

DX Strategy **BX**

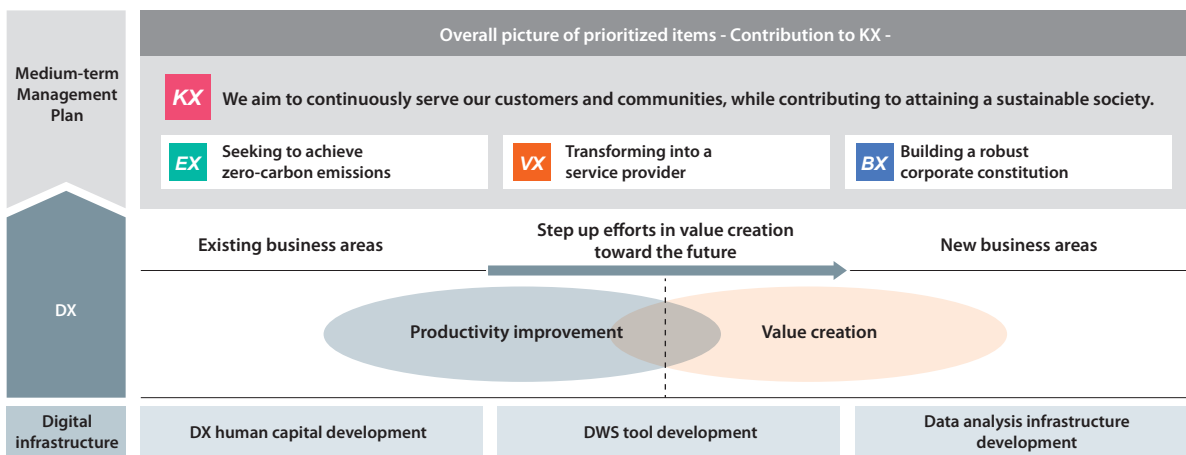
Strategy formulation and promotion structure

The Group has been proactively engaged in efforts toward improvement of productivity and new value creation through utilization of digital technology. DX is also positioned as an indispensable means for realizing the three pillars of our new Medium-term Management Plan (EX, VX, and BX).

Our respective departments are driving DX by exploring and sequentially rolling out specific DX-related initiatives based on the overall strategy, which was formulated by the DX Strategy Committee set up in June 2018 with the President as the chairman. Additionally, in August 2018, K4 Digital Co., Ltd. was established jointly with Accenture Japan Ltd. to draw on our internal and external expertise and support the initiatives of our respective departments.

DX promotion essentially requires “digital human capital” who have specialized knowledge and know-how related to digital technology. At our Group, through internal training and business execution at K4 Digital, we are working to develop human capital who can promote DX with high-level skills ranging from data analysis to digital technology-driven problem solving.

Moreover, in an effort to improve the environment for DX promotion, we are actively introducing cutting-edge IT technologies. More specifically, we have renewed the aging IT infrastructure and accelerated the shift to a highly flexible cloud environment that is suitable for DX. A data analysis platform and agile development system are also being put in place so we can proceed with DX promptly and efficiently.

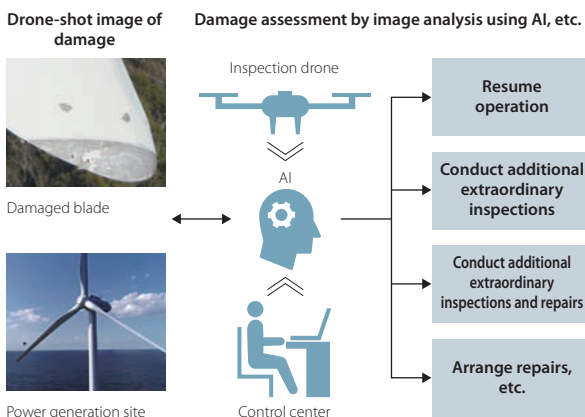


Medium-term Management Plan

Sophisticated operation and maintenance of offshore wind power facilities utilizing drones and AI image analysis

We are developing technology to allow offshore wind power facilities to check the entire appearance of a facility by drone after an emergency shutdown of power generation (safety shutdown) due to lightning strikes and other causes, and to assess damage using AI-based image analysis of damaged areas.

This technology will help realize next-generation operation and maintenance of wind turbines at a higher level.



Improve profitability by precisely identifying the number of shrimp using AI image analysis in the land-based shrimp aquaculture business

In collaboration with Kaiko Yukinoya, a land-based shrimp aquaculture business venture originating from our Company, we have achieved sophistication and productivity improvement in the aquaculture business using digital technology.

Counting the number of juvenile shrimp instantly and accurately at the start of cultivation by leveraging AI for image recognition has enabled highly accurate feeding and shipping plans, improving profitability.

