中電工

Change & Growth For All

CHUDENKO Integrated Report

2025

Preface

Thank you for reading the CHUDENKO Integrated Report 2025.

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 arising from the development of the Japanese economy.

The CHUDENKO Group comprises 11 domestic companies centered on CHUDENKO and six overseas companies. With the Chugoku region as our business foundation, we also maintain operations in urban areas and Southeast Asia, conducting business through our General Work Business—which includes indoor electrical work, air-conditioning piping work, and information and communications equipment work—and our Electric Power Business which includes distribution line work and underground power line work for power transmission and distribution.

Guided by our corporate philosophy of “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,” we will continue to work as a unified Group to contribute to the realization of a sustainable society and to achieve sustainable growth.

This report is published annually with our corporate philosophy in mind and is intended to provide our stakeholders with a broad understanding of our initiatives aimed at enhancing corporate value over the medium to long term. To this end, the report presents, in an integrated manner, the initiatives undertaken by each business toward achieving the “Medium-Term Management Plan 2027” and the “CHUDENKO Group 2030 Vision,” together with financial information and non-financial information, including environmental initiatives, human capital, occupational health and safety, and corporate governance. We hope that this report will serve as a useful resource for deepening your understanding of the CHUDENKO Group’s business activities.

Takafumi Shigeto

Representative Director and President

Company motto

Magokoro

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 is published with the aim of providing our stakeholders with a broad understanding of our initiatives to enhance corporate value over the medium to long term by intergratively disclosing information on each of our businesses, together with financial and non-financial information.

Reporting period: FY2024 (April 1, 2024 – March 31, 2025)
Note: Some activities outside this period are also included.
Scope: CHUDENKO CORPORATION and its Group companies
Reference guidelines: Guidance for Collaborative Value Creation (Ministry of Economy, Trade and Industry); International Integrated Reporting Framework (IFRS Foundation)

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.

CONTENTS

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

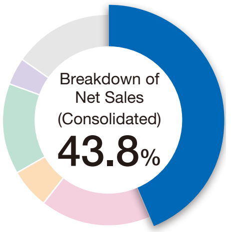
Business domains

General Work Business

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

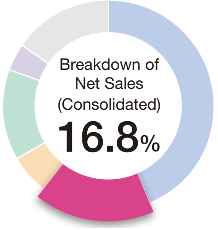
Indoor Electrical Work

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.



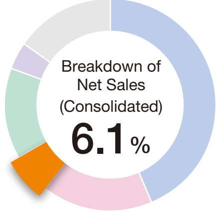
Air-Conditioning Piping Work

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

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.”

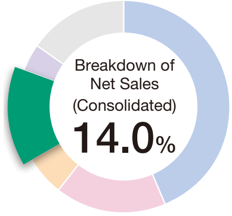


Electric Power Business

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

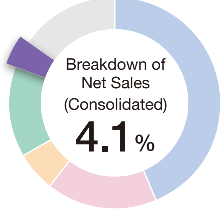
Distribution Line Work

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

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. With many years of proven achievements and extensive experience behind us, we provide support for the stable supply of electricity.



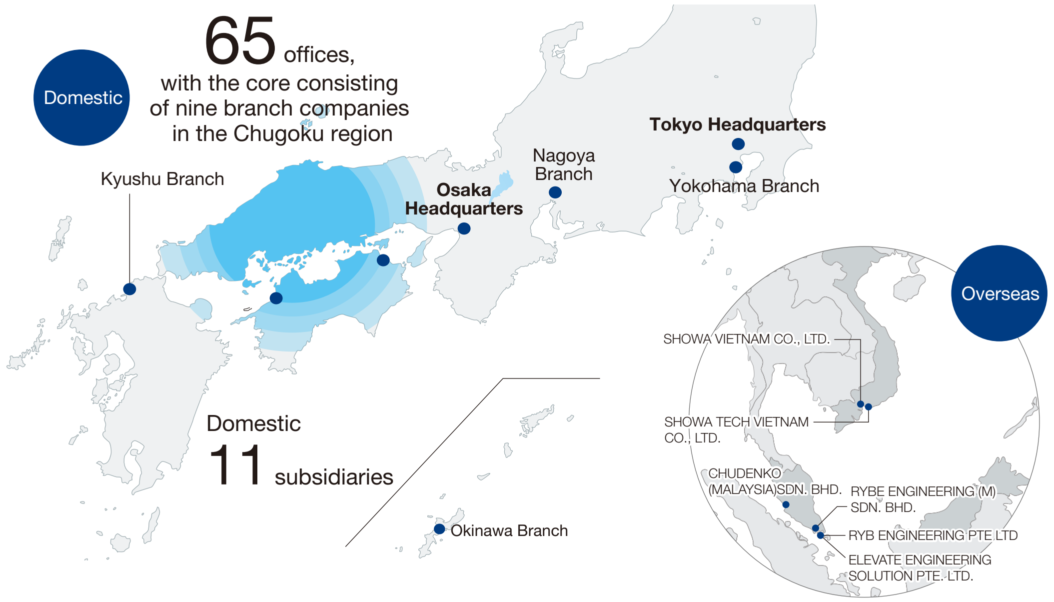
Others

This segment engages in the sale of electrical equipment and construction materials, the manufacture and sale of construction materials, and insurance agency and leasing businesses.

Breakdown of Net Sales (Consolidated)
15.2%

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.



Net sales by region

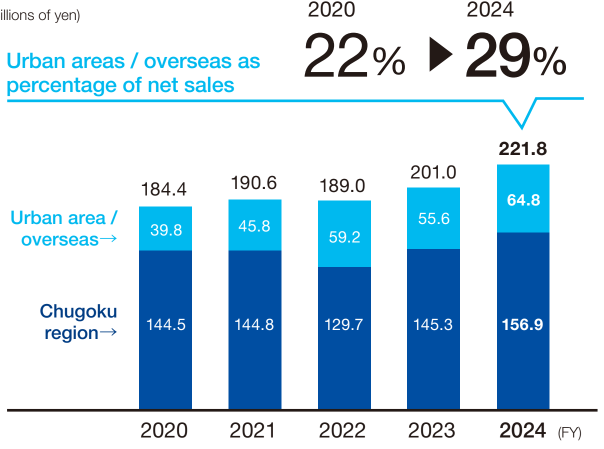
In accordance with our Medium-Term Management Plan, we are strengthening our business foundation in the Chugoku region while advancing organizational development in urban areas and overseas where demand is expected.

While net sales in the Chugoku region have remained stable, net sales in urban areas and overseas have continued to increase steadily, delivering tangible results.

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

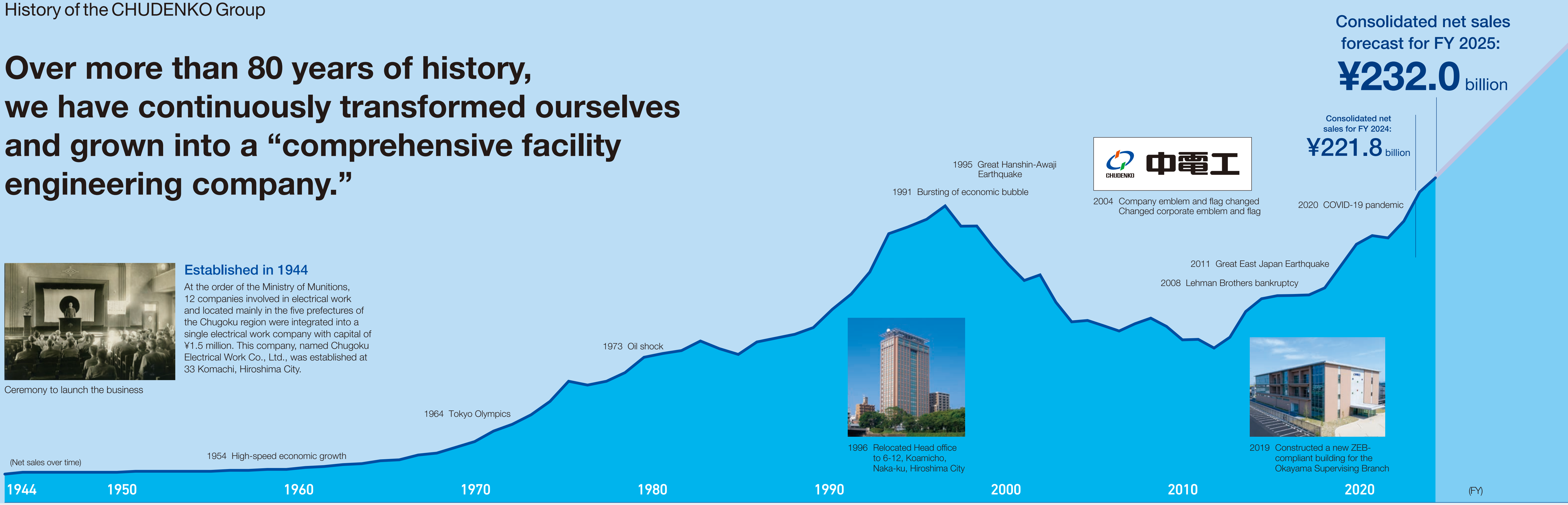
Consolidated net sales

(Billions of yen)



History of the CHUDENKO Group

Over more than 80 years of history, we have continuously transformed ourselves and grown into a “comprehensive facility engineering company.”



Ceremony to launch the business

Established in 1944

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.

History

1944	Established Chugoku Electrical Work Co., Ltd.
1949	Listed on Hiroshima Stock Exchange
1950	Opened Tokyo Office (now Tokyo Headquarters)
1956	Successfully developed construction method using vinyl-sheathed vinyl-insulated flat cable (VVF)
1960	Opened Technician Training Center (now Training Center)
1968	Listed on Second Section of Osaka Stock Exchange
1970	Listed on the Second Section of Tokyo Stock Exchange
1972	Designated for First Section Tokyo Stock Exchange and First Section of Osaka Stock Exchange
1980	Established Company Motto “Magokoro”
1990	Changed company name to CHUDENKO CORPORATION
1990	Founded Marathon Club (now Track and Field Club)
1996	Relocated Head Office to 6-12 Koamicho, Naka-ku, Hiroshima City (current location)
2000	Obtained ISO 9001 certification
2001	Established Corporate Philosophy
2002	Obtained ISO 14001 certification
2004	Changed corporate emblem and flag
2008	Exhibited at the Japan Electrical Construction Association (JECA) Fair for first time
2015	Opened practical safety training facility
2022	Moved to Tokyo Stock Exchange Prime Market
2024	Revised Corporate philosophy

Foundation 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

Awarded a large-scale oil refinery construction project 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– Expanded business through M&A and establishment of 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

Established CHUDENKO (MALAYSIA) Sdn. Bhd.

Our first overseas subsidiary (Group company) was established in the Malaysian capital of Kuala Lumpur.
(Photo: UOA BANGSAR Building, home to CHUDENKO (MALAYSIA) Sdn. Bhd.

2016

Made SUGIYAMAKANKOUSETUBI CO., LTD and HAYAMIZUDENKI CO., LTD. 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: SUGIYAMAKANKOUSETUBI CO., LTD; Bottom: HAYAMIZUDENKI CO., LTD.)

2017

Made RYB ENGINEERING PTE. LTD. a group company

With the aim of expanding our business in Southeast Asia, we carried out our first overseas M&A, making RYB ENGINEERING PTE. LTD., a Singapore-based electrical construction company, a group company.

2020

Made SHOWA CORPORATION a group company

With a focus on providing high value-added, comprehensive services through coordinated sales activities in urban areas and collaboration with our Air-Conditioning Piping Work business, we made SHOWA CORPORATION a group company.

Message from the President

Positioning human capital management at the core of our growth strategy, we will strongly advance the key initiatives of the “Medium-Term Management Plan 2027.”

Takafumi Shigeto
Representative Director and President

Recognizing Our Business Environment and Responding to Changes

Looking back over the past year, the environment surrounding our business has changed at a rapid pace. While capital investment in the manufacturing sector and urban redevelopment projects remained solid, we were able to secure a significant number of orders. This achievement is attributable above all to the unwavering trust we have built with our customers, as well as the dedicated efforts of each and every employee.

At the same time, we also recognize a number of challenges that have a significant impact on our business operations, including rising material prices and labor costs driven by international conflicts and inflation, chronic labor shortages, and the application of statutory limits on overtime work beginning in April 2024.

Furthermore, amid the accelerating global trend toward decarbonization, investment in renewable energy and energy-efficiency–related initiatives is increasing. We believe that responding swiftly and appropriately to these changes is essential to achieving sustainable growth.

Under these circumstances, in order to continue growing sustainably, we will focus on the following initiatives.

First is “Improving Productivity.” In response to rising costs across various areas, we will enhance productivity through thorough cost management, improved operational efficiency, and the promotion of digital transformation (DX). Through these efforts, we aim to maintain our competitiveness amid a fluctuating market environment and continue delivering the highest value to our customers.

Second is “Investment in Human Capital.” We position our “people” as the source of corporate value. We will focus on securing and developing human resources and on creating workplaces where employees can perform to their full potential with peace of mind. In addition, we will further advance work style reforms and initiatives to promote the active participation of women, thereby creating a work environment in which everyone can work comfortably.

Maintaining and promoting employee health is also essential. In March 2025, we were certified as a “Certified Health and Productivity Management Organization 2025 (Large Enterprise Category) White 500.” This certification recognizes our strong commitment to fully supporting the physical and mental health of our employees. Going forward, we will continue to foster workplaces where each employee can work energetically, both physically and mentally, and thrive.

Third is “Contributing to Decarbonization.” Decarbonization is one of the key themes of our business. We will steadily advance decarbonization within our own business activities while also supporting our customers’ efforts to reduce carbon emissions. Specifically, through initiatives such as on-site solar power PPA projects and proposals for ZEB (Net Zero Energy Building) conversion, we will contribute to the sustainable development of society as a whole.

Precisely because we are in an era of rapid change, we will act as one to confront these challenges and pursue sustainable growth.

CHUDENKO Group’s Strengths

Since our founding in 1944, we have built up advanced technical capabilities and a wealth of construction experience as a comprehensive facilities engineering company. While maintaining the Chugoku region as our strong foundation, we have developed a business network that extends to urban areas and overseas. This enables us to conduct operations across a wide geographic area, while at the same time contributing to the development of each region through business activities rooted in local communities. In addition, through our involvement in a broad range of facility construction fields—including electrical facilities, air-conditioning and sanitary systems, information and communications infrastructure, distribution lines, and underground transmission and distribution lines—we have cultivated “comprehensive capabilities” that allow us to support the entire lifecycle of buildings and infrastructure. This integrated strength is a key competitive advantage of our group.

To further solidify these strengths and continue generating profits through sustainable growth, it is essential that we respond appropriately and swiftly to constantly evolving challenges. To this end, we will deepen day-to-day “communication” across departments, functions, and roles, ensuring that the head office, business sites, and frontline operations share information and work together as one team to address issues. We believe that fostering such a corporate culture is the driving force that will enable us to fully leverage our greatest strength-our “comprehensive capabilities.”

Going forward, we will continue to strengthen this spirit of “teamwork,” and, with all employees acting as one, build a corporate culture that will be passed on to the next generation.

Review of Previous Medium-Term Management Plan 2024 ((FY2021-2024) and Medium-Term Management Plan 2027 (FY2025-2027)

Under our policy of strengthening our business foundation in the Chugoku region while expanding operations in urban areas, we implemented a range of initiatives, including reinforcing our sales and construction frameworks and improving productivity. As a result, in Fiscal Year 2024 we achieved results that exceeded our initial targets on both a consolidated and non-consolidated basis, and we believe we were able to make solid progress toward "transformation and growth." In particular, consolidated net sales reached ¥221.8 billion, surpassing the previous record high set in FY1994, while net profit attributable to owners of the parent reached a record high of ¥19.8 billion. In addition, non-consolidated orders received reached ¥186.5 billion, an increase of ¥3.2 billion year on year, and the order backlog rose to a record ¥150.9 billion. These results provided strong momentum heading into the first year of the new Medium-term Management Plan.

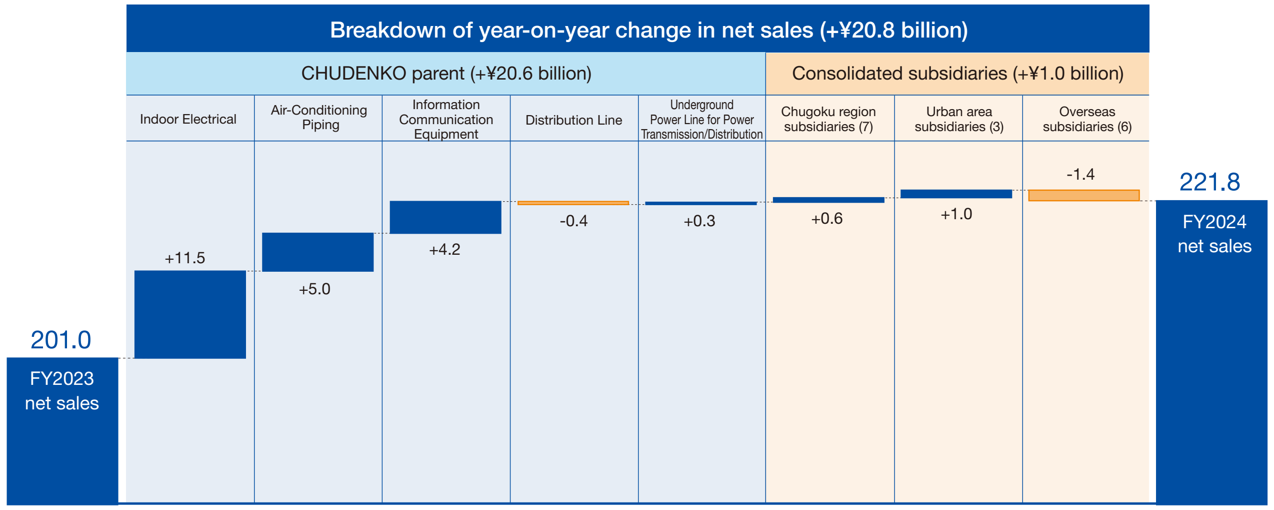
FY2024 Results (income statement, consolidated)

(Billions of yen)

Consolidated performance	FY2023	FY2024	Change	Year on year
Net sales	201.0	221.8	20.8	110%
Cost of Sales	172.4	182.9	10.4	106%
Gross profit	(14.2%) 28.5	(17.5%) 38.9	10.3	136%
SG&A expenses	16.5	17.2	0.6	104%
Operating profit	(5.9%) 11.9	(9.8%) 21.6	9.7	182%
Ordinary profit	(6.3%) 12.7	(10.6%) 23.4	10.6	184%
Profit attributable to owners of parent	(3.9%) 7.9	(9.0%) 19.8	11.9	251%

* Figures in ( ) are profit margins

FY2024 Results: breakdown of year-on-year change in net sales (consolidated)



At the same time, challenges to achieving further growth have also become clear. While further improvements in productivity and capital efficiency are required, the shortage of personnel in the construction segment, caused by unmet recruitment targets and increased employee turnover, has emerged as an urgent issue. We recognize that securing and developing human resources, as well as revitalizing the organization through enhanced employee engagement, are essential to achieving the sustainable enhancement of corporate value.

Based on these circumstances, in April 2025 we formulated the "Medium-Term Management Plan 2027," adopting the theme "Change & Growth For All to 2027: Strengthening Sales and Construction Capabilities and Promoting Human Capital Management." (➡P.15)

This plan aims to contribute to the maintenance and construction of social infrastructure while establishing a sustainable growth cycle. In particular, we position the "advancement of human capital management" at the core of our growth strategy and will pursue five key measures.

With safety and compliance as our top priorities, we will continue to focus on strengthening our solid foundation in the Chugoku region and expanding business in urban areas, where we have steadily delivered results to date. By further enhancing our sales and construction capabilities, we will expand our business and contribute to the maintenance and development of social infrastructure, including electric power facilities and customer-owned facilities. At the same time, we will deepen initiatives to improve productivity across all operations, such as through DX and greater construction efficiency, to generate additional profits.

Furthermore, on the order-receiving front, we will strengthen our organizational framework to capture demand in growth sectors such as semiconductors and data centers, while securing and expanding stable orders through enhanced proposals for PPA projects and renovation work.

To ensure the steady execution of these initiatives and maximize corporate value, it is essential to enhance the skills and engagement of each and every employee. We will vigorously advance human capital management and establish a sustainable growth cycle by creating attractive workplaces where employees can work with pride and vitality.

For the final year of the plan, FY2027, we have set consolidated numerical targets of net sales of ¥240.0 billion, operating profit of ¥23.0 billion, and ROE of 7.0% or higher. In line with this, we have also revised the numerical targets of the "CHUDENKO Group 2030 Vision," setting net sales for FY2030 at ¥260.0 billion, operating profit at ¥24.0 billion, and an ROE at 7.0% or higher.

By steadily executing the key initiatives of the "Medium-Term Management Plan 2027," we are committed to achieving with certainty, realizing the "CHUDENKO Group 2030 Vision," and ultimately enhancing corporate value on a sustainable basis. to sustainable enhancement of corporate value.

Corporate Governance

We position the sustainable enhancement of corporate value and the assurance of fairness and transparency in management as our most important management priorities, and we continue to work on strengthening our corporate governance framework. As part of these efforts, in June 2023 we transitioned to a "company with an Audit and Supervisory Committee."

