥900 billion over the course of the plan), but in light of rising interest rates, we accelerated the pace of its super-long-term bond purchases to ¥489.3 billion in FY2022. As a result, the amount of interest rate risk at the end of FY2022 had been lowered to roughly one third of the level at the start of the Mid-Term Management Plan.

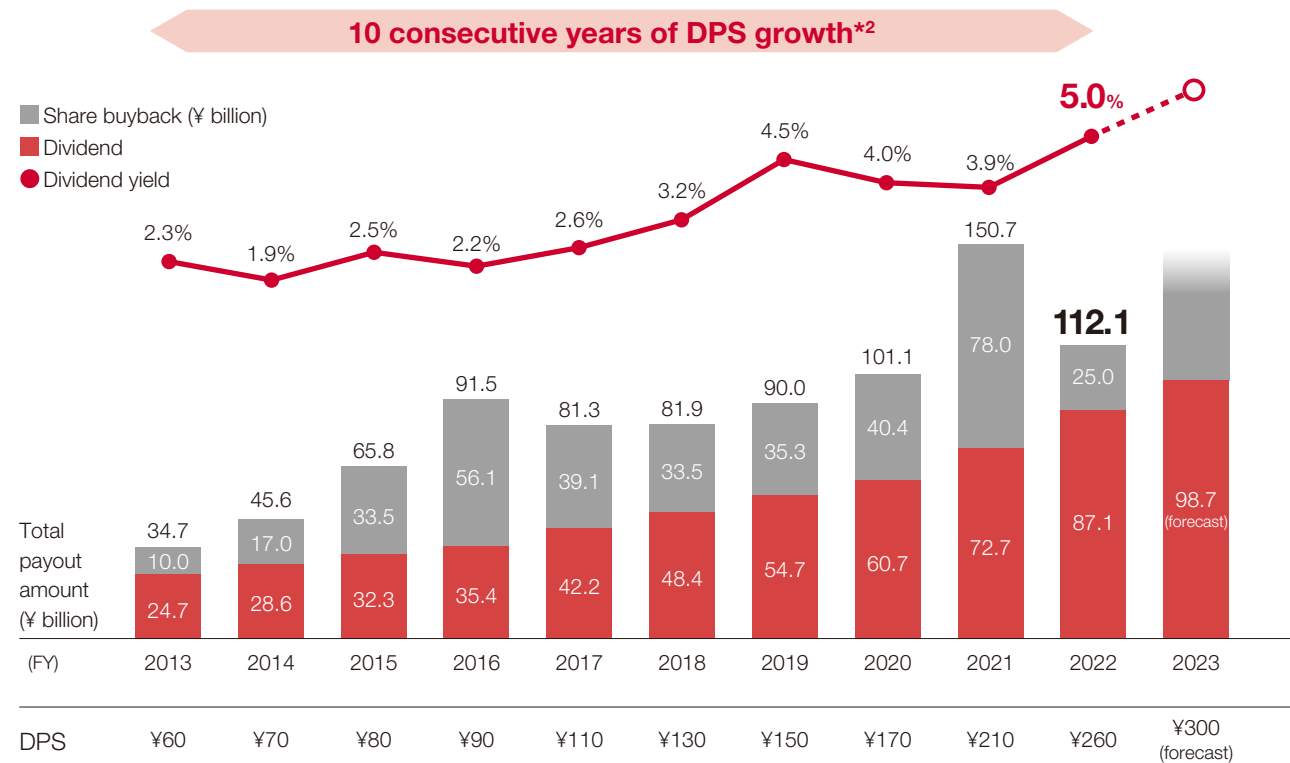
At the same time, ¥600 billion was earmarked for growth investments during the period of the Mid-Term Management Plan. In the first two years, we invested some ¥400 billion to facilitate

an increase in capital in the Overseas Insurance and Reinsurance Business and to acquire ND Software in the Nursing Care & Seniors Business. In FY2023 as well, we will continue to seek out investment opportunities that align with our medium- to long-term strategy and make investments at appropriate valuations with a high degree of discipline.

In terms of funds for these growth investments, in 2022 Sampo Japan Insurance issued its first series of straight corporate bonds for the purpose of financing the conglomerate premium initiative. Also, in 2023 we financed the acquisition of ND Software with the Group's first-ever issuance of ESG social bonds. This marks the first issuance of social bonds by a Japanese insurance group and many of the investors who endorsed our commitment to solving issues expressed their intentions of investing.

Turning to shareholder returns, we have long aimed to deliver attractive returns to shareholders whilst striking the right balance between improving capital efficiency and our appetite for growth investments. Specifically, 50% of adjusted consolidated profit is currently being paid as basic return. We have also provided supplementary returns in keeping with our transparent shareholder returns policy; in FY2021 we delivered an extra ¥20 billion to shareholders as a way of adjusting our capital levels, and in FY2022 we extended additional returns in order to maintain the previous fiscal year's level of return when profit declined. We also aim to raise dividends in line with profit growth, which is why we have hiked dividends for 10 consecutive years since FY2014. Plus, we have achieved annualized DPS growth of more than 20% since the start of the current Mid-Term Management Plan.

Shareholder returns



*2 Includes FY2023 forecast

On the topic of financial soundness, as of the end of FY2022, our economic solvency ratio (ESR)—an economic value-based equity ratio indicator—was 223%, within our target range of 200%–270%. Whilst we continue to invest in growth, there are still no concerns regarding our financial soundness, even though profit has been dented by one-off factors and earnings have been impacted by financial market volatility.

Even despite changes in the external environment weighing on

Group profits, we recognize that the steadfast execution of strategic and financial measures in the Mid-Term Management Plan has helped drive the share price to an all-time record high and is contributing to a recovery in the P/B ratio to above 1.0x (J-GAAP basis). On the other hand, the adjusted P/B ratio (which takes into account the impact of Japan's unique insurance accounting standards) is still currently below 1.0x, so going forward we will aim to get this multiple above 1.0x by further advancing our efforts.

Price-to-Book Ratio



Medium-term management strategy

While FY2023 is the final year of the current Mid-Term Management Plan, it is also the year in which we will formulate the next one. Even though each line of business is steadily growing, we are cognizant of the increasingly challenging business environment. That is why in FY2023, in addition to the current raft of Mid-Term Management Plan initiatives, we started implementing measures to further boost profitability over the medium term.

In our domestic and overseas P&C insurance operations, we will aim to further strengthen our resilience. In Japan, to improve the profitability of fire and allied lines in which margins have deteriorated in particular, we will aim to get earnings back into the black by the mid-2020s through fundamentally improving underwriting conditions with a review focused on not only premium levels, but shorter policy durations and the scope of coverage. Also, to boost productivity, we intend to simplify operations by discontinuing and consolidating products and streamline organizational structures, and improve the persistently high expense ratio to around 31%.

In the Overseas Insurance and Reinsurance Business, as the rate hike cycle that has hitherto supported steady topline growth gradually peaks out, we will look to engage in more profitable underwriting operations and build a diversified underwriting portfolio. We will also invest in geographical expansion with the aim of further stabilizing revenue. We are planning to invest in Canada, Europe, and Southeast Asia in order to diversify away from our existing businesses that are concentrated in the US and the UK.

In the Domestic Life Insurance Business and Nursing Care & Seniors Business, we will use data to generate stronger earnings and create value for society.

For the former, we continue to expand sales of Insurhealth®

products, but by analyzing the real data collected from these contracts, we can use it to encourage healthy behavior among customers and propose new services. With this approach, we will aim to generate synergies between stronger sales of insurance and health promotion efforts as a company that supports people's health.

As for the Nursing Care & Seniors Business, we will press ahead with the full-scale commercialization of the "egaku" project. With the inclusion of synergies with ND Software, which was acquired in 2023, our sights are set on ¥30 billion in sales and ¥10 billion in operating profit by FY2030. Our long-term aim is to become the de facto standard in the industry. We will also endeavor to solve issues in society by filling in the caregiver supply-demand gap.

With these measures for boosting profitability, along with an appropriate capital policy, we aim to drive the share price higher, improve valuations, and enhance corporate value. We attach a lot of importance to improving the P/B ratio as a key benchmark indicator.

Whilst the P/B ratio can be broken down to ROE and the P/E ratio, our domestic and overseas P&C insurance operations in particular are the mainstays of the Group and the driving forces behind ROE improvement as they are strengthening our resilience and maximizing synergies. On the other hand, especially in the Domestic Life Insurance Business and the Nursing Care & Seniors Business, initiatives like "egaku" are indicative of our focus on creating new added value and social value with real data. With this approach, we aim to stoke future growth expectations from investors and lift the P/E ratio.

Furthermore, we will continue to provide attractive returns to shareholders with the aim of realizing an adjusted P/B ratio above 1.0x at the earliest possible time.

We are confident of achieving further growth in the Group's businesses and enhancing overall corporate value.

Mid-Term Management Plan

With the aim of achieving the SOMPO's Purpose, we are currently implementing the three core strategies outlined in the Mid-Term Management Plan that kicked off in FY2021.

In addition to advancing our "Scale & Diversification" strategy such as chalking up topline growth of more than 10% annually and expanding the profit weighting of the Overseas Insurance and Reinsurance Business, we have also made steady progress on the core strategy of "New Customer Value Creation." For example, we launched the "egaku" Nursing Care RDP project and acquired ND Software, a company that boasts the leading share of the nursing care software market.

For the "New Work Style," we went about implementing what we call "Purpose Management" based on the My Purpose approach of each and every employee, and we undertook various initiatives aimed at improving human capital as the driving force of SOMPO's Unique Value Creation.

For FY2023, the final year of the plan, even though we expect to reach our adjusted consolidated ROE target of at least 10%, we are forecasting adjusted consolidated profit of ¥280 billion, which mainly reflects the impacts of increasingly intense natural disasters, global price inflation, and the COVID-19 pandemic.

Taking the challenging external environment into account, we will continue to work towards generating further growth and achieving SOMPO's Purpose by not only completing our current initiatives, but also by initiating and executing measures to boost profitability over the medium term.

Mid-Term Management Plan (FY2021–2023)

Objectives at the time of plan announcement

Realizing "A Theme Park for Security, Health & Wellbeing"

- Adjusted consolidated profit: ¥300.0 billion or more
- Adjusted consolidated ROE: 10% or higher
- Increase the risk diversification effect
- Be a solution provider that goes beyond the boundaries of insurance

Three Core Strategies

1

Scale and Diversification

- Global topline growth
- Higher profit weighting of Overseas Insurance and Reinsurance Business
- Benefits of earnings structure reform in Domestic P&C Insurance Business

2

New Customer Value Creation

- Launch of "egaku" Nursing Care RDP
- Provision of new value through Insurhealth®

3

New Work Style

- Transition to Purpose Management
- Implementing Purpose Management based on the value creation cycle
My Purpose-based initiatives for improving human capital
Rollout of Group-wide "SOMPO Awards"

Business Foundation

Capital Policy/ERM

SDGs in Business Management

Governance

Key Financial Performance Indicators

*Targets refer to the Mid-Term Management Plan announced in 2021.

