



CHUDENKO CORPORATION

Financial Results Briefing for the Fiscal Year Ended March 2026

June 3, 2026

Event Summary

[Company Name]	CHUDENKO CORPORATION
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[Venue Size]	
[Participants]	
[Number of Speakers]	1 Takafumi Shigeto Representative Director and President

Presentation

Moderator: Now that your time has arrived, we will now begin the financial results briefing of CHUDENKO CORPORATION. Thank you very much for taking time out of your busy schedule to attend today's financial results briefing.

We would like to make a variety of requests and announcements on the occasion of the event. In this briefing, the financial report presentation will be followed by a question-and-answer session. We may not be able to answer all questions. Please note that in such cases, we will respond individually.

Takafumi Shigeto, Representative Director and President, will now report on the financial results for FY2025.

Shigeto: Hello, everyone. I am Shigeto, President of CHUDENKO. Thank you very much for joining us today for our FY2025 financial results presentation.

Briefing Topics

- | | |
|---|---|
| 1 | FY2025 Performance |
| 2 | FY2026 Earnings Forecasts |
| 3 | Revision of Numerical Targets under the Medium-Term Management Plan 2027 (FY2025–2027) and CHUDENKO Group 2030 Vision |
| 4 | Management Measures Considering Capital Costs and Share Price |
| 5 | Shareholder Returns |
| 6 | References (Company Profile, etc.) |

The items I will explain today are, first, our business performance for FY2025, followed by the forecast for FY2026, a review of the numerical targets of the Mid-term Management Plan 2027 and the CHUDENKO Group 2030 Vision, measures to realize management with an awareness of cost of capital and stock price, and finally, shareholder returns.

Thank you.

Business Environment

- Raw material prices remain persistently high, labor costs continue to rise, and labor shortages continue.
- Capital investment in the manufacturing industry, including automotive and semiconductor-related factories, and urban redevelopment are proceeding steadily.

Our Group's Initiatives

- Based on the Medium-Term Management Plan 2027 (FY2025–2027), the CHUDENKO Group advanced various measures, including further strengthening of sales capabilities and construction capacity, and improvement of productivity.

First, I would like to discuss our performance in FY2025.

The business environment in FY2025 was characterized by continuing challenges common to the construction industry, such as high raw material prices and rising labor costs, as well as a labor shortage.

On the other hand, the environment for orders remained favorable due to capital investment in the manufacturing sector, including automobile- and semiconductor-related plants, as well as steady redevelopment in urban areas.

Under these circumstances, our group has been taking measures, such as further strengthening sales and construction capabilities, thoroughly controlling costs, and improving productivity by streamlining the construction system, in accordance with the Mid-term Management Plan 2027.

Performance (Consolidated)

- FY2025: "Higher revenue and profits (Operating Profit and Ordinary Profit)"
- Net sales increased for the third consecutive fiscal year, driven by steady progress on large-scale construction projects, including factory-related projects in the Chugoku Region, among other factors. (Record high)
- Operating profit increased for the third consecutive fiscal year, supported by higher net sales as well as thorough cost management, improved construction efficiency, and company-wide efforts to further reduce costs, among other factors. (Record high)
- Profit Attributable to Owners of Parent decreased for the first time in three fiscal years, due in part to a reactionary decline following the decrease in income taxes associated with the dissolution of an equity-method affiliate in the previous fiscal year.

(Billions of yen)

Consolidated Performance	FY2024		FY2025		Change	YoY
Net Sales		221.8		227.8	5.9	103%
Gross profit	(17.5%)	38.9	(19.7%)	44.7	5.8	115%
Selling, general and administrative expenses		17.2		18.6	1.3	108%
Operating Profit	(9.8%)	21.6	(11.5%)	26.1	4.4	121%
Ordinary Profit	(10.6%)	23.4	(12.1%)	27.4	4.0	117%
Profit Attributable to Owners of Parent	(9.0%)	19.8	(8.1%)	18.4	-1.4	93%

Note: Figures in () are profit margins.

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As a result, the consolidated results for FY2025 showed an increase in revenue, operating income, ordinary income, and profit.

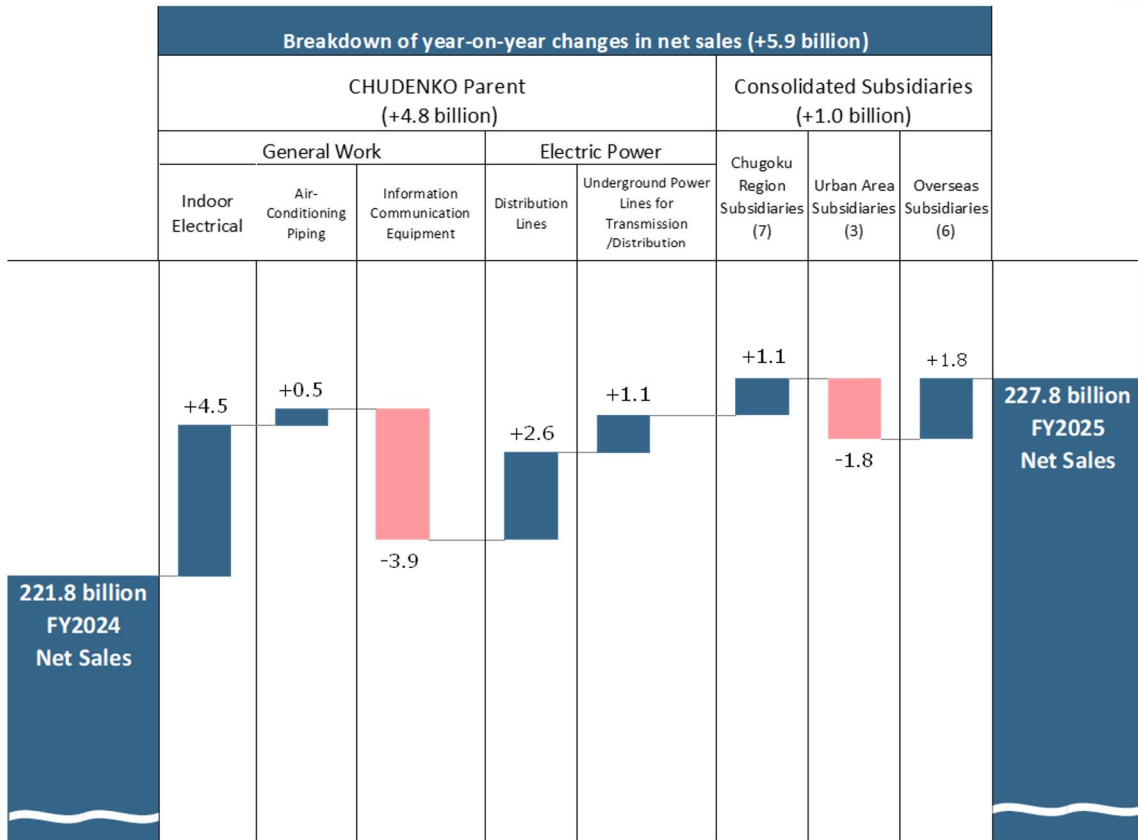
Net sales increased for the third consecutive year to JPY227.8 billion, up JPY5.9 billion from the previous year, due to growth in non-consolidated sales of CHUDENKO, reflecting steady progress in large-scale construction projects, including plant-related projects in the Chugoku region.

Operating income increased for the third consecutive year to JPY26.1 billion, up JPY4.4 billion from the previous year. In addition to the increase in net sales, the Group absorbed increased personnel expenses due to wage hikes and other factors by improving construction efficiency through thorough cost control and front-loading processes, obtaining additional construction work, and further promoting company-wide cost reductions.

On the other hand, net income attributable to shareholders of the parent company decreased for the first time in three fiscal years to JPY18.4 billion, down JPY1.4 billion from the previous year, mainly in reaction to a JPY4.4 billion decrease in income taxes resulting from the dissolution of an equity-method affiliate in the previous fiscal year.

To sum up FY2025, we believe that we have made a good start as the first year of the medium-term management plan, as net sales and operating income reached record highs, except for net income, which declined due to special factors.

Main factors in year-on-year changes in net sales (consolidated)



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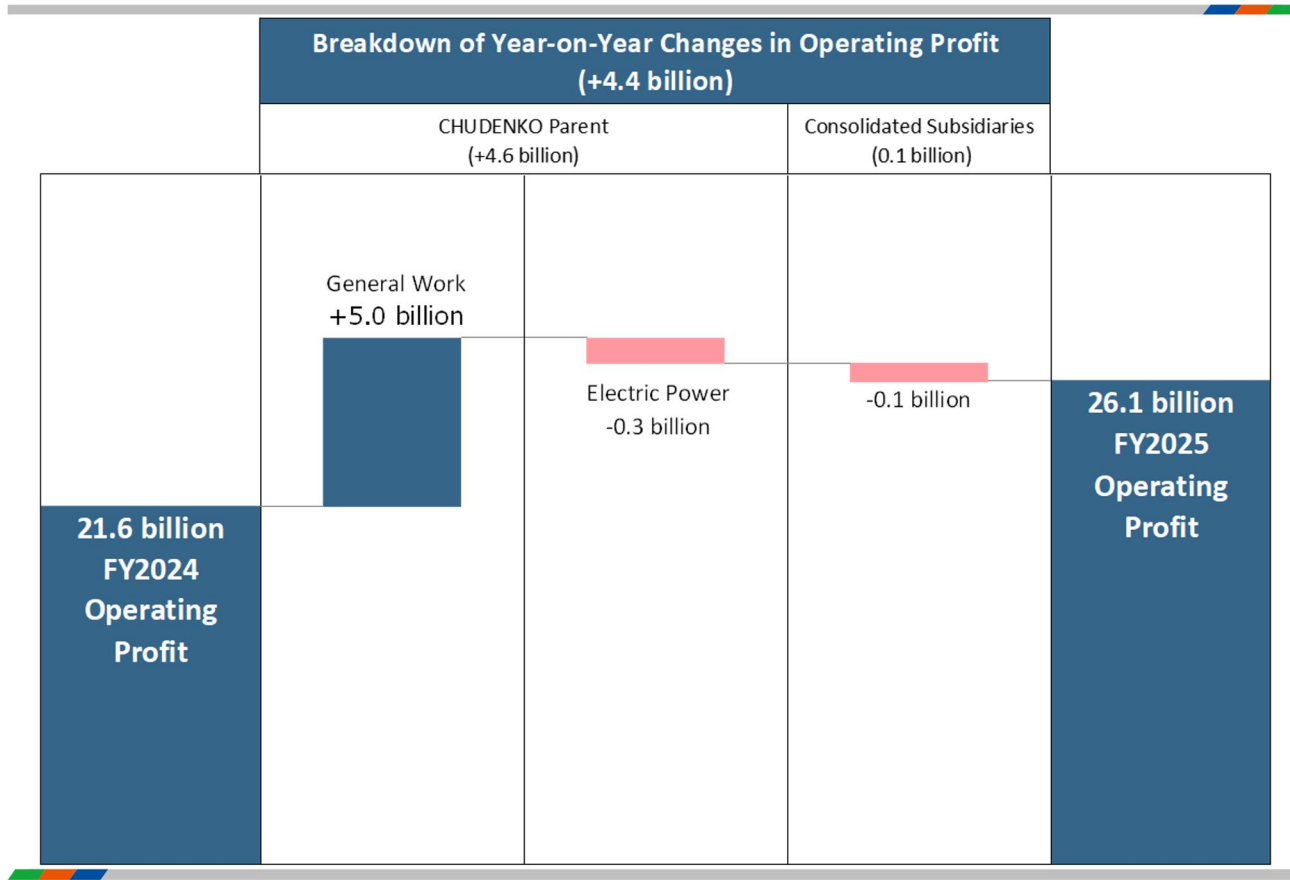
I will now explain the increase and decrease in the financial results. This is a breakdown of the changes in net sales.

