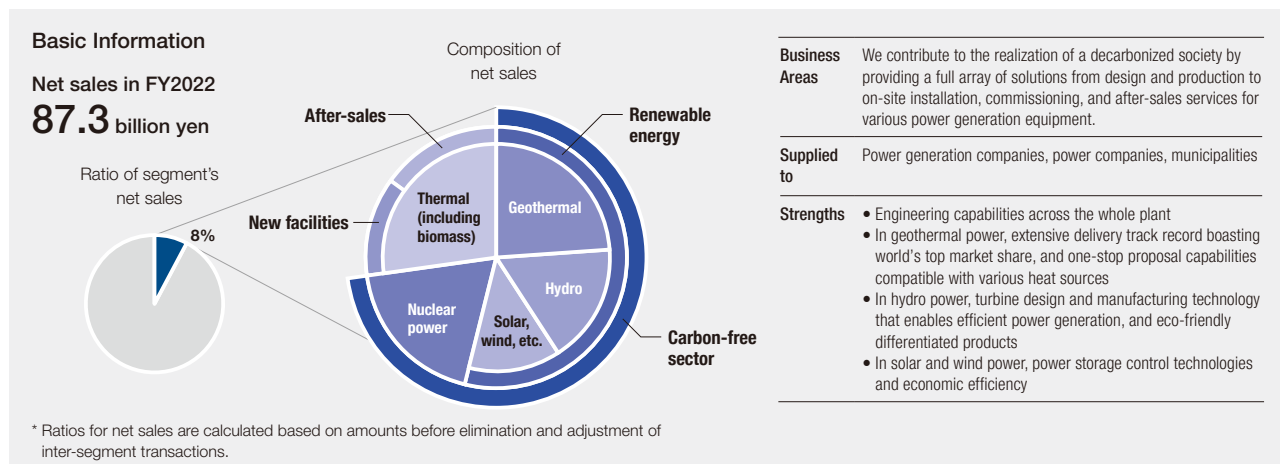


## Power Generation



**We will expand our renewable energy, after-sales, and nuclear power-related businesses, and increase profitability.**

**Tadao Horie**  
Executive Officer  
Corporate General Manager, Power Generation Business Group



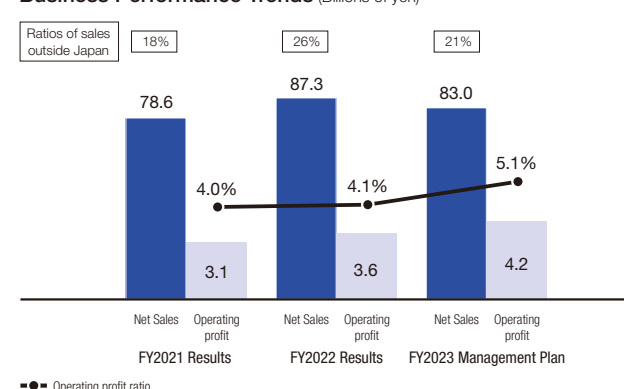
## Market Trends and Business Opportunities

As an initiative to resolve climate change issues, decarbonization is accelerating in the energy markets, and business opportunities in the renewable energy and nuclear power-related field are increasing.

Products	Market Trends and Business Opportunities
Geothermal power	As investigation and development of new heat sources are in progress on a global level, low-capacity projects, in particular, are starting to materialize in Japan.
Hydro power	As demand for replacing aged power generation facilities and increasing output continues, pumped-storage hydropower generation is seen in a new light for its marginal supply capability, regulating power, and absorbability of renewable energy, and we expect to see demand to upgrade existing power plants for effective utilization.
Solar power and wind power	As part of the initiatives towards carbon neutrality, more companies are replacing the energy they consume in their business activities with renewable energy, and demand for self-consumption power generation equipment is expanding.
Nuclear power-related field	The "Basic Policy for the Realization of Green Transformation (GX)," which was confirmed by the Japanese Cabinet in February 2023, advocates the utilization of nuclear power as a decarbonized power source. This policy will contribute to improving the energy self-sufficiency rate, and we are expecting increasing demand for decommissioning of facilities as well as waste treatment from the restart of power stations.
After-sales	There is a rising need for increased reliability of equipment in light of the tight electricity supply-demand balance in Japan, and expected demand for renewal and upgrade of geothermal power generation equipment overseas.

## Fiscal 2022 Results and Fiscal 2023 Plan

### Business Performance Trends (Billions of yen)



In fiscal 2022, we achieved increase in sales and profit thanks to large-scale geothermal power generation projects, and achieved net sales of ¥87.3 billion, up ¥8.8 billion year on year, operating profit of ¥3.6 billion, up ¥0.4 billion, and operating profit ratio of 4.1%, up 0.1%.