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)	
Adjusted consolidated profit	¥202.1 billion	¥261.3 billion	¥152.2 billion	¥280.0 billion	¥300.0 billion or more	
Adjusted consolidated ROE	8.0%	9.4%	5.5%	10% or higher	10% or higher	
Diversification effects	Risk diversification ratio	39.4%	41.1%	39.5%	40% or higher	Improvement on FY2020
	Overseas business ratio	14.9%	23.7%	43.2%*1	50% or higher	30% or higher

Domestic P&C Insurance

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥130.1 billion	¥157.4 billion	¥32.0 billion	¥80.0 billion	¥150.0 billion or more
Net premiums written*2	¥1,903.4 billion	¥1,941.7 billion	¥2,014.7 billion	¥2,047.4 billion	¥2,000.0 billion
E/I combined ratio*2	94.3%	93.5%	100.9%	97.3%	91.7%
Reduction of strategic shareholdings	¥70.3 billion	¥50.1 billion	¥70.3 billion	¥70.0 billion	¥50.0 billion (three-year total: ¥150.0 billion)

Overseas Insurance and Reinsurance

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥30.0 billion	¥61.8 billion	¥93.3 billion	¥150.0 billion	¥100.0 billion or more
GWP growth rate*3	+37.8%	+31.1%	+9.9%	+10.6%	Annual rate of approx. +9%
E/I combined ratio*3	97.8%	93.9%	93.5%	91.6%	88–89%

Domestic Life Insurance

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥32.5 billion*4	¥33.6 billion	¥17.8 billion	¥40.0 billion	¥40.0 billion or more
Annualized new premiums*5	¥29.8 billion	¥35.6 billion	¥36.1 billion	¥46.0 billion	¥50.0 billion
Policies in force	4.26 million	4.45 million	4.71 million	5.00 million	5.00 million
Investment for ALM matching*6	—	¥329.4 billion	¥489.3 billion	¥300.0 billion	¥300.0 billion

Nursing Care & Seniors

	FY2020 actual	FY2021 actual	FY2022 actual	FY2023 forecast	Target (end-FY2023)
Adjusted profit	¥7.3 billion	¥5.9 billion	¥5.9 billion	¥7.0 billion	¥8.0 billion or more
Revenue	¥131.8 billion	¥136.1 billion	¥149.8 billion	¥178.8 billion	¥162.0 billion
Occupancy rate*7	89.4%	91.1%	92.3%	94.8%	93.8%

New Customer Value Creation

RDP		Nursing Care RDP "egaku"			
FY2023 target	Medium-to-long term target	FY2022 actual	FY2023 target	FY2030 target	FY2040 target
External sales and monetization of products and services that utilize RDP: Two businesses or more	Group revenue generated by the utilization of RDP: ¥500.0 billion or more	Decision on "egaku" launch	No. of facilities introducing "egaku" Nursing Care RDP: 100	Operating income of "egaku" Nursing Care RDP: ¥10 billion	Social impacts that "egaku" Nursing Care RDP creates: ¥3.7 trillion (elimination of supply-demand gap of 220,000 people)

*1 FY2022 overseas business ratio calculated using adjusted consolidated profit on a normalized basis to account for one-off factors

*2 Sompo Japan Insurance (excl. CALI, household earthquake insurance) *3 Sompo International commercial business *4 Recalculated according to current definitions

*5 Based on sales performance *6 30-year maturity equivalent *7 As of the end of the fiscal year

Further Strengthening Resilience 1) Scale and Diversification

Events that were unimaginable in the recent past are now occurring one after another, including natural disasters of increasing intensity, supply chain disruptions due to the COVID-19 pandemic, and higher-than-expected levels of inflation. In order to protect people from all kinds of risks in the face of this new normal, the Sampo Group has been striving to improve resilience by pursuing “Scale and Diversification” as a basic strategy in its Mid-Term Management Plan.

The pillars of the strategy are the expansion of global scale, the advancement of risk diversification, and the reform of the earnings structure in Japan. This part of the report describes the efforts of the two businesses that are driving these “Scale and Diversification” efforts: the Overseas Insurance and Reinsurance Business and the Domestic P&C Insurance Business.

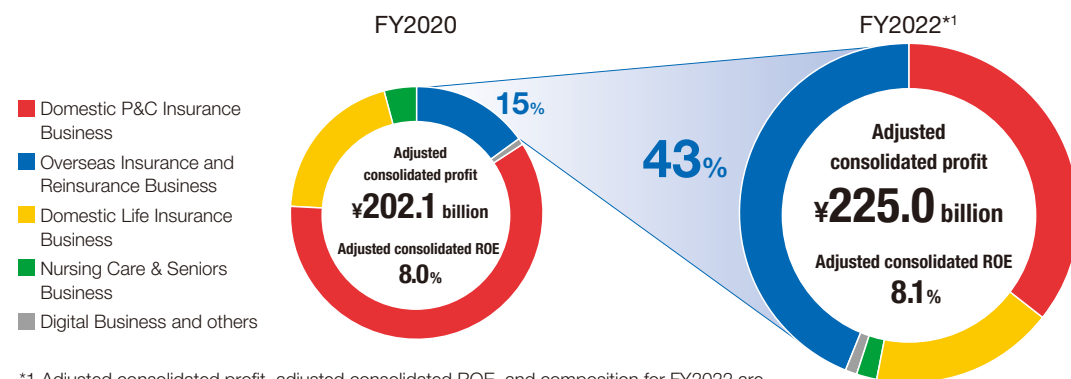
Advancing “Scale and Diversification” Globally

Results so far

In line with the current Mid-Term Management Plan, which calls for “Scale and Diversification” as a strategy to increase profit stability by moving away from a business portfolio in which the Domestic P&C Insurance Business generates the majority of profits, we have been working on the allocation of management resources to the Overseas Insurance and

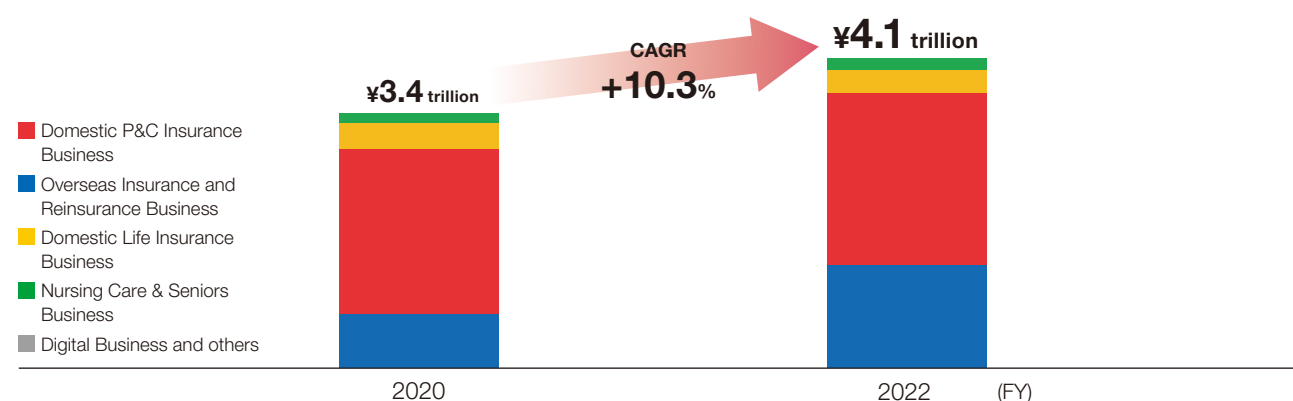
Reinsurance Business. As a result, the Overseas Insurance and Reinsurance Business has grown significantly over the past two years. In FY2022, the Overseas Insurance and Reinsurance Business accounted for 43% of the Group’s total profits, reflecting progress in diversifying the Group’s business portfolio and improving its resilience.

Overseas Insurance and Reinsurance Business accounts for more Group profits (progress in business portfolio diversification)



*1 Adjusted consolidated profit, adjusted consolidated ROE, and composition for FY2022 are reported on a normalized basis, adjusted for one-time factors

Expand scale by increasing premium income*2 of Overseas Insurance and Reinsurance Business



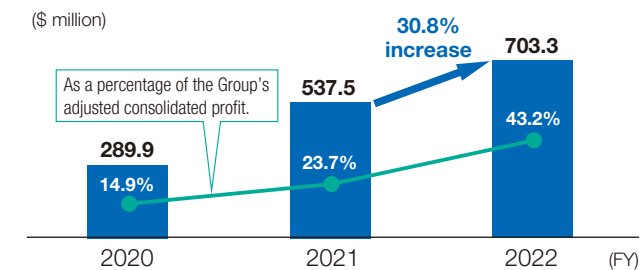
*2 Net premiums written + life insurance premiums + net sales in Nursing Care & Seniors Business

Achievements of Overseas Insurance and Reinsurance Business that led the Group

In FY2022, Sampo International continued to contribute strong growth in operating income with an adjusted profit of \$703.3 million, up 30.8% from FY2021 and contributing materially to the overall profit to Sampo Group. This result was achieved despite significant CAT events across the industry and supported by a continued focus on exposure management, diversification of the portfolio and prioritizing underwriting discipline. The combined ratio across Sampo International commercial insurance was 93.5% with the accident year combined ratio improving 0.8 pts to 92.1% in the calendar year. Gross Premiums Written were \$15.8 billion, 11.3% higher than in

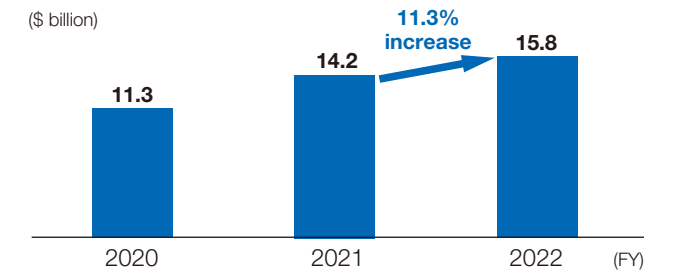
the previous year. The global commercial business expanded 9.9% as pricing trends remained positive and elevated commodity prices boosted agriculture insurance premiums. Both the commercial and consumer Insurance and reinsurance business segments contributed to this growth with the reinsurance portfolio surpassing \$4 billion in Gross Premiums Written and a combined ratio of 90.1%. The consumer business also posted strong organic premium growth driven. Excluding the impact of foreign exchange and inflation in this market, the growth of the overall consumer business was double digit compared to the prior year.

Transition in the adjusted profit of Sampo International



* The percentage of Overseas Insurance and Reinsurance Business in the Group’s adjusted consolidated profit is calculated on a normalized basis excluding one-off effects.

Transition in Gross Premiums Written of Sampo International



Future actions

After delivering market leading results there are still opportunities for Sampo International to grow while continuing to support existing customers with a simplified and compelling product and service offering. Today, the insurance segment is heavily focused on business in the United States and United Kingdom. This provides an opportunity to expand into some of the other top 10 P&C markets globally as well as into new geographies within borders to participate in local and regional retail and Excess & Surplus markets. Selectively expanding the commercial insurance business into Canada, Continental

Europe and Southeast Asia as well as delivering a broader commercial offering to our customers in Brazil will also be key drivers of growth. As the opportunities and market presents itself, we are ready to deploy more capacity to our reinsurance customers.

The introduction of the SOMPO brand to new customers and new markets along with geographic expansion and a sharp customer focus will position Sampo International to successfully deliver on commitments to the Sampo Group.

Comments from business owner



James Shea
CEO of Overseas Insurance and Reinsurance Business

Over the past several years Sampo International has grown to be a leading provider of commercial insurance and reinsurance in our markets outside of Japan. With over 130 years of history servicing over one million commercial and consumer customers across the world and a global P&C business of \$35 billion+ we believe it is time to focus on increased brand awareness and leveraging our size and financial strength to support existing and future customers on a level with other global P&C carriers.

A high performing successful organization attracts the best talent and creates a culture of empowerment. By delivering market-leading results, our organization will continue to give-back to society and the communities we operate in. We are excited about the future.