On a non-consolidated basis, CHUDENKO saw an increase of JPY4.8 billion YoY due to an increase in indoor electrical work and power distribution line work, despite a decrease in information and telecommunications work due to a decline in large-scale highway telecommunications-related work.

Consolidated subsidiaries increased by JPY1 billion from the previous year due to an increase in the Chugoku region and overseas, despite a decrease in the metropolitan area.

As a result of the above, consolidated net sales were JPY5.9 billion higher than the previous year.

Breakdown of Year-on-Year Change in Operating Profit (Consolidated)



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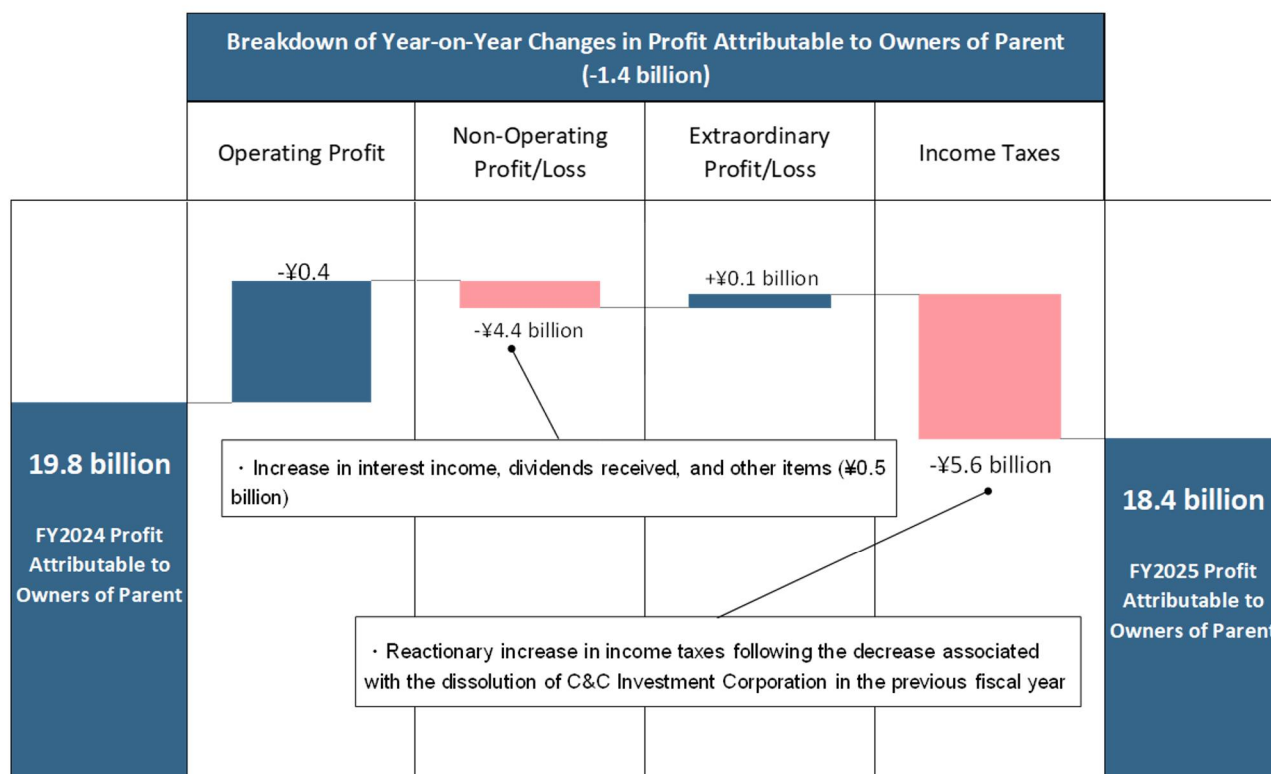
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Next is a breakdown of the changes in operating income.

On a non-consolidated basis, CHUDENKO's total sales increased by JPY4.6 billion from the previous year due to a significant increase in the general construction segment, including indoor electrical work, despite a slight decrease in the electric power construction segment, including distribution line work.

Although operating income of consolidated subsidiaries decreased by JPY0.1 billion, consolidated operating income was JPY26.1 billion, an increase of JPY4.4 billion from the previous year.

Main Factors in Year-on-Year Change in Profit Attributable to Owners of Parent (Consolidated)



Next is a breakdown of the changes in net income attributable to owners of the parent.

Despite a JPY4.4 billion increase in operating income and a JPY0.5 billion increase in interest and dividend income, non-operating income decreased by JPY0.4 billion, mainly due to a JPY1.2 billion equity in losses of affiliates related to IAQ in Malaysia, in which we invested in FY2024.

In addition, income taxes decreased by JPY1.4 billion from the previous year due to a JPY5.6 billion increase in income taxes resulting from the dissolution of an equity-method affiliate, as explained earlier.

Performance (Parent)

➤ FY2025: Higher revenue and profits (Operating Profit and Ordinary Profit)

(Billions of yen)

Parent Performance	FY2024		FY2025		Change	Ratio
Orders Received		186.5		223.7	37.2	120%
Net Sales		177.8		182.6	4.8	103%
Gross Profit	(16.0%)	28.4	(18.8%)	34.3	5.8	121%
Selling, General and Administrative Expenses		9.3		10.5	1.2	113%
Operating Profit	(10.8%)	19.1	(13.0%)	23.7	4.6	124%
Ordinary Profit	(12.1%)	21.5	(14.4%)	26.3	4.8	123%
Net Profit	(10.7%)	19.0	(10.2%)	18.5	-4.0	97%

Note: Figures in () are profit margins.

Next, I will explain CHUDENKO's non-consolidated performance.

Compared to the previous fiscal year, sales, operating income, and ordinary income increased.

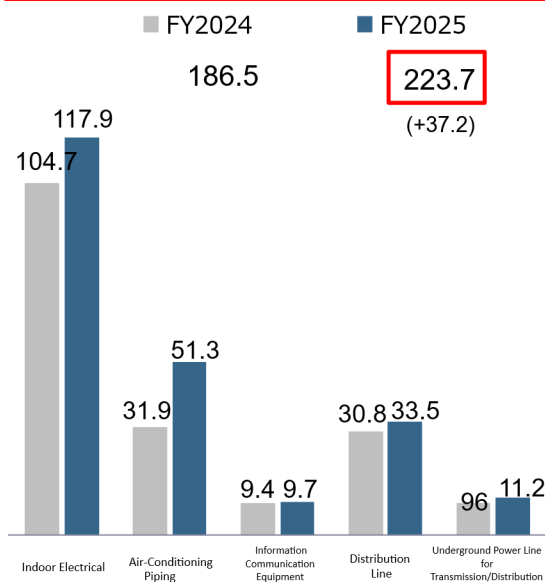
Orders received were JPY223.7 billion, up JPY37.2 billion from the previous year, sales were JPY182.6 billion, up JPY4.8 billion from the previous year, operating income was JPY23.7 billion, up JPY4.6 billion from the previous year, and net income was JPY18.5 billion, down JPY400 million from the previous year.

Orders Received and Net Sales by Sector (Parent)

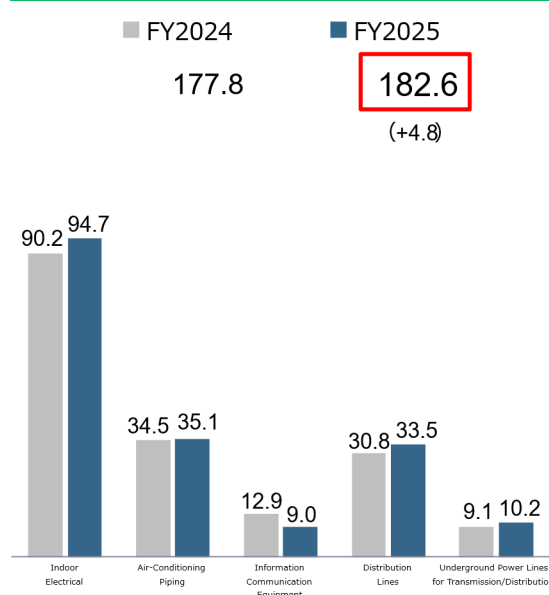
- Orders received increased by ¥37.2 billion year on year (factories, schools, hospitals, etc. increased)
- Net sales increased by ¥4.8 billion year on year (offices, factories, etc. increased)

(Billions of yen)

Orders Received



Net Sales



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Next are orders received and sales by individual sector.

Orders received, on the left side, increased in all construction categories.