Through this transition, we have accelerated decision-making and business execution by delegating certain decision-making authority related to business operations from the Board of Directors to individual directors. At the same time, by appointing directors who also serve as members of the Audit and Supervisory Committee, we have further strengthened the Board's supervisory function. The Board of Directors consists of 11 directors, a majority of whom (seven directors) are outside directors, ensuring a high level of independence. This structure secures objective oversight of management and, through active discussions based on constructive input from outside directors, has significantly enhanced the transparency of the Board.

Furthermore, to ensure the fairness and transparency of the Board of Directors and strengthen its monitoring and supervisory functions, we have established a Nomination Advisory Committee and a Remuneration Advisory Committee. In both committees, a majority of the members are independent outside directors, thereby ensuring the independence and objectivity of the decision-making process.

Efforts Toward Realizing Management Conscious of Capital Costs and Share Price

Under the "Medium-Term Management Plan 2024," we steadily implemented a range of initiatives, resulting in increases in net sales and operating profit and a steady improvement in profitability. As a result, ROE has trended upward and, in the most recent fiscal year, exceeded our internally estimated cost of shareholders' equity of approximately 5%. However, to continue improving this level on a sustainable basis, further enhancement of profitability and the strengthening and refinement of our capital policy are required. With respect to the PBR, while it has recently reached approximately 1.0x, the fact that it remained below 1.0x for an extended period indicates that the market has not fully recognized our company's underlying corporate value. Management takes this situation seriously and recognizes it as one of our most important challenges.

To realize management that is clearly conscious of capital costs, we will advance two key pillars in tandem: "enhancing profitability" and "strengthening and refining our capital policy."

First, with regard to improving profitability and achieving sustainable growth, we will prioritize the execution of initiatives set forth in the "Medium-Term Management Plan 2027," including investment in growth areas, business expansion, and productivity improvement. Through these efforts, we will achieve our targets and realize the "CHUDENKO Group 2030 Vision," thereby further strengthening profitability as the source of corporate value creation.

Next, with respect to improving capital efficiency and enhancing shareholder returns, over the three-year period of the "Medium-Term Management Plan 2027" we will allocate ¥95.0 billion in funds generated from business activities and the sale of policy shareholdings to growth investments and shareholder returns. As part of strengthening our capital policy, we have revised our dividend policy, raising the target DOE from approximately 2.7% to approximately 3.0%. For the fiscal year ending March 2026, we plan an annual dividend of ¥130 per share.

We believe that constructive dialogue with shareholders and investors is essential to enhancing corporate value. In addition to earnings briefings, we will actively engage in IR meetings and one-on-one discussions, and we will reflect the feedback obtained through these dialogues in management decision-making to further enhance our business plans and capital policy.

Going forward, we will continue to pursue a fairer market valuation by ensuring timely and appropriate disclosure and maintaining proactive dialogue with the capital markets.

To Our Stakeholders

While the business environment is expected to remain uncertain, the CHUDENKO Group will steadily achieve the performance targets set forth in the newly formulated "Medium-Term Management Plan 2027" and devote our full efforts to realizing the "CHUDENKO Group 2030 Vision."

For our Group to continue contributing to the realization of a sustainable society and achieve sustainable growth, it is essential that we continuously respond to changes in the business environment and embrace transformation without hesitation. Working together with our employees, we will strive to develop our business so that each individual can take on the challenge of transformation with pride and fulfillment. By repeatedly pursuing "change and growth," we aim to achieve "sustainable growth" and meet the expectations of all our stakeholders.

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

November 2025

Takafumi Shigeto
Representative Director and President

Value Creation Process

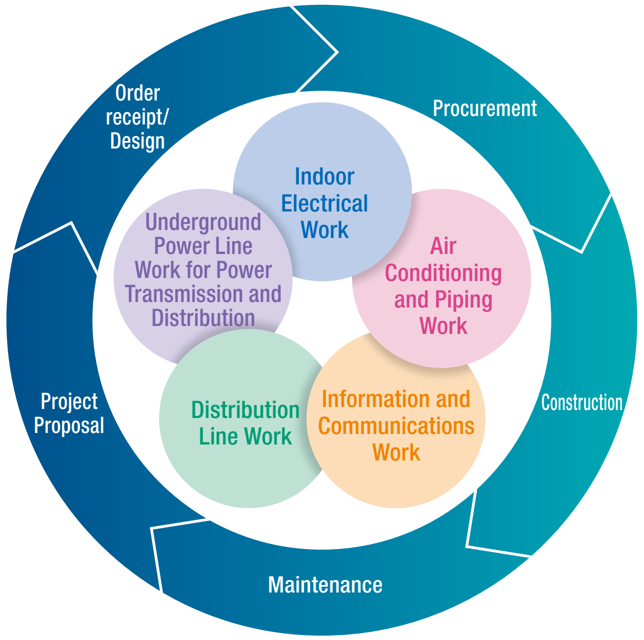
Guided by our corporate philosophy, the Group addresses a wide range of social challenges, continues to contribute to the realization of a sustainable society, and strives for sustainable growth.

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.

Input
(invested capital)

Financial capital P.62	● **Stable financial foundation** (Billions of yen) • Total assets .... ¥293.9 • Equity capital............................ ¥226.5 • Equity ratio 77.1%
Manufacturing capital P.04	● **Business centered on the Chugoku region, with expansion into urban areas and overseas** • Domestic business sites.... 74 locations • Group companies .... 17 companies
Intellectual capital P.47	● **High level of technological capability and knowhow accumulated through our track record in construction** ● **A track record of supporting the stable supply of electricity** • Number of patent registrations 69
Human capital P.39	● **Human resources with a high level of technological capability** • Number of employees (consolidated) .... 4,612 • Electrical construction management engineers ....1,241 • Plumbing construction management engineers ....321 • Professional engineers:...........................63
Social capital P.47	● **Various stakeholders (Business partners, partner companies, shareholders, material distributors, etc.)** • Members of the CHUDENKO Association .... 753 companies
Natural capital	● **Renewable energy resources** • Number of power plants ..... 4 locations • Capacity of power generation facilities 5MW

Business activities and strengths



Strengths

- ■ Advanced technological capabilities, expertise, and trust accumulated through an extensive track record in construction projects
- ■ A proven track record of supporting the stable supply of electricity
- ■ Efforts to strengthen our business foundation in the Chugoku region and expand operations in urban areas

Output
(Value Created)

Financial (Billions of yen)

Performance
FY2024 Consolidated Performance

Net sales	221.8
Operating profit	21.6
ROE	6.9%

Note: ROE is calculated by excluding the impact of a reduction in income taxes resulting from the tax deductibility of investment losses recorded in prior periods (a special factor) from the reported ROE of 9.1%.

Medium-Term Management Plan 2027
Numerical Targets

Net sales	240.0
Operating profit	23.0
ROE	7.0% or more

Non-financial

- CO_2 reduction rate: 35.5% (compared with FY2013)
- Certified as an Excellent Enterprise of Health and Productivity Management 2025 (Large Enterprise Category: White 500)
- Percentage of female managers among management positions (special management level and above): 2.0%
- Rate of male employees taking childcare leave: 77.8%

Outcome
(Future Vision)

CHUDENKO Group 2030 Vision

Our Aspirational Group Vision

- Achieving sustainable growth while contributing to the realization of a sustainable society
- Creating an environment in which all employees take on the challenge of transformation with pride and fulfillment
- Meeting diverse societal needs through advanced technology and high quality

Contribution to the realization of a sustainable society

Contribute to maintaining and developing social infrastructure	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Natural disaster preparedness and efforts toward disaster reconstruction	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Realize carbon neutrality within the Company	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Contribute to energy conservation efforts and the expanded adoption of green energy	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Create safe and rewarding workplace environments	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
Promote diversity and inclusion	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Develop human resources who take the lead in bringing about change	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
Promote compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Reinvestment

Foundations Supporting Value Creation

Human Resources | Safety | Quality | Corporate Governance | Compliance

Medium-Term Management Plan 2027

Overview of Medium-Term Management Plan 2027 (FY2025-2027)

In the Medium-Term Management Plan 2027, with safety and compliance as our highest priorities, we will continue to focus on strengthening our business foundation in the Chugoku region and expanding business in urban areas, where we have steadily delivered results to date. By further enhancing sales and construction capabilities and expanding our business, we will contribute to the maintenance and development of social infrastructure, including electric power facilities and customer-owned facilities. At the same time, we will deepen initiatives to improve productivity across all operations, including DX and greater construction efficiency, to generate additional profits.

In terms of order intake, we will strengthen our organizational framework while capturing demand in growth sectors such as semiconductors and data centers. In parallel, we will seek to secure and expand stable orders through enhanced proposals for PPA projects and renovation work.

To steadily advance these initiatives and establish a sustainable growth cycle, it is essential to improve the skills and engagement of each and every employee. Accordingly, we will strongly promote human capital management as a core element of our growth strategy.

Change & Growth For All to 2027

〜Strengthening Sales and Construction Capabilities and Advancing Human Capital Management〜

- With safety and compliance as our highest priorities, we will continue to focus on strengthening our business foundation in the Chugoku region and expanding business in urban areas, where we have been steadily achieving results. Through further strengthening sales and construction capabilities and expanding our business, we will contribute to the maintenance and development of social infrastructure including electric power facilities and customer-owned facilities. At the same time, we will deepen initiatives to improve productivity across all operations, including DX and greater construction efficiency, to generate additional profits.
- To establish a sustainable growth cycle, it is essential to enhance the skills and engagement of each and every employee. Accordingly, we will strongly promote human capital management as a core element of our growth strategy.

Key Initiatives

1 Ensuring Safety and Compliance and Enhancing Quality

2 Further Strengthening Sales and Construction Capabilities and Expanding Order Intake

3 Creating Profits through Improved Productivity

4 Securing and Developing Human Resources and Development and Creating an Attractive Workplace

5 Business Expansion through Growth Investment

Key Initiatives and Actions

1 Ensuring Safety and Compliance and Enhancing Quality

We will thoroughly implement business operations with safety and compliance as our highest priorities, while working to secure and enhance quality in order to strengthen customer trust and satisfaction.

- Instilling a safety-first mindset and ensuring strict compliance with standard rules in close cooperation with partner companies
- Enhancing compliance awareness and ensuring thorough adherence to laws and regulations
- Ensuring quality across the entire construction process
- Reliably contributing to the stable supply of electricity, including through rapid restoration in the event of disasters

2 Further Strengthening Sales and Construction Capabilities and Expanding Order Intake

We will further strengthen sales and construction capabilities with the aim of expanding our share in the Chugoku region and business in urban areas.

- Securing sales personnel and strengthening design and proposal capabilities
- Securing and training technical personnel and optimizing the assignment of construction managers
- Strengthening partnerships with partner companies
- Strengthening order intake in growth sectors such as semiconductors and data centers

3 Creating Profits through Improved Productivity

We will deepen initiatives to improve productivity across all operations, including DX and greater construction efficiency, in order to generate additional profits.

- Further enhancing operational efficiency through the utilization of DX and generative AI
- Leveling workloads and improving efficiency through company-wide implementation of front-loading
- Achieving early resolution of issues through rapid information sharing and strengthened communication
- Strengthen cost management and further reducing costs, etc.

4 Securing and Developing Human Resources and Creating an Attractive Workplace

We will promote the securing and development of talent through diversified recruitment approaches and the creation of an attractive workplace, with the aim of enhancing employee skills and engagement.

- Diversifying recruitment methods, including referral recruitment and location-specific hiring for initial assignments
- Providing continuous support for skill development through qualification and certification programs
- Promoting work-life balance
- Improving the workplace environment and advancing health and productivity management

5 Business Expansion through Growth Investment

Toward the achievement of carbon neutrality, we will promote environmental businesses as part of our support for decarbonization. At the same time, we will pursue M&A initiatives aimed at expanding our business.

- Promoting environment-related businesses, including PPA projects
- Advancing technological research and development
- Pursuing M&A to strengthen our construction framework

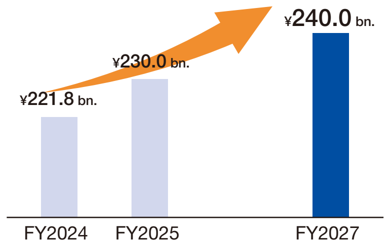
Numerical Targets (Billions of yen)

With respect to the numerical targets of the Medium-Term Management Plan 2027, we have set consolidated targets for FY2027 of net sales of ¥240.0 billion, operating profit of ¥23.0 billion, and an ROE of 7.0% or higher.

Working together as a Group, we will steadily execute the key initiatives and strive to achieve these targets.

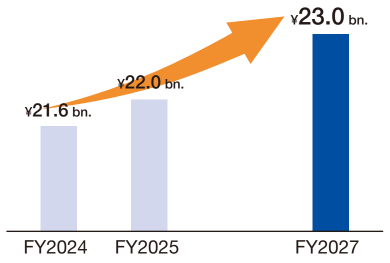
Net sales

¥240.0 billion



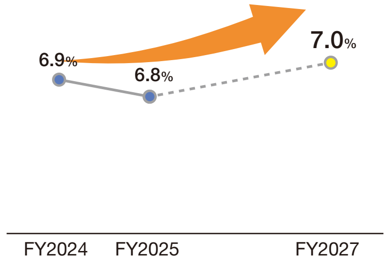
Operating profit

¥23.0 billion



ROE

7.0% or more



Note: ROE for FY2024 is calculated by excluding the impact of a reduction in income taxes resulting from the tax deductibility of investment losses recorded in prior periods (a special factor) from the reported figure of 9.1%.

CHUDENKO Group 2030 Vision

Change & Growth For All
—Toward Sustainable Growth—

Group image that we envision

- Achieving sustainable growth while contributing to the realization of a sustainable society
- Ensuring all workers are proud and happy to take on the challenge of making reforms
- Responding to society’s diverse needs with advanced technology and high quality

Consolidated Numerical Targets (FY2030)

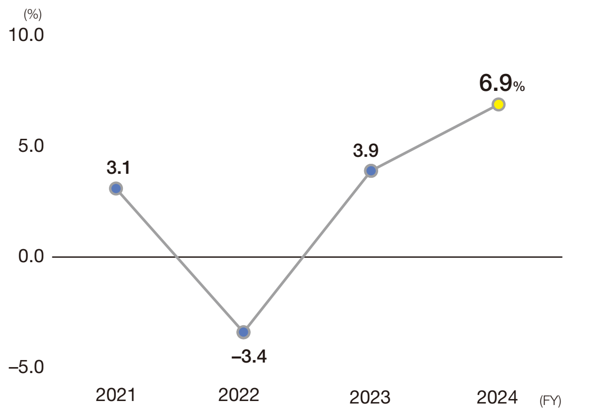
Net sales	¥260.0 billion
Operating profit	¥24.0 billion
ROE	7.0% or more

Efforts Toward Realizing Management Conscious of Capital Costs and Share Price

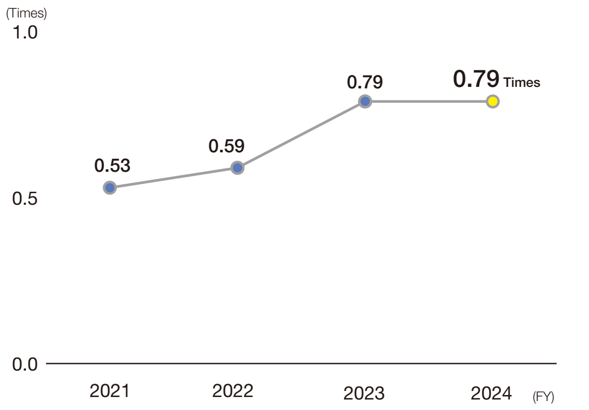
Current Analysis

- ROE has been trending upward in line with profit growth, and in the most recent fiscal year, exceeded our estimated cost of equity capital of approximately 5%. However, in order to continue improving ROE on a sustainable basis further enhancement of profitability and continued efforts to strengthen our capital policy are required.
- While PBR has gradually increased over time, it currently remains below 1.0x. To support sustainable growth, including improvements in capital efficiency, we recognize the need to further enhance investor relations activities for shareholders and investors. This includes providing clearer explanations of our business plans and growth strategies.

ROE Trends



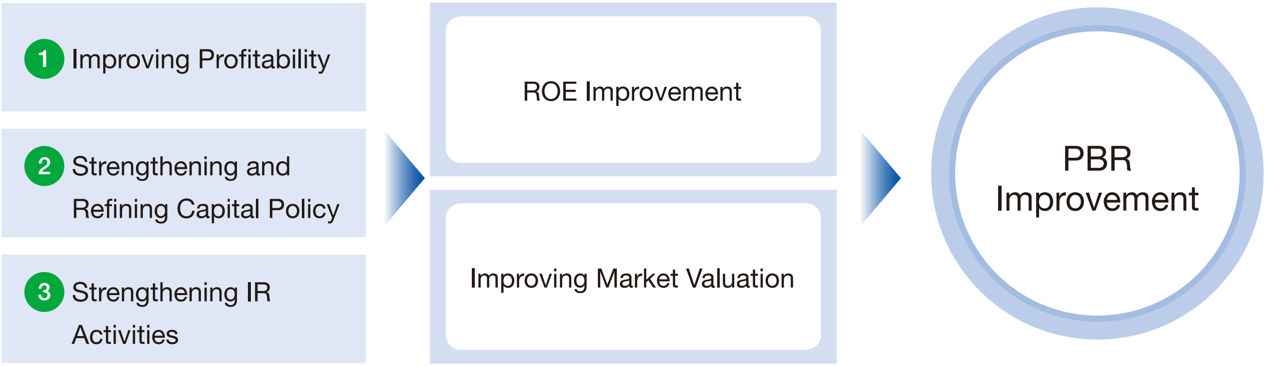
PBR Trends



Note: ROE for FY2024 is calculated by excluding the impact of a reduction in income taxes resulting from the tax deductibility of investment losses recorded in prior periods (a special factor) from the reported figure of 9.1%.

Initiatives to Improve PBR

We aim to improve PBR by enhancing profitability, strengthening and refining our capital policy, and reinforcing IR activities, thereby improving ROE and market valuation.



1 Improving Profitability

We will steadily execute the initiatives set forth in the "Medium-Term Management Plan 2027 (FY2025-2027)" to achieve our performance targets for FY2027 and advance the realization of the "CHUDENKO Group 2030 Vision" (➡P.18).

2 Strengthening and Refining Capital Policy

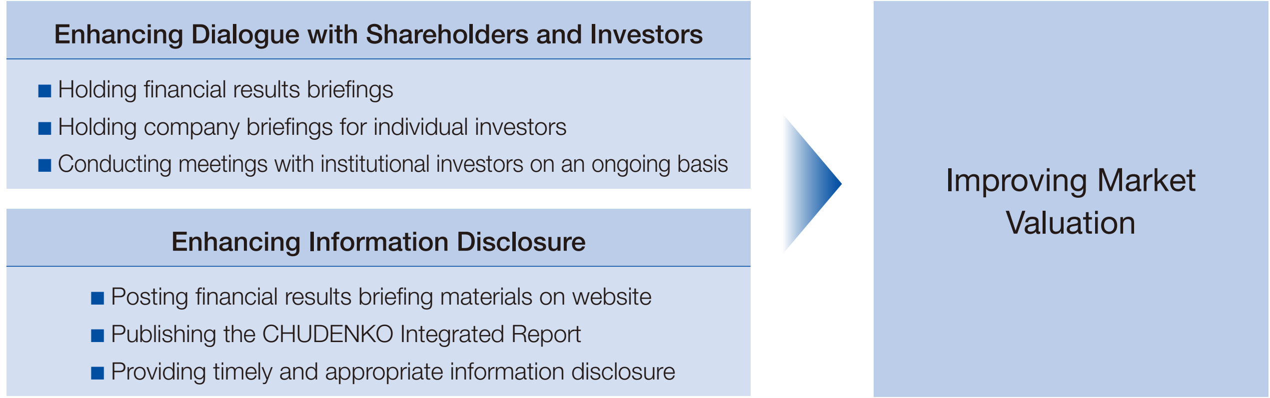
Over the three-year period of the Medium-Term Management Plan 2027, we will allocate approximately ¥95.0 billion in funds generated through business activities and the sale of policy shareholdings to growth investments and shareholder returns.

- Expansion of Growth Investments: Approximately ¥60.0 billion
  ¥30.0 billion to strengthen our business foundation, including the promotion of DX promotion ¥30.0 billion to expand our business, including environmental-related initiatives
- Enhancement of Shareholder Returns: Approximately ¥35.0 billion
  Revise our dividend policy to target a DOE of 3.0%, provide approximately ¥20.0 billion in dividends over three years, and establish a treasury stock acquisition framework of approximately ¥15.0 billion

Expansion of Growth Investment Approximately ¥60.0 billion	Investment in Strengthening Business Foundation Approximately ¥30.0 billion	■ Promotion of DX ■ Expansion of capital investment for work environment improvement, etc. ■ Securing and developing human resources ■ Technological research and development, etc.
	Investment in Business Expansion Approximately ¥30.0 billion	■ Environment-related businesses ■ Strengthening and expansion of the equipment construction business ■ Strengthening and expansion of each business of Group companies ■ Development of new business, etc.
Enhancement of Shareholder Returns Approximately ¥35.0 billion	Sustainable and Stable Dividends Approximately ¥20.0 billion	■ Revision of dividend policy to raise the target DOE from approximately 2.7% to 3.0%. ■ Forecast annual dividend per share of ¥130 for the fiscal year ending March 2026
	Treasury Stock Acquisition Approximately ¥15.0 billion	■ Establishment of a treasury stock acquisition framework

3 Strengthening IR Activities

We will aim to improve our valuation in the stock market by promoting constructive dialogue with shareholders and investors through financial results briefings and timely and appropriate information disclosure.



