

Energy

Delivering global energy security through digital and innovative technologies

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Business environment

Electricity's share of total global energy consumption continues to rise and is projected to reach 25% by 2030 and more than 40% by 2050. Between 2015 and 2025, global investment in electricity increased significantly: investment in renewables doubled, investment in transmission and distribution grids and storage increased 1.4 times, investment in electrification increased 2.4 times, and investment in nuclear energy increased 1.7 times while investment in fossil fuels decreased. In this environment, the power grid market is projected to grow from approximately 270 billion dollars in 2025 to approximately 450 billion dollars in 2035, driven by electrification, demand growth and renewables transition*1. The nuclear power market is also expected to expand, supported by growth in the SMR*2 market alongside conventional large reactors, reaching approximately 130 billion dollars in 2050*3.

Progress of Inspire 2027

In fiscal 2025, the Energy sector achieved record-high performance, with revenues of 3,219.9 billion yen and an adjusted EBITA margin of 12.9%. ROIC also improved by 6.9 points year on year to 15.4%. Even as we continued to invest aggressively, with capital expenditures up 92% and R&D expenses up 22% year on year, we enhanced capital efficiency while achieving a substantial increase in profitability. Following the strong fiscal 2025 performance and with continued market growth, the Energy sector updated its Inspire 2027 targets. We aim to deliver a revenue CAGR*4 of 15%–17%*5, an adjusted EBITA margin of 14%+, and ROIC of 20%+ by fiscal 2027. As our long-term targets, we have set a revenue CAGR of approximately 14%*6 through fiscal 2030, an adjusted EBITA margin of 16%+, and ROIC of 25%+ in fiscal 2030. To achieve these targets, we will continue to capitalize on the energy transition and leverage AI and digitalization, including Lumada and HMAX, across the sector. In the Power Grids business, we will continue our focus on solid execution and capacity expansion to deliver our record backlog as well as cementing our market leadership through innovative technologies. In the Nuclear Energy business, we will focus on priority initiatives for further growth and transformation, including supporting the restart of domestic BWRs*7, the resumption of new plant construction, contributing to the revitalization of Fukushima, and pursuing market opportunities through the expansion of SMR business via our joint venture with GE Vernova.

Strengthen the core



Operational excellence
Continue investments in capacity expansion
M&A and partnerships
Core nuclear business in Japan

Accelerate strategic growth



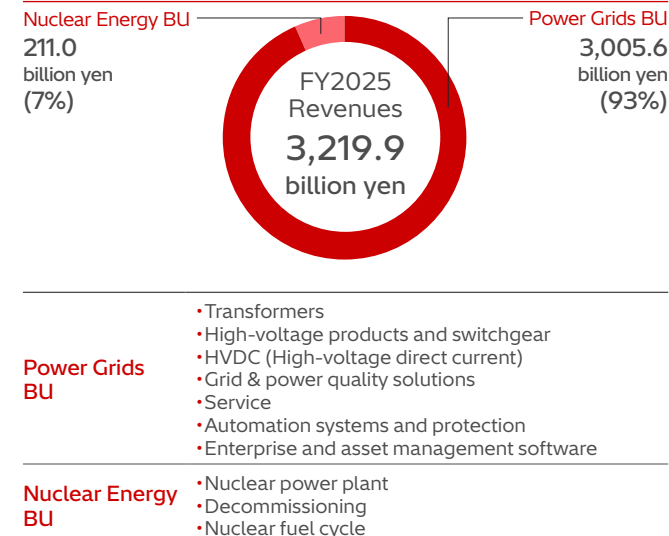
Capture profitable market opportunities
Become #1 service provider
Record order backlog and long-term market visibility enable confident investments

Leverage AI, digitalization and innovative technology

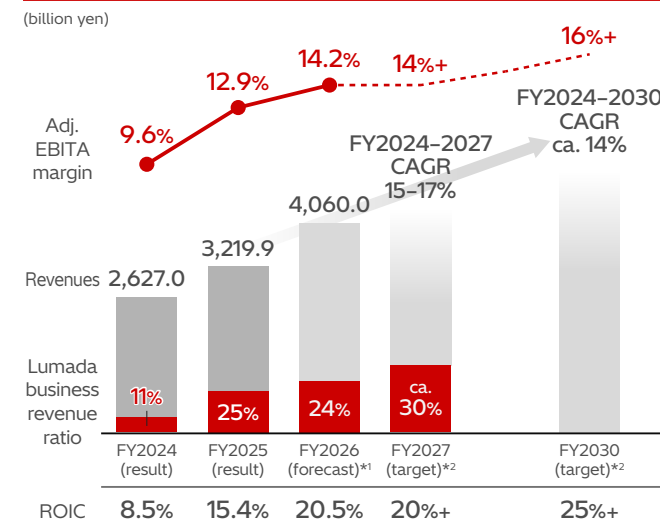


Accelerate investment in AI
Cement technology leadership
Capture global opportunities in SMR

Business structure



Business performance/Inspire 2027 targets



*1 2025 Hitachi Energy market assessment. Unconsolidated figures in FY2025 Budget rate billion USD *2 Small Modular Reactor

*3 Sourced from International Atomic Energy Agency (IAEA) and International Energy Agency (IEA) *4 Compound Annual Growth Rate

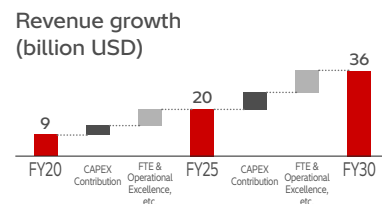
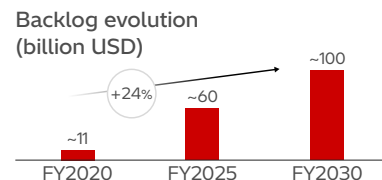
*5 FY2024–2027 *6 FY2024–2030 *7 Boiling Water Reactor