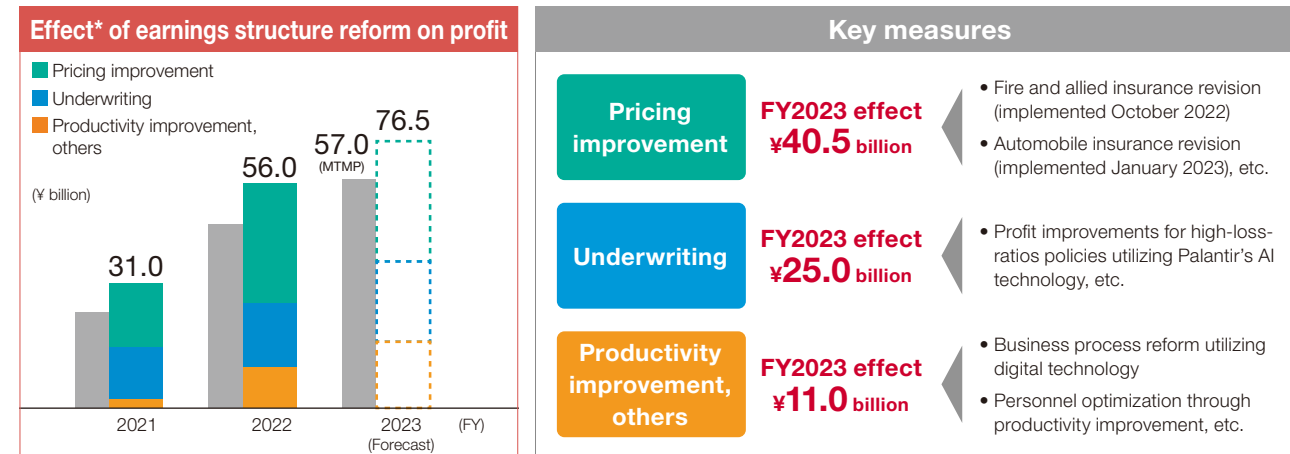
Earnings Structure Reform in Domestic P&C Business

Results so far

In order to continue fulfilling our mission of supporting the Security, Health & Wellbeing of our customers even in a rapidly changing environment, Sompo Japan Insurance has been working on earnings structure reform since fiscal 2019 under a three-pronged strategy of optimizing pricing, strengthening

underwriting, and improving productivity.

As a result, in fiscal 2023, the final year of the current Mid-Term Management Plan, we expect an increase in profit of 76.5 billion yen, which exceeds the initial target and represents a solid contribution to resilience.



* The effects are estimated by comparing with FY2020 actual on an after tax basis

Specific measures

With regard to optimizing pricing, we have worked to improve profitability by revising the product details and premium setting in our mainstay fire and allied insurance and automobile insurance products.

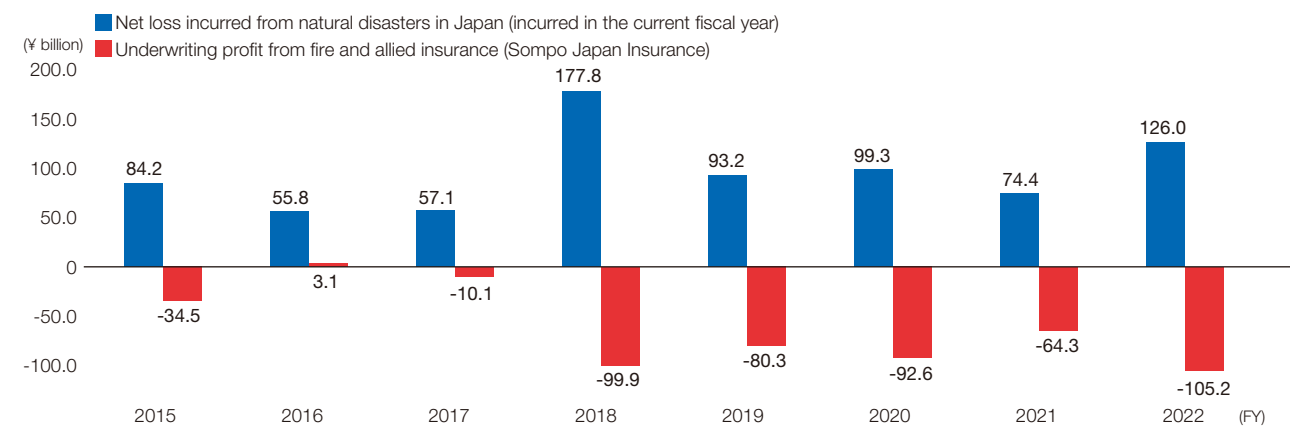
In terms of underwriting, we are using Palantir's AI underwriting to improve revenue from policies with high loss ratios.

With regard to productivity, we are improving productivity and optimizing our workforce by promoting business process

reforms that leverage digital technology.

Although these efforts are steadily generating results, the business environment has deteriorated significantly in recent years due to the increase in the frequency of natural disasters and higher-than-expected inflation. We recognize that further improvement in profitability is necessary to sustainably fulfill our responsibilities as an insurance company in the future.

Losses incurred due to natural disasters and balance of payments in fire and allied insurance



Future actions

While steadily continuing the measures that have been implemented so far as earnings structure reform, such as pricing optimization and utilizing Palantir's technology for underwriting, we will work on in-depth profit improvement measures and further productivity improvements, aiming to achieve an expense ratio of 31% in the medium to long term.

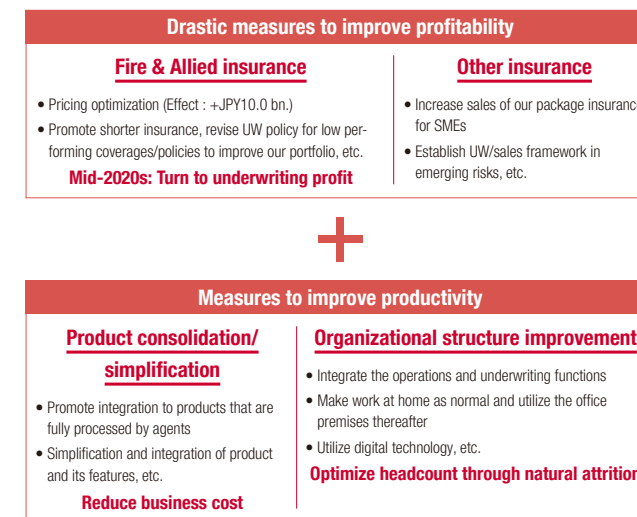
Improving the profitability of fire and allied insurance is an

urgent issue, and we aim to make a profit by the mid-2020s.

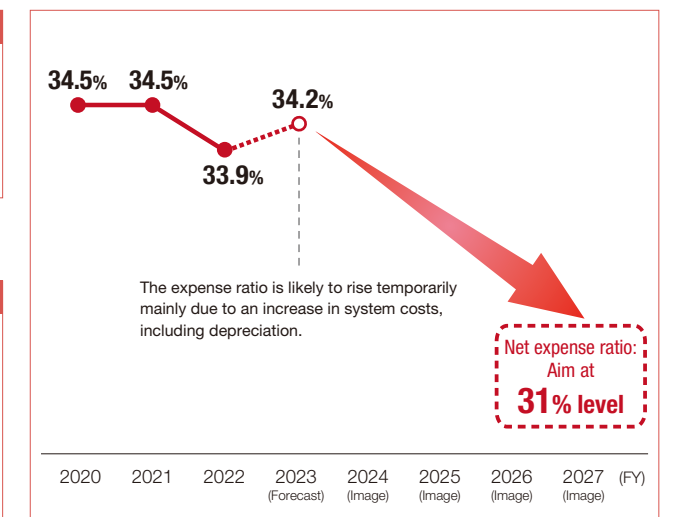
Specific measures to achieve profitability will include a fundamental review of premium rates and implementing portfolio improvements by reviewing coverage for unprofitable policies.

We will accelerate efforts to improve profitability in light of changes in the business environment, including more frequent natural disasters and an increase in large losses.

Actions to improve earnings



Expense ratio* outlook



*Sompo Japan Insurance (Excluding CALI & household earthquake)

Comments from business owner



Giichi Shirakawa
CEO of Domestic P&C Insurance Business

With regard to the earnings structure reform we are pursuing under the current Mid-Term Management Plan, steady progress is being made on our profit improvement measures utilizing Palantir's digital technology, which is one of the Group's advantages.

In addition, the positive feedback from our customers about our products and services has enabled us to achieve our target for net premiums written (excluding CALI and household earthquake) in fiscal 2022, one year ahead of schedule (the original target was for 2023, the final year of the Mid-Term Management Plan).

On the other hand, the business environment is undergoing major, non-transitory changes, such as more severe and frequent natural disasters, and the loss ratio, especially for fire and allied insurance, has remained high, putting pressure on profits.

Therefore, as a new action aimed at recovering profits, we will implement measures that go a step further than conventional measures. Specifically, in addition to reducing operating expenses through thorough productivity improvements, we plan to revise our rate levels in the next product revision based on the most recent earnings conditions and strengthen underwriting.

Our founding philosophy of "contributing to public welfare and the stability of people's lives and industrial development" remains unchanged to this day. We will work to restore profitability in order to continue to provide fire and allied insurance, which is an established social infrastructure, as a sustainable insurance product.



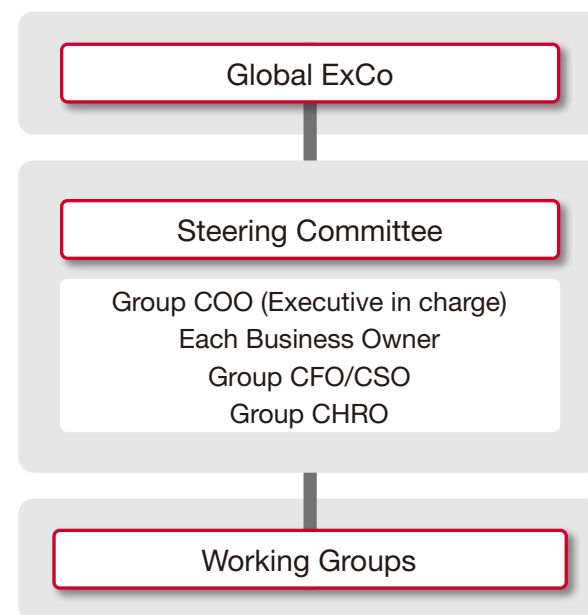
Project to leverage our strengths across the Group



In order to improve resilience, it is essential that each SOMPO business continues to improve its financial discipline, underwriting expertise, operational efficiency and market competitiveness. As we respond to the everchanging needs and risks of our customers, it is important that we leverage our expertise across the Sampo Group. In order for SOMPO to profitably grow and develop as a group, it will be necessary to enhance resilience by developing a capital efficient organization and deepening cooperation across the business units. With this mind, we launched the "One Sampo" project to create a collaborative and resilient business structure.

In order to connect the various businesses of the Sampo Group, we established a steering committee under the Global ExCO, the highest executive committee, and formed a project team with Group COO in charge, each business owner, Group CFO/CSO, and Group CHRO as members. We have been working on this project since FY2022.