In particular, indoor electrical work and air-conditioning pipe work saw an increase in semiconductor-related and other factory-related projects as well as hospital-related projects. In particular, orders for air-conditioning pipe work increased 1.6 times from the previous year to JPY51.3 billion in the general construction category due to large automobile-related projects.

Overall, the total amount was JPY223.7 billion, up JPY37.2 billion from the previous year.

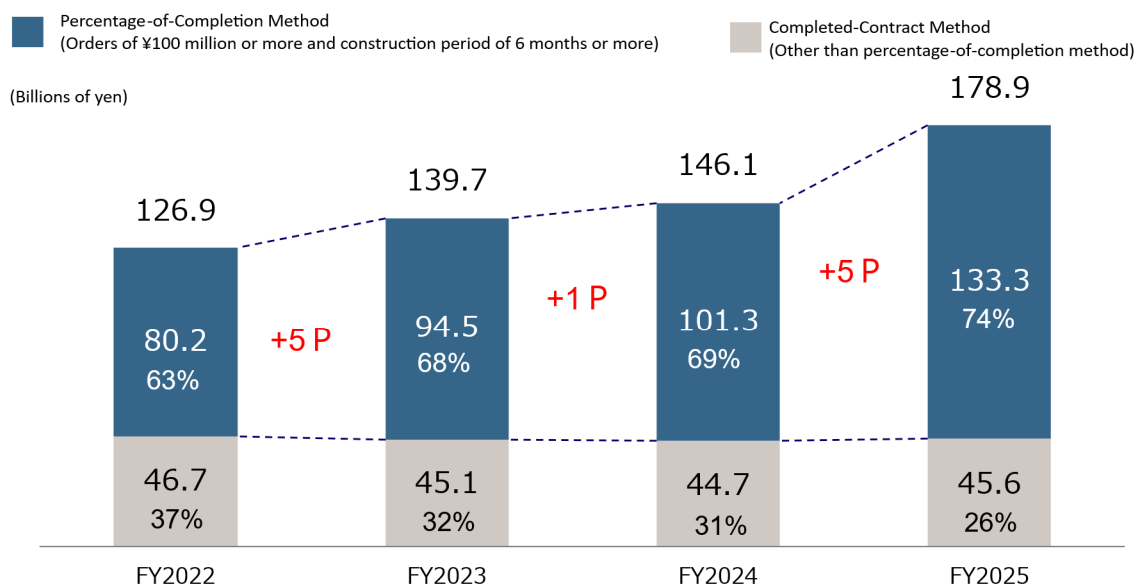
Orders received are at an all-time high, and as I mentioned at the beginning of this report, we believe that the favorable environment for orders is continuing.

Sales, on the right, increased JPY4.8 billion from the previous year to JPY182.6 billion due to increases in indoor electrical work, air-conditioning pipe work, power distribution line work, and transmission and substation underground line work, despite a decrease in information and telecommunications work, as explained earlier.

General Work Orders Received (Parent)

- Since FY2023, larger projects and the share of the percentage-of-completion method have increased
- Orders received under the completed-contract method have remained at nearly the same level

【Ratio of Percentage-of-Completion and Completed-Contract Methods】



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This is the percentage of orders received based on the percentage of completion method and the completed-contract method in the general construction segment.

For the blue percentage of completion method, the Company applies it to contracts with an order amount of JPY100 million or more and a construction period of six months or more. All other construction is based on the completed-contract method.

Since FY2023, the environment for orders has turned favorable, and orders for large construction projects exceeding JPY1 billion have increased significantly.

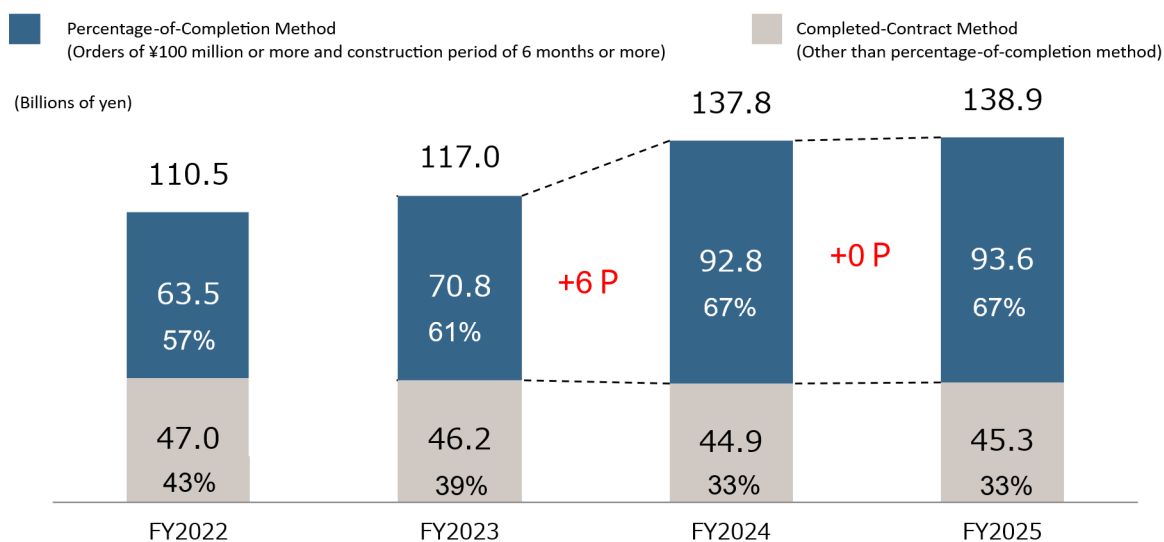
In FY2025, the percentage of orders based on the percentage of completion method increased by 5 percentage points from the previous year, accounting for more than 70% of the total, and orders received increased by JPY32 billion to a high level of JPY133.3 billion.

On the other hand, orders received on a completion basis, in gray, remained at about the same level.

General Work Net Sales (Parent)

- As construction projects have become larger, the share of projects accounted for under the percentage-of-completion method has increased since FY2024
- Net sales under the completed-contract method have remained at nearly the same level

【Ratio of Percentage-of-Completion and Completed-Contract Methods】



Continuing on, here is the percentage of sales.

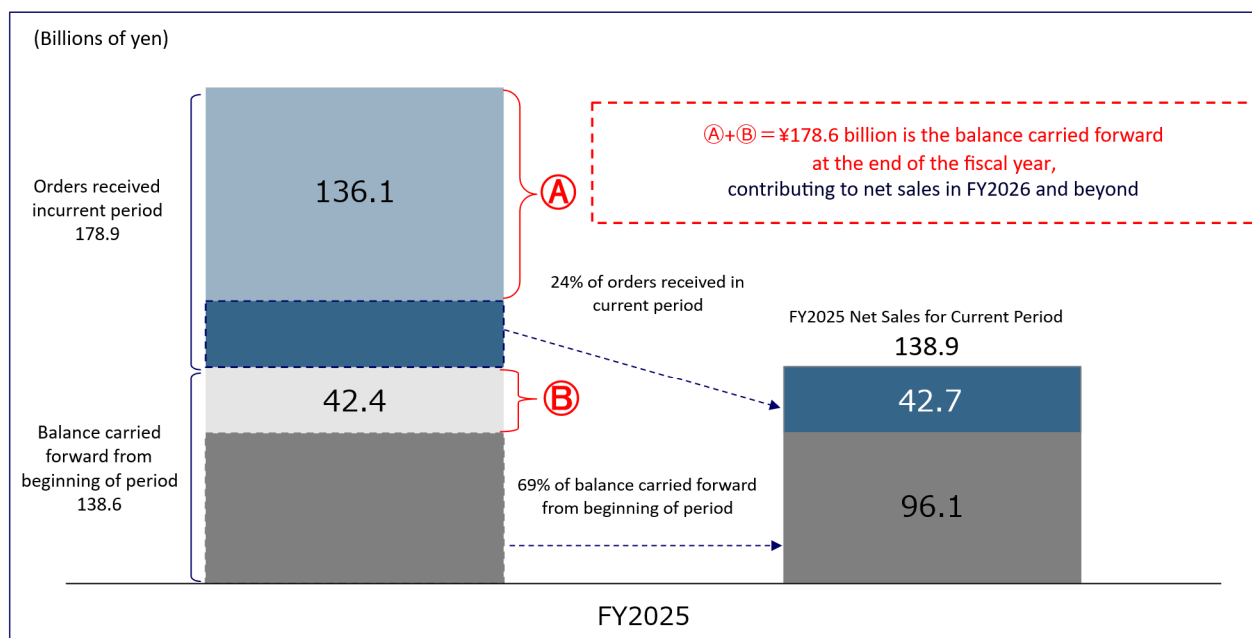
The blue percentage of completion method tends to be used for construction projects that take more than one year to complete, and the timing of recording orders and sales tends to be staggered.

Since orders for large construction projects are increasing in FY2023 and beyond, the impact on sales will be felt in the following fiscal years and beyond.

In addition, since the percentage of sales based on the percentage of completion method increased to 67% in FY2024 and FY2025, sales will not increase further until FY2026 and beyond.

General Work Net Sales (Parent: by Order Timing)

- Of the ¥178.9 billion in orders received during the current period, 24%, or ¥42.7 billion, was recorded as net sales
- Of the ¥138.6 billion balance carried forward from the beginning of the period, 69%, or ¥96.1 billion, was recorded as net sales
- The balance carried forward of ¥178.6 billion will contribute to net sales in FY2026 and beyond



Next, the following table shows sales in the general construction sector in FY2025 by the timing of orders received.

Some sales are recorded in net sales from orders received in the current fiscal year, while others are recorded in net sales from orders carried over from the previous fiscal year.

As shown in the graph, JPY42.7 billion, or 24% of the JPY178.9 billion in orders received in the current fiscal year, was recorded as net sales, and JPY96.1 billion, or 69% of the JPY138.6 billion carried over from the previous fiscal year, was recorded as net sales.

