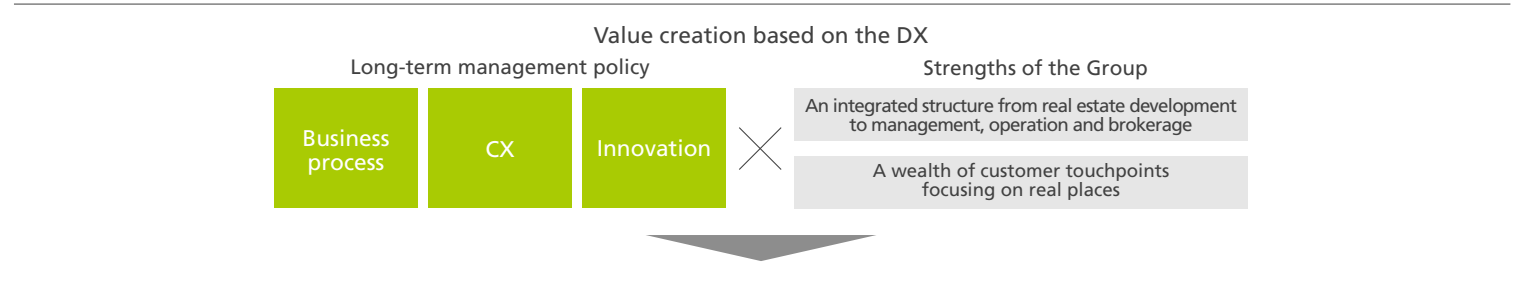
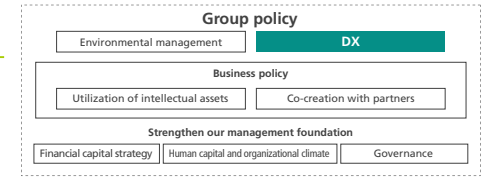


Establishing a new revenue model by maximizing the values of assets and human capital

Under the Group’s policy on DX, we are leveraging digital technology across organizational boundaries to transform a wide range of business fields into true strengths, enhance business competitiveness, improve profitability, and expand opportunities for profit. We are also engaging in a set of policies to strengthen the competitiveness of our existing businesses. These include the development of business processes to achieve efficient working styles utilizing digital technology, and the promotion of customer experience (CX) which creates impressive experiences and highly convenient services based on our real world and digital contacts with customers. Further, we are developing measures to meet the expectations and solve the challenges of our customers and employees while utilizing our accumulated data in order to produce innovation that will lead to the creation of the kind of values and opportunities that are only possible for our Group. While implementing these three policies as a common framework for the Group, we formulated four priority issues and areas of focus for fiscal 2023 in order to strategically promote the medium-term management plan goal of “Establishing a new revenue model by maximizing the values of assets and human capital.” ([➔ see p. 45](#))

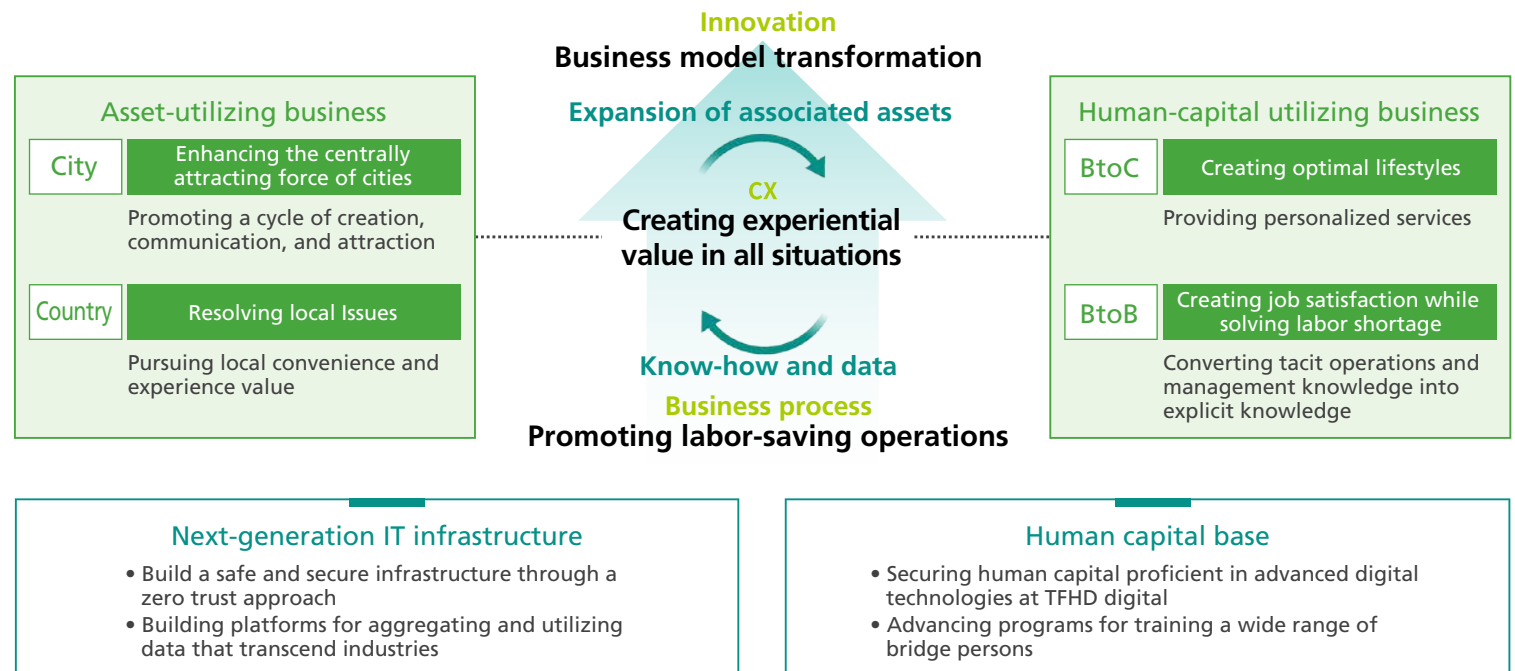
To realize our various DX measures at a high level, we are focusing on strengthening our information security environment and building a foundation for data utilization. Regarding the establishment of zero trust network infrastructure, we had established a target of 100% implementation for fiscal 2025, but actually achieved this goal two years ahead of schedule in fiscal 2023. We are also engaged in the systematic development of so-called “bridge persons,” human capital who play a central role in our DX promotion.



