

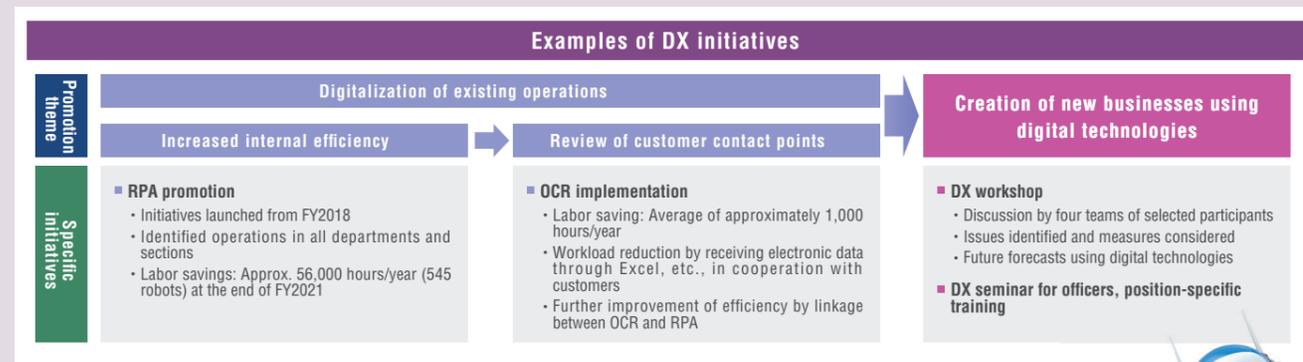
Trading Business

(JFE Shoji Corporation)



Under the Seventh Medium-term Business Plan, the JFE Shoji Group is pursuing a DX strategy that looks ahead 10 years. During fiscal 2021, we carried out companywide e-learning and a survey to teach employees the basics about DX. During fiscal 2022, we held a DX seminar for officers, position-specific training for mid-level employees, and a cross-organizational DX workshop to disseminate an awareness of DX promotion throughout the entire organization and to materialize DX seeds and themes.

Anticipating the future changes in the JFE Shoji Group's business environment, we will continue to transform our services and to enhance our value for various stakeholders aiming for "X" (transformation) with "D" (digital technologies) while drawing our future vision.



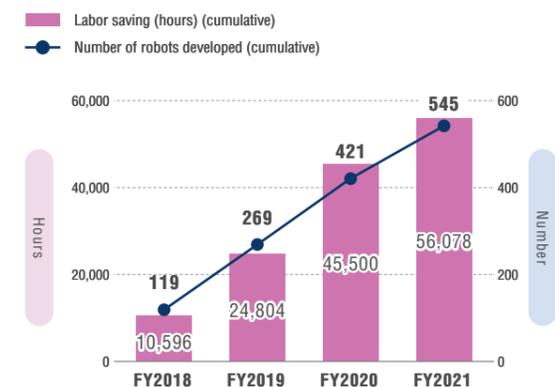
01 Initiatives to increase operational efficiency using digital technologies JFE Shoji's RPA and OCR initiatives

The development of robots for Robotics Process Automation (RPA) began in fiscal 2018, and the companywide identification of needs was completed by the end of fiscal 2021, with 545 robots developed in total and labor saving reached approximately 56,000 hours/year.

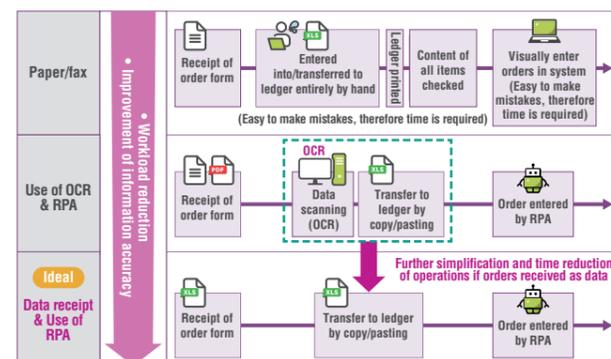
In addition, the adoption of AI-OCR* has been proceeding on track to digitalize handwritten documents (cumulatively 109 business forms had been digitalized as of the end of September 2022). This initiative realized approximately 1,000 hours/year of labor saving. Furthermore, we have been working to receive data in Excel or other formats from customers instead of handwritten documents. Successful cases of the linkage between OCR and RPA robots will be steadily increased in the pursuit of further improvement of efficiency.

