

Social Systems, Solutions and Service Business (SSB)

Market Environment

In fiscal 2024, in view of global warming and continued investment in upgrading and renewal of existing social infrastructure facilities, the social infrastructure market is expected to be firm, led by greater investment in energy facilities. In the energy market, especially in the residential and industrial domains, demand for solar power generation systems and energy storage systems is expected to continue increasing as the need for consumption of renewable energy for homes persists, reflecting the trend toward carbon neutrality and soaring electricity prices. In the distribution and retail market, we expect demand for store operations and management to continue over the medium term, as labor-saving needs persist in view of rising labor costs and labor shortages. We aim to grow the business by providing solutions that help resolve customer issues, while ensuring that we retain a sure grasp of the market environment.

Our Strengths

SSB is a one-stop provider of product value through products and systems that resolve on-site issues in each social infrastructure market, from development to maintenance. Our products and systems support stable operation of social infrastructure by responding to various site environments and operating conditions and we hold a high share of each market. These are our strengths. Going forward, while strengthening and utilizing products, we will create “service” solutions from an “essential value perspective” that resolve issues facing the market and management. “Products and services” constitute SSB’s strength and we intend to reinforce it.

In energy solutions, we will widely deploy storage battery systems in the market while enhancing their functions to promote the spread of renewable energy. In addition, to address the soaring cost of electricity procurement due to soaring oil prices, which is an issue from a market perspective, we have launched a service that reduces the cost of electricity procurement by controlling storage battery systems and recharging and discharging them with optimal timing during each day. We will address the challenges of adjusting electricity supply and demand while enhancing and utilizing storage battery systems.

Moreover, regarding management and service solutions (M&S), we are implementing continuous improvement in maintenance services for store equipment. In addition, in order to develop these services and respond to the needs for energy-saving management and labor saving, which are issues from a management perspective in the distribution and retail market, we are working with OMRON’s Data Solution Business HQ (DSB) to create a menu of proposals for optimizing store operations based on environmental data, such as store electricity usage, and equipment maintenance trend analysis.

In this way, we will continue to strengthen the products that hold a high share in each market, and by creating services from an essential value perspective that resolve issues facing the market and management, and furthermore by combining such services with products, we will apply our strengths based on such combination in each social infrastructure market.

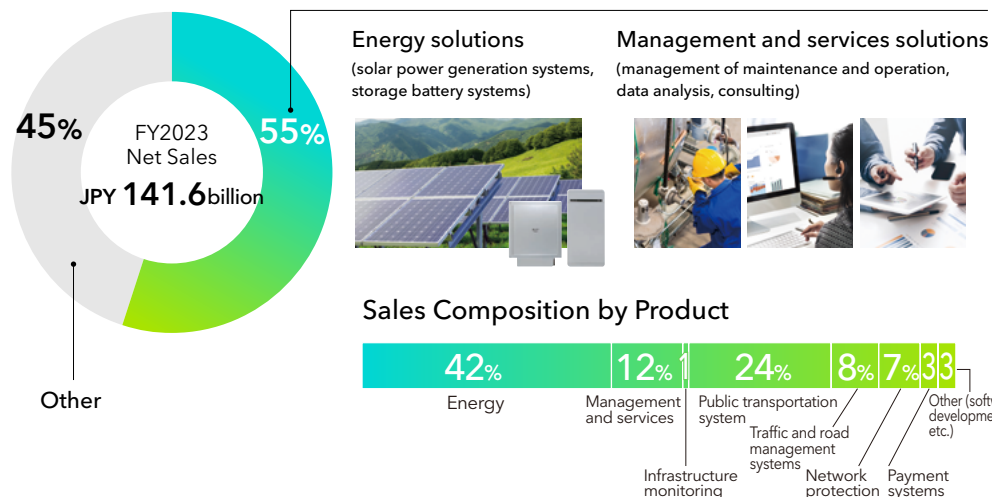
Growth Strategy to Achieve SF2030

Toward 2030, we expect society to pursue decarbonization with a mounting sense of urgency in view of global warming while also emphasizing labor-saving and manpower-saving in line with the labor shortages caused by the declining birthrate and population aging. In these circumstances, SSB aims to create social values that “contribute to the spread and efficient use of renewable energy and the sustainability