Enhancing Dialogue with Shareholders and Investors

- Holding financial results briefings
- Holding company briefings for individual investors
- Conducting meetings with institutional investors on an ongoing basis

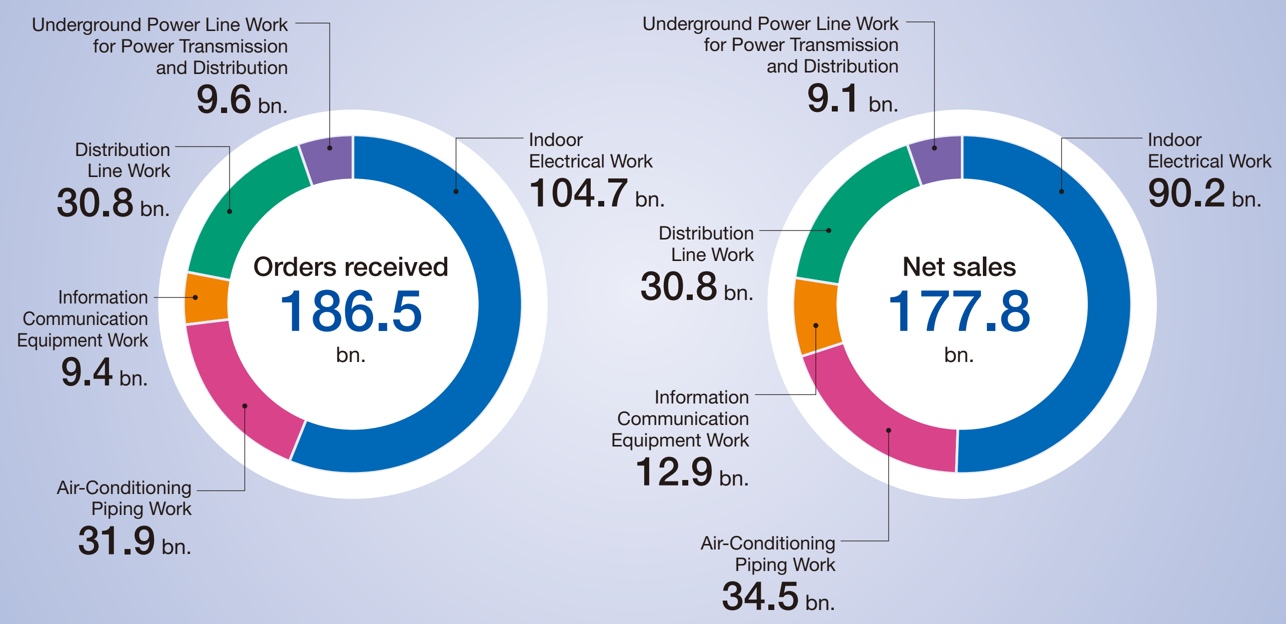
Enhancing Information Disclosure

- Posting financial results briefing materials on website
- Publishing the CHUDENKO Integrated Report
- Providing timely and appropriate information disclosure

Improving Market Valuation

Overview of FY2024 (parent)

FY2024 Results (orders received / net sales by division)



Comments from General Managers

Hideo Onbe
General Manager, Engineering Division

- Engineering Division
  - Electrical Engineering Department
  - Air-Conditioning Piping Engineering Department
  - Information Communication Engineering Department
  - Engineering Planning Department
    - Equipment Plant
  - Engineering Safety & Quality Department
  - Engineering Development Department

First Year of the "Medium-Term Management Plan 2027": Steady Execution of Initiatives Toward the 2030 Vision

The Engineering Headquarters oversees general construction work (electrical work, air-conditioning piping work, and information communication equipment work), which accounts for 3/4 of total sales. In addition to improving safety, quality, and business performance, all employees work together daily to resolve issues such as work style reform and labor shortages.

From April 2024, the overtime work limit regulations of the revised Labor Standards Act have also been applied to the construction industry. In order to comply with the law under current conditions, where the four-week, eight-day closure system* has not yet been fully adopted across the construction industry, we are considering and implementing various measures.

While we are struggling with recruitment due to the ongoing labor shortage, we recognize that a major challenge is how to improve efficiency, reducing overtime work, and become a company where employees can properly take time off.

In addition, training young employees, including new graduates, is an important issue. Promoting their growth and enabling them to feel a sense of personal development is crucial for improving the engagement of construction managers throughout the company, and we will therefore continue to place strong emphasis on OJT.

In FY2025, the volume of carried-over construction work will exceed that of FY2024, and the order environment has remained strong since FY2023. With limited human resources, we face a daily "puzzle" of how to balance order intake and construction execution. We increasingly feel the need to make swift decisions by accurately assessing trends in the social and business environment, without adhering to conventional approaches.

FY2025 marks the first year of the "Medium-Term Management Plan 2027" and is also an important year for connecting to the CHUDENKO Group 2030 Vision. We will steadily execute various measures and work as one unified Engineering Headquarters and all employees toward achieving our goals.

*Four-week, eight-day closure: An initiative to introduce a two-day weekend system in the construction industry, setting eight closure days (holidays) in a four-week (one-month) period.

Shuji Maehara
General Manager, Sales Division

- Sales Division
  - Sales Planning Department
  - Sales Department
  - Solution Sales Department
  - Design Department

Securing Market Share Expansion in the Chugoku Region and Orders in Urban Areas While Supporting Decarbonization

The Sales Division oversees all sales activities for general construction—including electrical work, air-conditioning and piping work, and information and communications work—which together account for approximately three-quarters of total orders received. With order intake serving as the gateway to sales, the division conducts sales activities targeting private-sector customers such as general contractors and manufacturing companies, as well as public-sector organizations.

In FY2024, we secured a large number of major construction projects, and orders received for general construction remained at a high level of ¥146.1 billion, approaching a record high. The balance of work carried forward also reached ¥138.6 billion, exceeding the previous record set in FY2023 by ¥8.3 billion, ensuring a solid volume of work. At the same time, we anticipate that business conditions will remain uncertain due to continued concerns such as persistently high energy and raw material prices and ongoing labor shortages.

Under these circumstances, the Chugoku region continues to serve as our core foundation in terms of both sales and profits. Leveraging our strengths as a locally rooted company, we aim to expand our market share by maintaining projects accounted for under the completed-contract method while promoting orders accounted for under the percentage-of-completion method. This will be achieved through sales activities for factory construction, securing orders from local general contractors, and expanding prime contractor work and renovation projects.

Meanwhile, major metropolitan areas such as Tokyo, Osaka, and Nagoya represent key growth drivers for our Company. In these regions, we are working to secure and expand orders by enhancing our technical capabilities based on experience accumulated through large-scale projects and by pursuing strategic order intake with a strong emphasis on profitability.

Looking ahead, we will continue to closely monitor construction demand related to semiconductors and data centers, where robust capital investment is expected. In parallel, as part of our support for customers' decarbonization efforts, we will actively pursue proposals for ZEB[1] projects, PPA[2] businesses—including the installation of carport-type solar power systems—and grid-scale battery storage businesses, which are expected to become important growth areas in the future.

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 2027."

*1 ZEB: (Net Zero Energy Building): A building designed to achieve net-zero energy consumption while maintaining a comfortable indoor environment.

*2 PPA: (Power Purchase Agreement): A contract for the purchase of electricity generated from solar power.

Seiji Kawakami
General Manager, Electricity Division

- Electricity Division
  - Distribution Department
  - Distribution Safety & Quality Department
  - Underground Transmission and Distribution Lines Department

Driving Efficiency in Site Management and Advancing Technologies and Construction Methods through DX

The Electricity Division undertakes construction related to the installation, expansion, inspection, and maintenance of power facilities for Chugoku Electric Power Network Co., Inc. In addition, during natural disasters such as typhoons and earthquakes, we carry out rapid restoration work, thereby contributing to the stable supply of electricity across the region. For more than 80 years since our founding, we have supported social infrastructure through transmission and distribution facility construction and contributed to the development of local communities.

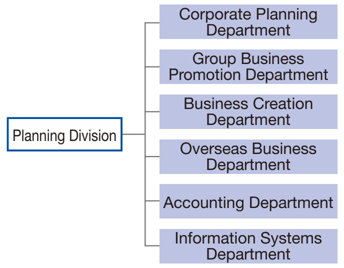
By placing the highest priority on "safety" and "quality," and by conducting construction with due consideration for the environment, we have earned the trust of local communities. Construction related to Chugoku Electric Power Network is expected to maintain stable demand going forward, particularly for projects addressing the aging of facilities, under the revenue cap system*. At the same time, challenges in securing skilled personnel have become increasingly apparent, and we are promoting initiatives to enhance job satisfaction in order to maintain a stable construction framework.

Through the active use of digital transformation (DX) to improve site management efficiency, as well as the development and refinement of technologies and construction methods, we are enhancing safety and achieving high-quality construction while also working to create an attractive workplace environment. As a result of these efforts, in FY2024, our internally developed "Unpowered Winch Wire Winder" for transmission line construction was recognized for its practical value in the field and received the prestigious "Shibusawa Prize."

Furthermore, toward the realization of a decarbonized society, we are collaborating closely with the Sales Division and Engineering Division to expand orders for renewable energy-related construction, facility construction, extra-high-voltage customer facilities, and utility pole elimination projects. Going forward, we will continue to support the Chugoku region's power infrastructure with advanced technology and high quality, while contributing to the sustainable development of local communities.

*Revenue cap system: A regularity system under which the government sets an upper limit on revenues for general power transmission and distribution operators, within which transmission and distribution tariffs (fees for using the power network) are established.

Hideaki Oba
General Manager, Planning Division



Toward Achieving the Goals of the "Medium-Term Management Plan 2027"

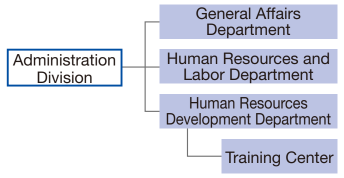
The six departments of the Planning Division work closely with other organizations to drive initiatives that enable the CHUDENKO Group to generate sustainable profits and achieve continued growth. These initiatives include business and organizational reform; strengthening organizational structures and expanding the businesses of Group companies; growth investments such as M&A and new business creation; overseas business development; and productivity improvement through DX. Each initiative is promoted through PDCA management of action plans derived from the management plan.

Fiscal Year 2025 marks the launch of the "Medium-Term Management Plan 2027." With our 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."—firmly in mind, we will take on the enduring themes of transformation and growth by further strengthening sales and construction capabilities and advancing human capital management

First, with safety and compliance as our highest priorities and with quality assured across the entire construction process, we will enhance sales capabilities by securing personnel and strengthening design and proposal capabilities. At the same time, we will further enhance construction capabilities through the securing and development of personnel and by strengthening partnerships with partner companies. In parallel, we will deepen initiatives to improve productivity across all operations, including construction efficiency, thereby improving performance while contributing to the maintenance and development of social infrastructure such as electric power facilities and customer-owned facilities.

To realize these objectives, we will vigorously promote human capital management, including support for skill development for each employee, so that our people, the driving force behind the Company's growth, can perform at a high level. Through these efforts, we will establish a sustainable growth cycle.

Mitsuharu Higashi
General Manager, Administration Division



A Company that Grows Together with its Employees

Because our business is centered on facilities and infrastructure, "people" are at its core, and it is no exaggeration to say that the Company's development goes hand in hand with the growth of its employees. While investment in our "people" has gained increasing attention in recent years, we have long recognized that our people are our most important asset. Accordingly, the Administration Division is engaged in securing and developing talent, as well as promoting compliance, advancing work style reforms, and improving the comfort and functionality of workplace facilities.

In the area of recruitment, despite the continued decline in the number of new graduates, we have consistently hired approximately 130 employees per year in recent years and plan to recruit 170 employees in 2026. In addition, we actively pursue career recruitment throughout the year, including comeback recruitment (the re-employment of former employees) and referral recruitment (employee-introduced candidates).

With regard to talent development, we define our ideal employee profile as "individuals who flexibly adapt to changes in society and proactively take on new challenges." Based on this vision, we are implementing a systematic human resource development program, with a total of 196 planned training programs, including training by job level, specialized skills training, and joint training programs involving Group companies and partner companies.

In parallel, we are working to improve the overall workplace environment through operational efficiency initiatives and the promotion of DX, as well as work style reforms such as reducing overtime work and ensuring adequate holidays. We are also enhancing compensation and employee benefits. As a result of these efforts, we have received a number of external recognitions, including certification as a "Certified Health and Productivity Management Organization (White 500)," "Eruboshi (Level 2)" certification for the promotion of women's participation, and "Kurumin" certification for childcare support. Through these initiatives, we are promoting the active participation of diverse talent and strengthening employee engagement.

Looking ahead, we will continue to "foster an environment in which all employees can take on the challenge of transformation with pride and fulfillment," thereby supporting the sustainable growth of the CHUDENKO Group.

Indoor Electrical Work

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

Overview of FY2024 and Outlook for FY2025

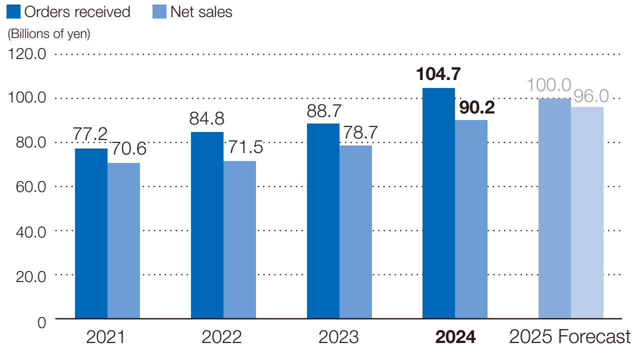
Orders received increased by ¥15.9 billion from Fiscal Year 2023 to ¥104.7 billion, driven by orders for factory construction in the Chugoku region and logistics warehouse and logistics warehouse redevelopment projects in urban areas.

Net sales rose by ¥11.5 billion from FY2023 to ¥90.2 billion. Although the business environment was affected by external factors such as rising material prices and labor shortages, projects on hand, including factory construction and large-scale logistics warehouse projects, progressed as planned, supporting the increase in sales.

In FY2025, under the "Medium-Term Management Plan 2027," we will continue to focus on strengthening our business foundation in the Chugoku region and expanding business in urban areas, while further enhancing our sales and construction capabilities and expanding order intake. At the same time, we will actively implement initiatives aimed at securing and expanding profits, including improving construction efficiency through front-loading and enhancing productivity through DX. In addition, toward the achievement of carbon neutrality, we will advance our own decarbonization efforts while also supporting customers' decarbonization initiatives through self-consumption solar PPA projects and other measures.

As a result of these measures, in FY2025, we forecast ¥100.0 billion in orders received and ¥96.0 billion in net sales.

Trends in Orders received and Net sales



Key Projects Secured

- Micron Memory Japan Second Substation Bank Expansion (Higashihiroshima City, Hiroshima Prefecture)
- Matsue Data Center Park System Module Building Construction (Matsue City, Shimane Prefecture)
- KAMIHACHI Project (Urban Redevelopment Project) (Hiroshima City, Hiroshima Prefecture)
- Toranomon 1-Chome East District Class 1 Urban Redevelopment Project (Minato city, Tokyo)
- Yokohama Kohoku Logistics Facility New Construction (Yokohama City, Kanagawa Prefecture)
- DPL Fukuoka East New Construction (Fukuoka City, Fukuoka Prefecture)

Recent project

Hiroshima Special Support School Building Extension and Other Electrical Equipment Construction

Recent project	Dejima, Minami Ward, Hiroshima City
Construction period	February 2022– March 2025
Client	Hiroshima City
Summary	The facility consists of two four-story buildings connected by a linking corridor. Building No. 1 is designed for students with mild to moderate intellectual disabilities and includes vocational education in its curriculum, while Building No. 2 is intended for students with moderate to severe intellectual disabilities, with a focus on fostering basic daily life skills.

VOICE

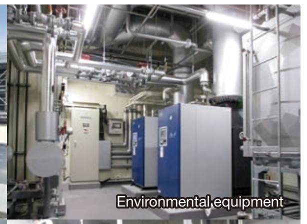
Department Section Hiroshima Supervising Branch
Indoor Electrical Construction Department,
Indoor Electrical Construction Section 4
Site Representative (Construction Management Leader)

Proposing User-Friendly Facilities for Students and Teachers

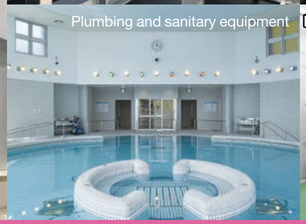
Although I do not have specialized expertise in education, I listened carefully to requests from the perspective of students and teachers and made proposals with a strong focus on usability. As Buildings No. 1 and No. 2 are designed for students with different levels of disability, we carefully reviewed details such as height settings and layouts for each room, confirming them one by one. From a construction standpoint, the differing specifications and progress schedules of the two buildings made it challenging to determine the optimal timing for installing main feeder lines that cross between buildings. To address this, I held numerous discussions with facility stakeholders and construction personnel to ensure smooth coordination.

The role of a site representative involves close interaction with a wide range of people. Through this project, I built strong and positive relationships with team members, supervisors, and design and construction managers, sharing both challenges and achievements together. Looking ahead, I will continue to approach my work with sincerity and dedication, striving to respond to the needs of all stakeholders. I also hope to pass on the knowledge and meaningful experiences gained through my work to the next generation.

Air conditioning equipment



Environmental equipment



Plumbing and sanitary equipment

Disaster prevention/firefighting equipment

Air-Conditioning Piping Work

View more of our air-conditioning piping work projects here
https://www.chudenko.co.jp/sales/case/#no002

Overview of FY2024 and outlook for FY2025

Orders received totaled ¥31.9 billion, a decrease of ¥8.9 billion from Fiscal Year2023. While we focused on securing orders for large-scale construction and redevelopment projects in major metropolitan areas—including Tokyo, Nagoya, and Osaka—as well as in the Chugoku region, overall order intake declined year on year.

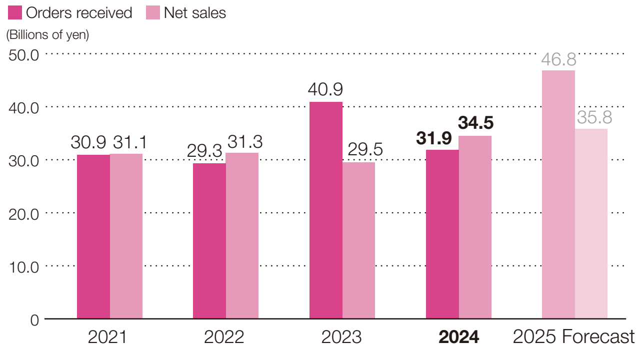
Net sales increased by ¥5.0 billion from FY2023 to ¥34.5 billion, supported by the smooth completion of projects for which orders were received in FY2022 following their preparation periods, as well as the completion of large-scale construction projects at multiple sites.

The backlog of projects at the beginning of FY2025 exceeded ¥32.3 billion, maintaining a high level.

In FY2025, we will strengthen front-loading by assigning Air-Conditioning and Piping Work Department managers and Construction Management Senior Masters in Hiroshima, Okayama, Yamaguchi, Tokyo, and Osaka, with the aim of further improving quality and customer satisfaction. We will also provide support for construction drawing preparation to level and streamline the workload of site representatives. In addition, to respond to large-scale projects, we will actively adopt prefabrication and unitization of equipment and piping to reduce on-site work, while promoting construction efficiency, DX in site management, and the use of AR/MR technologies to enhance productivity.

As a result of these initiatives, we forecast orders received of ¥46.8 billion and net sales of ¥35.8 billion for FY2025.

Trends in Orders received and Net sales



Key Projects Secured

- (Tentative name) KAMIHACHI Project (Type I Urban Redevelopment Project) (Hiroshima City, Hiroshima Prefecture)
- Okayama City Combustible Waste Wide-Area Treatment Facility Development and Operation Project (Okayama City, Okayama Prefecture)
- (Tentative name) SK Project (Saikyo Bank Head Office New Construction) (Shunan City, Yamaguchi Prefecture)
- (Tentative name) Shinjuku Station West Exit District Development Plan (PMS Building) (Shinjuku City, Tokyo)
- (Tentative name) Kadoma City Fourth Junior High School Compulsory Education School Development Project (Kadoma City, Osaka Prefecture)

Recent project

Tamano Medical Center Tamano Hospital

Location	Uno, Tamano City, Okayama Prefecture
Construction period	December 2022–December 2024
Client	Tamano Medical Center
Summary	A comprehensive hospital established through the integration of Tamano Municipal Hospital and Tamano Mitsui Hospital as a regional multifunctional medical facility. The hospital operates under the core philosophy: "Protecting the lives of those who live in Tamano, here in Tamano."