*1 Announced on July 29, 2026 *2 Announced on June 10, 2026

Solid execution of order backlog and investment for growth

Power Grids

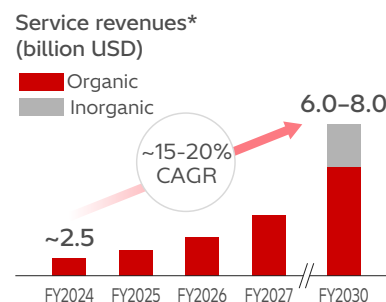
Hitachi Energy's order backlog, which underpins our growth, reached a record high of approximately 60 billion dollars at the end of fiscal 2025 and is expected to reach approximately 100 billion dollars by fiscal 2030. The order backlog currently represents approximately 3 times annual revenues and is expected to remain at 2.5 to 3 times revenues going forward. To deliver on our commitments to customers, continued solid execution of order backlog is critical. To support this effort, we are advancing over 9 billion dollars in investments^{*8}, one of the largest investment programs in the industry. We maintain strict investment discipline by committing capital only to bankable business cases and are currently investing in more than 40 projects globally.



Expanding the service business through digital capabilities

Power Grids

The digitally enabled service business is a significant growth opportunity. In April 2025, we established a dedicated Service BU with clear growth priorities. In October 2025, we completed our first inorganic investment in Shermco, in partnership with Blackstone, and are jointly developing capabilities to serve hyperscalers building next-generation AI factories. In March 2026, we launched HMAX Energy, a portfolio of digitally enabled services for critical energy infrastructure, accelerating service business expansion. We aim to grow our service business with a CAGR of 15%–20%^{*9} by fiscal 2030 driven by organic and inorganic initiatives. We plan to expand service revenues from approximately 15% to more than 30% of total revenue by fiscal 2035.

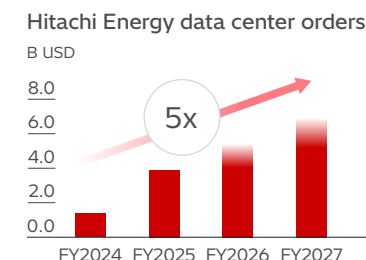


*Total Hitachi Energy Service offering includes Software, and select service activities delivered through systems and projects

Capturing demand in high-growth segments —Data centers

Power Grids

Driven by the rapid expansion of AI-related demand, orders from data centers increased by more than 150% year over year in fiscal 2025. Hitachi Energy provides a broad range of products and solutions, from critical components such as high-voltage switchgear, transformers, and power electronics to support throughout the planning, construction and operation phases of data centers. Leveraging the advantages of our broad portfolio, fast delivery times, standardization, global footprint and capacity expansions, we aim to increase orders from data centers fivefold by fiscal 2027 compared with fiscal 2024.



Capturing demand in high-growth segments —Nuclear energy and SMRs

Nuclear Energy

Hitachi supports two-thirds of BWR plants in Japan and has been involved in the construction of all ABWR (Gen III+) ^{*10} plants. As part of our digitalization initiatives, we are accelerating efforts such as AI-enabled design and licensing support and the Metaverse Platform for Nuclear Power Plants, which combines metaverse and AI technologies. These initiatives support improvements in nuclear power plant capacity factors and promote greater efficiency in activities across safety enhancement measures as well as the design, field construction, and asset management of new-build, maintenance and decommissioning projects, thereby contributing to greater customer value. In the SMR business, the joint venture between Hitachi and GE Vernova has received an order for Canada's first commercial SMR project, and construction has commenced following the final investment decision. In addition, we signed an agreement to advance the Polish generic SMR design. We will continue to pursue and expand opportunities across global markets, including North America and Europe.

The competitive advantages of the Energy sector

Power Grids

- World's largest T&D installed base, with over 500,000 assets and approximately \$240 billion value, spanning more than 190 countries
- World-leading OEM expertise

- Dedicated global Service BU
- IT x OT x Products strengths
- World-leading upgrades & retrofit technology

Nuclear Energy

- Supporting two-thirds of BWR plants in Japan and being involved in the construction of all ABWR (Gen III+) plants
- Delivering new solutions by integrating accumulated technology, expertise, experience, and digital technologies

One Hitachi: Collaboration with the DSS sector

Accelerating the deployment of HMAX Energy Leveraging digital engineers across DSS, including GlobalLogic

Launching EcoSpace, a digital sustainability platform

EcoSpace, part of the HMAX Energy portfolio, is a digital sustainability platform that quantifies and visualizes the environmental footprint of power grid projects. The platform enables utilities, grid developers and investors to make faster, data-driven decisions while meeting the growing demand for credible, transparent and strategic sustainability reporting.

Strengthening long-term reliability at the Ulinda Park BESS

Hitachi Energy successfully delivered and is supporting the Ulinda Park battery energy storage system (BESS) at Ulinda Park in Queensland, Australia, through a new HMAX Energy service agreement. Developed by Akaysha Energy, the large-scale battery system has a rated output of 155 MW and storage capacity of 298 MWh. The project supports the integration and stable supply of renewable energy while contributing to enhanced grid stability.



Ulinda Park BESS, Queensland, Australia

^{*8} FY2020–2027 ^{*9} FY2024–2030 ^{*10} Advanced Boiling Water Reactor