* OCR: Optical Character Recognition/Reader

Number of robots developed (FY2018 through FY2021)



Pursuit of further improvement of efficiency with electronic data receipt instead of OCR



02 Initiatives to transform and create businesses JFE Shoji's DX workshop

DX workshop is organized primarily by the internal DX propulsion working group (DX-WG). Aiming to realize "transformation of existing businesses" and "creation of new businesses using digital technologies," representatives selected from various divisions focused on cross-division discussions.

DX workshop overview (session period: June - September in 2022)

Objective	- Discuss DX proposals across divisions - Formulate plans and goals to realize JFE Shoji vision
Members	- Representatives from sales departments and group companies: 15 people - DX-WG: 5 people - Consulting firm: 4 people
Method	- 7 programs in total provided by outside consultants with extensive experience supporting DX implementation

Made up of four teams, with each team discussing the DX that JFE Shoji wants to achieve



Team discussion

DX workshop program content

	A. Understanding assumptions and defining what we want to be	B. Organization of issues	C. Formulate specific measures	D. Drafting of execution steps
Consideration step	#1 Organization of business assumptions (internal)	#2 Organization of business assumptions (external) and definition of what we want to be	#3 Identification of issues	#4 Reorganization of what we should be and priority issues
Things to be considered	a. Understanding our company's business b. Organizing value our company provides	a. Understanding strengths of competitors b. Insights into future of customers and market c. Definition of what we want to be	a. Understanding gaps between what we want to be and what we are now b. Issues from elemental analysis of gaps	a. Classification of issues b. Recognition of importance and commonality of issues
Envisioned output	a. List of JFE Shoji's strengths b. Value provided by supply chain	a. List of strengths of competitors b. Pest analysis results, future insight results c. What we want to be	a. List of issues b. Customer journey map	a. Issue classification map b. Correlation between what we want to be and issues
Method of use	Supply chain analysis	Pest analysis, future insights	Customer journey	Issue mapping

03 Cross-organization initiative JFE Shoji's "new work-style consideration"

Triggered by the COVID-19 pandemic, JFE Shoji has embarked on "new work-style consideration" based on cross-organization cooperation among divisions.

Working groups have been established on the four themes of contracts, payment and collection, reimbursement of payments, and general applications. We are working to review operations and increase efficiency to address diverse work styles.

New work-style consideration (overview)

Aim	Create frameworks and system that are compatible with diverse work styles
Objective	Contracts, payment and collection, reimbursement of payments, and general applications
Content	<ul style="list-style-type: none"> Departmental collaboration for continuous implementation initiated from FY2021 Cooperation across Finance & Corporate Accounting, Business Accounting, Steel Business Planning & Coordination, Business Planning & Coordination, Legal, Credit, Public Relations, and General Administration departments
Measures	<ul style="list-style-type: none"> (1) Contracts: Commenced companywide use of DocuSign (from May 2022) (2) Payment and collection: Electronic approval of application forms completed (July 2022); Commenced interface development between SAP (in use from April 2023) (3) Reimbursement of payments: Preparing for use launch (October 2023) (4) General applications: Legal, Public Relations, Steel Business Planning & Coordination (in use from February 2023); Finance & Corporate Accounting, Business Accounting, Credit, Business Planning & Coordination (in use from April 2023); General Administration (requirements being confirmed)

(Example) Electronic approval of payment operations (from July 2022)