Group policy for DX in the medium-term management plan

Establishing a new revenue model by maximizing the values of assets and human capital

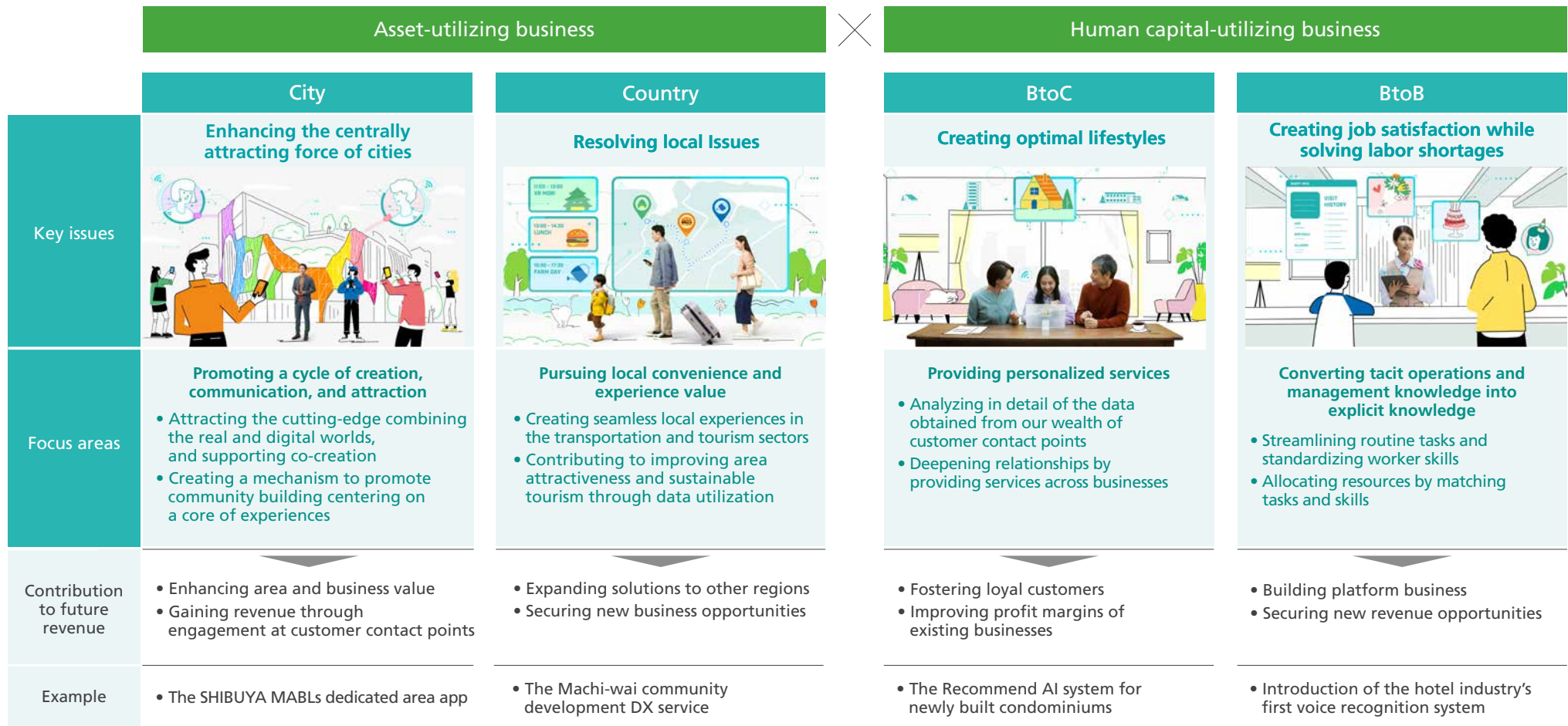
Digital Fusion—removing all boundaries with the power of DX





