



## **CHUDENKO CORPORATION**

Q2 Financial Results Briefing for the Fiscal Year Ending March 2026

December 03, 2025

## Event Summary

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[Company Name]	CHUDENKO CORPORATION
[Company ID]	1941-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending March 2026
[Fiscal Period]	FY2026 Semi-annual
[Date]	December 03, 2025
[Number of Pages]	33
[Time]	10:00 – 10:42 (Total: 42 minutes, Presentation: 25 minutes, Q&A: 17 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	1 Takafumi Shigeto                      Representative Director and President

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## Presentation

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**Moderator:** Now that our time has come, we will 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. This presentation will include a financial report followed by a Q&A period.

Please note that we will not be able to respond to questions via the Q&A function after the Q&A session has started. We may not be able to answer all questions. Please note that, in such cases, we will respond individually.

A three-minute questionnaire will be available after the briefing. Thank you for your cooperation.

Takafumi Shigeto, Representative Director and President, will now report on the financial results for Q2 of FY2025.

**Shigeto:** Hello, everyone. I am Shigeto, President of CHUDENKO. Thank you very much for joining us today at the Company's financial results briefing for Q2 of FY2025.

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### ご説明する事項

- |   |                              |
|---|------------------------------|
| 1 | 2025年度第2四半期業績                |
| 2 | 2025年度業績予想                   |
| 3 | 中期経営計画2027（2025～2027年度）の取り組み |
| 4 | 資本コストや株価を意識した経営の実現に向けた対応     |
| 5 | 株主還元                         |
| 6 | 参考情報（会社概要他）                  |

I would like to begin by explaining our business results for Q2 of FY2025. Next, I will explain our forecast for FY2025, followed by the status of our efforts under the Medium-Term Management Plan 2027, and finally, I

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will explain our measures to realize management that is conscious of the cost of capital and stock price, as well as shareholder returns. Thank you very much for your cooperation.

## 業績（連結）

- 対前年同期「減収・増益」
- 売上高は、大型工事の進捗率が前年同期に比べ低かったことなどにより減収となったが、中間期として過去2番目に高い値
- 各利益は、原価管理の徹底や施工の効率化、全社的なコスト低減の一層の推進などにより増益
- 各利益は、中間期として過去最高値

連 結 業 績	2024年度 第2四半期		2025年度 第2四半期		前年比	
					増減額	比率
売 上 高		982億円		957	▲24	97%
売 上 原 価		820億円		766	▲53	93%
売上総利益	(16.5%)	162億円	(20.0%)	191	29	118%
販 管 費		80億円		85	5	106%
営 業 利 益	(8.3%)	81億円	(11.1%)	105	24	129%
経 常 利 益	(9.3%)	91億円	(11.4%)	109	18	120%
親会社株主に帰属する 中間純利益	(6.1%)	59億円	(7.6%)	72	13	122%

(注) ( ) 内は売上高利益率

First, I would like to discuss the results for Q2 of FY2025.

The FY2025 Q2 results showed a decrease in revenue and an increase in profit. Overall consolidated net sales decreased by JPY2.4 billion YoY to JPY95.7 billion, the first decline in four fiscal years, mainly due to a lower rate of progress in large-scale construction projects compared to the same period last year. However, this is the second-highest sales in the interim period ever.

On the other hand, operating income increased for the third consecutive year, up JPY2.4 billion from the previous year to JPY10.5 billion, thanks to thorough cost control, streamlined construction processes such as front-loading to accelerate processes, the acquisition of additional construction work, and further company-wide cost reductions.

Ordinary income increased JPY1.8 billion from the previous year to JPY10.9 billion, mainly due to an increase in operating income, and net income attributable to owners of the parent increased JPY1.3 billion from the previous year to JPY7.2 billion. Each of the profits reached a record high for H1 of the fiscal year.

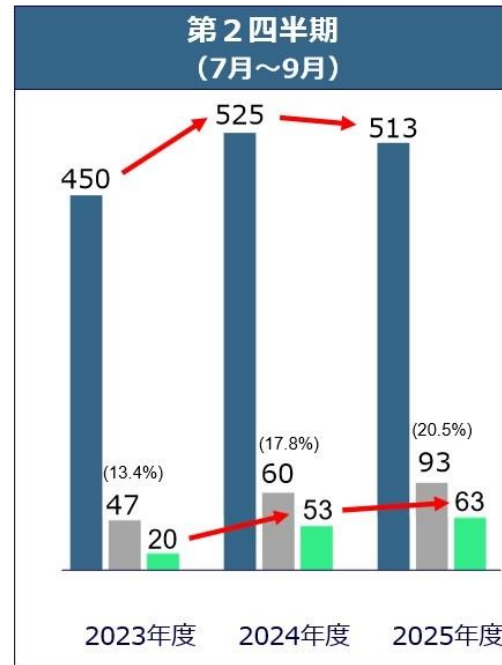
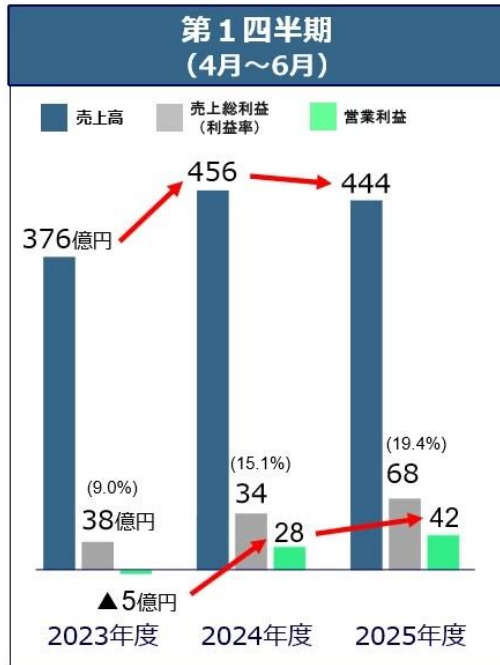
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## 各会計期間の業績比較（連結）

- 売上高は減少したが高水準を維持
- 利益は着実に向上



4

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This is a comparison of the Q1 and Q2 results.