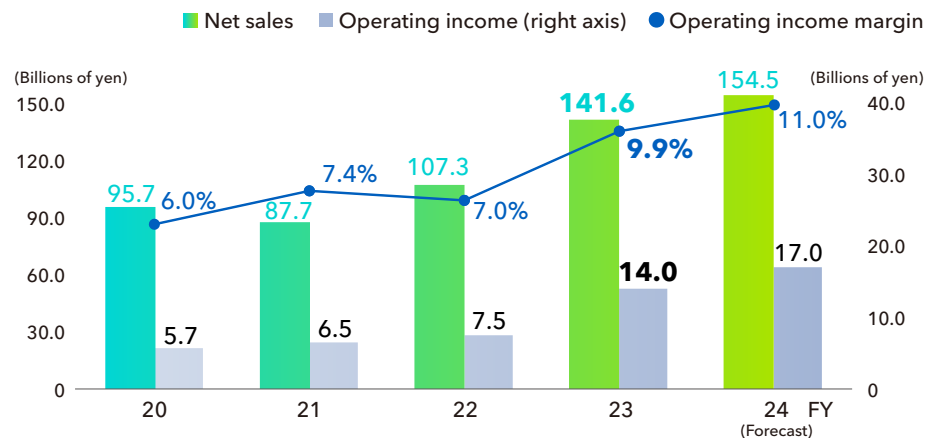
of the infrastructure supporting a digital society.” SSB’s SF2030 vision is “Design Next Social Structure – Creating “Social Good” by Organically Linking People and Society through Social Automation.” This vision reflects our will to continue designing “next-generation social systems” by responding to customer needs from the customer’s perspective, always mindful of the issues confronting the world, and illuminating a path toward the social systems that the future requires.

SSB has three targets under SF2030. Firstly, “provision of control systems that stabilize power generation.” In addition to the deployment of solar power generation systems and storage battery systems, which are our current strengths, we have begun offering power purchase agreement (PPA) services, for which SSB owns power generation facilities, which are assets that also serve as control systems to stabilize power generation, and provide a stable supply of electricity. We have also begun offering energy management systems for smart control of electricity. Secondly, “development of management and service systems that support efficient use of on-site systems.” We provide swift and uniform services by utilizing our nationwide maintenance network and multivendor support regardless of the manufacturers of the equipment installed at the customer’s premises. In addition, in the distribution and retail market, we are conducting demonstration tests of management and services to improve the efficiency of store operations by analyzing and evaluating various data, including maintenance data, equipment operation data, and the store facility environment. We are focusing on these two targets as medium-to long-term growth drivers of SSB. Thirdly, “enhancement of operational efficiency of the social infrastructure business.” In the railway market, we are promoting “predictive maintenance” to optimize maintenance based on on-site equipment operation data. SSB will continue to design next-generation social systems and help achieve a future full of smiles by creating “social good.”

Sales Composition by Business Domains



Net Sales / Operating income / Operating income Margin



Net Sales for Fiscal 2023

The storage battery systems and other businesses within the Energy Solutions Business performed well as a result of an increase in needs for captive consumption of renewable energy and subsidy programs, as well as increased investments in the industrial and commercial domains as part of accelerated efforts toward carbon neutrality. The Public Transportation System Business saw robust demand for capital investment amid strong performance among railway companies in response to a recovery in passengers and fare revisions. As a result, sales increased significantly year on year to JPY 141.6 billion.

Operating income for Fiscal 2023

Operating income increased significantly year on year to JPY 14.0 billion, mainly due to the increase in sales

INPUT

- R&D cost: JPY 4.3 billion (results for FY2023)
- Capital expenditure: JPY 5.6 billion (results for FY2023)
- Started providing a three-phase system for self-consumption of electricity and sale of surplus electricity compatible with the new output control regulation (February 2024)
- Started providing a centralized energy monitoring service (February 2024)
- Started demonstration of a remote recharge/discharge control service using storage batteries for home use (September 2023)
- Launched POWER JUGGLING, a solution to reduce electricity procurement costs (August 2023)
- Signed a partnership agreement with a local government to revitalize the forestry industry (August 2023)
- Started providing a three-phase system for full self-consumption of electricity for commercial solar power generation (April 2023)

OUTPUT

- Net sales: JPY 141.6 billion (+32.0% YoY)
- Operating income: JPY 14.0 billion (+87.2% YoY)
- Connected energy management devices: 80000 units (March 2024)
- Cumulative shipped capacity of solar power systems: 12.0 GW (March 2024)
- Cumulative shipped capacity of storage battery systems: 1.4 GW (March 2024)
- Cumulative total of carbon offset volume certified under J-Credit Scheme: 56 GW/5647 t-CO₂ (March 2024)
- Started introduction and operation of solar power generation systems at OMRON factories in Japan

OUTCOME

- Contributed to realization of better societies in which people worldwide can enjoy safer, more secure and more comfortable lives through expanded provision of renewable energy and people-friendly next-generation systems



SDGs 7.1.2



SDGs 11.2.1



SDGs 13.2.1