

Takaoka Toko Group
Second Quarter of Fiscal Year Ending on March 31, 2025

Supplementary Briefing Material on Financial Results

November 12, 2024

TSE Prime Market (6617)

Takashi Ichinose
President and Representative Director



We sincerely reiterate our deep apologies for the great concerns and inconveniences caused to our customers, shareholders, trading partners, and all other stakeholders for approximately three years and two months after the incidents of impropriety were identified in August 2021.

<Movements since the previous financial results briefing session held on May 16, 2024>

- September 19: Announced the “Results of Total Quality Inspection” and “Receipt of Supplementary Report and Final Report from Investigation and Verification Committee”
 - October 28: Announced “ “SQC First” Reform based on Reflections on and Lessons from a Series of the Incidents of Impropriety, and Personnel Affairs for Directors and Executive Officers”
- * “SQC first” refers to restoring the Company to a position where safety (S), quality (Q), and compliance (C) are the highest priorities.

In the “Results of Total Quality Inspection,” we announced the completion of the total quality inspection for all products of the Group (the “Total Quality Inspection”) and the results. This announcement includes the incidents of impropriety that were identified in the course of the investigation process so far (announced on May 16, 2023, January 22, 2024, and May 14, 2024), as well as eight incidents of impropriety that had been additionally identified.

In the “Receipt of Supplementary Report and Final Report from Investigation and Verification Committee,” we announced the results of the investigation led by the “independent investigation and verification committee with no vested interest in us (chaired by Kazumine Terawaki)” established in January 2024.

In particular, we received the detailed reports, a supplementary report on the “evaluation and verification of responses by the senior management to incidents of disconnectors” and a final report on the “evaluation and review of the process of the comprehensive inspection we have implemented so far,” for the investigation results, analysis of the causes and issues, proposal for prevention of recurrence and improvement, etc.

1. Incidents of Impropriety Announced in the Results of the Total Quality Inspection (September 19)

No.	Incidents
1	Extra-high-voltage transformer products: Concluded lightning impulse withstand voltage tests at less than 75%, and questioned insulation performance against lightning impulse in certain sections of the winding structure (proposal in the interim report from the Investigation and Verification Committee)
2	Non-conformance with the testing equipment location specified by JEC standards (proposal in the interim report from the Investigation and Verification Committee)
3	Non-conformance with the response characteristic specified by JEC standards (proposal in the interim report from the Investigation and Verification Committee)
4	Extra-high-voltage transformer products: Reported waveform data different from the facts of lightning impulse withstand voltage tests and current waveforms (proposal in the interim report from the Investigation and Verification Committee)
5	Instrument transformer products: Partial discharge test not conducted
6	Air disconnectors and grounding switches: Shipment test omitted
7	Acquired official certification with a false background
8	Illegally used nameplates subject to specific customers (overseas)

Regarding the above incidents, we have completed corrective actions respectively and verified the execution, as well as confirmed the shipment of products through the inspection in accordance with the official standards and specifications agreed upon with customers. We are sequentially explaining product quality and safety and discussing future measures, etc. for the customers who purchased the products subject to the incidents of impropriety.

2. Proposed Measures in the Supplementary and Final Reports by the Investigation and Verification Committee

(1) Supplementary report (evaluation and verification of responses by the senior management to incidents of disconnectors, and proposal for prevention of recurrence)

[Proposal for prevention of recurrence]

- Review and disseminate the corporate philosophy, vision, and credo
- Improve governance and provide training to comply with various internal rules
- Review the way of collecting information by the Board of Directors
- Create documents including minutes
- Establish a system to encourage the use of a consultation service and whistleblower hotline inside and outside the Company
- Break away from a “don’t-rock-the-boat mentality” through compliance training for directors and executive officers
- Address excess specification problems head-on

(2) Final report (verification of the internal control system built in the Company as of 2021 and improvement measures)

[Proposal for improvement measures]

- Keep records thoroughly
- Utilize younger and mid-career employees
- Review the way of sharing information with Directors
- Review the way of responding to emergency situations

3. Root Causes Common to Occurrence of a Series of Incidents

<Root cause (1)> Disassociation between management and work sites

- Management and headquarters were apart from work sites physically and mentally, and thoughts and policies of management failed to be penetrated, shared, or understood company-wide.
On the other hand, management and headquarters did not listen to opinions and issues from work sites, and therefore the front-line employees' distrust in management remained.
- In contrast to management's saying "SQC first", there were inconsistency between their words and actions, and the front-line employees tended to prioritize delivery (D) and costs (C) over SQC.

<Root cause (2)> Weakened on-site capabilities

- Each organization and work site could not establish a work climate to educate oneself, discover problems, or promote kaizen activities.
- In the background to this are considered a shortage of on-site personnel, lack of efforts on basic education and T-type human resource development, inflexible operation of the personnel evaluation system, mid-level managers' inability to fulfill their roles, poor communication inside and outside workplaces, and other various factors.

<Root cause (3)> Lack of effectiveness of structure and DX

- The quality management system (QMS) has revealed issues, such as obsolete and unutilized internal manuals, tight lead time and insufficient process control, lack of checks on intentional fraudulent activities, disregard of compliance with quality and standards.
- The operation of the internal control system had issues to be improved and strengthened, such as risk detection, prevention, and response to emergency situations, reliability in the internal whistleblower hotline, and three-line defense.
- The factory DX, which supports operational enhancement and labor saving, was delayed on computerization and automation of manufacturing and inspection processes, visualization of production processes and statuses, etc.

<Root cause (4)> Dispersion and shortages of resources

- In the development of a small-quantity, high-mixed business, "selection and concentration of business" did not progress, and resource distribution to each business dispersed. As a result, each work site ran short of personnel and technology was personalized, as well as SQC infrastructure development and investment in DX were postponed.

4. Overview of “SQC First” Reform (4 Reforms)

Based on reflections on and lessons from a series of incidents of impropriety, we formulated four reforms as the “SQC first” reform for four root causes, aiming once again for restoring and growing to a company that prioritizes SQC. We will execute the “SQC first” reform with all our employees to restore trust of our stakeholders.

