

CHUDENKO Integrated Report

# 2024

Change & Growth For All



Preface

Thank you for reading the CHUDENKO Integrated Report 2024.

Over the past 80 years since our founding in 1944, we have grown into a comprehensive facility engineering company, supporting the stable supply of electricity in the Chugoku region while also responding to the diverse social needs that have come with the development of the Japanese economy.

The CHUDENKO Group’s business covers the General Work Business, including indoor electrical work, air-conditioning piping work, and Information Communication Equipment work, and the Electric Power Business, including underground power line work for power transmission and distribution. Through our corporate Group comprising 11 domestic com-panies centered around CHUDENKO and four overseas com-panies, we are active in the Chugoku region where the foun-dation of our business lies, as well as in major urban areas in Japan and Southeast Asia.

While we have until now been reporting on financial and non-financial information through the CHUDENKO Report, we have reviewed the contents included in the Report, such as specifying our materiality items, and published the new CHUDENKO Integrated Report 2024 in order to further enhance understanding among our stakeholders of our medium- to long-term initiatives toward improving the Group’s corporate value.



Thanks to your support, CHUDENKO marked the 80th anni-versary of its founding on October 1 this year. We took this opportunity to enact our new corporate philosophy, “As a general equipment engineering company, we contribute to the development of society through creating value added to eve-ryday life and the business environment for our customers.”

We would like to express my heartfelt gratitude once again to the many people who have supported and nurtured the CHUD-ENKO Group. Under the new corporate philosophy, the Group, as a general equipment engineering company, will continue to work as one to contribute to the realization of a sustainable society, and to strive toward achieving sustainable growth.

We hope that this report will help to deepen your understanding of the Group’s business activities.

Takafumi Shigeto  
Representative Director and President

Company motto



Corporate philosophy

**As a general equipment engineering company, we contribute to the development of society through creating value added to everyday life and the business environment for our customers**

Editorial policy

This integrated report describes the CHUDENKO Group’s basic approach to its business activities as a whole, as well as results and other information pertaining to fiscal 2023.

**Period covered:** FY 2023 (April 1, 2023–March 31, 2024)  
Note: This includes some activities that took place beyond the period mentioned.  
**Scope:** CHUDENKO CORPORATION and its Group companies

Cautionary note regarding forward-looking statements

The forward-looking statements pertaining to earnings forecasts and other matters in this integrated report are based on information available to and certain assumptions judged reasonable by the Company at the time of publication, and include potential risks and uncertainties. As such, actual earnings and other outcomes may differ from the content of this integrated report due to a variety of factors.

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# As a general equipment engineering company, we contribute to achieving a sustainable society

Business domains

## General Work Business

Main customers: General contractors, manufacturing industry, hotels, hospitals, schools, public agencies, etc.



### Indoor Electrical Work 50.1%

This segment is responsible for the design, construction, and maintenance of various kinds of electrical equipment. We also focus on environmental work such as renewable energy, aiming to provide optimal electrical equipment that achieves even greater comfort while conserving more energy.



### Air-Conditioning Piping Work 18.8%

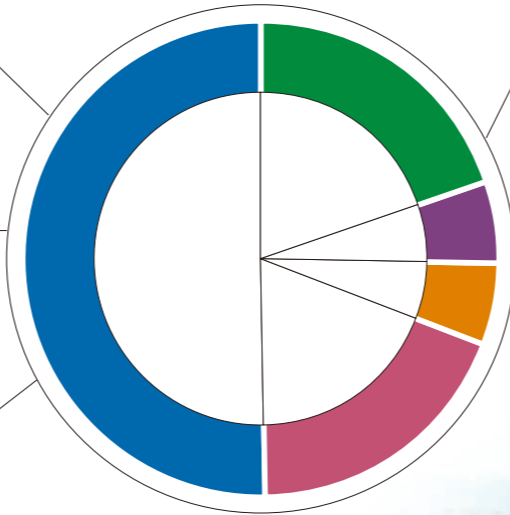
This segment is responsible for the design, construction and maintenance of air-conditioning, plumbing, firefighting, and other equipment. We also actively propose renewal plans that utilize the latest energy-conserving systems to provide customers with comfortable and efficient business environments.



### Information Communication Equipment Work 5.6%

This segment is responsible for general work related to the sophisticated information and communication systems that are essential to modern society. We use advanced technology to meet the needs of our customers, which includes "creating a richer living environment" and "ensuring the safety and security of communities."

Breakdown of net sales (parent)



## Electric Power Business

Main customers: Chugoku Electric Power Transmission & Distribution Company, Incorporated

### Distribution Line Work 19.9%

This segment is responsible for new installations of overhead distribution lines, replacement of electricity poles and other work. We deliver a stable supply of electricity to our customers by combining highly reliable construction techniques with advanced technology. In the event of a natural disaster, we move swiftly to the site of the incident to take on the task of restoring lifelines.



### Underground Power Line Work for Power Transmission and Distribution 5.6%

This segment is responsible for the design, construction, and maintenance of equipment for power transmission and distribution and for underground power lines as well as for special high-voltage power-receiving equipment for private use. Based on more than 50 years of business experience and our extensive performance record, we support the stable supply of electricity.



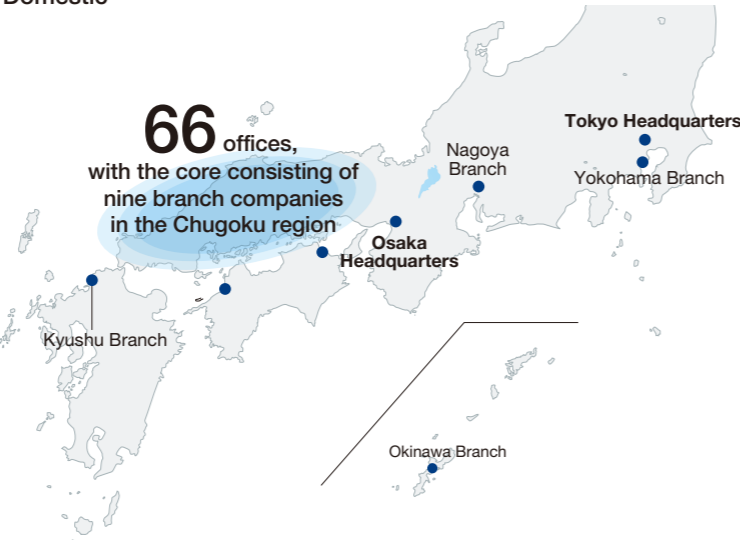
## Business network

We continue to develop our business in the five prefectures of the Chugoku region, in urban areas such as Tokyo, Osaka, and Nagoya urban areas, as well as overseas.

### Overseas



### Domestic

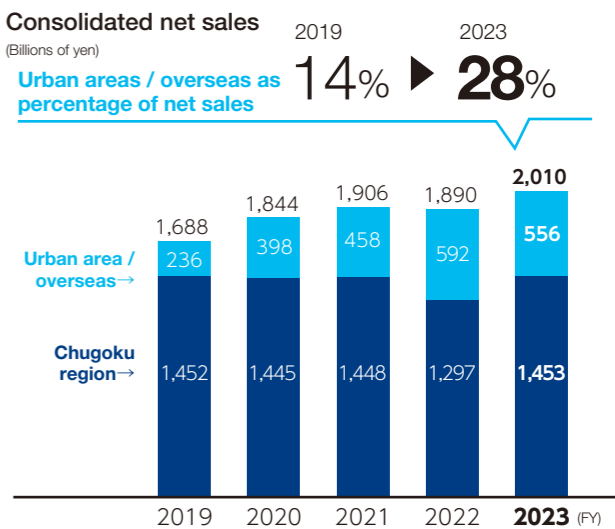


## Net sales by region

In accordance with our medium-term management plan, while further strengthening our business base in the Chugoku region, we will move forward to establish structures to tap urban areas where we expect demand.

Net sales in the Chugoku region have been in the range of ¥130.0 billion to ¥140.0 billion in recent years. On the other hand, net sales in urban areas and overseas are on an upward trend, demonstrating steady results.

Going forward we will continue to strengthen our foundation in the Chugoku region while seeking to expand our business in urban areas.



Throughout our long history, we have achieved growth as a general equipment engineering company by repeatedly transforming ourselves, bringing us to the present day as we celebrate our 80th anniversary



Ceremony to launch the business

1944 Company is established

At the order of the Ministry of Munitions, 12 companies involved in electrical work and located mainly in the five prefectures of the Chugoku region were integrated into a single electrical work company with capital of ¥1.5 million. This company, named Chugoku Electrical Work Co., Ltd., was established at 33 Komachi, Hiroshima City.

(Net sales over time)



Timeline

- |   |  |   |  |  |   |
|---|--|---|--|--|---|
| <b>1944</b> Chugoku Electrical Work Co., Ltd. is established  | <b>1960</b> Technician Training Center (now the Training Center) is opened | <b>1972</b> Listed on the First Section of the Tokyo Stock Exchange / First Section of the Osaka Stock Exchange | <b>1990</b> Company name changed to CHUDENKO CORPORATION   | <b>2000</b> Obtained ISO 9001 certification  | <b>2004</b> Changed corporate emblem and flag   |
| <b>1949</b> Listed on Hiroshima Stock Exchange  | <b>1968</b> Listed on the 2nd Section of the Osaka Stock Exchange          | <b>1980</b> Company motto "Magokoro" established  | <b>1990</b> Marathon Team (now the CHUDENKO Running Team) is established                           | <b>2001</b> Corporate Philosophy established | <b>2008</b> Exhibited at the Japan Electrical Construction Association (JECA) Fair for the first time |
| <b>1950</b> Tokyo Office (now Tokyo Headquarters) is opened   | <b>1970</b> Listed on the Second Section of the Tokyo Stock Exchange       |   | <b>1996</b> Head office relocates to 6-12, Koamicho, Naka-ku Hiroshima City (the current location) | <b>2002</b> Obtained ISO 14001 certification | <b>2015</b> Opened practical safety training facility   |
| <b>1956</b> Successfully develops construction method using vinyl-sheathed vinyl-insulated flat cable (VVF) |  |   |  |  | <b>2022</b> Moved to Tokyo Stock Exchange Prime Market  |

1944— Our strength is our high level of technical capability

We use the technical expertise accumulated over more than half a century since the founding of the company to respond to a wide range of needs. Going forward, we will continue to gain the trust of customers with our quality and a high level of technical capability that keeps up with the changing times, seeking to maintain our position as a company of choice.

1963 WorldSkills gold medal award parade



At the 12th WorldSkills Competition held in Dublin, Ireland, Kazunori Kawai represented Japan in the Electrical Installations event, winning the gold medal. (Photo: Scene of the welcome parade in Hiroshima)

1979 CHUDENKO wins large order for refinery in Saudi Arabia



In 1966, the company won its first overseas business in the shape of an order for electrical equipment work in South Korea. It subsequently received orders in Pakistan, the Philippines, and Saudi Arabia, with its young and talented engineers making significant contributions to these countries. (Photo: Riyadh Refinery in Saudi Arabia)

1998 "Multi-functional vehicle for distribution lines" wins Shibusawa Prize

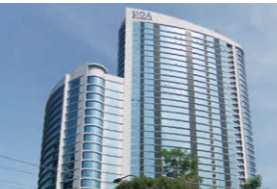


The company has won the Japan Electric Association's prestigious Shibusawa Prize a total of 22 times between its first such win in 1956, and 2023. This prize is awarded to organizations for outstanding performance in the field of electrical safety.

2000— Expanding the business through M&As and establishing overseas subsidiaries

As a forward-looking investment in sustainable growth, we are proceeding to establish structures in urban areas, expand the business, and pursue M&As. These varied measures have made a significant contribution to consolidated performance, and going forward we will continue to invest actively for growth with the aim of ensuring the further development of the Group.

2010 CHUDENKO (MALAYSIA) Sdn. Bhd. established



Our first overseas subsidiary (Group company) was established in the Malaysian capital of Kuala Lumpur. (Photo: UOA BANGSAR Building where the subsidiary is located)

2016 Sugiyamakankousetsu Co., Ltd. and Hayamizudenki Co., Ltd. become Group companies



With the objective of expanding work and extending services in the Tokyo Metropolitan region and the Kyoto, Osaka, and Kobe area, we welcomed to the Group two electrical work companies with a high degree of expertise and technical capabilities. (Top: Sugiyamakankousetsu Co., Ltd.; Bottom: Hayamizudenki Co., Ltd.)

2017 RYB ENGINEERING PTE.LTD. becomes part of Group



Aiming to expand the business in Southeast Asia, we executed our first overseas M&A to add Singaporean electrical work company RYB ENGINEERING PTE.LTD. to the Group.

2020 Showa Corporation becomes part of Group



With the focus on providing high value-added services by cooperating and complementing with regard to our marketing activities, etc. in urban areas and by working together with our Air-Conditioning Piping Work business, we made Showa Corporation part of the CHUDENKO Group.

FY 2024 target for consolidated net sales target:

¥223.0 bn.

FY 2023 consolidated net sales: ¥201.0 bn.



Changed corporate emblem and flag (2004)

1995 Great Hanshin-Awaji Earthquake

1991 Bursting of the economic bubble



Head office relocates to 6-12, Koamicho, Naka-ku Hiroshima City (1996)

2011 Great East Japan Earthquake

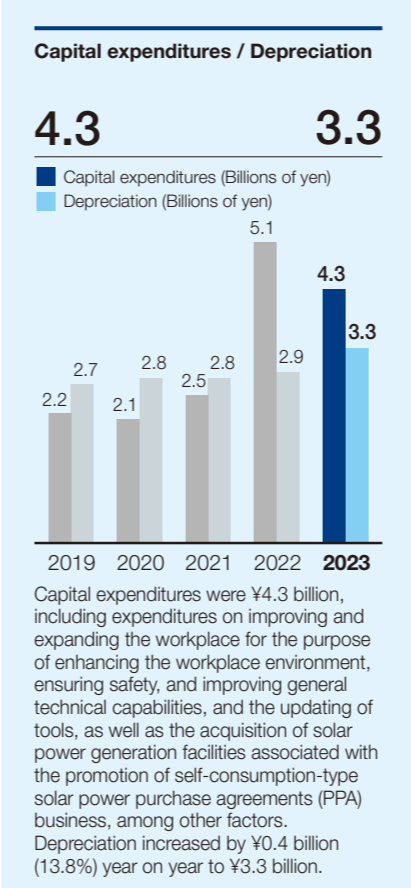
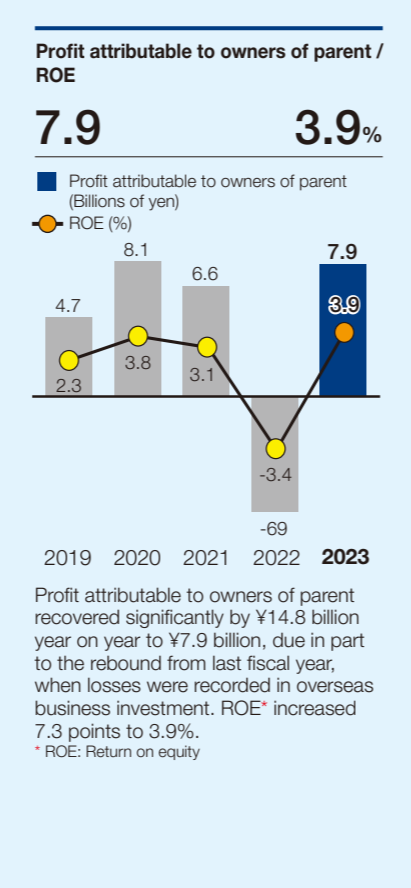
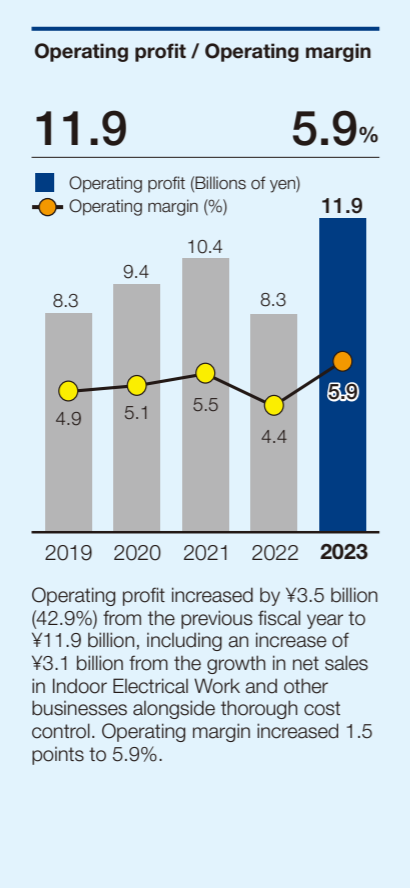
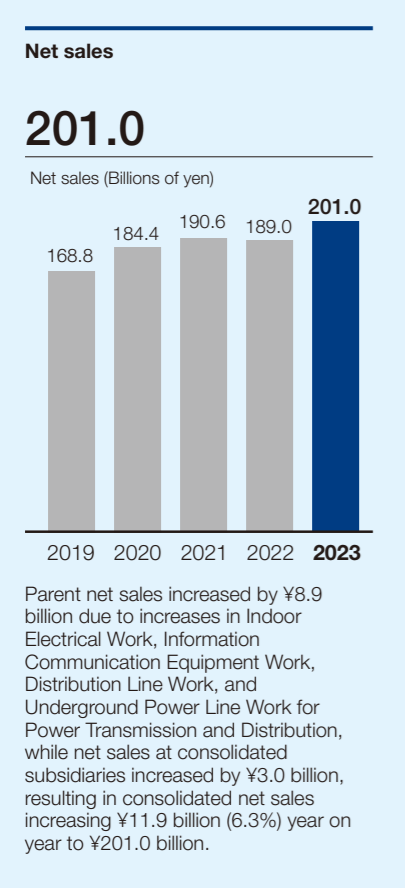
2008 Lehman Brothers bankruptcy



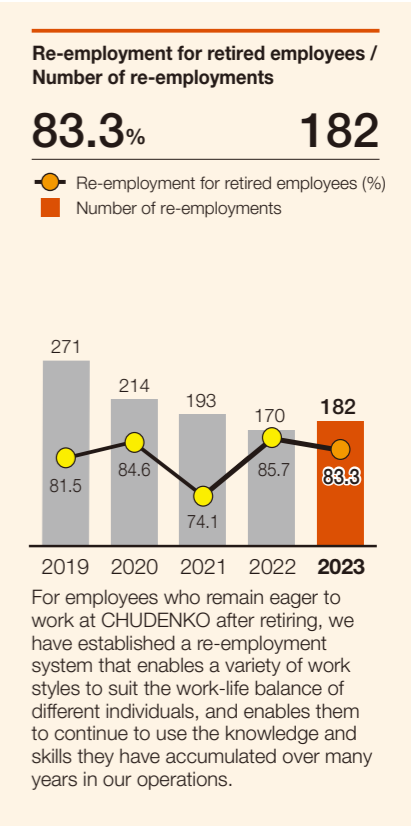
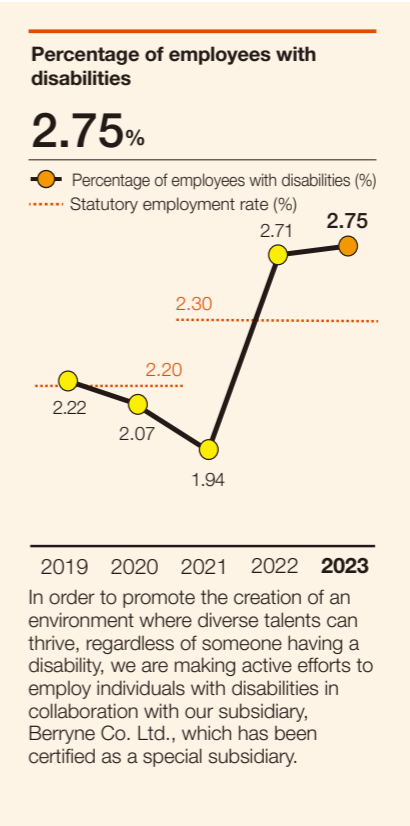
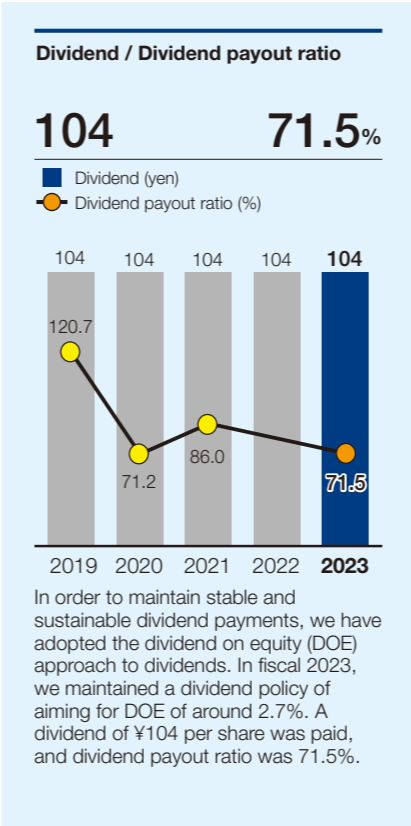
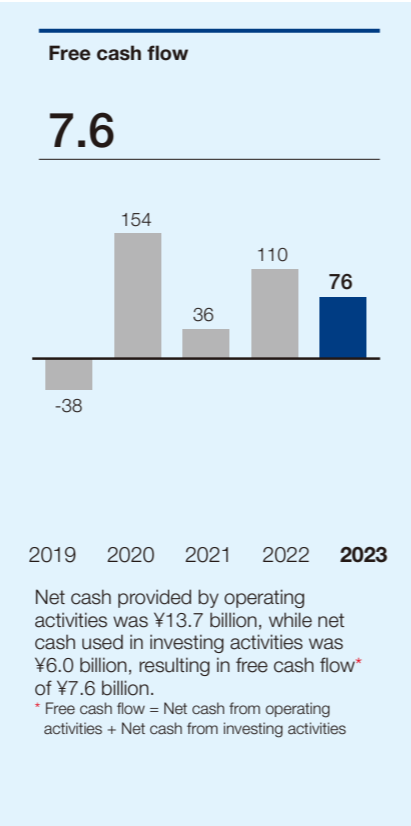
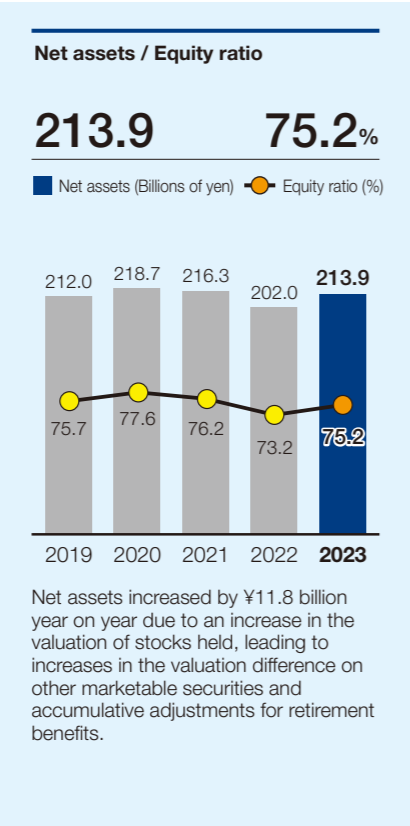
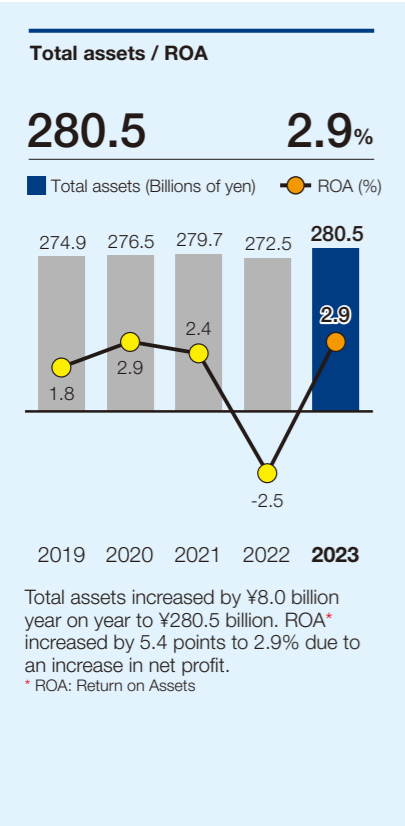
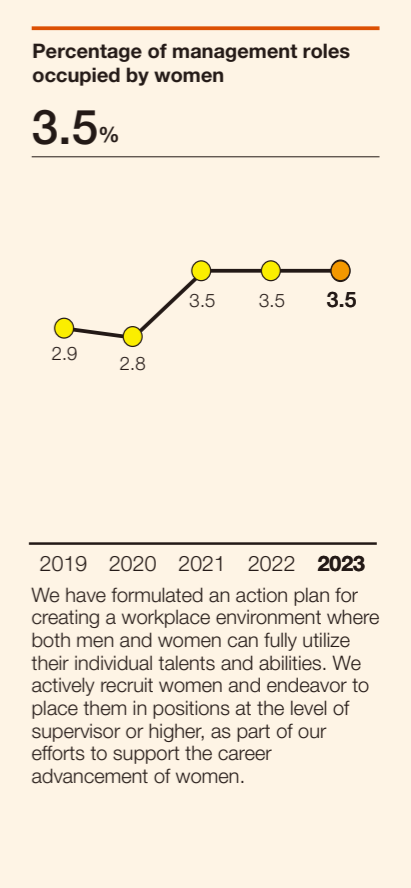
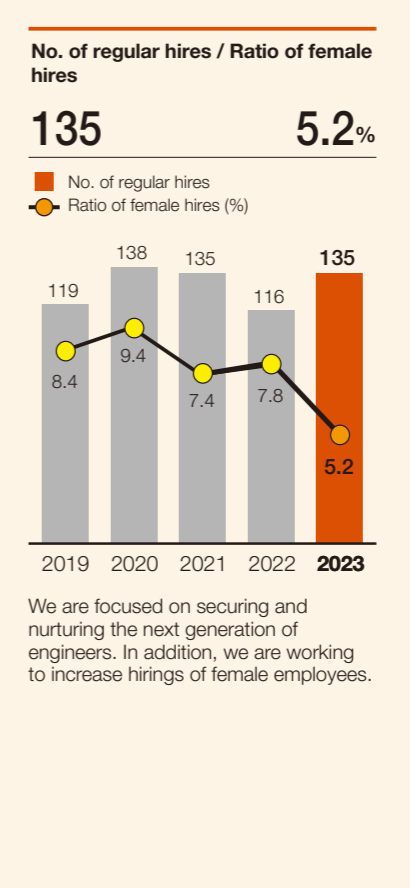
Constructed a new ZEB-compliant building for the Okayama Supervising Branch (2019)