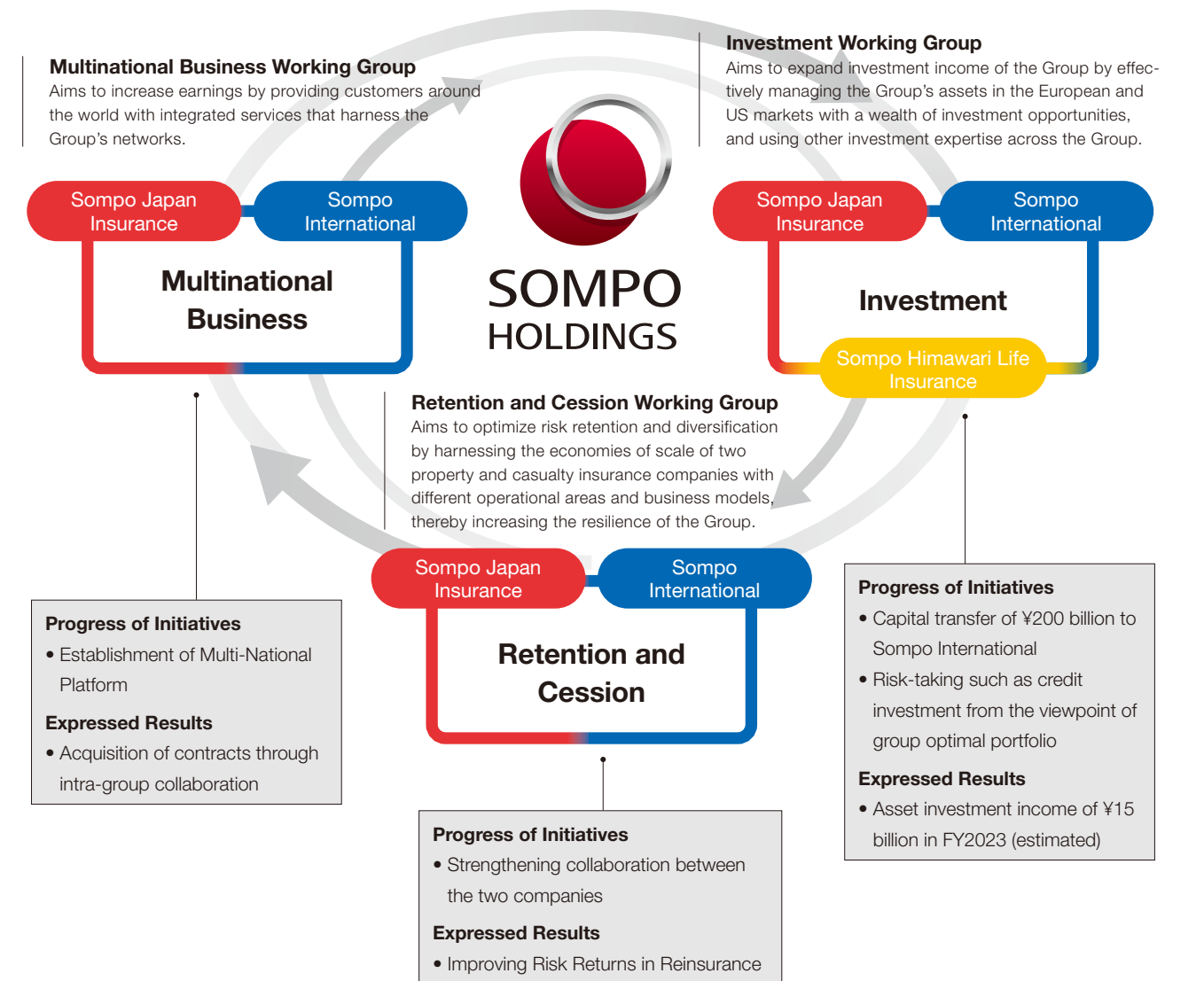
Organization/System Chart



Achievements in FY2022

In FY2022, the Group established a working group under the three main themes of "Retention and Cession," "Investment," and "Multinational Business." As a result, in FY2023, the Group worked to accelerate cooperation between Sampo Japan Insurance and Sampo International in the area of Retention and Cession, which led to improvement in Risk Returns.

In Investment, a capital transfer of ¥200 billion to Sampo International and diversification of operations are expected to generate an impact of ¥15 billion. In Multinational Business, Sampo Japan Insurance has established a platform and continues to acquire contracts through cooperation with Sampo International.



Toward the Post-Medium-term Management Plan

A new medium-term management plan is scheduled to start in FY2024, and we will work to improve the resilience of the Group even more than before and drive benefits by leveraging our strengths globally.

1) Real Data Platform (RDP)

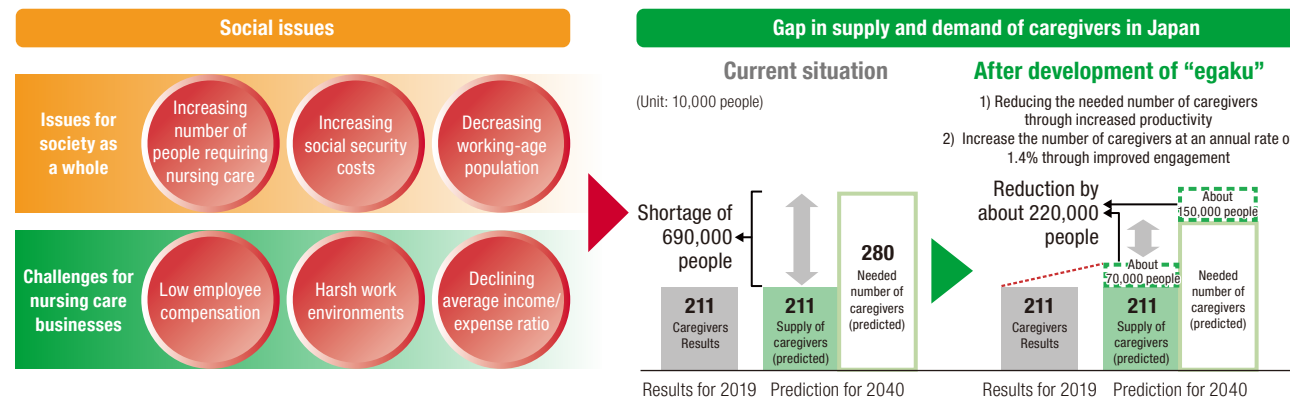
In our Nursing Care & Seniors Business, “egaku” is the embodiment of the RDP concept set forth in the Mid-Term Management Plan. Launched in FY2023, “egaku” combines real data on nursing care that became available through digitization, which has been promoted in the nursing care business, with Palantir’s analytical technology and the network of our partner ND Software. Through “egaku,” we will work to close the gap between supply and demand, which is a challenge for nursing care in Japan.

Social issues and the background of the creation of “egaku”

In Japan, there are issues facing society as a whole, such as the increasing number of people requiring nursing care due to an aging population, rising social security costs, and a decreasing working-age population. In addition, bankruptcies and closures of nursing care businesses, of which 80% are small businesses, are increasing due to factors such as low employee compensation, harsh work environments, and declining average income/expense ratios. In 2040, the gap between supply and demand for caregivers to provide nursing care is expected to climb to 690,000 people.

Our Nursing Care & Seniors Business is taking on the challenge of closing the gap between the growing demand for nursing care and the supply of caregivers, and improving the

sustainability of the nursing care insurance system. A major pillar of this is “egaku,” a Real Data Platform (RDP) for Nursing Care that provides security, health, and wellbeing. “egaku” will create solutions that contribute to improving productivity with quality based on industry leader Sompō Care’s big data (real data) on users, as well as its operational capabilities such as services and know-how, Palantir’s data integration technology, and the R&D potential of the National Institute of Advanced Industrial Science and Technology (AIST). Furthermore, “egaku” aims to contribute to the sustainability of the industry as a whole by developing solutions leveraging ND Software’s products, channels, and customer base.

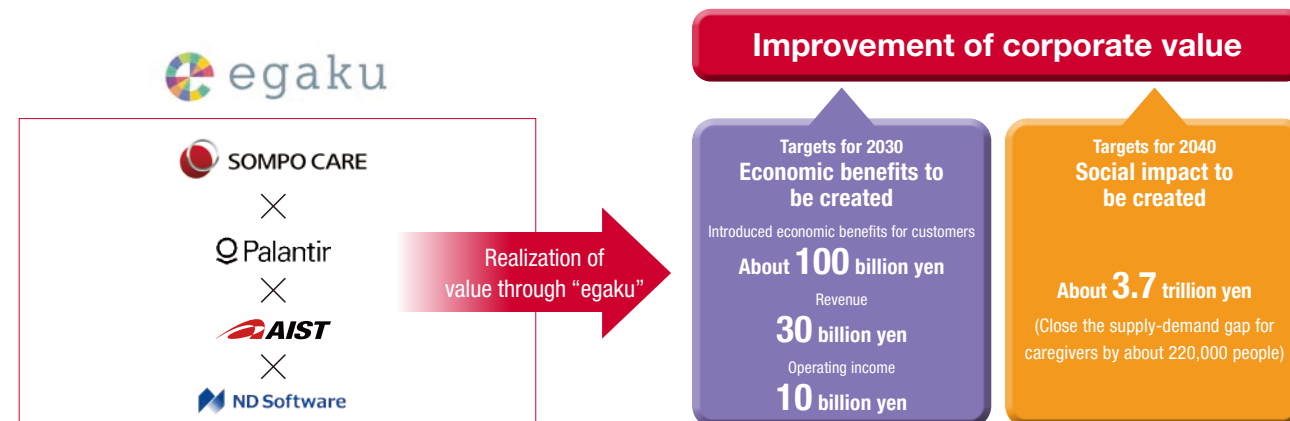


Goals of “egaku”

“egaku” aims to become the de facto standard for the nursing care industry as a whole. Its objective is to improve the sustainability of the nursing care industry by reducing the needed number of caregivers through increased productivity and increasing the number of caregivers through improved engagement (fostering job satisfaction among nursing care workers), and to minimize impacts on people’s lives through various means, such as through a reduction in nursing care

employee turnover.

The targets set for 2030 regarding economic value to be created are 100 billion yen in introduced economic benefits for customers, 30 billion yen in revenue, and 10 billion yen in operating income. Our target for 2040 is to create about 3.7 trillion yen worth of social impact by closing the supply-demand gap for caregivers by about 220,000 people, and through such initiatives, the Sompō Group aims to improve its corporate value.



“egaku” services

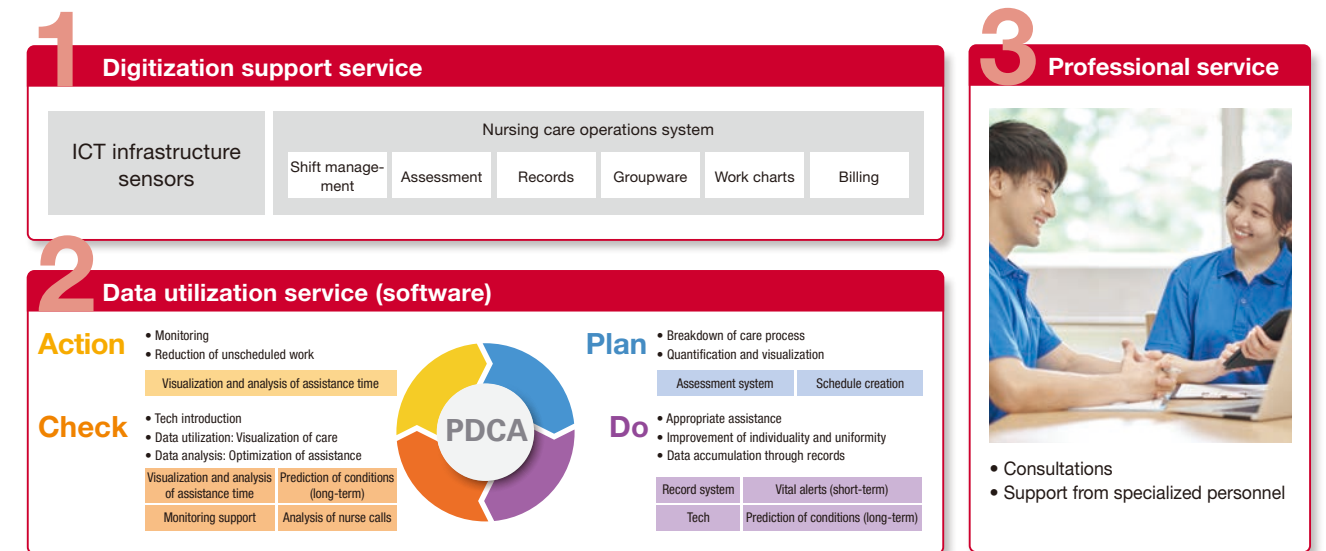
“egaku” provides three types of services to meet the needs of nursing care businesses: digitization support services, data utilization services, and professional services.

Regarding its digitization support services, “egaku” leverages the effectiveness of its synergy with ND Software to provide support to nursing care businesses in acquiring data through digitization and introducing business systems, and links these services to its data utilization services.

Regarding its data utilization services, “egaku” provides an app developed with Palantir to improve productivity and

quality, and supports improvements in the quality of care by visualizing it through data utilization and freeing up time through improvements in operational efficiency due to assistance optimizations via data analysis.