Sales in blue decreased from the same period of the previous year in both Q1 and Q2. Sales were generally in line with the plan, although there was a decrease in the current fiscal year due to the particularly high rate of progress in large-scale construction projects in H1 of the previous fiscal year.

Gross profit in gray and operating income in green both improved significantly.

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On a non-consolidated basis, CHUDENKO saw an increase in the electric power construction segment for distribution lines and transmission and substation underground lines, but a decrease in the general construction segment for indoor electricity, air conditioning pipes, and information and telecommunications, resulting in a decrease of JPY3.4 billion from the previous year.

As a result, consolidated net sales decreased JPY2.4 billion from the previous year to JPY95.7 billion.

## 営業利益の対前年同期増減内訳（連結）

営業利益の増減内訳（+24億円）				
中電工個別（+22億円）			連結子会社（+1億円）	
部門別営業利益			営業利益	
一般工事部門		電力工事部門		
	+21億円	+0億円	+1億円	
81億円 2024年度 第2四半期 営業利益				105億円 2025年度 第2四半期 営業利益

6

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Next is a breakdown of changes in operating income.

On a non-consolidated basis, CHUDENKO's general construction segment, including indoor electric power, increased by JPY2.1 billion due to thorough cost control and other factors. The electric power construction segment, including power distribution lines, was flat YoY, up JPY2.2 billion from the previous year.

In addition, consolidated operating income increased JPY2.4 billion from the previous year to JPY10.5 billion, mainly due to a JPY100 million increase in the operating income of consolidated subsidiaries.

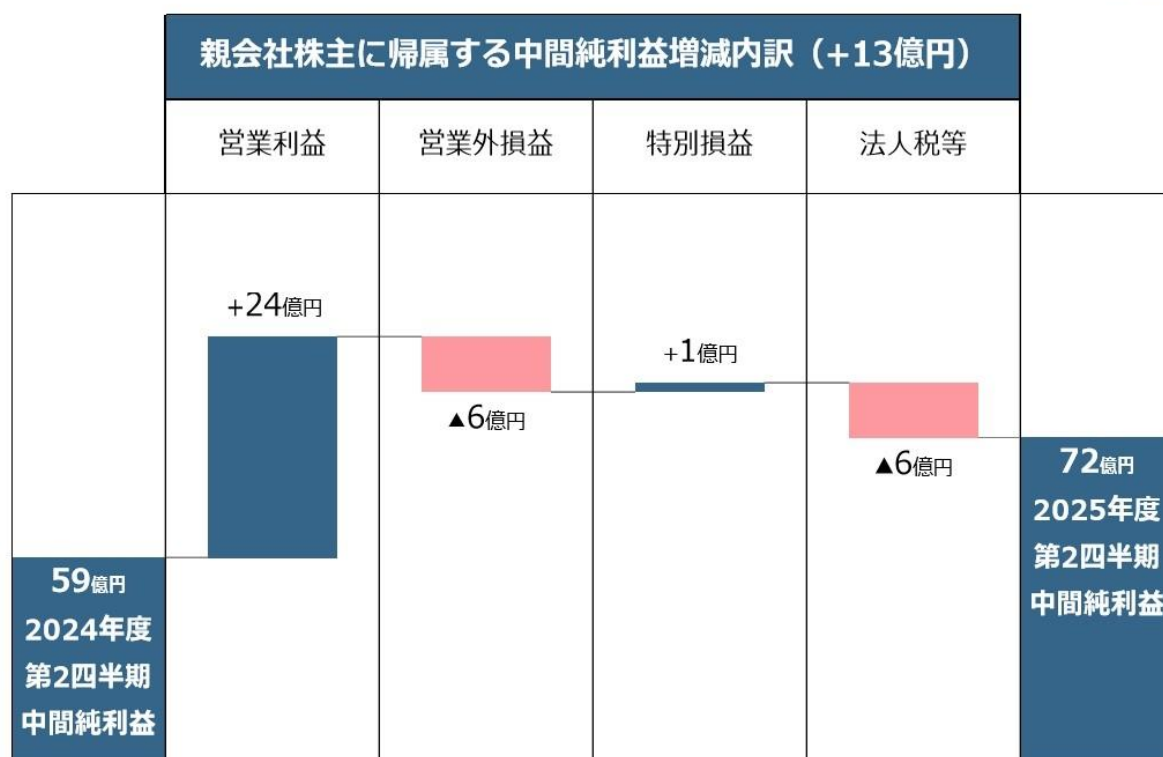
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## 親会社株主に帰属する中間純利益の対前年同期増減内訳（連結）



7

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Next is a breakdown of the JPY1.3 billion increase in interim net income attributable to owners of the parent from the same period last year.

Although operating income increased by JPY2.4 billion, non-operating income decreased by JPY0.6 billion, mainly due to the recording of equity in losses of affiliates related to IAQ Technology International Sdn. Bhd. in Malaysia, in which we invested in FY2024.