2020 COVID-19 pandemic

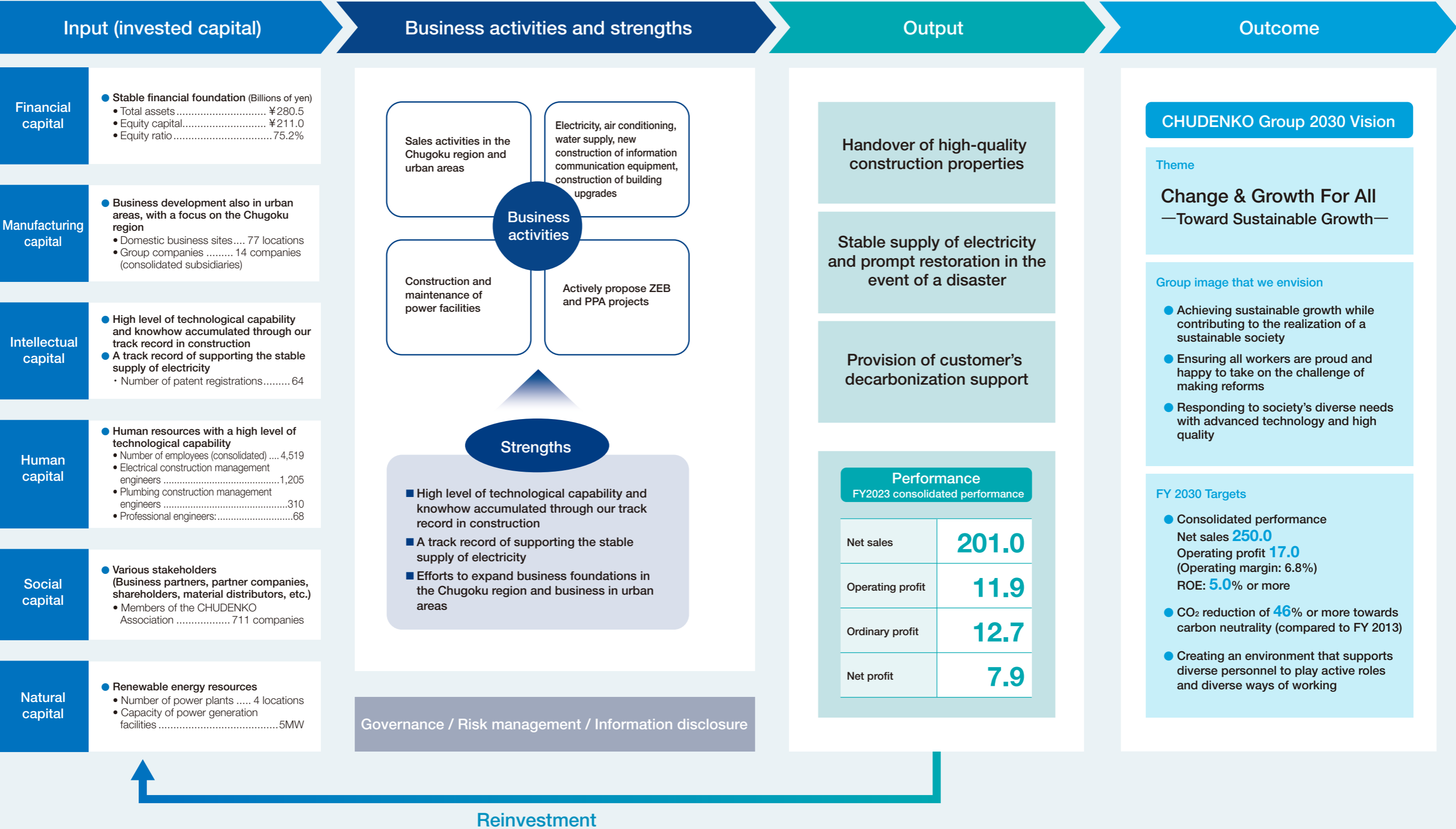
Financial (consolidated)



Non-Financial (parent)



# Value Creation Process



## Message from the President



We will respond to environmental changes, drive change, and achieve sustainable growth

Takafumi Shigeto  
Representative Director and President

## Progress of Medium-Term Management Plan

### Could you give us an overview of the company's performance in fiscal 2023?

The business environment in fiscal 2023 saw public infrastructure investment trending steadily, while private sector capital investment continued showing signs of recovery, supported by the revitalization of socio-economic activities following the reclassification of

COVID-19 as a Category 5 infectious disease. However, the situation has remained challenging due to persistently high energy and raw material prices impacted by exchange rates and other factors, as well as rising labor costs driven by labor shortages.

Amid these circumstances, the Group has been advancing various measures based on the Medium-Term Management Plan 2024, aimed at strengthening our

foundation in the Chugoku region, expanding business in urban areas, and improving productivity. As a result, compared to the extremely challenging financial results of fiscal 2022, we registered significant increases in both earnings and profit in fiscal 2023.

Net sales and operating profit were higher than in the previous fiscal year. In particular, net sales reached ¥201.0 billion surpassing ¥200 billion for the first time since the ¥211.9 billion achieved in fiscal 1994. Ordinary profit and profit attributable to owners of parent also increased on the back of the rise in operating profit and the rebound from overseas business investment losses recorded in the previous year.

Compared to the initial plan, net sales fell short by ¥3.9 billion, but all profit figures exceeded their respective targets. In particular, operating profit reached ¥11.9 billion, coming close to the ¥12 billion target set for the final year of the Medium-Term Management Plan 2024. Based on this, we consider the financial results to be considerably positive.

In addition, we recorded ¥183.3 billion in orders for the parent company, exceeding ¥180 billion for the first time since we recorded ¥193.2 billion in fiscal 1995. The amount carried over to the next fiscal year also reached a record high of ¥142.1 billion. Hence, this has been a promising year in our move toward the final year of the Medium-Term Management Plan.

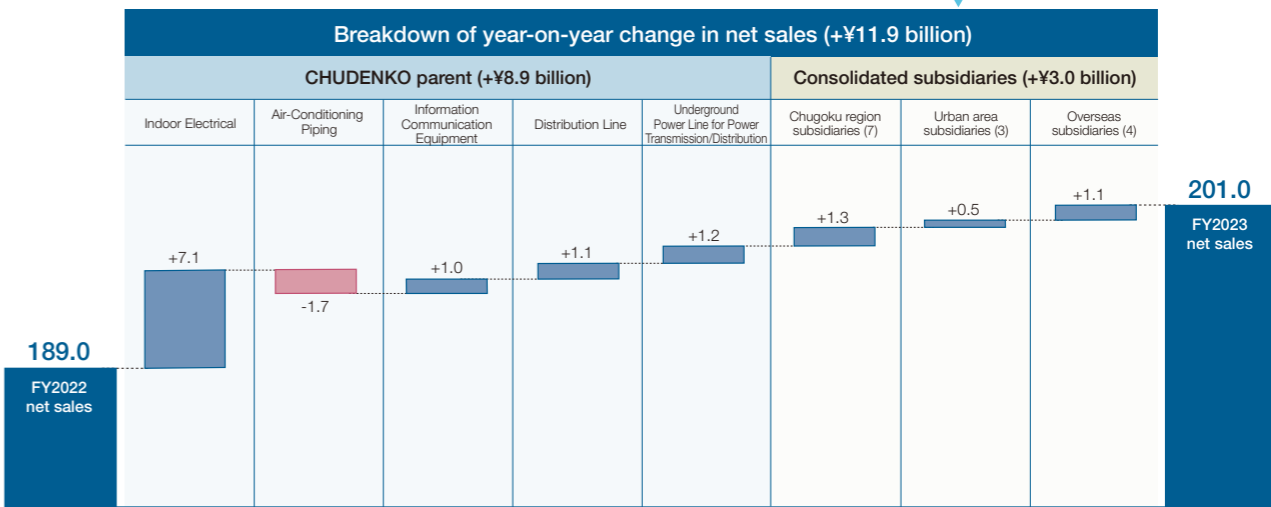
### FY2023 Results (income statement, consolidated)

(Billions of yen)

Consolidated performance		FY2022	FY2023	Change	Year on year
Net sales		189.0	201.0	11.9	106%
Cost of Sales		165.0	172.4	7.4	105%
Gross profit	(12.7%)	23.9	(14.2%) 28.5	4.5	119%
SG&A expenses		15.6	16.5	0.9	106%
Operating profit	(4.4%)	8.3	(5.9%) 11.9	3.5	143%
Ordinary profit	(-1.0%)	-1.9	(6.3%) 12.7	14.6	—
Profit attributable to owners of parent	(-3.7%)	-6.9	(3.9%) 7.9	14.8	—

\* Figures in ( ) are profit margins

### FY2023 Results: breakdown of year-on-year change in net sales (consolidated)



Message from the President

What are some of the key points toward achieving CHUDENKO’s targets for the final fiscal year?

We expect to record increases in consolidated earnings and profits for fiscal 2024, the final year of Medium-Term Management Plan 2024.

Net sales are projected to increase by ¥21.9 billion year-on-year to ¥223.0 billion, and operating profit is expected to rise by ¥4.5 billion year-on-year to ¥16.5 billion on the back of an increase in gross profit due to higher earnings. Ordinary profit is projected to increase by ¥5.8 billion year-on-year to ¥18.6 billion due to an increase in operating profit and a reduction in non-operating expenses, among other factors. Net profit is anticipated to grow by ¥8.1 billion from the previous fiscal year to ¥16.1 billion, due to the increase in ordinary profit and a decrease in corporate taxes and other expenses.

To achieve this forecast, we consider it important to steadily implement the five core measures set out in the Medium-Term Management Plan 2024, and to continue realizing results from our initiatives to date.

With regard to expanding orders and strengthening construction systems, we will work on expanding our market share in the Chugoku region, maintaining high order levels in the Tokyo Metropolitan region, and increasing orders in the Kansai and Chubu regions.

In the area of securing and expanding profits, and improving competitiveness, with a view to securing and expanding profits at large-scale sites, we aim to enhance construction review meetings and put thorough efforts into controlling costs. At the same time, we will further

secure and expand profits by streamlining construction, strengthening our procurement capabilities, and improving productivity by promoting DX.

We recognize that enhancing human resource development and promoting work style reforms is an important area that forms the basis of business continuity. Therefore, in order to expand recruitment, we plan to proactively promote, more than ever before, the appeal of working in the facility construction sector. Furthermore, we will put effort into human resource development aimed at boosting construction management, as well as improve employee benefits and promote health management, in order to create workplaces where every employee can play an active role within a safe environment while maintaining good physical and mental health.

With regard to improving quality, we will strengthen cooperation with Chugoku Electric Power Transmission & Distribution Company to maintain rapid response capabilities in times of emergency, so as to contribute to the stable supply of electricity. We will also continue to focus our efforts on enhancing quality so as to meet our customers’ needs and expectations not only for completed facility works, but across all construction processes.

Last but not least, with regard to expanding the business by investing for growth, we will expand investment in M&A, renewable energy, and other areas. To support decarbonization efforts by our customers, we will also further promote environment-related businesses such as self-consumption-type solar power PPA projects and conversion to ZEB.



FY2024 earnings forecasts (income statement, consolidated)

(Billions of yen)

Consolidated performance	FY2023		FY2024 Forecast	Change	Year on year
Net sales		201.0	223.0	219	111%
Operating profit	(5.9%)	11.9	(7.4%) 16.5	45	138%
Ordinary profit	(6.3%)	12.7	(8.3%) 18.6	58	146%
Profit attributable to owners of parent	(3.9%)	7.9	(7.2%) 16.1	81	203%

\* Figures in ( ) are profit margins

Medium-Term Management Plan 2024 ➡ P.21

Theme	Numerical targets		Five core measures
“Change & Growth”  Sub-themes ● Strengthening sales and construction systems, and expanding profits ● Promoting DX and decarbonization	Consolidated net sales:	¥210.0 billion	1) Expanding orders and strengthening construction systems 2) Securing and expanding profits, and improving competitiveness 3) Enhancing human resource development and promoting work style reforms 4) Improving quality 5) Expanding the business by investing for growth (M&A, equity stakes, etc.)
	Consolidated operating profit:	¥12.5 billion	
	ROE:	4.2 % or more	

Long-Term Outlook

Please tell us your personal views, as President, on the long-term outlook for CHUDENKO.

In recent years, there have been growing calls from society to achieve the SDGs and make the transition toward a decarbonized society. Therefore, every company is expected to put effort into areas such as environmental conservation and human capital investment, in addition to improving their business performance as a matter of course.

Against this backdrop, we enacted the CHUDENKO Group Fundamental Sustainability Policy in October 2022,

clarifying our intent to tackle the challenge of addressing various social issues through reliable technology and quality alongside sound business management founded upon the trust of the community, and to continue contributing to the realization of a sustainable society as we aim to bring about sustainable growth for the Group.

While working to improve workplaces and working environments by putting safety first, we also aim to expand human capital investment in order to improve our medium- to long-term corporate value. At the same time, we aim to improve employee engagement by pursuing workplaces that allow employees faced with various

Message from the President

constraints, be it gender differences, disability, nursing care or childcare duties, to develop their careers in a way that is tailored to their individual abilities and personality, and where they can all feel motivated and comfortable working in.

While there will always be uncertain elements with regard to the social and economic outlook, the Group perceives these changes in the environment as opportunities for

Foundation of Management

What is your assessment of the current status of governance, and what are the future policies in this regard?

Our company transitioned to a company with an Audit and Supervisory Committee following the 107th Ordinary General Meeting of Shareholders convened last year, and one year has passed since.

We have transferred the authority to make concrete decisions relating to business execution from the Board of Directors to the Directors themselves, thereby enabling swift decision-making and execution of business. We have also strengthened the oversight function of the Board of Directors by having Directors who are also members of the Audit and Supervisory Committee. In these ways, we have enhanced corporate governance.

A majority of the Directors are Outside Directors (7 out of 11 Directors), which we believe has resulted in enhanced discussions within the Board of Directors and greater transparency.

Going forward, CHUDENKO will strive to enhance the effectiveness of the Board of Directors' oversight function, while at the same time ensuring transparent, fair, as well as swift and resolute decision-making and proper business execution.

Could you discuss the status of initiatives toward management that is conscious of capital cost and stock prices?

As a result of the steady implementation of various measures set forth in the Medium-Term Management Plan

transformation toward personal growth, and we believe that continued reform can lead to further growth.

In order to achieve the business performance targets set out in the new Medium-Term Management Plan that will start in the next fiscal year, and in the CHUDENKO Group 2030 Vision, we will ensure that we share the image we have envisioned for the Group, and work together as one to implement various measures.

2024, operating margin has risen alongside increases in both net sales and operating profit, and the Group has achieved steady progress with the exception of a short period of time when results were impacted by the COVID-19 pandemic and other factors.

Thanks to these improvements in business performance, ROE increased by 3.9% from the previous fiscal year to about 4%. However, this is below the cost of shareholders' equity we have calculated (4.5%), and the PBR is less than 1, standing at 0.79 as of the end of March 2024. For this reason, we aim to improve capital efficiency by improving profitability and further strengthening our capital policy.

This fiscal year, in addition to achieving the performance targets set out in the Medium-Term Management Plan 2024, we are also working on strengthening and enhancing our capital policy, such as by expanding investments in human capital and growth, ensuring dividends are stable and at a high level, enhancing returns to shareholders through share buybacks, and reducing cross-shareholdings that have become less meaningful.

Alongside these efforts, we will also work to boost IR activities by further strengthening dialogue with shareholders and investors, including through financial results briefings and meetings, and by increasing the timely and appropriate dissemination of information.

A message to all stakeholders

Finally, could you give a message to all our stakeholders, including shareholders and investors?

While the business environment is expected to remain severe in the future, the Group will steadily achieve the performance targets we have set out in the Medium-Term Management Plan 2024, and put our utmost effort into achieving the targets we have set in the new Medium-Term Management Plan and CHUDENKO Group 2030 Vision from next fiscal year.

For the Group to continue contributing to the realization of a sustainable society and achieve sustainable growth, it is essential that we respond flexibly

to changes in the business environment and continue to take on the challenge of change. The Group will achieve sustainable growth through the ongoing cycle of change and growth, with each employee approaching the challenge of change with pride and joy, and we will firmly meet the expectations of all our stakeholders.

To our stakeholders, we kindly ask for your continued support and encouragement.

December 2024

Takafumi Shigeto  
Representative Director and President



# CHUDENKO Group Sustainability

The Group has been aiming for sustainable growth and working to address social issues by promoting various measures in the Medium-Term Management Plan. Within the Group, we have established the CHUDENKO Group Fundamental Sustainability Policy as a set of specific measures aimed at further evolving and develop these initiatives.

### CHUDENKO Group Fundamental Sustainability Policy

The CHUDENKO Group, with the trust of the community as its basis, runs a sound business with reliable technology and quality. By doing so, it will take on the challenge of resolving the various issues that society faces, with the aim of sustainable growth for the Group, while also contributing to the realization of a sustainable society.

Creation of richer environment

- We will endeavor to become carbon neutral, to help mitigate climate change.
- We will strive to bring about environmental conservation and a recycling oriented society.

Enhancement of technology and quality

- We will pursue technology and quality that help build a resilient society and comfortable lives.
- We will advance technology development and research and development to resolve society's issues.

Development of a dynamic company

- We will respect diversity and promote the creation of a rewarding workplace.
- We will construct a working environment where every employee can work in safety and good health.

Sound business management

- We will promote compliance focused management that adheres to laws, regulations, and societal norms.
- We will continue to be a company that is trusted by all stakeholders, by ensuring highly transparent business management.

## Sustainability Promotion Committee

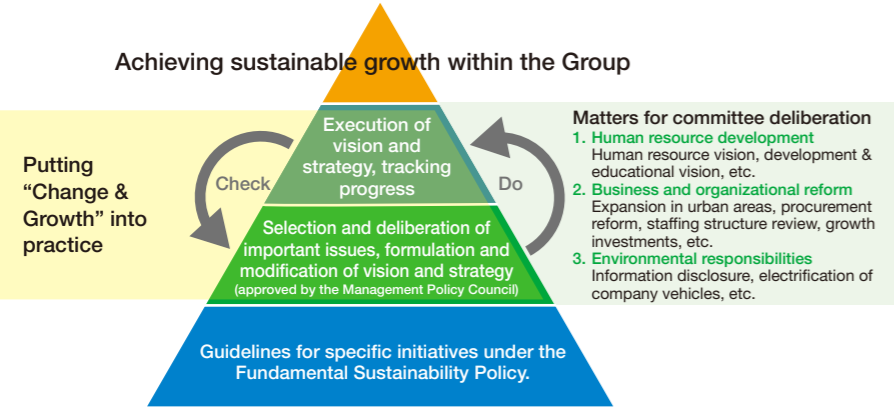
For the Group to continue contributing to the realization of a sustainable society and achieve sustainable growth, it is essential that we respond flexibly to changes in the business environment and continue to take on the challenge of change.

To that end, we have established the Sustainability Promotion Committee, chaired by the President, as an organization to work on developing human resources and reevaluating our operations and organization based on a perspective that is relevant to the present times, and

reviewing and rebuilding our responses to critical issues such as the environment.

The Sustainability Promotion Committee is responsible for developing measures to address sustainability challenges, track the progress of reaching goals, and other related matters. The Committee's discussions in turn lead to recommendations presented to the Management Policy Council and the Board of Directors. Taking this approach will move our company in the direction of sustainable growth.

### Activities of the Sustainability Promotion Committee



## Identifying Materiality (Important Issues)

We have identified eight materiality items (important issues) that are important to the Company and our stakeholders, and which we should prioritize in the medium to long term.

We will address issues by promoting effective measures that are related to materiality. In addition, we will review the identified materiality items in response to changes in the business environment and social conditions.

## CHUDENKO Group's Materiality

Materiality (important issues)	Main initiatives	Main SDGs that we will contribute to
Contribute to maintaining and developing social infrastructure	Deliver high-quality construction projects, ensure stable supply of electricity, strengthen construction systems, and implement community contribution activities ("Customer Appreciation Month")	
Natural disaster preparedness and efforts toward disaster reconstruction	Formulate BCP in readiness for large-scale disasters, and support recovery of lifelines during a disaster	
Realize carbon neutrality within the Company	Introduce self-consumption-type solar power facilities, switch to electric company-owned vehicles, practice information disclosure based on the TCFD recommendations	
Contribute to energy conservation efforts and the expanded adoption of green energy	Propose and provide eco-friendly technological capabilities (conversion to ZEB, PPA projects), propose and carry out construction for renovation works	
Create safe and rewarding workplace environments	Eradicate accidents and disasters, work on health management, and enhance work-life balance	
Promote diversity and inclusion	Promote female empowerment (appointment to managerial positions, promote taking of childcare leave by male employees, acquire "Eruboshi/Kurumin" certification, etc.), embrace and apply diverse ways of thinking and values	
Develop human resources who take the lead in bringing about change	Systematic human resource development, support personal development	
Promote compliance	Strengthen the corporate governance system, implement compliance education, recommend the use of the Corporate Ethics Helpline	

# Efforts toward realizing management that is conscious of capital costs and stock prices

Recognition of the current status

The Group has been working on various measures, such as strengthening our foundation in the Chugoku region, expanding business in urban areas, and improving productivity, in accordance with our Medium-Term Management Plan 2024 (FY2021 to FY2024).

As a result, operating margin has risen alongside increases in both net sales and operating profit, and the Group has achieved steady progress with the exception of a short period of time when results were impacted by the COVID-19 pandemic and other factors.

Additionally, as part of our capital policy, we have continued to work on expanding our business through growth investments, as well as on enhancing returns to shareholders.

Thanks to these efforts, return on equity (ROE) improved from the previous fiscal year to about 4% in fiscal 2023. Nevertheless, this is below the cost of shareholders' equity of 4.5%\*. Moreover, stock price was 3,065 yen and price-to-book ratio (PBR) was less than 1, standing at 0.79, as of the end of March 2024.

For this reason, we recognize that we need to improve capital efficiency by further strengthening our efforts to improve profitability and enhance our capital policy, and to work even harder than before on IR activities to ensure that these measures, along with our business plans for sustainable growth, are fully understood by shareholders and investors.

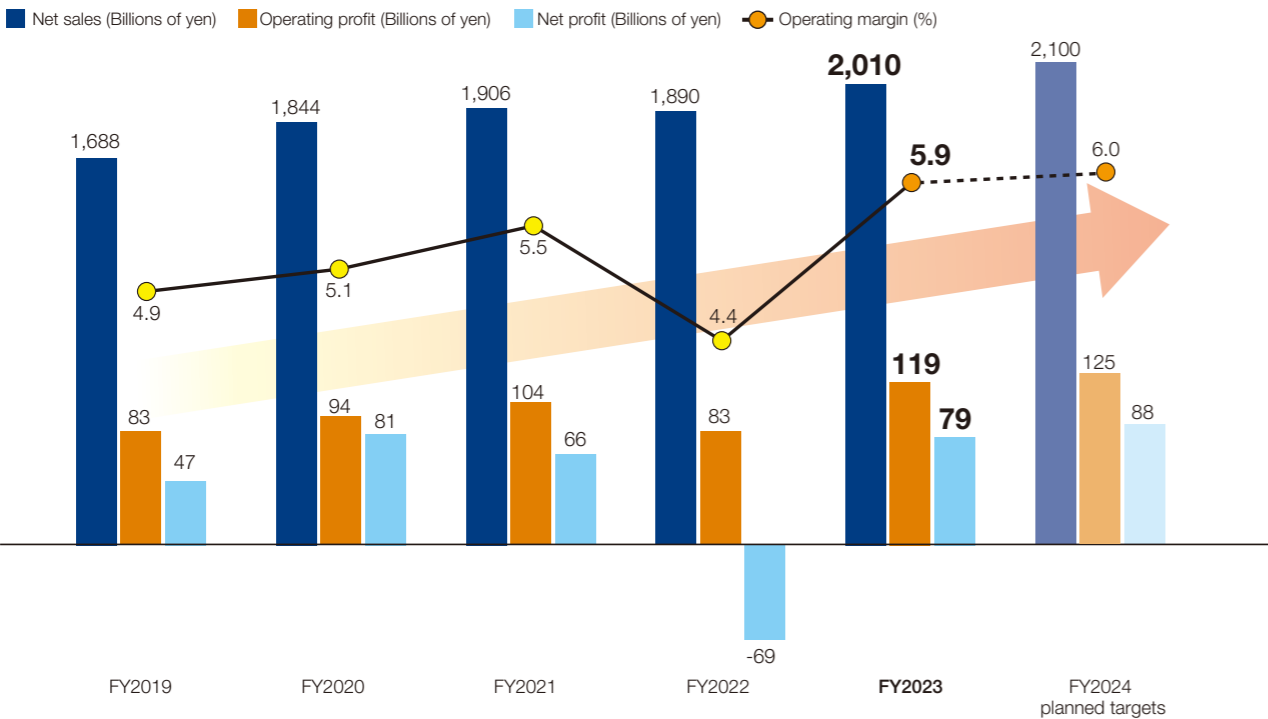
Policy for efforts toward realizing management that is conscious of capital costs and stock prices

Based on this recognition of the current situation, we will strongly promote the growth strategies outlined in the Medium-Term Management Plan 2024 and strive to secure and expand profits, while at the same time work on capital policies such as enhancing shareholder returns and improving ROE. Furthermore, we will proactively implement IR activities in relation to these efforts as we aim to improve PBR.

The progress of these initiatives will be reviewed and disclosed every year.

\* Cost of shareholders' equity is calculated using CAPM.

Indicators, etc.



Main initiatives for FY2024

Improve profitability

1

Achieve the performance targets set out in the Medium-Term Management Plan 2024

Net sales	Operating profit	
¥210.0 billion	¥12.5 billion	4.2 % or more

Strengthen and enhance capital policy

1

Invest in human capital and expand business investments aimed at growth

2

Enhance returns to shareholders

- Provide sustainable, stable, and high dividends  
Annual dividend of ¥120 per share (forecast for FY2025)
- Acquire treasury shares

3

Reduce cross-shareholdings that have become less meaningful

Strengthen IR activities

1

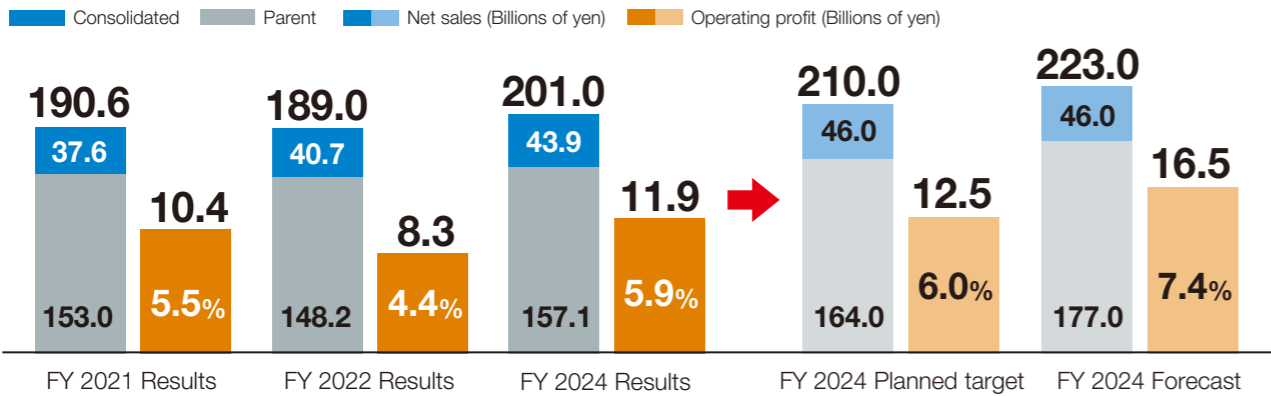
Enhance investor briefings and dialogues with shareholders and investors

2

Improve timely and appropriate information dissemination

# Progress of medium-term management plan

## Attainment vs. numerical targets



## Status of core measures

### 1. Expanding orders and strengthening construction systems

- Strengthening sales to expand orders
- Strengthen and enhance our design capability through the use of analysis of actual data and BIM, etc.
- Strengthen and enhancing construction system
- Cooperating more closely with group companies

**FY2023 results**  
The Group has strived to secure order volumes by strengthening our operational and construction systems. Although consolidated net sales fell short of the initial target of ¥205.0 billion, we achieved a year-on-year increase to ¥201.0 billion as a result of various measures, including strengthening our foundation in the Chugoku region, expanding the business in urban areas, and improving productivity.