VOICE

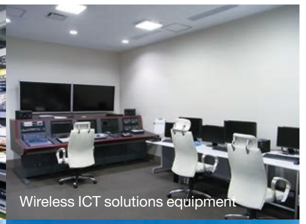
Department Section Okayama Supervising Branch
Air-Conditioning Piping Work Department,
Air-Conditioning Piping Work Section 2
Site Representative (Construction Management Leader)

Construction commenced during the COVID-19 pandemic, and multiple infection prevention measures were planned

Because this project involved the integration of two hospitals, it was challenging to collect, consolidate, organize, and translate a wide range of requests into drawings based on interviews with each medical department, and to build consensus with the client. In addition, delivery delays caused by semiconductor shortages occurred one after another, so we moved forward by determining equipment specifications at an early stage. As construction began during the COVID-19 pandemic, we implemented multiple negative- and equal-pressure operation scenarios as infection prevention measures. To ensure that switching to negative pressure would not affect adjacent rooms, we reviewed and adjusted air volume balance, and fine-tuned the system during trial operations. As a result, we were able to achieve each planned operating pattern as intended.

This project was very challenging because requirements vary depending on the building's function, but that difficulty also made it deeply rewarding. Going forward, I intend to place even greater emphasis on developing younger personnel and embracing new technologies, while continuing to reform my mindset and grow professionally.

Regional information communication and cable television transmission equipment



Wireless ICT solutions equipment

Road/river information equipment

Mobile wireless communication equipment

Information Communication Equipment Work

View more of our information communication equipment work projects here
https://www.chudenko.co.jp/sales/case/#no002

Overview of FY2024 and outlook for FY2025

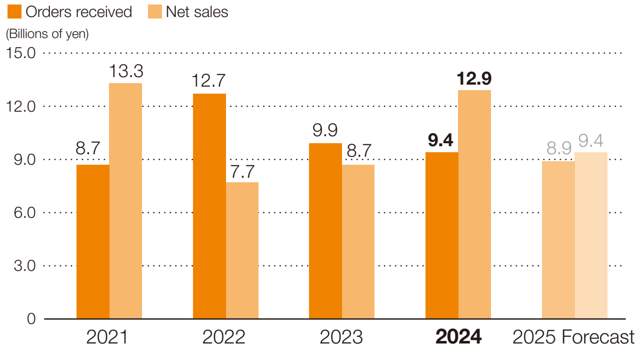
Orders received totaled ¥9.4 billion, a decrease of ¥0.5 billion from Fiscal Year2023, despite securing infrastructure facility construction projects such as large-scale contracts from NEXCO and projects from the Ministry of Land, Infrastructure, Transport and Tourism, including Fiber to the Home (FTTH) construction.

Net sales amounted to ¥12.9 billion, significantly exceeding the previous year, driven by projects carried over from FY2023.

The information and communication field plays an important role in driving transformation across society, including improving labor productivity through ICT, revitalizing local communities, supporting healthcare and education, enhancing disaster preparedness, and maintaining and managing social infrastructure. As a result, continued demand for construction in this field is expected. To secure orders in FY2025, we are actively pursuing new business opportunities, including initiatives utilizing AI, in addition to our conventional construction operations. To ensure stable net sales, we are also promoting productivity improvements through DX and construction efficiency, as well as leveling workloads through front-loading and achieving early issue resolution through strengthened communication, thereby ensuring steady project execution.

As a result of these initiatives, we forecast orders received of ¥8.9 billion and net sales of ¥9.4 billion in FY2025.

Trends in Orders received and Net sales



Key Projects Secured

- FY2024 CCTV installation Works in Open Sections under the Jurisdiction of the Matsue Expressway Office (Matsue City, Shimane Prefecture)
- Sanyo Expressway Hachihonmatsu Smart Interchange ETC Equipment Works (Higashihiroshima City, Hiroshima Prefecture)
- Tottori Prefecture Regional Satellite Communications Network Renewal Works (Tottori City, Tottori Prefecture)
- FY2024 Hamada City High-Speed Information and Communications Infrastructure In-Home Installation Works (Hamada City, Shimane Prefecture)
- Disaster Prevention Administrative Radio Network Optical Fiber Installation Works (Matsue City, Shimane Prefecture)
- Uokiri Dam Telemeter and Discharge Warning Equipment Renewal Works (Hiroshima City, Hiroshima Prefecture)

Recent project

Public Works: River Construction (Crisis Management Water Level Gauge Renewal)

Location	Okayama Prefecture
Construction period	September 2024–March 2025
Client	Okayama Prefecture
Overview	This project involves the renewal of 12 crisis management water level gauges installed at bridges and other locations throughout Okayama Prefecture.

VOICE

Department Section Okayama Supervising Branch
Information Communication Equipment
Work Section, Indoor Electrical Work Division
On-site Representative

Proceeding with work while being mindful of the general public as well as construction personnel

We carried out work on two bridges in a single day, but because the sites were far apart, scheduling was challenging as it required factoring in travel time in addition to construction time. Moreover, since these bridges are used by the general public, there were many considerations beyond the construction itself, such as securing safe work areas and preventing materials from scattering. Depending on the bridge structure, the required protrusion length of the water level gauge sensor varied, so I designed and proposed mounting brackets with additional holes to provide a three-stage adjustable range.

In projects like this, where equipment is installed in locations visible to the public, I have even received words of appreciation from local residents, which made me realize that my work is directly contributing to others. Going forward, I will continue to learn the "fundamentals" of construction work and strive to improve my skills so that I can operate more independently with less reliance on support from others.

Distribution Line Work

View more of our distribution line work projects here
https://www.chudenko.co.jp/sales/distribution_lines/

Overview of FY2024 and Outlook for FY2025

In Fiscal Year2024, both orders received and net sales declined compared with FY2023, mainly due to the significant impact of certain materials for distribution line construction ordered by Chugoku Electric Power Transmission & Distribution Co., Inc. being shifted from contractor-supplied to company-supplied materials.

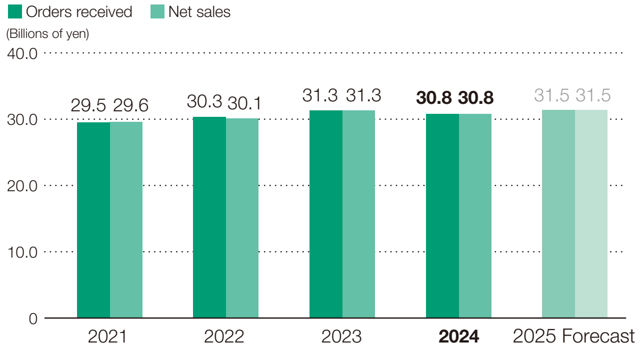
To improve productivity, we have continued initiatives such as “promoting DX” and “developing tools and new construction methods.” As part of efforts to streamline operations using smartphones, business applications developed by Chugoku Electric Power Transmission & Distribution Co., Inc. can now be used on our company-issued smartphones.

With regard to tools and new construction methods, we worked on developing a simplified third-arm device that enables single-person operation for cutting and connecting high-voltage service drop lines, as well as conducting on-site trials of the in-place utility pole replacement method. In addition, with the full-scale introduction of the three-wire integrated relocation method, which allows for safe and efficient relocation of high-voltage lines, we deployed the necessary tools and provided implementation training.

In FY2025, renewal work for aging power distribution equipment is expected to continue. By improving productivity while ensuring safety and quality, we anticipate that both orders received and net sales will continue to progress favorably.

As a result, in FY2025, we forecast orders received of ¥31.5 billion and net sales of ¥31.5 billion.

Trends in Orders received and Net sales



Key Projects Secured

- Aging power distribution equipment renewal works (entire Chugoku region)
- New 22 kV metering equipment installation works for Sumitomo Heavy Industries, Ltd. Hatsukaichi Plant (Hatsukaichi City, Hiroshima Prefecture)
- New 6 kV Yae-Toyohira line utility pole erection works (Kitahiroshima Town, Yamagata County, Hiroshima Prefecture)
- Customer equipment renewal works at Shinagawa Refractories Co., Ltd. Okayama Third Factory (Bizen City, Okayama Prefecture)
- New high-voltage overhead cable installation works for Kuga Trunk Line No. 110 (Iwakuni City, Yamaguchi Prefecture)
- New installation and removal works for Tawarabara Branch Line utility pole No. 25H4 (Misasa Cho, Tohaku Gun, Tottori Prefecture)

Recent project

Utility Pole Replacement and Wire Replacement Works

Location	Ukan, Ukan Cho, Takahashi City, Okayama Prefecture
Construction period	June–July 2025
Client	Chugoku Electric Power Transmission & Distribution Company, Incorporated Takahashi Network Center
Overview	Aging utility pole replacement works Replacement of aging centrifugal reinforced concrete poles and associated renovation of related facilities.

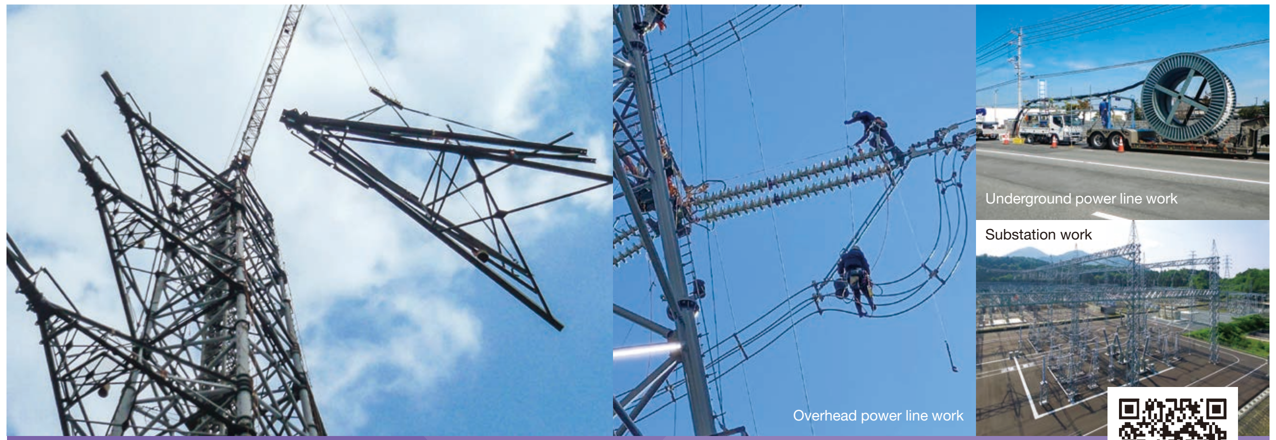
VOICE

Department Kurashiki Branch
Takahashi Sales Office
Section Distribution Work Section
On-site Representative (Distribution Line Advisor)

Devising feasible construction plans and personnel allocation in a constantly changing work environment

As the on-site representative, I plan realistic construction schedules and personnel assignments to ensure that the work is completed safely and with high quality. For late-night high-voltage outage work carried out with support from other sales offices, I made preparations tailored to each crew to prevent construction errors and avoid excessive working hours. To prevent incorrect wiring, phase checks were conducted in advance, and thorough safety measures were implemented.

While daily tasks may appear similar, the work environment and construction methods change from day to day. My foremost wish is that, at every site, we prevent accidents and disasters and ensure that all team members return safely to the office and to their homes. I currently conduct patrol guidance as a distribution line advisor within the Kurashiki Branch area, and I hope to apply the experience I have gained to the training and development of junior staff.



Underground Power Line Work for Power Transmission and Distribution

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

Overview of FY2024 and Outlook for FY2025

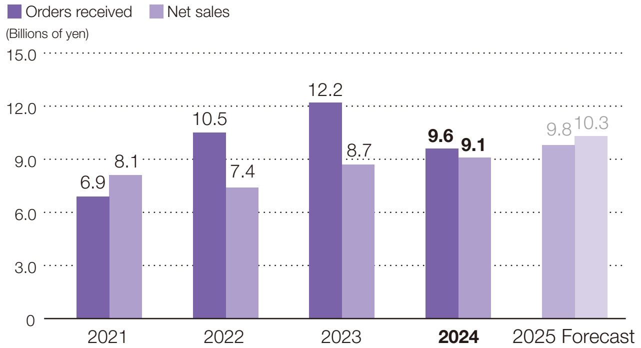
In Fiscal Year 2024, we focused on securing large-scale projects such as new construction and reinforcement works and cable renewal works, primarily ordered by Chugoku Electric Power Transmission & Distribution Company, Incorporated. However, as some projects were postponed to the following fiscal year, orders received decreased by ¥2.6 billion from FY2023 to ¥9.6 billion.

However, net sales increased by ¥0.3 billion year on year to ¥9.1 billion, mainly due to an increase in completed projects.

In FY2025, we will continue to respond steadily to equipment expansion and renewal works for Chugoku Electric Power Transmission & Distribution Company, Incorporated, while further strengthening our construction framework. In addition, by sharing sales information with the Sales Division and Engineering Division, we will work to expand orders for general construction, including renewable energy private-line related works, factory construction, and municipal underground line projects. We will also promote digitalization to systemize operations and improve construction efficiency, thereby enhancing productivity while maintaining high construction quality.

As a result of these initiatives, we forecast orders received of ¥9.8 billion and net sales of ¥10.3 billion in FY2025.

Orders received & Net sales



Key Projects Secured

- Shin-Hiroshima (Substation) Shin-Nishihiroshima Trunk Line 1L Circuit Breaker Replacement Works and Five Other Projects (Higashihiroshima City, Hiroshima Prefecture)
- 66 kV Otake line No. 1, replacement and removal works for aging steel towers No. 24–30 (Iwakuni City, Yamaguchi Prefecture)
- 220 kV Kasaoka trunk line reinforcement and associated removal works (Ibara City, Okayama Prefecture)
- 110 kV Hakushima-Shiragami line 2L Replacement and removal works for aging OF cables (Hiroshima City, Hiroshima Prefecture)
- 110 kV Tamano-Minami-Okayama Line Reinforcement works due to route modification (Underground Section 1: conduit installation)
(Okayama City, Okayama Prefecture)
- 110 kV Maruichi Stainless Shimonoseki Line New construction and removal works (Section 2) (Shimonoseki City, Yamaguchi Prefecture)

Recent Project

Setoda (Substation) 110 kV Voltage Upgrade Works (Phases I and II)

Location	Nakano, Setoda Cho, Onomichi City, Hiroshima Prefecture	
Construction period	June 2021–September 2024	
Client	Chugoku Electric Power Transmission & Distribution Company, Incorporated	
Overview	Voltage/number of circuits:	110 kV (2 circuits), 6 kV (6 circuits), 22 kV (2 circuits)
	Foundation works:	6 kV switchgear (2 units), GIS, transformers (2 units), outdoor distribution box foundation construction, conduit installation
	Electrical works:	Installation of 9 6 kV switchgear units, 4 22 kV switchgear units, outdoor distribution boxes; control and power cable works

VOICE

Department Electric Power Construction Office
Section Substation Section
On-site Representative

Examining construction methods in response to unforeseen circumstances during long-term construction

As this was a long-term construction project, I focused on creating a site environment that emphasized communication with customers and partner companies. During nighttime power outage work for power cable switching, we reviewed the construction method in advance and carried out a preliminary outage to install isolation plates (PVC boards) inside the duct. This allowed cable installation and termination work to be performed during the daytime, and on the switching day itself, the work was completed smoothly with only connection work and testing. In addition, when an embedded foundation was discovered during conduit excavation, noise countermeasures were required for the foundation removal work. As a result, we adopted an alternative construction method and imposed time restrictions to carry out the work appropriately.

Going forward, I aim to incorporate new technologies and knowledge, take on more complex and advanced projects, and pass on the experience and knowledge gained through my own growth to junior staff.

Technology Development

As a comprehensive facility engineering company, we conduct research and development to address both internal and external requirements as well as technical challenges. Our R&D efforts focus on technical fields such as safety, quality, and labor-saving, while also incorporating initiatives in new fields aimed at supporting business expansion.

Issues and initiatives in each area

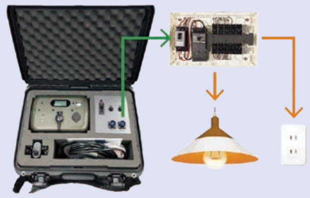
	Issues	Initiatives in FY2024
Safety	● Accident prevention ● Enhancing safety ● Preventing human errors	● Developed a “safety management system for working from heights,” which detects and notifies workers if they forget to wear safety belts when working at heights ● Developed a socket with a device to “prevent nuts from falling off“
Quality	● Enhancing construction quality	● Developed a “single-phase three-wire power supply unit” for pre-connection inspection of distribution panels ● Developed a “system linking CAD data with technical calculation software” to improve calculation accuracy and reduce work time.
Labor-saving and business expansion	● Reforming and improving operations ● Enhancing the efficiency of operations	● Developed power transmission line image diagnostic technology to improve the efficiency of power transmission line inspection operations through image diagnostic technology ● Conducted research on using AI for image sensing technologies, with a view to expanding our business

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 application under examination)

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

Exhibited at “JECA FAIR 2024 - 72nd Electrical Construction Equipment and Materials Fair”

We exhibited at “JECA FAIR 2024 - 72nd Electrical Construction Equipment and Materials Fair” (organized by the Japan Electrical Construction Association), one of Japan’s largest comprehensive exhibitions covering equipment, materials, tools, and construction technologies related to electrical facilities, showcasing our Group’s development capabilities and technical expertise.

Event Period: Wednesday, May 29 - Friday, May 31, 2024
Venue: Tokyo Big Sight (Tokyo International Exhibition Center, East Halls 1, 2, and 3)

TOPIC

Awarded the 69th Shibusawa Prize

In November 2024, our company-developed Winch “Wire Non-Powered Take-Up Reel” received the “69th Shibusawa Prize (FY2024)” from the Japan Electric Association. The award is a prestigious honor, widely recognized across various sectors as the only private-sector commendation in the field of electrical safety.

→See press release for details.
https://www.chudenko.co.jp/news/images/t241127_01.pdf

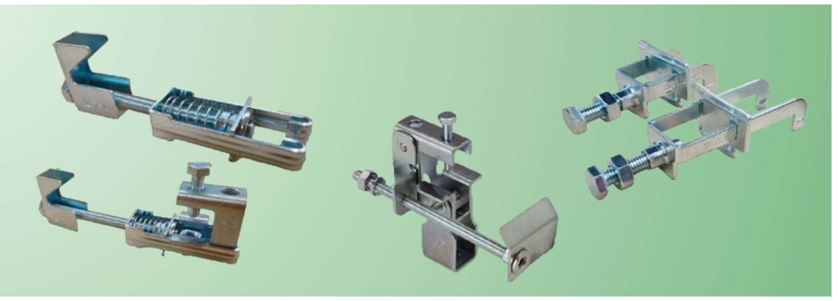
Group companies

SHOWA CORPORATION

SHOWA CORPORATION is engaged in the design and construction of thermal insulation work, including “heat retention and insulation work to reduce heat dissipation” and “cold insulation work to prevent heat intrusion.” These services are provided for a wide range of facilities, including large-scale plant facilities that perform energy conversion, environmental facilities, food and pharmaceutical facilities, offices, schools, and commercial buildings. In addition, the company independently develops, manufactures, and sells piping support fittings used in thermal insulation work, including insulated piping support fittings known as “Insulation Sleepers,” which offer a product lineup capable of withstanding temperatures ranging from –196°C to +850°C. Through these efforts, SHOWA CORPORATION contributes to the realization of highly efficient energy conversion.

Alongside thermal insulation, seismic-resistant support has become one of the key themes in the construction of building facilities such as piping and air-conditioning equipment since the Great East Japan Earthquake of March 11, 2011. Even when a building itself does not collapse during an earthquake, it cannot remain functional or habitable if essential facilities such as water supply and drainage systems, air-conditioning equipment, or electrical systems are damaged. As a result, in recent years there has been a growing demand for seismic resistance not only in building structures but also in facility equipment and the support fittings that hold them in place. For example, the “Seismic Design and Construction Guidelines for Building Equipment (2014 Edition)” explicitly stipulate that hanging brackets attached to steel structures must be reinforced with additional fittings to prevent detachment.

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, grape, and blueberry picking tourism, sales of fresh fruit, 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.

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 developing 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.

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.

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.

Sound business management

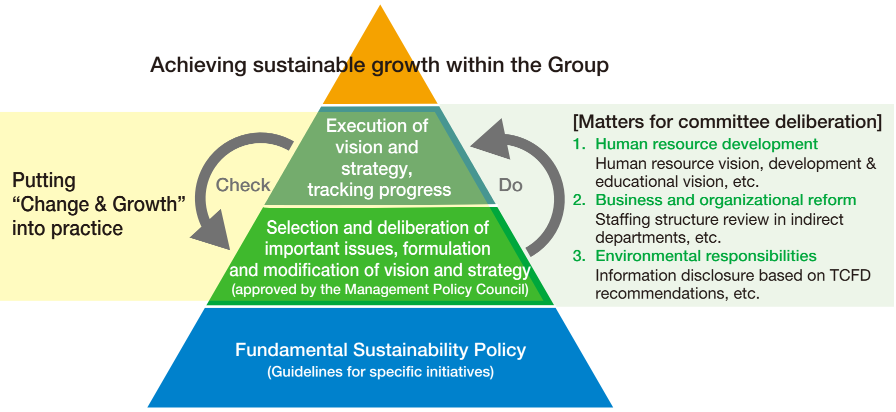
- We will promote compliance focused management that adheres to laws, regulations, and societal norms.
- We will continue to be a company that is trusted by all stakeholders, by ensuring highly transparent business management.

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.