Reform (1) Foster a culture of thinking and acting “SQC first” in an integrated manner from management to work sites

- Close the distance between management/headquarters and work sites, and build a trusting relationship each other
- Foster and entrench a “culture of thinking and acting “SQC first” ” in an integrated manner from management/headquarters to work sites

Reform (2) Advance on-site capabilities and create “people and organizations” to support these

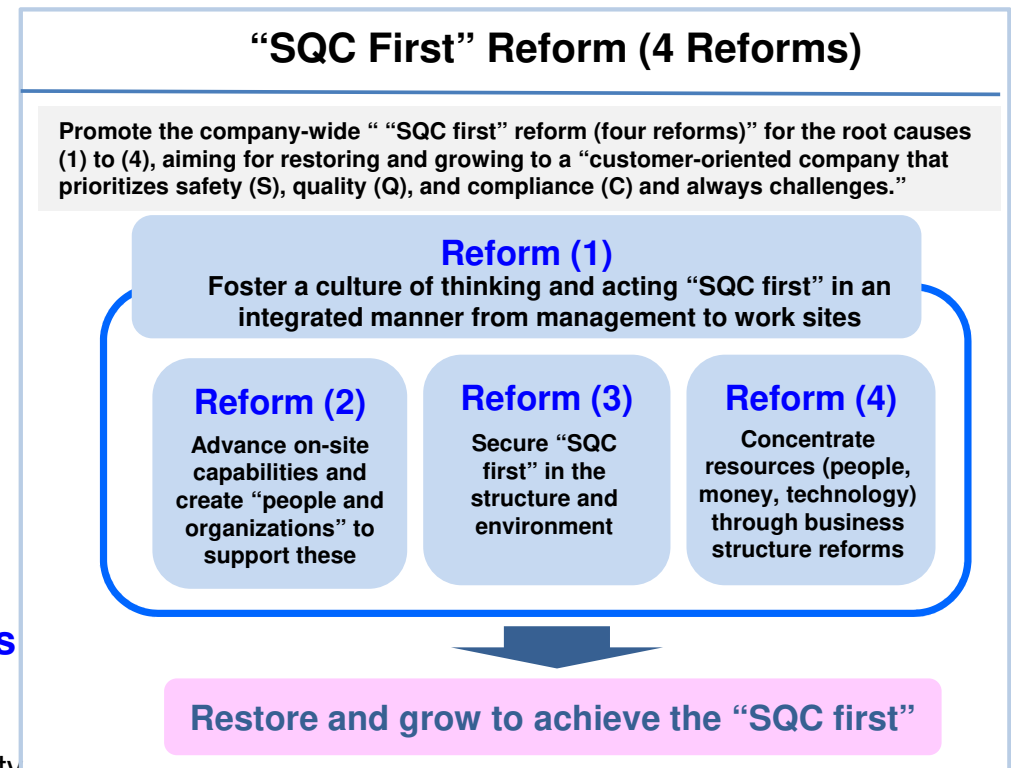
- Advance “on-site capabilities” of each organization and work site to a higher level where employees can educate themselves and promote problem finding and kaizen
- Strengthen measures to secure, foster, and evaluate human resources and kaizen activities for “making people and organizations” to facilitate the advancement

Reform (3) Secure “SQC first” in the structure and environment

- Improve (kaizen) the structures, such as the QMS and internal control system, and enhance quality management and risk detection, prevention, and response
- Accelerate factory DX initiatives, such as making smart factories, visualizing factories, and changing value chains

Reform (4) Concentrate resources (people, money, technology) through business structure reforms

- Promote structure reforms, such as business selection, concentration, and alliances, and concentrate resources (people, money, technology) to the business aiming to ensure quality and growth



Takaoka Toko Group

Financial Results Briefing Session for the Second Quarter of the Fiscal Year Ending on March 31, 2025

1. Business Results/Business Portfolio <YoY Analysis>
2. Performance of Business Segments <YoY Analysis>
3. Investment Performance (Capital Investments, Research & Development) <YoY Analysis>
4. FY2024 Business Forecast <vs. Previous Forecast>
5. FY2024 Second Quarter Initiatives

1. FY2024 Second Quarter Business Results

<YoY Analysis>

- Consolidated net sales were **47,606 million yen, up 8.8% YoY**, due to increases in sales across the entire Metering Business segment and EV infrastructure business, despite a decrease in sales for 3D inspection systems.
- In terms of profit, there were decreases across the board. While there were increases in sales across the entire Metering Business segment and charging infrastructure business, these were not enough to offset a decrease in 3D inspection systems and an increase of R&D costs. As a result, **Operating income was 1,961 million yen, down 12.9% YoY, ordinary income was 2,077 million yen, down 13.7% YoY, and profit attributable to owners of parent was 1,094 million yen, down 24.2% YoY.**

(In millions of yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Increase (A)–(B)	YoY
Net sales*	47,606	43,774	+3,831	+8.8%
Operating income	1,961	2,253	(291)	(12.9%)
Ordinary income	2,077	2,406	(329)	(13.7%)
Profit attributable to owners of parent	1,094	1,442	(348)	(24.2%)
* Of which, net sales related to TEPCO Power Grid Inc.	19,611	19,647	(36)	(0.2%)
Net sales composition of TEPCO Power Grid Inc.	41.2%	44.9%	(3.7%)	(8.2%)
Orders received	56,578	59,886	(3,308)	(5.5%)

1. FY2024 Second Quarter Business Results

Business Portfolio (FY2024 Second Quarter Net Sales)

Applied Optics Inspection System Business Segment

3D inspection systems, etc.

2% (3%)

Real estate leasing

Other Businesses

1% (1%)

Power plant equipment (high voltage transformer, switching equipment, control equipment), power distribution equipment (switches, pole-mounted transformers, controllers for distribution automation), disconnectors, construction for receiving substations, etc.

[Consolidated subsidiaries]
TAKAOKA ENGINEERING CO., LTD.
TAKAOKA CHEMICAL CO., LTD.
Toko Kizai Corporation

GX Solution Business Segment

9% (7%)

EMS-related products (automated metering system for apartment houses/tenants, automatic environmental control system to save electricity and energy for lighting and air conditioning), charging infrastructure (quick charger for electronic vehicles, V2H), information systems, smart grid-& proposal-related business, etc.

[Consolidated subsidiary]
MintWave Co., Ltd.

Metering Business Segment

35% (32%)

Smart meters
Voltage transformers for metering
Electricity meter replacement work, etc.

[Consolidated subsidiaries]
WATT LINE SERVICE Co., Ltd.
Toko Electric (Suzhou) Co., Ltd.
Toshiba Toko Meter Systems Co., Ltd.

FY2024 2Q
Net sales
Segment composition
47,600
(43,800)

Electric Equipment Business Segment

53% (57%)

(In millions of yen)

The number in () is FY2023 2Q sales and composition ratio.

