



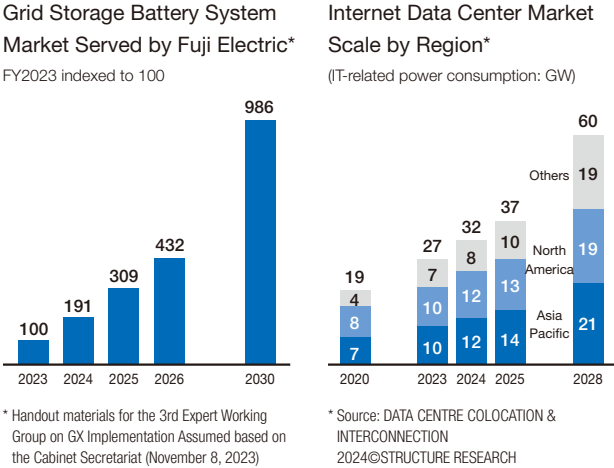
Energy

In response to the expansion of renewable energy, the need for power grid stabilization, and increasing demand from datacenters, we will strengthen our system solutions and increase our production capacity to achieve sustainable growth and to contribute to the realization of a decarbonized society.

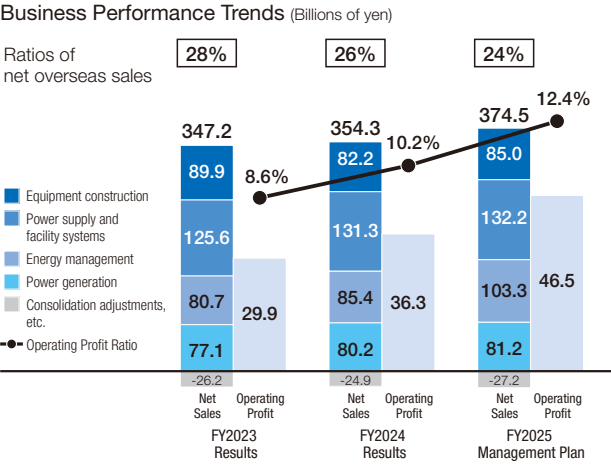
Masashi Kawano
Director, Senior Managing Executive Officer
Corporate General Manager, Energy Business Group

Market Trends and Business Opportunities

Subsegment	Market Trends and Business Opportunities
Power generation	As market demand grows for decarbonization-related power generation facilities, including renewable energy, countries that are developing geothermal power generation (Pacific Rim countries) are actively considering geothermal power generation facilities. In Japan, replacing and refurbishing hydro power generation facilities as well as pumped-storage hydropower generation are under active consideration.
Energy management	As distribution of renewable energy expands, the need for power grid stabilization continues to grow, and the grid storage battery market is also expected to grow rapidly as various markets are established. For substation systems, in addition to continued and expanding demand for replacing equipment delivered during Japan's high economic growth period, demand is also expected to grow for decarbonization (electrification, fuel conversion) of existing production processes.
Power supply and facility systems	For datacenters (IDCs), equipment demand for new construction and expansion is expected to continue to grow against the backdrop of advancing digitalization and accelerating AI utilization. For semiconductor factories as well, continued investment in constructing and expanding production facilities is anticipated for the purpose of increasing production capacity and diversifying production bases.



Overview of Results



* FY2023 results: Presented reflecting the FY2025 business reorganization (reference values calculated through a simple conversion of past figures to reflect the business reorganization)
* FY2024 results: Presented reflecting the FY2025 business reorganization

FY2024 Achievements	• Increased orders for power generation equipment, substation equipment, IDC* equipment, etc.
FY2025 Challenges	• Strengthen one-stop solutions in growth markets • Increase production capacity for substation equipment • Steadily advance large-scale projects

* IDC: Datacenter

In fiscal 2024, although there were increased expenses in the power generation business, net sales increased by ¥7.1 billion year on year to ¥354.3 billion, while operating profit increased by ¥6.3 billion year on year to ¥36.3 billion, driven by increased demand for plants systems in the energy management business and power supply and facility systems business.

In fiscal 2025, we plan for steady performance in the energy management business, power supply and facility systems business, and equipment construction business, with net sales increasing by ¥20.1 billion year on year to ¥374.5 billion, operating profit increasing by ¥10.2 billion year on year to ¥46.5 billion, and an operating profit ratio of 12.4%.

