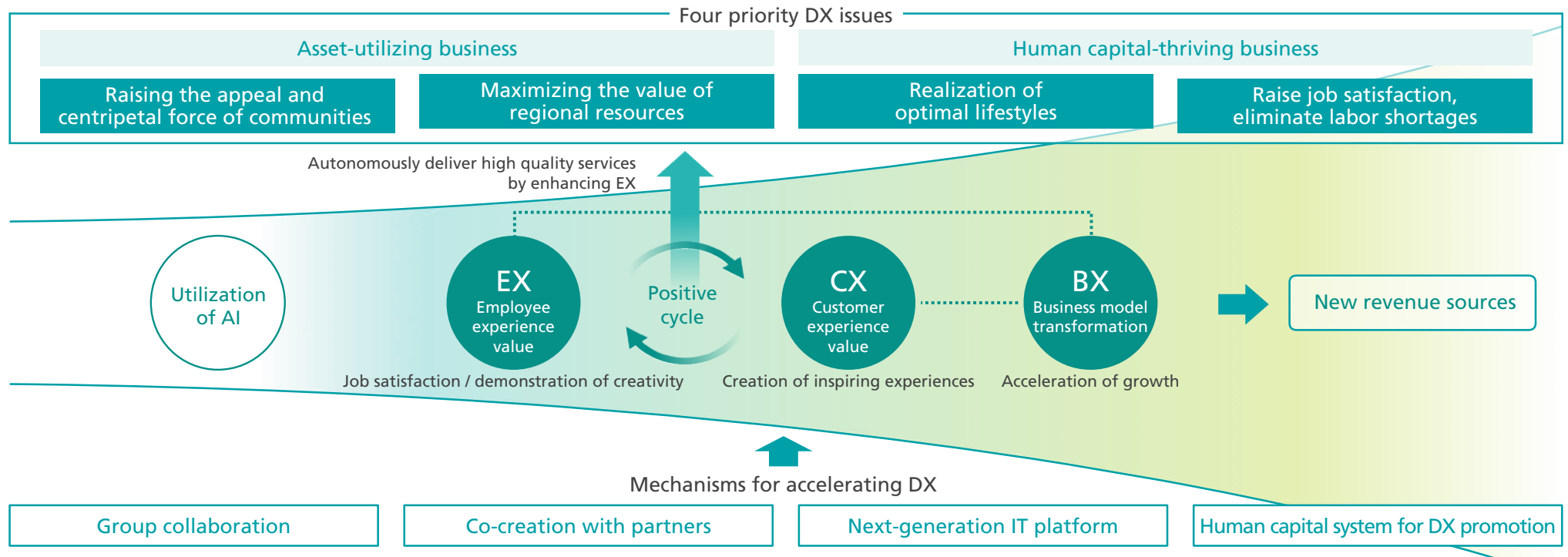


## By speeding up the virtuous EX & CX cycle, we aim to transform our business models and acquire new revenue sources



High quality services delivered by employees who derive job satisfaction create inspiring experiences for customers and also boost employee motivation. This outcome then leads in turn to even higher employee motivation, as part of a positive cycle. The Group's goal is to utilize DX in order to accelerate this EX and CX cycle.

In order to improve EX, we are utilizing AI to improve the efficiency of employees' tasks, and in so doing enable a shift towards

more creative work, as well as service with high added value to customers. Furthermore, via automating and streamlining operations, we will optimize workloads and alleviate increasingly serious labor shortages.

In terms of CX improvements, the Group aims to use digital opportunities to expand and deepen customer touchpoints, and we are continuing with initiatives that integrate and utilize acquired customer data across the entire Group. By utilizing AI in the analysis of

this extensive collection of data, we aim to offer each customer even more personalized services with regard to their home styles, work styles and play styles. Additionally, by combining generative AI with this integrated data infrastructure we can visualize issues that may arise, and advance management control. By doing this, we aim to make truly data-driven decision-making possible, and improve the quality of management.

Advancing EX and CX improvements in

this way both creates a positive cycle that leads to BX. As part of creating the environment for BX, we are developing a Group-wide data infrastructure to manage information held by each Group company—such as business partner and property data—on a cross-organizational basis. By combining this with data from outside the Group, we aim to improve the Group's competitiveness, and to pursue both business model transformation and the creation of new revenue streams.

# Reaching our envisioned future society via the four priority DX issues

## Asset-utilizing business—the key issues

It is likely that, due to the changes in the real estate industry caused by digitalization, our asset-utilizing business may face threats from such matters as widening population disparities, or the diversification of the way people utilize assets. To address these risks, we will focus on two key issues.

First, in the interest of “raising the appeal and centripetal force of communities,” we aim to help create cities that give rise to new industries and entertainment experiences. In order to increase the competitiveness of cities amidst global competition, it will be necessary to understand changes in values and lifestyles in relation to urban spaces, and communicate each city’s unique attractiveness. As part of urban development in the Greater Shibuya Area and beyond, we are developing various businesses, such as city-wide retail media enterprises that utilize area data, AR, and other cutting-edge technologies in relation to spaces all throughout urban areas. Through this fusion of the real world

and the digital world, we aim to create new urban entertainment experiences, as well as new communities.