In addition, a JPY600 million increase in income taxes, etc., mainly due to higher profits, pushed down profits, resulting in net income attributable to owners of the parent of JPY7.2 billion for the interim period.

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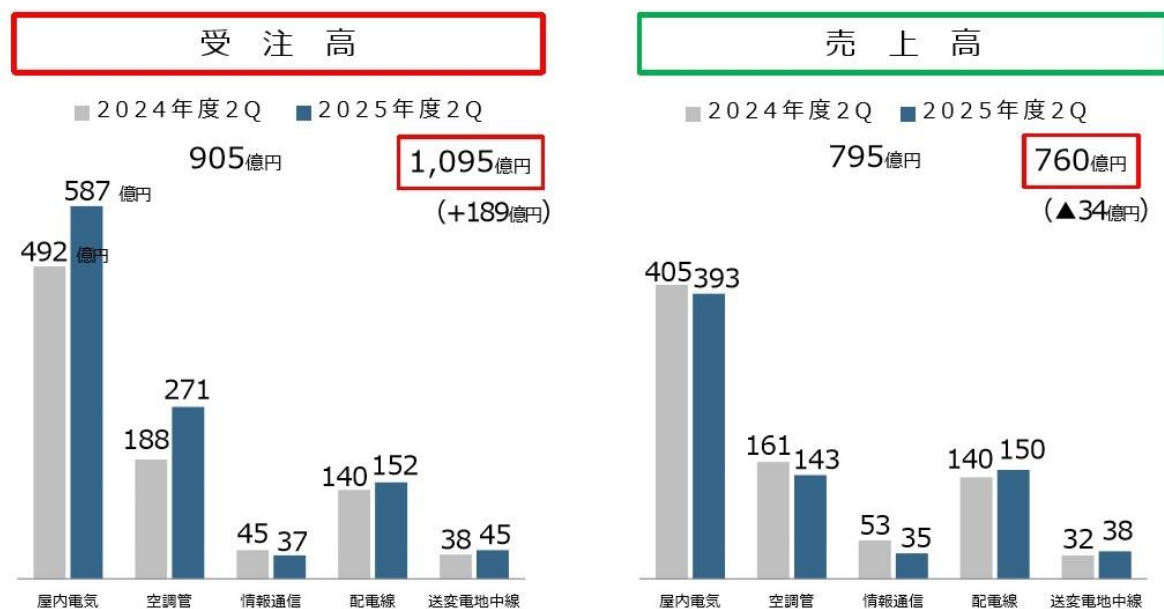
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## 部門別受注高・売上高（個別）

- 受注高は 対前年度189億円増（倉庫関係・事務所・病院などが増加）
- 売上高は 対前年度34億円減（倉庫関係・病院・高速道路関係などが減少）



8

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Next are orders received and sales by individual segment.

Orders received on the left side were JPY109.5 billion, up JPY18.9 billion from the same period last year, due to an increase in orders for warehouse-related work in indoor electrical and air conditioning pipe work, as well as work for offices, hospitals, etc., associated with redevelopment projects, despite a decrease in orders for information and telecommunications work.

Orders received are at a record high for the interim period, and we believe that the favorable order environment continues.

Overall sales on the right side were JPY76 billion, JPY3.4 billion down from the same period last year, mainly due to decreases in warehouse-related and hospital-related work in indoor electrical work and air conditioning pipe work, and highway-related work in information and communication work, despite increases in power distribution line work and power transmission and substation underground line work.

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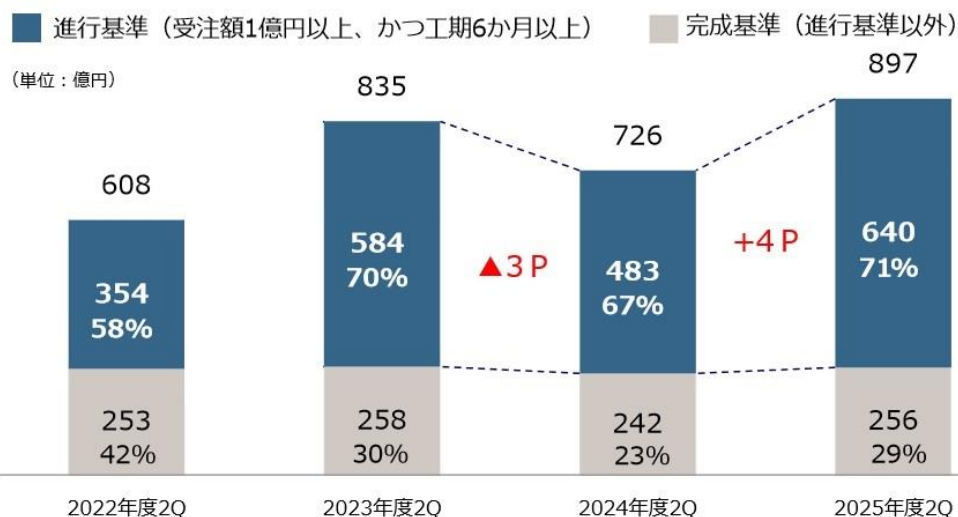
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## 一般工事部門受注高（個別）

- 2023年度から大型化が進み、工事進行基準の割合が増加
- 工事完成基準の受注高は、ほぼ同水準で推移

### 【工事進行基準の割合・工事完成基準】



9

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

The blue percentage-of-completion method is applied 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. Large construction orders have been increasing since FY2023.

In Q2, orders increased by 4 percentage points from the same period of the previous year, accounting for 70% of the total, and orders received were at a high level of JPY64 billion.

