

ESG Strategy—Digital Transformation (DX) Strategy

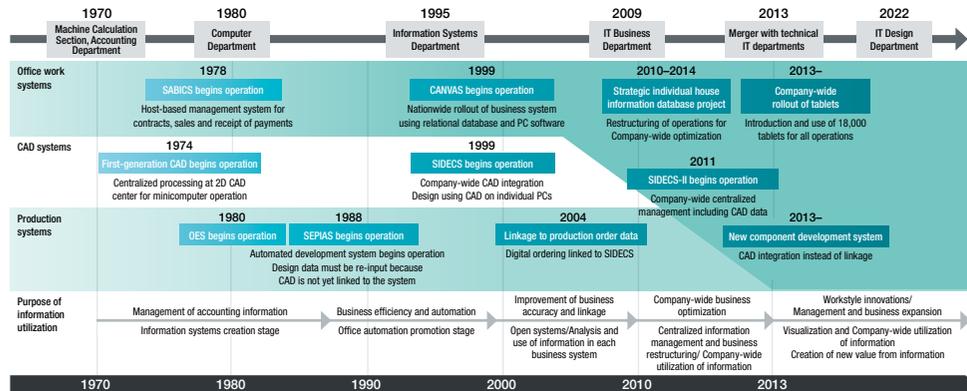
Digital Transformation (DX) Strategy

The History of Sekisui House's Digital Technology

Sekisui House has developed digital technology mainly in three areas: office work, computer-aided design (CAD) and production. For office work, we began operation of SABICS to manage contracts, sales and receipt of payments in 1978, followed by the AES estimate and order system in 1980 and the CANVAS business operations system in 1999, among others. In CAD, we started with a first-generation system developed especially for housing in 1974, and after going through several iterations we began operation of SIDECS in 1999. We also took the first step into the age of total product proposal presentations through linkage with peripheral systems. For production, we began operation of OES, a system for developing components, in 1980. By developing the building components we use from blueprint data created using CAD, we have achieved efficient production and advanced quality control at our factories. Through a strategic project we started in 2010, we have used this infrastructure to create a centralized database of information on individual customers' houses from our initial contact with them to after-sales service and remodeling. This platform underpins Sekisui House's DX.

Sekisui House thus has a history of leveraging its competitive advantages in the industry by introducing digital technology that increases efficiency and helps to manage and improve overall quality in step with changes in the business environment. Today, the IT Design Department plays this role. The former Information Systems Department, which was part of the Management Division, merged with the CAD/AES Center in 2009 to become the IT Business Department. In 2013, this department merged with technical IT departments from the Production Division, Development Division and elsewhere, and from 2018 it was made part of the Business Strategy Division. In 2022, as the IT Design Department, it is working to transform Sekisui House's businesses to pursue new potential from IT.

History of Utilizing Information at Sekisui House



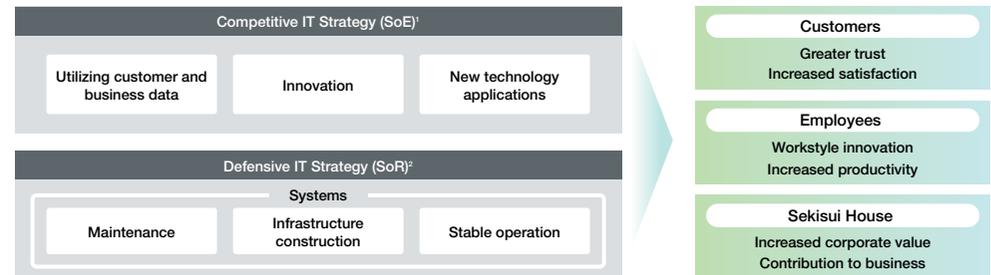
Approach to Digital Transformation (DX)

We believe that the role of DX in the Sekisui House Group's business strategy lies firmly within the boundaries of its businesses. Based on this understanding, we apply digital technologies as a means to transform our businesses. The extensive customer information and design data we have collected and managed over more than 60 years since our establishment provide a foundation for the application of these technologies. While using the data we have accumulated to conduct advanced competitive IT that applies AI, IoT and blockchain technology, we also conduct defensive IT, which entails raising operational efficiency through system-level reforms and upgrades in addition to constructing and stably operating system infrastructure. Furthermore, we are working to improve corporate value by establishing IT governance for strategic control of risks and returns for each investment in information systems according to uniform rules.