Regarding its professional services, “egaku” strongly supports PDCA cycles for care management, which have the value of providing data utilization services through consultations on management methods and support from specialized personnel that solve operational issues for nursing care businesses made visible through the use of data.



Roadmap

In the two-year business launch period from FY2023 to FY2024, “egaku” will increase the number of companions working to realize sustainable nursing care through the use of data in the nursing care industry while building up a track record of its use both internally and externally. We aim to provide “egaku” to 100 locations in FY2023, and to a cumulative total of 300 locations in FY2024.

In the medium term, we aim to achieve a revenue of 30

billion yen and an operating income of 10 billion yen in FY2030 for Sompō Care by building an at-home nursing care model in cooperation with local governments and expanding overseas. In the long term, we will work on standardizing nursing care quality through joint research with AIST, offer SOMPO’s know-how to nursing care businesses through “egaku,” and aim to establish a system that will become the de facto standard for the entire nursing care industry.

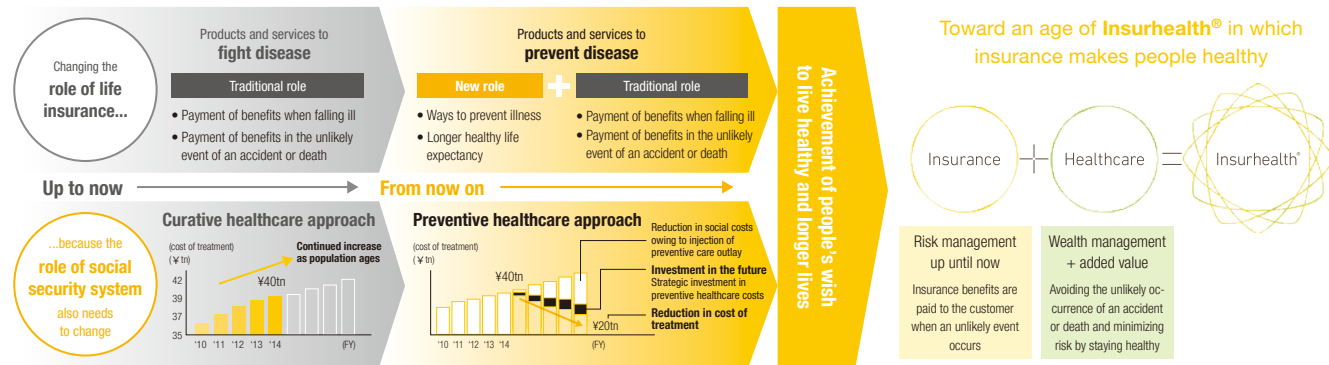


“Building and Making Connections” based on data and other resources
2) Providing New Value through Insurhealth®

New value to customers provided by Insurhealth®

Life insurance originally played a complementary role to the social security system, but its role will change dramatically due to the declining birthrate, aging population, and demographic changes. For example, the Japanese government proclaimed a goal to “lengthen life expectancy” in its Future Investment Strategy 2018, and the public and private sectors are working together to support health promotion and disease prevention for each and every citizen.

Sompo Himawari Life believes that in an era when people live for 100 years, in addition to life insurance’s traditional role of preparing for “any possibility,” it is important to provide support tailored to the “everyday” health of each and every customer. We are transforming ourselves into a “health support enterprise” to help realize people’s desire to live long, healthy lives. To achieve this, we will provide new value in the form of Insurhealth®, a combination of the essential functions of insurance and the health support functions of healthcare.



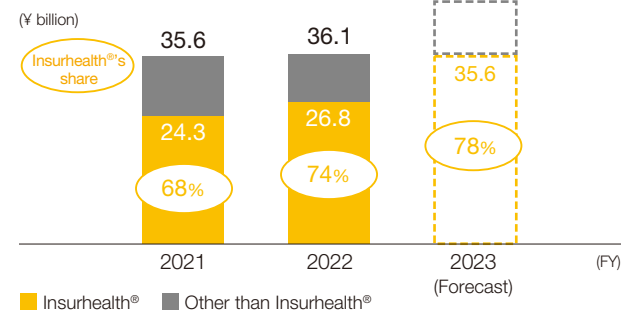
Outcomes

Insurhealth® product sales results

Annualized new premiums*1 continue to grow steadily, driven by the Insurhealth® products launched in FY2018. They account for 74% of our FY2022 sales results. The cumulative sales of Insurhealth® products by the end of June 2023 amounted to 92.0 billion yen with an expansion to 1.3 million policies.

*1 Sales performance basis

Annualized new premiums



Specific initiatives

Expansion of the Insurhealth® product lineup and health support CX

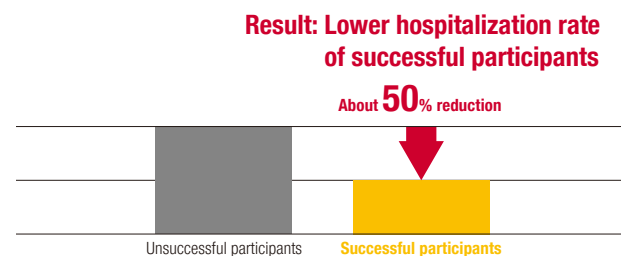
We have launched a total of 10 Insurhealth® products to date. For the income protection insurance “Jibun to Kazoku

Contributing to the health of customers

The Get☆Healthy Challenge! program*2 has reached a cumulative total of more than 10,000 customers who have succeeded in the challenge in the three years since its launch in May 2020. An analysis of data from the program’s customers shows that the hospitalization rate of successful participants is about 50% lower than that of unsuccessful participants, suggesting that the program may prevent the occurrence of future health risks in addition to improving smoking cessation and health conditions (BMI, blood pressure, etc.).

*2 A program in which customers whose health conditions (blood pressure, BMI, smoking status) improve after enrollment can have their premiums reduced, and can also receive an amount equivalent to the difference in premiums retroactive to the policy enrollment date as a gift payment for undertaking the health challenge

Hospitalization rates of successful and unsuccessful participants in the Get☆Healthy Challenge! program



no Omamori” launched in April 2018 as the first Insurhealth® product, we introduced the Get☆Healthy Challenge! program, the first-ever program in the industry to support improvements in the health of customers.*3

We also launched the cancer insurance “Health Support Cancer Insurance: Yuuki no Omamori” in October 2021, which offers total support from before onset to post-treatment care through “prevention” in the form of premium discounts for quitting smoking and the promotion of lifestyle maintenance and improvement apps, “early detection” by providing cancer risk screening services, reasonable “coverage” in response to the social security system and the real-life, up-to-date situation of cancer treatment, and “post-treatment care” by providing services for cancer patients, realizing a “new form of cancer insurance.”

In addition, “Health Support Variable Insurance Shorai no Omamori,” which was launched in May 2023, was the first of its kind in the industry to introduce a “health stage system,” which adds to health reserves based on a customer’s smoking

Future actions

Based on the analysis of data from customers who succeeded in the Get☆Healthy Challenge! program, we have found that customers who had undergone changes in their living environment have a higher success rate in the challenge than those who had not.

In other words, it can be said that times when people experience changes in their living environment are also when their health awareness rises and when changes in health-related actions are likely to occur. Going forward, by preparing and utilizing data on our customers, we will communicate with them at the most optimal timing when each individual’s health awareness is rising. For example, we started testing the use of the generative AI system ChatGPT for communication with customers. Through such efforts, we aim to improve the precision of communication with customers, which will lead to further support for their health-related actions in the future.

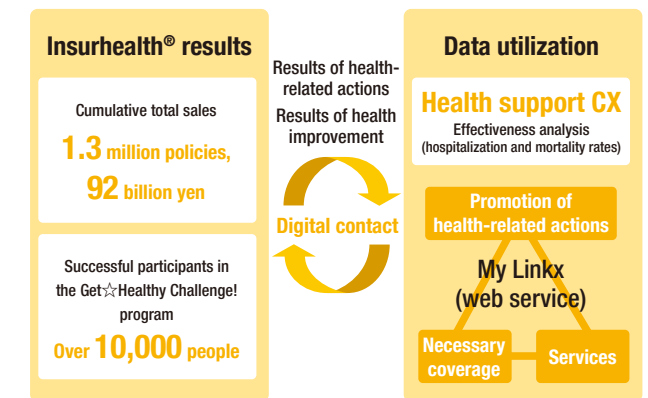
Furthermore, due to digitization, customers can easily access insurance procedures and health care services from devices such as smartphones and computers via My Linkx (web service), our digital contact point with customers. As

status and health conditions at the time of enrollment, and a new challenge system, which further adds to health reserves based on a customer’s success in quitting smoking and improvements in their health conditions after enrollment.*4

In addition to providing the Insurhealth® products mentioned above, we are also engaged in communication activities (health support CX) to help customers experience better health through the value of these products. For example, in the Get☆Healthy Challenge! program, we continuously encourage customers in every possible way to take on challenges even after they have enrolled, thereby realizing health support. We also provide support to help customers maintain their health after successful completion of the challenge.

*3 As of March 29, 2018, based on Sompo Himawari Life research
 *4 As of February 20, 2023, based on Sompo Himawari Life research

a milestone to make My Linkx available to all customers, we aim to reach one million registered users in FY2023. Additionally, to further evolve it as a “gateway connecting insurance and health,” we will build a system to strengthen the linkage between the respective functions of insurance and health.



Comments from business owner



Yasuhiro Oba
 CEO of Domestic Life Insurance Business

As a health support enterprise, Sompo Himawari Life provides customers with unprecedented new value in the form of Insurhealth®. Given the strong sales of Insurhealth® products and the many joyful comments received from customers who succeeded in the Get☆Healthy Challenge! program, we feel that Insurhealth® has steadily penetrated the market and is helping to realize health support for our customers.

In addition, in the 2023 Life Insurance Satisfaction Study conducted by J.D. Power, we were ranked first in the overall satisfaction ranking in the specialized insurance agency category. We believe the fact that we received the highest rating in the three factors of “customer service,” “premiums paid,” and “products offered” is a reflection of the recognition we have received for our efforts regarding Insurhealth®.

As a health support enterprise, Sompo Himawari Life will have all its executives and employees work together to help as many customers as possible live longer, healthier, and more fulfilling lives by continuing to provide Insurhealth® products and further support customers’ health-related actions through the utilization of health support CX.

Evolution of SOMPO's Digital Strategy

SOMPO's digital strategy was launched in 2016 to tackle disruptive innovation in the era of VUCA (volatility, uncertainty, complexity, and ambiguity). Our efforts focused on digital transformation (DX) of existing businesses to improve business efficiency and create new customer contact points using digital technology. Aiming to create new businesses utilizing the vast amount of real data obtained through each of our businesses, we launched the Real Data Platform (RDP) and commercialized it as the Nursing Care RDP "egaku" in 2023.

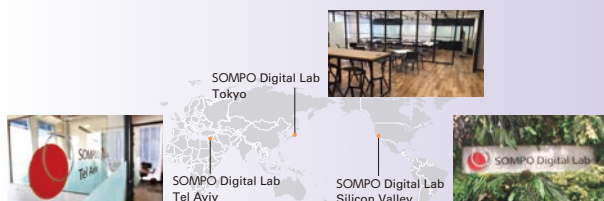
In anticipation of major changes in the near future, such as the advent of the era of Web3 and AI, we created the position of CDO (Chief Digital Officer) in the Group's main businesses and established a CDO alliance to coordinate with the Group CDO. Through this alliance, we will lead the transformation of the Group and continue to take on the challenge of realizing SOMPO's Purpose and continuously enhancing corporate value.

Horizon 1 DX

To take on the challenge of disruptive innovation through digitalization ("digital disruption"), in 2016 we established SOMPO Digital Lab in Tokyo and Silicon Valley and launched our digital strategy.