1. FY2024 Second Quarter Business Results: Net Sales <YoY Analysis>

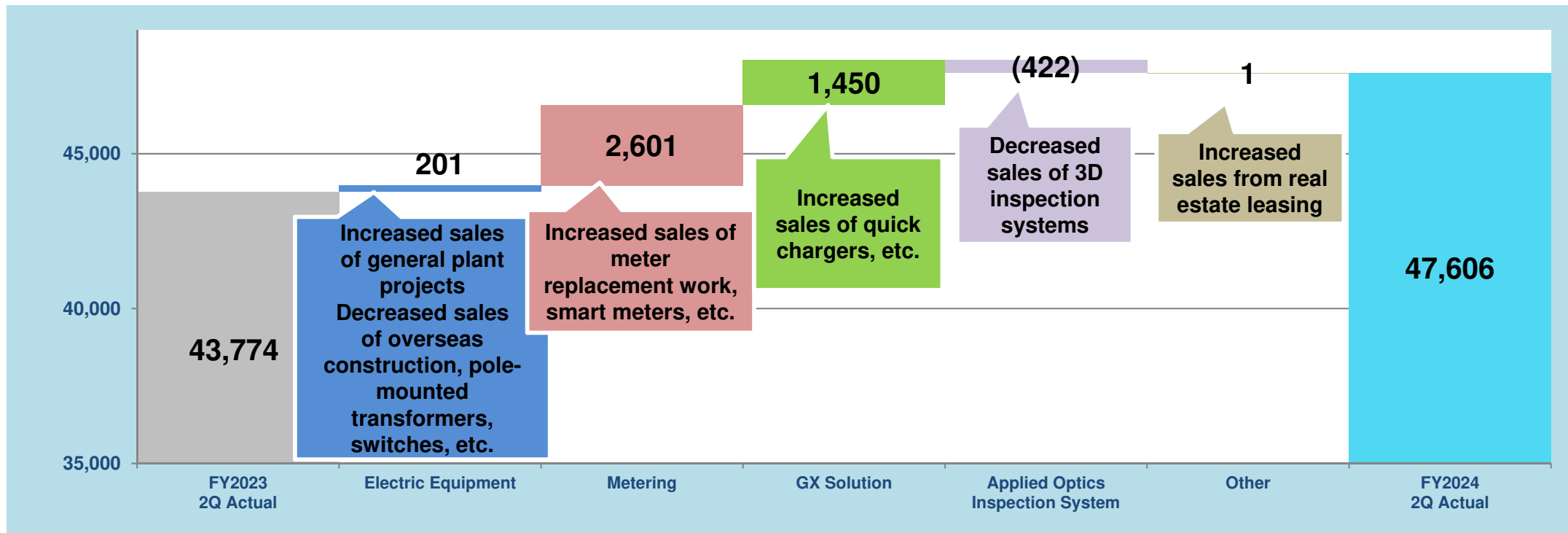


TAKAOKA TOKO CO., LTD.

[Net sales by segment]

(In millions of yen)

Segment		FY2024 2Q		FY2023 2Q		YoY	
		Amount (A)	Ratio	Amount (B)	Ratio	Change (A)–(B)	Percent change
	Electric Equipment Business	25,064	52.6%	24,863	56.8%	+201	+0.8%
	Metering Business	16,555	34.8%	13,954	31.9%	+2,601	+18.6%
	GX Solution Business	4,616	9.7%	3,166	7.2%	+1,450	+45.8%
	Applied Optics Inspection System Business	879	1.8%	1,302	3.0%	(422)	(32.4%)
	Other (real estate leasing)	489	1.0%	488	1.1%	+1	+0.2%
Net sales by segment: Total		47,606	—	43,774	—	+3,831	+8.8%



1. FY2024 Second Quarter Business Results: Income

<YoY Analysis>

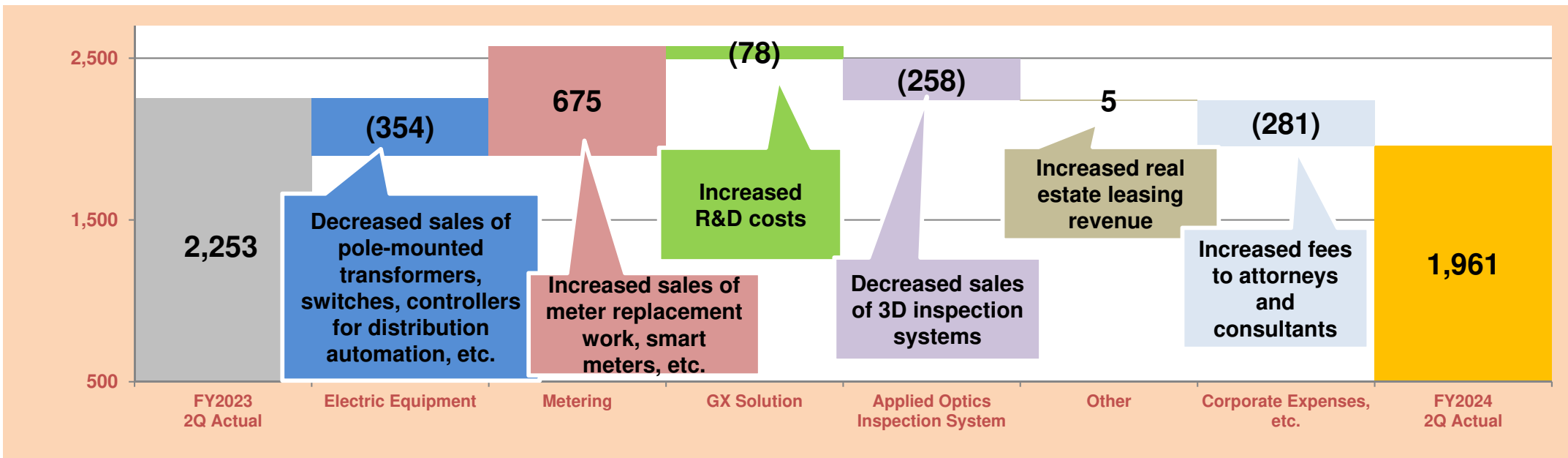


TAKAOKA TOKO CO., LTD.

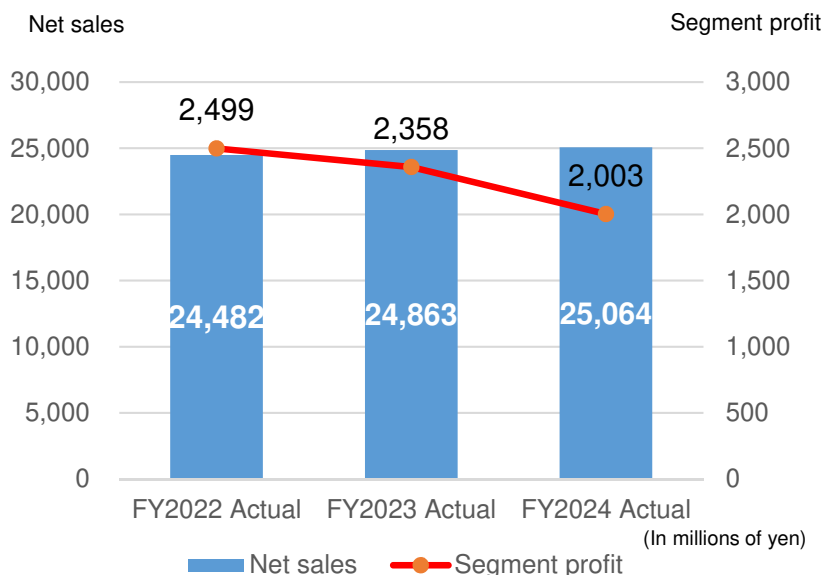
[Income by segment]

(In millions of yen)

Segment		FY2024 2Q		FY2023 2Q		YoY	
		Amount (A)	Profit margin	Amount (B)	Profit margin	Change (A)–(B)	Percent change
	Electric Equipment Business	2,003	+8.0%	2,358	+9.5%	(354)	(15.1%)
	Metering Business	2,556	+15.4%	1,880	+13.5%	+675	+35.9%
	GX Solution Business	(417)	(9.0%)	(339)	(10.7%)	(78)	+23.1%
	Applied Optics Inspection System Business	99	+11.3%	357	+27.4%	(258)	(72.2%)
	Other (real estate leasing)	334	+68.3%	329	+67.4%	+5	+1.7%
Income by segment: Total		4,576	+9.6%	4,587	+10.5%	(11)	(0.2%)
Corporate expenses, etc. (incl. consolidated adjustments)		(2,615)	—	(2,334)	—	(280)	—
Operating income		1,961	+4.1%	2,253	+5.1%	(291)	(12.9%)