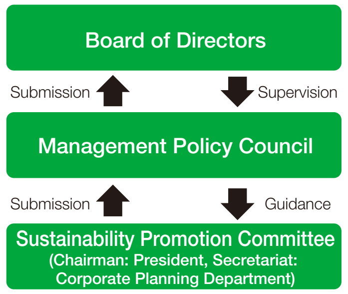
“The Sustainability Promotion Committee” is responsible for developing measures to address sustainability challenges, track the progress of reaching goals, and other related matters. The Committee’s discussions in turn lead to recommendations presented to the Management Policy Council and the Board of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

Activities of the Sustainability Promotion Committee



[Matters for committee deliberation]

1. Human resource development
   Human resource vision, development & educational vision, etc.
2. Business and organizational reform
   Staffing structure review in indirect departments, etc.
3. Environmental responsibilities
   Information disclosure based on TCFD recommendations, etc.



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.

Main initiatives

Materiality (Important Issues)	Main initiatives	Main SDGs that we will contribute to
Contribute to the maintenance and development of social infrastructure	Deliver high-quality construction projects, ensure stable supply of electricity, strengthen construction systems, and implement community contribution activities (“Customer Appreciation Month”)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Natural disaster preparedness and efforts toward disaster recovery	Formulate BCP in readiness for large-scale disasters, and support recovery of lifelines during a disaster	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION
Achieve 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	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Contribute to energy conservation efforts and the expanded adoption of green energy	Propose and provide ecofriendly technological capabilities (conversion to ZEB, PPA projects), propose and carry out construction for renovation works	
Create a safe and rewarding workplace environment	Eradicate accidents and disasters, work on health management, and enhance work-life balance	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
Promote diversity and inclusion	Promote female empowerment (appointments to managerial positions, promotion of childcare leave taken by male employees, acquisition of “Eruboshi/Kurumin” certification, etc.), and embrace and apply diverse ways of thinking and values	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Develop human resources who proactively take the lead in driving change.	Systematic human resource development and support personal development	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
Promote compliance	Strengthen the corporate governance system, implement compliance education, and promote the use of the Corporate Ethics Helpline	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Environmental Initiatives

Environmental 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.

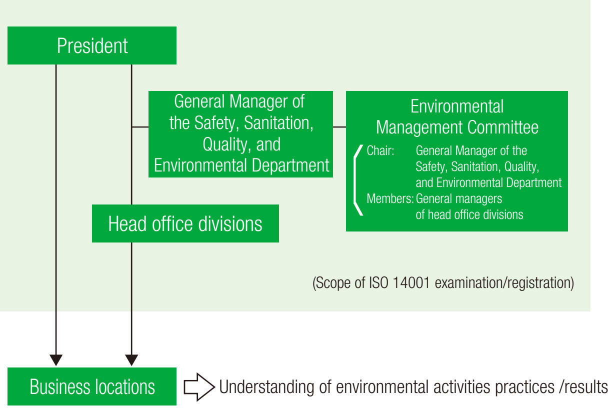
ISO 14001 registration status

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.



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

To reduce CO₂ emissions related to electricity use at business locations, it is necessary to increase the use of 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 start operations at 43 business locations and 5 dormitories by the end of Fiscal Year 2025).

Challenges toward carbon neutrality in 2050

CHUDENKO considers efforts to achieve decarbonization to be one of our management challenges, and we are working to reduce CO_2 emissions.

In April 2022, we drafted medium- to long-term targets (➡P.37) and a roadmap for carbon neutrality.

Roadmap to carbon neutrality in 2050

		～2020	～2030	～2050
		Initiatives to date	46% or more reduction (compared to FY2013)	Carbon neutral
Decarbonization of CHUDENKO	Expansion of energy conservation and introduction of renewable energy at business locations	Update facilities to LED lighting, etc.	• Upgrade equipment to LED lighting, high-efficiency air conditioning, etc. • ZEB implementation for new construction and large-scale refurbishments	
		Install solar power generation facilities partially at new construction sites	• Install as many solar power generation facilities as possible at business locations (energy creation) • Install solar power generation facilities off-site, etc.(energy creation) • Use green power and CO_2-free power	
	Improve fuel efficiency and electrification of company vehicles	Update to low fuel consumption vehicles	• Update sales vehicles, etc. to low fuel consumption vehicles and electric vehicles • Update construction vehicles to low fuel consumption vehicles; update to electric vehicles in line with development	
Supporting our customers' decarbonization		Energy-saving equipment such as LED lighting, ZEB conversion, and solar power generation equipment, etc.	Propose energy-saving/renewable energy facilities • Energy-saving equipment such as LED lighting and conversion to ZEB • Self-consumption solar power generation facilities (PPA, etc.)	

ZEB conversion of business locations

While we have been systematically implementing updates to LED lighting and high-efficiency air conditioning equipment from the perspective of promoting energy conservation, we are now promoting ZEB conversion of business locations during large-scale renovations and rebuilding, with the aim of further strengthening energy conservation toward decarbonization.

To meet ZEB standards, we plan and design facilities considering the scale and operational status of business locations, including passive methods using external insulation, natural ventilation, and natural lighting, active methods using high-performance equipment such as air conditioning and lighting and vacancy detection control, and the introduction of renewable energy through self-consumption solar power installation, thereby realizing ZEB conversion.

About ZEB (Net Zero Energy Building)

ZEB refers to buildings where the annual energy consumption is significantly reduced by maximizing energy conservation efforts through high insulation, solar shading, use of natural energy, and high-efficiency equipment while maintaining a comfortable indoor environment, and creating energy through solar power generation and other means.

● 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

Kure Sales Office (Renovation)
Completion: May 2024
Standard: Nearly ZEB
Total floor area: 1,099.9m² (2 stories)
Solar power equipment: 20.40 kW

Oki Sales Office
(New Construction)
Completion: January 2025
Standard: 『ZEB』
Total floor area: 285.24m² (2 stories)
Solar power equipment: 14.94 kW

Environment

ZEB-compliant business sites to date

Business sites	Construction type	Completed	ZEB rank	Total floor area
Okayama Supervising Branch	New construction	April 2019	ZEB Ready	4,836 m² (3 stories)
Kanagawa Distribution Center	New construction	June 2020	ZEB	881m² (2 stories)
Kure Distribution Center	New construction	June 2021	ZEB	1,094m² (2 stories)
Shimonoseki Sales Office	Renovation	January 2024	ZEB	778.62m² (2 stories)
Nagoya Branch	Extension/ Renovation	March 2024	ZEB Ready	524m² (2 stories)

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 gain consulting experience in the ZEB conversion business, and based on that, participate in numerous ZEB conversion projects to facilitate and popularize the concept going forward.

ZEB Leading Owner Mark

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

In response to the marine plastic problem, we changed the clear files distributed as novelties to paper-based clear files starting in 2023.

In addition, we have also adopted friction ballpoint pens made from biomass plastic derived from plants for use at events and other occasions, and are working to reduce plastic waste.

Paper clear files

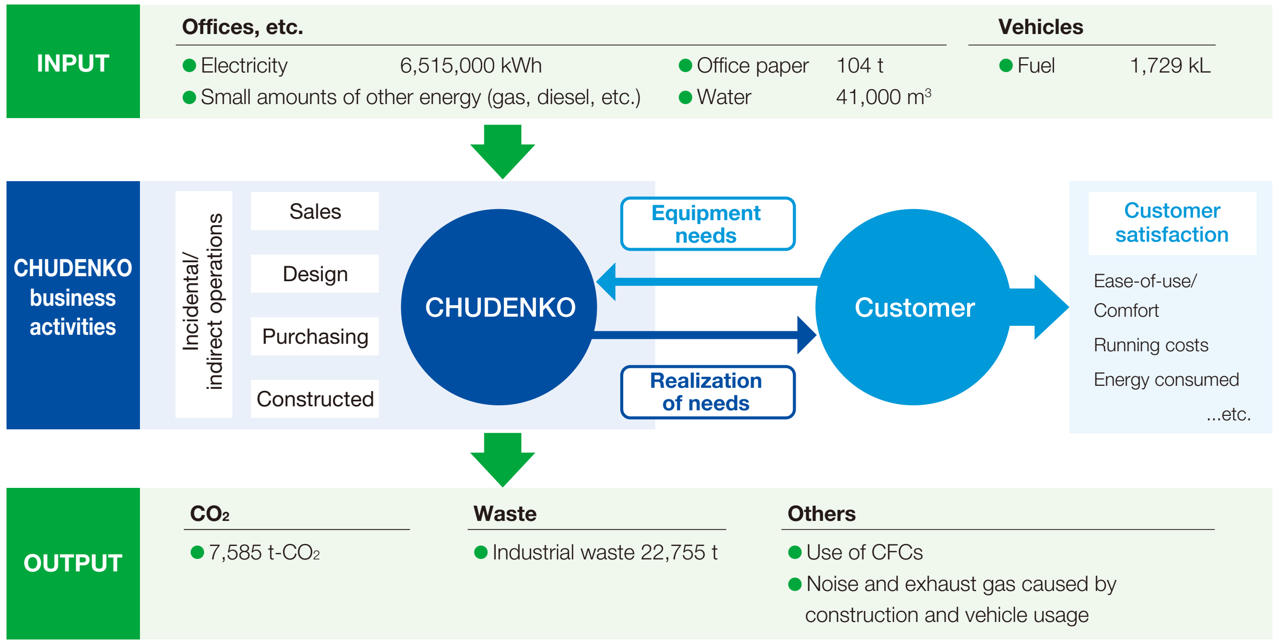
Friction ballpoint pens made from biomass plastic

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 (FY2024 results)



INPUT

Offices, etc.

- ● Electricity 6,515,000 kWh
- ● Small amounts of other energy (gas, diesel, etc.)
- ● Office paper 104 t
- ● Water 41,000 m³

Vehicles

- ● Fuel 1,729 kL

OUTPUT

CO₂

- ● 7,585 t-CO₂

Waste

- ● Industrial waste 22,755 t

Others

- ● Use of CFCs
- ● Noise and exhaust gas caused by construction and vehicle usage

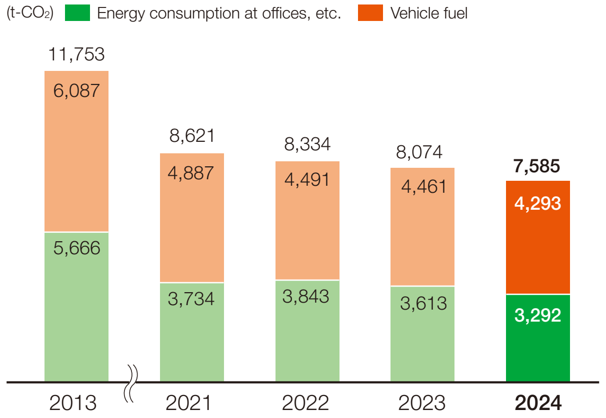
FY2024 environmental goals and results

	Item	Goal	Results
Reduce our own environmental impact	CO_2 emissions	-39% or more (compared to FY2013)	-35%
	Industrial waste recycling rate	80% or more	67%
	Amount of office paper purchased	-34% or more (compared to FY2019)	-33%
	Green purchase rate (paper and stationery)	81% or more	80%
	Number of environmental accidents	0	0
	Implementation of local environmental conservation activities (Community clean-up activities, etc.)	92 projects or more	102
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	1,067

Changes in main environmental performance

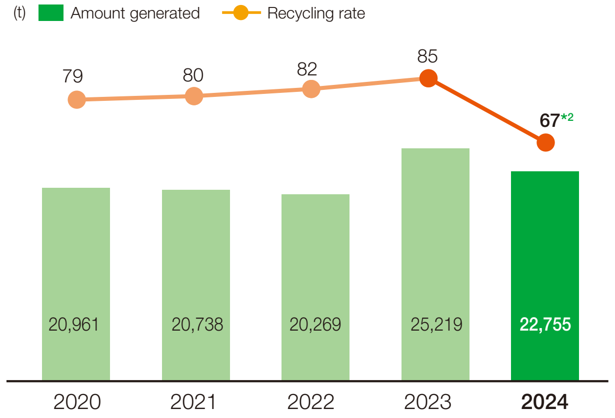
CO_2 emissions[*1]

7,585 t-CO_2



Industrial waste[*2]

Amount generated **22,755** t Recycling rate **67** %



[*1] CO_2 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] The recycling rate decreased because we disposed of sludge containing hazardous substances that are difficult to recycle in prime contractor construction projects.

Information disclosure based on TCFD recommendations

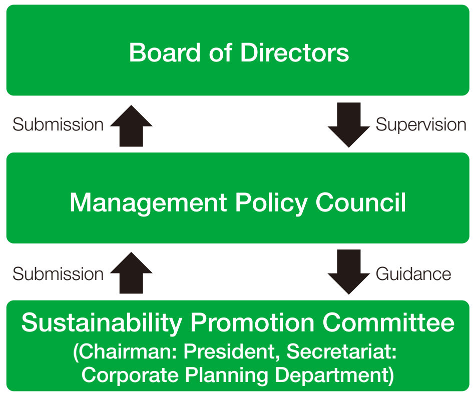
In accordance with the "CHUDENKO Group Fundamental Sustainability Policy" established on October 28, 2022, we conduct sound business operations with reliable technology and quality, founded upon the trust of the community. Through these efforts, we take on the challenge of resolving the various issues 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



Board of Directors

Submission ↑ ↓ Supervision

Management Policy Council

Submission ↑ ↓ Guidance

Sustainability Promotion Committee
(Chairman: President, Secretariat: Corporate Planning Department)

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. (➡P.38)

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" (➡P.34), setting specific targets for 2030 and 2050 and promoting activities.

(1) CHUDENKO's indicators and goals

Indicator	Subject	Target year	Goal
CO_2 emissions	CHUDENKO parent Scope1 & 2 (Emissions from business sites and company vehicles)	2030	Reduced by 46% or above from fiscal 2013 level
		2050	Carbon neutral

(2) Results

(Unit: t-CO_2)

Indicator	Base Year (FY2013)	FY2023	FY2024
CO_2 emissions (Scope 1+2)	11,753	8,074 (-31.3)	7,585 (-35.5)
Scope 1	6,149	4,527 (-26.4)	4,360 (-29.1)
Scope 2	5,604	3,547 (-36.7)	3,225 (-42.5)

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_2 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 environment-friendly material procurement and construction methods, and development and proposal of construction technology with low environmental impacts
	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_2 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 • Strengthening trade relationships with suppliers over a wide area
	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	Increased demand for infrastructure development, maintenance, and repairs aimed at disaster prevention and mitigation	Medium- to long-term	Low	Medium	Enhancement of the construction systems

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 personnel plan and human resource development training 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.

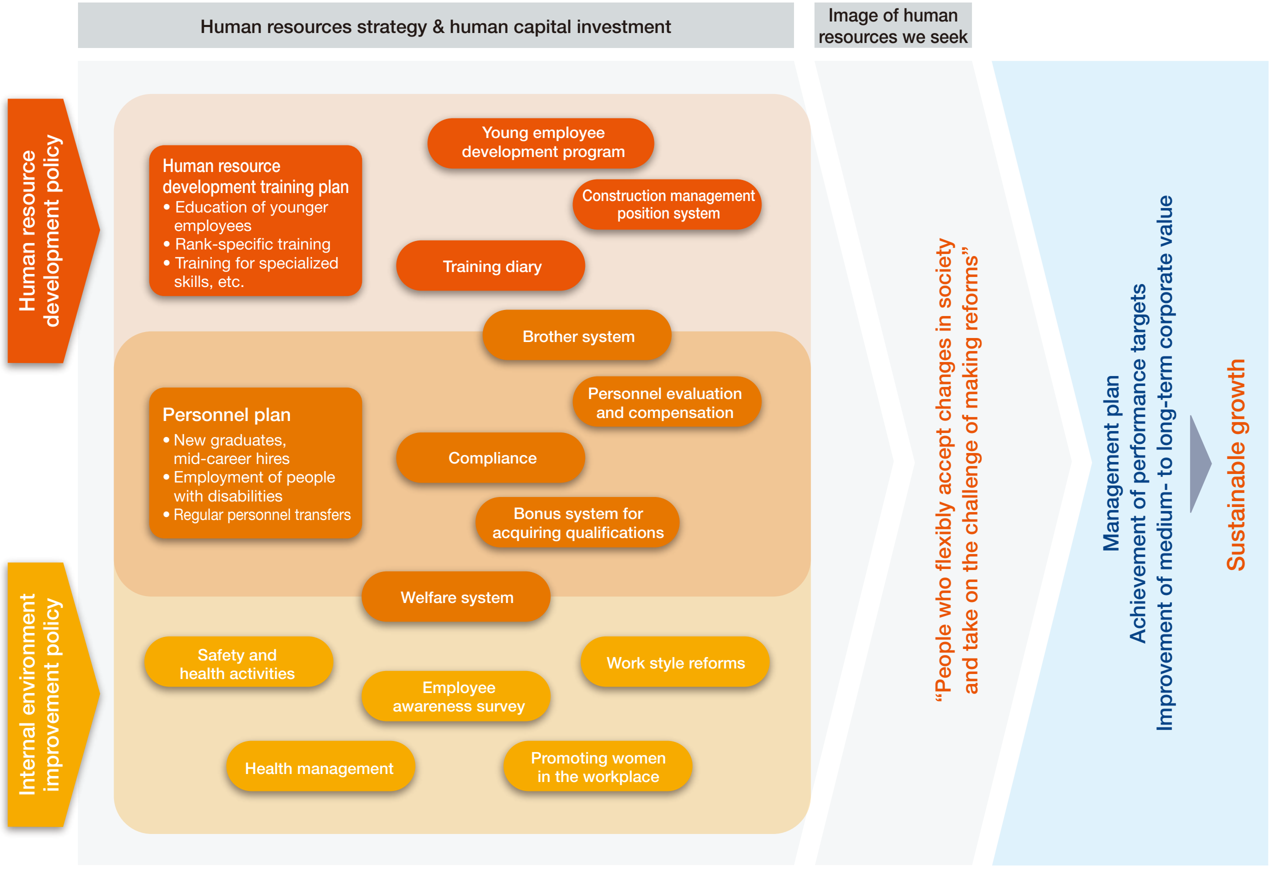
Human resource development policy

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

<table>
<tr><th>Disclosed item</th><th>Disclosed information</th></tr>
<tr><td>Hiring</td><td>● FY2025 New graduate hiring plan fulfillment rate
<table>
<tr><th></th><th>Planned</th><th>Actual</th><th>Fulfillment rate</th></tr>
<tr><td>University*</td><td>95</td><td>91</td><td>95.8%</td></tr>
<tr><td>High school</td><td>75</td><td>55</td><td>73.3%</td></tr>
<tr><td>Total</td><td>170</td><td>146</td><td>85.9%</td></tr>
</table>
*Includes graduate schools, technical colleges, junior colleges, and vocational schools
● Hiring cost per person (including mid-career recruitment): ¥336,000/year</td></tr>
<tr><td>Education</td><td>● 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.
● By positioning the first three years after joining the company as the training period, we conduct basic training during designated periods at our in-house training facilities, and strive to provide comprehensive on-the-job (OJT) through initiatives such as introducing a "brother system" and appointing construction management leaders and distribution line advisors.
New employee induction and basic training period
• Clerical: (1st year) about 3 weeks, (2nd year) about 4 days, (3rd year) about 3 days
• Sales, indoor electrical, air-conditioning piping, information communication equipment: (1st year) about 4 months, (2nd year) 1 months, (3rd year) 1 week
• Distribution line, power transmission and distribution: (1st year) about 6 months, (2nd year) 1 week, (3rd year) 1 week
● To improve employee engagement, we work to refine the skills and knowhow needed for their respective roles through OJT, OFF-JT, and personal development.
● 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.</td></tr>
<tr><td>Skills/experience (persons with qualifications)</td><td>State of qualifications (as of March 2025)
PhD (Engineering) 3
Professional engineers (Engineering Management) 2, (Electrical & Electronics Engineering) 44, (Environmental Engineering) 16, (Information Engineering) 1
<Electrical>: Electrical construction management engineers (1st and 2nd grade) 1,241, Chief electrical engineers (Class 1 to 3) 233
<Air-conditioning piping>: Plumbing construction management engineers (1st and 2nd grade) 321, Engineers from The Society of Heating, Air-Conditioning and Sanitary Engineers of Japan 131
<Communications>: Telecommunications construction management engineers (1st and 2nd grade) 132, Chief telecommunications engineers (transmission and switching/lines) 36
<Instrumentation>: Instrumentation engineers (1st and 2nd grade) 164
<Civil engineering>: Civil engineering construction management engineers (1st and 2nd grade) 183
<Architecture>: Architects (1st and 2nd grade) 13, Construction engineers 79</td></tr>
<tr><td>Diversity/ childcare leave</td><td>● 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.
1. Percentage of management roles occupied by women*: 2.0%
*Managerial roles refer to "special managerial positions and above"
2. Percentage of female hires: 6.8%
3. Percentage of employees with disabilities: 2.95%
4. Percentage of employees taking childcare leave: 27.8% (77.8%*) for men, 100% for women
*The figure in the brackets ( ) includes leave taken for childcare purposes.
5. Wage gap between men and women
Wage gap between men and women (ratio of average annual wage for women to average annual wage for men)
Target period: FY2024 (from April 1, 2024 to March 31, 2025)
<table>
<tr><td>All workers</td><td>81.3%</td></tr>
<tr><td>Regular full-time workers</td><td>81.7%</td></tr>
<tr><td>Part-time/Fixed-term workers</td><td>69.5%</td></tr>
</table>
Initiatives to promote women's empowerment
https://www.chudenko.co.jp/sustainability/investment.html#sect3</td></tr>
<tr><td>Safety</td><td>● 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.
● Established a safety and ten-day health awareness period (twice a year), and headquarters officers conduct inspections of business locations.
● Implement accident-free business location award (per 200,000 hours, up to 1,000,000 hours).
● Set "safety awareness" as a personnel evaluation item.</td></tr>
</table>

Social

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.