In fiscal 2023, despite decrease in profit year on year due to decrease in large-scale projects in the previous fiscal year, we expect to achieve increase in sales by streamlining our operations and due to differences between projects, forecasting net sales of ¥83.0 billion, down ¥4.3 billion year on year, and operating profit of ¥4.2 billion, up ¥0.6 billion, with an operating profit ratio of 5.1%.

## Priority Measures

In response to the accelerating tide of decarbonization, we are focusing on renewable energy, carbon-free sector of nuclear power, and maintenance and upgrade of existing power generation equipment, and promoting the expansion of the after-sales business to deliver increased efficiency.

### Expanding orders for renewable energy

#### ● Geothermal power

By handling both the flash method, which is suitable for high-temperature heat sources, and binary method, which can generate power from low-temperature heat sources, we are maintaining top market share globally with our strength of one-stop proposal capabilities in responding to diverse customer needs. Going forward, we will enhance our activities to win orders in and outside Japan including the Pacific-rim and Africa, where energy development is in progress. For ongoing projects, we will maximize profit by establishing the optimum supply chain for each region and strictly managing cost fluctuation and other risks.

#### ● Hydro power

In addition to responding to S&B\* demand of existing power plants in Japan, we will address the need for modernization of pumped-storage hydropower generation and contribute to making the sector a main power source of renewable energy. With the strong demand for hydro power generation, our order backlog has grown around 3.4 times over the last five years. We will work to establish systems to ensure steady performance of projects.

\* S&B (Scrap and Build): Achieving efficiency by scrapping or eliminating obsolete and inefficient facilities and replacing them with new ones

#### ● Solar and wind power

In Japan, more companies and municipalities are implementing self-consumption power generation equipment and constructing regional microgrids. We will work to increase successful orders by making optimal proposals based on customer needs, by combining our strengths including power stabilization technology utilizing storage batteries, and know-how on cooperative operation with existing power generation equipment that we have accumulated at our factories.

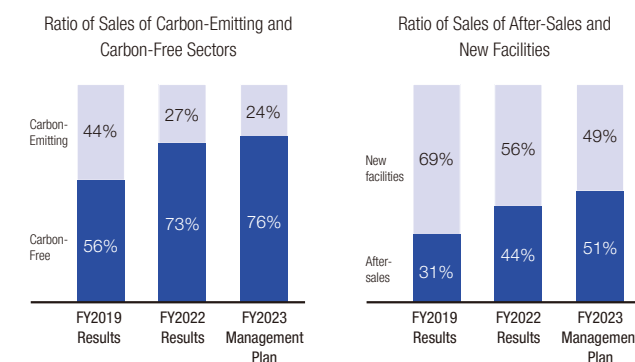
### Expanding our nuclear power-related equipment business

By leveraging the extensive experience we have accumulated since the construction of Japan's first nuclear power plant, and our three core technologies of remote handling of nuclear fuel and waste, radioactive waste treatment, and nuclear reactor engineering, we will work to increase successful orders, including fuel extraction and other decommissioning at Monju, as well as radioactive waste treatment upon restart of power stations. We will also work aggressively with partners on innovative next-generation reactor projects to enhance the safety of nuclear power generation.

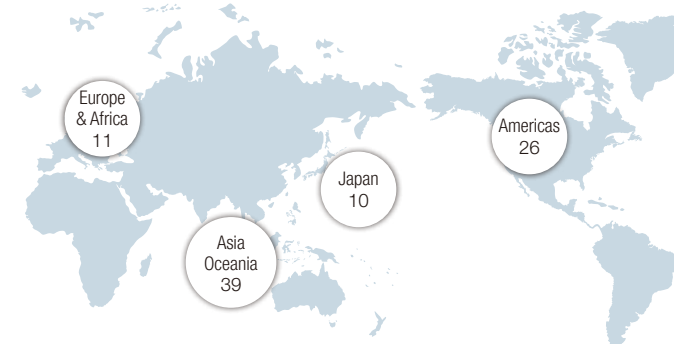
### Expanding our after-sales business

In Japan, we will further expand orders through solutions to minimize risks upon stopping of existing thermal power plants, and contribute to improving output adjustment capability when combining thermal power with renewable energy. Overseas, we will strengthen our proposals for maintenance, upgrades and output capacity increase based on our strong delivery track record of geothermal power generation equipment.

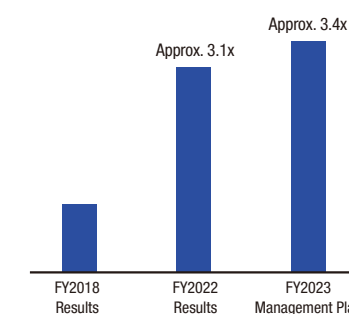
### Growth of Percentage of Sales of Carbon-Free Sector and After-Sales Services



### Deliveries of Geothermal Power Generation Equipment (As of Sep. 2022)



### Hydro Power Order Backlog



Ikusaka Hydro Power Plant (Photograph provided by TEPCO Renewable Power, Incorporated)

\* Figures are indicated as multiples of order backlog as of FY2018