2. Performance of Business Segments <YoY Analysis>



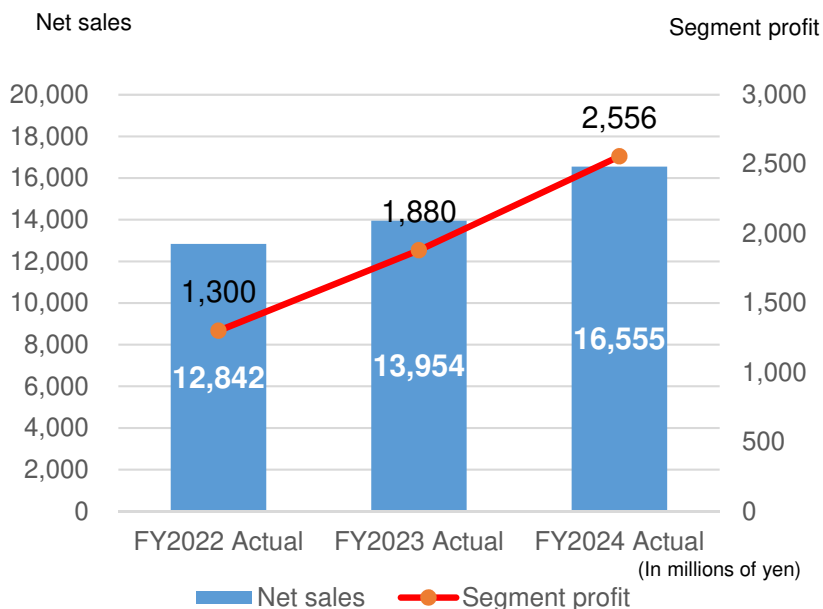
Electric Equipment Business Segment

(In millions of yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Increase (A – B)	YoY
Net sales	25,064	24,863	+201	+0.8%
Segment profit	2,003	2,358	(355)	(15.1%)

Net sales	[Reason behind increase] General plant projects and disconnectors for local power [Reason behind decrease] Pole-mounted transformers, switches, controllers for distribution automation, and overseas construction projects
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Profit	[Reason behind increase] Increased sales of general plant projects and regional power disconnectors [Reason behind decrease] Decreased sales of pole-mounted transformers, switches, controllers for distribution automation, and overseas construction projects
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Metering Business Segment

(In millions of yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Increase (A – B)	YoY
Net sales	16,555	13,954	+2,601	+18.6%
Segment profit	2,556	1,880	+676	+36.0%

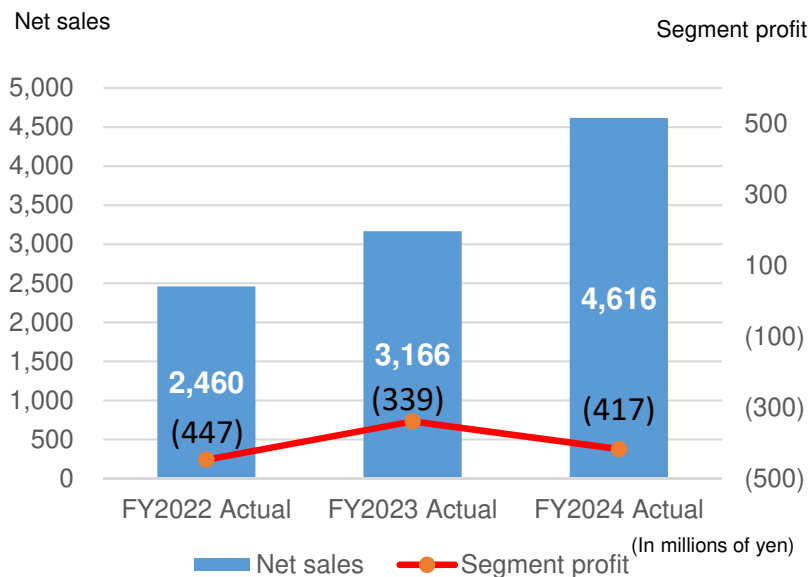
Net sales	[Reason behind increase] Electric meter replacement work, smart meters, and instrument transformers [Reason behind decrease] —
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Profit	[Reason behind increase] Increased sales of electric meter replacement work, smart meters, and instrument transformers [Reason behind decrease] —
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2. Performance of Business Segments <YoY Analysis>



TAKAOKA TOKO CO., LTD.



GX Solution Business Segment

(In millions of yen)

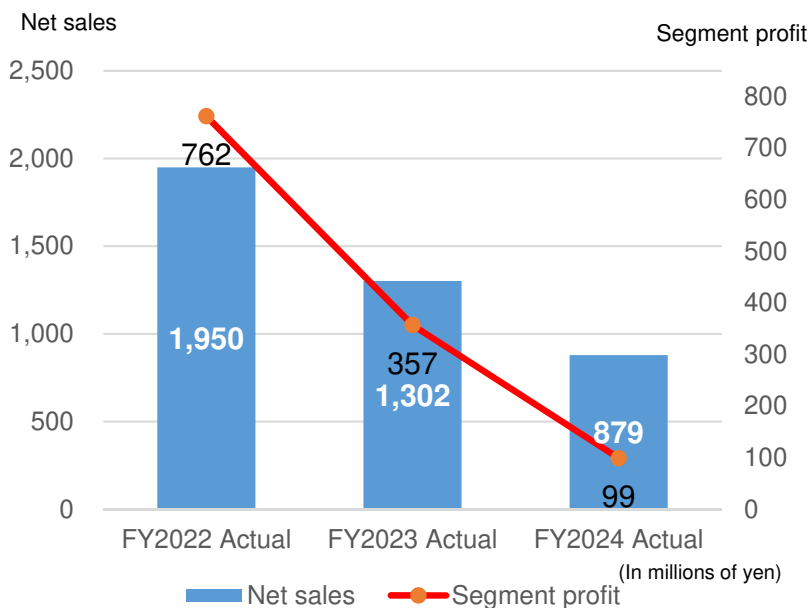
	FY2024 2Q (A)	FY2023 2Q (B)	Increase (A – B)	YoY
Net sales	4,616	3,166	+1,450	+45.8%
Segment profit	(417)	(339)	(78)	+23.0%

Net
sales

[Reason behind increase] DC Fast Charger for EV, EMS-related business
[Reason behind decrease] –

Profit

[Reason behind increase] Increased sales of DC Fast Charger for EV and EMS-related products
[Reason behind decrease] Increased R&D costs and sales expenses



Applied Optics Inspection System Business Segment

(In millions of yen)

	FY2024 2Q (A)	FY2023 2Q (B)	Increase (A – B)	YoY
Net sales	879	1,302	(423)	(32.5%)
Segment profit	99	357	(258)	(72.3%)

Net
sales

[Reason behind increase] –
[Reason behind decrease] 3D inspection systems

Profit

[Reason behind increase] –
[Reason behind decrease] Decreased sales of 3D inspection systems