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

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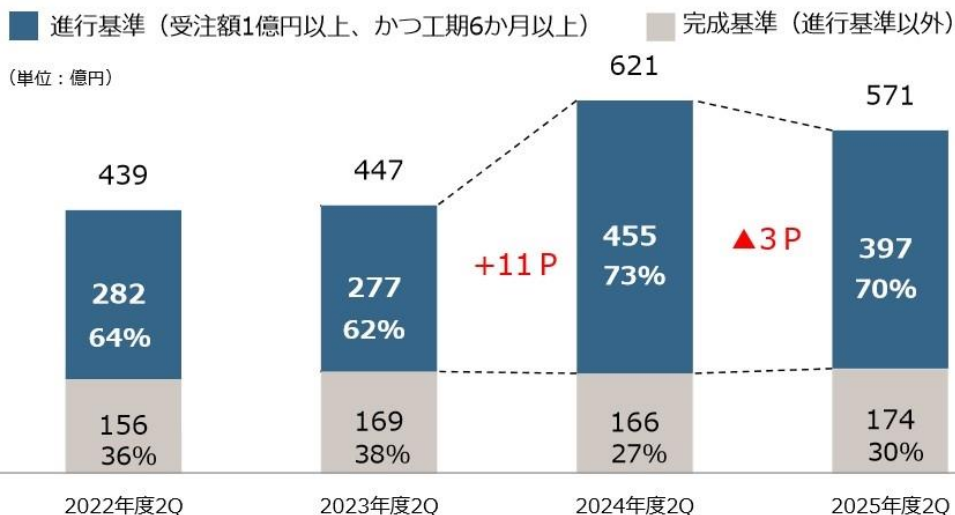
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## 一般工事部門売上高（個別）

- 工事の大型化が進み、2024年度以降、工事進行基準の割合が増加
- 工事完成基準の売上高は、ほぼ同水準で推移

### 【工事進行基準の割合・工事完成基準】



10

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Continuing, here is the percentage of sales.

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

The percentage of the percentage-of-completion method has been increasing since FY2024 as construction projects have become larger, and although the percentage decreased by 3 percentage points from the same period last year in Q2, it still accounted for 70% of the total, with sales at a high level of JPY39.7 billion.

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

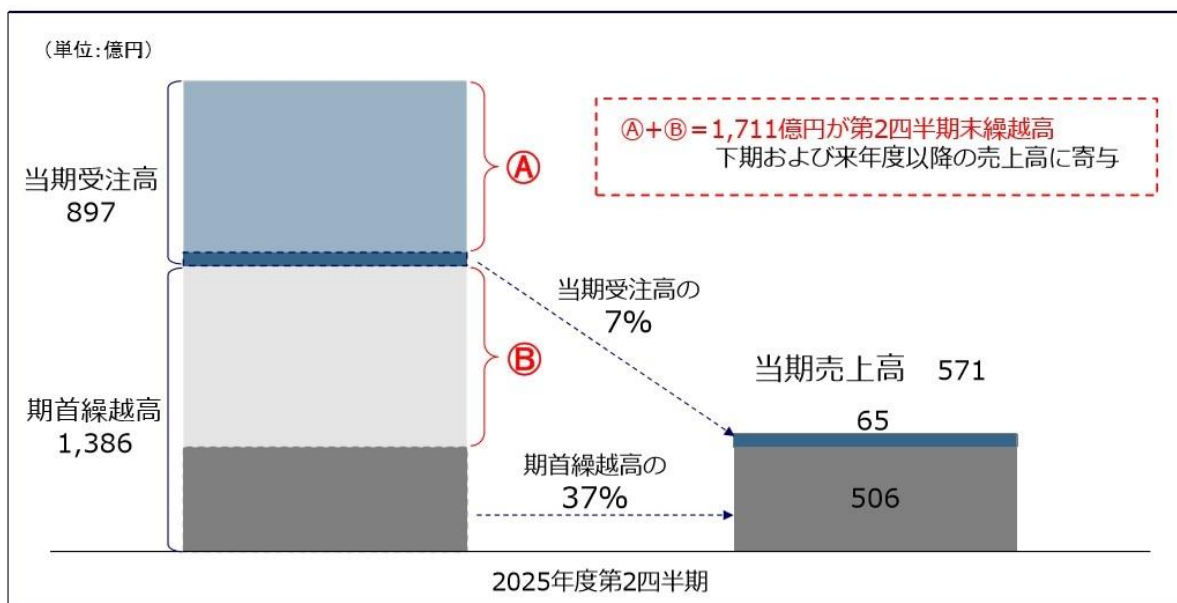
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## 一般工事部門売上高（個別：受注時期別）

- 当期受注高897億円のうち、7%の65億円を売上高に計上
- 期首繰越高1,386億円のうち、37%の506億円を売上高に計上
- 繰越高のうち、下期完成は約4割、残りが翌年度以降完成の見込み



11

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Next, the table shows sales in the general construction segment by order period.

Some sales are recorded in net sales from orders received in the current period, while others are recorded in net sales from amounts carried over from the beginning of the period.

As shown in the graph, of the JPY89.7 billion in orders received during the period, 7%, or JPY6.5 billion, was recorded as sales. On the other hand, of the JPY138.6 billion carried over at the beginning of the period, JPY50.6 billion, or 37%, was recorded as sales.

The remaining JPY171.1 billion in total from A and B will be carried over to the end of Q2, of which approximately 40% is expected to be completed in H2 of the year, with the remainder to be completed in the following year or later.