Education on distribution line, power transmission and distribution for new employees

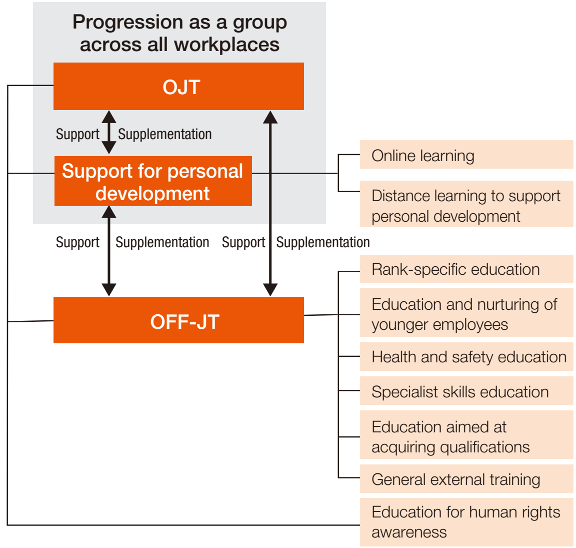
Three fundamental skills

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

Nurturing younger employees

With regard to younger employees (in their first to third year after joining), we aim to foster them at an early stage as human resources who will be responsible for the future of the Company. To this end, we designate the first three years after joining as a training period. During this training period, employees repeatedly alternate between group OFF-JT at our Training Center and OJT at business locations, with the aim of acquiring knowledge, technology, and practical skills.

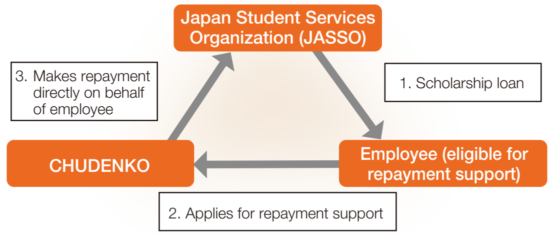
Education system



Scholarship Repayment Support System

With the "seller's market" predicted to continue in recruitment activities, we introduced a support system in Fiscal Year 2024 under which the Company repays scholarships on behalf of employees as a measure for securing and developing human resources. This serves as an effective publicity tool for attracting students, and also reduces the financial and psychological burden on employees who continue working while fulfilling their repayment obligations after joining the company.

The support scheme is available to regular employees who graduated on or after April 1, 2020 from a graduate school, university, technical college (including advanced courses), junior college, or vocational school, and who received a scholarship from the Japan Student Services Organization (JASSO) and have outstanding repayment obligations at the time of joining the Company. The support amount is capped at ¥15,000 per month up to ¥1.8 million 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 62nd National Skills Competition held in Aichi Prefecture in Fiscal Year 2024, four participants from CHUDENKO took part, with one receiving bronze and another receiving an Effort Award in the Commercial Wiring category.

Competition in progress

Introduction of the "Restricted Stock Incentive System for Employee Stock Ownership Plan"

As part of human capital investment aimed at enhancing medium- to long-term corporate value, we introduced this system with the objectives of improving employee engagement, increasing initiative and motivation toward improving business performance and stock value, and deepening value sharing with our shareholders.

Under this system, 100 shares per eligible employee were granted as restricted stock with a three-year transfer restriction through the employee stock ownership plan.

Promotion of women's empowerment

With regard to promotion of women's advancement, we established the "Committee for the Promotion of Women's Empowerment" in 2015, and have since examined the formulation of action plans stipulated under the Act on the Promotion of Women's Participation and Career Advancement in the Workplace, as well as the planning and implementation of various initiatives, from a cross-divisional perspective. "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 Year 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, including the strong implementation of initiatives to promote women's empowerment. In addition, in FY2024, we received the "Kurumin" certification from the Ministry of Health, Labor and Welfare as a company as a "child-support company," 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.

Health and Safety Activities

FY2025 Health and Safety Activity Policy

Based on our philosophy of "safety takes priority over everything," the Company works as one to eradicate accidents and disasters, while striving to maintain and enhance mental and physical well-being.

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

Note: In the priority actions, "employees" include employees of partner companies.

1. Awareness of Safety as the Highest Priority, and of Own Responsibility	• Employees shall be aware of their own roles and responsibilities, and all employees shall thoroughly practice prioritizing safety by "stopping work without hesitation" "if they sense danger" or "if safety checks have not been adequately confirmed." • Our managers shall take every opportunity to provide guidance, educate, and support to Group companies and partner companies regarding awareness of safety as the highest priority and their roles and responsibilities.
2. Understanding and Complying with Laws and Regulations, Standards, and Rules	• Managers shall educate employees at various meetings on laws such as the Industrial Safety and Health Act, internal standards and rules, as well as the causes of accidents and disasters to prevent recurrence, and shall ensure thorough understanding and compliance.
3. Steady Implementation of "RKY" Activities and Eliminating Unsafe Behavior	• On-site representatives and work planning personnel shall consider and implement risk mitigation measures through risk assessments when planning the work. • Before starting on-site work, on-site representatives, on-site managers, and workers shall carry out "KY" ("Kiken Yochi," meaning "hazard prediction") activities, identify at least three specific on-site risk factors, and formulate and implement concrete risk reduction measures. • Employees shall practice "speaking out," and have the courage to point out and eliminate unsafe behavior rather than overlook it.
4. Maintaining the Workplace Environment and Proper Use of Protective Equipment, Guards, and Machinery and Tools Suitable for the Work	• 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. • On-site representatives and on-site managers shall ensure that workers prepare protective equipment, guards, and machinery and tools suitable for the work, conduct pre-use inspections, confirm proper operation, and then use them.
5. Thorough Practice of Safe Driving	• Drivers shall recognize the seriousness of the responsibility of being behind the wheel and comply with traffic rules and traffic manners. • Drivers must conduct safety checks on the surroundings before getting into a vehicle. While driving, they must be sure to practice "vocalizing actions," which is highly effective for safe driving, as well as "proactive driving," which forms the basis for safe driving. • Managers shall have drivers recite the "actions to be vocalized" at morning meetings to ensure that the practice of "vocalizing actions" is firmly established.
6. Securing Mental and Physical Well-being	• 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. • In addition, actively promote communication within the workplace and aim to create a bright and energetic workplace.

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 Year 2024, around 2,500 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.


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

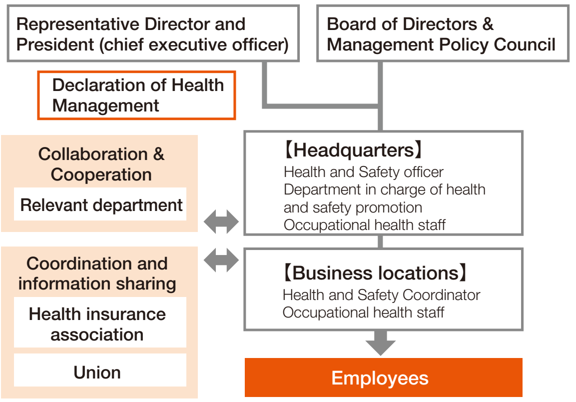
CHUDENKO has been promoting various initiatives to maintain and improve the health of our employees.

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 formulated and established the "Declaration of Health Management" and a "Health Management Promotion System," and are working on implementing initiatives in accordance with our "Health Management Policy."

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



In addition to formulating a "Health Management Policy" that sets out our approach to Kenko Keiei® and disseminating it throughout the company, we are implementing the following initiatives to enhance employee vitality and revitalize the organization through health management, thereby achieving medium- to long-term improvements in corporate value.

With regard to mental well-being, the Company implements stress checks for employees every year, in accordance with the stress check system set out in the Industrial Safety and Health Act. The results are utilized for formulating internal measures to improve the workplace environment and for other purposes, and we follow up as appropriate for people under significant stress, such as by arranging meetings with a physician.

(Note) "Kenko Keiei®" is a registered trademark of the NPO Kenkokeiei (Health Management Research Council).

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.

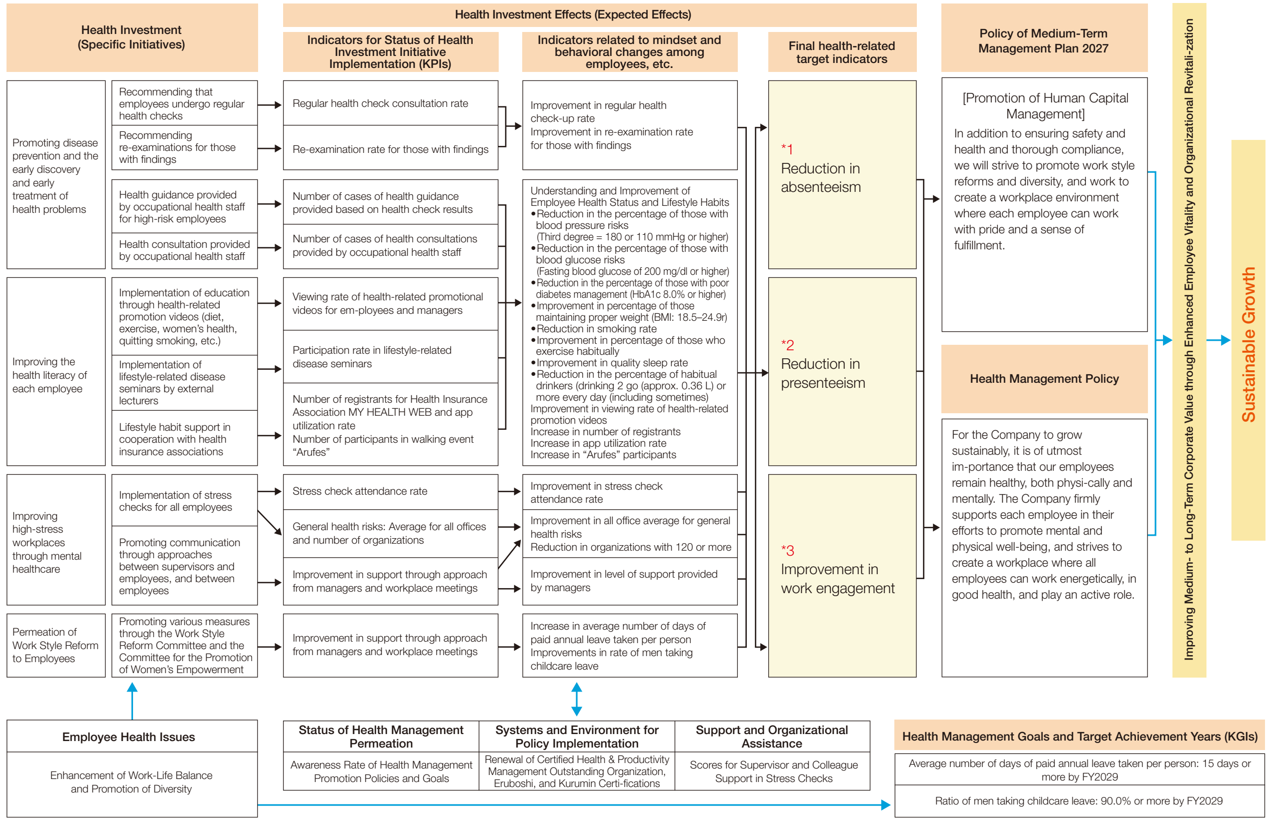
Health management initiatives
https://www.chudenko.co.jp/sustainability/approach.html#sect4

Health Management Strategy Map

The Company has set forth "Promotion of Human Capital Management" as a policy in the Medium-Term Management Plan 2027, and we recognize that health management forms an important foundation for advancing human capital management. We will work toward achieving our health management policy through the "Health Management Strategy Map."

This "Health Management Strategy Map" discloses revisions made after analyzing, evaluating, and reviewing specific initiatives and indicators (KPIs).

Health Management Strategy Map



*1 Ratio of long-term absentees and those on leave to all employees *2 Measurement based on the Work Functioning Impairment Scale (WFun)
*3 Measurement based on the Utrecht Work Engagement Scale (shortened version, 9 items; UWES-9)

Health management-related targets and results (FY2022–2024)

○ The Company's Results/Improvement Targets Related to Health Checks, Health and Lifestyle Habit Statuses, and Stress Checks

To prevent the onset of lifestyle-related diseases and other diseases among healthy employees, we are working to maintain a 100% participation rate in regular health checkups and to achieve a 100% follow-up examination rate, ensuring that no employee with identified findings is left behind. Health and safety promotion staff and occupational health professionals actively encourage employees to undergo examinations. As a result, we continue to maintain a 100% health checkup participation rate and a 98.6% follow-up examination rate for employees with findings, both of which remain at a consistently high level each year.

To prevent the progression of lifestyle-related diseases, public health nurses at various locations provide appropriate health guidance and consultations to high-risk employees (treatment continuation rate for employees at risk of hypertension: 93.0%). *(FY2024 health guidance and consultations: 5,407 cases)*

Based on the Health Scoring Reports provided every year by the health insurance associations as well as aggregated health data, monitor employees' health conditions and changes in lifestyle habits over time as reflected in specific health check results. Using this information, we aim to improve health and lifestyle-related issues that are characteristic of our Company.

In Fiscal Year 2024, aiming to further improve in the ratio of employees those with exercise habits, we held the second walking event, "Arufes," in collaboration with the Health Insurance Association, with 359 participants.

Additionally, as the ratio of habitual drinkers increased in FY2024, we conducted an external seminar on the harmful effects of alcohol in FY2025, with 492 participants.

Results for the Past Three Years and Targets for Fiscal Year 2025
https://www.chudenko.co.jp/sustainability/approach.html#sect4

Recognition as a "2025 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) White 500"

CHUDENKO was recognized as a "2025 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) White 500" on March 10, 2025, which recognizes the top 500 corporations practicing particularly outstanding health management, under the "Certified Health & Productivity Management Outstanding Organization Recognition Program" established by the Ministry of Economy, Trade and Industry (METI) and commended by the Japan Health Council. This is the Company's fourth recognition as a Certified Health & Productivity Management Outstanding Organization, and the third consecutive year.

The Company has established a "Health Management Promotion System" under the "Declaration of Health Management" and the "Health Management Policy," and through the formulation of the "Health Management Strategy Map," has been promoting initiatives such as "disease prevention and the early detection and treatment of health issues," "improving the health literacy of each employee," "improving high-stress workplaces through mental health care," and "ensuring the permeation of work style reform among employees." This recognition reflects the evaluation of these initiatives.

Going forward, to enable each employee to work energetically while remaining healthy both physically and mentally, management, occupational health staff, labor unions, health insurance associations, and other parties will cooperate and collaborate to actively promote health management, aiming to improve medium- to long-term corporate value through enhanced employee vitality and organizational revitalization.

We will display the White 500 certification at each head office department and all business locations, and work to deepen the permeation and understanding of health management among all employees.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ホワイト500

認定証
（大規模法人部門（ホワイト500））

法人名　株式会社中電工

貴法人は、従業員の健康管理を経営的な視点で考え、戦略的に実践する「健康経営」の取組が優良であると認められました
よって、ここに「健康経営優良法人 2025（大規模法人部門（ホワイト500））」として認定します
経済産業省及び厚生労働省と共に、今後一層取組を推進されることを期待いたします

2025年3月10日

日本健康会議

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ホワイト500

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

In cases where a nonconformity related to construction quality has caused inconvenience to customers, we ensure an appropriate response. At the same time, information is centrally managed through the management system, allowing us to monitor the status of corrective actions and identify similar cases, thereby preventing recurrence.

Implementing Internal Inspections and On-Site Guidance

To ensure construction quality, we conduct internal inspections of facilities prior to handover to customers. In addition, we carry out on-site guidance as appropriate in line with construction progress, and strive to maintain quality.

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

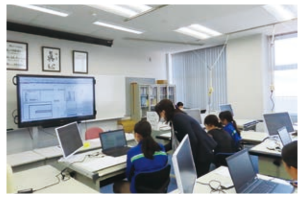
Going Down a Manhole to See an Underground Power Line

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

Online Classes on Electricity

Online Classes on Electricity is an initiative launched in Fiscal Year 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." Classes are conducted by connecting three locations online: a studio in Hiroshima City, elementary schools, and CHUDENKO's Safety Training Building, enabling realistic and engaging lessons. In FY2024, the third year of the program, classes were held for elementary schools in Iwakuni City, Yamaguchi Prefecture.

Online Classes on Electricity

CHUDENKO Track and Field Club

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

The team has set achieving a top ranking in the New Year Ekiden held on New Year's Day every year (record best: eighth place in 2023) as its highest goal, and continues to train daily to achieve it.

The team also cooperates with the local community by organizing a "running school" and cooperating on other events.

Running School

Implementing "Customer Appreciation Month"

"Customer Appreciation Month" is a company-wide event aimed at expressing our appreciation to local communities and customers for their continued support through activities such as community service. During this period, each business location carries out activities such as cleaning the roads and parks in the local area.

This initiative began under the name "Magokoro (Sincerity) Month" in Fiscal Year 1992, based on the "belief that a company can develop only by earning the trust of local communities" and the people who live in them. In FY2004, the initiative was renamed "Customer Appreciation Month." In FY2021, the activity period was expanded from the previous 10 days to a full month, and it has since been conducted annually from November 1 to November 30.

In FY2024, "Customer Appreciation Month" was held as part of events commemorating the Company's 80th anniversary.

Cleaning of Outdoor Lights at Kurashiki Sports Park (Kurashiki 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.

- Recognizeintellectual 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

We are engaging in thorough risk management to minimize the impact of intellectual property risks, such as infringement/being infringed upon, and leakage of rights, on our management.

(Reference) Source of Improvement of Our Corporate Value

Item	Disclosed Information
R&D expenses	¥177 million (FY2024)
Number of registered patents	69 (as of March 2025)
Number of registered customers	4,400 (as of June 2025)
Members of the CHUDENKO Association	735 companies (as of March 2025)
Effect of improving sales by strengthening urban areas (Breakdown of urban area net sales)	FY2020: 20.9% ➡ FY2024: 28.3%
Number of ZEB orders received	22 (cumulative up to March 2025)
Self-consumption-type solar power PPA business power generation plan	FY2026: 50MW

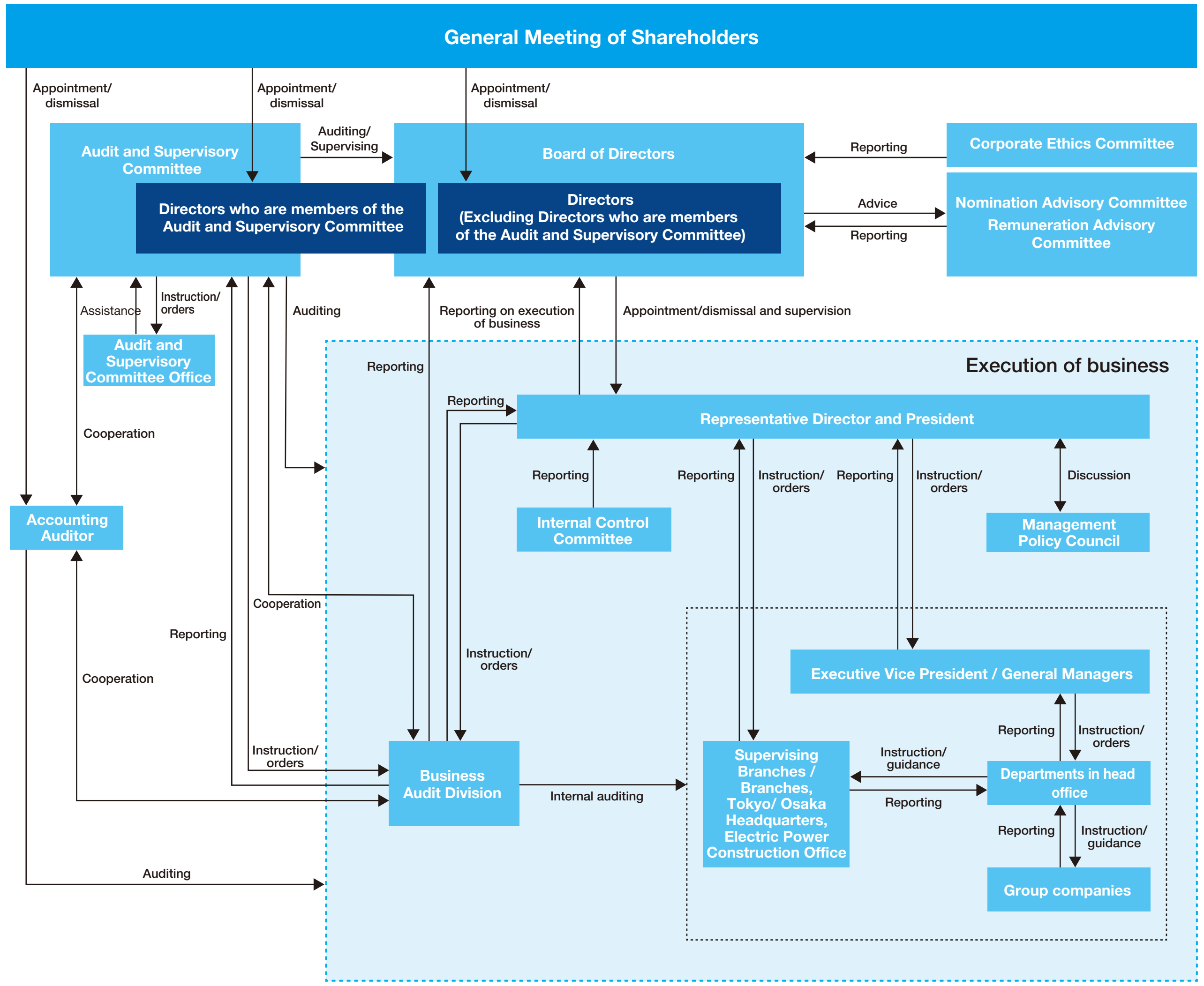
Corporate Governance

Basic Stance

Our company motto is “Magokoro (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 “We will continue to support the development of society with technology, quality and pride,” 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 aim to improve the efficiency and transparency of our management while strengthening the supervisory functions of our Board of Directors, Audit and Supervisory Committee, and in-ternal audit divisions, thereby striving to become a company that is trusted by all stakeholders.