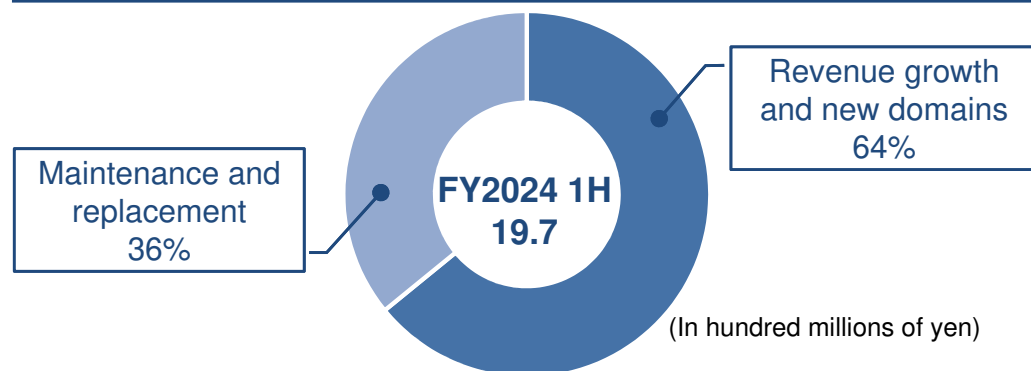
3. First Half Investment Performance (Capital Investments, Research & Development)

Capital investments

(In hundred millions yen)

	FY2024 Plan	FY2024 1H Actual (A)	FY2023 1H Actual (B)	Increase (A-B)
Revenue growth and new domains	40.5	12.6	5.5	+7.1
Maintenance and replacement	32.6	7.1	4.0	+3.1
Total	73.1	19.7	9.5	+10.2

Type	Details
Revenue growth and new domains	<ul style="list-style-type: none"> Production facilities of next-generation smart meters Building facilities for DSO system development
Maintenance and replacement	<ul style="list-style-type: none"> Seismic retrofitting of Oyama Plant Updating of testing equipment for trace PCB devices

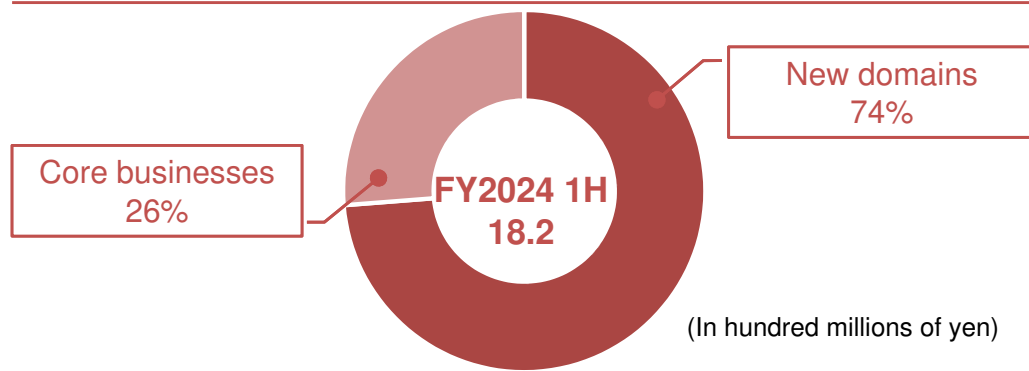


Research & Development

(In hundred millions yen)

	FY2024 Plan	FY2024 1H Actual (A)	FY2023 1H Actual (B)	Increase (A-B)
New domains	33.4	13.4	10.9	+2.5
Core businesses	12.5	4.8	5.3	(0.6)
Total	45.9	18.2	16.2	+1.9

Type	Details
New domains	<ul style="list-style-type: none"> Development of next-generation smart meters Development of new type of DC Fast Charger for EV
Core businesses	<ul style="list-style-type: none"> Model change for switching equipment Development of internal sensor-equipped voltage regulator

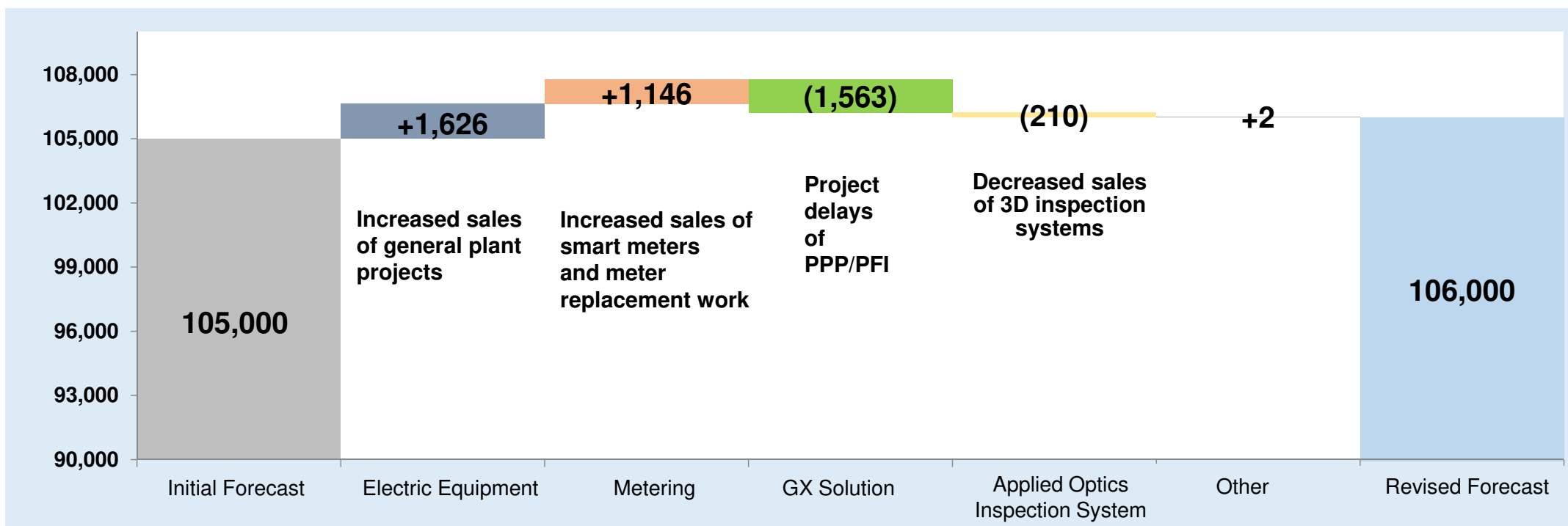


4. FY2024 Business Forecast: Net Sales

[Net sales by segment]

(In millions of yen)

Segment		Revised Forecast		Initial Forecast		Change	
		Amount (A)	Ratio	Amount (B)	Ratio	Increase (A)-(B)	Percent change
	Electric Equipment Business	59,492	56.1%	57,866	55.1%	+1,626	+2.8%
	Metering Business	32,818	31.0%	31,672	30.2%	+1,146	+3.6%
	GX Solution Business	10,612	10.0%	12,175	11.6%	(1,563)	(12.8%)
	Applied Optics Inspection System Business	2,100	2.0%	2,310	2.2%	(210)	(9.1%)
	Other (real estate leasing)	978	0.9%	976	0.9%	+2	+0.3%
Net sales by segment: Total		106,000	—	105,000	—	+1,000	+1.0%