### 2. Securing and expanding profits, and improving competitiveness

- Using equalization and frontloading of work to raise construction efficiency
- Cost reductions involving cooperation between the company as a whole and group companies
- Improving productivity through the promotion of DX

**FY2023 results**  
Consolidated operating profit exceeded the initial target of ¥10.5 billion, increasing year on year to ¥11.9 billion on the back of higher gross profit on sales due to thorough cost control and efficient construction systems.

### 3. Enhancing human resources development and promoting work style reforms

- Nurturing human resources with the aim of strengthening construction management
- Securing and nurturing engineers/technicians across the Group as a whole
- Continuing to practice work style reforms

**FY2023 results**  
As part of our efforts to strengthen construction management, in addition to our ongoing group education efforts, we also utilized online education and e-learning to provide education and support efficiently and increase the number of qualified personnel. We also established a career path for construction management positions in the construction division and developed systems to promote career development and early training of young employees. We will continue to work on reengineering business processes and promoting digital transformation (DX) to address workstyle reforms, in order to improve productivity and enhance employee engagement.

### 4. Improving quality

- Reliable contributions to the stable supply of electric power
- Increase customer satisfaction

**FY2023 results**  
We have not only improved the finish of constructed facilities but also enhanced quality testing functions throughout the construction process, in an effort to improve product quality to meet customer satisfaction expectations. Additionally, based on our rapid response to disasters and other actions, we have contributed to the stability of the supply of electricity. We were also involved in reconstruction work in response to requests to support the disaster recovery work in the aftermath of the 2024 Noto Peninsula earthquake.

## 5. Expanding the business by investing for growth (M&A, equity stakes, etc.)

- Decarbonizing our own company
- Promoting environmental businesses to support decarbonization
- Promotion of M&A with the aim of strengthening construction systems
- Promoting technical research and development

**FY2023 results**  
The PPA business and conversion to ZEB were actively marketed to customers and led to growing interest in decarbonization. As a result, we won 11 PPA contracts and five ZEB contracts. We are also progressing with the installation of solar power generation facilities for self-consumption on our own company buildings, and operation of these facilities has commenced at a total of 42 locations by the end of fiscal 2023.

## Status of capital policy

### Investment for sustainable growth

- Invest ¥40 billion for sustainable growth, including business expansion and securing and nurturing human resources

**FY2023 results**  
We actively proposed solar power generation facilities for self-consumption, including PPA projects, as well as conversion to ZEB, to customers who demonstrate interest in energy conservation and decarbonization. Although no projects were contracted for M&A and renewable energy, we will continue to actively expand projects, including M&A, and to invest in renewable energy.

## Shareholder returns

- Focus on paying sustainable and stable dividends, targeting DOE (consolidated dividend on equity) of 2.7%
- Comprehensively review the business environment, etc. and implement share buybacks as necessary

**FY2023 results**  
DOE: 2.72%  
Dividend per share: ¥104  
Payout ratio: 71.5  
Number of treasury shares to be purchased: 600,000 shares (acquisition price: ¥1.4 billion)  
Total returns ratio: 89.8%

## Comment from a General Manager



**Hideaki Oba**  
General Manager,  
Planning Division



## Toward the Medium-Term Management Plan 2024 and the CHUDENKO Group 2030 Vision

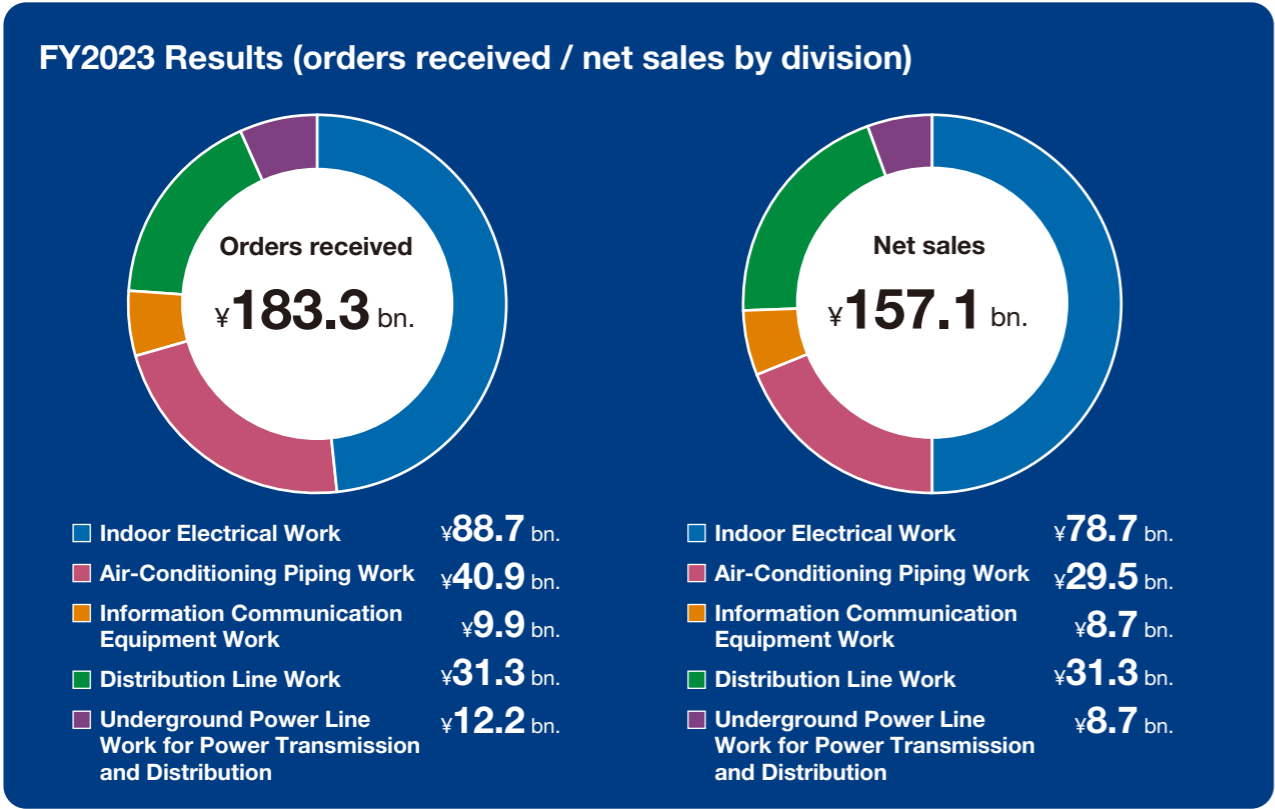
The six departments under the Planning Division are communicating closely with other organizations on initiatives to create sustainable profits and bring about the Group's growth, including business and organizational reforms, strengthening of the systems of each Group company, growth investment such as M&A and creation of businesses, business expansion overseas, and improving productivity through DX. These initiatives are being promoted alongside the PDCA management of action plans incorporated from the management plans.

Fiscal 2024 is the final fiscal year of our current Medium-term Management Plan. With that in mind, we aim to further reinforce and enhance efforts in the core measures with a view to achieving the numerical targets, strengthening our business foundation, and expanding our business, as well as to verify the results and identify issues, and tie them in with the next Medium-term Management Plan as we work toward achieving the CHUDENKO Group 2030 Vision.

The CHUDENKO Group 2030 Vision is a commitment to recognize that it is essential for us to continue taking on the challenge of transformation in order to adapt to evolving social conditions and business environments marked by decarbonization, the promotion of digital transformation (DX), and the expansion of diversity. It is a shared Group-wide vision to contribute to the realization of a sustainable society by achieving growth as a group and practicing this commitment through people, technology, and quality.

Our work in facilities and infrastructure is truly centered around "people." Our goal is to become a corporate group that sustains growth through the creation of an environment where individuals can tackle the challenge of transformation with enthusiasm, pride, and joy.

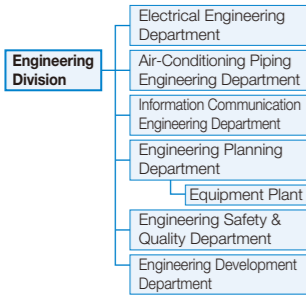
# Overview of Fiscal 2023 (parent)



## Comments from General Managers



**Hideo Onbe**  
Comments from  
General Managers



### Assessing trends in the social environment and forging ahead toward achieving our goals

The Engineering Division oversees the general construction work (electrical work, air-conditioning piping work, and information communication work) that accounts for three-quarters of all our sales. In addition to improving safety and quality and enhancing business performance, all employees work together on a daily basis to address challenges such as reforming work style and labor shortage, while ensuring that we adhere to compliance requirements.

Since April 2024, regulations to cap the number of overtime hours have also been enforced in the construction industry in accordance with the revised Labor Standards Act. However, given that the entire construction industry has not currently adopted the practice of closing for eight days every four weeks, we are considering and implementing various measures to ensure compliance with the law.

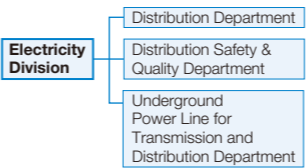
With companies struggling to recruit personnel amid the recent labor shortage issues, we recognize that we face a major challenge in enhancing efficiency and reducing overtime work to ensure that our employees are able to take days off. Nurturing young people, including new hires, is also an important issue, and the questions of how we can foster growth and help individuals get a real sense of personal development are crucial to raising the level of our overall construction management capabilities. Therefore, we will also focus on strengthening our efforts in on-the-job training (OJT).

In fiscal 2023, the value of carryover construction reached a record high, and the order environment is booming at a level that we could never have imagined in fiscal 2022 during the COVID-19 pandemic and around the start of the conflict in Ukraine. We are wrestling daily with the challenges of how to accept work orders and carry out construction with limited human resources, but we must also comply with regulations on the maximum number of overtime work hours. Going forward, it will become increasingly necessary to assess trends in the social environment and make decisions rapidly, without being constrained by conventional methods and approaches.

Fiscal 2024 will be the year in which we complete the current Medium-Term Management Plan, as well as the year for formulating the next Medium-Term Management Plan. All employees will work as one and forge ahead to achieve our goals as we look ahead to the CHUDENKO Group 2030 Vision.



**Seiji Kawakami**  
General Manager,  
Electricity Division



### Supporting lifelines with high quality and advanced technology to contribute to local communities

The Electricity Division primarily undertakes the construction of new power facilities and inspection/maintenance work contracted from Chugoku Electric Power Transmission & Distribution Company, Incorporated. Additionally, in the event of a natural disaster (such as typhoon, heavy rainfall, heavy snowfall or earthquake), we promptly dispatch teams to the affected area to restore essential infrastructure, thereby taking on the responsibility of ensuring a stable power supply.

In the aftermath of the Noto Peninsula earthquake that struck on January 1, 2024, we responded to a request for assistance from Hokuriku Electric Power Transmission & Distribution Company via Chugoku Electric Power Transmission & Distribution Company, Incorporated, and dispatched 67 staff members, including personnel from our partner companies, to support the disaster recovery work. While placing safety as the top priority, the team worked in a harsh environment amid continued aftershocks and heavy snowfall.

We strive to earn the trust of local residents through construction work that always puts safety and quality first, and which is also responsive to environmental concerns.

The construction contracted from Chugoku Electric Power Transmission & Distribution Company, Incorporated is expected to progress steadily going forward, primarily focused on measures against aging based on the "Revenue Cap System." Amid the emerging difficulty of securing human resources, we are taking steps to enhance job satisfaction in order to maintain a stable construction system into the future.

We are constantly making efforts to promote DX initiatives and proactively carry out the development and improvement of technology and construction methods by utilizing digital technologies, such as mobile devices, to enhance the efficiency of on-site management. This enables us to enhance safety and efficiently conduct high-quality construction projects.

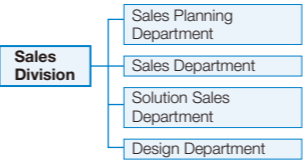
Furthermore, in order to expand our business domains, we have trained our directly-managed special high-voltage cable connection team to reach a skill level that exceeds our target after several years spent on acquiring technical skills. Therefore, we believe that this will contribute to a full-scale increase in orders in the future.

In the environmental aspect, we have advanced the use of battery power (achieving 97% conversion rate) for cherry pickers, a type of vehicle used in construction. By reducing CO2 emissions in this way, we are taking steps to protect the environment.

With our high quality and advanced technology, we will continue to support the lifeline of a stable supply of electricity in the Chugoku region to contribute to the development of local communities.



**Shuji Maehara**  
General Manager,  
Sales Division



### Proactive sales promotion to secure and expand orders

The Sales Division oversees all aspects of sales related to general construction, which constitutes approximately three-quarters of the total amount of orders. To win orders, which are the entry point for sales revenue, the division's sales activities primarily target private sector companies such as general contractors and manufacturers, as well as government agencies.

In fiscal 2023, we received many orders for large-scale construction projects, and the value of orders for general construction reached the high level of ¥139.7 billion, close to the highest level on record, while the value of carryover construction also exceeded the record high from last year by ¥22.6 billion, achieving a new record of ¥130.3 billion. On the other hand, in addition to the enforcement of a cap on the number of overtime hours in the construction industry from fiscal 2024, the industry continues to face challenges such as persistently high raw material prices and soaring labor costs caused by a shortage of workers.


Given these circumstances, within the Chugoku region, we are actively engaging in sales activities that leverage our company's advantage as a local corporation. We are also strengthening proposal-based sales for previous construction projects and boosting efforts to promote previously proposed stock in order to expand maintenance and renovation projects, with a view to strengthening our foundation.





On the other hand, in urban areas such as Tokyo, Osaka, and Nagoya, which have many large-scale projects including redevelopment and logistics-related projects, our recent construction achievements have been recognized, leading to an increase in inquiries from customers. We are actively working on gathering early-stage information to secure and expand our contracts in these areas.

To support our customers' efforts toward decarbonization, we are proposing ZEB projects that make use of subsidies and strongly promoting self-consumption-type solar power PPA projects not only in the Chugoku region, but also in the Kyushu and Shikoku regions.

As a company, we remain united in our efforts to expand our sales activities, and we will work steadfastly toward achieving the goals outlined in the Medium-Term Management Plan 2024.


Overview of Business





# Indoor Electrical Work

View more of our indoor electrical work here.  
<https://www.chudenko.co.jp/sales/case/>







# Air-Conditioning Piping Work

View more of our air-conditioning piping work here.  
<https://www.chudenko.co.jp/sales/case/>



Overview of fiscal 2023 and outlook for fiscal 2024

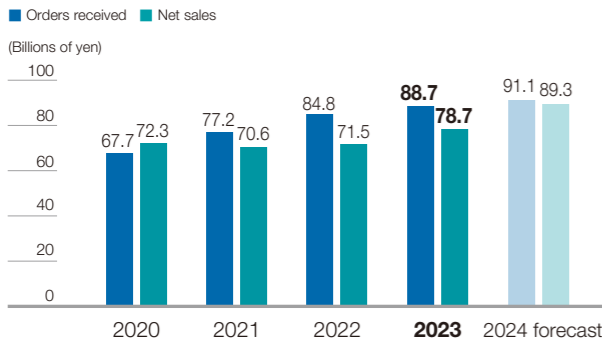
Orders received increased by ¥3.9 billion above fiscal 2022 to reach ¥88.7 billion, driven by factory works in the Chugoku region as well as logistics warehouses and redevelopment works in urban areas.

Net sales increased by ¥7.1 billion from fiscal 2022 to reach ¥78.7 billion, notwithstanding delays in equipment and materials procurement and a shortage of labor. This was due to the progress of ongoing projects according to schedule, including the construction of factories and large-scale logistics warehouses.

In fiscal 2024, we will continue to strengthen our foundation in the Chugoku region, expand our business in urban areas, and enhance our sales and construction systems, as well as advance efforts to increase orders and reinforce our construction systems to steadily achieve the goals outlined in the Medium-Term Management Plan 2024. Alongside these efforts, we will vigorously promote various measures to secure and expand profits, including streamlining construction through front-loading and other measures, and improvement of productivity through DX initiatives. In addition to our commitment to achieving carbon neutrality within our own operations, we will also promote decarbonization support for our customers through initiatives such as self-consumption-type solar power PPA projects.

As a result of these measures, in fiscal 2024, we forecast ¥91.1 billion in orders received and ¥89.3 billion in net sales.

Orders received / Net sales



Main projects received

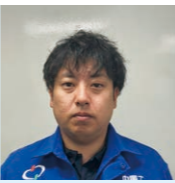
- Electrical facility works for the construction of the N2 building of Izumo Murata Manufacturing Co., Ltd.
- Construction of the new building for Hitachi High-Tech Corporation's production facility in Kasado (Kudamatsu City, Yamaguchi Prefecture)
- New construction works for ESR's Kawanishi Distribution Center 2 (Kawanishi City, Hyogo Prefecture)
- Shinjuku Station West Exit area development plans (Shinjuku Ward, Tokyo)
- New construction and other electrical facility works for Hiroshima City Aki Hospital, Building A (Hiroshima City, Hiroshima Prefecture)
- Shimonoseki hotel project (Shimonoseki City, Yamaguchi Prefecture)

Recent project

Prologis Park Koga 4 project

Location	Koga City, Ibaraki Prefecture
Construction period	January 2022– May 2023
Client	Prologis
Summary	Three floors with a rooftop floor, estimated to house 12 tenant companies. As it is located near the Tone River, where there is a high risk of flooding, this large warehouse is designed to be completely waterproof so that it can be used as a group evacuation site in the event of a disaster. It is also equipped with a hazardous materials storehouse and an emergency power generator.

## Voice



**Kengo Yoda,**  
On-site Representative  
Indoor Electrical Work Section 4, Tokyo Headquarters

Actively promoting VE\* on-site to realize high-quality construction

With the ongoing boom in the construction of large warehouses, we have struggled to secure contractors and construction vehicles, and to proceed with the construction work according to schedule. In addition, the concrete plant exceeded its capacity, and there were significant changes to the plans for the office area midway through the project. Therefore, our ability to respond to unforeseen circumstances was frequently called into question. Under these circumstances, we did our best to come up with creative solutions, such as using slab piping across the entire project to speed up construction. As a result, we were able to bring the construction target ahead of the initial schedule.

Going forward, I also aim to focus on nurturing and developing future generations of human resources. In addition to guiding them toward experiencing joy amid the difficulty of their jobs, I hope to enhance their awareness of quality and safety while at the same time achieving further growth myself.



\* VE: Value Engineering, an approach of enhancing the value of products and services while minimizing cost.

Overview of fiscal 2023 and outlook for fiscal 2024

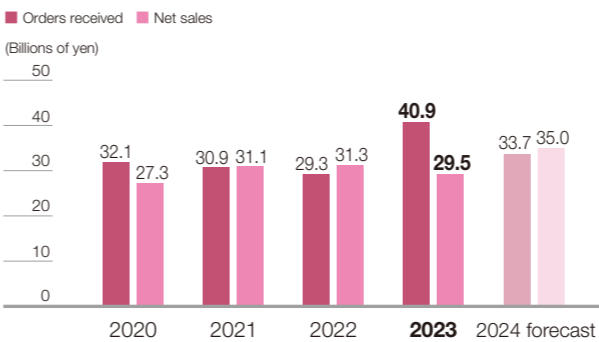
Orders received totaled ¥40.9 billion, an increase of ¥11.6 billion from fiscal 2022, as a result of focusing on efforts to win orders for large-scale construction and redevelopment projects in the Chugoku region as well as in urban areas, mainly Tokyo, Nagoya, and Osaka.

Net sales were down ¥1.7 billion from fiscal 2022 to ¥29.5 billion. Despite the smooth completion of large-scale construction projects in various locations, the period was used to carry out preparatory works on-site for orders received in fiscal 2023, resulting in a downturn in net sales. The backlog of projects at the beginning of fiscal 2024 remained at a high level, exceeding ¥35.0.

In fiscal 2024, we will put effort into enhancing front-loading, as well as on further risk hedging and improving quality. We will also work on equalizing and streamlining the work of on-site representatives by providing support for construction drawing creation. Furthermore, we will actively adopt equipment and piping prefabrication and unit modularization to achieve streamlined construction and installation in order to support large-scale construction works, as well as work on improving construction efficiency, instituting digital transformation (DX) in site management, and utilizing AR/MR to manage sites to enhance productivity.

As a result of these measures, in fiscal 2024, we forecast ¥33.7 billion in orders received and ¥35.0 billion in net sales.

Orders received / Net sales



Main projects received


- Construction of new stand for the Hiroshima Keirin restructuring plan (Hiroshima City, Hiroshima Prefecture)
- Type 1 urban redevelopment project in the districts of No. 2/3/4, 1-chome Ekimaecho, Okayama City, (Okayama City, Okayama Prefecture)
- Construction of the new building for Hitachi High-Tech Corporation's production facility in Kasado (Kudamatsu City, Yamaguchi Prefecture)
- Ginza 6-chome project (Chuo Ward, Tokyo)
- Construction of new teamLab Museum Kyoto (provisional name) (Kyoto City, Kyoto)
- Shangri-La Kyoto Nijojo plan (Kyoto City, Kyoto)

Recent project

Development of football stadium, etc.

Location	Hiroshima City, Hiroshima Prefecture
Construction period	April 2022–January 2024
Client	Hiroshima City
Summary	As Japan's first urban interactive stadium park, this facility aims to create a bustling atmosphere 365 days throughout the year, incorporating a variety of facilities and multipurpose functions even on non-match days.

## Voice



**Akihiko Tanimoto,**  
Construction Management Team Leader  
Air-Conditioning Piping Work Section 1, Air-Conditioning Piping Work Business, Osaka Headquarters (current department)

Experiencing a real sense of contributing to the community through work

Due to the unusual form and shape of the building, there were many aspects to consider such as construction constraints. Many design changes also occurred, and we struggled to address these issues. There were concerns that heat would build up easily in the area where the outdoor air-conditioning units were placed, so we conducted repeated airflow simulations to review and propose the optimal layout for the outdoor air-conditioning units. Through my involvement in the construction of this stadium, which will become a new symbol of Hiroshima City, I have experienced a real sense that I am contributing to the local community.

As the approach to work varies from site to site, I have gained the ability to consider things from various perspectives. I will continue working hard to improve myself while building up experience, so that I can meet the needs of our customers.



Overview of Business



# Information Communication Equipment Work



Regional information communication and cable/television transmission equipment



Wireless ICT solutions equipment




Road/river information equipment




Mobile wireless communication equipment

View more of our information communication equipment work here.  
<https://www.chudenko.co.jp/sales/case/>





# Distribution Line Work



View more of our distribution line work here.  
<https://www.chudenko.co.jp/sales/case/>



Overview of fiscal 2023 and outlook for fiscal 2024

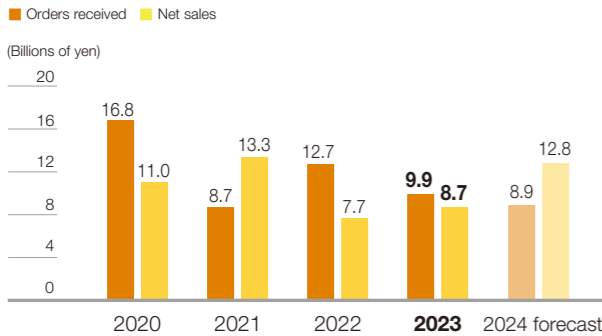
Orders received totaled ¥9.9 billion, down ¥2.8 billion from fiscal 2022, despite receiving infrastructure facility construction contracts from entities such as Japan’s Ministry of Land, Infrastructure, Transport and Tourism and Fiber to the Home (FTTH) projects, as well as large projects from NEXCO.

Net sales were ¥8.7 billion, an increase of ¥1.0 billion from fiscal 2022 due to projects carried over from the previous fiscal year.

The information and communication field plays a role in promoting transformation across the whole of society, such as enhancing labor productivity through ICT, revitalizing local communities, cybersecurity, medicine/health/nursing care, education and human resource development, disaster readiness, and maintaining and managing social infrastructure. As a result, we can continue to anticipate demand for construction in this field. In order to secure a high volume of orders for fiscal 2024, we are actively pursuing new businesses, such as through the utilization of AI, in addition to our standard business operations. Furthermore, we are working to secure sales by improving productivity through DX initiatives, as well as ensuring the steady execution of large-scale projects through work equalization and front-loading.

As a result of these measures, in fiscal 2024, we forecast ¥8.9 billion in orders received and ¥12.8 billion in net sales.

Orders received / Net sales



Main projects received

- Construction works on public address and broadcasting facilities in areas under the management of the Kyushu branch office in FY2023 (Kitakyushu city, Fukuoka prefecture)
- FY2023 free-flow wireless facility works in the eastern Chugoku region (Okayama City, Okayama Prefecture)
- FY2023 CCTV equipment exterior works in the Yamaguchi area (Yamaguchi City, Yamaguchi Prefecture)
- In-home works to introduce high-speed information and communications infrastructure in Hamada City (Hamada City, Shimane Prefecture)
- Installation work for simplified water gauges outside the Kurose River in the Class B Kurose River system (Higashihiroshima City, Hiroshima Prefecture)
- Hiroshima City urban human flow data analysis (Hiroshima City, Hiroshima Prefecture)

Recent project

National Route 186 Yasaka Tunnel emergency alert system renewal works	
Location	Otake City, Hiroshima Prefecture
Construction period	September 2023–March 2024
Client	Hiroshima Prefectural Western Office of Construction
Overview	Updating of 15 push button alert devices in Yasaka Tunnels No. 1 and No. 2, and updating of 1,800 m of communication cables leading to the control devices; updating of two tunnel information boards for Tunnels No. 1 and No. 5; updating of two information board control devices

## Voice

**Ryoga Tada,**  
On-site Representative  
Information Communication Equipment Work Section,  
Indoor Electrical Work Business, Hiroshima Supervising Branch



Focusing on creating accident-free sites and providing high-quality facilities

As there was a dam near the site of this project, there was a possibility that humidity inside the tunnel would rise in the winter, causing condensation inside the alert devices. If condensation corrodes the terminal block, there is a risk that it may raise false alerts. Therefore, as a preventive measure, the sides and inside of the device were caulked and a dehumidifier was installed. Road construction is subjected to many regulations, and construction must be completed within a limited period. We worked closely with the construction company and other relevant parties to manage the site to ensure that there was no shortfall.