Corporate governance structure



[Reasons for Selecting the Current Governance Structure]
CHUDENKO has adopted the Company with Audit and Supervisory Committee structure as its organizational design in order to further enhance corporate governance. This structure enables swift and decisive decision-making and business execution through the delegation of authority from the Board of Directors to Directors, while also strengthening the Board’s supervisory function by appointing Directors who serve as members of the Audit and Supervisory Committee and hold voting rights on the Board of Directors.

Governance

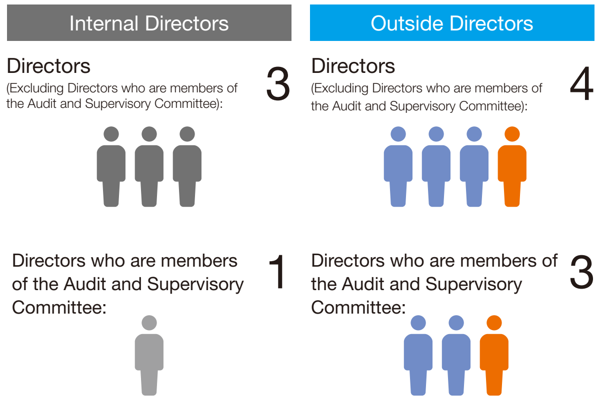
Board of Directors

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). The Committee establishes audit policies and audit plans, and audits the execution of duties by directors based on those policies and plans.

Members of the Audit and Supervisory Committee are selected from individuals with expertise in finance, accounting, and legal affairs.



Outside director ratio: **63.6**%

Female director ratio: **18.2**%

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 supervisory 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 Committees

The respective advisory committees were established as advisory bodies to the Board of Directors with the aim of ensuring the fairness of transparency of the Board of Directors and strengthening its monitoring and supervisory 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 and other officers.

In addition, independence and objectivity are ensured by appointing independent outside directors as a majority of the committee members.

Outside Directors

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. Through these efforts, they work 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 at least 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 to outside directors (excluding Audit and Supervisory Committee members) by full-time members of the Audit and Supervisory Committee.

Internal Audits

Dedicated staff members are assigned to the Business Audit Division, which is established under the command and order of the Representative Director and President and the Audit and Supervisory Committee, to conduct 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, conducts 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.

In addition, the Business Audit Division reports matters requiring improvement within the internal control system to the "Internal Control Committee."

Accounting Audits

Deloitte Touche Tohmatsu LLC has been appointed as the Company's accounting auditor. Two certified public accountants conduct the Company's accounting audits, and neither has been conducting audits continuously for more than seven years.

The Audit and Supervisory Committee takes appropriate steps to ensure that proper audits are conducted, including encouraging the accounting auditor to recognize its responsibilities through the auditor selection process and sharing information as necessary.

In addition, the accounting auditor and the President hold regular meetings (at least once a year) and meet as needed upon request from 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, as well as the stock price on the business day immediately preceding the date of the resolution by the Board of Directors' resolution regarding the allocation of shares. Every year, the Board of Directors adopts a resolution on the allocation of shares within one month of a director's appointment, and the shares are granted 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 on a monthly basis.

Governance

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 who are members of the Audit and Supervisory Committee and outside directors) is around 5:1–5 so that the remuneration functions effectively as an incentive to continually improve corporate value.

Outside directors and directors who are members of the Audit and Supervisory Committee 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.

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 directors who are members of the Audit and Supervisory Committee and outside directors.

Total Amount of Director Remuneration in FY2024

Officer classification	Total amount of remuneration (Millions of yen)	Total Amount by Type of Remuneration (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)	232 (24)	122 (24)	90 (—)	20 (—)	8 (4)
Directors (members of the Audit and Supervisory Committee) (Outside directors)	46 (19)	46 (19)	— (—)	— (—)	4 (3)

Note: Remuneration for directors (excluding 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) consists of basic remuneration only. Outside directors (excluding members of the Audit and Supervisory Committee) receive only basic remuneration.

Corporate Ethics Committee

With regard to corporate ethics, the Group has established a "Compliance Policy" that serves as a code of conduct 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, the Committee meets twice a year with members of the Audit and Supervisory Committee in attendance. It deliberates on matters related to the enhancement and promotion of internal control and reports on the results to the Management Policy Council, and submits important matters among them to the Board of Directors.

Disclosure of Information to Shareholders/Investors

Regular IR Conferences for Individual Investors	At least once a year
	Most Recent Events ● December 18, 2024, Company briefing (live webcast and on-demand video made available on the website at a later date) The President explained the Company's business performance, Medium-Term Management Plan, shareholder returns, and related matters.
Regular IR Conferences for Analysts and Institutional Investors	Held regularly, twice a year
	Most Recent Events ● December 4, 2024, Financial results briefing for 2Q FY2024 (live webcast and recording distributed on the web at a later date) ● June 3, 2025, FY2024 Financial results briefing (live webcast and recording distributed on the web at a later date) The president explained about business performance, Medium-Term Management Plan, shareholder returns, and other matters.
Publishing of IR materials on website	We publish shareholder and stock information (General Meeting of Shareholders, Articles of Incorporation, dividends, shareholders memos, etc.), the 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.
	IR information https://www.chudenko.co.jp/info/

Governance

Management Team

Directors

Akira Sakotani

Representative Director and Chairperson

2013.6	Managing Director; Deputy General Manager, Power Generation Division; Head, Kaminoseki Nuclear Power Plant Siting Project, The Chugoku Electric Power Company, Incorporated
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; Head, 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, CHUDENKO (current position)

Takafumi Shigeto

Representative Director and 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 Division; General Manager, Property Management Division
2019.6	Outside 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; Head, Nuclear Power Plant Reinforcement Project
2022.6	Representative Director and President, CHUDENKO (current position)

Jitsuo Taniguchi

Representative Director and 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
2024.6	Representative Director and Executive Vice President, in charge of Business Reform Promotion and Safety, Sanitation, Quality, and Environmental Department, in charge of Procurement Department, and responsible for Tokyo and Osaka Headquarters (current position)

Outside Directors

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 ales, 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	2020.6 Outside Director, CHUDENKO (current position)

Naoto Yorino

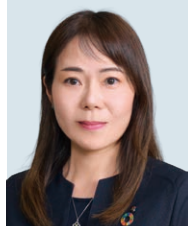
Outside Director

1983.4	Joined Fuji Electric Manufacturing Co., Ltd.
1985.4	Research Assistant, School of Science and Engineering, 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	Vice-Dean, Graduate School of Engineering, and Vice-Dean, School of Engineering
2021.6	Outside 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	Outside Director, CHUDENKO (current position)
2022.4	Director, Tenmaya Co., Ltd.
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	Outside Director, DaikyoNishikawa Corporation (current position)
2021.6	Outside Director, CHUDENKO (current position
2023.5	Auditor, Shinboai Gakuen (current position)

Directors (Audit and Supervisory Committee Members)

Takakazu Higashioka

Director, Audit and Supervisory Committee Member

1983.4	Joined CHUDENKO
2014.7	General Manager, Business Creation Department
2016.6	General Manager, First Business Creation Department, Planning Division
2017.6	Executive Officer; General Manager, First Business Creation Department, Planning Division
2018.6	Managing Executive Officer; General Manager, Okayama Supervising Branch
2020.6	Director, Managing Executive Officer; General Manager, Planning Division
2023.6	Managing Executive Officer; General Manager, Administration Division
2025.6	Director, Audit and Supervisory Committee Member (full-time) (current position)

Kumi Iioka

Outside Director, Audit and Supervisory Committee Member

1988.4	Registered with the Hiroshima Bar Association (current position), joined Madokoro Law Office
1997.4	Joined Himawari Law Office (current position)
2019.6	Outside statutory auditor, CHUDENKO
2023.6	Outside Director, Audit and Supervisory Committee Member, CHUDENKO (current position)
2024.4	Vice President, Japan Federation of Bar Associations

Toru Hirota

Outside Director, Audit and Supervisory Committee Member

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

Hiroyuki Yoshinaga

Outside Director, Audit and Supervisory Committee Member

2015.12	General Manager, Human Resources Development Department, Human Resources Development Di-vision, The Chugoku Electric Power Company, Incorporated
2018.6	General Manager, Compliance Promotion Division (Secretariat), The Chugoku Electric Power Company, Incorporated
2020.6	Executive Officer and General Manager, Compliance Promotion Division (Secretariat)
2022.6	Executive Officer and General Manager, Human Resources Development Division
2023.6	Outside Director, Audit and Supervisory Committee Member, CHUDENKO (current position)
2024.6	Managing Executive Officer and General Manager, Human Resources Development Division, The Chugoku Electric Power Company, Incorporated (current position)

Skills Matrix for Outside Directors

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		■	●	●	●				
Takafumi Shigeto		■	●			●	●		
Jitsuo Taniguchi		■	●	●	●				●
Nobuhide Inamoto	Independent Outside	■	●	●					●
Naoto Yorino	Independent Outside	■		●				●	●
Shigeki Ekuni	Independent Outside	■	●		●	●			
Haruko Murata	Independent Outside	●	●				●	●	
Takakazu Higashioka		■				●	●	●	
Kumi Iioka	Independent Outside	●				●		●	
Toru Hirota	Independent Outside	■	●			●	●		
Hiroyuki Yoshinaga	Outside	■			●	●		●	

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 Outside Directors

Nobuhide Inamoto
Outside Director

From his perspective as an outside director, Mr. Inamoto shares his views on the current state of the Board of Directors, the perspectives he values in management over-sight, and his expectations for CHUDENKO's future.

Q1. Please tell us about the atmosphere and changes in the Board of Directors.

I recognize it as a Board of Directors where many people speak up, lively discussions take place, and genuine opinions are exchanged rather than merely formal proceedings. While there have been reviews of agenda items submitted following the transition to a Company with Audit and Supervisory Committee, there have been no changes in the outside director members. As the Board has always been one where frank discussions take place based on the diverse experiences of its members, I have not particularly noticed any change in atmosphere. The company also listens humbly to opinions, making it easy to speak up, and I regard the atmosphere as very positive.

Q2. What points do you pay attention to when supervising management from an independent standpoint?

There are two points I particularly pay attention to.

The first is regarding efforts related to the medium-to long-term direction of the company. I am always conscious of this and closely watch whether the process of making it concrete and working toward its realization is functioning properly.

The second is that when I sense even a slight discomfort or have doubts in the flow of day-to-day information, I make an effort not to dismiss those feelings lightly, but rather to pause, think, ask questions, and express my opinions.

To elaborate on the first point: What kind of company do we want to become in the future? Can we survive into the future with our current business portfolio, or should we develop new core businesses? To do so, it is important that we have appropriate human resources and a well-prepared environment for executing our operations. For a company to develop, it is essential that all people—management, managerial employees, and general employees—work in the same direction. To fully demonstrate our collective strength as one company, we must be supported by people who share "common values" and who can "sense for themselves, think for themselves, and act for themselves."

It is important to foster and evolve a corporate culture that values these principles: our company motto of "Magokoro" (a sincere heart) and our 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." But do we continually ask ourselves what specifically our "Magokoro" means, what specifically "technology" refers to, what "quality" is, and what "pride" truly means? In our daily business operations, I believe we need steady, ongoing activities to make these concepts concrete and evolve them day by day, comparing various situations against our company motto and corporate philosophy.

It is each and every person throughout the Company who fosters and enhances this corporate culture. We will also be actively considering M&A, but if we value sharing corporate culture and values, it is necessary to clearly recognize that potential partners may possess different cultures and values, and to proceed with such initiatives with proper awareness and resolve.

To elaborate on the second point: I place great importance on the sense of discomfort that arises when I feel that "something is not quite right." Even if something may be taken for granted by people inside the company, when I find myself thinking "Why is that?," I try to dig deeper into why I feel that way and express my opinion. It is not about who is right or wrong, but rather a desire to value the insights that arise from differences in perspective. I hope that others will take an interest in what I think, and that this will lead to meaningful discussion.

I value intuitive feelings of discomfort and doubt, and one of the foundations for this perspective is the words of Ninomiya Sontoku: "Economics without morality is a crime, and morality without economics is mere idle talk." I particularly resonate with the nuance of the word "idle talk." For a company to grow, earning profits is a fundamental prerequisite. The idea that "as long as we work honestly and correctly, it is acceptable even without earning profits" is nothing more than idle talk.

I am an outside director and have spent many years in an environment different from that of the people of CHUDENKO. It is not about who is right or wrong, but from various perspectives, there will be differences between CHUDENKO's people and myself in terms of both moral views and economic views. I believe there is great value in sharing and discussing these different moral and economic views with each other.

Q3. Please share your expectations and a message for our company going forward.

I hope CHUDENKO will become a sound and resilient company representing the Chugoku region. I understand that the hiring environment is challenging, but I would like CHUDENKO to gather people who are motivated to work together. I would like CHUDENKO to become a company that people truly want to join, one that does not focus solely on prioritizing shareholders but broadly values employees, customers, local communities, and the global environment as well. In addition, I hope the Company will advance new technology development based on the technologies built upon its existing technical strengths and establish new business pillars. By doing so, I hope CHUDENKO will enhance its corporate appeal and increase the number of people who wish to work here.

Finally, please cherish your corporate culture. Humbly reflect on what kind of corporate culture you wish to create, what kind of corporate culture currently exists, and what aspects you would like to improve. I hope that everyone will sense for themselves, think for themselves, and act for themselves under the shared values of the corporate philosophy. If there is any sense of "discomfort" with the current environment, working together to change it should make work more enjoyable.

It is also important to change perspectives—just as good ideas often come to mind when one relaxes "on horseback, on the pillow, or in the lavatory." And as the saying goes, "by mastering the ordinary, one reaches the extraordinary." Continuing to do what should be done as a matter of course is not easy, but if it is mastered, it will surely become something exceptional. I hope you will value the steady accumulation of daily efforts.

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 is compiled in a way to serve as a code of conduct for our officers and employees, ensuring that they stick to social rules and are mindful of common sense in one's actions.

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.

Classes at the Workplace

RiskManagement

Business Continuity Plan (BCP)

As a company involved in the supply of electricity, we bear significant responsibility not only to our customers but society in general, making it essential that we are thoroughly prepared for disasters. We have therefore developed a business continuity plan from both a short-term perspective of "preventing business interruption in the event of a disaster" and a long-term perspective of "preventing bankruptcy after a disaster." We regularly conduct drills simulating large earthquake scenarios, including confirmation of emergency contact systems and safety confirmation procedures, so that officers and employees can understand their respective roles.

Training at the Head Office (Emergency Response Headquarters)

Risk Management

Regarding our Group's business, the major risks that we recognize as having the potential to significantly impact the financial position, operating results, and cash flow status of consolidated companies include the following.

These risks have been identified based on their degree of impact and frequency of occurrence through regular processes of "identification," "evaluation," and "consideration of countermeasures" within our Group.

Additionally, beyond the risks identified here, there are other risks such as "credit risk of business partners" and "risks related to market value decline of securities held."

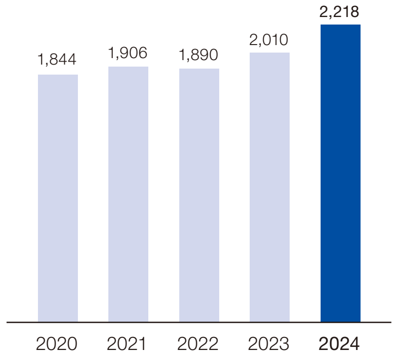
1. Risk Related to Human Resource Securing and Development	In our Group's core business of building equipment construction, the workforce is aging due to a decline in new hires and high turnover rates, making the securing future personnel is an urgent issue. If we are unable to secure personnel with the necessary national qualifications and skills, insufficient construction capacity may prevent us from securing sales, which could adversely affect the Group's business performance.
2. Risk Related to Changes in the Order Environment	In the event of significant changes in the order environment, such as a decrease in capital investment by private companies, including our major customer, The Chugoku Electric Power Group as well as government agencies, we may be unable to secure orders, which could impact our Group's performance.
3. Risk Related to Legal and Compliance Violations	In the event that business operations or processes are conducted in violation of the Construction Business Act, the Industrial Safety and Health Act, or other related laws or regulations, on in a manner that is contrary to compliance it could result in a criminal penalty, suspension of business transactions, loss of social trust, or the imposition of substantial surcharges or claims for damages. This could significantly damage the Group's credibility and reputation and may adversely affect its business performance.
4. Risk Related to Quality Defects	In the event of a serious quality issue arises from human error during the design or construction stage of building equipment work or the planning or manufacturing stage of our products, this could result in substantial costs for repairs, claims for damages arising from construction or delivery delays, and the suspension of business in conjunction with this could significantly damage the Group's credibility or reputation, impacting performance.
5. Risk Related to Industrial Accidents and Traffic Accidents	The Group has many construction sites and gives the highest priority to safety considerations and measures. However, in the event of industrial accidents or traffic accidents, human losses, compensation to victims, judicial and administrative penalties, and loss of social credibility could significantly damage the Group's credibility or reputation, thereby impacting performance.
6. Risk Related to Increase in Construction Costs	While the Group repeatedly reviews costs before and during construction to reduce costs and secure profits, if construction costs increase significantly due to sharp rises in material and subcontracting costs and these increases cannot be reflected in contract amounts, resulting in decreased profitability, it could impact the Group's performance.
7. Risk Related to M&A and Investment Participation Projects	The Group, centered on our core business of building equipment construction, engages in M&A and business investment participation for the purpose of business expansion and strengthening competitiveness. However, despite prior investigation and consideration, if acquired businesses or invested businesses cannot develop as planned and invested funds cannot be recovered or additional costs arise, it could impact the Group's performance.
8. Risk Related to Information Security	The Group holds customer information and confidential information, and in recent years, cases involving unauthorized access and cyberattacks have occurred. If such business-related information were to be leaked externally or lost due to human error, technical failures, or unforeseen circumstances, it could result in substantial claims for damages, suspension of business, or loss of social credibility, which in turn could significantly damage the Group's credibility and adversely affect performance.
9. Risk Related to Natural Disasters	The Group has many offices in Japan and overseas. Large-scale natural disasters such as earthquakes, tsunamis, and typhoons, as well as 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 networks, as well as broader social and economic stagnation or instability. This, in turn, could result in an interruption or delay in business activities, impacting the Group's performance.
10. Risk Related to Addressing Climate Change Issues	If 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 strengthening of regulations or the introduction of measures such as a carbon tax could also impact the Group's performance.

Financial and Non-Financial Highlights

Financial (Consolidated)

Net Sales

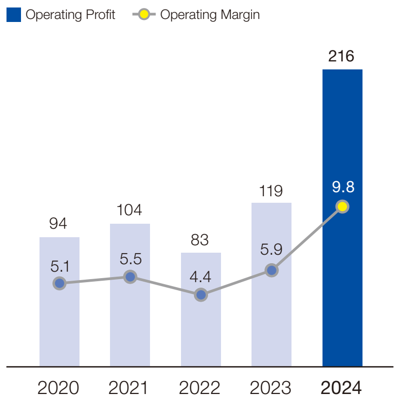
¥221.8 billion



Net sales increased ¥20.8 billion (10.4%) year-on-year to ¥221.8 billion, mainly due to a ¥20.6 billion increase at the parent company from growth in Indoor Electrical Work, Air-Conditioning Piping Work, Information Communications Equipment Work, and Underground Transmission and Substation Line Work.

Operating Profit / Operating Margin

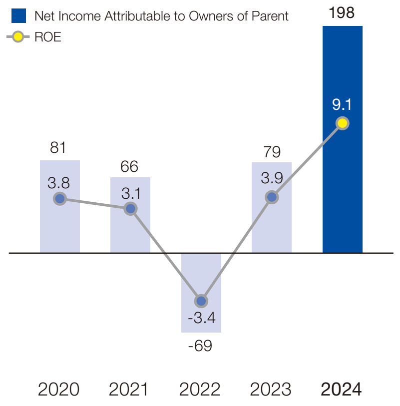
¥21.6 billion **9.8%**



Operating profit increased ¥9.7 billion (81.6%) year-on-year to ¥21.6 billion, primarily due to a ¥9.3 billion increase at the parent company from higher net sales in Indoor Electrical Work and other areas, as well as thorough cost management.