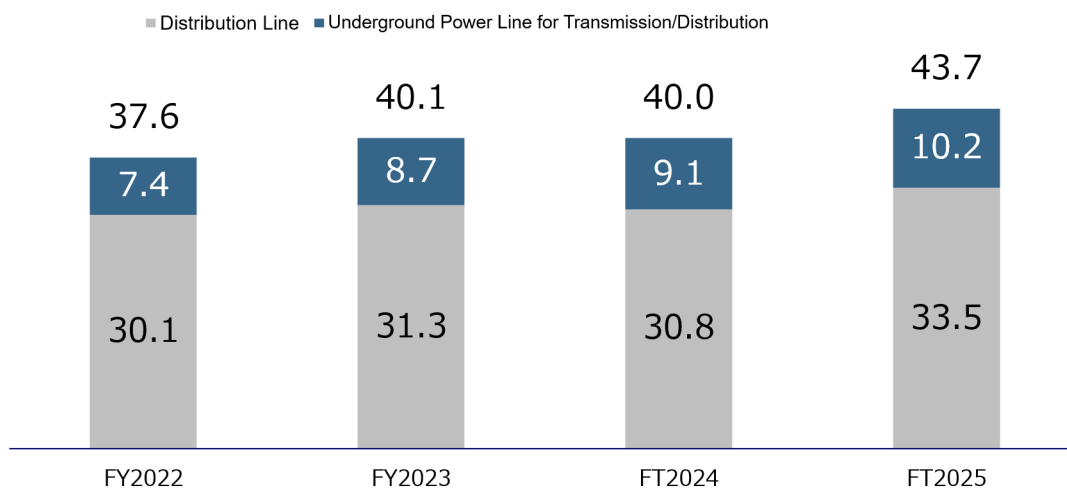
The remaining A and B totaling JPY178.6 billion will be carried over from the current fiscal year and will contribute to sales in the next fiscal year and beyond.

Electric Power Net Sales (Parent)

- Orders are mainly received from Chugoku Electric Power Network and construction is carried out in the Chugoku region
- In recent years, net sales of over ¥40 billion have been recorded steadily

【Changes in Electric Power Net Sales】

(Billions of yen)



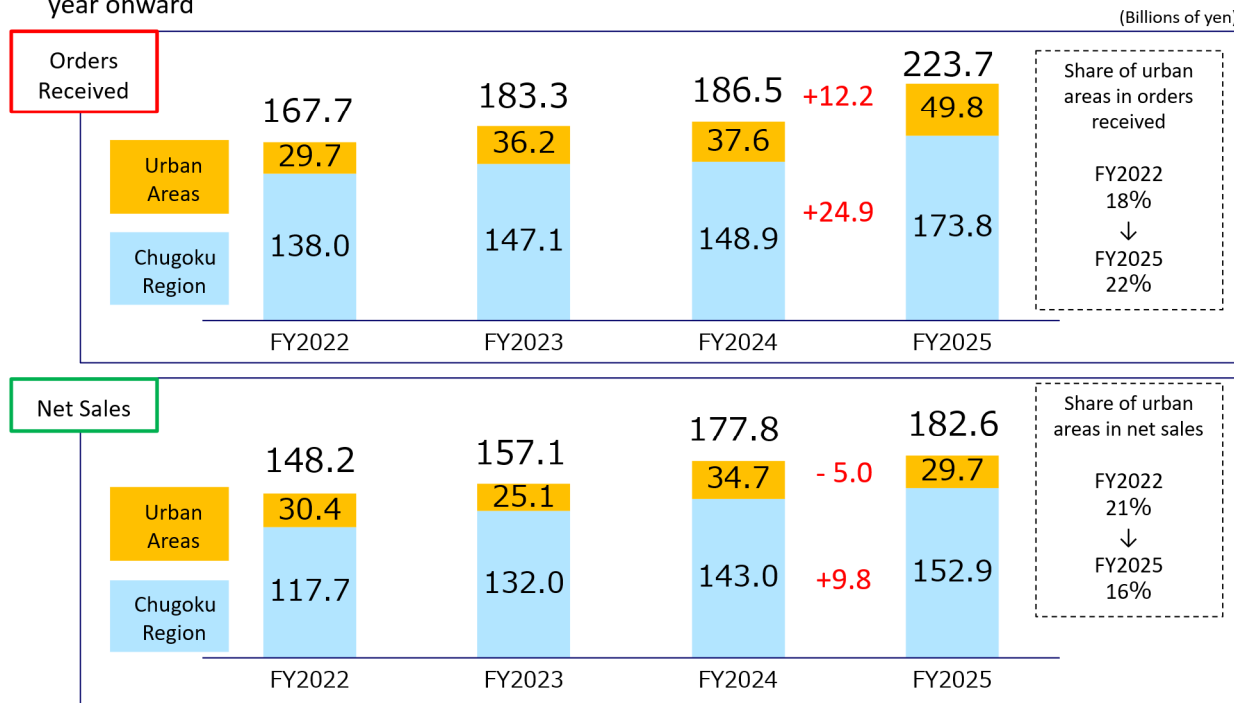
Next is the revenue trend for the electric power construction sector.

The electric power construction division has been recording stable sales of just over JPY40 billion for the past several years.

In addition, the volume of electric power construction work is expected to increase in the future due to higher demand for electric power in connection with the construction of data centers and other facilities, and we will work to strengthen our construction system to cope with this demand.

Orders Received and Net Sales by Region (Parent)

- Working to strengthen our foundation in the Chugoku region while expanding in urban areas (Tokyo, Osaka, Nagoya)
- Net sales in urban areas decreased temporarily, but are expected to expand steadily from the next fiscal year onward



Next is the trends of orders and sales by individual region.

In the Chugoku region, shown in blue, both orders and sales are steadily increasing, with orders received exceeding the previous year's figures by a large margin due to orders for large-scale projects, such as factory-related projects.

Orders received in the metropolitan areas, shown in yellow, grew significantly to JPY49.8 billion, due mainly to orders for large-scale projects, such as redevelopment projects in the Tokyo metropolitan area and hospitals in the Kansai region, and the percentage of total orders received increased to 22% from 18% three years ago.

On the other hand, sales in the urban area decreased by JPY5 billion from the previous year to JPY29.7 billion, but this is due to the fact that many large properties will not be booked as sales until FY2026 or later, and we expect sales in this area to steadily increase in the future.

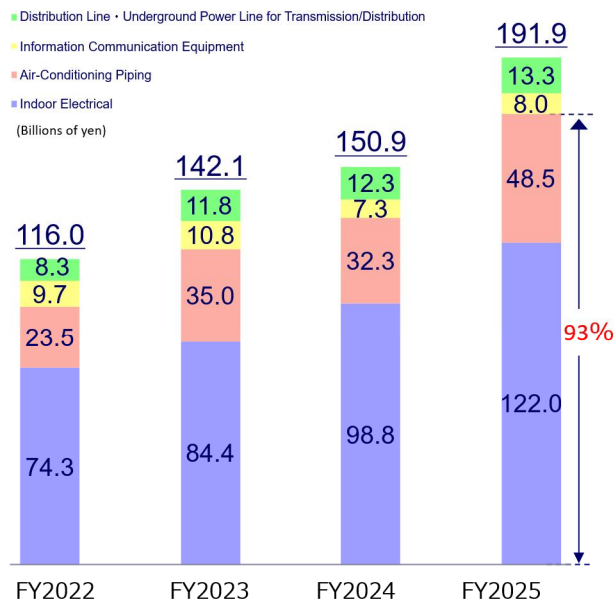
We will continue to expand our market share while strengthening our foundation in the Chugoku region, and in the urban areas, we will work to expand our business with a focus on redevelopment and logistics warehouses.

As for data centers, we are also studying the possibility of receiving orders for large-scale projects by setting up projects within the Company.

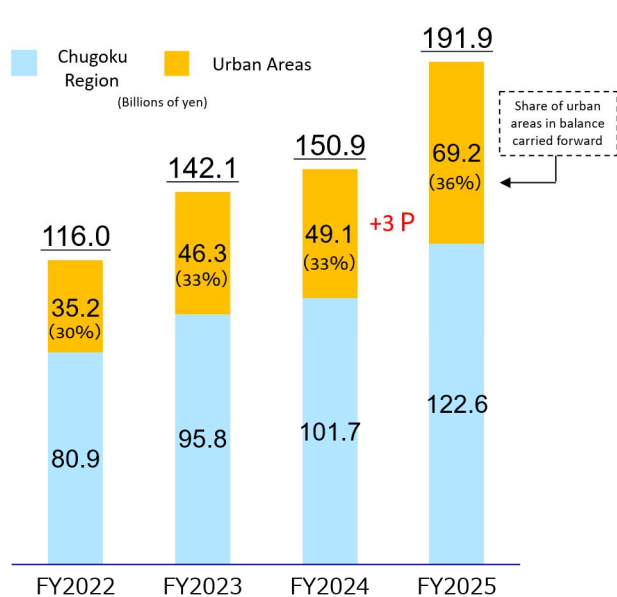
Changes in Balance Carried Forward (Parent)

- Balance carried forward totaled ¥191.9 billion, up ¥41.0 billion year-on-year (Record high)
- Main balance carried forward by sector: Indoor Electrical ¥122.0 billion, Air-Conditioning Piping ¥48.5 billion
- Balance carried forward has increased steadily in both the Chugoku Region and urban areas

【Changes in Balance Carried Forward by Sector】



【Changes in Balance Carried Forward by Region】



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These are the chronological trends of the carryover amount of CHUDENKO alone.

The graph on the left shows trends by sector.

In recent years, orders for large-scale construction projects have increased, and the lead time from order receipt to sales booking has lengthened, resulting in a large increase of JPY41 billion from the previous year to JPY191.9 billion.

As a result, the current fiscal year's carryover reached the previous year's all-time high. Two of these divisions, indoor electrical work and air-conditioning pipe work, account for more than 90% of the total.

The graph on the right shows trends by region.

Both the Chugoku region and urban areas increased steadily, but in particular, in the urban areas, where orders for large-scale construction projects are increasing, the ratio to the total amount carried forward increased from 33% in the previous fiscal year to 36%, an increase of 3 percentage points, or JPY20.1 billion.

This abundant carryover will lead to continued expansion of sales in the next fiscal year and beyond.