Aiming to create new experience value and contribute to revenue through Group-wide efforts

To establish a new revenue model by maximizing the values of assets and human capital, we have formulated four DX Key issues and areas of focus. Through our asset-utilizing businesses, we are aiming to enhance area value using digital technology. In urban areas, we will improve their ability to draw people. And in rural areas, we will create new services and experience value that help solve local issues. In our human capital-utilizing businesses, we are aiming to realize optimal lifestyles through personalized services, and to achieve both job satisfaction and the alleviation of labor shortage issues by converting tacit operations and management knowledge into explicit knowledge. Through cooperation between Group companies, we will promote concrete initiatives in our areas of focus and tie them into contributing to future revenue.



Creating value that contributes to new growth and greater competitiveness

By promoting the Group's policy on DX, we are aiming to establish new revenue models by leveraging various digital technologies to solve regional issues and enhance experience value for customers.

Asset-utilizing business



CX

Connecting the workers of Shibuya with SHIBUYA MABLs

We are aiming to acquire customer contact points through the deployment of a dedicated communication app for Shibuya targeting people who work in the area.

With MABLs, we are creating a new style of communication which enables people to meet, connect, and make new discoveries outside the workplace and existing communities in Shibuya, an urban area associated with such images as innovative, cutting-edge, and new stimuli. In April 2024, we added a business matching function to facilitate connections between people working in the area. Based on the usage data of this application, we will provide information on establishments and events in accordance with individual preferences, deepen the understanding of visitors, create new experience value for people visiting the Greater Shibuya area, and create customer contact points. Through these means, we will promote the digital transformation of community development in Shibuya.

Asset-utilizing business



Innovation

Machi-wai community development DX service

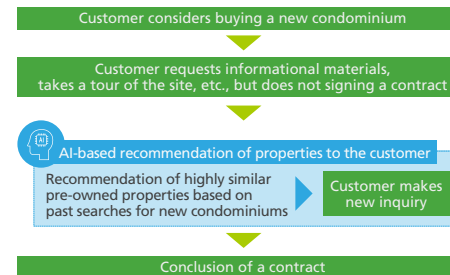
Machi-wai is a DX tool for community development that realizes data-driven area management by visualizing the traits and behavioral data of people in an area using near-field communication (NFC) technology. We are developing this service as a business targeting local governments, destination management/marketing organizations (DMOs)*, and others.

Machi-wai can create digital points of contact with visitors through various activities that also stimulate the local economy, such as digital stamp rallies, digital coupons, and electronic gift certificates. By encouraging visitors to explore and creating points of contact, things that many rural areas find challenging to achieve, this service creates a virtuous cycle of improved local experiences and the creation of new fans among visitors.

By creating new value that combines our Group's accumulated expertise in community development with digital technology, Machi-wai will help solve the issues of rural communities.



Human capital-utilizing business



CX

The Recommend AI system for new condominiums

Tokyu Livable has developed a service that makes up to three recommendations from among new and pre-owned condominiums for sale that meet the needs of non-buyers (customers who have previously considered and made inquiries regarding buying a new condominium but who ultimately did not make a purchase).

This solves the issue of customer needs that were not sufficiently served through conventional means such as mass emails which all contained the same property information. The AI-based service replaces these traditional information methods for non-buyers (for which the company has seen a cumulative total of approximately 50,000 groups in the last three years), maintaining contact with these customers and creating new revenue opportunities.

The service's AI learns from Tokyu Livable's past new condominium sales data. It provides personalized property information that is tailored to each customer's unique preferences and traits, taking into account their demographics and other factors.



CX

Introduction of a voice recognition system at all Tokyu Stay locations

In a first for the hotel industry, Tokyu Stay has introduced the YYSsystem, a voice recognition system which transcribes spoken words in real time and displays them on a screen. Users can also receive real-time translations and can choose from among 22 different languages. Employed at all 31 Tokyu Stay locations (as of March 2024), the system enables smooth communication throughout a customer's stay, from checking in and out to tourist information, and even in the event of issues such as a sudden illness.

The service can also be customized to meet specific needs, such as registering frequently used phrases and images of room types, and the displayed text data is stored on a server. This makes it possible to review the content of exchanges at a later time, making it easy to share among hotel staff and ensure that customer requests are met.

*DMOs work in collaboration with a variety of local stakeholders and take the lead in the development of an area into a tourism destination incorporating a scientific approach.