There is much knowledge that can only be gained through involvement in information and communication construction works, and acquiring that knowledge is what makes my job rewarding. I aim to continue building up experience on various sites in order to become an information and communications professional.



Overview of fiscal 2023 and outlook for fiscal 2024

In fiscal 2023, we exceeded the previous year’s orders and net sales, thanks to continued orders from Chugoku Electric Power Transmission & Distribution Company, Incorporated for the renovation of aging power distribution equipment such as utility poles and wires, as well as the expansion of new contracted projects.

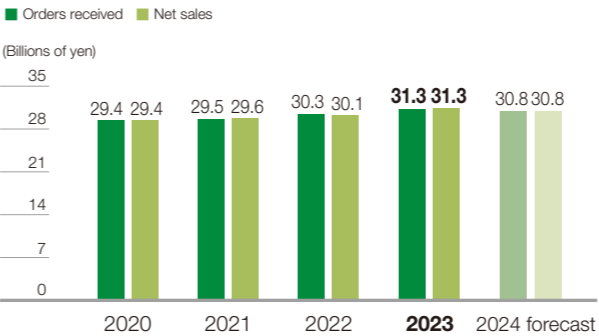
We have been continuously working on initiatives such as DX promotion and promotion of new construction methods to enhance productivity. In regard to business process optimization using smartphones, we added new operational functions such as the input of work results and photo linking for the “KY/TY Board” to improve efficiency and enhance safety. Regarding new construction methods, we focused on expanding the scope of the third-arm method to alleviate the burden on workers, and worked on the implementation of construction methods for replacing utility poles in their original positions.

We also introduced the three-wire integrated cable relocation method, which ensures the safe and efficient relocation of high-voltage lines.

In fiscal 2024, we expect both orders received and net sales to remain favorable with anticipation of the continued renovation of aging power distribution equipment. To achieve that, we will remain focused on productivity improvements while ensuring safety and quality.

As a result, in fiscal 2024, we forecast ¥30.8 billion in orders received and ¥30.8 billion in net sales.

Orders received / Net sales



Main projects received


- Aging power distribution equipment renovation project (all regional branches in Chugoku Region)
- New 22 kV line construction works for Stanley Shiwa (erection of poles) (Higashihiroshima City, Hiroshima Prefecture)
- Pole construction work for lines for Mitutuyo’s Gohara facility (Kure City, Hiroshima Prefecture)
- Relocation of distribution lines associated with the Ishima Trunk Line No. 22-2 old-specification pylons (Tamano City, Okayama Prefecture)
- Removal of 110 kV extra-high voltage transformer at Seibu Oil’s Yamaguchi Refinery (Ube City, Yamaguchi Prefecture)
- Shimoyama (branch) No. 10 and other utility pole transportation work (Hamada City, Shimane Prefecture)

Recent project

Utility pole replacement and wire replacement works	
Location	Fukuyama City, Hiroshima Prefecture
Construction period	July 2024–August 2024
Client	Chugoku Electric Power Transmission & Distribution Company, Incorporated, Fukuyama Network Center
Summary	Aging utility pole replacement work Structure: Centrifugal reinforced concrete pillar (existing pillar) Centrifugal reinforced concrete pillar (replacement pillar)

## Voice

**Akinori Takiguchi,**  
On-site Representative (Distribution Line Advisor)  
Distribution Work Section, Distribution Work Division,  
Eastern Hiroshima Branch







CHUDENKO’s mission: Ensuring reliable and high-quality construction with safety as the first priority

We approach our daily work on-site with the firm resolve not to cause any third-party accidents, industrial accidents, or non-conformity in construction quality. In addition, we strive to create an atmosphere that encourages all members of the work team to communicate closely and raise questions and doubts freely, while remaining vigilant regardless of the work environment or work content.

CHUDENKO’s mission is to realize stable power supply and contribute to the local community.


To achieve this, we aim to improve safety awareness and secure quality by encouraging on-site representatives to help one another improve their skills. As one of their colleagues, I am also delighted to see my juniors grow and become more and more reliable every day. We will continue to work actively to nurture young employees from an early stage.



## Underground Power Line Work for Power Transmission and Distribution

View more of our underground power line work for power transmission and distribution here.  
<https://www.chudenko.co.jp/sales/case/>



### Overview of fiscal 2023 and outlook for fiscal 2024

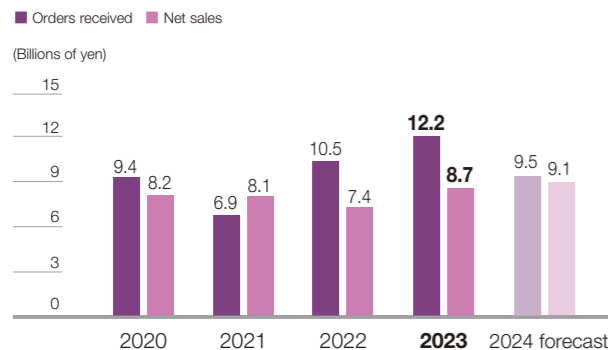
Orders received were ¥12.2 billion, an increase of ¥1.7 billion over fiscal 2022, mainly due to large-scale projects such as cable updating works and new construction/reinforcement works placed by Chugoku Electric Power Transmission & Distribution Company, Incorporated, as well as orders from general customers such as works related to self-operated renewable energy line projects.

Net sales increased ¥1.2 billion to ¥8.7 billion from fiscal 2022, due to an increase in the number of completed projects associated with the increase in orders from fiscal 2022, among other factors.

In fiscal 2024, we will steadily process the facility expansion and renovation projects received from Chugoku Electric Power Transmission & Distribution Company, Incorporated. We will also collaborate with the Sales and Engineering head offices to share sales information, and work on expanding our order intake in areas such as self-operated renewable energy line-related projects, factory construction, local government underground line projects, and other general projects. Furthermore, by promoting DX initiatives, we will work toward the systematization of business processes and the optimization of construction, aiming to enhance productivity in addition to maintaining construction quality.

With these strategies, we anticipate orders of ¥9.5 billion and net sales of ¥9.1 billion in fiscal 2024.

### Orders received / Net sales



### Main projects received

- Self-operated line construction for Asia Wind Power's Hikimi wind power generation project (Masuda City, Shimane Prefecture)
- Reinforcement works associated with the particle route change for the Tamano Minami-Okayama Line [Overhead Zone 2] (Okayama City, Okayama Prefecture)
- Construction of new 110 kV Setoda-Omishima Line [Zone 1] (Onomichi City, Hiroshima Prefecture)
- Shin-Nishi-Hiroshima Trunk Line wire replacement work (Phase 1) [Zone 2-1] (Hiroshima City, Hiroshima Prefecture)
- Shin-Nishi-Hiroshima Trunk Line wire replacement work (Phase 1) [Zone 1-1] (Hiroshima City, Hiroshima Prefecture)
- Aging pylon replacement project for the Yuni-Okayama Line No. 101-111 (Phase 2) (Okayama City, Okayama Prefecture)


### Recent project

#### Pipe construction works associated with the installation of the new 110 kV line for Chofu Biomass Power Plant

Location	Shimonoseki City, Yamaguchi Prefecture
Construction period	August 2022-July 2024
Client	Chugoku Electric Power Transmission & Distribution Company, Incorporated
Summary	Voltage/Number of lines: 110 kV/one line Sections/Length: Power Plant - No. ITW/Underground 1.2 km (Excavation: 650 m/Tunneling φ 1,200 mm: 550 m) Manhole: Four prefabricated manholes

## Voice

**Hiroshige Matsuba,**  
 Construction Management Team Leader  
 Subsection 1, Underground Power Line Section,  
 Electric Power Construction Plant



### Carrying out duties as one responsible for the development of electrical infrastructure

As this was a long-term project, we worked to ensure close coordination with all the contractors involved in the project. When a change in the plans arose during construction of the tunneling work, we took measures to prevent any delays in construction, such as proposing to reverse the tunneling direction and establishing a construction system that allowed work to be carried out at night. In addition, because the tunneling route cut across rivers and national highways, we proceeded with work cautiously, monitoring even the smallest details closely, such as the tunneling position, sludge discharge volume, daily progress, and changes in the ground surface. I believe that daily communication with the parties involved contributed to the smooth progress of the construction work.

Going forward, I will continue to accumulate experience and knowledge with the aim of becoming someone who has no aversion to work, is able to adapt to changes flexibly, and is respected and looked up to by my juniors.



# Technology Development

As a general equipment engineering company, CHUDENKO resolves technical issues and requests from inside and outside the Company, and also conducts R&D based on initiatives in new fields to expand our business, targeting fields related to safety, quality, and reducing labor.

### Issues and initiatives in each area


	Issues	Initiatives in fiscal 2023
<b>Safety</b>	<ul style="list-style-type: none"> <li>• Accident prevention</li> <li>• Enhancing safety</li> <li>• Preventing human errors</li> </ul>	<ul style="list-style-type: none"> <li>• Developed a safety management system for working from heights, which detects and notifies workers if they forget to wear safety belts when working at heights</li> <li>• Developed a socket with a device to prevent nuts from falling off</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>• Enhancing construction quality</li> </ul>	<ul style="list-style-type: none"> <li>• Developed a single-phase three-wire power supply unit for pre-connection inspection of distribution panels</li> <li>• Developed an outlet circuit testing method using PLC technology, aimed at improving the quality of outlet testing</li> </ul>
<b>Labor-saving and business expansion</b>	<ul style="list-style-type: none"> <li>• Reforming and improving operations</li> <li>• Enhancing the efficiency of operations</li> </ul>	<ul style="list-style-type: none"> <li>• Developed an automated material counting system that automatically counts multiple materials</li> <li>• Conducted research on using AI for image sensing technologies, with a view to expanding our business</li> </ul>

### Technology development case study

#### Pre-connection inspection power supply unit (JECA FARE 2023, award from the Chairman of the Kansai Electric Safety Inspection Association)

We developed a portable single-phase three-wire power supply unit that allows easy execution of lighting tests and outlet plug polarity tests even before power connection.

This unit enables a simple way of supplying single-phase three-wire power to locations where inspection power sources are needed.



### Features

- Equalization of inspection processes
- Supplying power to both 100 V and 200 V circuits simultaneously
- Easy installation in desired locations

### Nut fall prevention socket (patent pending)

We have developed a socket that prevents nuts from falling off when removing them with an impact wrench at a height, such as on pylons.



### Features

- Preventing accidents caused by nuts falling from a height
- Separable socket and base, making it possible to change the socket size
- May also be used for construction work, etc. other than transmission line works

### Presentation of technology development results

By horizontally deploying to all branches the results of the technology that we have devised through our own ingenuity in the course of our day-to-day operations, we contribute to the strengthening of technical capabilities and help promote technical proposal-based sales. In addition, we hold events to present the results of our technology development every year with the aim of motivating technical staff.

In fiscal 2023, we announced 13 different initiatives for technologies that open the way to improvements in safety, customer satisfaction, and quality of work.



Online meeting to discuss DX promotion

### TOPIC

#### Awarded the 68th Shibusawa Prize

In November 2023, the "Smart Checker" developed by CHUDENKO received the 68th (2023) Shibusawa Prize from the Japan Electric Association. This prestigious award is widely acknowledged across various sectors and serves as the only private-sector award in the field of electrical safety.

→ See press release for details.  
[https://www.chudenko.co.jp/news/images/t231120\\_01.pdf](https://www.chudenko.co.jp/news/images/t231120_01.pdf)

# Group Companies

## Showa Corporation

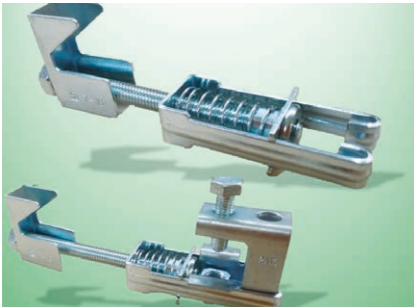
The Showa Corporation is responsible for the design and construction of thermal insulation projects such as “insulation and heat retention work” to reduce heat dissipation and “cooling work” to block heat intrusion for various facilities. These facilities include large-scale energy conversion plants, environmental facilities, facilities in the food and pharmaceutical sector, offices, schools, and commercial establishments. Also, the company develops, manufactures, and markets its own products such as piping support hardware used in thermal insulation projects and “insulation sleepers,” which can be used in a temperature range from -196°C to +850°C. These products contribute to achieving high-efficiency energy conversion.

When it comes to the construction of building facilities such as piping and air conditioning equipment, in addition to thermal insulation, earthquake resistance has become a key word in the industry since the Great East Japan Earthquake on March 11,

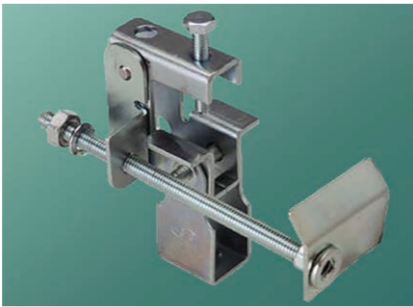
2011. Even if a building does not collapse in an earthquake, it will not be inhabitable if the water supply and drainage, air-conditioning, or electrical facilities are damaged. For this reason, there has been growing need for earthquake resistance in recent years, not only for building structures but also for equipment and their support brackets.

For example, the Guidelines for Seismic Design and Construction of Building Equipment 2014 Edition clearly states that reinforced brackets should be used for hanging brackets attached to steel materials to prevent them from falling off.

In order to meet on-site needs, Showa Corporation is working not only on the development of traditional support fittings, but also of products with the added value of earthquake resistance, thereby providing behind-the-scenes support for the safety of the buildings in which we live.



Reinforced hanging bracket that reduces construction time



Support brackets for insulated pipes “Insulation Sleeper”

## Berryne Co., Ltd.

We are engaged in strawberry and grape picking tourism, production and sales of blueberries, manufacturing and sale of processed products, and operating a cafe in Hamada City, Shimane Prefecture.

Furthermore, as a special subsidiary, we are strengthening our system for employing people with disabilities and working on promoting their employment. Through this project, we will contribute to the revitalization of hilly and mountainous areas in the Chugoku region and fulfill our social responsibility as a place of employment for people with disabilities.

### Production, processing and sales of fruit

We cultivate 7 varieties of strawberries (Benihoppe, Sachinoka, Akihime, Yotsuboshi, Moikko, Berry pop Suzu and Hoshiurara), 2 varieties of grapes (Pione and Shine Muscat), and 17 varieties of blueberries, all of which are highly rated for their quality. The fruit we harvest is also used in processed products and in our cafe offerings. We are also working on taking this one step further for diversifying its management by developing fruit sauce as a main processed product and starting online sales.



# Sustainability

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Environmental Initiatives

Basic policy

Basic policy

As a general equipment engineering company, CHUDENKO contributes to achieving a sustainable society by promoting environmentally friendly business activities.

Action guidelines

- 1. We comply with environment-related laws and regulations, recognize our corporate social responsibility, and work to reduce our impact on the environment.
- 2. We work to decarbonize our own company and support the decarbonization of our customers in order to become carbon neutral.
- 3. We engage in resource conservation activities such as controlling the amount of waste generated, reuse, and recycling in order to realize a recycling oriented society.
- 4. We work to improve the environmental awareness of our employees through environmental education and local environmental conservation activities.

Environmental management

The head office divisions, which bring together and supervise planning and results for management as a whole, make plans for activities based on an environmental management approach that is compliant with ISO 14001. By deploying these policies to business locations, we ensure that all branches put environmental activities into practice.

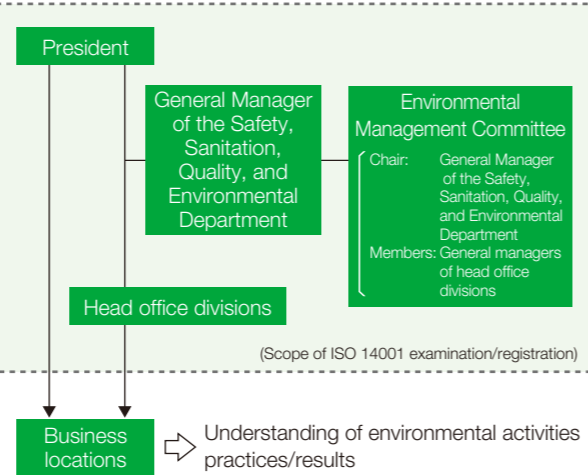
ISO 14001 registration status

Applicable standards	ISO14001: 2015
Date registered	July 19, 2002
Registered business operator	CHUDENKO CORPORATION, Head Office
Scope of activities	Head office operations for a general equipment engineering company (design, technology development, construction support)
Registration number	JQA/EM2506
Certifying body	Japan Quality Assurance Organization

Operation of the environmental management system

Important matters relating to the environmental management system are deliberated and considered by the Environmental Management Committee, the members of which are the general managers of the various head office divisions.

The General Manager of the Safety, Sanitation, Quality, and Environmental Department submits regular reports to the president on the operational status of the environmental management system, in turn receiving instructions for improvement that drive the plan-do-check-act (PDCA) cycle.

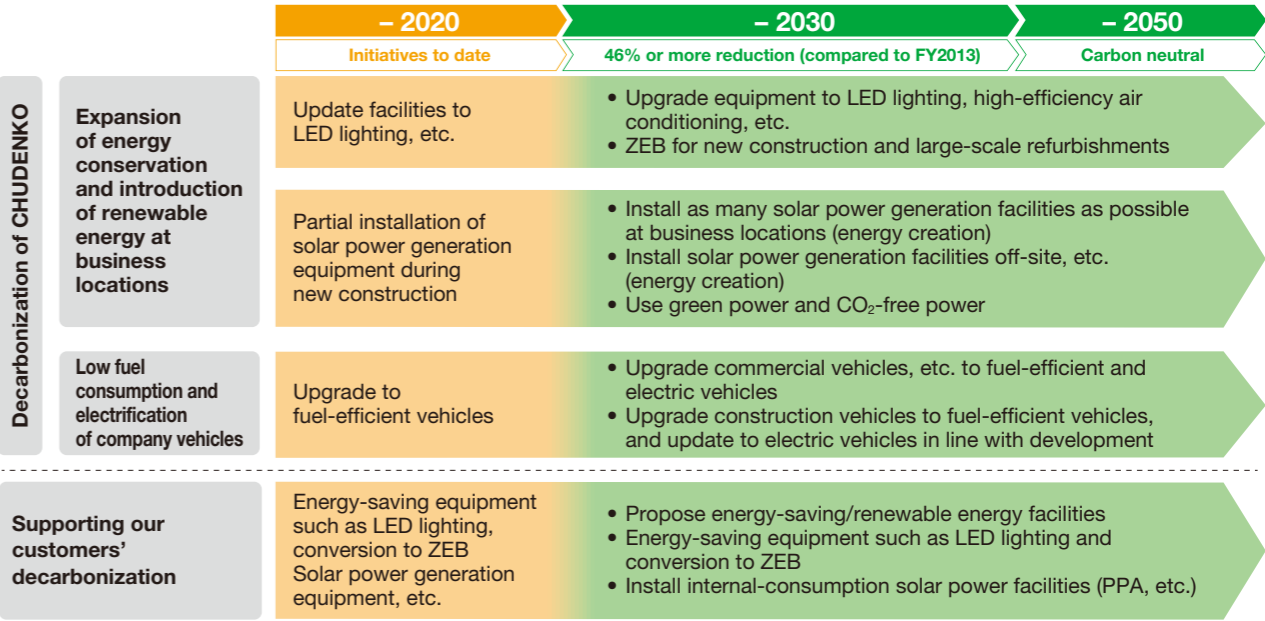


Challenges toward carbon neutrality in 2050

CHUDENKO considers efforts to achieve decarbonization to be one of our management challenges, and are working to reduce CO<sub>2</sub> emissions as a sub-theme of Medium-Term Management Plan 2024.

In April 2022, we drafted medium- to long-term targets (See page 39) and a roadmap for carbon neutrality.

Roadmap to carbon neutrality in 2050



Received “B-” score in the CDP Global Climate Change Report 2023

CHUDENKO received a “B-” score in the Global Climate Change Report 2023 published by the Carbon Disclosure Project (CDP), an international non-governmental organization (NGO) that provides disclosure systems for environmental information.

CDP is an international NGO headquartered in the UK. It gathers and analyzes information related to the environmental activities undertaken by major corporations around the world, and evaluates these initiatives on an eight-point scale (A, A-, B, B-, C, C-, D, D-).



Installing solar power generation facilities for self-consumption at business locations

In preparation for reducing CO<sub>2</sub> emissions related to electricity use at business locations, it will be necessary to use electricity derived from renewable sources.

We are generating our own renewable energy, and to use it, we plan to deploy solar power generation facilities for self-consumption at our business locations.

(Scheduled to commence operations at 44 facilities and 5 employee dormitories by the end of FY 2024).

ZEB-compliant business locations

Previously we had approached energy conservation by systematically implementing upgrades to LED lighting and high-efficiency air conditioning equipment. But as we need to further strengthen the use of renewable energy in order to achieve decarbonization, we will promote ZEB-compliance at business locations at the time of upgrades and major refurbishments.

To meet ZEB standards, we plan, design and realize the ZEB conversion of our facilities, considering factors such as the facility's size and operational conditions. This involves a combination of passive techniques utilizing exterior insulation, natural ventilation, and harvesting natural daylight, as well as active techniques involving the introduction of high-performance equipment such as air conditioning and lighting, along with room occupancy sensor controls. In addition, we incorporate renewable energy through the installation of solar power generation systems for self-consumption.

**Net Zero Energy Building (ZEB)**

ZEB refers to buildings that significantly reduce the amount of energy consumed annually, maintaining a comfortable internal environment by using a high degree of insulation and solar radiation shielding. They also utilize renewable energy and highly efficient facilities to minimize energy consumption, as well as generating their own energy from sources such as solar power.

- ZEB** Buildings that achieved a renewable energy ratio of 100% or higher
- Nearly ZEB** Buildings that achieved a renewable energy ratio of 75% or higher
- ZEB Ready** Buildings that achieved a renewable energy ratio of 50% or higher

New ZEB-compliant business sites



Nagoya Branch  
Completed : March 2024  
Standard: ZEB Ready  
Total floor area: 524 m² (2 stories)



Shimonoseki Office  
Completed: January 2024 (Phase 1 works)  
Standard: 『ZEB』  
Total floor area: 778.68 m² (2 stories)

ZEB-compliant business sites to date

Business sites	Completed	ZEB rank	Total floor area
Okayama Supervising Branch	April 2019	ZEB Ready	4,836 m² (3 stories)
Kanagawa Distribution Center	June 2020	ZEB	881 m² (2 stories)
Kure Distribution Center	June 2021	ZEB	1,094 m² (2 stories)

Energy-saving technologies that contribute to ZEB-compliance at business sites

Okayama	Kanagawa	Kure	Nagoya	Shimonoseki	Key installations	Details
○	○	○	○	○	Exterior wall insulation	Insulation materials with high insulating performance are used for the exterior walls and roof to reduce the air conditioning load.
○	○		○	○	Low-E multi-paned glass	Reduces air-conditioning load with heat insulating and solar blocking effects.
		○	○	○	Multi-paned glass	Has a heat insulating effect and reduces the air conditioning load.
○					Overhead lighting (use of daylight)	Reducing lighting load by incorporating natural light into the office
○	○	○	○	○	High efficiency lighting	Uses LED lighting, and the office is controlled by a daylight sensor to reduce energy consumption
○	○		○	○	High efficiency air conditioning	Energy conservation by controlling wind direction and capacity automatic adjustment with sensors
○	○	○	○	○	Total heat exchanger	Maintains a comfortable indoor environment by efficiently ventilating indoor and outdoor air
○	○	○	○	○	High efficiency ventilation fan	Saves energy by using a DC motor fan with very low power consumption
○				○	High efficiency transformers	Installation of transformers that meet Top Runner standards
○	○	○		○	Solar power generation facilities	Installation of solar power generation facilities (Okayama: 33 kW, Kanagawa: 30.24 kW, Kure: 37.8 kW, Shimonoseki: 31.5 kW)
○				○	Battery storage facilities	Installation of battery storage facilities (Okayama: 22 kWh lithium-ion battery, Shimonoseki: 15 kWh )

Supporting our customers' decarbonization

Customer awareness of decarbonization is rapidly increasing. We support our customers in achieving decarbonization by providing proposals tailored to their needs, with the goal of realizing a sustainable society.

Proposal for conversion to ZEB

Based on our success in achieving ZEB Ready status for the new building of the Okayama Supervising Branch, we have registered as a ZEB Leading Owner and acquired ZEB Planner certification.

As a general equipment engineering company, we will leverage these strengths to accumulate consulting experience in the ZEB conversion business, participating in numerous ZEB conversion projects to facilitate and popularize the concept going forward.

**ZEB LEADING OWNER**  
ZEB30L-00020-P  
ZEB Leading Owner mark

**ZEB PLANNER**  
ZEB2019P-00006-GC  
ZEB Planner mark

Zero Initial Investment Solar Power Generation Facility (PPA) Proposal

A Power Purchase Agreement (PPA) is an arrangement whereby, in the case of our company (the PPA provider), we lease space, such as a rooftop, from a customer, and then install and own a solar power generation system and handle its operation and maintenance, at our expense.

The electricity that is generated is sold to the customer under a power sales contract with the customer. This enables customers to purchase electricity with an environmental value without initial investment.



Halows food supermarket store in Tsunomine, Tokushima Prefecture

Initiative to Reduce Plastic Waste

With regard to the materials used to make clear files distributed at events and other gatherings, we have switched to paper-based materials in response to the issue of marine plastic pollution.

With regard to the ballpoint pens distributed at events and other gatherings as well, we are also working to reduce plastic waste by adopting friction balls that are made from plant-based biomass plastic, among other measures.