Net Income Attributable to Owners of Parent / ROE:

¥19.8 billion **9.1%**

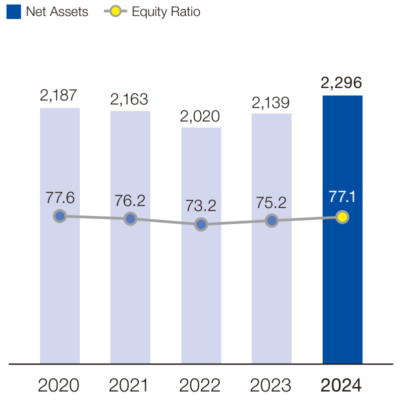


Net income attributable to owners of the parent increased ¥11.9 billion year-on-year to ¥19.8 billion due to an increase in ordinary profit as well as a decrease in income taxes associated with the dissolution of C&C Investment Corporation, an equity-method affiliate. ROE* increased 5.2 points to 9.1%.

*ROE: Return on Equity

Net Assets / Equity Ratio

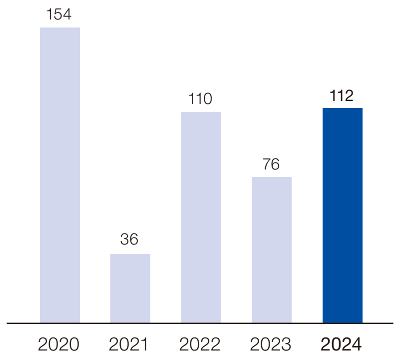
¥229.6 billion **77.1%**



Net assets increased ¥15.6 billion from the previous year, mainly due to a ¥13.8 billion increase in retained earnings.

Free Cash Flow

¥11.2 billion

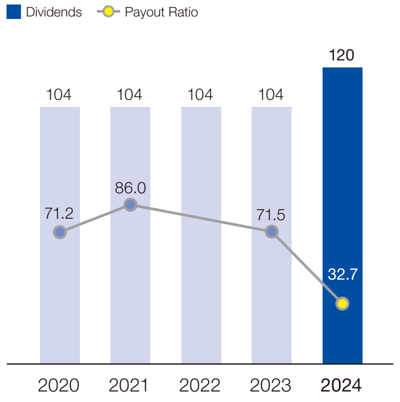


Free cash flow* amounted to ¥11.2 billion, as the Company generated ¥22.7 billion from operating activities but used ¥11.5 billion of funds in investing activities.

* Free cash flow = Cash flow from operating activities + Cash flow from investing activities

Dividends / Payout Ratio

¥120 **32.7%**



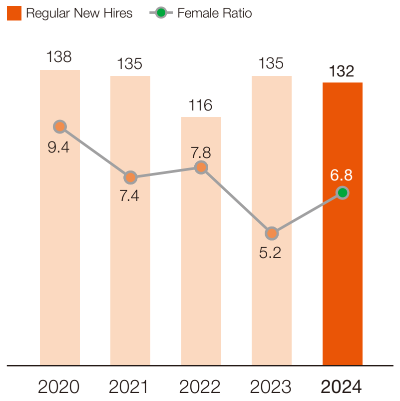
For dividends, we have adopted DOE (Dividend on Equity) to ensure sustainable and stable payouts. In Fiscal Year 2024, we continued our dividend policy targeting a DOE of approximately 2.7%, resulting in a dividend of ¥120 per share and a payout ratio of 32.7%.

Note: The payout ratio for FY2022 is not stated due to net loss for the period.

Non-Financial (Non-Consolidated)

Regular New Hires / Female Ratio

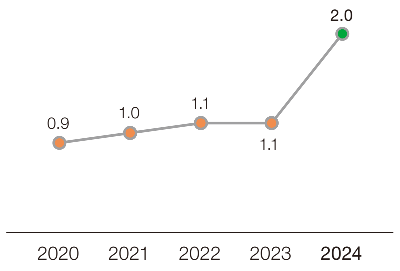
132 **6.8%**



We are focusing on securing and developing next-generation engineers. We are also working to in-crease the number of female employees hired.

Female Ratio in Management (Special Management and Above)

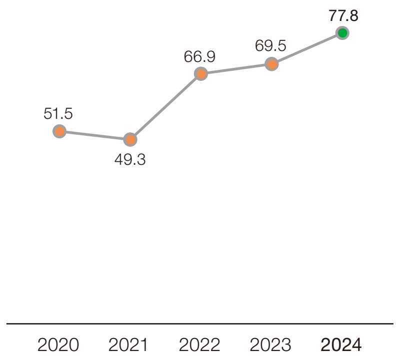
2.0%



To further promote the active participation of female employees, we have formulated a General Employer Action Plan (Act on Promotion of Women's Participation and Advancement in the Workplace). We are actively hiring women and appointing them to managerial positions, thereby supporting women's career advancement.

Male Childcare Leave Uptake Rate

77.8%

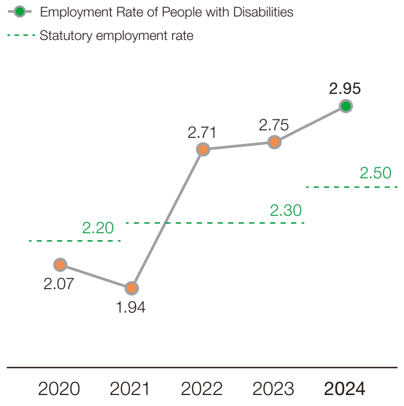


We are promoting male employees' uptake of childcare leave by continuing to conduct training for young male employees and managers.

We are also creating a workplace environment where men can easily take childcare leave by partially compensating wages during the childcare leave period.

Employment Rate of People with Disabilities

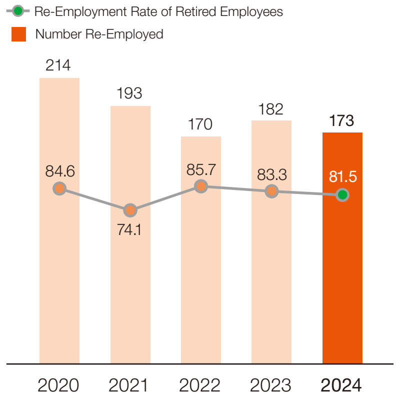
2.95%



To promote an environment in which diverse human resources can thrive regardless of disabilities, we are actively promoting the employment of people with disabilities together with our subsidiary, Berrynet Co., Ltd., which is certified as a special subsidiary.

Re-Employment Rate of Retired Employees / Number Re-Employed

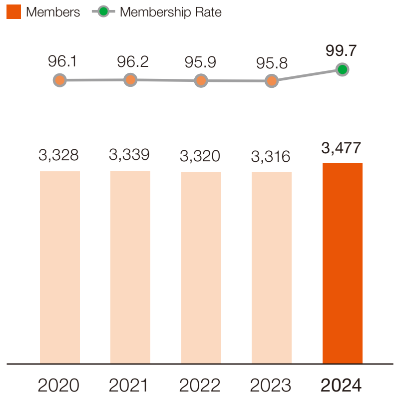
81.5% **173**



For employees who are willing to continue working with the Company after reaching retirement age, we have established a re-employment system that allows for work styles suited to each individual's work-life balance, enabling them to apply the knowledge and skills cultivated over the many years in their work.

Employee Stock Ownership Plan Membership Rate / Members

99.7% **3,477**



As part of employee benefits and human capital investment initiatives, we have introduced an employee stock ownership plan.

We maintain a high membership rate, which contributes to employee asset formation, improved engagement, and fostering a sense of participation in management.

11-Year Financial and Non-Financial Summary (Consolidated)

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Profit and Loss												
Net sales	Million yen	145,547	147,752	147,935	148,300	153,322	168,888	184,482	190,690	189,032	201,025	**221,885**
Cost of sales	Million yen	126,062	126,326	126,556	127,540	133,986	147,620	159,078	164,450	165,044	172,495	**182,957**
Gross profit	Million yen	19,485	21,425	21,379	20,759	19,335	21,268	25,404	26,239[3]	23,987	28,529	**38,928**
Selling, general and administrative expenses	Million yen	10,054	10,448	11,703	12,224	12,848	12,934	15,921	15,813	15,625	16,582	**17,229**
Operating profit	Million yen	9,430	10,977	9,675	8,535	6,486	8,333	9,482	10,425[3]	8,361	11,947	**21,698**
Non-operating profit	Million yen	6,748	3,885	2,285	3,338	2,504	2,956	2,556	1,947[3]	2,399	1,819	**2,090**
Non-operating expenses	Million yen	48	58	90	129	69	101	139	413	12,666	1,024	**354**
Ordinary profit	Million yen	16,130	14,804	11,871	11,744	8,921	11,188	11,899	11,959	-1,905	12,742	**23,434**
Extraordinary profit	Million yen	30	1,350	1,659	97	1,837	1,240	1,004	42	170	2	**33**
Extraordinary losses	Million yen	502	318	285	208	911	3,292	85	881	1,438	172	**882**
Profit before income taxes	Million yen	15,658	15,836	13,246	11,632	9,848	9,136	12,818	11,119	-3,173	12,572	**22,585**
Net income attributable to owners of parent	Million yen	10,492	10,889	9,273	7,809	6,160	4,795	8,119	6,682	-6,913	7,937	**19,895**
Financial Position												
Total assets	Million yen	261,858	260,073	263,618	269,875	267,181	274,976	276,519	279,725	272,514	280,542	**293,900**
Net assets	Million yen	216,047	215,058	217,013	222,373	218,036	212,043	218,747	216,329	202,069	213,921	**229,601**
Capital investment	Million yen	3,778	3,803	3,264	4,589	3,811	2,279	2,151	2,537	5,174	4,393	**6,347**
R&D expenses	Million yen	97	170	178	332	240	156	235	225	219	234	**177**
Depreciation and Amortization	Million yen	2,601	2,678	2,790	2,862	2,960	2,776	2,839	2,823	2,951	3,358	**3,629**
Equity ratio	(%)	81.8	81.9	81.5	81.1	80.2	75.7	77.6	76.2	73.2	75.2	**77.1**
Cash Flows												
Cash flow from operating activities	Million yen	5,142	10,460	10,719	6,700	10,126	11,835	9,116	7,968	6,181	13,721	**22,754**
Cash flow from investing activities	Million yen	-12,761	9,339	-1,231	-6,499	-25,559	-15,725	6,344	-4,326	4,843	-6,098	**-11,525**
Cash flow from financing activities	Million yen	-2,759	-7,436	-9,207	-5,055	-5,712	-6,438	-7,182	-8,516	-7,512	-7,316	**-7,643**
Cash and cash equivalents	Million yen	45,724	58,314	58,580	53,740	32,566	22,242	30,477	25,679	29,403	29,845	**34,435**
Per Share Information												
Net assets per share	Yen	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	**4,183.81**
Earnings per share	Yen	178.29	185.97	160.20	139.61	110.22	86.13	146.13	120.98	-125.62	145.37	**366.88**
Dividend per share	Yen	62	72	72	94	104	104	104	104	104	104	**120**
Dividend payout ratio	(%)	34.8	38.7	44.9	67.3	94.4	120.7	71.2	86.0	–	71.5	**32.7**
Principal Indicators												
Gross profit margin	(%)	13.4	14.5	14.5	14.0	12.6	12.6	13.8	13.8[2]	12.7	14.2	**17.5**
Operating margin	(%)	6.5	7.4	6.5	5.8	4.2	4.9	5.1	5.5[2]	4.4	5.9	**9.8**
Ordinary margin	(%)	11.1	10.0	8.0	7.9	5.8	6.6	6.5	6.3	-1.0	6.3	**10.6**
Net profit margin	(%)	7.2	7.4	6.3	5.3	4.0	2.8	4.4	3.5	-3.7	3.9	**9.0**
Return on equity (ROE)	(%)	5.0	5.1	4.3	3.6	2.8	2.3	3.8	3.1	-3.4	3.9	**9.1**
Return on assets (ROA)	(%)	4.1	4.2	3.5	2.9	2.3	1.8	2.9	2.4	-2.5	2.9	**6.9**
Price earnings ratio (PER) (times)	(times)	13.14	12.09	14.73	20.61	20.48	25.55	16.16	17.09	–	21.08	**8.98**
Price book-value ratio (PBR) (times)	(times)	0.64	0.65	0.61	0.74	0.59	0.59	0.61	0.53	0.59	0.79	**0.79**
Others												
Number of shares issued	Shares	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	**58,138,117**
Number of treasury shares	Shares	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	**3,995,126**
Year-end share price (yen)	Yen	2,342	2,249	2,359	2,877	2,257	2,201	2,361	2,067	2,134	3,065	**3,295**
Non-Financial Information												
Number of employees	Persons	4,063	4,105	4,167	4,190	4,210	4,474	4,468	4,531	4,556	4,519	**4,612**

[1] In Fiscal Year 2018, we applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting." Accordingly, the figures for Fiscal Year 2017 are presented after retrospective application of the relevant accounting standards.
[2] In Fiscal Year 2020, as we finalized the provisional accounting treatment of business combination, the figures for FY2019 reflect this provisional treatment.
[3] In Fiscal Year 2022, as we finalized the provisional accounting treatment of business combination, the figures for FY2019 reflect this provisional treatment.

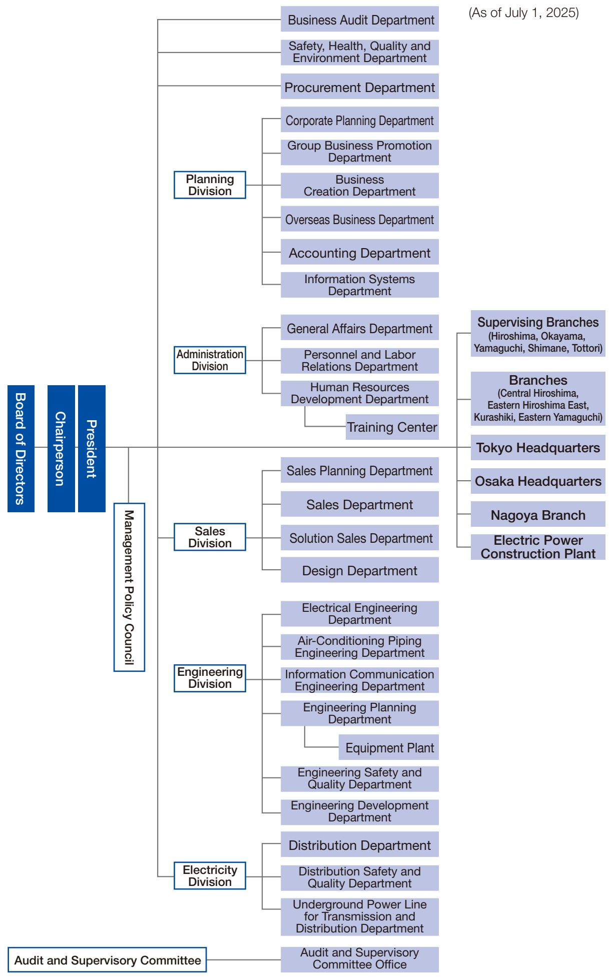
Company Profile

Company Information

Name	CHUDENKO CORPORATION
Established	September 29, 1944
Capital	¥3,481,905,850
Address of Head Office	6-12 Koamicho, Naka-ku, Hiroshima 730-0855, Japan Tel: +81-82-291-7411 (main line)
Number of Employees	Consolidated: 4,612 Non-consolidated: 3,400 (As of March 31, 2025)
Main Business Locations	Supervising Branches in Hiroshima, Okayama, Yamaguchi, Shimane, and Tottori Tokyo/Osaka Headquarters, Nagoya Branch Electric Power Construction Office

Organizational Structure

(As of July 1, 2025)



CHUDENKO Group

Consolidated Group Companies

Name	Description of Main Business
SANSHIN ELECTRIC MATERIALS CO., LTD.	Sales of electrical 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 construction of electrical work, etc.
CHUDENKO ELETECH OKAYAMA / TOTTORI CO., LTD.	Design and construction of electrical work, etc.
CHUDENKO ELETECH YAMAGUCHI CO., LTD.	Design and construction of electrical work, etc.
SUGIYAMAKANKOUSETUBI CO., LTD	Design and construction of air-conditioning piping work, etc.
HAYAMIZUDENKI CO., LTD.	Design and construction of electrical work, etc.
SHOWA CORPORATION	Design, construction, and supervision of heat insulation work Manufacture and sales of heat insulation pipe support fittings
SHOWA VIETNAM CO.,LTD.	Import/export, wholesale/retail sales of air-conditioning piping materials, etc., design, construction, and supervision of heat insulation work, etc.
SHOWA TECH VIETNAM CO.,LTD	Manufacture and sales of air-conditioning piping materials, 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.
RYBE ENGINEERING (M) SDN.BHD.	Design and implementation of electrical work, etc.

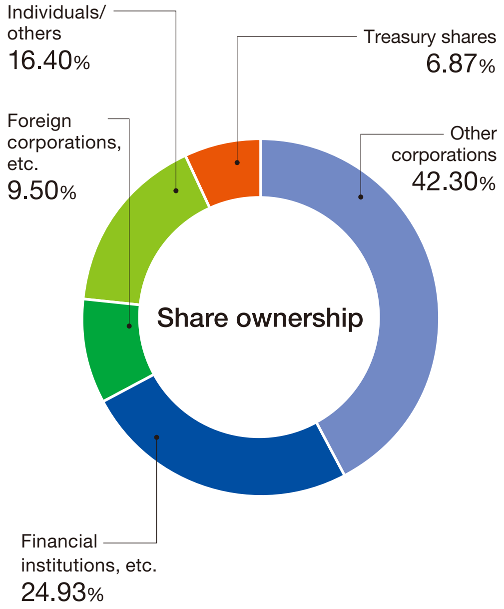
Non-consolidated Group companies

Name	Description of Main Business
Berryne Corporation	Agricultural business

Stock Information

Shareholder Information (As of March 31, 2025)

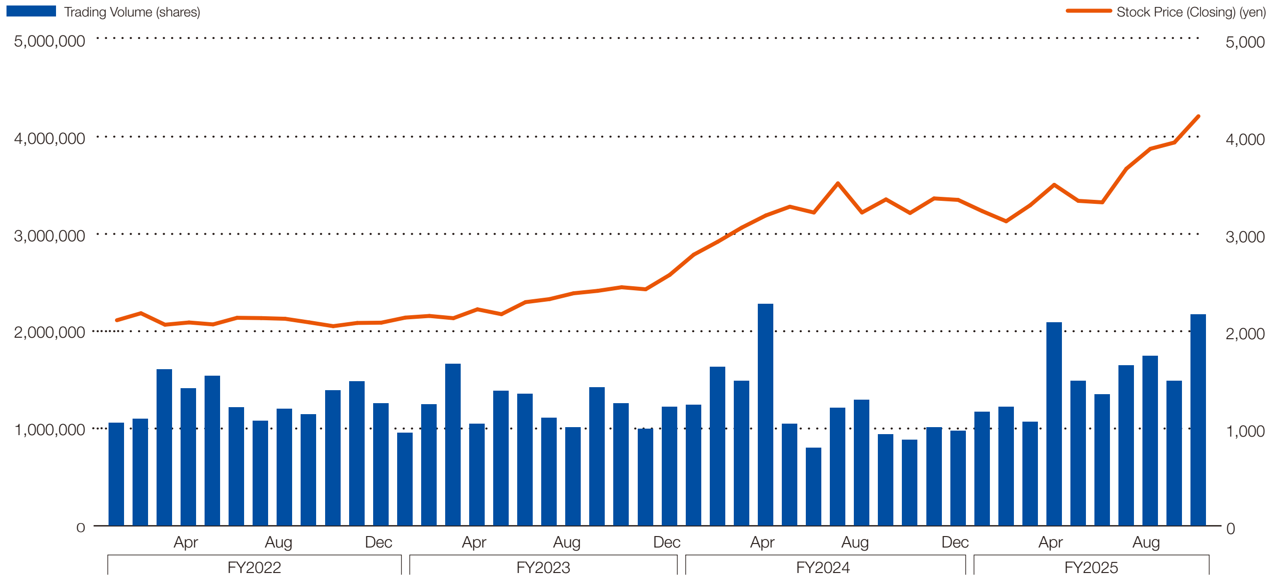
Total number of shares authorized to be issued	260,000,000 shares
Total number of shares issued	54,142,991 shares (Excluding 3,995,126 treasury shares)
Number of shareholders	12,383



Major Shareholders

Shareholder Name	Number of Shares Held	Shareholding Ratio
The Chugoku Electric Power Company, Incorporated	21,892,259	40.43
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,538,500	8.38
CHUDENKO Employee Stock Investment Association	1,672,160	3.08
The Chugoku Bank, Limited	1,398,619	2.58
Custody Bank of Japan, Ltd. (Trust account)	1,299,200	2.39
Momiji Bank, Ltd.	1,172,900	2.16
Meiji Yasuda Life Insurance Company	1,129,465	2.08
The Hiroshima Bank, Ltd.	1,036,180	1.91
The Yamaguchi Bank, Ltd.	700,279	1.29
The San-in Godo Bank, Ltd.	656,481	1.21

Stock Price and Trading Volume



Inquiries

CHUDENKO CORPORATION

6-12 Koamicho, Naka-ku, Hiroshima 730-0855, Japan
Planning Headquarters, Corporate Planning Department, IR Section
Tel: 082-233-9034　Fax: 082-234-8075
E-mail: kikaku@chudenko.co.jp

Please feel free to contact us at the above address if you have any comments or feedback on this report.

CHUDENKO 中電工

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