In terms of “maximizing the value of local resources,” we aim to make use of the power of both industry and tourism to further heighten the attractiveness of local areas. The Group is working on various regional revitalization initiatives—such as in renewable energy and sustainable tourism—to ensure an area’s unique resources are used to their fullest potential. And by utilizing digital technologies, we will continue promoting sustainable community development that is attractive to both visitors and locals across the nation.

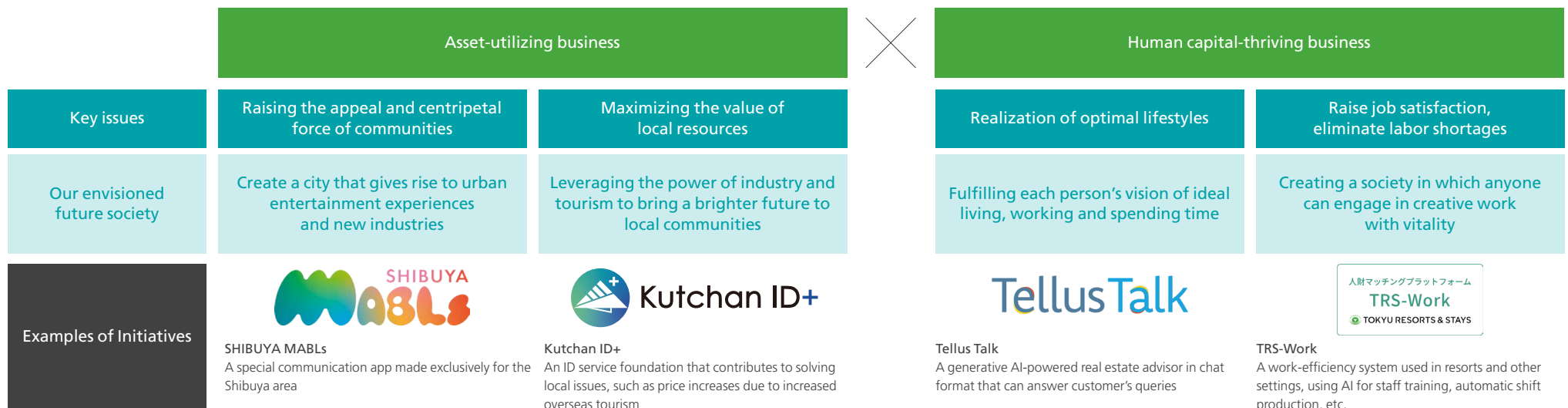
## Human capital-thriving business—the key issues

In the Human capital-thriving business, the digitalization of distribution and the homogenization of services are seen as threats, while digital platforms also provide opportunities to create new services. To address these, we will focus on two

key issues.

In our focus on “realization of optimal lifestyles”, we will continue using digital opportunities to expand and deepen customer touchpoints in order to accurately grasp our customers’ widely varying needs, as well as provide them with optimal information and experiences. One of the Group’s strengths is the sheer variety of business services we offer, and by personalizing them for our customers, we can provide individuals with their own ideal ways of living, working, and spending their time.

When it comes to “raise job satisfaction, eliminate labor shortages”, we are continuing with initiatives to utilize digital technologies for automation and labor-saving purposes, employing a unified approach in order to increase our employees’ job satisfaction. By shifting routine tasks to creative work, we aim to enhance the quality of services and create an environment where employees can thrive.



## Using a unique framework to strengthen DX personnel education

Our human capital base is indispensable for creating “premium value,” as formulated under our Medium-Term Management Plan 2030. The Group has established a DX promotion personnel system, and systematically carries out training of employees. Within this framework, employees who can translate digital into business and proactively lead DX projects are defined as “bridge persons”. And in order to cultivate the combined business and digital abilities that are necessary for bridge persons, we have developed

a flexible training program that matches employees’ proficiency levels, while offering a mix of both theoretical and practical education. There have been many examples of bridge persons who, after completing training, have gone on to DX initiatives in various business sites, as well as those who have been recognised as bridge persons in the course of their work on projects sharing and utilizing customer data across the Group. In the future, our personnel training will continue accelerating the virtuous cycles that

create and promote new projects.

Additionally, in fiscal 2024, we defined the concept of “super bridge persons”—those who do not simply implement DX projects, but who use their sophisticated skills to contribute to the transformation of our business model. These exceptional employees are chosen from throughout the entire Group, and as a general rule engage in two years of training and practical work in the DX promotion division. Leading the initiatives of Group companies from the

front, and enabling the creation of new value throughout the Group, they will continue with training that will progressively develop them into leaders who drive initiatives and create new value.

Alongside our super bridge person training, TFHD digital Inc. will provide support in further expanding our efforts to acquire personnel with sophisticated digital abilities, so that the Group can evolve its business model and secure new revenue streams that go beyond the boundaries of our existing business models.