In addition to acting as an "antenna" to pick up on advanced digital technologies as early as possible, SOMPO Digital Lab was established as a structure responsible for market research and PoC/solution delivery and providing comprehensive support to each business unit.

Recognizing cyber risk as a material risk to corporate management due to the threat posed by the increasing seriousness and sophistication of cyberattacks, we established SOMPO Digital Lab in Tel Aviv (Israel) in November 2017 and entered the cybersecurity business in January 2018.



- April 2016**
Established SOMPO Digital Lab in Tokyo and Silicon Valley
- May 2016**
Established Group CDO (Chief Digital Officer) position
- November 2017**
Established SOMPO Digital Lab in Tel Aviv
- January 2018**
Entered the cybersecurity business
- March 2019**
Established the short-term insurance company Mysurance as an in-house digital startup

Horizon 2 RDP

SOMPO possesses valuable and vast amounts of real data on accidents, disasters, lifestyles, health, and nursing care obtained through its insurance, nursing care, and healthcare businesses. Thinking that we can leverage this data to provide new solutions, we started building a Real Data Platform (RDP) that will serve as a foundation for utilizing real data to help solve social issues and realize "A Theme Park for Security, Health & Wellbeing."



- November 2019**
Established Palantir Technologies Japan jointly with US-based Palantir Technologies Inc.
- April 2020**
Established joint CDO (Chief Digital Officer) structure
- June 2020**
SOMPO, Palantir, and Palantir Technologies Japan agree to launch "Real Data Platform for Security, Health & Wellbeing" in Japan
- September 2020**
Established B-to-B auction business Sampo Aux.

2019:
Launch of RDP

Horizon 3 Era of Web3 and AI

To further accelerate our DX and RDP efforts, we created the position of CDO in each of the Group's main business units, and established a CDO alliance to coordinate with the Group CDO.

In the Nursing Care & Seniors Business, we collaborated with Palantir to develop software solutions and developed "egaku" to support Japan's nursing care industry through in-house utilization and collaboration with external nursing care providers, commercializing it in April 2023.

SOMPO will continue to take on challenges in order to transform itself and continue to grow sustainably in the face of the rapid evolution and development of new technologies that have the potential to have a major impact on society such as generative AI and LLMs (large language models), as well as the possibility of the arrival of a new ecosystem (Web3) based on the blockchain and related technologies to replace conventional centralized systems.



- April 2021**
Capital and business alliance with ABEJA, an AI development startup
- July 2021**
Established SOMPO Light Vortex, a core digital technology business
- April 2022**
Created the position of CDO in the Group's main businesses and established a CDO alliance to coordinate with the Group CDO
Started using DX metrics to manage the progress of DX measures and their results
- April 2023**
Launched "egaku" Nursing Care RDP

2021:
Acceleration of DX × RDP

Preparing for
changes to come

Three Horizons of SOMPO's Digital Strategy

SOMPO's digital strategy proceeds strategically through three horizons (stages).

Horizon 1, the cornerstone of our digital strategy, focuses on increasing profits by improving operational efficiency and achieving cost reductions through digital transformation (DX) in each SOMPO business unit.

Horizon 2, which looks ahead to the next 3-5 years, aims to create new businesses using data accumulated through DX; that is, to implement a Real Data Platform (RDP).

In Horizon 3, which looks ahead to the next 5-8 years, we are considering various possibilities, including how to introduce disruptive technologies such as AI and Web3 into the mainstream to spur the development of new products and services.

In this special feature, the Sompo Group leaders who drive these three horizons summarize the progress and future prospects of these efforts.

Horizon 1 DX (Digital Transformation)

CDOs invigorating DX at SOMPO



Albert Chu
Sompo Holdings
Group CDO

Akiko Murakami
Sompo Japan
Insurance Inc. CDO

Alfred Goxhaj
Sompo International
CIO/CDO

Motoyuki Nishikawa
Sompo Himawari Life
Insurance CDO

Takahiro Iwamoto
Sompo Care
CDO

DX in each business unit

Albert The theme of today's dialogue is Horizon 1. Our business unit CDOs are key to our Horizon 1 initiatives, so please outline the initiatives you are taking and progress being made.

Murakami In the P&C Insurance Business, our first goal is to achieve sophistication and efficiency in claim payment and underwriting. This is because the impact of natural disasters has become more severe in recent years, and it is anticipated that insurance itself will not be viable if the same costs are incurred as in the past.

Meanwhile, digital technology has become commonplace in our everyday lives. Going forward, we need a system that not only sells insurance online and through sales channels, but also adapts to our customers' digital behavior and allows them to enroll in insurance as soon as they need it. We must accelerate this behavior shift to online purchasing and create a new insurance purchasing experience. By aiming to create this new digital sales methodology and customer experience, we will streamline our business processes.

Alfred There is a lot of potential in DX but primarily I see it as creating a new business ecosystem that must benefit



all stakeholders in the insurance supply chain while maximizing profitability.

Increasing the value of data is key to that end. The insurance business accumulates a vast amount of data, but to reliably maximize profits, data on all insurance products must be integrated and its value augmented with third-party data.

The next challenge is the digitization and speed of business processes. Almost all business processes that are currently touched by human hands or processed by human brains need to be digitized at speed.

The third challenge is reducing complexity. Complexity can slow process, create friction, and cost money. It may seem contradictory, but I believe it is important to implement less technology and more robust technology.

By 'robust' I also mean improving mobility so that decision-makers can leverage the value of information wherever they are and whenever they need access to it.

Nishikawa The DX we are tackling at Sompo Himawari Life Insurance has two areas of scope. The first area, which I call "offense," involves further refining Insurhealth® and further supporting the health of our customers. The second, which I call "defense," includes streamlining and reconfiguring operations and creating optimal and pleasant customer experiences. During this first year of Horizon 1, we have been reviewing how policy data is managed and exploring ways to explain insurance products using new digital technology. With these activities, I think we are not only producing results in Horizon 1, but also sowing the seeds for results in Horizon 2. Our challenge going forward will be to harvest the fruit from these seeds and use technology and data to deliver real business impact.

Iwamoto At Sompo Care, we are creating a sustainable nursing care system. We therefore started with the ambitious goal of creating a prosperous, long-lived Japan. In the nursing care industry, people of various ages and

working styles are passionate about their day-to-day work. Their work is characterized by the need to provide attentive service and keep accurate records at the same time. Since 2017 we have been implementing measures such as centralizing long-term care insurance claims and other administrative tasks and introducing smartphones to document nursing care that occurs on-site. In 2019, we established the Future Care Lab in Japan to begin research on technology and robots that can take over caregiving tasks themselves, such as watching over those who require nursing care. The studies conducted at the lab cover about 200 items per year and are gradually becoming a part of our field operations.

As the birthrate declines and the population ages, by 2040 it is estimated there will be a shortage of 690,000 nursing care workers, so we are actively working on the use of data to achieve operational efficiency while maintaining and improving the quality of care. I believe that by utilizing data, we can contribute to extending healthy life expectancy and reducing social security expenditures by lowering hospitalization and morbidity rates.

Murakami When it comes to data, I see a need for it in all areas. In the P&C Insurance Business, we are promoting the use of data in underwriting.

Sompo Japan Insurance uses Palantir's "Foundry" on a single information platform to efficiently collect historical loss ratios and various other data, and now it can automatically generate underwriting results for simple cases. In the future, we intend to use that data to achieve more advanced underwriting. Furthermore, when a large-scale disaster occurs, insurance claims from customers are concentrated, but with digitalization, multiple people can simultaneously access information and efficiently proceed with claim payment procedures at the time of the disaster.



CDOs' visions for the future

Albert Sowing the seeds of DX and reaping the rewards through the business is very exciting to see. Can you please talk about your visions of how you will harvest what you have sown so far?

Murakami The P&C insurance business is in need of a major transformation, and we would like to make a solid contribution to this through digital technology. My vision for the future is not just to digitize one business process, but to transform the business processes themselves by connecting their data. For example, in addition to utilizing historical policy and claim data used in underwriting and results data from insurance payouts, I want to further accelerate data-driven product revisions and underwriting policy revisions by further utilizing this vast amount of data.

My goal is to make this data available to all employees. From account managers all the way up to executive officers and the President, I think it's important to keep an eye on the data as we proceed with company management and operations. Data connects all of your business processes, which in turn transforms your business processes.

Nishikawa At Sampo Himawari Life Insurance, as we strive to transform into a health support enterprise, a path to success is now in sight. For example, we have clear evidence that the hospitalization rate is reduced by half for customers who use our Get☆Healthy Challenge! program, which lowers your premiums if you get healthier, compared with customers who do not use it. Furthermore, we are constantly upgrading the digital services, or what I call "infrastructure," to support the Get☆Healthy Challenge! program.

Our next challenge is to make this path to success clearer and wider. Specifically, creating a mechanism for customers to change their behavior towards health makes our customers healthier and establishes our brand as a Health Support Enterprise, which in turn creates a new cycle that brings in new customers. To this end, it's important to use data to develop Insurhealth® and services that are tailored to each individual, and to create a system that offers them at the time they are needed. At Sampo Himawari Life, combining internal and external data to create this mechanism is a project for Horizon 2, and I believe that this will lead to the realization of a life insurance Real Data Platform.

Iwamoto When it comes to how to achieve a long and healthy life, we need to make full use of data when thinking about where to focus and what can be done. The first idea is to use the data to recognize changes early and link them to early action to avoid hospitalization. The second idea, taking a longer view, is that now that a large number of users' daily life logs are available, it's possible to infer a

person's future situation based on the past record of people in similar situations. We are now beginning to explore, trying to do activities that use this inferred information to help prevent aggravation of people's conditions and support their self-reliance.

Albert That shows the power of data to not only improve the quality of life of our residents, but also the quality of care provided by caregivers. What is your vision for the future of the Overseas Insurance and Reinsurance Business?

Alfred The data is the artery and the blood that provides life to the business. Data-driven decision-making means eliminating subjectivity and making scientific decisions. It should be the key to success and for the company's future growth. At a simple stage, analyzing the causes and reasons for losses can help us develop a better business. At a more developed stage, a comprehensive analysis of data from multiple sources, both internal and external, is key to increasing profitability and improving the structural strength of the business.

But the data accuracy is just as important. We have implemented what we call the Reconciliation Reporting System. A set of complex reports automatically reconciles all of our transactions on a daily basis and verifies that the information is passed correctly between business applications. It is a system that allows us to notice errors in real or due time by automating and reconciling everything.

CDO alliance

Albert Thank you all. One of SOMPO's uniqueness is that everyone of us as CDOs has our own vision, points of view and initiatives. We formed the CDO Alliance to harness our combined DX expertise and foster cross-functional collaboration in digital and data. I would like to ask you about the strength of our CDO Alliance collaboration and how we can all contribute to the Group.

Murakami The term "Insurtech" is used to describe technology related to insurance, but if you look at its elements and technologies, it is by no means limited to insurance. For example, many of the technologies, including making decisions by looking at images and interacting with customers using avatars, apply not only to insurance but also nursing



care and other fields. I would like to share these technological trends and the results of our PoC (proof of concept) tests within our CDO Alliance.

Alfred The first that comes to mind is sharing ideas and successes. In addition, we can learn a lot from other industries. We have had our fair share of success in the insurance and nursing care industry, but there is only so much we can take or learn from these industries. We should learn from other industries, incorporate the lessons from them into our solutions, and evolve them. I believe this will open up an even greater horizon for us.

Nishikawa One nice thing about the CDO Alliance is that it lets us simulate the successes and failures of other businesses' efforts, learn from them, and apply them to our own efforts. Another is that we can cooperate in the development of human resources. If we can learn what others are doing through exchanges among members working on DX in each business unit and bring those ideas back to our own companies and develop them, we can create an environment that enables faster progress in human resource development.



Iwamoto If you want to start using generative AI, for example, it should be possible to share know-how and examples pertaining to the health of seniors between the nursing care and life insurance businesses. I hope that such ideas will be discussed and fleshed out within the Alliance, and I look forward to working on them together.