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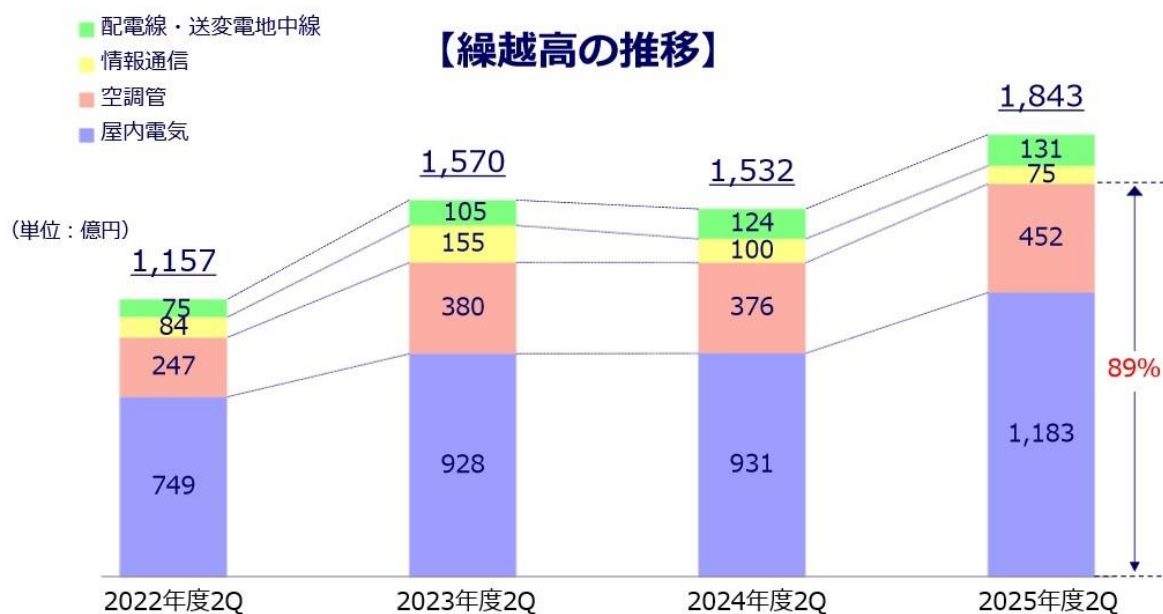
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## 第2四半期末の繰越高の推移（個別）

- 繰越高は、全体で1,843億円と対前年311億円増
- 主な繰越高：屋内電気1,183億円、空調管452億円



12

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The following is a chronological trend of the carry-over amount for CHUDENKO alone.

In recent years, as construction projects have become larger in scale, there has been a tendency for construction to take longer and for the timing of sales recognition to be delayed, resulting in an increase in the amount carried forward compared to the same period of the previous year. As a result, the carryover at the end of Q2 was the highest in recent years.

Of this amount, JPY118.3 billion was for indoor electric work and JPY45.2 billion was for air conditioning pipe work, with these two segments accounting for approximately 90% of the total carryover.

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## 貸借対照表（連結）

	2025年3月末	2025年9月末	増 減	主な増減要因
流動資産	1,297億円	1,236	▲60	受取手形・完成工事未収入金等 ▲156 未成工事支出金 33 有価証券 32
固定資産	1,641億円	1,700	58	長期貸付金 79
資産合計	2,939億円	2,936	▲2	
流動負債	506億円	429	▲77	支払手形・工事未払金 ▲100
固定負債	136億円	140	4	
負債合計	642億円	569	▲73	
純資産合計	2,296億円	2,366	70	利益剰余金 40 その他有価証券評価差額金 35
負債純資産合計	2,939億円	2,936	▲2	
自己資本比率	77.1%	79.5	2.4	

Next is the balance sheet.

Total assets decreased by JPY200 million from the end of March 2025 to JPY293.6 billion, mainly due to a JPY15.6 billion decrease in notes receivable, accounts receivable from completed construction contracts, and other, despite a JPY7.9 billion increase in long-term loans.

Total net assets increased JPY7 billion to JPY236.6 billion, mainly due to a JPY4 billion increase in retained earnings and a JPY3.5 billion increase in the valuation difference on available-for-sale securities. The equity ratio increased by 2.4 percentage points, from 77.1% at the end of the previous fiscal year to 79.5%, mainly due to an increase in shareholders' equity resulting from an increase in retained earnings.

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## 業績予想（連結）

- 前回公表値から上方修正
- 対前年度「増収・増益（営業利益・経常利益）」の見込み
- 売上高は中電工個別51億円、連結子会社49億円の増加
- 営業利益は売上高増加に伴う売上総利益の増加を見込む一方、人的資本投資による人件費の増加などを織り込み増益
- 親会社株主に帰属する当期純利益は前年度の法人税等の減少の反動減により減益

連 結 業 績	2024年度実績		2025年度予想		対前年		対前回公表値 増減額
					増減額	比率	
売 上 高		2,218億円		2,320	101	105%	20
営 業 利 益	(9.8%)	216億円	(10.3%)	240	23	111%	20
経 常 利 益	(10.6%)	234億円	(10.7%)	248	13	106%	10
親会社株主に帰属する 当期純利益	(9.0%)	198億円	(6.9%)	161	▲37	81%	3

(注) ( ) 内は売上高利益率

15

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Next is the forecast for the full year.

Consolidated results for FY2025 are expected to show an increase in revenue, operating income, and ordinary income compared to the previous fiscal year, and have been revised upward from the previously announced figures.