In recent years, responding to labor shortages and workstyle reforms has become an urgent issue. The COVID-19 pandemic beginning in 2020 necessitated new ways of working, such as remote work, that can be done anywhere. Our top priority in addressing this issue was speed. As a result of the smooth introduction of new workstyles, remote work is now firmly established at Sekisui House. We have identified work premised on printed documents and personal seals and are promoting more efficient and effective ways of getting these tasks done. Moreover, as remote work has brought the effective use of online communication methods to the fore, we are ambitiously working to improve performance by using such new communication tools not just internally but also for meetings and consultations with customers and suppliers.

We will continue to approach IT from both competitive and defensive strategic perspectives as we promote DX to create value for all our stakeholders.

Overview of Our IT Supporting DX



1 SoE: System of engagement 2 SoR: System of record

DX Strategy in the Sixth Mid-Term Management Plan

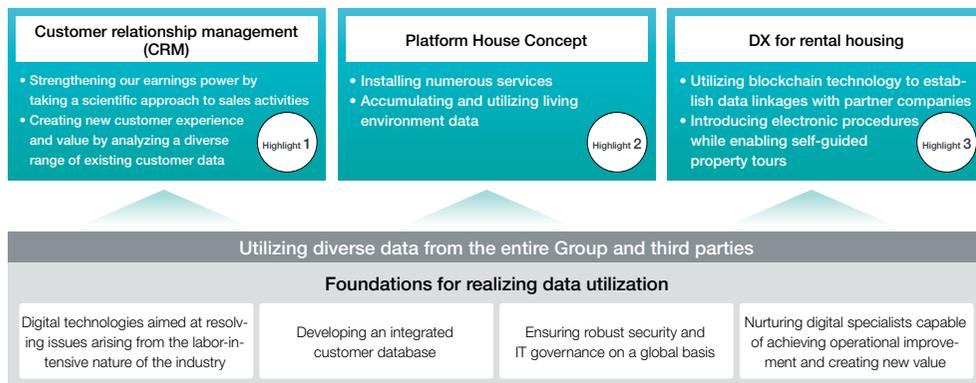
The Sekisui House Group is working to create new customer experience value, maximize business opportunities and transform its operations by using wide-ranging data about its housing-related businesses and customers alongside advanced digital technologies. In particular, under the Sixth Mid-Term Management Plan, we are focusing on customer relationship management (CRM), the Platform House Concept and DX for rental housing as priority initiatives.

In CRM, in order to make proposals to customer segments that we have previously been unable to address in detail due to the limits of management resources, we will take a scientific approach to sales activities and create new customer experience value by analyzing a diverse range of existing customer data in order to contribute to customer happiness and strengthen our earnings power.

Under the Platform House Concept, we will install housing with numerous services centered on health, connectedness and learning as we accumulate and utilize living environment data to provide customer happiness.

In DX for rental housing, we will transform experiences for customers considering moving into our Sha Maison rental housing by using blockchain and other digital technologies to digitize and move various procedures online, from property searches, tours and move in all the way to move out. By doing so, we aim to enhance customer convenience and our operational processes.