Paper file

Friction balls made from biomass plastic

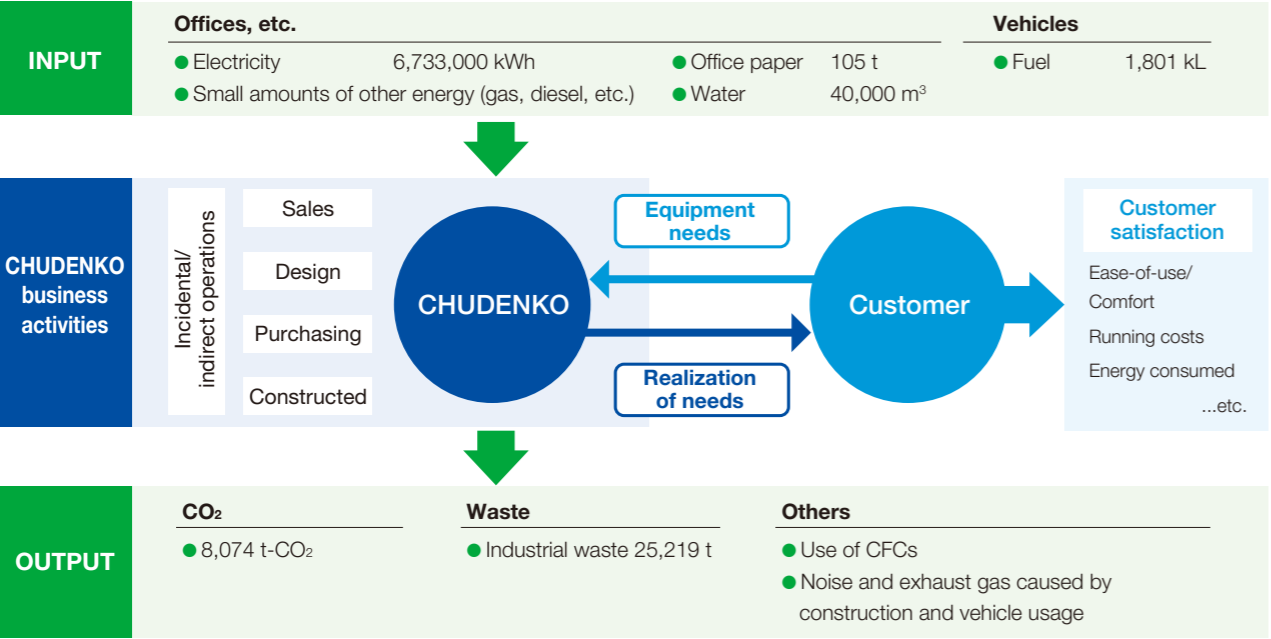
Initiatives to enhance environmental awareness of employees

In line with our environmental policy, our company works to enhance environmental awareness of employees through environmental education and local environmental conservation activities.



Clean-up activities conducted at business sites

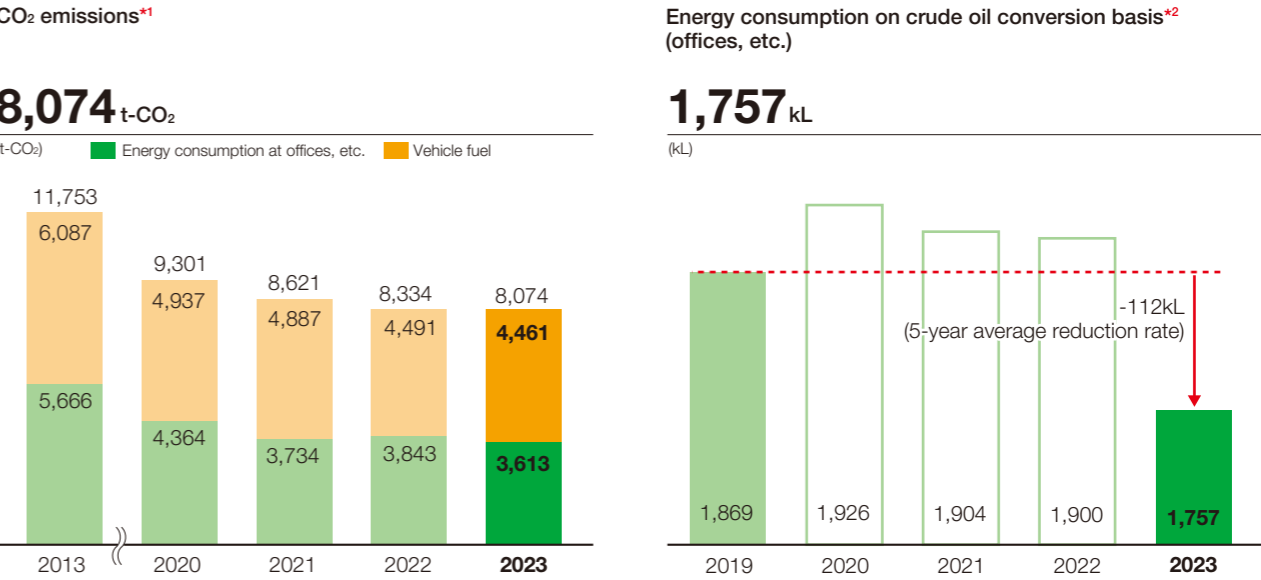
Overview of environmental impact (FY2023 results)



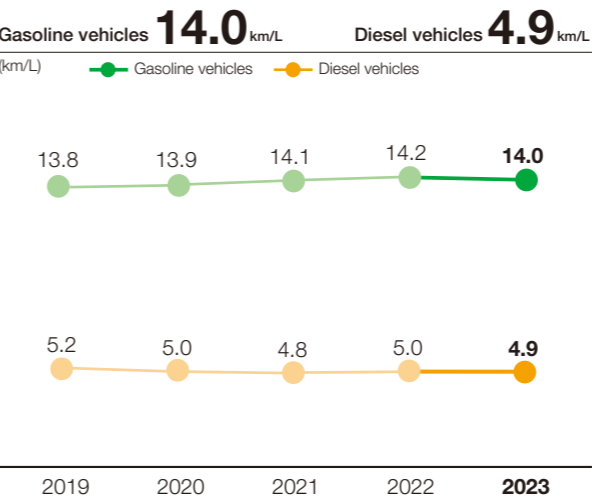
FY2023 environmental goals and results

	Item	Goal	Result
Reduce our own environmental impact	CO <sub>2</sub> emissions	-35% or more (compared to FY2013)	-31%
	Energy consumption on crude oil conversion basis	-1% or more (average reduction rate for the last 5 years)	-1.5%
	Industrial waste recycling rate	80% or more	85%
	Amount of office paper purchased	-30% or more (compared to FY2019)	-33%
	Green purchase rate (paper and stationery)	80% or more	81%
	Number of environmental accidents	0	0
	Implementation of local environmental conservation activities (Community clean-up activities, etc.)	89 projects or more	91
Customer support	Energy conservation/renewable energy proposals (Energy-saving equipment, conversion to ZEB, self-consumption-type solar power, PPA projects)	1,000 projects or more	1,062

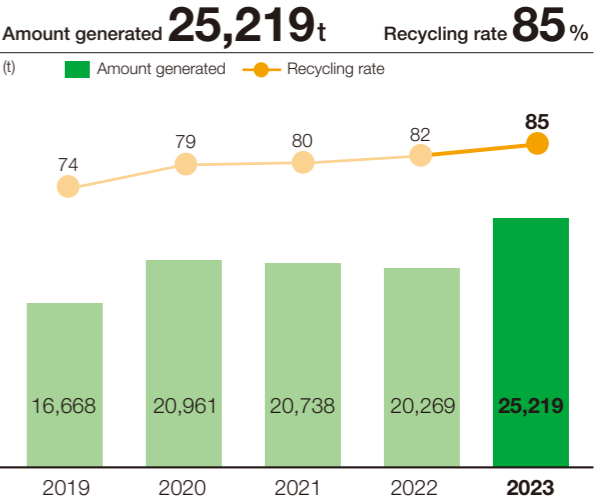
Changes in main environmental performance



Vehicle fuel economy



Industrial waste



\*1 CO<sub>2</sub> emissions are calculated using energy and fuel consumption at offices and fuel used by vehicles (electricity purchased from electric power suppliers uses adjusted emission coefficients).

\*2 Energy consumption on a crude oil conversion basis is calculated for fossil energy/fuel related to specified businesses as set forth in the Act on Rationalization of Energy Use and Shift to Non-fossil Energy.

Information Disclosure Based on TCFD Recommendations



In accordance with the CHUDENKO Group Fundamental Sustainability Policy established on October 28, 2022, we run a sound business with reliable technology and quality, founded upon the trust of the community. By doing so, we take on the challenge of resolving the various issues that society faces, with the aim of achieving sustainable growth for the Group while also contributing to the realization of a sustainable society.

Furthermore, our company has declared its support for the TCFD recommendations, and will continue to disclose information related to climate change based on the TCFD recommendations.

Governance

CHUDENKO has established a Sustainability Promotion Committee, with the President serving as chairman, to deliberate on important issues related to sustainability, including climate change matters. This committee considers measures for resolving problem issues and monitors progress toward meeting sustainability goals, among other actions. For matters of significant importance discussed by this committee, decisions taken are presented to and approved at the meetings of the Management Policy Council and at meetings of the Board of Directors.

Governance structure for sustainability, including climate change



Strategy

With regard to the impacts that may occur in the future due to climate change, we assumed two world scenarios in 2050 of “1.5°C” and “4°C” warming, extracted important risks and opportunities, and identified items. (See page 40.)

Risk management

We have drafted risk management regulations, and the Management Policy Council identifies and evaluates potential future risks related to our main operations and businesses, including the response to climate change, as well as considers measures to counter these risks. Based on this, it continuously manages risk by reflecting measures for risks in management plans, and reports to the Board of Directors.

Indicators and goals

On April 28, 2022, we announced the “Challenge Toward Carbon Neutrality by 2050” (see page 34), setting specific targets for 2030 and 2050 and promoting activities.

(1) CHUDENKO’s indicators and goals

Indicator	Subject	Target year	Goal
CO <sub>2</sub> emissions	CHUDENKO parent Scope1 & 2 (Emissions from business sites and company vehicles)	2030	Reduce by 46% or above from fiscal 2013 level
		2050	Carbon neutral

(2) Results

Indicator	Base Year (FY2013)	FY2022	FY2023
CO <sub>2</sub> emissions (Scope 1+2)	11,753	8,334	8,074
Scope 1	6,149	4,564	4,527
Scope 2	5,604	3,770	3,547

(Unit: t-CO<sub>2</sub>)

Important risks

Type		Item	Impact on the company	Time axis	Degree of impact		Response as a company
					1.5°C	4°C	
Transition	Policy/legal regulation	Introduction of carbon tax	Increased tax burden due to carbon tax on CO <sub>2</sub> emissions from business activities	Medium- to long-term	Medium	—	Making company facilities ZEB, renewal of electric vehicles, and purchasing green power
	Technology	Sophistication of customer requests	Sophisticated demands from customers for environmentally friendly construction	Medium- to long-term	Medium	Low	Promotion of environment-friendly material procurement and construction methods, and development and proposal of construction technology with low environmental impacts
	Market	Rise in purchase price of materials	Adding a carbon price to the price of materials to be procured	Medium- to long-term	Medium	—	Improvement of ability to propose products and services with high added environmental value.
	Reputation	Changes in customer selection	Decrease in orders from customers due to a lack of consideration for the environment, as they select companies with advanced environmental measures.	Medium- to long-term	Medium	Low	Promotion of decarbonization initiatives and thorough information disclosure to customers.
	Reputation	Stakeholder evaluation	Decline in corporate value (stock price) and impact on securing human resources due to inadequate climate change measures such as efforts to reduce CO <sub>2</sub> and insufficient information disclosure.	Medium- to long-term	Medium	Low	Enhancement of information disclosure and dialogue with stakeholders, promotion initiatives to achieve goals
Physical	Acute	More severe weather	Suspension of business location functions due to typhoons or flood damage	Medium- to long-term	Medium	High	Enhancement of BCP response in times of disaster
	Acute	More severe weather	Increased emergency response to social infrastructure	Medium- to long-term	Low	High	Maintenance of a system that can respond in the event of a disaster.
	Acute	More severe weather	Damage to in-house solar power generation facilities due to disasters, and the associated reduction in electricity sales revenue	Medium- to long-term	Low	Low	Identification and inspection of dangerous areas, carrying out the necessary repairs, and taking out non-life (liability) insurance
	Chronic	Rise in temperature	Increased risk of heatstroke and decreased work efficiency, labor shortage due to deterioration of working conditions	Long-term	Low	High	Enhancement of health management and promotion of technology development to improve the working environment

Important opportunities

Aspect	Item	Impact on the company	Time axis	Degree of impact		Response as a company
				1.5°C	4°C	
Energy source products and services	Increased demand for renewable energy	Increased order opportunities for construction related to renewable energy, such as solar and wind power generation	Medium- to long-term	Medium	Low	Promotion of initiatives for renewable energy, enhancement of construction systems and technical capabilities
Products and services	Increased demand for energy-conserving and decarbonization-related equipment	Increased order opportunities for energy-conserving and decarbonization-related construction	Medium- to long-term	Medium	Low	Promotion of decarbonization initiatives, enhancement of construction systems and technical capabilities
Products and services	Rise in temperature	Increased opportunities for winning orders related to upgrading and refurbishing air-conditioning facilities due to rising temperatures	Medium- to long-term	—	Low	Strengthening of construction systems for air-conditioning piping work
Resource efficiency	Electrification of automobiles and their adoption	Reduce vehicle fuel costs by electrifying vehicles for sales activities and construction vehicles	Medium- to long-term	Low	—	Renewal of fleet to electric vehicles
Product and service resilience	Increased demand for disaster prevention and mitigation equipment	Infrastructure development and maintenance for disaster prevention and mitigation Increased demand for repairs	Medium- to long-term	Low	Medium	Enhancement of the construction system

Note 1 We refer to the International Energy Agency (IEA) SDS (Sustainable Development Scenario) and the Intergovernmental Panel on Climate Change (IPCC) to analyze risks and opportunities in each scenario.  
Note 2 Assumed scenario  
1.5°C scenario: A scenario in which global average temperature increases are kept below 1.5°C above pre-industrial levels in a world where global greenhouse gas emissions are net zero around 2050 through climate change measures taken by countries.  
4°C scenario: Scenario in which the global average temperature rises by 4°C above pre-industrial levels in a world where decarbonization does not progress.

# Human Capital

## Approach to human capital

In order for a company to achieve sustainable growth, it is essential to accurately grasp the changing times and to constantly explore and create new value. CHUDENKO has always placed people as the source of our corporate value, and we are systematically working on everything from recruitment to training based on the recognition that people are our most important assets.

Moving forward, we will create a workplace environment and training where human resources with diverse personalities and values can work together toward common goals, think independently to create new value, and proactively take on the challenge to make reforms.

## Human resource strategy and human capital investment

Our human resource strategy consists of drafting and implementing a human resource development training plan and personnel plan based on our human resource development policy, work style reforms based on our internal environment improvement policy, and committee activities such as promoting women's empowerment. It covers a wide range of items,

including safety and health initiatives and the enhancement of various systems. We recognize that in order for CHUDENKO, which is a labor-intensive company, to achieve sustainable growth, it is important to make solid investments in such human capital and steadily realize the image of the human resources we seek by having them function in multiple ways.

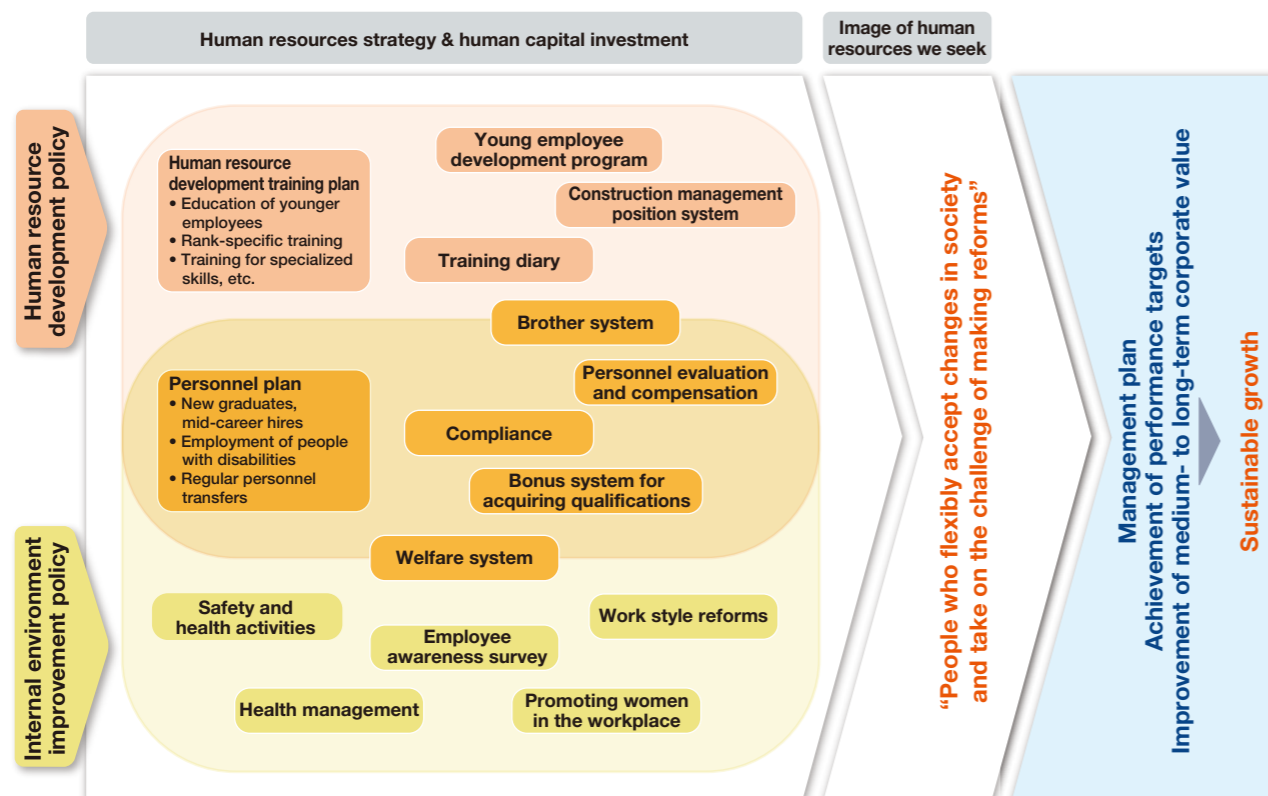
### Human resource development policy

**To realize the image of human resources we seek, we aim to systematically develop human resources by effectively combining OJT and OFF-JT, from the education necessary to become good members of society and business people, to the acquisition of advanced specialized skills.**


### Internal environment improvement policy

**In addition to securing safety and health and ensuring compliance, we strive to reform work styles and promote diversity, and work to create a workplace environment where each and every employee can work with pride and joy.**

## Human capital investment framework ⇒ Path to growth



## Investment in human capital and disclosure of information

Disclosed item	Disclosed information																
Hiring	<div><div><div><div>FY2024 New graduate hiring plan fulfillment rate</div><table><tr><th></th><th>Planned</th><th>Actual</th><th>Fulfillment rate</th></tr><tr><td>University*</td><td>78</td><td>75</td><td>96.2%</td></tr><tr><td>High school</td><td>62</td><td>57</td><td>91.9%</td></tr><tr><td>Total</td><td>140</td><td>132</td><td>94.3%</td></tr></table></div><div>* Includes graduate schools, technical colleges, junior colleges, and vocational schools</div></div><div><div>Hiring cost per person: ¥237,000/year</div></div></div>		Planned	Actual	Fulfillment rate	University*	78	75	96.2%	High school	62	57	91.9%	Total	140	132	94.3%
	Planned	Actual	Fulfillment rate														
University*	78	75	96.2%														
High school	62	57	91.9%														
Total	140	132	94.3%														
Education	<div><div><div><div><div>We hold about 200 training sessions each year based on the human resources development training plan that is formulated each fiscal year, which includes education of younger employees, rank-specific training, and training for specialized skills.</div><div>Positioning the three years after joining the company (two years for clerical workers) as the training period, we conduct the following basic training at our in-house training facilities, and strive to provide comprehensive on-the-job (OJT) training through measures such as introducing a “brother system” and appointing construction management team leaders.</div><div>New employee induction and basic training period</div><div><div><div>Clerical:</div><div>(1st year) about 3 weeks, (2nd year) about 4 days</div></div><div><div>Sales, indoor electrical, air-conditioning piping, information communication equipment:</div><div>(1st year) about 4 months, (2nd year) 1 months, (3rd year) 1 week</div></div><div><div>Distribution line, power transmission and distribution:</div><div>(1st year) about 6 months, (2nd year) 1 week, (3rd year) 1 week</div></div></div><div><div>To improve employee engagement, we work to refine the skills and knowhow needed for their respective roles through OJT, OFF-JT, and personal development.</div><div>We have established a Technology Development Department, and are working to develop human resources who will promote the creation and utilization of intellectual property and intangible assets through industry-academia collaboration in initiatives such as technology development and specialized education.</div></div></div></div></div></div>																
Skills/experience (persons with qualifications)	<div><div><div>State of qualifications (as of March 2024)</div><div>PhD (Engineering) 2</div><div>Professional engineers (Engineering Management) 3, (Electrical &amp; Electronics Engineering) 47, (Environmental Engineering) 17, (Information Engineering) 1</div><div>&lt;Electrical&gt;: Electrical construction management engineers (1st and 2nd grade) 1,205, Chief electrical engineers (Class 1 to 3) 243</div><div>&lt;Air-conditioning piping&gt;: Plumbing construction management engineers (1st and 2nd grade) 310, Engineers from The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan 121</div><div>&lt;Communications&gt;: Telecommunications construction management engineers (1st and 2nd grade) 119, Chief telecommunications engineers (transmission and switching/lines) 34</div><div>&lt;Instrumentation&gt;: Instrumentation engineers (1st and 2nd grade) 151</div><div>&lt;Civil engineering&gt;: Civil engineering construction management engineers (1st and 2nd grade) 191</div><div>&lt;Architecture&gt;: Architects (1st and 2nd grade) 14, Construction engineers 83</div></div></div>																
Diversity/ childcare leave	<div><div><div><div><div>We understand the importance of diversity and inclusion and strive to foster an organizational culture that allows us to grow in harmony with each other. At the same time, we accept and use diverse ways of thinking and values as organizational strengths to create a highly engaged and vibrant work environment.</div><div><div>1) Percentage of management roles occupied by women*: 3.5% *Managerial roles assistant managers and supervisors</div><div>2) Percentage of female hires: 5.2%</div><div>3) Percentage of employees with disabilities: 2.75%</div><div>4) Percentage of employees taking childcare leave: 23.8% (69.5%*)for men, 100% for women</div><div>*The figure in the brackets ( ) includes leave taken for childcare purposes.</div></div><div><div>5) Wage gap between men and women</div><div><div>Wage gap between men and women (ratio of average annual wage for women to average annual wage for men)</div><div>Target period: FY2023 (from April 1, 2023 to March 31, 2024)</div><table><tr><td>All workers</td><td>80.1%</td></tr><tr><td>Regular full-time workers</td><td>82.0%</td></tr><tr><td>Part-time/Fixed-term workers</td><td>63.0%</td></tr></table></div></div></div><div><div>Initiatives to promote women’s empowerment (https://www.chudenko.co.jp/sustainability/investment.html#sect3)</div><div></div></div></div></div></div>	All workers	80.1%	Regular full-time workers	82.0%	Part-time/Fixed-term workers	63.0%										
All workers	80.1%																
Regular full-time workers	82.0%																
Part-time/Fixed-term workers	63.0%																
Safety	<div><div><div><div><div>By creating the Practical Safety Training Building and experiencing simulated dangers that can occur in various workplaces, we are working to increase employees’ sensitivity to hazards and improve their safety awareness.</div><div>Established a safety and ten-day health awareness period (twice a year), and headquarters officers conduct inspections of business locations.</div><div>Implement accident-free business location award (per 200,000 hours, up to 1,000,000 hours).</div><div>Set “safety awareness” as a personnel evaluation item.</div></div></div></div></div>																



## Education for new employees

While the duration is determined in accordance with the number of new hires in each division, a period of one to six months after entering the company is designated as the training period.

During this period, all new hires stay at the Training Center. They live in a dormitory with others who have joined the Company the same time, where we foster the “three fundamental skills” that are required for life as a member of society and as an employee of the Company.

### Three fundamental skills

1. Awareness of basic norms of lifestyle and social etiquette
2. Self-awareness as an employee and camaraderie
3. Basic knowledge, technical skills required to perform duties

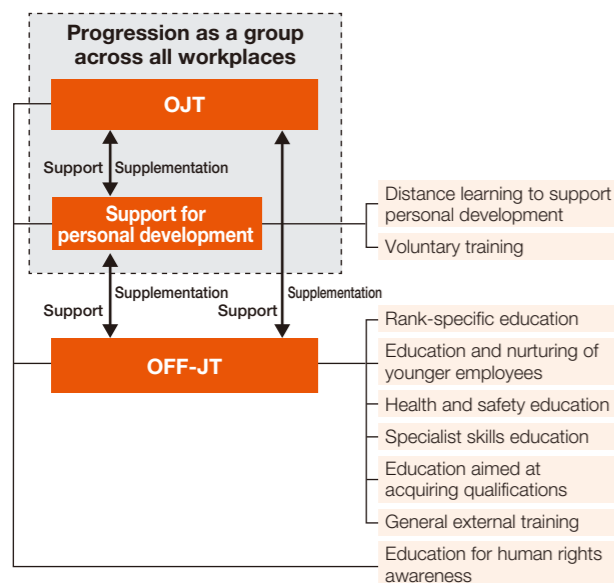


Distribution line education for new employees

## Nurturing younger employees

With regard to younger employees (in their first to third year after joining), we aim to cultivate them at an early stage as the human resources who will be responsible for the future of the Company. To this end, we set the training periods as two years for the administrative employees, and three years for sales/technical employees, respectively. During these training periods, employees alternate repeatedly between group OFF-JT at the Training Center and OJT at a business location, to ensure that they acquire knowledge and technical skills.

### Education system



## Support for personal development

The Group operates a distance learning system as a framework to support all employees who actively decide to try something new. The courses available under this system are divided into the five categories of Business Practice, Management, Work-Life Balance/Self-Management, General Education, and Qualifications, with each containing approximately 200 courses.

In fiscal 2023, 342 employees took the courses.

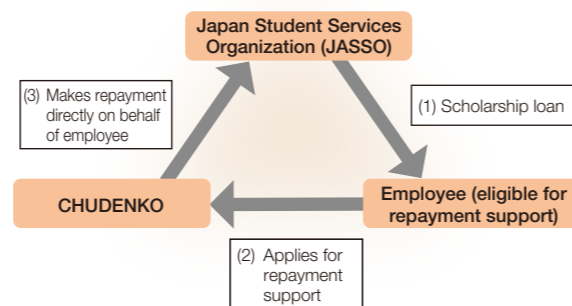
### <Feedback from course participants>

- I was worried about not being able to communicate effectively at work. After attending this distance-learning course, I feel that I have gradually become more adept at conversing smoothly with my seniors and superiors. I will not forget what I have learned in this course and will continue to hone my speaking skills.
- It served as an excellent opportunity to reflect on my business etiquette. I realized that in business and all other relationships, it is important to remember to be considerate and mindful of one other.
- I have learned through practice that having strong presence of mind helps to make both work and relationships go more smoothly. I hope to improve my personal qualities in the future. etc.
- I have learned that providing nursing care is not just something that others do, but rather, something that concerns me personally, and I now understand that there are preparations I have not undertaken and those which I must undertake.

## Introduction of a scholarship support system

With the “seller’s market” predicted to continue in recruitment activities, we introduced a support system in fiscal 2024 through which the Company repays scholarships on behalf of employees, as a measure for securing and retaining talent. This serves as an effective publicity tool to attract students, and also reduces the financial and psychological burden on employees who continue to work while fulfilling their repayment obligations after joining the company.

The support scheme is available to regular employees who have graduated from a graduate school, university, technical college (including specialized courses), junior college, or vocational school on or after April 1, 2020 and who received a scholarship from the Japan Student Services Organization (JASSO) and have scholarship debts at the time of joining the company. The support amount is capped at 15,000 yen per month up to 1.8 million yen for a maximum of 10 years.