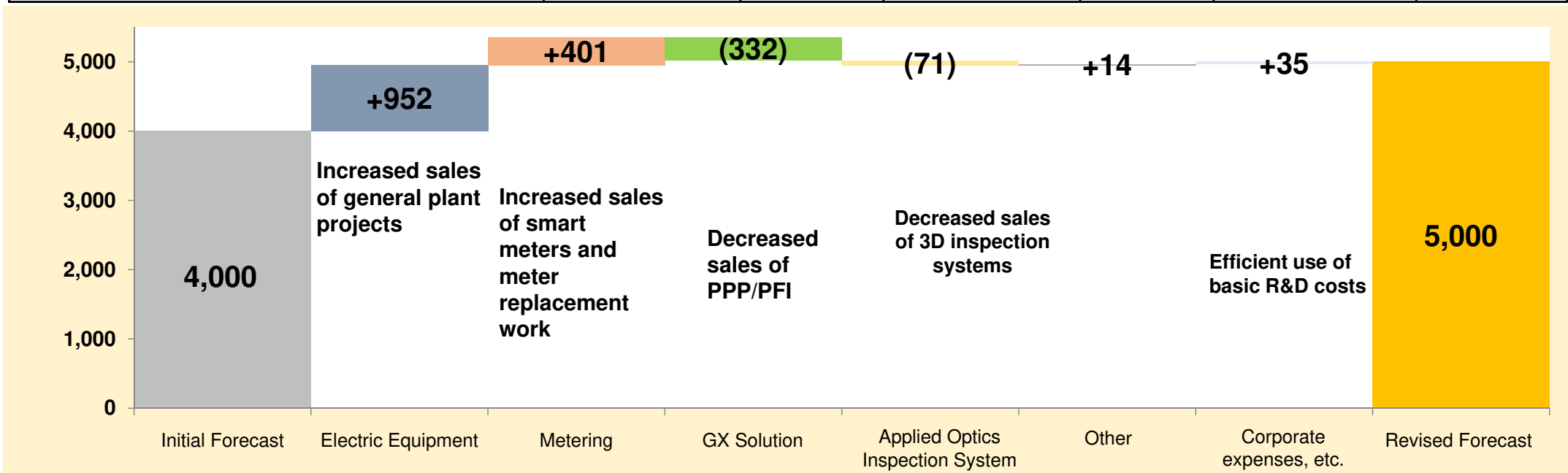


4. FY2024 Business Forecast: Income

[Income by segment]

(In millions of yen)

Segment		Revised Forecast		Initial Forecast		Change	
		Amount (A)	Ratio	Amount (B)	Ratio	Increase (A)-(B)	Percent change
	Electric Equipment Business	5,734	+9.6%	4,782	+8.3%	+952	+19.9%
	Metering Business	4,226	+12.9%	3,825	+12.1%	+401	+10.5%
	GX Solution Business	(318)	(3.0%)	14	+0.1%	(332)	(2,371.4%)
	Applied Optics Inspection System Business	230	+11.0%	301	+13.0%	(71)	(23.6%)
	Other (real estate leasing)	611	+62.5%	597	+61.2%	+14	(2.2%)
Income by segment: Total		10,483	+9.9%	9,518	+9.1%	+965	(10.1%)
Corporate expenses, etc. (incl. consolidated adjustments)		(5,483)	—	(5,518)	—	(35)	—
Operating income		5,000	+4.7%	4,000	+3.8%	+1,000	+25.0%



5. FY2024 Second Quarter Initiatives

Branding of a “SERA” series

Branding of the DC Fast Charger for EV series as a new “SERA” series

The new brand name, with our thoughts, is given to the DC Fast Charger for EV that we sell and develop, encapsulating our even greater and more serious commitment to engaging in the charger infrastructure business, which will support the EV society of the future.

[Purpose]

Strengthen branding of the EV infrastructure and improve awareness and images of Takaoka Toko’s brand by renaming the EV infrastructure (DC Fast Charger for EV) with the highest cumulative sales volume in Japan and promoting products and Services.

[Wrap advertisements]

Updated the design of the wrap advertisements at three ground facilities in Shimbashi, Minato-ku and one in Roppongi to a new brand design **SERA**.



[Wrap advertisement with a new design]



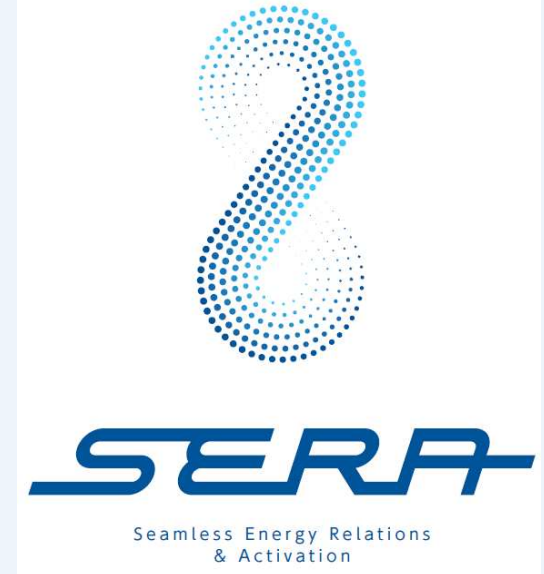
[Image of logos affixing to products]



[Shimbashi]



[Roppongi]



[Brand logo]

[Our thoughts behind SERA]

SERA refers to **S**eamless, **E**nergy, **R**elations, and **A**ctivation, in addition to the original meaning of “future existence.” This includes our thoughts to become a company designing a future EV energy network (contributing to realization of sustainable society) by seamlessly connecting energies to keep them living and active (opening a future of energy). Based on the results of the abovementioned cumulative sales volume, the quick EV chargers shifted to the “SERA” series to support a next-generation energy network. With a brand mission to realize a new energy society, we will create “time and experience” to light up the future.

5. FY2024 Second Quarter Initiatives



TAKAOKA TOKO CO., LTD.

Demonstration Test (PoC) of EV Charging Service “aima CHARGE” Services Started at TIMES Shibuya Honmachi No. 24 and TIMES Station Kawasaki



◆ Overview

- We aim to be a company providing solutions to meet customer needs (sales of services and solutions) rather than just manufacturing and selling equipment (sales of physical products alone). As for DC Fast Charger for EV, we are not only developing, manufacturing, and selling products as a manufacturer, but also providing new services, such as a “rental,” “leasing,” and “charging,” in collaboration with other companies.
- Among these, a “charging service business” (service name: “aima CHARGE,” collaborating with PARK24 CO., LTD. and TIMES24 CO., LTD.) started a demonstration test at “TIMES Shibuya Honmachi No. 24” in July 8. Furthermore, the second test also started at “TIMES Station Kawasaki.” As a trial period, “TIMES Shibuya Honmachi No. 24” was used free of charge from July 8 to August 31, 2024, and “TIMES Station Kawasaki” from September 1 to September 30, 2024. (The free trial period is currently over.)



