Trading Business (JFE Shoji Corporation)

Under the Seventh Medium-term Business Plan (Fiscal 2021-24), the JFE Shoji Group is currently promoting its DX strategy through the ongoing initiatives of "building a framework for the creation of DX projects," "raising productivity through DX," and "developing and offering DX-related products and services." We are also focusing on human resource development and the cultivation of an organizational mind for DX promotion, to encourage employees to autonomously think about DX and to establish the foundation for execution of DX. The JFE Shoj Group will expand and accelerate these initiatives to continuously create and enhance our corporate value, while strengthening our competitiveness by providing new value to customers.



Takanori Adachi Managing Executive Officer

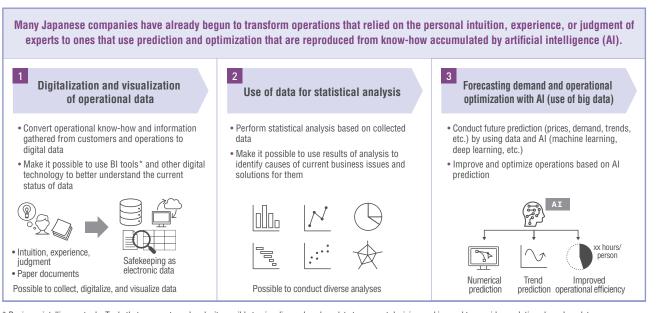
DX Strategy

Seventh Medium-term Business Plan (Status of DX initiatives)		
Digitalization of existing operations	Preparations toward creating new value	Enhancement of customer service and value provided
 RPA promotion Initiatives launched from FY2018 Identified operations in all departments and sections Estimated labor savings at end of FY2023: Approx. 57,000 hours/year (580 robots) 	Basic DX training (e-learning, surveys) • Increase of DX-related knowledge and assessment of internal needs DX workshop • Identification of issues and consideration of measures to address them by representatives of various departments DX executive seminars, position-specific training	Data aggregation Data aggregation Data aggregation DX-related products and services
OCR* implementation • Greater efficiency through linkage with RPA • Reduction of operational workload by receiving electronic data through Excel, etc. • Estimated labor savings at end of FY2023: Approx. 12,000 hours/year (120 documents)	Consideration of use of AI technologies in operations • Implementation of proof of concept (PoC) of numerical AI using machine learning • Consideration of use of generative AI (ChatGPT)	Provision of services for stakeholders using data and DX products

Effective use of data Initiative | 01

The effective use of internal collected data (customer information, financial and accounting information, budget management information, etc.) is the key to the success of DX promotion.

JFE Shoji will transform operations that relied on personal intuition, experience, and judgment to objective decision-making based on data analysis rather than the previous subjective decisions, by reviewing how to collect and use data at various work sites through position-specific training, etc.



* Business intelligence tools: Tools that aggregate and make it possible to visualize and analyze data to support decision-making and to provide resolutions based on data

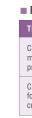
Use of Al Initiative 02

As part of our approach to effective use of data, JFE Shoji has started to execute PoC to apply the results of prediction and analysis in the use of machine learning (AI) in future operations.

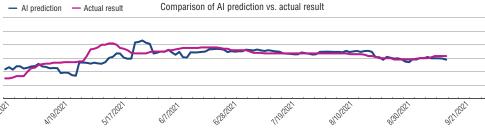
We are considering standard operational flows to develop AI models and activation methods to meet operational situations.

Objectives of AI PoC implementation

• Consider standardization of individual operational expertise		
Verify contribution to improved operational efficiency		
• Consider possibilities for providing new customer services		
• Accumulate skills and expertise in construction of AI models		



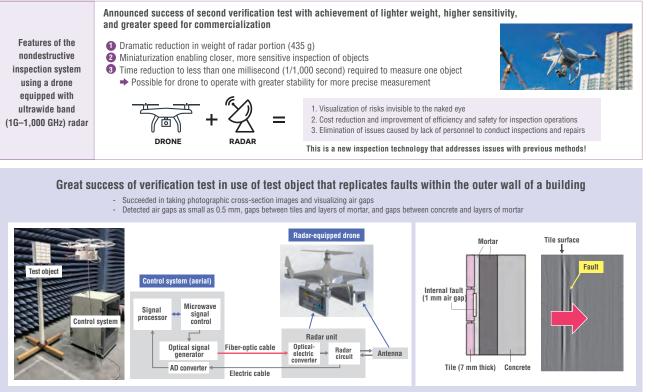
[Example] A commodity market price - Al prediction and actual result



Initiative 03 Noncontact, nondestructive inspection by using radar-equipped drones (JFE Shoji Electronics)

In preparation for the advent of an ultra-aging society, JFE Shoji Electronics and Osaka University have jointly developed millimeter-wave radar technology that can inspect air gaps and cracks within the outer walls of buildings without making contact or destroying the walls, to address the issues of transferring skills and shortage of inspectors.

JFE Shoii Electronics will contribute to labor savings, safe and efficient operations, and the acceleration of regular inspections by building owners by offering this solution by using wall-surface robots and drones installed with millimeter-wave radar. The application of this radar solution will also result in extending the life of buildings and preventing disasters for building owners.



Examples of major PoC implementation

Theme	Objectives	Implementation results	
Commodities narket prediction	Predict future prices and verify whether the prediction is effective for the judgment of current trading activity	Reached similar level of prediction by sales specialists	
Credit ratings or overseas customers	Verify whether AI judgments are reliable for replacing individual skills in credit department	Reached similar level of judgments to ones by specialists in credit department	