## Participation in National Skills Competition

The National Skills Competition is an event in which participants compete to become recognized as the most technically skillful competitors in Japan, and also serves as a qualifying competition for the international competitions that take place every two years. CHUDENKO participates in the National Skills Competition every year.

At the 61st National Skills Competition held in Aichi Prefecture in fiscal 2023, four participants from CHUDENKO represented the company, of whom one received silver and another the effort award in the Commercial Wiring category.



Competition in progress

## Promotion of women's empowerment

With regard to women's empowerment, in 2015 we launched the “Committee for the Promotion of Women's Empowerment,” formulating a plan of action as set out in the Act on the Promotion of Women's Participation and Career Advancement in the Workplace, and taking into consideration from a cross-divisional perspective the planning and implementation of a variety of measures.

The Working Group for the Promotion of Women's Empowerment was launched in 2016 by a group of female employee volunteers. The Group engages in initiatives such as exchanging information and opinions.

In fiscal 2023, we received the “Eruboshi” certification (second stage) from the Ministry of Health, Labor and Welfare, recognizing us as a company that meets certain requirements, such as excellent implementation of initiatives to promote women's empowerment. In addition, in fiscal 2024, we received the Kurumin certification from the Minister of Health, Labor and Welfare as a company that supports childcare, based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



“Eruboshi” certification mark



“Kurumin” certification mark

Going forward, we will continue with initiatives to promote women's empowerment.

### Initiatives to promote women's empowerment

<https://www.chudenko.co.jp/sustainability/investment.html#sect3>



## Comment from a General Manager



**Takakazu Higashioka**  
General Manager,  
Administration Division



## Aiming to be a company where employees can feel pride and joy in their work

With human capital management increasingly coming under the spotlight, we aim to be a company where “all workers are proud and happy to take on the challenge of making reforms,”\* based on our belief that the greatest asset of a company is its people.

To achieve that, it is essential to create an environment in which the company and its employees share a common purpose and values, and where they can continue to take on the challenge of reform and growth together. The Administration Division consists of the General Affairs Department, Human Resources and Labor Department, and Human Resources Development Department, which work to respond to changes in the business environment from this perspective.

In recent years, securing human resources has become extremely important due to factors such as the declining birthrate. Our company has typically hired about 140 fresh graduates each year, but we moving toward hiring 170 people next spring, while mid-career employees are also recruited on an ongoing basis.

The Company also offers an extensive range of systematic training programs for human resource development, ranging from education necessary for working adults and corporate employees, to support for obtaining qualifications, acquiring highly specialized skills, and personal development and self-improvement. CHUDENKO's business, which “responds to society's diverse needs with advanced technology and high quality”\*\* through our involvement in infrastructure and building facilities, contributes to the realization of a decarbonized society.

We also promote the creation of an environment that supports diverse personnel to play active roles and diverse ways of working, and we are working to enhance measures that can help to improve employee engagement, such as recognition as a Certified KENKO Investment for Health Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry, and acquiring the second stage “Eruboshi” certification from the Ministry of Health, Labor and Welfare.

Toward “achieving sustainable growth while contributing to the realization of a sustainable society,”\*\* we will invest proactively in human capital and advance efforts to secure and develop “people who flexibly accept changes in society and take on the challenge of making reforms.”

\*Vision of what we want to be as a company

# Health and safety activities

## FY2024 health and safety activity policy

Based on our philosophy of “safety takes priority over everything,” the Company is working as one to eradicate accidents and disasters and striving to maintain and enhance mental and physical well-being. To that end, we will work on our priority goals and priority actions.

### Priority goals

- Major electric shock/Arc accidents: Zero
- Major accidents involving falls: Zero
- Serious/fatal traffic accidents: Zero
- Securing mental and physical well-being

### Priority actions

1. Awareness of safety as the highest priority, and of own responsibility	<ul style="list-style-type: none"> <li>• Employees shall prioritize safety and stop working without hesitation if they sense danger or if safety checks have not been adequately carried out. They shall have an awareness of their own roles and responsibilities, and practice safety management and safe behavior.</li> <li>• Managers shall take every opportunity to provide guidance, educate, and support to Group companies and partner companies.</li> </ul> <p>Note: In the priority actions, “employees” include employees of partner companies.</p>
2. Understanding and complying with laws and regulations, standards, and rules	<ul style="list-style-type: none"> <li>• Managers shall educate employees on laws such as the Industrial Safety and Health Act, internal standards and rules, and recurrence prevention measures, and take thorough steps to ensure full understanding and compliance.</li> </ul>
3. Steady implementation of “RKY” activities and eliminating unsafe behavior	<ul style="list-style-type: none"> <li>• On-site representatives and work planners shall consider and implement risk mitigation measures through risk assessments when planning the work.</li> <li>• Before starting on-site work, on-site representatives, on-site managers, and workers (including partner companies) shall carry out “KY” (“Kiken Yochi,” meaning “hazard prediction”) activities using the “5W1H” guideline to identify three or more risk factors, formulate specific countermeasures, and ensure that they are implemented.</li> <li>• Employees shall practice “speaking out,” and have the courage to point out and eliminate unsafe behavior rather than overlook it.</li> </ul>
4. Maintaining the workplace environment and using machinery and tools that are suitable for the work	<ul style="list-style-type: none"> <li>• Employees shall adhere to the “5S” practices (sort, set in order, shine, standardize, and sustain) to maintain the workplace environment at business sites, on-site offices, work sites, and vehicles.</li> <li>• In addition, employees shall check if the machinery and tools to be used are suitable for the work, and conduct inspections before use to ensure that they are operating properly.</li> </ul>
5. Thorough practice of safe driving	<ul style="list-style-type: none"> <li>• Drivers must be sure to conduct safety checks on the surroundings before getting into a vehicle. While driving, they must be sure to practice “vocalizing actions,” which is extremely effective for safe driving, as well as “proactive driving,” which is the basis for safe driving.</li> <li>• Managers shall have drivers recite the “actions to be vocalized” at morning meetings to ensure that the practice of “vocalizing actions” is firmly established.</li> </ul>
6. Encouraging mental and physical well-being	<ul style="list-style-type: none"> <li>• Employees shall have a grasp of their mental and physical health condition through health examinations and stress checks, and shall strive to maintain and improve their health, prevent illness, and detect and treat health problems early.</li> <li>• In addition, actively promote communication within the workplace and aim to create a bright and energetic workplace.</li> </ul>

## Improvement of safety awareness

The Company utilizes the Practical Safety Training Building within its Training Center located in Asaminami Ward, Hiroshima City, for the purpose of improving safety awareness by providing participants with a simulated experience of the various dangers that can occur on site, and increasing their sensitivity to hazards.

These are categorized into five themes of “electric shocks / arcs,” “falling,” “overturning,” “pinching & other,” and “traffic.” For example, those who are involved can experience for themselves shorts reproduced in low-voltage measuring equipment and between low- and high-voltage lines, the shock imparted by falling objects, and the experience of a ladder sliding both vertically and horizontally. Each of these utilizes facilities designed for the purpose, and participants undergo simulated experiences while their safety is ensured.

These facilities provide simulated experiences every year not only to employees of the Company but also to people from Group companies, partner companies, and technical high schools, and other organizations. In fiscal 2023, around 2,300 people underwent simulated experiences. By having the facility used by such a wide range of participants, we contribute to the spread of safety awareness and knowledge.

We also offer hands-on training and tours of our safety training facilities and other facilities.



Practical Safety Training Building



Simulation of a fall from height

## Enhancement of vehicle safety facilities

To achieve zero traffic accidents, we are currently promoting the introduction of safety support cars and auxiliary collision prevention system equipment, which are highly effective in preventing accidents.

In the event of an accident, in addition to making efforts to establish a complete picture of the accident using the footage from the dash cams installed in every vehicle, we utilize information derived from actual footage in group meetings to prevent further traffic accidents.

## Kenko Keiei® initiatives

CHUDENKO has been promoting various initiatives to maintain and improve the health of our employees.

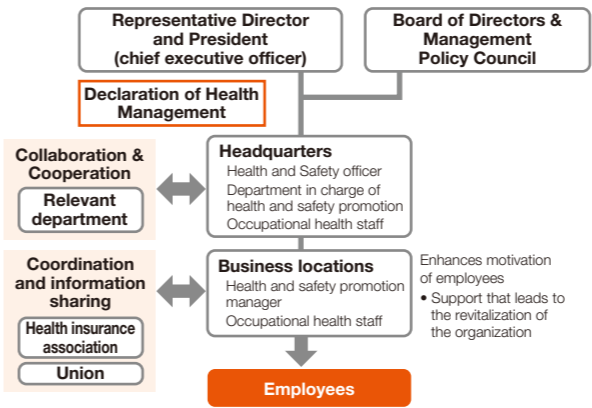
Based on the belief that medium- to long-term improvements in corporate value can be achieved by enhancing employee vitality and revitalizing the organization, we have drafted and established the “Declaration of Health Management” and “Health Management Promotion System,” and are working on health management initiatives.

### Declaration of Health Management

As a general equipment engineering company, we believe that in order to contribute to the development of society and achieve sustainable growth by creating living and business environments with high added value, it is of utmost importance that our employees remain healthy, both physically and mentally.

For this reason, as a company, we will firmly support each employee to manage their own health and work to address their mental and physical well-being, and we will work to create a workplace where all employees can work energetically and actively, both physically and mentally.

### Health management promotion system



### Health Management Policy

For the Company to grow sustainably, it is of utmost importance that our employees remain healthy, both physically and mentally. The Company firmly supports each employee in managing their own health and in their efforts to address their mental and physical well-being, and strives to create a workplace where all employees can work energetically and actively, both physically and mentally.

#### 1. Management issues to be resolved through health management

Enhancing medium- to long-term corporate value by improving the motivation of employees and revitalizing the organization.

#### 2. Employee mindset

Each employee is aware of, and practices, the idea that health is the foundation of life and work, and that it is one's responsibility to address their own mental and physical well-being.

#### 3. Company's stance

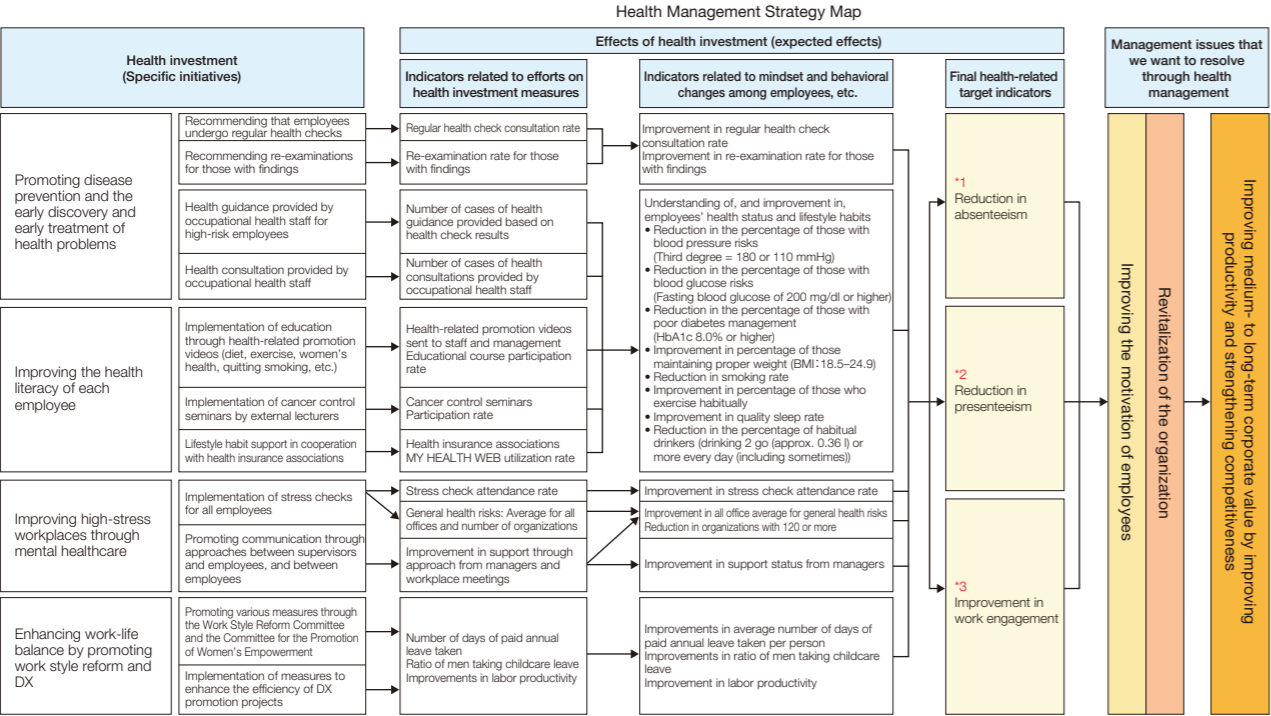
The Company provides firm support to enable each employee to address their mental and physical well-being while establishing independent health management as a foundation.

**Health management initiatives**  
<https://www.chudenko.co.jp/sustainability/approach.html#sect4>



Health Management Strategy Map

We will approach health management through the Health Management Strategy Map, which illustrates the links between the management issues that we want to resolve through health management, the expected effects, and the specific initiatives.



\*1 Grasping the number of long-term absentees/those on leave of absence through operational systems  
\*2 Measurement based on the Work Functioning Impairment Scale (WFun)  
\*3 Measurement based on the Utrecht Work Engagement Scale (shortened version with 9 items, or UWES-9)

Health management-related targets and results (FY2021–2023)

The Company’s results/improvement targets related to health checks, health and lifestyle habit statuses, and stress checks

To prevent the occurrence of lifestyle-related diseases and other diseases among healthy persons, we are working toward the maintenance of 100% regular health check consultation rate and achieving the target of 100% re-examination rate for all employees whose health checks yielded findings.

Health and safety promotion managers and occupational health staff recommend employees to undergo health checks, and we maintain high attendance rates every year of 100% for health checks and 97.8% for re-examinations for those with findings.

To prevent the progression of lifestyle-related diseases, the appropriate health guidance and health consultation services are provided to high-risk employees (treatment continuation rate for those at risk of hypertension: 88.0%) by public health nurses in various locations (Number of health guidance/health consultations in FY2023: 5,152).

Health check indicators	2020	2021	2022	2023 Target
Regular health check consultation rate	100%	100%	100%	100%
Re-examinations for those with findings	99.3%	98.9%	97.8%	100%

Based on the Health Scoring Report provided every year by the health insurance associations as well as aggregated health data, we grasp the health statuses of employees associated with the results of specific health checks and changes in their lifestyle habits over time, with the aim of improving health and lifestyle habit problems that are specific to our Company.

Health status indicators	2021	2022	2023	2024 Target
Percentage of those with blood pressure risks (Third degree=180 or 110 mmHg or higher)	1.1%	0.8%	1.0%	Below 0.9%
Percentage of those with blood glucose risks (Fasting blood glucose of 200 mg/dl or higher)	0.3%	0.3%	0.3%	Below 0.3%
Percentage of those with poor diabetes management (HbA1c8.0% or higher)	1.4%	1.4%	1.9%	Below 1.5%
Lifestyle-related disease indicators	2021	2022	2023	2024 Target
Percentage of those maintaining proper weight (BMI:18.5~24.9)	64.0%	61.8%	66.4%	67.0% or higher
Smoking rate	29.2%	28.6%	27.3%	Below 26.0%
Percentage of those who exercise habitually	19.2%	20.9%	24.3%	25.0% or higher
Quality sleep rate	77.4%	69.3%	68.7%	70.0% or higher
Percentage of habitual drinkers (drinking 2 go (approx. 0.36 l) or more every day (including sometimes))	21.9%	16.1%	15.2%	Below 15.0%

\*Health status and lifestyle habit indicators are for people aged 40 and older.

For workplaces assessed to be high-stress workplaces (scoring 120 or more for general health risks) based on the results of stress check group analysis, the Safety and Health Section Manager, who is responsible for company-wide health management promotion, provides explanations to the workplace in question and provides support toward result reporting and efforts to improve the environment. With regard to the effects of initiatives, the results of stress checks conducted in the following fiscal year have been verified, and improvements were observed for all organizations that implemented initiatives. We have implemented company-wide initiatives, such as daily one-minute meetings, to promote communication through the implementation of workshops for the management, approaches between supervisors and employees and between colleagues, etc., as a part of our efforts toward reducing the number of high-stress workplaces to zero.

Stress check indicators	2021	2022	2023	2024 Target
Stress check attendance rate	98.4%	97.9%	98.3%	100%
General health risks: Average for all offices	82	83	84	Below 85
General health risks: Organizations with 120 or more	2 organizations	2 organizations	2 organizations	0 organizations
Status of support from managers	86	86	87	Below 85

\*National average for general health risks/status of support from managers = 100

From fiscal 2024, we have established “average number of days of paid annual leave taken per person” and “ratio of men taking childcare leave” as new indicators for our work style reform.

Work style reform indicators	2021	2022	2023	2024 Target
Average number of days of paid annual leave taken per person	12.8 days	14.1 days	12.8 days	15 days
Ratio of men taking childcare leave	2.1%	16.6%	23.8%	30%

As a company that operates in the construction industry, CHUDENKO has set targets (zero employees failing to comply with regulations that set a cap on overtime and holiday work (special provisions)) in response to the regulations on maximum overtime work hours enforced with effect from fiscal 2024. To achieve the targets ahead of schedule in fiscal 2023, we have been working on various measures. Although some targets were not achieved, various initiatives have produced steady results, and we will continue to further promote the current initiatives and strive to comply with laws and regulations.

We regularly quantify and obtain information on absenteeism, presenteeism, and work engagement. These are indicators of improvements in employee vitality and organizational revitalization, which contribute to raising productivity and strengthening competitiveness, thereby improving medium- to long-term corporate value. We establish targets in the Management Policy Council and Board of Directors, and work toward improvement.

Indicators	2021	2022	2023	2024 Target
Absenteeism *1	0.64%	0.89%	0.80%	Below 0.60%
Presenteeism *2	—	B rating	A rating	A rating
Work engagement *3	—	3.36	3.28	3.50 or higher

Absenteeism: No. of employees assessed in FY2023: No. of employees as of end-March 2024 3,368 people  
Presenteeism: No. of employees assessed in FY2023: No. of targets 3,556 people/  
Response rate: 97.1%  
Work engagement: No. of employees assessed in FY2023: No. of targets 3,521 people/  
Response rate: 94.3%  
\*1 Long-term absentees/those on long-term leave as a percentage of all employees  
\*2 Measured based on the Work Functioning Impairment Scale (WFun)  
\*3 Measured based on the Utrecht Work Engagement Scale (shortened version with 9 items, or UWES-9)

Initiatives to improve health literacy among employees (for all employees)

To improve the health literacy of each employee, we have published a collection of videos on health management on the website of the Safety, Sanitation, Quality, and Environmental Department, which serves as the department in charge of promoting health management. We also provide video-based education to all employees. In addition, the “Cancer Control Seminar” conducted by external lecturers, launched in fiscal 2023, was held at 39 business locations (including online) over one year (attended by 1,284 participants), offering education on support for balancing work with cancer prevention and treatment.

Video-based education on health management	Title	Video viewership
Educational video on metabolic syndrome	What is metabolic syndrome?	95.1%
Educational video on blood pressure during health checkups	What you can learn from your blood pressure during a health check	85.6%
Educational video on preventing periodontal disease	Preventing periodontal disease	82.4%
Educational video on health management for women	Health management for women	77.6%
Educational video on healthy dietary practices	Healthy dietary practices	81.6%
Educational video on getting a good night's sleep	Getting a good night's sleep	81.1%
Educational video on smoking	What is the best way for me to quit smoking?	76.8%
Educational video on healthy alcohol consumption	How to consume alcohol healthily	77.5%
Educational video on effective use of self-management tools	Effective use of self-management tools	78.4%
Educational video on workplace communication	Resolve conflicting opinions!	77.8%

Recognition as a “2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program”

CHUDENKO Corporation was selected for the “Certified KENKO Investment for Health Outstanding Organizations Recognition Program” (Large Enterprise Category) on March 11, 2024, for the second consecutive year.

The Certified KENKO Investment for Health Outstanding Organizations Recognition Program was established by the Ministry of Economy, Trade and Industry (METI) in fiscal 2016 to highlight large enterprises as well as SMEs with particularly outstanding health management practices, with the aim of creating an environment in which such enterprises can gain recognition from employees, jobseekers, related enterprises, and financial institutions.



Kenko Keiei® is a registered trademark of the NPO Kenkokeiei.

# Quality

## Increasing customer satisfaction

In order to increase customer satisfaction, we are working to reduce nonconformities not only in finished facilities (functions, performance, etc.), but also in the overall construction process. We are also seeking to improve construction and operational quality by strengthening management systems related to construction quality, carrying out thorough staff education, sharing information internally, and enhancing communication with customers.

In addition, we conduct customer questionnaires and seek their feedback regarding the implementation status of overall construction activities, including construction processes after handover, opening the way to enhancing customer satisfaction by working on improvements based on such feedback.

## ISO 9001 certification

Applicable standards	ISO 9001:2015
Date registered	March 31, 2000
Registered business operator	CHUDENKO CORPORATION
Scope of activities	Design and construction of electrical, information communication, air-conditioning, plumbing and sanitary equipment, and related facilities; construction work for overhead power lines; design, manufacture, and construction of electrical equipment (switchboards, control boards, etc.)
Relevant business locations	Supervising Branches in Hiroshima, Okayama, Yamaguchi, Shimane, and Tottori, Tokyo/Osaka Headquarters, Electric Power Construction Plant, Equipment Plant
Registration number	JQA/QM4594
Examining and registering body	Japan Quality Assurance Organization

## Operating a management system for nonconformities

As well as ensuring a response in cases where a conformity related to construction quality has caused problems for the customer, the management system enables us to unify information management, understand the status of processing and similar cases, and prevent a recurrence.

## Implementing internal inspections and on-site guidance

To ensure construction quality, we conduct internal inspections of facilities before delivering them to customers. We also strive to ensure quality by conducting on-site guidance where appropriate according to the progress of construction.



An inspection in progress

# Coexistence with communities

## Providing employment opportunities

### 1-day work experience

The Company operates 1 day work experiences (summer/winter) to help students choose an occupation, and encourages research into the industry and companies.

Enabling students to visit workplaces and sites, and to experience business operations for a day allows them to get a real feeling for employment in the construction industry, and provides

answers to such questions as “What kind of work do people do every day?” and “What do they keep in mind while working?”



AR experience of construction management work

Going down a manhole to see an underground power line

## Summer work visits to CHUDENKO

The Company supports the “Summer Science and Technology Challenge” initiative led primarily by the Gender Equality Bureau under the Cabinet Office, and holds “Summer Work Visits to CHUDENKO” targeting female junior and senior high school students and female college students with an interest in fields related to science and technology.

As an initiative to support their future career paths, we arrange our work visit programs and provide opportunities for the participants to have discussions with female engineers.



VR experience

CAD experience

## On-site lectures at external organization

Our highly experienced employees and instructors who have participated in the National Skills Competition visit technical high schools in the Chugoku region to give on-site lectures. They provide technical instruction and practical demonstrations of bending metal tubes, imparting the enjoyment of creating things to support the development of human resources who will play key roles in the future.



On-site lectures at external organization

## Online Classes on Electricity

Online Classes on Electricity is an initiative that we launched in fiscal 2022 with the aim of helping elementary school students learn about the importance of electricity, electricity generation and transmission mechanisms, and the danger of electricity and safe usage. The studio in Hiroshima City, elementary school, and CHUDENKO Corporation (Practical Safety Training Building) are connected online to conduct reality-based classes.



Online Classes on Electricity

## CHUDENKO Running Team

The Running Team was established in June 1990 with the aim of energizing employees, improving the corporate image, and enhancing cooperation with local communities.

In 2023, the team achieved a record best, ranking eighth in the New Year Ekiden. It continues to train daily with the aim of improving its rank.

The team also cooperates with the local community by organizing a “running school” and cooperation on other events.



Running school

## Implementing “Customer Appreciation Month”

“Customer Appreciation Month” is a company-wide event aimed at conveying, through activities such as community service, the Company’s appreciation to the local community for their constant support.

During the period, each business location carries out activities such as cleaning the roads and parks or inspecting electrical facilities in the local area.

This initiative began as “Days of Magokoro (Sincerity)” in 1992, based on the idea that companies can grow only when they are trusted by local communities and local people. Since 2004, the event has been held from November 1 to 30 every year with the new name “Customer Appreciation Days,” and the activity period has been changed from 10 days to one month from fiscal 2021.

In fiscal 2024, “Customer Appreciation Month” will be held as a commemorative event for our 80th anniversary.



Clean-up of the Peace Memorial Park (Hiroshima City)

Cleaning of curved mirrors at Ichinosaka River (Yamaguchi City)

# Investment and use of intellectual property and intangible assets

## Purpose of investment and utilization of intellectual property and intangible assets

CHUDENKO considers intellectual property and intangible assets to be the source of its corporate value. We strive to improve corporate value through a virtuous cycle of investment and utilization of intellectual property and intangible assets based on our "Policy on Investment and Utilization of Intellectual Property and Intangible Assets" in order to achieve the sustainable creation of high added value, consistency with management strategy and management issues, an effective execution system and pursuit of governance, and securing funds for further investment by improving corporate value.

## Policy on Investment and Utilization of Intellectual Property and Intangible Assets

In order to sustainably create high added value and improve corporate value, we have established the following policy on investment and utilization of intellectual property and intangible assets.

- Recognize intellectual property and intangible assets as the source of corporate value, and promote initiatives that are conscious of the acquisition, creation, and utilization of intellectual property and intangible assets in all aspects of business activities.
- Make use of cutting-edge technology to engage in technology development that promotes operational reforms and operational improvements.
- Develop human resources who promote the acquisition, creation, and utilization of intellectual property and intangible assets.
- Comply with laws and regulations to protect the intellectual property and intangible assets owned by the company, and to respect and not infringe on the intellectual property and intangible assets of others.

## Creation of a virtuous cycle to improve corporate value

Since intellectual property and intangible assets include industrial property rights as well as technology, customer base, and trust, we believe that our sales and construction activities, strengthening of systems for the stable supply of electricity, and efforts to expand

order opportunities are business activities that enhance the "CHUDENKO brand" and improve our corporate value.

On this basis, CHUDENKO reinvests the profits earned in the development of new technologies such as single-phase synchronized power inverters (SSI), joint research with universities, entry into new businesses such as the PPA business, human resource development, education, and promotion of DX to improve productivity, creating a virtuous cycle for the enhancement of corporate value.