Net sales are expected to increase to JPY5.1 billion for CHUDENKO on a non-consolidated basis and JPY4.9 billion for consolidated subsidiaries, for a total of JPY232 billion, a record high and an increase of approximately JPY100 million over the previous year.

Operating income is expected to increase by JPY2.3 billion YoY to JPY24 billion, factoring in higher personnel expenses due to investment in human capital, despite an expected increase in gross profit from higher sales.

Ordinary income is expected to increase by JPY1.3 billion YoY to JPY24.8 billion after factoring in the equity in losses of IAQ, as explained in the Q2 results.

Net income attributable to owners of the parent is expected to decrease by JPY3.7 billion from the previous year to JPY16.1 billion, due to the absence of a decrease in income taxes in the previous year, despite an increase in ordinary income.

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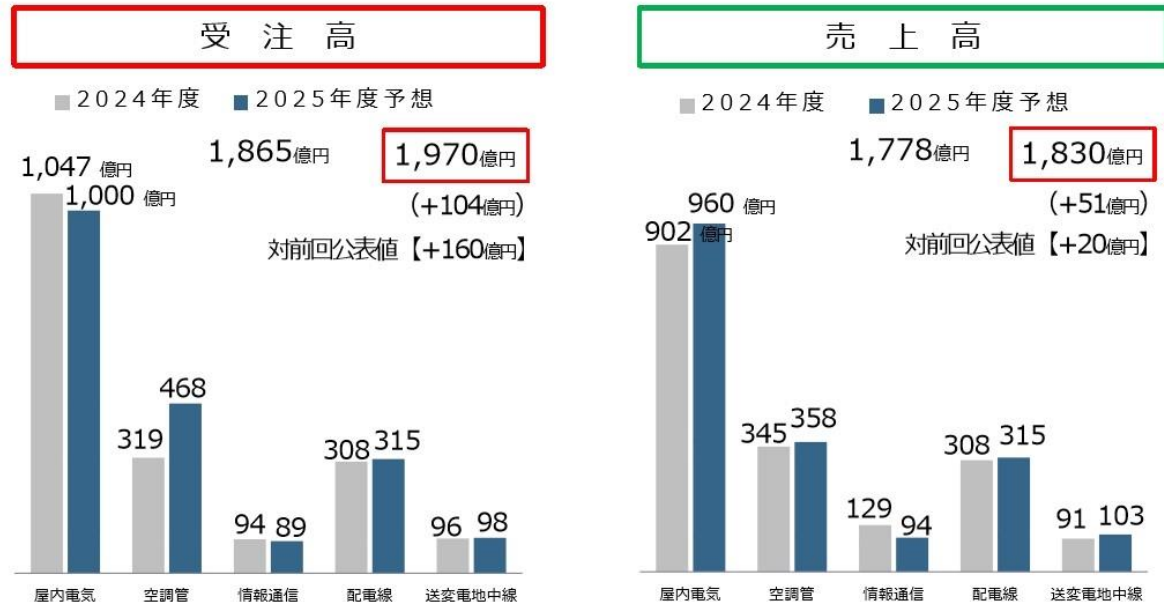
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## 部門別受注高・売上高（個別）

- 受注高・売上高ともに上方修正（受注高+160億円）
- 受注高は、104億円増加の見込み（主に空調管工事の増加）
- 売上高は、51億円増加の見込み（主に屋内電気工事と空調管工事の増加）



16

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

Orders received on the left side have been revised upward by JPY16 billion from the previously announced figure, considering the favorable environment for orders. Looking at the YoY figure, we project a JPY10.4 billion increase to JPY197 billion, mainly due to an expected increase in air conditioning pipe work because of large construction orders.

On the other hand, sales on the right side were also revised upward by JPY2 billion from the previously announced figure. Based on the abundant carry-over amount from the previous year, we expect an increase in indoor electrical work and air conditioning pipe work, resulting in an increase of JPY5.1 billion from the previous year, to JPY183 billion.

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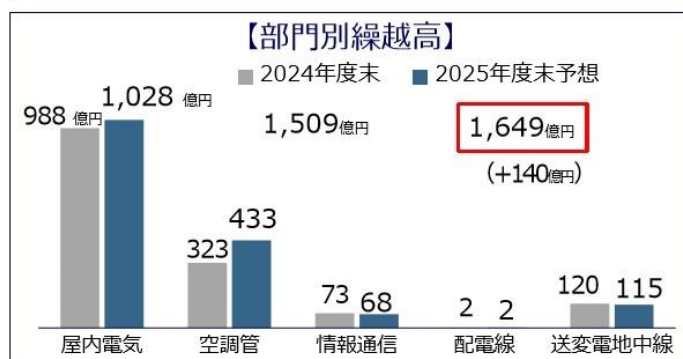
## 受注高・売上高・繰越高（個別）

- 受注高・売上高は増加傾向
- 繰越高は過去最高

【受注高・売上高・繰越高の推移】



【部門別繰越高】



【地域別繰越高】



17

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Next is the trend of individual orders, sales, and carryover.

As shown in the line graph, orders and sales for the current fiscal year further exceeded those of the previous year and are on an increasing trend. Carryover is also expected to reach a record high of JPY164.9 billion, due to an increase in indoor electrical work and air conditioning pipe work.

By region, sales in the Chugoku region are on par with the previous year, while sales in metropolitan areas are steadily increasing, and we believe that this abundant carryover will lead to sustained sales growth in the following fiscal years and beyond.