2024年7月8日
株式会社東光高岳



EV充電サービス『aima CHARGE』（あいまチャージ）の実証試験（PoC） タイムズ渋谷本町第24でサービス開始

株式会社東光高岳（以下「東光高岳」）は、パーク24株式会社およびタイムズ24株式会社と協業し、時間貸駐車場「タイムズパーキング」においてEV充電サービス『aima CHARGE』（あいまチャージ）の実証試験（PoC）を開始する旨を公表いたしました^{※1}。本日2024年7月8日より、タイムズ渋谷本町第24においてサービスを開始しました。
なお、2024年7月8日（月）～2024年8月31日（土）までは、お試し期間として、aima CHARGE アプリ無しでご利用いただけることも併せてお知らせいたします。

※1：2024年5月29日 プレスリリース

「EV充電サービス『aima CHARGE』（あいまチャージ）、タイムズパーキングで実証試験（PoC）開始」

<https://www.tktk.co.jp/news/entry/000448.html>

【EV充電サービスの実証試験（PoC）の概要】

- <サービス名称> aima CHARGE（あいまチャージ）
- <利用料金> 44円/kWh（税込）
- <利用シーン> EV充電は、出かけた先で用事の合間に、タイムズ渋谷本町第24（19番車室）から開始。
 - ・随時、商業施設等にも設置拡大予定（2024年度中10ヶ所程度）
 - ・設置箇所は aima CHARGE のWebサイト（下記）に掲載予定
- <充電器出力> 15kW 急速充電器 SERA シリーズ[※]（CHAdeMO規格）
- <開始時期> 2024年7月8日（月）
- <Webサイト> <https://aima-charge.com>
- <充電アプリ> aima CHARGE アプリ、App Store（iPhone）、Google Play（Android）にて近日公開予定

なお、EVユーザーの利便性の更なる向上を目指して、株式会社 e-Mobility Power の充電ネットワークへの提携につきましても、準備が整い次第、実施してまいります。

最新の情報は、aima CHARGE Webサイトをご確認ください。

Overseas Business Initiatives



Expanding Overseas EPC Business

Takaoka Engineering (TEC), our group company, is expanding through three approaches: expanding core power generation and substation plant business, developing peripheral businesses like water supply and sewerage infrastructure, and capturing growth fields such as renewable energy. In the first half of FY2024, projects were completed in two countries, and a new order was received in one additional country, accumulating achievements as an EPC constructor and contributing to stable power supply globally.

Major completed projects

- Republic of Malawi
Project to improve Kanengo Substation
- Lao People's Democratic Republic
Oscillograph data recording device

Major new order

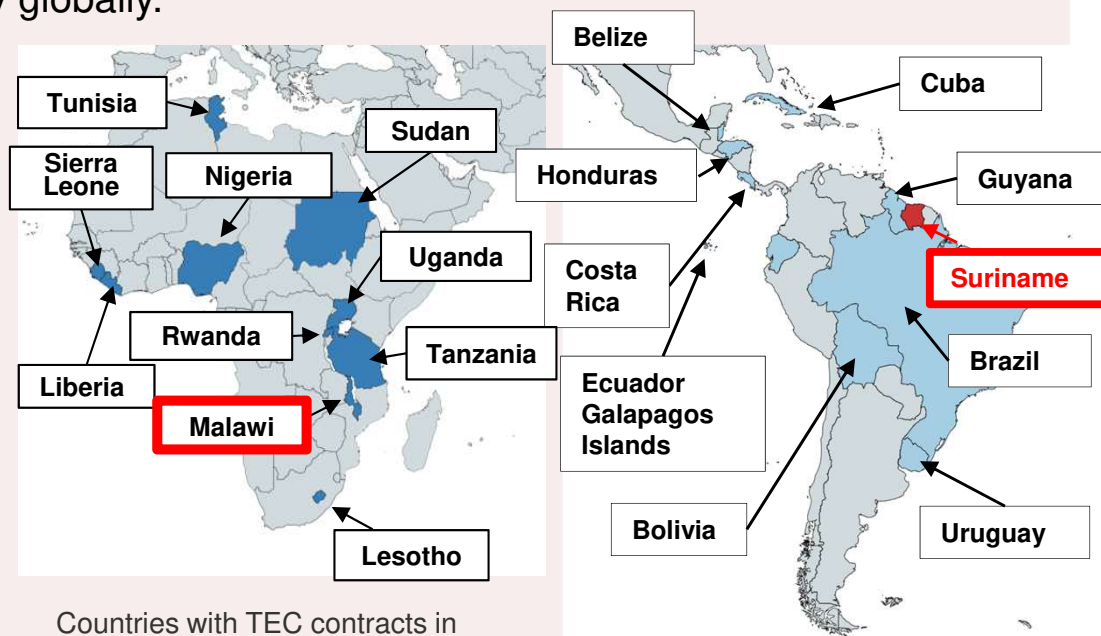
- Republic of Suriname
Economic and social development plan
(Supply of disaster prevention equipment)



Oscillograph data recording device
(Dongphosy substation)



Panoramic view of the completed Kanengo Substation



Countries with TEC contracts in African

Countries with TEC contracts in Central and South America

- Countries where projects were recently completed
- Countries where projects were completed in the past

5. FY2024 Second Quarter Initiatives

Smart Meter Business

FY2024 1H results of Toshiba Toko Meter Systems Co., Ltd.

- In the first half of FY2024, net sales increased YoY (up 26%) mainly due to an increase in sales share of electric smart meters and launch of new gas-related products in the second half of FY2023.
- The continued weak yen has led to soaring material costs. However, we managed to minimize the impact on profits through the activities to reduce the cost of parts, etc., for VA development of electric smart meters and reviewing sales prices of some industrial products. Despite the increased fixed costs due to the development for next-generation smart meters and capital investment, operating profit increased YoY (up 34%) as a result of the revenue increase and cost reduction activities.

Development status of next-generation electric smart meters

- Development for the introduction of next-generation electric smart meters* from FY2025 is progressing smoothly. We are also promoting design and arrangements for establishing our manufacturing lines to achieve full process automation.
- Preparation for ordering next-generation smart meters by power utilities has already started, and the same market share as the current smart meters is expected in the early days of the launch.

* By introducing next-generation smart meters, data can be acquired every five minutes (six times more frequent than the current 30 minutes). This allows meticulous operation of power distribution systems, reduction of power loss and CO₂ emissions, and expansion of the introduction capacity of renewable energy. In addition, metering gas and water will be possible through the communication network for next-generation electric smart meters. Allowing power utility, gas, and water companies to operate the metering system together may streamline system maintenance and reduce social costs.

5. FY2024 Second Quarter Initiatives

DX Business Initiatives: Utilizing Generative AI – Starting Operation of AI Help Desk

- AI Help Desk run by generative AI launched as a labor-saving measure for tasks involving fielding inquiries addressed to corporate departments and to speed up the responses.
- Having AI understand and automatically answer questions can contribute to speeding up responses and reducing operators' person-hours.