Balance Sheet (Consolidated)

(Billions of yen)

	As of March 31, 2025	As of March 31, 2026	Change	Main Factors for Change
Current Assets	129.7 billion	142.1	+12.3	Cash and Deposits 2.4 Marketable Securities 8.4
Non-Current Assets	164.1 billion	175.7	+11.5	Machinery, Vehicles and Tools, Equipment and Fixtures 2.4 Long-term Loans Receivable 7.9
Total Assets	293.9 billion	317.8	+23.9	
Current Liabilities	50.6 billion	57.9	+7.2	Accrued Income Taxes 7.6
Non-Current Liabilities	13.6 billion	12.0	-1.5	
Total Liabilities	64.2 billion	69.9	+5.6	
Total Net Assets	229.6 billion	247.8	+18.2	Retained Earnings 11.7 Treasury Stock 5.9 Valuation Difference on Available-for-Sale Securities 6.8 Remeasurements of Defined Benefit Plans 4.1
Total Liabilities and Net Assets	293.9 billion	317.8	+23.9	
Equity Ratio	77.1%	76.9	-0.2	

Next is the balance sheet.

Total assets and bond net assets increased JPY23.9 billion to JPY317.8 billion.

Total net assets increased by JPY18.2 billion to JPY247.8 billion, mainly due to an increase of JPY11.7 billion in retained earnings and JPY6.8 billion in valuation difference on available-for-sale securities, despite a JPY5.9 billion decrease due to the acquisition of treasury stock.

The equity ratio decreased 0.2 percentage points from 77.1% at the end of the previous fiscal year to 76.9% because of a greater increase in net assets than in shareholders' equity, despite an increase in retained earnings and other factors.

Earnings Forecast (Consolidated)

- Expecting a year-on-year increase in sales and profits
- Net sales are expected to increase by ¥12.3 billion for CHUDENKO parent and ¥4.8 billion for consolidated subsidiaries
- Operating profit is expected to increase by ¥0.8 billion, driven by higher gross profit resulting from increased net sales, despite higher personnel expenses associated with human capital investment
- Ordinary profit and Profit Attributable to Owners of Parent are expected to increase by ¥1.2 billion due to increased operating profit and other factors

(Billions of yen)

Consolidated Results	FY2025 Results		FY2026 Forecast		YoY	
					Change	Ratio
Sales		227.8		245.0	17.1	108%
Operating Profit	(11.5%)	26.1	(11.0%)	27.0	0.8	103%
Ordinary Profit	(12.1%)	27.4	(12.0%)	29.5	2.0	107%
Profit Attributable to Owners of Parent	(8.1%)	18.4	(8.0%)	19.7	1.2	107%

Note: Figures in () are profit margins.

Continuing on, here is our forecast for FY2026.

The consolidated results for FY2026 are expected to show an increase in both revenue and profit compared to the previous year.

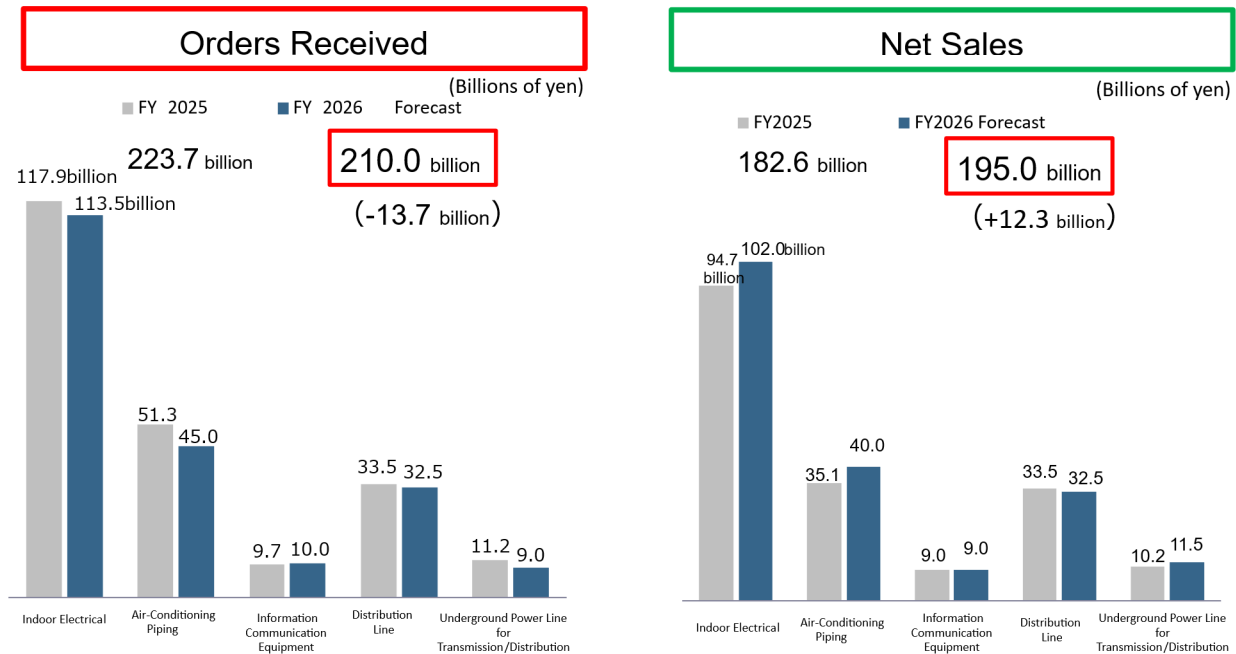
Net sales are expected to increase by JPY17.1 billion YoY to JPY245 billion, with an expected increase of JPY12.3 billion and JPY4.8 billion in the non-consolidated and consolidated subsidiaries, respectively, due to an increase in the general construction sector.

Operating income is expected to be JPY27 billion, up JPY0.8 billion from the previous year, both of which are record highs, based on the assumption that gross profit will incorporate increased sales as well as increased personnel expenses due to human capital investment.

Net income attributable to shareholders of the parent company is also expected to increase by JPY1.2 billion from the previous year to JPY19.7 billion.

Orders Received and Net Sales by Sector (Parent)

- Orders received are expected to decrease by ¥13.7 billion (mainly due to decreased Indoor Electrical work and Air-Conditioning Piping work)
- Net sales are expected to increase by ¥12.3 billion (mainly due to increased Indoor Electrical work and Air-Conditioning Piping work)



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Next is the forecast for orders and sales by individual sector.

Orders received, on the left side, are estimated to be JPY210 billion, down JPY13.7 billion from the previous year, mainly due to an expected decrease in orders for indoor electrical work and air-conditioning pipe work, which were large orders in FY2025, but this is the second highest figure ever and the order environment remains favorable.

Although we are holding back somewhat on orders, we will aim to increase orders by firmly establishing a construction system.

On the other hand, sales, on the right side, are expected to increase by JPY12.3 billion from the previous year to JPY195 billion, mainly due to an increase in the general construction segment of indoor electrical work and air-conditioning pipe work, as a result of a favorable order environment and the contribution of an abundance of oversold orders.

Business Environment

- Manufacturing industry capital investment and urban redevelopment are continuing to proceed steadily
- Profitability at time of order receipt remains favorable
- Raw material prices remain persistently high, and labor shortages continue
- An uncertain outlook is anticipated, including the potential impact of developments in the Middle East situation on business operations

Next, I will explain the revisions to the numerical targets of the Mid-term Management Plan 2027 and the CHUDENKO Group 2030 Vision.

First, regarding the future business environment, which is the background of the review, as I mentioned at the beginning of this document, we expect capital investment in the manufacturing industry and redevelopment in urban areas to remain strong, and we believe that the profitability of orders, which has improved significantly in recent years, will continue to be good.

On the other hand, the future outlook is expected to be uncertain due to the impact of the situation in the Middle East on our business, in addition to high raw material prices and labor shortages. Of these, the Middle East situation has not had any direct impact on our order environment, construction sites, or material procurement currently. However, if these conditions persist, there are concerns that procurement costs will increase due to higher prices for materials and equipment and that delays in delivery will affect the progress of construction.

In addition, there are concerns that customers will become more cautious in their investment stance, leading to postponement of capital investment, postponement of construction starts, and reduction in the scale of construction.

Therefore, we will watch over future trends and believe that we have to respond appropriately.

While taking these events into consideration, the Company has reviewed the business environment for the future.

Revision of Consolidated Numerical Targets

- Among the FY2025 results, Operating Profit and ROE exceeded the numerical targets set for FY2027, the final year of the Medium-Term Management Plan 2027. Furthermore, FY2026 performance is also expected to exceed FY2025 results, taking into account the business environment and current order backlogs.
- In light of this, we will revise the numerical targets set out in the Medium-Term Management Plan 2027 and CHUDENKO Group 2030 Vision, and work toward achieving the new targets.

(Billions of yen)

	FY2025 Results	FY2026 Forecast	Current		Revised			
			FY2027 Medium-Term Plan Target	FY2030 Vision Target	FY2027 Medium-Term Plan Target	vs. Current	FY2030 Vision Target	vs. Current
Net Sales (¥ billion)	227.8	245.0	240.0	260.0	260.0	20.0	300.0	40.0
Operating Profit (¥ billion)	26.1	27.0	23.0	24.0	28.0	5.0	30.0	6.0
ROE %	7.9	8.0	7.0% or higher	7.0% or higher	8.5% or higher	1.5	9.0% or higher	2.0

With regard to the review of specific figures, among the results for FY2025, operating income and ROE exceeded the numerical targets for FY2027, the final year of the Mid-term Management Plan 2027, and the results for FY2026 are also expected to exceed the FY2025 results, taking into consideration the business environment and the current volume of construction work on hand.

In light of this situation, we have revised our targets for FY2027 to net sales of JPY260 billion, an operating income of JPY28 billion, and an ROE of 8.5% or higher, and then for FY2030, to net sales of JPY300 billion, an operating income of JPY30 billion, and an ROE of 9% or higher.