Priority Measures

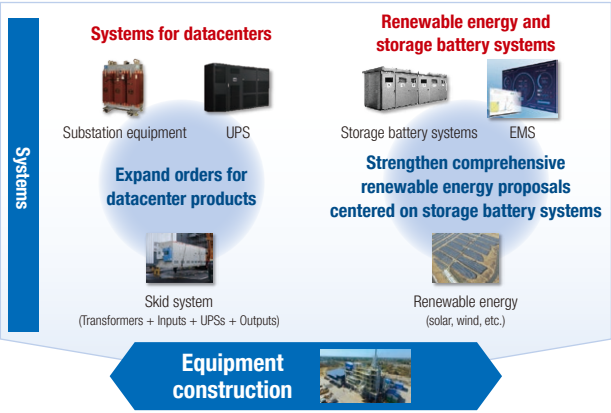
Expanding the Systems Business by Strengthening Integrated Operations with Equipment Construction

In fiscal 2025, we will newly add the equipment construction business to the Energy segment, creating a structure that provides integrated system solutions from development and manufacturing to construction and maintenance.

In the power supply and facility systems business, we will advance the development of products that meet customer needs and the introduction of new technologies to strengthen our proposal capabilities for “systems for datacenters” in the growing IDC market. Specifically, we will advance the development and introduction of unit-type, large-capacity uninterruptible power systems (UPSs) that help to increase power capacity and achieve space savings. We will also focus on developing and introducing container-type skid-systems to meet needs for shorter construction periods and improved operability, among others.

In the energy management business, in the rapidly growing market for renewable energy stabilization which has storage battery systems as its core, we will aim to expand orders by supporting shorter customer construction times and decarbonization by offering “renewable energy and storage battery systems,” which combine electricity storage systems with renewable energy and energy management systems (EMS).

System Solutions



Increasing Production Capacity to Meet Growing Demand for Substation Equipment

To augment our manufacturing capabilities, we are expanding the range of products we manufacture and are promoting in-house manufacturing and automation at our Chiba, Kawasaki, and Kobe Factories.

To meet the further increase in demand for power equipment, we are reorganizing the production systems at the Chiba and Kawasaki Factories, and will increase the production capacity for transformers and switchgear to 150% of current levels by fiscal 2026. Furthermore, to respond to the growing demand for datacenters and semiconductor factories, we are expanding the production facilities at the Kobe Factory and will likewise increase the production capacity for switchgear, controlgear, and power supply boards to 150% by fiscal 2026. Through these measures, we will establish a system that can reliably handle large-scale projects.

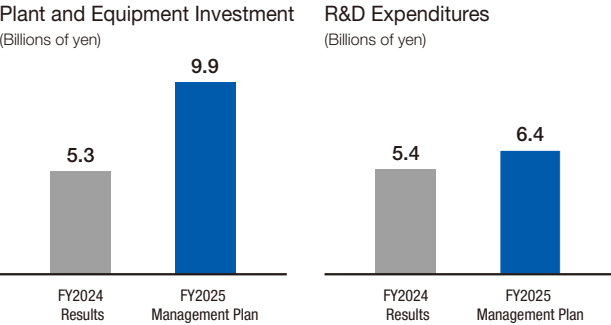
Increasing Production Capacity



Expanding Decarbonization / Renewable Energy Businesses and After-Sales Businesses

In the power generation business, to expand our decarbonization and renewable energy businesses, including decarbonization auction projects, we will steadily advance large-scale projects in addition to expanding our areas of focus, such as broadening expanding capacity in the geothermal field. We will also strengthen product competitiveness in new fields such as fuel conversion and hydrogen fuel cells. Additionally, to grow after-sales service sales, we will further enhance our proposal capabilities for customers by expanding our diagnostic technologies, power generation peripheral equipment, and repair offerings.

Plant and Equipment Investment and R&D Expenditures



* Figures for R&D expenditures are classified by segment according to theme and therefore differ from the figures stated in the consolidated financial report.

- Key Plant and Equipment Investment Plans**
- Increased production capacity by reorganizing the production systems for transformers and switchgear (Chiba Factory, Kawasaki Factory)
 - Increased production capacity by expanding the production facilities for switchgear, controlgear, and power supply boards (Kobe Factory)
- Key R&D Plans**
- Green transformation (GX) products (storage battery systems, energy management systems, etc.)
 - Global products (transformers, molded case transformers, etc.)
 - Expansion of the long-lifespan UPS and next-generation UPS product series