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## 一般工事部門売上高（個別）

- 2025年度も引き続き工事の大型化により、工事進行基準の増加を予想
- 2025年度の上期・下期の割合は従来の4対6に戻ると予想

### 【工事進行基準・工事完成基準の割合】



### 【上期・下期の割合】



18

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The graph on the left shows the percentage of sales based on the percentage-of-completion method and the completed-contract method for the general construction segment.

The blue percentage-of-completion method has increased significantly over the past year or two in our full-year forecast. The forecasted amount is JPY93.4 billion, JPY0.6 billion more than the previous year, and the percentage of the percentage-of-completion method is 66%.

The gray completed-contract method is projected to be JPY47.8 billion, JPY2.9 billion higher than the previous year.

The graph on the right shows the ratio between the first and H2 of the year. As explained earlier in Q2 results, the ratio of H1 of the fiscal year was higher than usual because of the high rate of progress of large-scale construction projects in the previous fiscal year.

However, we expect to generate more sales in H2 of the current fiscal year than in the previous year, and the ratio of H1 to H2 is expected to return to the previous ratio of 4 to 6.

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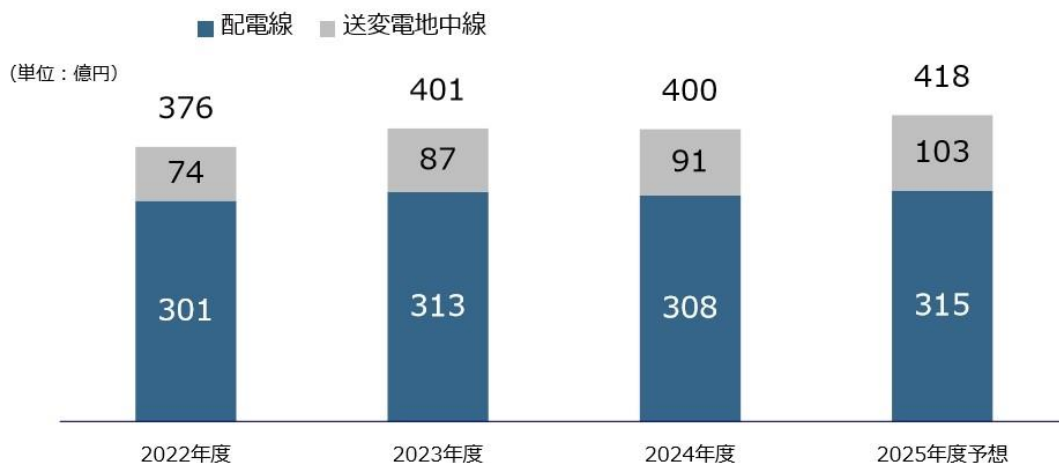
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## 電力工事部門売上高（個別）

- 主に中国電力ネットワークから受注し、中国地域での施工
- ここ数年では、400億円強の売上高を安定的に計上

【電力工事部門売上高の推移】



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

The electric power construction segment receives orders for construction work in the Chugoku region mainly from the Chugoku Electric Power Co., Inc. network and has recorded stable sales of over JPY40 billion for the past several years. We assume that we will be able to secure the same level of sales in the future.

In addition, we will work to strengthen our construction system to meet the expected increase in the volume of electric power work due to rising demand for electric power associated with the construction of data centers and other facilities.

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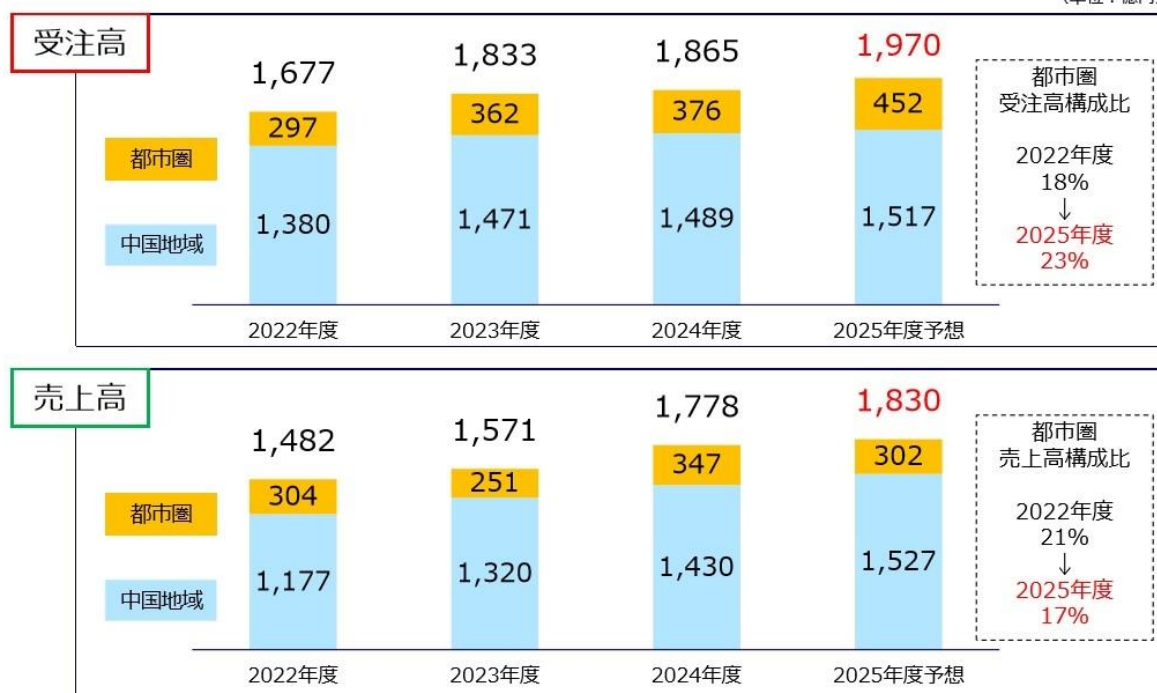
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## 地域別受注高・売上高（個別）

➤ 中国地域の基盤を強化しつつ、都市圏(東京・大阪・名古屋)を拡大

(単位：億円)



20

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

As a growth strategy under the Medium-Term Management Plan 2027, we will continue focusing on strengthening our foundation in the Chugoku region and expanding our business in metropolitan areas.