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

Change & Growth For All to 2027

~Strengthening Sales Capabilities and Construction Capacity, Promoting Human Capital Management~

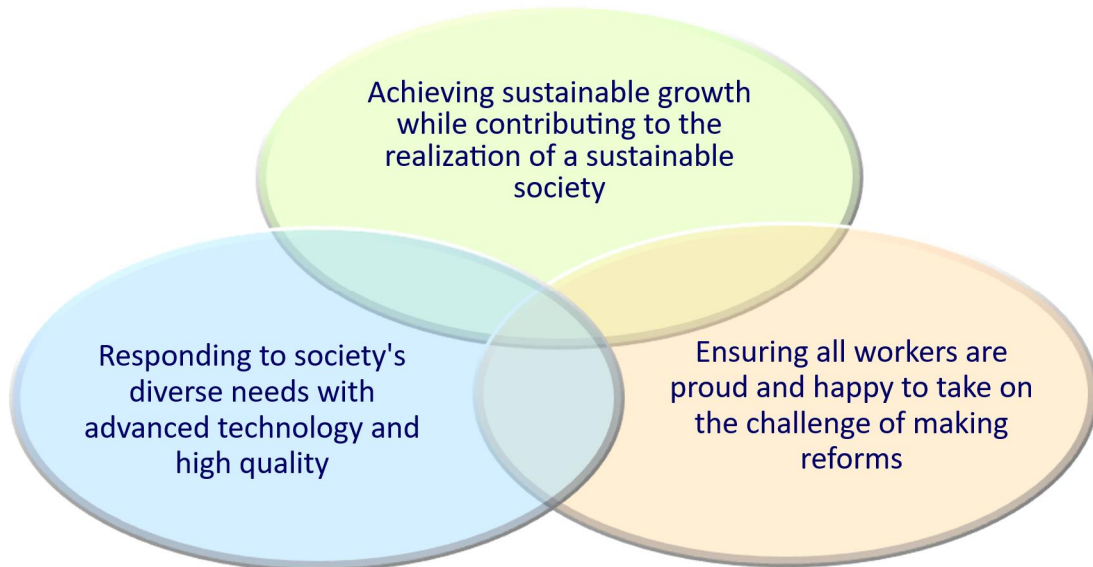
<p>1 Thorough Safety, Compliance and Quality Improvement</p> <p>Our business operations will prioritize safety and compliance as we strive to improve quality to enhance customer trust and satisfaction.</p> <ul style="list-style-type: none"> ▪ Thorough implementation of safety-first culture and compliance with standard rules in partnership with cooperating companies ▪ Improvement of compliance awareness and full adherence to laws and regulations ▪ Ensuring quality across the entire construction process ▪ Reliable contributions to stable power supply including rapid recovery during disasters 	<p>2 Further Strengthening of Sales Capabilities and Construction Capacity, and Expansion of Orders Received</p> <p>We will further strengthen sales capabilities and construction capacity to expand market share in the Chugoku while growing our business in urban areas.</p> <ul style="list-style-type: none"> ▪ Securing sales personnel and strengthening design and proposal capabilities ▪ Securing and developing technical personnel and optimizing the allocation of construction managers ▪ Strengthening partnerships with cooperating companies ▪ Strengthening orders in growth sectors such as semiconductors and data centers 	
<p>3 Profit Creation through Productivity Improvement</p> <p>We will deepen productivity improvement initiatives across all operations, including DX and construction efficiency, to drive profit growth.</p> <ul style="list-style-type: none"> ▪ Enhancing operational efficiency through digital transformation and the use of generative AI ▪ Company-wide use of front-loading to equalize and improve construction efficiency ▪ Early resolution of issues through rapid information sharing and strengthened communication ▪ Strengthening cost management and achieving further cost reduction 	<p>4 Strengthening Human Resource Development and Creating Attractive Workplaces</p> <p>We will promote the securing of human resources through diversified recruitment methods, strengthened development programs, and the creation of attractive workplaces, in order to enhance employee skills and engagement.</p> <ul style="list-style-type: none"> ▪ Diversifying recruitment methods, including referral recruitment and location-limited initial assignments ▪ Providing continuous support for skill improvement through qualification education ▪ Promoting work-life balance ▪ Establishing comfortable workplace environments and promoting health management 	<p>5 Business Expansion through Growth Investments</p> <p>Toward the achievement of carbon neutrality, we will promote environmental businesses that contribute to decarbonization, while also pursuing M&A to drive business expansion.</p> <ul style="list-style-type: none"> ▪ Promoting environmental businesses, including PPA projects ▪ Promoting technical research and development ▪ Promoting M&A to strengthen construction systems

Under its Mid-term Management Plan 2027, which covers the three-year period beginning in FY2025, the Group has set forth five major policies and is working as a unified group to establish a sustainable growth cycle.

CHUDENKO Group 2030 Vision

"Change & Growth«
~Toward Sustainable Growth~

Group image that we envision



The CHUDENKO Group 2030 Vision is a vision of where we want the CHUDENKO Group to be by the year 2030.

Strengthening Human Resource Development (Parent)

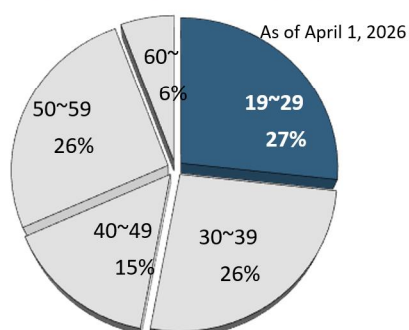
Number of New Hires through Periodic Recruitment

FY2023	FY2024	FY2025	2026	FY2027 Plan
135	132	146	182	170

Wage Revision, Revision to Starting Salaries

- Implemented wage increases exceeding 5% for the third consecutive year, combining base salary increases and periodic pay raises
- Starting salaries revised upward by ¥15,000 (university graduates: ¥275,000; high school graduates: ¥230,000)

Employee Composition by Age Group



Number of Persons with Qualifications

Qualification	Number of Qualified Personnel		
	April 2023	April 2026	Increase
Electrical Construction Management Engineers (1st and 2nd grade)	1,157	1,340	183
Plumbing Construction Management Engineers (1st and 2nd grade)	295	347	52
Telecommunications Construction Management Engineers (1st grade)	98	146	48
Professional Engineers	66	72	6

Note: Personnel with multiple qualifications as Construction Management Engineers (Electric Works, Piping Works): 73

The most important foundation to support our sustainable growth is the securing and development of human resources.

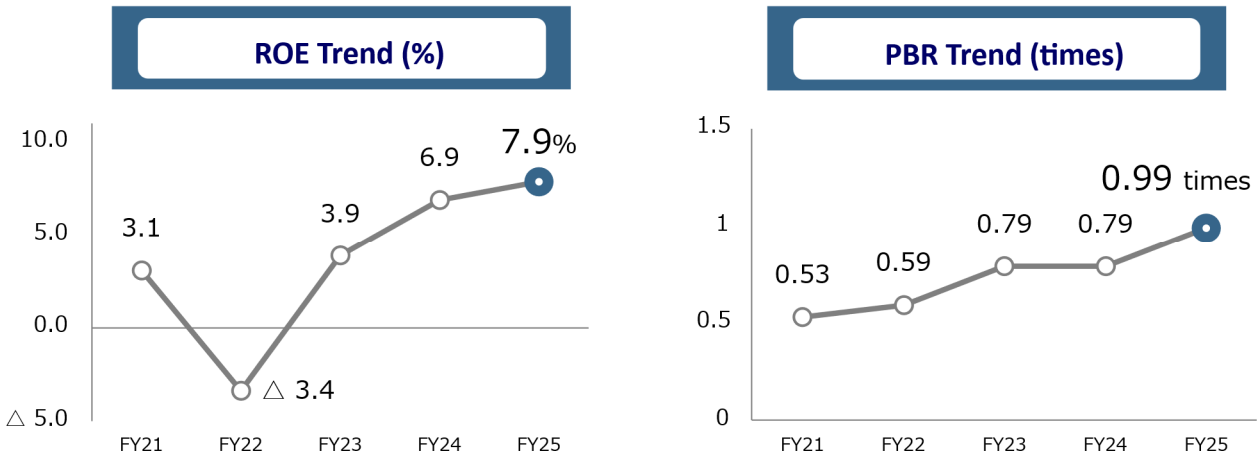
In terms of securing human resources, we expect to hire 182 employees in FY2026, compared to our plan of 170 employees, despite a difficult hiring environment. We also plan to hire 170 employees in FY2027, and considering our workforce structure, we intend to continue hiring at this scale for the foreseeable future.

Securing a core workforce is an extremely important issue in the construction industry. In the construction industry, we are moving away from the so-called traditional 3Ds, demanding, dirty, and dangerous, and are working toward the new framework of good pay, vacation time, hope, and cool. We are also actively communicating to society that construction management is a job that cannot be easily replaced by AI, and that essential workers are indispensable to the world.

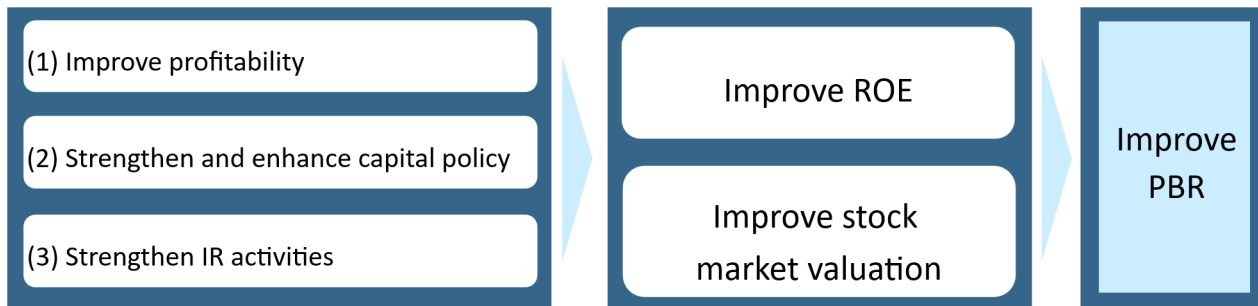
In addition, as an investment in human capital, we raised wages by more than 5% for the third consecutive year and increased starting wages by JPY15,000. We will continue to focus on acquiring talented human resources and improving compensation to ensure that our employees, the source of our competitiveness, can maximize their abilities.

We are also working hard to develop human resources, and the number of qualified personnel, including construction management engineers, who are indispensable to our work, is steadily increasing, leading to the strengthening of our construction capabilities.

Current Status Analysis and Initiatives for Improving PBR



(Note) 1. FY2024 ROE excludes the impact of reduced income taxes (a special factor) arising from previously recorded investment losses treated as deductible expenses. The reported ROE is 9.1%.
 2. Cost of capital for the most recent fiscal year is 5% (calculated based on CAPM).