[Start of operation]

Start date: Monday, May 20, 2024

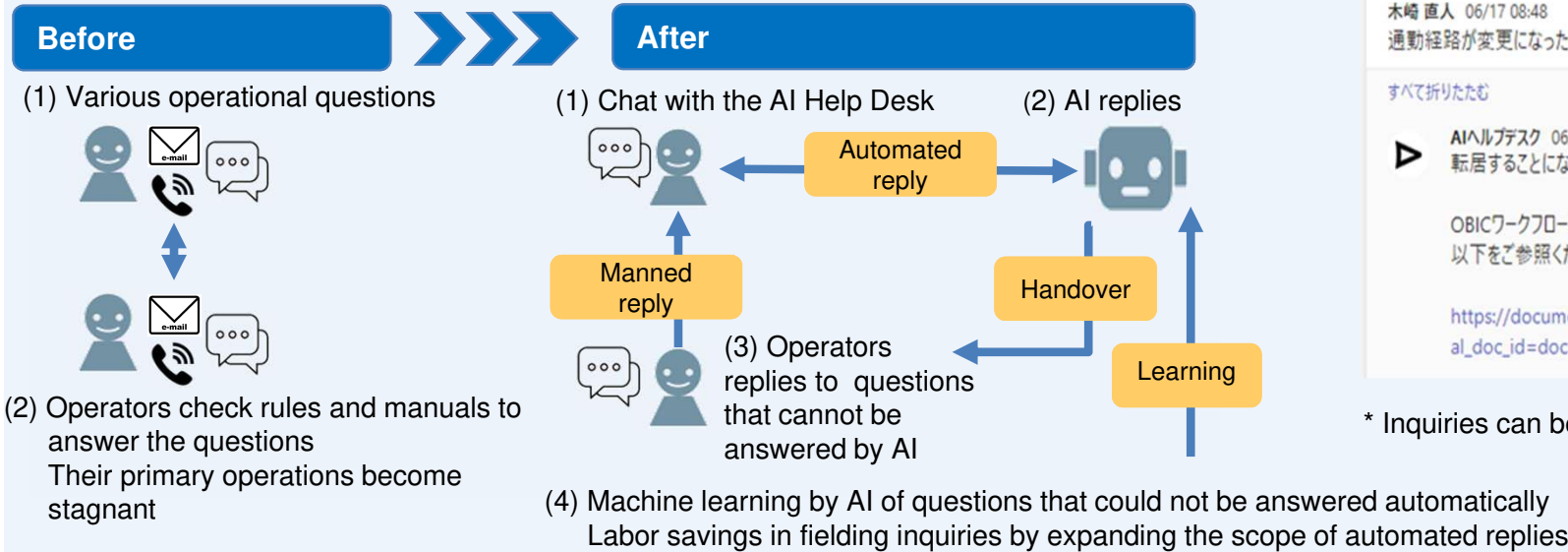
Objective: Inquiries to the five corporate departments

(Corporate Affairs Department, Employee Relations & Human Resources Department, Finance & Accounting Department, Human Resource Development Center, and DX Promotion Department)

Remarks: In preparation before starting, we consolidated the QAs responded by operators so far in each department in an Excel format and let AI perform machine learning.

	Corporate Affairs	Employee Relations & HR	Finance & Accounting	HR Development Center	DX Promotion	Total
Number of inquiries in FY2023	262	704	1,518	97	3,809	6,390

[Operation image]



* Inquiries can be sent from applications on Teams.

[Future development]

We will improve the quality of automatic answers, aiming at a 30% automatic answer rate (currently 12% on average)

5. FY2024 Second Quarter Initiatives

DX Business Initiatives: DX at Factories

As part of the reform measures in light of the incidents of impropriety, we focus on “digitalizing manufacturing and inspection check sheets,” “visualizing work person-hours,” and “automating manufacturing and inspection lines” for rebuilding quality.


[Eliminate input omissions/mistakes]

- Judge input items automatically to prevent input omissions
- A system that can complete forms only with complete input
- Switch images according to products to prevent product errors

[Ensure traceability]





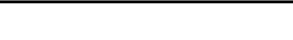

- Read a bar code for a person in charge of inspection, serial number, etc. and keep information to ensure traceability
- This will make searching check sheets easier later

An appropriate image is displayed according to a product

Are the codes connected in the following order? purple, green, blue, red		<input checked="" type="checkbox"/>
Is the code length 1.5 meters?		<input checked="" type="checkbox"/>



Verification of automation by robots

Customer name / recipient	Product number / order number	Order confirmation
Mr./Ms. 		
		

Appropriate design value is displayed according to a product

Input value is all recorded in the data base

[Measuring dimensions]

- Send value measured with a digital caliper, etc. to a check sheet
- Compare the value with design dimensions to judge good or bad automatically
- * Plan to introduce a film thickness gauge, etc. in the future

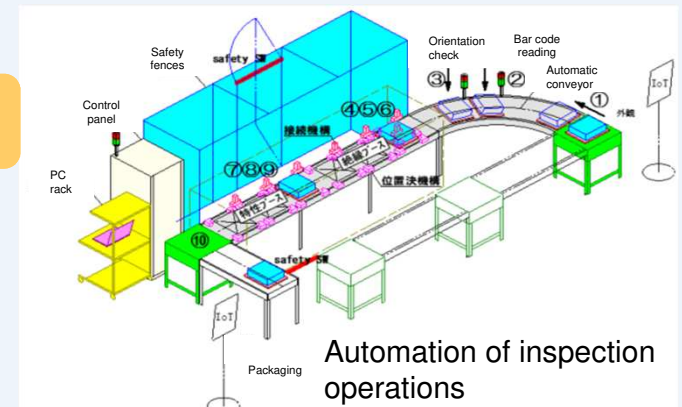


A digital caliper with the Bluetooth transmission function

Measurement point	Design dimensions	Measured value	Result
(1)	9.5 cm \pm 0.5 mm	9.3 cm	Good

Automatic judgment

In this example, the result is judged as “Good” since the measured value meets the design dimensions.



Automation of inspection operations

5. FY2024 Second Quarter Initiatives

Initiatives for Promoting Diversity

- We have promoted various initiatives, aiming to be a company respecting diversity, such as gender identity, sexual orientation, and sexual expression, and creating a workplace where all employees, including LGBTQ+ individuals, can work their own way with peace of mind.
- In FY2024, we are proactively promoting diversity with initiatives such as: nurturing female candidates for managerial positions and their superiors; holding “roundtable discussions for fathers” to encourage male employees to take childcare leave; corporate endorsement of “IKUKYU.PJT,” a project to encourage taking childcare leave by male employees; offering basic training regarding LGBTQ+; introducing a same-gender partnership system; maintaining internal use of common names for LGBTQ+ people; and corporate endorsements of outside campaigns such as “Business for Marriage Equity” and “Business Support for LGBT Equality in Japan.”



Logo of “IKUKYU.PJT”



Business for Marriage Equality

Logo of “Business for Marriage Equality”



Logo of “Business Support for LGBT Equality in Japan”

Cautionary statement regarding the performance forecast

Performance forecasts in this document have been made based on information available as of its publication date, and actual operating results may differ from such forecasts due to various factors.