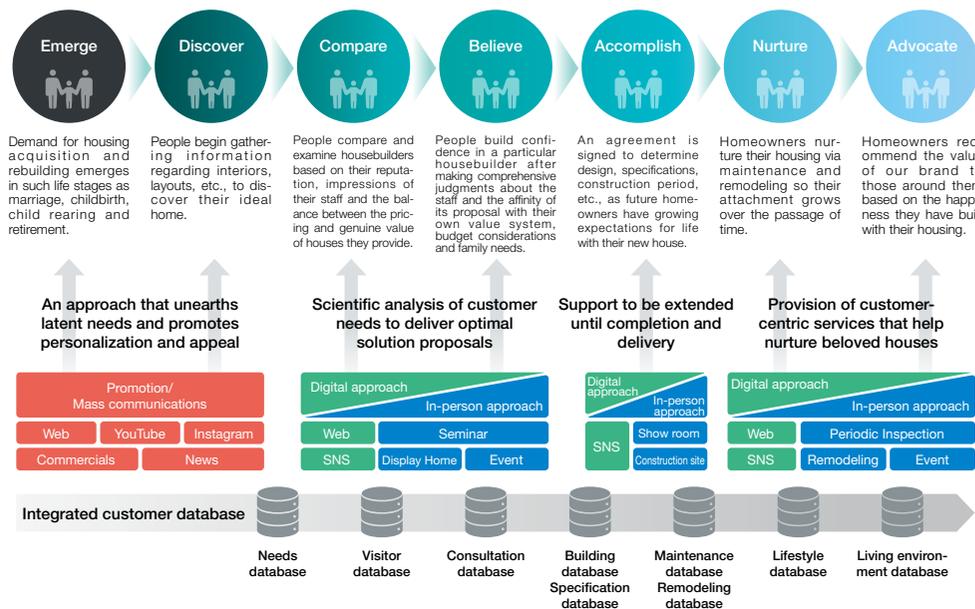
To realize these three DX strategies, we will need to utilize not only the various data that exists within the Group, but also external data from third parties. As such, we will build a foundation for DX from the perspectives of databases, rules (operations), and human resources to enhance the efficacy of each strategy.



Highlight 1 Customer Relationship Management (CRM)

Since our founding, we have been closely attuned to our customers to provide value through housing. Amid the ongoing shift to digital contact with customers, we are promoting CRM with the mission of enhancing the value of the entire customer experience, from housebuilding to after customers take possession. To date, we have established and promoted after-sales services for customers that include the Customer Service Center Owner Desk, which accepts inquiries 24 hours a day, 365 days a year, and the Smart Inspection system, which uses multiple advanced devices for housing inspections. Through such services, we strive to enhance customer satisfaction.

Under the Sixth Mid-Term Management Plan, we will focus efforts on initiatives to further enhance experience value for customers considering housebuilding in order to increase the effectiveness of our proposals and efforts to reach customers. Specifically, we plan to accumulate and improve the usability of such data as the digital responses of customers when approached through digital promotions, as well as their display house visit history. This will enable us to scientifically analyze their latent and apparent needs in order to propose optimal solutions and thereby efficiently secure orders.



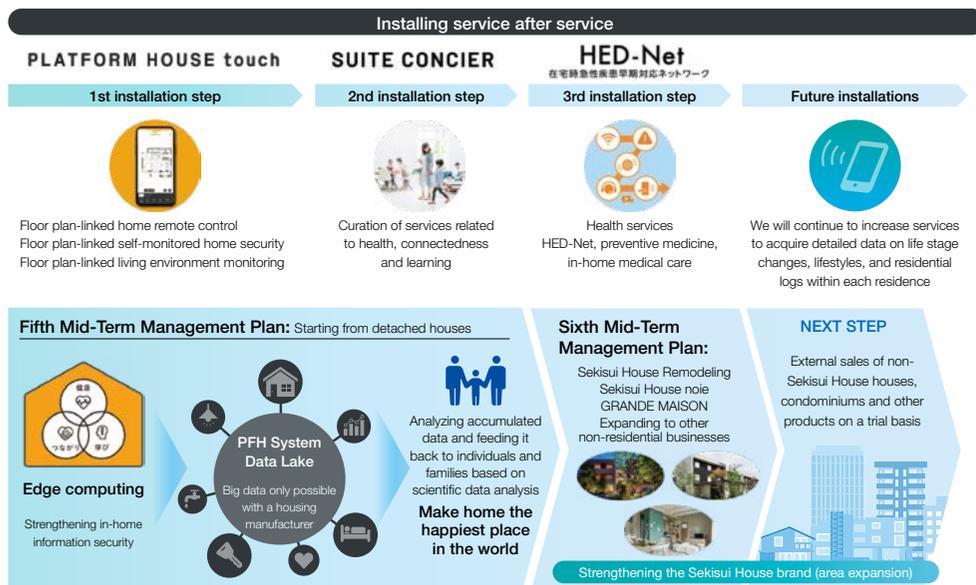
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Highlight 2 Platform House Concept

As a core initiative for our global vision, we are promoting our Platform House Concept to help residents achieve happiness in the era of the 100-year lifespan.