We are pleased to provide an update on our response to the announcement on April 28 of this year to achieve cost of capital and stock price conscious management.

We promote management that is conscious of cost of capital and stock price to sustainably increase corporate value.

Currently, ROE has improved to 7.9% in FY2025 due to improved profitability, which is higher than the cost of capital of about 5% in the most recent fiscal year, which is calculated based on CAPM.

To sustain and enhance these efforts, we will further improve profitability, strengthen and enhance capital policies, and strengthen investor relations activities.

As for PBR, it has remained at around 1 times since the end of October 2025 against the backdrop of rising stock prices.

Improve Profitability Toward Achieving Targets

■ We will steadily implement the measures of the Medium-Term Management Plan 2027 (FY2025–FY2027) to achieve the performance targets for FY2027 and ultimately realize the “CHUDENKO Group 2030 Vision.”

[Core measures of Medium-Term Management Plan 2027]

- Thorough safety, compliance and quality improvement
- Further strengthening of sales capabilities and construction capacity, and expansion of orders received
- Profit creation through productivity improvement
- Strengthening human resource development and creating attractive workplaces
- Business expansion through growth investments



(Note): Figures in () represent changes from the values announced on April 28, 2025.

hance this, we will strengthen our efforts to improve profitability and capital policies.

With respect to improving profitability, we will steadily implement the main measures of the Mid-term Management Plan 2027, as explained earlier, to achieve the numerical targets for FY2027 and realize the CHUDENKO Group 2030 Vision.

Strengthen and enhance capital policy

- Over the three years of the Medium-Term Management Plan 2027, we will allocate ¥100.0 billion from business activities and the sale of cross-shareholdings to growth investments and shareholder returns.
 - Expand growth investments: Approximately ¥60.0 billion
 - ¥30.0 billion for business foundation strengthening including DX promotion, ¥30.0 billion for business expansion including environmental-related businesses
 - Enhance shareholder returns: Approximately ¥40.0 billion
 - Targeting a DOE of 3.0% with approximately ¥22.0 billion in dividends over three years and a share buyback framework of approximately ¥18.0 billion

Expand growth investments Approximately ¥60 billion	Investment in strengthening business foundations Approximately ¥30 billion	<ul style="list-style-type: none"> ▪ DX promotion ▪ Expansion of capital investment for workplace environment improvement, etc. ▪ Human resource security and development ▪ Technical research and development, etc.
	Investment in business expansion Approximately ¥30 billion	<ul style="list-style-type: none"> ▪ Environmental-related businesses ▪ Strengthening and expansion of equipment construction business ▪ Strengthening and expansion of various businesses of group companies ▪ New businesses, etc.
Enhance Shareholder returns Approximately ¥40 billion (+¥5.0 billion)	Sustainable and stable dividends Approximately ¥22 billion (+¥2.0 billion)	<ul style="list-style-type: none"> • Targeting a DOE of 3.0% • FY2027 (March 2027) forecast: Annual dividend per share of ¥140 (+¥10 from the FY2026 (March 2026) forecast)
	Share buybacks Approximately ¥18 billion (+¥2.0 billion)	<ul style="list-style-type: none"> ▪ Setting share buyback framework

(Note): Figures in () represent changes from the values announced on April 28, 2025.

With respect to the strengthening and enhancement of capital policy, we will allocate JPY100 billion, which we will acquire through business activities and sales of strategic shareholdings during the three years of the Mid-term Management Plan 2027, to investment in growth and shareholder returns.

As for the breakdown of cash outflows, we have set the growth investment at about JPY60 billion, the same as the previous forecast. The Company will sequentially invest in DX, capital expenditures, and enhanced human capital investment.

Meanwhile, for investment in business expansion, we will consider and promote the expansion of environment-related businesses, such as the grid storage battery business, while continuing to gather information on M&As and new businesses and considering a wide range of investments that will lead to the growth of our group.

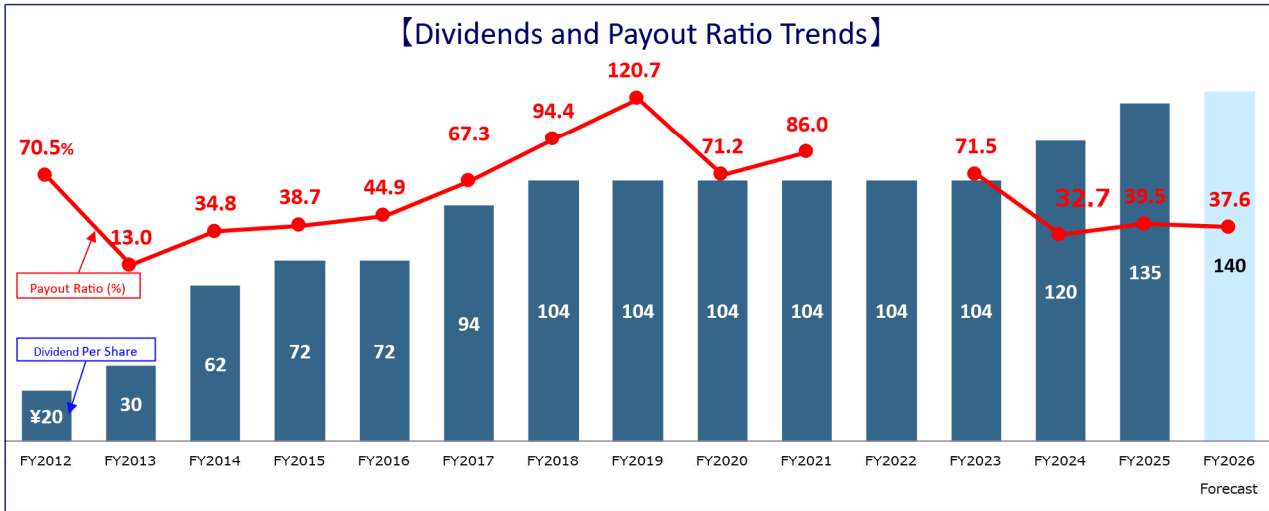
In the area of enhanced shareholder returns, we have increased the dividend by JPY5 billion from the previous announcement to approximately JPY40 billion and reiterated our three-year dividend increase of JPY2 billion to approximately JPY22 billion and our share buyback limit of JPY18 billion, an increase of JPY3 billion.

The annual dividend per share for the fiscal year ending March 31, 2027 is forecast to increase by JPY10 to JPY140.

We will continue to work to maximize corporate value by thoroughly managing the Company with an emphasis on capital efficiency, aiming to improve ROE and PBR.

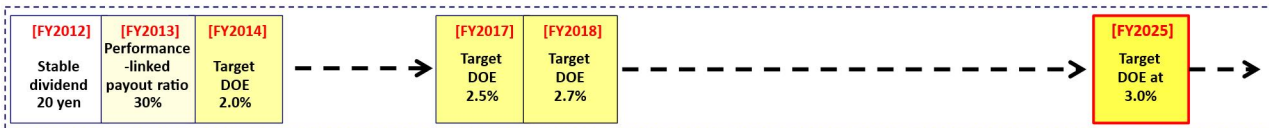
Dividends and Payout Ratio Trends

- FY2025 planned: Annual dividend ¥135, DOE 3.3%, Payout ratio 39.5%
- FY2026 forecast: Annual dividend ¥140, DOE 3.2%, Payout ratio 37.6%



(Note: Not reported for FY2022 due to a net loss.)

【Dividend policy】



Finally, I would like to discuss shareholder returns.

First, let us look at the dividend and dividend payout ratio.

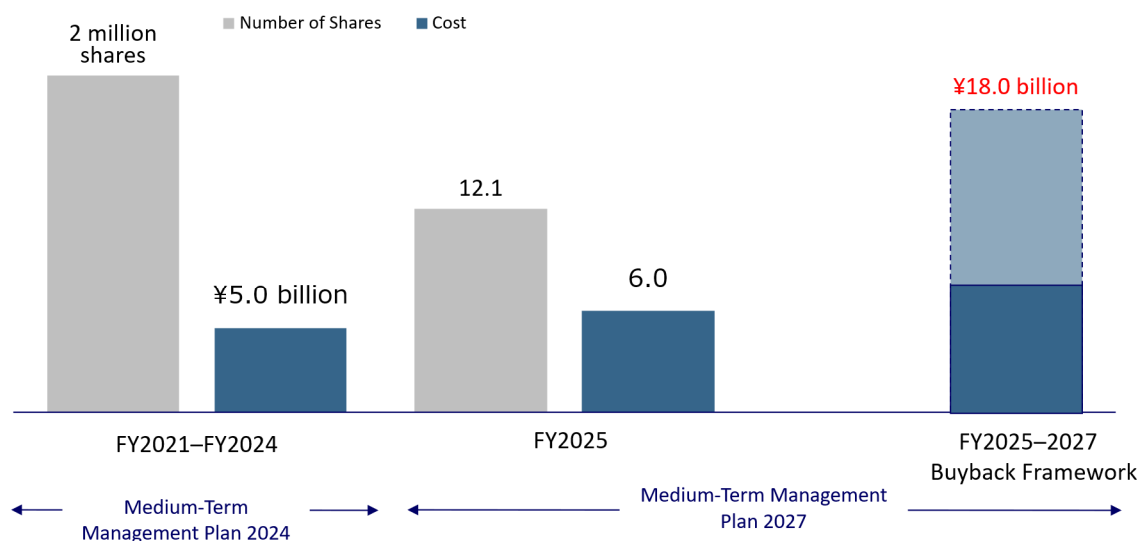
We have adopted the DOE consolidated dividend on equity ratio as our dividend policy since FY2014, starting with a target of 2% and changing to 3% from FY2025.

For FY2025, we planned to increase the annual dividend by JPY15 per share to JPY135 per share. This resulted in a DOE of 3.3% and a payout ratio of 39.5%.

Share Buybacks

- A total of 2 million shares acquired for approximately ¥5 billion over the four years of the Medium-Term Management Plan 2024
- A share buyback framework of ¥18.0 billion has been established for the three years of the Medium-Term Management Plan 2027
- In FY2025, approximately 1.21 million shares were acquired for approximately ¥6.0 billion

【Share Buyback Trends】



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Regarding the last treasury stock buyback, during the four years of the previous Mid-term Management Plan 2024, we repurchased a total of approximately 2 million shares, amounting to approximately JPY5 billion.