Albert As another important perspective, what do you think could be done to reach out and promote digital transformation to our colleagues who work in areas other than our digital department?

Iwamoto It's not easy to get people to use a digital device just by saying "Here, use this." However, when you tell them, "Using this will bring such-and-such benefits to the users you are in charge of," they will be more likely to use it. We need to learn the power of communication.



Nishikawa The reason why people use digital is that there is some problem that needs to be solved in the field. I think we need to demonstrate that the digital solution is effective at solving their problem, no matter how small it may be.

In that sense, the ability to communicate, as Mr. Iwamoto mentioned earlier, is also important. The magic formula is to create a number of small successes to give them a sense of purpose and accomplishment.

I think it's important to solicit ideas from everyone and inspire a movement under the banner of "Let's try something, it worked, let's do it again!"

Alfred In our case, it's been a little bit different. The culture in our company is that people are insatiable when it comes to technology. They can't have enough. The problem is that technology doesn't solve every business problem. We try to make AI especially, work on the most difficult problems, but we also highlight them that it can be risky if not used properly. Another problem in our side in the digital department is what to pick, what to choose, how to attack the area where the benefits are the greatest. We are past the stage of impressing upon users that technology is great. We are at the stage where teaching them that it is risky if they don't comply with regulations and compliance.

Murakami Listening to Alfred, I was thinking that the problem is that people don't want to change what's working right now.

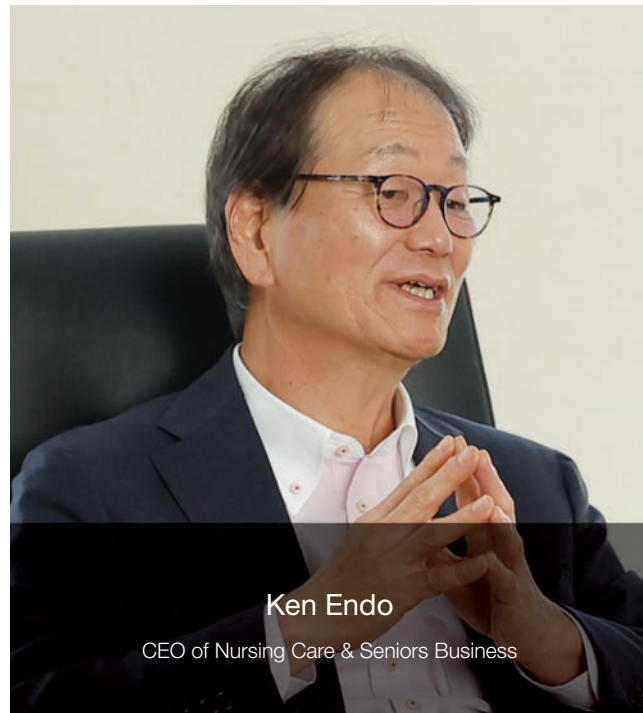
To overcome that barrier, we need to lower the barrier to having machines do part of the process for simple cases. This will free up time for people to work on the more difficult cases and higher value-added work. It's possible that AI will do very advanced things in the future, but it is important to build trust that people with expertise will ultimately confirm whether it is correct and that technology will be integrated and utilized in a way that ensures that people are doing the things that only people can do.

Making the Data Business a Reality

Future of Nursing Care Realized by the Nursing Care Real Data Platform “egaku”

In Horizon 2 of its digital strategy, we will develop new businesses by utilizing various data accumulated through DX. Since the Real Data Platform concept was first proposed, we have been making Group-wide efforts to implement it. Finally, the service was launched as “egaku” in 2023.

This section presents a discussion on the topic of “egaku” and the future of nursing care between Ken Endo, CEO of the Nursing Care & Seniors Business, who is leading the realization of Horizon 2 with “egaku” and Tsuneya Matsuyama, President and Representative Director of ND Software, which is participating in this ecosystem as a partner.



Ken Endo

CEO of Nursing Care & Seniors Business



Tsuneya Matsuyama

President and Representative Director
ND Software

Background of the development of “egaku”

Endo In Japan, the demand for nursing care will continue to rise steadily due to the increase in the number of people requiring nursing care as the population ages. Meanwhile, the working-age population, including those who provide nursing care, will continue to decline. According to an estimate by Japan’s Ministry of Health, Labour and Welfare, the gap between labor supply (personnel providing nursing care) and demand (from seniors in need of nursing care) is expected to expand to 690,000 by 2040.

Japan’s nursing care system is a wonderful system unparalleled in the world, with various types of services, including facility-based and home-based services, arranged all over the country, from Hokkaido to Okinawa. My concern is that such a system will become unsustainable due to the widening gap between the supply of caregivers and the demand for them.

The development of “egaku” was driven by the desire to do something about this situation and to provide an ecosystem to save nursing care in Japan.

Matsuyama ND Software contributes to the sound operation of nursing care providers and supports the nursing care insurance system by providing software for office management and on-site operational support, with a focus on nursing care and welfare. Closing the gap between supply and demand for caregivers is a very important issue that we must address.

We need to increase the appeal of the nursing care industry, which has to compete with other industries for talent. Otherwise, the gap between supply and demand for caregivers may expand beyond the estimate from Japan’s Ministry of Health, Labour and Welfare. As for how to increase the appeal of the nursing care industry, these four improvements are necessary: staff compensation, job satisfaction, quality of care, and productivity. And the key to these improvements is the use of IT and digital technologies. I believe that “egaku” will enable us to “visualize” nursing care, leading to better staff compensation, job satisfaction, and improvement in quality and productivity of care.



Data-driven ecosystem

Endo It is said that there are 60,000 nursing care providers in Japan, but the market share of the five largest companies, including ours, is about 3%, so it’s an industry dominated by small and medium-sized businesses. We are working to expand our facilities and business sites, but simply expanding the size of our company is not enough to change the entire nursing care industry and revolutionize the future of nursing care in Japan.

However, Sompo Care has daily record data for 80,000 clients and more than 20,000 employees—in other words, real big data. Analyzing this data will surely reveal something. If we can use this data to help our clients, and if we can build and provide an ecosystem for our efforts in the nursing care industry, I believe we can change nursing care in Japan. With this in mind, we decided to proceed with detailed investigations.

That’s when the partnership with Palantir started and the Real Data Platform (RDP) concept was launched.

Matsuyama ND Software, like the Sompo Group, is a company that has been pursuing “Security, Health & Wellbeing” in nursing care and disability welfare facilities. Our goal is to use our system to support nursing care and disability welfare facilities to achieve “Security, Health & Wellbeing” for our clients. And our employees are strongly motivated to pursue happiness not only for businesses that use our system but also for more nursing care and disability welfare facilities and clients. This is perfectly aligned with the Sompo Group’s Purpose.

We were the first software company to join the Sompo Group. I believe that by joining the Group, getting involved in actual business operations, and providing solutions that utilize real data, we can help increase productivity, profitability, staff compensation, and job satisfaction, as well as increase recruitment and reduce turnover. This will help communicate the value of new solutions created by a partnership between companies with real data and IT, DX, and software companies. If more and more IT, DX, and software companies around the world say, “we want to work with SOMPO,” I think this will lead to transformation in those industries too, not just the nursing care industry.

Value created by “egaku”

Endo Our plan for “egaku” calls for net sales of 30 billion yen and operating profit of 10 billion yen by fiscal 2030. Another important thing is the social value that “egaku” creates.

We estimate that by closing the supply-demand gap of about 220,000 caregivers, “egaku” can generate social value of about 3.7 trillion yen by 2040, and we aim to achieve that goal.

And as “egaku” increases productivity, this will free up resources to improve the compensation of all employees working in the nursing care industry. The ultimate goal is to increase the appeal of the nursing care industry by creating this kind of virtuous cycle throughout the industry.

To this end, we will make “egaku” the de facto standard in the industry. In other words, I believe that if we can reach the point where nursing care providers can’t imagine losing access to “egaku,” we can bring about a major change in the industry.



Matsuyama From my perspective, the great thing about “egaku” for nursing care sites, which currently rely on paper records and where data exists in different places, is that it is a system that transforms their paperwork-centered operations into data-driven, operation-centered management.

The on-site management know-how accumulated up to now can be converted into data, and this data can be used to improve operations and care services. There is also the issue that some nursing care recipients and their families see a lack of respect for their wishes when they look at the current way of doing things. There are many providers who want to move away from the uniformity of care, where services are left to the whims of the providers and everyone receives the same services.

The “egaku” system can support the operation of such nursing care, greatly contributing to the ideal in which each person is able to receive the nursing care he or she wants.

For example, the data on the time spent on care might show that person A receives above-average care, while person B receives below-average care. This observation could indicate that person A might be receiving excessive care, potentially hindering their independence, while person B might not be receiving enough care. This kind of

Making the Data Business a Reality
Future of Nursing Care Realized by the Nursing Care Real Data Platform “egaku”

analysis makes it possible to provide individualized care tailored to each person’s needs. Nursing care that has traditionally depended on the intuition and experience of individual staff members can be “visualized” and linked to operations. This is the great thing about “egaku.”

Endo I agree with you. To give an example of what “egaku” can do, if a facility has 70 clients, for example, 70 names will appear on the screen, and their weekly time spent on care can be viewed in comparison to the standard

time spent on care. This means that we can see at a glance which clients are requiring more than the standard amount of time spent on care. These cases may be relevant to assistance with eating or going to the toilet. For example, in the case of assisting with bowel movements, maybe you go to their room but find that they aren’t ready to go yet, or maybe you discover they are suffering from incontinence.

In short, there may be many reasons why the time spent on care is out of sync. Once the cause of the problem is identified, a solution can be found, such as

Screen shot of “egaku” (partial)



shifting the time of day for bowel movements. What used to be locked away in the minds of the staff now becomes visible, and you can see the whole picture.

Matsuyama In some cases, staff can even hinder their client’s independence. For example, maybe a staff member is helping you change your clothes, when you could manage it by yourself in 30 minutes. This can also be visualized by “egaku,” which can improve the quality of care by enabling individualized care. With “egaku” we can provide care that respects the dignity of the individual and is tailored to the wishes of the client.

Endo When Sompco Care approaches facilities that provide uniformity of care, we advise them to change this style of operation. We encourage them to adopt “egaku” to visualize the nursing care provided at their facility and help them switch to personalized care.

Response to “egaku”

Endo The early adopters outside of Sompco Care are implementing “egaku” so that management can increase

productivity while not compromising the quality of care, which will ultimately lead to more efficient staffing and improved compensation. They understand the need for this and what it will take to make it happen.

When “egaku” is deployed in the field, home directors, staff, and other front-line nursing care workers must change their existing operations. Resistance to this change is the challenge. It is important that each person on site understands what it is we are doing and why we are doing it. To that end, the first priority is to create a large number of “success stories.”

As you can imagine, our own facilities are the ones that are responding the best right now. They use “egaku” a lot. Home managers, care conductors, and others in leadership roles have a strong sense of its usefulness. The next step is to bring the rest of the staff on board. It is important to spread and deploy it in a way that makes people feel motivated and comfortable working with it.

I believe that increasing the number of these success stories outside of Sompco Care is the most important way to spread “egaku” throughout the industry, so we are now working on the goal of introducing “egaku” at 100 business sites in fiscal 2023.



Also, although many establishments in Japan have installed software for handling nursing care insurance claims, competition for nursing care record systems is fierce, making it a battle over the user-friendliness of each system. Looking ahead to the future development of “egaku,” my hope is that ND Software will increase our advantage in nursing care record systems and increase the synergies with “egaku.”

Future prospects

Endo Fiscal 2023 will be a very important year. As I mentioned earlier, our challenge is to expand the number of businesses that are happy they introduced “egaku.”

ND Software has a high market share in specialty nursing homes, and I believe that if we succeed in making a case for using “egaku” there, deployments will accelerate.