## Governance and risk management

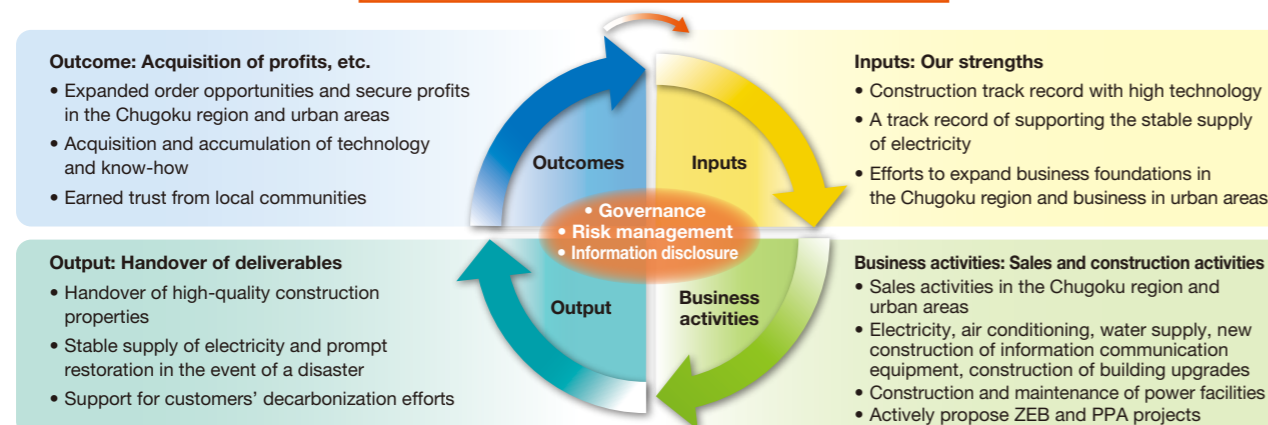
The Sustainability Promotion Committee deliberates on issues related to promoting the investment and utilization of intellectual property and intangible assets, and oversees its utilization and management.

Furthermore, we are engaging in thorough risk management to minimize the impact of intellectual property risks, such as infringement/aggravation, and leakage of rights, on our management.

## Reference: Source of improvement of our corporate value

Item	Disclosed information
<b>R&amp;D expenses</b>	FY2023: ¥234 million FY2022: ¥219 million
<b>Number of registered patents</b>	64 (as of March 2024)
<b>Number of registered customers</b>	4,200 (as of June 2024)
<b>Members of the CHUDENKO Association</b>	711 companies (as of March 2024)
<b>Effect of improving sales by strengthening urban areas (Breakdown of urban area net sales)</b>	FY2019 13.6% → FY2023 25.9%
<b>Number of ZEB orders received</b>	5 (cumulative up to March 2024)
<b>Self-consumption-type solar power PPA business power generation plan</b>	FY2026 50MW

## Reinvestment in new intellectual property and intangible assets



# Corporate governance

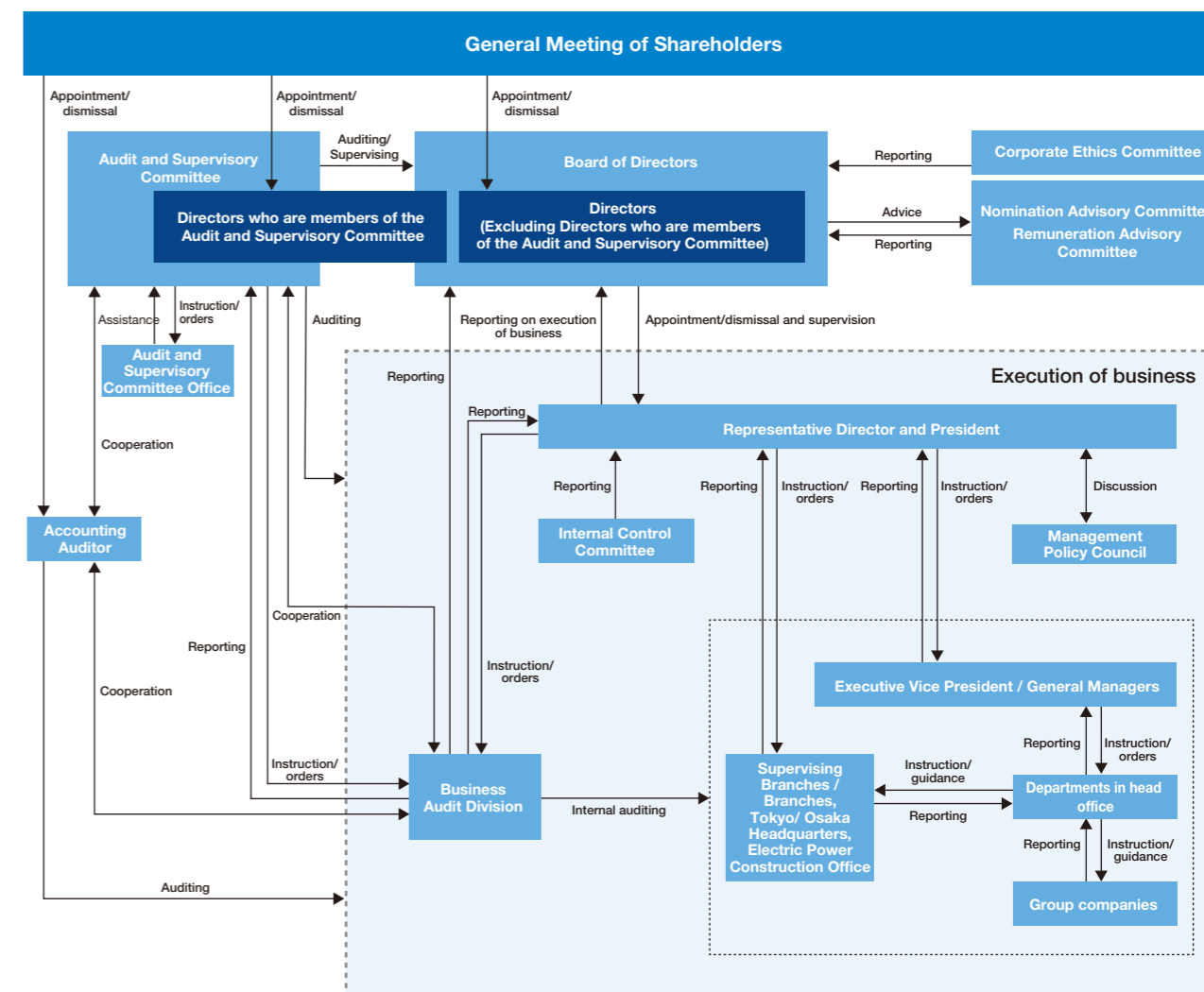
## Basic stance

Our company motto is "a heart of truthfulness, a heart of honesty with no ill feelings, a pure heart, a selfless heart." We have established the corporate philosophy of contributing to the development of society through creating value added to everyday life and the business environment for our customers, and we aim to work toward addressing the various issues faced by society, continue contributing to the realization of a

sustainable society, and achieve sustainable growth.

Based on this philosophy, we will improve the efficiency and transparency of our management and also enhance the supervisory functions of our Board of Directors, Audit and Supervisory Committee, and internal audit divisions, with the aim of becoming a company that is trusted by all our stakeholders.

## Corporate governance structure



### Board of Directors

The Board of Directors is comprised of 11 directors (six of whom are independent outside directors). Meetings are, in principle, held once a month. The Board of Directors makes decisions on important matters of business execution and supervises the execution of duties by directors.

### Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of four directors who are members of the Audit and Supervisory Committee (three of whom are outside directors). In principle, the Committee convenes once a month, but also holds extraordinary meetings when necessary.

The main agenda of the Audit and Supervisory Committee includes establishing audit policies and audit plans, reporting the results of audits of business locations, etc., evaluating accounting auditors and assessing the appropriateness of accounting audits, and preparing audit reports.

The Committee audits the execution of duties by directors based on the established audit policies and audit plans.

### Management Policy Council

Matters related to the execution of business are entrusted to the Representative Director and President to the extent possible. However, important matters related to management, including matters to be submitted at Board of Directors meetings, are discussed at Management Policy Council meetings, which are held at least once a month in principle and attended by the representative directors, managing executive officers, and members of the Audit and Supervisory Committee.

At the same time, efforts are made to strengthen the audit function and enhance the efficiency of business execution by the Board of Directors by delegating executive authority to the managing executive officers and executive officers, and by clarifying the business execution responsibilities.

### Nomination and Remuneration Advisory Committee

The respective advisory committees were established with the aim of securing the fairness and transparency of the Board of Directors and strengthening its supervisory and audit functions. The Nomination Advisory Committee deliberates on matters such as the appointment and dismissal of directors and other matters, while the Remuneration Advisory Committee deliberates on matters such as the remuneration system and standards for directors.

The independence and objectivity of the Nomination Advisory Committee is secured by ensuring that the majority of its members are independent outside directors.

### Outside director

The seven outside directors share information and provide opinions from a neutral and objective standpoint when they attend not only Board of Directors and Audit and Supervisory Committee meetings, but also Executive Management Council meetings that are attended by directors, general managers, division managers, and branch managers. By doing so, it works to revitalize the Board of Directors, strengthen management oversight functions, and enhance the effectiveness of audits.

Efforts are also made to enhance the information gathering capabilities of outside directors, such as by holding opinion sharing sessions more than once a year attended by the representative directors, members of the Audit and Supervisory Committee, and outside directors (who are not members of the Audit and Supervisory Committee), and reporting on the audit results of outside directors (who are not members of the Audit and Supervisory Committee) by full-time members of the Audit and Supervisory Committee.

### Support system for outside directors

The Board of Directors Secretariat (General Affairs Department [in charge of secretarial affairs]) serves as the point of contact for outside directors (who are not members of the Audit and Supervisory Committee), while the Office of the Audit and Supervisory Committee serves as the point for contact for outside directors who are members of the Audit and Supervisory Committee. These offices support the outside directors in their execution of duties, such as by notifying them of the annual schedule for Board of Directors and Audit and Supervisory Committee meetings.

When Board of Directors meetings are convened, they send out meeting materials in advance and provide a prior explanation of the agenda. For directors who are unable to attend the meetings, they also report on the overview of the proceedings based on the minutes.

In addition, they provide precisely the information needed by attending and participating in Executive Management Council meetings as well as sending out meeting materials and reports.

### Internal audits

Dedicated staff members are assigned to the Business Audit Division, established under the command and order of the Representative Director and President and the Audit and Supervisory Committee to carry out the work of conducting internal audits.

Based on the Medium-Term Management Plan, and with the objectives of enhancing management efficiency and improving operations, the Business Audit Division prepares internal audit plans, conduct audits on the status of business execution in the Company from the viewpoint of the legality and appropriateness

of operations, and reports the audit results to the Board of Directors and Audit and Supervisory Committee.

The Business Audit Division also reports to the Internal Control Committee on matters in the internal control system that require improvement.

### Accounting audits

Deloitte Touche Tohmatsu LLC has been appointed as the accounting auditor of the Company. Two certified public accountants execute accounting audits for the Company. They are assisted by 18 other certified public accountants and 25 others.

The Audit and Supervisory Committee takes appropriate steps to ensure that proper audits are conducted, such as by helping the accounting auditor recognize its responsibilities through the selection procedures of the accounting auditor, and providing information where necessary.

The accounting auditor and the president engage in regular discussion (at least once a year) and meet as necessary when requested by the accounting auditor.

### Officer remuneration

The amount, method of calculation, and policy for determining officer remuneration are detailed below.

#### 1. Basic thinking on officer remuneration

- Provide an appropriate amount as basic remuneration for the performance of duties.
- Build a remuneration structure that leads to ongoing improvement to corporate value.
- Ensure that the compensation structure is easy for shareholders and other stakeholders to understand.

#### 2. Basic policy on officer remuneration

##### a. Basic policy on remuneration for directors (who are not members of the Audit and Supervisory Committee)

The remuneration for directors (who are not members of the Audit and Supervisory Committee) consists of basic remuneration, which is fixed, and performance-linked/stock price-linked remuneration, which are variable. From the standpoint of their role and independence, outside directors are only paid basic remuneration.

- Provide basic remuneration for the performance of duties.
- Provide performance-linked remuneration to further incentivize improvement of short-term performance.
- Provide stock price-linked remuneration to incentivize improvement of medium- to long-term performance and aim for improvement of the stock price.

##### b. Basic policy on remuneration for directors who are members of the Audit and Supervisory Committee

The remuneration for directors who are members of the Audit and Supervisory Committee consists only of basic remuneration, which is fixed, in light of their role.

- Provide basic remuneration for the performance of duties.

#### 3. Policy on determining the amount or method of calculating individual remuneration and timing of payment

##### a. Basic policy related to directors (who are not members of the Audit and Supervisory Committee)

○ Basic remuneration  
The amount of individual remuneration is determined based on criteria that are established by position according to role and responsibility and is paid in cash monthly.

○ Performance-linked remuneration  
This remuneration system varies according to consolidated operating profit. The amount of individual remuneration is determined based on the criteria that at each level of consolidated operating profit, standard remuneration amounts are established according to position, and these are then adjusted according to the level of the individual's contribution through the performance of their duties. The amount is paid in cash at the end of the individual's term of office in June of every year.

○ Stock price-related remuneration  
Restricted stock remuneration is paid to directors. The number of shares to be paid to each individual is determined based on the amount equivalent to the shares granted by position according to role and responsibility and the stock price on the business day prior to the date of the resolution by the Board of Directors related to allocation of shares. Every year, the Board of Directors passes a resolution on the allocation of shares within one month of appointment of directors, and the shares are paid within one month of the date of the resolution.

##### b. Policy related to directors who are members of the Audit and Supervisory Committee

The amount of individual remuneration is determined based on criteria that are established by position according to role and responsibility and is paid in cash monthly.

4. Policy on determining the percentages of individual remuneration

The ratio of basic remuneration to variable remuneration (performance-linked and stock price-linked remuneration) for directors (excluding directors and outside directors who are members of the Audit and Supervisory Committee) is around 5:1–5 so that the remuneration functions effectively as an incentive to continually improve corporate value.

Outside directors and outside corporate auditors are only paid basic remuneration.

5. Method of determining individual remuneration

To enhance the transparency and objectivity of the process for determining basic remuneration and performance-linked remuneration for directors (who are not members of the Audit and Supervisory Committee), remunerations are deliberated on by the Remuneration Advisory Committee, which is comprised of a majority of independent outside directors, then determined by the Representative Director and Chairperson and the Representative Director and President, who are tasked with doing so by the Board of Directors.

Stock price-linked remuneration is determined by the Board of Directors based on the deliberations of the Remuneration Advisory Committee.

Basic remuneration for directors who are members of the Audit and Supervisory Committee is determined in consultation with directors who are members of the Audit and Supervisory Committee, based on the deliberations of the Remuneration Advisory Committee.

Total amount of director and corporate auditor remuneration in FY2023

Officer classification	Total amount of remuneration (millions of yen)	Total amount of remuneration by category (millions of yen)			Number of officers eligible for remuneration
		Basic remuneration	*Performance-linked compensation	Stock price-linked remuneration (Restricted stock remuneration)	
Directors (who are not members of the Audit and Supervisory Committee) (Outside directors)	240 (24)	136 (24)	79 (–)	24 (–)	11 (4)
Directors (members of the Audit and Supervisory Committee) (Outside directors)	35 (14)	35 (14)	– (–)	– (–)	4 (3)
Corporate auditors (Outside corporate auditors)	17 (4)	17 (4)	– (–)	– (–)	5 (3)

Notes

1. CHUDENKO Corporation transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee at the 107th Annual General Meeting of Shareholders convened on June 27, 2023.

2. Remuneration for directors (who are not members of the Audit and Supervisory Committee) consists of basic remuneration, performance-linked remuneration, and stock price-linked remuneration (non-monetary remuneration), while remuneration for directors (members of the Audit and Supervisory Committee) and auditors consists of basic remuneration only. Outside directors (who are not members of the Audit and Supervisory Committee) receive only basic remuneration.

Performance-linked remuneration table (Resolved on June 27, 2023)

Consolidated operating profit level	Remuneration amount
¥12 billion or above	Up to ¥160 million
¥8 billion–Less than ¥12 billion	Up to ¥120 million
¥6 billion–Less than ¥8 billion	Up to ¥90 million
¥4 billion–Less than ¥6 billion	Up to ¥60 million
¥2 billion–Less than ¥4 billion	Up to ¥40 million
¥1 billion–Less than ¥2 billion	Up to ¥20 million
Less than ¥1 billion	0

Note: Performance-linked remuneration is paid to directors, excluding outside directors.

Corporate Ethics Committee

With regard to corporate ethics, the Group has established a Compliance Policy that fleshes out the code of conduct for employees and serves as the model for employee behavior.

In addition, basic matters related to efforts to promote corporate ethics have been set forth in the Corporate Ethics Rules, and a Corporate Ethics Committee has been established to ensure the fairness of business activities and allow the Group to maintain and improve the trust it has received from shareholders, customers, local communities, and others. Moreover, we have established a Corporate Ethics Helpline to field questions and concerns regarding legal violations or corporate ethics-related problems occurring in the course of carrying out operations


The Corporate Ethics Committee is comprised of the Chairperson, the President, the Vice-President, and three outside experts. In principle, it meets twice a year and is attended by members of the Audit and Supervisory Committee. It deliberates on matters related to promoting corporate ethics awareness and reports on the content and results to the Board of Directors.

Internal Control Committee

With regard to internal control, the Board of Directors has decided on the “Basic Policy for Building an Internal Control System to Ensure Appropriate Business Activities,” and is developing this system so that the CHUDENKO Group can work as one to promote appropriate business activities. Based on this basic policy, the basic matters for enhancing and promoting internal control throughout the Group have been set forth in the Internal Control Rules, and an Internal Control Committee has been established.

The Internal Control Committee is comprised of the President, the General Manager of the Planning Division, the General Manager of the Administration Division, and the General Manager of the Business Audit Division. In principle, it meets twice a year and is attended by members of the Audit and Supervisory Committee. It deliberates on matters related to the enhancement and promotion of internal control and reports on the results to the Management Policy Council. Of these, it also refers important matters to the Board of Directors.

Disclosure of information to shareholders/investors

Regular IR conferences for individual investors	At least once a year
	<p><b>Most recent events</b></p> <ul style="list-style-type: none"><li>December 21, 2023 Company explanatory meeting (live webcast and recording distributed on the web at a later date)</li><li>March 11, 2024 Company explanatory meeting (Hiroshima City)</li></ul> <p>The president explained about business performance, Medium-Term Management Plan, shareholder returns, and other matters.</p>
Regular IR conferences for analysts and institutional investors	<p>Held regularly, twice a year</p> <p><b>Most recent events</b></p> <ul style="list-style-type: none"><li>December 6, 2023 Financial results briefing for 2Q FY2023 (live webcast and recording distributed on the web at a later date)</li><li>May 29, 2024 FY2023 Financial results briefing (live webcast and recording distributed on the web at a later date)</li></ul> <p>The president explained about business performance, Medium-Term Management Plan, shareholder returns, and other matters</p>
Publishing of IR materials on website	<p>We publish shareholder and stock information (General Meeting of Shareholders, Articles of Incorporation, dividends, shareholders memos, etc.), Integrated Report, consolidated financial results, securities reports / quarterly reports, financial results briefing materials / company information session materials, and other IR materials (such as notices of revision of performance or dividend forecasts) on our website.</p> <div><p>IR information</p><p><a href="https://www.chudenko.co.jp/info/">https://www.chudenko.co.jp/info/</a></p></div>

Management Team

Director



Akira Sakotani  
Representative Director  
and Chairperson

2013.6 Managing Director; Deputy General Manager, Power Generation Division; Head, Kaminoseki Nuclear Power Plant Siting Project  
2015.6 Representative Director and Vice President; Deputy General Manager, Power Generation Division; Head, Kaminoseki Nuclear Power Plant Siting Project  
2016.4 Representative Director and Vice President; General Manager, Power Generation Division; Manager, Kaminoseki Nuclear Power Plant Siting Project  
2016.6 Representative Director and Vice President & Executive Officer; General Manager, Power Generation Division  
2018.6 Representative Director and President, CHUDENKO  
2022.6 Representative Director and Chairperson of the Board of Directors, CHUDENKO (current position)



Takafumi Shigeto  
Representative Director  
President

2017.6 Director, Managing Executive Officer; General Manager, Compliance Promotion Division; General Manager, Property Management Division, The Chugoku Electric Power Company, Incorporated  
2017.10 Director, Managing Executive Officer; General Manager, Compliance Promotion Division; General Manager, Examination Department; General Manager, Property Management Division  
2019.6 Statutory auditor, CHUDENKO  
2019.6 Director; Managing Executive Officer; General Manager, Regional Co-creation Division, The Chugoku Electric Power Company, Incorporated  
2020.6 Representative Director and Vice President & Executive Officer; in charge of personnel development; General Manager, Procurement Division; Manager, Nuclear Power Plant Reinforcement Project  
2022.6 Representative Director and President, CHUDENKO (current position)



Jitsuo Taniguchi  
Representative Director  
Executive Vice President

1987.9 Joined CHUDENKO  
2014.7 General Manager, Miyoshi Sales Office  
2016.6 General Manager, Air-Conditioning Piping Engineering Department, Engineering Division  
2017.6 Executive Officer and General Manager, Air-Conditioning Piping Engineering Department, Engineering Division  
2019.6 Director, Managing Executive Officer, and General Manager, Sales Division  
2022.6 Director, Senior Managing Executive Officer, and General Manager, Engineering Division, in charge of Tokyo Headquarters  
2023.6 Senior Managing Executive Officer, and General Manager, Engineering Division, in charge of Tokyo Headquarters (current position)  
2024.6 Representative Director, Executive Vice President, in charge of Business Reform Promotion and Safety, Sanitation, Quality, and Environmental Department, in charge of Purchasing Department, and responsible for Tokyo and Osaka Headquarters (current position)

Outside director



Nobuhide Inamoto  
Outside director

2001.6 Director, General Manager, Business Logistics Division, Mazda Motor Corporation  
2002.3 Director and General Manager, Production Engineering Division  
2002.6 Executive Officer and General Manager, Production Engineering Division  
2003.6 Executive Officer and General Manager, Quality Division  
2007.4 Managing Executive Officer and in charge of Quality Assurance and Environment  
2008.4 Managing Executive Officer and General Manager, Domestic Business Division  
2008.11 Managing Executive Officer, in charge of Domestic Business, and General Manager, Domestic Business Division  
2011.4 Managing Executive Officer and in charge of Domestic Business and Fleet Sales  
2012.6 Managing Executive Officer and in charge of Domestic Business, Fleet Sales, and Customer Service  
2013.6 Director, Senior Managing Executive Officer, oversight of Operations in China, Domestic Sales, Fleet Sales No. 1, Chairperson of Mazda Motor (China) Co., Ltd.  
2015.6 Director, Senior Managing Executive Officer, oversight of Operations in China Domestic Sales, Fleet Sales No. 1, in charge of Global Auditing, Chairperson of Mazda Motor (China) Co., Ltd.  
2016.4 Director, Senior Managing Executive Officer, oversight of Operations in China, Domestic Sales, Fleet Sales, and in charge of Global Auditing  
2017.4 Director, Senior Managing Executive Officer, oversight of Operations in China, Domestic Sales, Fleet Sales  
2019.6 Special Advisor  
2020.6 Director, CHUDENKO (current position)



Naoto Yorino  
Outside director

1983.4 Joined Fuji Electric Manufacturing Co., Ltd.  
1985.4 Research Assistant, School of Science and Engineering Assistant, Waseda University  
1987.4 Research Associate, School of Engineering, Hiroshima University  
1990.6 Associate Professor, School of Engineering  
1991.4 Visiting Researcher, McGill University, Canada  
2005.4 Professor, Graduate School of Engineering, Hiroshima University  
2009.4 Vice-Dean, Graduate School of Engineering  
2019.4 Vice-Dean, Graduate School of Engineering, and Vice-Dean, School of Engineering  
2020.4 Professor, Graduate School of Advanced Science and Engineering  
2021.6 Director, CHUDENKO (current position)  
2022.4 President, National Institute of Technology (KOSEN), Kure College (current position)  
2022.4 Specially Appointed Professor and Honorary Professor, Graduate School of Advanced Science and Engineering, Hiroshima University (current position)



Shigeki Ekuni  
Outside director

2012.3 Executive Officer and in charge of Corporate Planning Group, Head Office Administration Division, Tenmaya Co., Ltd.  
2013.5 Director and in charge of Corporate Planning Group, Administration Division  
2014.4 Director and General Manager, Corporate Planning Division  
2016.1 Director, General Manager, Sales Division, and General Manager, Okayama Main Store  
2017.2 Director, General Manager, Department Store Business Division, and General Manager, Okayama Main Store  
2017.5 Managing Director, General Manager, Department Store Business Division, and General Manager, Okayama Main Store  
2017.12 Representative Director and President, General Manager, Department Store Business Division  
2019.2 Representative Director and President, General Manager, Department Store Business Division, and General Manager, Corporate Division  
2021.6 Director, CHUDENKO (current position)  
2022.4 Director, Tenmaya Co., Ltd. (current position)  
2024.5 Auditor, Tenmaya Co., Ltd. (current position)



Haruko Murata  
Outside director

1989.4 Joined Toto Kiki Co., Ltd. (now TOTO Co., Ltd.)  
1992.11 Joined Kagawa Gakuen  
2011.7 Joined AYUMI Audit Corporation  
2012.8 Registered as Certified Public Accountant (current position)  
2012.11 Registered as Certified Public Tax Accountant (current position)  
2012.12 Established Murata Haruko Accounting Firm (current position)  
2017.7 Employee, Choshu Audit Corporation  
2021.6 External Director, DaikyoNishikawa Corporation (current position)  
2021.6 Director, CHUDENKO (current position)  
2023.5 Auditor, Shinboai Gakuen (current position)

Directors who are members of the Audit and Supervisory Committee



Hidefumi Ogata  
Director  
Audit and Supervisory  
Committee

1981.4 Joined CHUDENKO  
2011.6 Manager, Secretarial Office; General Manager, Human Resources Department  
2013.6 Executive Officer; Manager, Secretarial Office; General Manager, Human Resources Department  
2014.6 Director and Executive Officer; Manager, Secretarial Office; General Manager, General Affairs Department, in charge of Human Resources  
2016.6 Director, Managing Executive Officer; General Manager, Administration Division  
2019.6 Standing auditor  
2023.6 Audit and Supervisory Committee (full-time) (current position)



Kumi Iioka  
Outside Director  
Audit and Supervisory  
Committee

1988.4 Registered with the Hiroshima Bar Association (current position), joined Magokoro Law Office  
1997.4 Joined Himawari Law Office (current position)  
2019.6 Auditor  
2023.6 Audit and Supervisory Committee, CHUDENKO (current position)  
2024.6 Vice President, Japan Federation of Bar Associations (current position)



Toru Hirota  
Outside Director  
Audit and Supervisory  
Committee

1981.4 Joined The Hiroshima Bank, Ltd.  
2010.4 Manager, Imabari Branch, The Hiroshima Bank, Ltd.  
2012.4 Managing Executive Officer and Manager, Imabari Branch, The Hiroshima Bank, Ltd.  
2013.4 Managing Director and Manager, Eastern Regional Headquarters, The Hiroshima Bank, Ltd.  
2015.6 Director and Senior Managing Executive Officer, The Hiroshima Bank, Ltd.  
2020.5 President, Representative Director, and COO, YONDOSHI HOLDINGS INC.  
2020.5 Director, F.D.C. PRODUCTS INC.  
2023.6 Audit and Supervisory Committee, CHUDENKO (current position)



Hiroyuki Yoshinaga  
Outside Director  
Audit and Supervisory  
Committee

1985.4 Joined The Chugoku Electric Power Company, Incorporated  
2015.12 Manager, Human Resources Development Division, The Chugoku Electric Power Company, Incorporated  
2018.6 Manager, Compliance Promotion Division (Secretariat), The Chugoku Electric Power Company, Incorporated  
2020.6 Executive Officer and Manager, Compliance Promotion Division (Secretariat), The Chugoku Electric Power Company, Incorporated  
2022.6 Executive Officer and Manager, Human Resources Development Division, The Chugoku Electric Power Company, Incorporated (current position)  
2023.6 Director, Audit and Supervisory Committee, CHUDENKO (current position)  
2024.6 Managing Executive Officer, Chief Operating Officer of Human Resources Development Div., The Chugoku Electric Power Company, Incorporated (current position)

Skills matrix

The following details the expertise and experience of CHUDENKO's directors.