The Company has set a limit of JPY18 billion for the acquisition of treasury stock over the three years of the Mid-term Management Plan 2027. We are not considering any particular shareholder as the acquisition source at this time but will continue to consider this matter.

In FY2025, the Company acquired approximately 1.21 million shares for approximately JPY6 billion.

As a measure to utilize treasury stock after acquisition, the Company will consider using it for restricted stock compensation, M&As, etc. The Company will also consider retirement of treasury stock while also taking into consideration the status of its treasury stockholdings.

We will continue to enhance shareholder returns through stable dividends and share buybacks.

This concludes my explanation.

The following materials are for reference only and are omitted from the explanation.

Thank you for watching.

Question & Answer

Moderator [M]: Okay, we will now move on to the question-and-answer session.

Let me read your first question.

Participant [Q]: What is the outlook for construction demand in the Chugoku region? In what specific areas do you expect to receive inquiries? Also, what are your thoughts on whether you will be able to pass on prices to clients in the face of rising construction costs?

Shigeto [A]: Regarding construction demand in the Chugoku region, we believe that strong demand will continue over the next few years, especially for capital investment in the manufacturing industry to address aging infrastructure.

In the Chugoku region, in particular, we have many factories with which we have had relationships for a long time, and we expect to continue to receive orders from electronic parts, semiconductor-related, and automobile-related factories.

In addition, raw material and labor costs have remained high since the COVID-19 pandemic and are expected to rise further due to the situation in the Middle East. We negotiate with our customers to ensure that they fully understand this situation and that any increase is reflected in the cost of goods sold in an appropriate manner.

This is the answer to the question.

Moderator [M]: Thank you very much. Now, for the next question.

Participant [Q]: What is the profitability of the work on hand and what is the outlook for the gross margin in the future?

Shigeto [A]: Due in part to the favorable turnaround in the business environment, profitability at the time of order receipt improved significantly from FY2022 to FY2024 and will remain high for FY2026.

In the urban area, the environment for orders continues to be favorable, especially for redevelopment projects, logistics warehouses, and data centers, and we will strengthen our sales and construction systems to increase orders.

Moderator [M]: Thank you very much. Now, for the next question.

Participant [Q]: Is there any difference in profitability between the metropolitan area and the Chugoku region?

Shigeto [A]: Until a few years ago, competition for orders was severe, and profitability in urban areas was difficult. However, as we have expanded our business in urban areas and accumulated construction results, we have received many inquiries for large-scale projects, and profitability has rapidly improved. As a result, the level of our business is now on par with that of the Chugoku region.

This is the answer to the question.

Moderator [M]: Thank you very much. Now, for the next question.

Participant [Q]: The business environment continues to be favorable, and we would like to know how you plan to utilize cash in the future.

Shigeto [A]: Of the JPY60 billion we are investing in growth, we are sequentially investing JPY30 billion to strengthen our business foundation by promoting DX and strengthening human capital.

As for the JPY30 billion investment for business expansion, we invested about JPY1 billion in the equipment costs of the solar PPA business for private consumption in FY2025, and we will consider and promote the expansion of environment-related businesses, such as the storage battery business for the power grid.

Still, naturally, we will continue to gather and study information on M&As and new businesses and will consider a wide range of investments that will lead to the growth of our group.

This is the answer to the question.

Moderator [M]: Thank you. Now, for the next question.

Participant [Q]: Is there any reason other than prudent expectations for the operating margin to gradually decline from 11.5% in FY2025 to 11% in the FY2026 plan, 10.8% target for FY2027 after review, and 10% in FY2030? Is it a challenge in a new field, such as an SG&A expense that is an upfront cost that lowers the gross profit margin?

Shigeto [A]: Yes. As you pointed out, I think that is indeed the reason the operating margin is conservative. However, this does not mean that there will be a decline in the form of challenges in new areas or upfront costs, as you have pointed out. We have an abundance of orders and carryovers, and this is the result of our careful judgment of how much we can increase our construction capacity to meet these orders and carryovers.

This is the answer to the question.

Moderator [M]: Thank you. Now, for the next question.

Participant [Q]: Based on your targets for FY2030, an operating income of JPY30 billion and an ROE of 9% or more, I estimate that net assets as of FY2030 will be around JPY250 billion, assuming little increase from the current level. In other words, the next three-year mid-term plan assumes a total return of more than 100%, which is estimated to be funded by policy stocks and bond redemptions.

As for the allocation of stock returns, I would very much like to see a higher weighting given to dividends than to share buybacks. How about a DOE of 5% or more?

Shigeto [A]: The DOE rate was set based on comprehensive consideration of our performance to date and the business environment. We would like to consider raising the amount in the future while making a comprehensive assessment of the business environment and other factors.

This is the answer to the question.

Moderator [M]: Thank you. Now, for the next question.

Participant [Q]: Your competitors, Kinden Corporation and Kandenko Co., Ltd., have seen a decline in their holdings by nearby power companies. What are your thoughts regarding The Chugoku Electric Power Co., Inc.'s holdings in your company?

Shigeto [A]: As you mentioned, the Chugoku Electric Power shareholding is about 41%, but of course, this does not impair our independent business judgment, but rather it is a factor that supports our growth.

We deal with a wide range of customers, handling a diverse range of projects, including public works projects and facility construction for private companies. The business environment is not dependent on a specific parent company.

On the other hand, the maintenance and improvement of electric power infrastructure can be managed more efficiently through collaboration between the Company and Chugoku Electric Power, which in turn benefits society as a whole.

However, as you pointed out, we are fully aware of the movements of other electric power companies, and we will consider the optimal form of capital relationship with Chugoku Electric Power, taking into account changes in the business environment and confirming Chugoku Electric Power's intentions, which will contribute to the enhancement of corporate value.

This is the answer to the question.

Moderator [M]: Thank you. Now, for the next question.

Participant [Q]: What are the factors behind the upward swing in operating income in the previous year's results? Also, please explain the factors that will cause the operating margin to decline in this fiscal year's plan. The plan for this fiscal year appears conservative, with continued good profitability at the time of order receipt, larger projects, and an increase in the percentage of construction in the percentage of completion method.

Shigeto [A]: Yes. There are two main reasons why the operating margin for FY2026 is expected to be slightly lower than the previous year. The first point is that in FY2025, there was an additional construction project that was a special factor that boosted profits. In addition, the FY2026 forecast is because we have firmly factored in increased personnel expenses due to human capital investment, which will be a source of sustainable growth.

Although we plan to lower the profit margin slightly, we believe that we will be able to steadily maintain and improve our real profitability, excluding these temporary factors and investments in growth for the future.

This is the answer to the question.

Moderator [M]: Yes, thank you very much. Now, for the next question.

Participant [Q]: Considering the recent move to dissolve the parent-subsidary listing, what are your thoughts on the future relationship with Chugoku Electric Power?

Shigeto [A]: As I answered earlier in relation to the question, Chugoku Electric Power currently holds approximately 41% of the voting rights, but of course, our company makes independent business decisions and management decisions, and we are not under the control or direct direction of Chugoku Electric Power.

In addition, we are involved in a wide range of facility construction projects, and we do business with a wide range of customers. Therefore, we do not have a business structure that is dependent on a specific parent company.

On the other hand, as an advantage, we believe that in the field of maintenance and renewal of electric power infrastructure, the Company and Chugoku Electric Power are cooperating in efficient business operations, which results in benefits to society as a whole.

In any case, we will consider the optimal form of capital relationship with Chugoku Electric Power, taking into account changes in the business environment and confirming Chugoku Electric Power's intentions, as well as

the movements of other electric power companies, which will also contribute to improving our corporate value.

This is the answer to the question.

Moderator [M]: Thank you very much. Now, for the next question.

Participant [Q]: Considering the competitive situation, what is the background behind the improving profitability at the time of order?

Shigeto [A]: This is a measure that we have been promoting in recent years. In addition to strict execution budget management, we will reduce costs through VECD at construction review meetings, obtain additional costs through early negotiation in response to construction schedule postponements, etc., and reduce negative costs through thorough quality control. As a result of these efforts to secure and expand profits, we believe that the profit margin is gradually improving.

In construction, we are also striving to reduce costs by actively adopting construction methods that lead to greater efficiency, such as reducing the size of conduit lines, and by introducing new construction methods, such as advance construction, the use of prefabricated products, and the introduction of new construction methods.

For procurement of materials, we are also working to reduce costs by centralized purchases, batch negotiation, and early arrangements. We believe that the synergistic effect of these various measures has led to an increase in the profit margin.

This is the answer to the question.

Moderator [M]: Yes, thank you. Now, for the next question.

Participant [Q]: Profit growth appears low compared to sales growth. Please tell me what you are weighing in on cost increases.

Shigeto [A]: Until a few years ago, competition for orders was severe, and profit margins were quite tight in urban areas, but in recent years, profit margins have improved.

We have factored in the current difficult environment, such as increases in materials, equipment, and labor costs, which will lead to higher costs, and we believe that the increase in profits appears low in comparison to the increase in sales.

In this area, as I mentioned earlier, we are actively working to reduce costs and improve efficiency, and we will continue to make efforts to increase profits as much as possible by aggressively promoting these measures.

This is the answer to the question.

Moderator [M]: Yes, thank you. So, this will be the next and last question.

Participant [Q]: From the perspective of improving capital efficiency, it would appear that another increase in the dividend payout ratio like other electrical contracting companies would not be a problem. If there are scarce uses for the funds, such as mergers and acquisitions, please think in that direction.

Shigeto [A]: Yes, thank you for your positive feedback.

As I explained earlier, we have adopted DOE as our dividend policy. The current DOE value has been set based on comprehensive consideration of our past performance, the business environment, etc. We will continue to positively consider this value considering future changes in the business environment, etc.

This is the answer to the question.

Moderator [M]: Thank you very much.

That concludes the briefing on the financial results of CHUDENKO for FY2025.

Shigeto [M]: Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
4. *This document has been translated by SCRIPTS Asia.*

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