In services focused on connectedness, we offer PLATFORM HOUSE touch, a smart home service installed in housing. Using intuitive controls based on a diagram of the house's floor plan, users can check whether doors and windows are closed and locked to prevent crime, get alerts of heat stroke risk from humidity sensors and respond by remotely operating air conditioners from outside the home, improving living convenience. This service has been well received by customers. In health-focused services, we plan to install HED-Net, an in-home early detection network for acute illnesses, in homes going forward.

Under the Sixth Mid-Term Management Plan, we will provide highly convenient services that connect homes and families by applying IoT and AI functions to our accumulated big data on housing. At the same time, we plan to add such services to the offerings of Sekisui House Remodeling and roll them out to GRANDE MAISON condominiums.

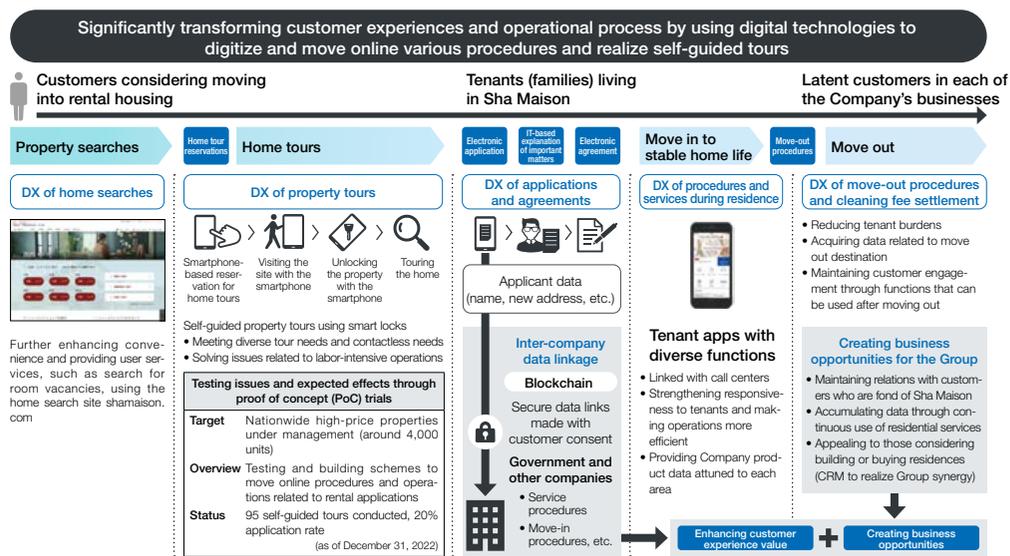


Highlight 3 DX for Rental Housing

Our DX for rental housing refers to the use of digital technologies across all processes related to the Sha Maison rental housing customer experience from move in to move out in order to enhance resident experience value and improve operational efficiency.

For the property search phase, we will reinforce DX for the Sha Maison property information site for prospective tenants to improve convenience. For the subsequent property tour phase, we are implementing proof-of-concept trials of self-guided tours to better meet the diverse needs of prospective tenants. For move in, we aim to shift all procedures online, including allowing customers to apply electronically, using IT to provide legally required explanations of important matters, and signing agreements electronically. In addition, we will promote inter-company data linkages using blockchain technologies for utility and IT infrastructure service applications, such as water, gas and Internet, to realize fully online, one-stop procedures. After move in, we will offer a range of procedures and services through tenant apps. Finally, for move out, we will enable tenants to handle all move-out procedures online.

By thus advancing DX across all processes from move in to move out, we will further enhance the Sha Maison brand.



We participate in inter-company data linkage using blockchains and work to create new value through open innovation with different industries.