It’s not enough for Sompco Care to say that our system is good; the most important thing is that people hear it from other companies in the same industry, which will be the engine for promoting “egaku.”

In addition, many people receive nursing care at home, not in institutions. How to introduce “egaku” there is the next challenge. In a facility, we can collect data 24 hours a day, 365 days a year, but we have contact with people who receive nursing care at home only a few times a week.

Currently, smart cities and special digital health zones are being developed all over Japan. This is a healthcare data platform that connects medical and nursing care led by local governments. These platforms are created by the local governments, and the data is gathered there. Deploying “egaku” there is the key to success in the home-based sector.

Some local governments have already started collaborating with us. There are also local governments that started collaborating with Sompco Japan Insurance as a result of the regional cooperation agreements that Sompco Japan Insurance is promoting across Japan. Local governments in Japan are facing serious problems of aging and declining

population. I think they can benefit from effective use of technologies like our recently launched “Care-ale,” a new smartphone app we developed for home-based care that makes it easy to share physical conditions and daily events.

By improving the productivity of the nursing cares business, “egaku” enables everyone to receive nursing care. As a result, fewer people will need to leave work in order to care for their relatives, and even if the number of nursing care staff does not increase, we can still contribute to closing the supply-demand gap of caregivers, which is a major social issue, and generate social value of about 3.7 trillion yen. I want to make this a reality.

Matsuyama ND Software aims to become the software company that can best support nursing care and disability welfare facilities in Japan in order to solve the problem of nursing care in Japan. What we need to do specifically is to bundle our current software with “egaku”; in other words, to create a system that works well with “egaku.” In particular, we aim to use our nursing care records system to acquire a variety of data from the field and build a system that can improve operations.

We are determined to do our best to contribute to reducing the burden on nursing care sites, thereby improving the productivity of the entire nursing care industry and the sustainability of the outstanding nursing care insurance system that Japan is so proud of.

Endo Our medium- to long-term challenge is to expand overseas. Supporting overseas nursing care providers in their business operations through “egaku” is one way to do this. In particular, we are seriously considering providing education and training know-how.

The “egaku” system is based on real data, and some regions have strict regulations on acquiring personal information overseas, but I hope we can overcome these problems and provide the world with value that only SOMPO can offer and that only SOMPO can deliver.

Strategies for Coming Disruption



Koichi Narasaki
CEO of Digital Business



Albert Chu
Group CDO (Group Chief Digital Officer)

Current state of digital industry

Narasaki We have talked a lot about Web3 and AI, but what are your thoughts on Web3 and AI in the three horizons of the Sompo Group's digital strategy?

Albert The beginning of technological innovation in Silicon Valley is, as the name suggests, silicon. There have been several technological waves since then, including the PC, the Internet, and mobile devices. The next wave that we can clearly see now is Web3 and AI. Web3 differs from the existing internet (Web2.0), which is based on a few tech giants, who dominate the majority of search, e-commerce, social media and how we interact with the internet. Web3 will transform the way we utilize data. Web3 is powered by technologies like blockchain and smart contracts, which will make the world more decentralized and transparent.

Web3 brings changes to many industries. In a Web3 world, everyone owns their own data and will choose who can have access to the data.

The exponential growth of AI in the past year can be attributed to generative AI, which can generate large-scale language models.

We build a model using data published on the Internet

as training material. There is so much information on the internet that any question you ask an AI chatbot will almost certainly be answered. You may not know what is right and wrong, yet they give good answers.

Narasaki Interesting, isn't it?

Albert The ability to produce new sentences, such as Shakespeare-style essays, is an example aspect generative AI.

Narasaki In Shakespearean style?

Albert Right. I believe that generative AI will have an impact on a wide range of businesses, including finance, insurance, healthcare, and even content creation and entertainment. For example, in the field of customer service, many customers phone the call center or use chat applications to get information, all of which can be done more efficiently with the help of generative AI. In other words, it is feasible to construct an AI model that can deliver more accurate and faster answers by creating a database of all the information that the company has, such as how to repair it, and having the AI learn from it.



When a customer asks a very difficult question, generative AI can assist customer agents respond swiftly.

Narasaki Since everything is dispersed and there is no center of gravity, there is no need for tech giants there. AI will also be open-sourced, commoditized, and free to use. The asymmetry of value and information in the conventional software model will be broken. In other words, real data obtained from actual business is important on the user side.

Albert Absolutely. Experts in the relevant subject matter of that data are required to collect real data. So our expertise is an asset.

Narasaki Exactly.

Albert Many people are concerned that AI may cause them to lose their jobs. However, in my opinion, AI can assist people do their tasks first, making their work more efficient. Because AI can integrate real data with a vast amount of experience and knowledge, it will benefit professionals. But in the end, final decisions on specific tasks will need to be judged by the professional. As a result, I believe that professionals are still very vital and they will use AI as a productivity enhancer.

Narasaki Like it or not, the paradigm shift brought about by AI is a huge disruption. I think SOMPO is better prepared for the coming disruption than other companies. How are you dealing with disruption?

Albert We're ready because we anticipate disruption, which is why we take a three-horizon digital strategy.

Horizon 1 is DX (Digital Transformation), and Horizon 2 is the utilization of the data generated from it to create new business opportunities. Horizon 3 is about projecting disruption through specific technologies that will change the industry, such as blockchain, smart contracts, and AI. So we're now preparing to understand these disruptive technologies, experiment with them, bring them into our daily use cases to see how we can improve our productivity and create new services based on Web3 and AI.

Thus, because we have a vision for the future, we can be prepared for transformation and disruption. But it's hard to work to realize our vision.

The superiority and uniqueness of SOMPO's digital strategy

Albert Over the past years, SOMPO has demonstrated its commitment to implementing its vision and digital strategy. Palantir is one example of this. We've realized that data is critical, but we need a modern, best-in-class platform to ingest and analyze all of that data. And as Mr. Narasaki, CEO of Palantir Technologies Japan, is well aware, we not only do capture data, but we also effortlessly transfer it into Palantir's Foundry. You can now create new analysis and tools that can accelerate towards this new disruptive world of Horizon 3.

Narasaki The first is nursing care. The Real Data Platform "egaku" is based on Palantir's Foundry. Currently, generative AI is being built on top of it, and the knowledge of experts and specialists in specialized fields can be incorporated into "egaku." You can take advantage of the expertise of specialists in this area. It will revolutionize the care industry, including home care, so that everyone can benefit.

In addition, in the underwriting of non-life insurance, we are already showing significant improvement in profitability through "Foundry."

Albert SOMPO is expanding globally and creating exciting opportunities worldwide. AI and Web3 are global technologies — not just Japanese or American. As a result, the tools and models we develop can readily become global, accelerating our ability to work worldwide more



quickly and efficiently. “Oshiete SOMPO!” and “Oshiete Himawari Life!” are examples of where we are using AI today. Can you tell us more about that?

Narasaki “Oshiete SOMPO!” and “Oshiete Himawari Life!” are an internal FAQs that provide sales employees and agents with answers to all questions about insurance products, including detailed terms and conditions. They incorporate AI technology to provide an easier user interface. Like a smart friend, you can ask, “I’m in this situation, what should I do?”

Albert Earlier, I mentioned that SOMPO has a global footprint. In addition, we have SOMPO Digital Labs not only in Tokyo, but also in Silicon Valley and Tel Aviv, creating global tech ecosystems for SOMPO. What are your thoughts on our global network?

Narasaki Our global network, Palantir, and strategic partners such as ABEJA, which went public in June 2023, enable us to leverage each technology. And at the same time, we have a common vision, and there are probably other start-ups and other allies.

Albert Another great asset we have are the business unit CDOs inside our Group. The CDOs of Sompo Japan Insurance, Sompo International, Sompo Himawari Life Insurance, and Sompo Care, together with SOMPO Light Vortex and SOMPO Digital Lab, have formed the CDO Alliance. Through this CDO Alliance, we can collaborate and develop synergies across all digital and data initiatives.

For example, all CDOs are working on AI initiatives. Because what one business CDO is doing with AI can

be applied to another business, different AI cases can be shared and collaborated across businesses — and also being to create new solutions. This not only eliminates the need for businesses to start from scratch, but it also opens up new potential beyond what each CDO can do on their own.

Narasaki “egaku” is a pioneering example of this. Mr. Iwamoto, CDO of Sompo Care, is working on RDP for Nursing Care, and together with us, he came up with a service that could meet the needs of people outside the group. This is the first successful example, and I think there will be more in the future.

The other is Palantir, Palantir Technologies Japan. For them, SOMPO is one of many Japan customers and a pilot customer case.

Albert Essentially, we realize the power of real data. With AI and Web3, we go beyond SOMPO and can provide these solutions to rest of the industry. It’s important to have this vision, isn’t it?

Narasaki You are right.

Albert “egaku” has already started to build a platform for the nursing care industry. Mr. Sakurada’s vision of creating platform-driven business is being realized and deployed.

The world is flattening because it is becoming more global. If someone makes something in the U.S. or Japan, it can be sold it all over the world. I think technologies like AI and Web3 are creating a more digital, flatter world.

Narasaki Let’s see. Everything is flat, blockchain and decentralized, so if you make something as software, whatever solution it is, you can sell it to anyone in the world without any hurdles. That’s how a flattened world works.

Albert This, I think, can also be applied to insurance. As a global property and casualty insurance company, SOMPO may be able to develop next-generation insurance products based on new technologies such as blockchain, smart contracts and digital payments.

Narasaki Insurance underwriting itself will be entirely AI-based, making it simpler and more comprehensive in terms of user experience. Even the framework of insurance products may become more sophisticated and provide complete coverage of all risks, even invisible ones.

What’s next?

Albert A SOMPO LLM (Large Language Model) platform, for example, may create intelligent assistants for care workers and their work in the nursing care sector. As we mentioned earlier, we may be able to establish a platform and APIs that are open for third parties to create new products and services. And while you can help them in accelerating their vision, you also can participate in their business model.

Narasaki In this open platform-like effort, I think LLMs can use APIs to interface beyond silos and leverage each other’s capabilities. The platforms are independent in a way, but still interconnected. So it’s like a cloud archetype, and basically it helps everyone who uses them to be a winner.

Albert SOMPO addresses social issues not only in Japan, but around the world. Ageing is not simply a concern in Japan; it will become even more prevalent in other countries in Europe, the United States and China in the near future. The platform we build must be global in scope to create an ecosystem.

Narasaki We will build an ecosystem on which application services for several different industries will be implemented. That’s the image, isn’t it?

Albert What we can do is leverage AI and Web3 to solve social issues while also benefiting SOMPO’s customers. That, I believe, is our role in the advancement of AI and Web3.

Narasaki I think we are very lucky. We have real data, we have a traditional business in a good way, we have customers and we have enormous resources.

Coupled with the advent of Web3 and AI, I think our future is very bright.

Albert Indeed, with Web3 and AI, we are now like where the internet stood 25 years ago. In 1998, Yahoo, Amazon and Google had just started. It’s astounding to witness how much change has taken place since then. This serves as a strong reminder of the rapid pace at which the future unfolds. To successfully navigate this journey, we must always be on the cutting edge, be agile and adaptable, see what’s happening and incorporate it into our vision. I think that’s a point of differentiation for SOMPO, as we set ourselves apart with our digital vision.

Narasaki That’s a very good point. We have a lot of experience and we bring positivity to SOMPO.

I consider myself very lucky and grateful to SOMPO and its purpose, as well as the decision that SOMPO made to establish a digital division seven years ago.

Albert I, too, am grateful. When I worked at Apple was, one of my mottos was “The journey is the reward.” We’re on this journey together. It’s not just the destination that’s important, it’s the journey itself. And this fits very well with my purpose. My purpose is to harness technology to change society. I believe that by taking this journey together, we can once again change the world.

Narasaki Also, my purpose has always been altruistic to benefit others. The basis of insurance is to benefit society, and that’s why I do that. I am proud to be in SOMPO.