Name		Male Female	Expertise/Experience						
			Corporate management Management strategy	Technology Construction quality	Sales	Legal affairs Governance	Finance Accounting	Personnel affairs Human resource development	Environment
Akira Sakotani		Male	●	●	●				
Takafumi Shigeto		Male	●			●	●		
Jitsuo Taniguchi		Male	●	●	●				●
Nobuhide Inamoto	Independent Outside	Male	●	●					●
Naoto Yorino	Independent Outside	Male		●				●	●
Shigeki Ekuni	Independent Outside	Male	●		●	●			
Haruko Murata	Independent Outside	Female	●				●	●	
Hidefumi Ogata		Male			●	●		●	
Kumi Iioka	Independent Outside	Female				●		●	
Toru Hirota	Independent Outside	Male	●			●	●		
Hiroyuki Yoshinaga	Outside	Male			●	●		●	

Note: This table indicates (with the marking of the symbol) the fields that are applicable to the main expertise and experience of each individual, but does not show all the areas of expertise and experience that the directors possess.

# Messages from Members of the Audit and Supervisory Committee

Based on our corporate philosophy, we will improve the efficiency and transparency of our management and also enhance the oversight functions of our Board of Directors, Audit and Supervisory Committee, and internal audit divisions, the aim of becoming a company that is trusted by all our stakeholders.

We spoke with Toru Hirota and Hiroyuki Yoshinaga, who are members of the Audit and Supervisory Committee.

## Q1. About your role.

**Please tell us about your role in the Board of Directors.**

**Hirota:** CHUDENKO transitioned to a company with an Audit and Supervisory Committee from June 2023, and members of the Audit and Supervisory Committee members become members of the Board of Directors, taking responsibility for monitoring the legality of the execution of duties by directors (including executive officers) from within management, as well as the appropriateness of such execution of duties, based on the provisions of the Companies Act and other laws. Specifically, we aim to understand what and where risks (including potential risks) are present for the Company and Group companies, and to set forth and discuss the risk areas that we should work on.



**Toru Hirota**  
Outside Director  
Audit and Supervisory Committee

I also consider it important to use my independent position as an Outside Director, along with my "external" knowledge (common knowledge from outside the company), to act as both the "brake" and the "accelerator" in a sense. In my view, the "brake" role checks on the legality of the execution of duties by the directors (including the Board of Directors) and the appropriateness of that process, while the "accelerator" role checks for risks that should be taken for the company's growth but are not being taken.

I hope to contribute from both aspects, through the ability to apply the brakes without hesitation when they are genuinely needed, and by stepping on the accelerator to ensure that the necessary risks are taken.

**Yoshinaga:** The primary role of a member of the Audit and Supervisory Committee is to audit and supervise the company's business operations. Moreover, given that we also have voting rights at meetings of the Board of Directors, when I look back over the past year, I have felt a certain degree of pressure in carrying out my duties so far.

With my long experience in the electric power industry, I consider it my role to leverage my experience to point out issues and areas for improvement that may be difficult to identify within the company. This applies especially in business operations in the Electric Power Business, ranging from management policies to actual on-site incidents, such as business processes and safety initiatives.



## Q2. Evaluation of current status, and challenges

**How do you evaluate CHUDENKO's governance?**

**Hirota:** Regarding the overall governance situation of the Company, I feel that the internal control system and other systems have been established appropriately, and that operations are properly conducted in accordance with the Corporate Governance Code.

However, in the aspect of internal control, I believe there are issues that require improvement in terms of developing the risk management system (including for personnel matters), due to the increase in the number of Group companies as a result of business expansion.

Although the Company operates with safety and compliance as the top priority, safety-related incidents have occurred, and we recognize that safety is an issue of the highest priority that must be addressed on an ongoing basis.

As for compliance, the internal reporting (whistleblowing) system is functioning, but I think there is a need to



**Hiroyuki Yoshinaga**  
Outside Director  
Audit and Supervisory Committee

further develop it in terms of both the structure and ensuring full awareness among employees.

I feel that there are still differences in awareness and enthusiasm regarding compliance among officers, senior executives, managerial staff, general employees, and the headquarters and business locations.

My view is that compliance, like safety, must always be at the top of the minds of every individual, and we need to take thorough steps to ensure that it forms the basis of our actions.

**Yoshinaga:** I visited the Tokyo Headquarters and offices in the Chugoku region, and exchanged opinions not only with managerial staff but also with young employees. I was impressed by how positive they were, and how they spoke openly about the various challenges and problems they faced.

Taking a broad view of management overall, I think that efforts toward internal control and compliance have been developed to a considerable extent, and the response to preventing recurrence and taking countermeasures on challenges and problems is also improving. I would like to see this firmly disseminated throughout the Company, and for the management to continue to

repeatedly send messages and implement measures to spread awareness, so that every business location and employee reach the same understanding and offer the same response when asked.

## Q3. Expectations for the future

**Finally, what are your expectations of CHUDENKO?**

**Hirota:** Fiscal 2024 is the final year of the current Medium-Term Management Plan and also marks the 80th anniversary of the Company's founding, and the Company has indicated that the performance targets are within reach. I have heard that construction demand is strong and the market is doing well, and that the order environment is very favorable. However, there are concerns that the high volume of construction work on hand will swamp the work sites, so I think that it is essential for each headquarters department to support on-site labor management (including for partner companies) as well as construction progress management. In particular, I feel that detailed measures for safety are necessary as the sites become increasingly busy. In addition, I believe that we should prepare for the next stage of sustainable growth precisely because business conditions are favorable now. Firstly, we need to invest in people. Although there is currently a labor shortage, we should invest in securing new employees and improving the skills and mindset of each employee. I also think that we should focus on improving the workplace environment (including both "hardware" and "software" aspects) to help each employee grow, and on bringing forward the renewal of equipment that needs to be updated.

Secondly, regarding investment in new areas of growth (environment that enables us to take the necessary risks), I think that we should not miss the opportunity to consider this with a positive attitude.

Last but not least, the Company is a general equipment engineering company, and is an indispensable company for social infrastructure. While there is certainly a risk of market fluctuations in construction orders, our electrical works business, which is the foundation of the Company, has a large market share and is highly reputable in the Chugoku region.

We also have a strong financial position. Going forward, I hope that the management will present, in concrete ways, a bright and positive future (including the next Medium-term Management Plan) in which each employee can talk about their dreams for the future. I look forward to watching the Company take greater steps toward further growth.

**Yoshinaga:** I hope that CHUDENKO will take a proactive approach toward preparing for new challenges for the future, precisely because it is in an environment where the business is doing well. While it is, of course, vital to strictly manage risks, I hope that the management will focus on actively sowing the seeds in new sales domains and new business fields for the future, as well as to giving many opportunities to young employees in particular to take on new challenges, and developing human resources who can go beyond the constraints of conventional boundaries, so that the Company can achieve further growth.



Compliance

Compliance policy

One of our highest management priorities is to continuously engage in fair and appropriate operational management in accordance with compliance. We have established a Compliance Policy that goes into more detail on the fourth corporate guideline of our Corporate Philosophy, which is to “stick to social rules and be mindful of common sense in one’s actions,” in order to serve as a code of conduct for our officers and employees.

Based on our Compliance Policy, we are promoting corporate activities that prioritize compliance within the medium-term management plan.

Compliance education throughout Group companies

The Compliance Division, in cooperation with the corporate ethics leaders of each workplace, conducts compliance education with

the purpose of deepening individual understanding of the importance of compliance and sharing a thorough awareness of compliance throughout the Group companies.

We are also working to instill awareness that the Corporate Ethics Helpline is a tool to protect the Company and our employees.



A class at a workplace

Business risks

Below are the main types of risks recognized as having the potential to affect the financial condition, business performance, and cash flows of consolidated Group companies.

These risks were identified based on the degree of impact and frequency of occurrence during the course of the Group’s

regular brainstorming, evaluation, and review of countermeasures.

There are other risks in addition to these, such as credit risk related to business partners, and the risk of a drop in the market value of securities holdings.

1. Risk of quality defects	In the event of a serious quality problem arising from human error in the design or construction stage of building equipment work or the planning or manufacturing stage of our products, it could result in a heavy cost burden associated with repairs or a claim for damages due to construction or delivery delays, and the suspension of business in conjunction with this could significantly damage the Group’s credibility or reputation, impacting performance.
2. Risk of legal or compliance violations	In the event that a business operation or process is carried out that runs contrary to the Construction Business Act, the Industrial Safety and Health Act, or other related laws or that violates compliance, it could result in a criminal penalty, suspension of business, loss of social credibility, hefty fine or claim for damages, which in turn could significantly damage the Group’s credibility or reputation, impacting performance.
3. Risk of decline in orders received	In the event of a significant decline in orders received because of factors such as a decrease in capital investment by the Chugoku Electric Power Group, which is a major business partner of the CHUDENKO Group, and by another private company or government agency, the Group may be unable to secure the necessary orders, impacting performance.
4. Risk of work or traffic accidents	The Group has many construction sites and has implemented measures to prioritize safety, but in the event of a work or traffic accident despite those measures, it could result in compensation for human loss or victims, judicial or administrative penalty, or loss of social credibility, which in turn could significantly damage the Group’s credibility or reputation, impacting performance.
5. Risks related to increased construction costs	The Group strives to reduce costs and secure profits through repeated cost reviews before receiving orders and during construction, but if the cost of construction increases due to a significant rise in material costs or subcontracting costs that cannot be reflected in the contract amount, profitability could deteriorate, impacting the Group’s performance.
6. Risks related to securing and training human resources	In the Group’s equipment work business, which is its main business, the labor force is aging due to a decrease in new employment and high turnover rates. Therefore, securing people to take over is a pressing issue. In the event that the Group is unable to secure human resources with the required national qualifications and skills when they are needed, insufficient construction capabilities could result in a failure to secure sales, impacting the Group’s performance.
7. Risks related to M&As and business investments	The Group engages in M&As and invests in businesses for the purpose of expanding our business and enhancing our competitiveness centered on equipment work, which is our main business. However, in the event that we were unable to recover our investment or additional expenses were to be incurred due to not being able to develop the acquired or invested business according to plan despite the preliminary investigation and review, there could be an impact on the Group’s performance.
8. Information security risk	The Group possesses business partner information and other confidential information, and in recent years, there have been many cases of companies falling victim to unauthorized access and cyberattacks. If such business-related information were to be leaked externally or lost due to human error, technical error or unforeseen circumstances, it could result in a hefty claim for damages, suspension of business, or loss of social credibility, which in turn could significantly damage the Group’s credibility or reputation, impacting performance.
9. Risk of natural and other disasters	The Group has many workplaces in Japan and other countries. Large-scale natural disasters such as earthquakes, tsunamis, and typhoons, and the spread of novel viruses and other infections could not only cause direct damage to employees and facilities but could also result in indirect damages such as interruptions and congestion in the distribution and transportation network and even sluggishness or confusion in society and the economy. This, in turn, could result in an interruption or delay in business activities, impacting the Group’s performance.
10. Risks related to addressing climate change issues	In the event that the Group does not take adequate initiatives to address climate change issues, it could potentially lead to a decline in our reputation among stakeholders, thereby undermining our corporate value and competitiveness. Additionally, the introduction of stringent regulations or carbon tax could also impact the Group’s performance.

Risk management

Business Continuity Plan (BCP)

As a company that is involved in the supply of electricity, we are charged with a vital mission by our customers and society in general. Therefore, it is extremely important that we are prepared for disasters. As such, we have established a business continuity plan both from the short-term perspective of preventing suspension of our business in the event of a disaster and the

long-term perspective of preventing bankruptcy following a disaster. We regularly conduct training in anticipation of a major earthquake, such as verification of the emergency contact system and safety confirmation, so that our officers and employees understand their respective roles.



Training at the Head Office (Emergency Response Headquarters)



# Summary of financial and non-financial information for the past 11 years (on a consolidated basis)

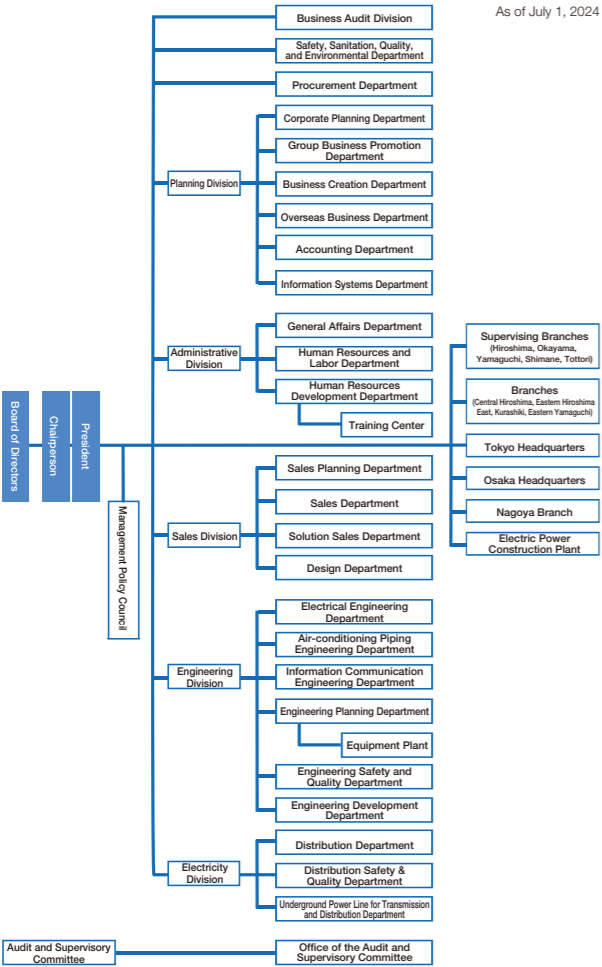
		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Profit and loss</b>												
Net sales	(million yen)	136,396	145,547	147,752	147,935	148,300	153,322	168,888	184,482	190,690	189,032	201,025
Cost of sales	(million yen)	119,376	126,062	126,326	126,556	127,540	133,986	147,620	159,078	164,450	165,044	172,495
Gross profit	(million yen)	17,019	19,485	21,425	21,379	20,759	19,335	21,268	25,404	26,239 <sup>*3</sup>	23,987	28,529
Selling, general and administrative expenses	(million yen)	9,788	10,054	10,448	11,703	12,224	12,848	12,934	15,921	15,813	15,625	16,582
Operating profit	(million yen)	7,231	9,430	10,977	9,675	8,535	6,486	8,333	9,482	10,425 <sup>*3</sup>	8,361	11,947
Non-operating profit	(million yen)	10,718	6,748	3,885	2,285	3,338	2,504	2,956	2,556	1,947 <sup>*3</sup>	2,399	1,819
Non-operating expenses	(million yen)	87	48	58	90	129	69	101	139	413	12,666	1,024
Ordinary profit	(million yen)	17,861	16,130	14,804	11,871	11,744	8,921	11,188	11,899	11,959	-1,905	12,742
Extraordinary profit	(million yen)	107	30	1,350	1,659	97	1,837	1,240	1,004	42	170	2
Extraordinary loss	(million yen)	123	502	318	285	208	911	3,292	85	881	1,438	172
Profit before income taxes	(million yen)	17,844	15,658	15,836	13,246	11,632	9,848	9,136	12,818	11,119	-3,173	12,572
Net income attributable to owners of parent	(million yen)	13,502	10,492	10,889	9,273	7,809	6,160	4,795	8,119	6,682	-6,913	7,937
<b>Financial position</b>												
Total assets	(million yen)	248,314	261,858	260,073	263,618	269,875	267,181	274,976 <sup>*2</sup>	276,519	279,725	272,514	280,542
Net assets	(million yen)	202,804	216,047	215,058	217,013	222,373	218,036	212,043	218,747	216,329	202,069	213,921
Capital expenditures	(million yen)	4,571	3,776	3,802	3,264	4,589	3,811	2,279	2,151	2,537	5,174	4,393
R&D expenses	(million yen)	88	97	170	178	332	240	156	235	225	219	234
Depreciation and amortization	(million yen)	2,303	2,601	2,678	2,790	2,862	2,960	2,776	2,839	2,823	2,951	3,358
Equity ratio	(%)	81.1	81.8	81.9	81.5	81.8	80.2	75.7 <sup>*2</sup>	77.6	76.2	73.2	75.2
<b>Cash flows</b>												
Cash flows from operating activities	(million yen)	8,685	5,142	10,460	10,719	6,700	10,126	11,835	9,116	7,968	6,181	13,721
Cash flows from investing activities	(million yen)	12,411	-12,761	9,339	-1,231	-6,499	-25,559	-15,725	6,344	-4,326	4,843	-6,098
Cash flows from financing activities	(million yen)	-2,595	-2,759	-7,436	-9,207	-5,055	-5,712	-6,438	-7,182	-8,516	-7,512	-7,316
Cash and cash equivalents	(million yen)	56,095	45,724	58,314	58,580	53,740	32,566	22,242	30,477	25,679	29,403	29,845
<b>Per share information</b>												
Net assets per share	(yen)	3,426.03	3,638.40	3,654.78	3,844.92	3,909.09	3,855.67	3,739.30	3,870.58	3,868.69	3,638.70	3,893.07
Earnings per share	(yen)	229.81	178.29	185.97	160.20	139.61	110.22	86.13	146.13	120.98	-125.62	145.37
Dividend per share	(yen)	30	62	72	72	94	104	104	104	104	104	104
Dividend payout ratio	(%)	13.1	34.8	38.7	44.9	67.3	94.4	120.7	71.2	86.0	—	71.5
<b>Principal indicators</b>												
Gross profit margin	(%)	12.5	13.4	14.5	14.5	14.0	12.6	12.6	13.8	13.8 <sup>*3</sup>	12.7	14.2
Operating margin	(%)	5.3	6.5	7.4	6.5	5.8	4.2	4.9	5.1	5.5 <sup>*3</sup>	4.4	5.9
Ordinary margin	(%)	13.1	11.1	10.0	8.0	7.9	5.8	6.6	6.5	6.3	-1.0	6.3
Net profit margin	(%)	9.9	7.2	7.4	6.3	5.3	4.0	2.8	4.4	3.5	-3.7	3.9
Return on equity (ROE)	(%)	7.0	5.0	5.1	4.3	3.6	2.8	2.3	3.8	3.1	-3.4	3.9
Return on assets (ROA)	(%)	5.7	4.1	4.2	3.5	2.9	2.3	1.8	2.9	2.4	-2.5	2.9
Price earnings ratio (PER)	(times)	7.75	13.14	12.09	14.73	20.61	20.48	25.55	16.16	17.09	—	21.08
Price book-value ratio (PBR)	(times)	0.52	0.64	0.62	0.61	0.74	0.59	0.59	0.61	0.53	0.59	0.79
<b>Others</b>												
Number of shares issued		65,138,117	65,138,117	65,138,117	58,138,117	58,138,117	58,138,117	58,138,117	58,138,117	58,138,117	58,138,117	58,138,117
Number of treasury shares		6,136,172	6,091,412	6,780,936	2,024,710	1,994,845	2,481,265	2,060,413	2,437,064	2,992,249	3,345,336	3,929,901
Year-end share price	(yen)	1,784	2,342	2,249	2,359	2,877	2,257	2,201	2,361	2,067	2,134	3,065
<b>Non-financial information</b>												
Number of employees		4,089	4,063	4,105	4,167	4,190	4,210	4,474	4,468	4,531	4,556	4,519

<sup>\*1</sup> In fiscal 2014, as we changed the method of recording construction costs, figures for fiscal 2013 profit, loss, and assets have been restated.  
<sup>\*2</sup> In fiscal 2020, as we finalized the provisional accounting treatment of business combination, the figures for fiscal 2019 reflect this provisional treatment.  
<sup>\*3</sup> In fiscal 2021, due to the change in accounting treatment for gains on sales of goods, figures are shown after the retroactive application of the change in accounting treatment.

# Company Profile

<b>Name</b>	CHUDENKO CORPORATION
<b>Established</b>	September 29, 1944
<b>Capital</b>	¥3,481,905,850
<b>Address of Head Office</b>	6-12 Koamicho, Naka-ku, Hiroshima 730-0855, Japan Tel: +81-82-291-7411 (main line)
<b>Number of employees</b>	Consolidated: 4,519 Non-consolidated: 3,368 (As of March 31, 2024)
<b>Main business locations</b>	Supervising Branches in Hiroshima, Okayama, Yamaguchi, Shimane, and Tottori Tokyo/Osaka Headquarters, Nagoya Branch Electric Power Construction Office

## Organizational structure



## CHUDENKO Group

### Consolidated Group companies

Name	Description of main business
SANSHIN ELECTRIC MATERIALS CO., LTD.	Sale of electric equipment and construction materials
CHUKO KAIHATU CORPORATION	Insurance agency and leasing
EAPEC HIROSHIMA CO., LTD.	Design and integration of electrical work, air conditioning piping work, etc.
CHUDENKO TECHNO CO., LTD.	Distribution line work
CHUDENKO ELETECH HIROSHIMA / SHIMANE CO., LTD.	Design and implementation of electrical work, etc.
CHUDENKO ELETECH OKAYAMA / TOTTORI CO., LTD.	Design and implementation of electrical work, etc.
CHUDENKO ELETECH YAMAGUCHI CO., LTD.	Design and implementation of electrical work, etc.
SUGIYAMAKANKOUBETUBI CO., LTD.	Design and implementation of air conditioning piping work, etc.
HAYAMIZUDENKI CO., LTD.	Design and implementation of electrical work, etc.
SHOWA CORPORATION	Design, implementation, and supervision of thermal insulation work Manufacture and sale of insulated pipe supporting hardware
SHOWA VIETNAM CO.,LTD	Import/export and wholesale/retail sales of air-conditioning piping materials, etc.; design, implementation, and supervision of thermal insulation work, etc.
CHUDENKO(MALAYSIA) SDN.BHD.	Design and implementation of electrical work, etc.
RYB ENGINEERING PTE.LTD.	Design and implementation of electrical work, etc.
ELEVATE ENGINEERING SOLUTION PTE.LTD.	Design and implementation of electrical work, etc.

### Non-consolidated Group companies

Name	Description of main business
Berryne Co., Ltd.	Agricultural business

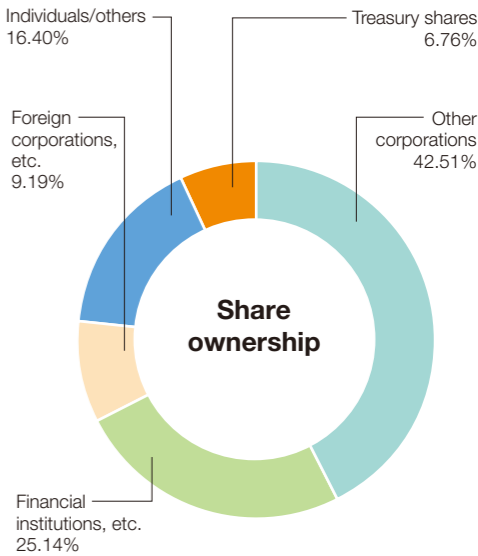
# Stock information

## Shareholder information (As of March 31, 2024)

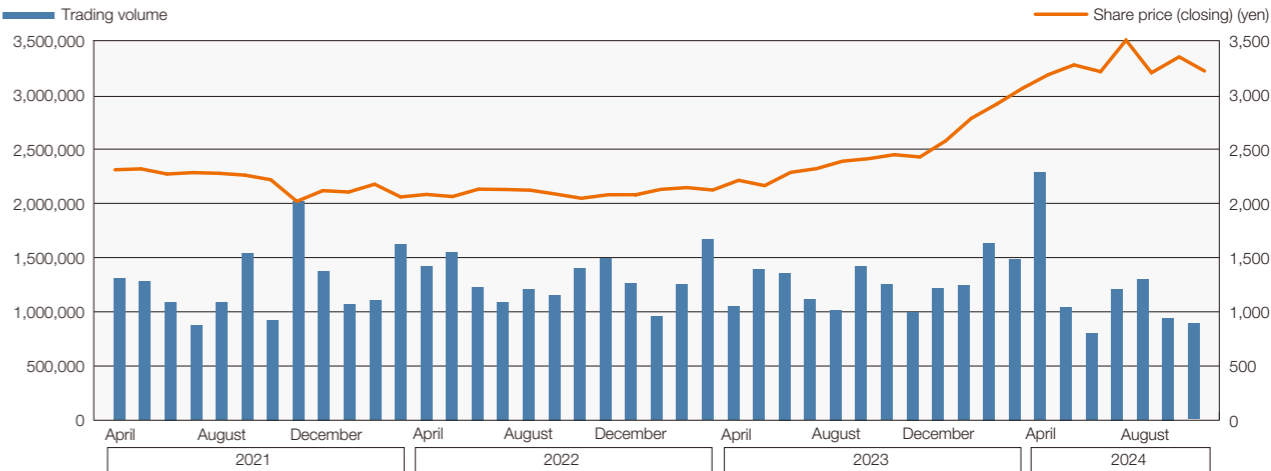
**Total number of shares authorized to be issued** 260,000,000  
**Total number of shares issued** 54,208,216  
(Excluding 3,929,901 treasury shares)  
**Number of shareholders** 12,898

### Major shareholders

Name	Number of shares held	Shareholding ratio (%)
The Chugoku Electric Power Company, Incorporated	21,892,259	40.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,937,500	7.26
The Chugoku Bank, Limited	1,398,619	2.58
Custody Bank of Japan, Ltd. (Trust Account)	1,366,600	2.52
Momiji Bank, Ltd.	1,339,900	2.47
CHUDENKO Employee Shareholding Association	1,295,128	2.38
Meiji Yasuda Life Insurance Company	1,129,465	2.08
The Hiroshima Bank, Ltd.	1,036,180	1.91
The Yamaguchi Bank, Ltd.	800,279	1.47
The San-in Godo Bank, Ltd.	656,481	1.21



## Share price and trading volume



## Inquires

## CHUDENKO Corporation

6-12 Koamicho, Naka-ku, Hiroshima 730-0855 Japan  
Investor Relations, Corporate Planning Department, Planning Division  
TEL: 082-233-9034 FAX: 082-234-8075



<https://www.chudenko.co.jp/>