Orders and sales in the Chugoku region, shown in blue, have been steadily growing and are expected to exceed the previous year's figures in FY2025.

Orders in metropolitan areas, shown in orange, are expected to grow significantly to JPY45.2 billion in FY2025, and their share of total orders is expanding from 18% three years ago to 23%. On the other hand, net sales are projected at JPY30.2 billion, a decrease of JPY4.5 billion from the previous year, which is due to the delay in recording sales resulting from the completion of many large properties in the previous fiscal year.

As explained earlier, we expect the carry-over amount in metropolitan areas to increase significantly to JPY64.2 billion, and we expect steady growth from the next fiscal year.

We will continue to expand our market share in the Chugoku region while further strengthening our sales and construction capabilities to expand our business in metropolitan areas.

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## 中期経営計画2027（2025～2027年度）の概要

### Change & Growth For All to 2027

#### ～営業力・施工力の強化と人的資本経営の推進～

<div><div>1</div><div>安全・コンプライアンスの徹底と品質の向上</div></div> <div>安全とコンプライアンスを最優先とした事業運営を徹底するとともに、お客さまの信頼と満足度の向上に向けて、品質の確保・向上に取り組む。</div> <div><ul style="list-style-type: none"><li>協会社と一体となった安全最優先の意識と基準ルール遵守の徹底</li><li>コンプライアンス意識の向上と法令遵守の徹底</li><li>工事のプロセス全体にわたる品質の確保</li><li>災害時の早期復旧など電力安定供給への確実な貢献 等</li></ul></div>	<div><div>2</div><div>営業力・施工力の一層の強化と受注の拡大</div></div> <div>中国地域のシェア拡大、都市圏の事業拡大に向けて、営業力・施工力を一層強化する。</div> <div><ul style="list-style-type: none"><li>営業要員の確保と設計力・提案力の強化</li><li>技術要員の確保・育成と施工管理者の最適配置</li><li>協会社とのパートナーシップ強化</li><li>半導体・データセンターなど成長分野の受注強化 等</li></ul></div>	
<div><div>3</div><div>生産性の向上による利益の創出</div></div> <div>DXや施工の効率化など業務全般にわたる生産性向上の取り組みを深化させ、更なる利益を創出する。</div> <div><ul style="list-style-type: none"><li>DX、生成AIの活用による一層の業務効率化</li><li>フロントローディングの全社展開による工事の平準化・効率化</li><li>迅速な情報共有、コミュニケーション強化による課題の早期解決</li><li>原価管理の強化と一層のコスト低減等</li></ul></div>	<div><div>4</div><div>人材の確保・育成の強化と魅力ある職場づくり</div></div> <div>採用方法の多様化による人材確保、育成の強化と魅力ある職場づくりを推進し、従業員のスキルとエンゲージメントの向上を図る。</div> <div><ul style="list-style-type: none"><li>リファラル採用、初任地限定採用など採用方法の多様化</li><li>資格取得教育等によるスキルアップの継続的支援</li><li>ワークライフバランスの推進</li><li>快適な職場環境の整備、健康経営の推進 等</li></ul></div>	<div><div>5</div><div>成長投資による事業拡大</div></div> <div>カーボンニュートラルに向け、脱炭素化支援として環境関連ビジネスを推進する。また、事業拡大に向けたM &amp; Aに取り組む。</div> <div><ul style="list-style-type: none"><li>PPA事業など環境関連ビジネスの推進</li><li>技術研究開発の推進</li><li>施工体制の強化に向けたM &amp; Aの推進等</li></ul></div>

22

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I would like to continue by explaining the status of our efforts under the Medium-Term Management Plan 2027, which started this fiscal year.

Under the theme of "Change & Growth for All to 2027," the Medium-Term Management Plan 2027 sets forth five major measures for the year of strengthening sales and construction capabilities and promoting human capital management, and the Group is working together to establish a sustainable growth cycle.

In the area of further strengthening sales and construction capabilities and increasing orders, we are working to strengthen orders in growth areas such as semiconductors and data centers.

In the area of profit generation through productivity improvement, the Company has been promoting operational efficiency using DX and generative AI, as well as the leveling and streamlining of construction work through front-loading, and this is beginning to show results, with each profit reaching a record high during this interim period.

In terms of business expansion through growth investment, in addition to the PPA business as an environment-related business, we are considering a grid storage battery business. Regarding M&A to strengthen the construction system, it continues to be difficult to create new projects under the current favorable business environment.

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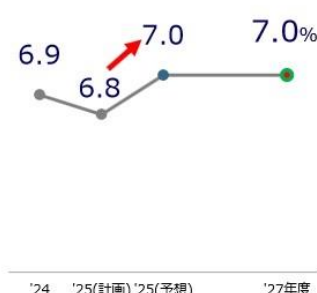
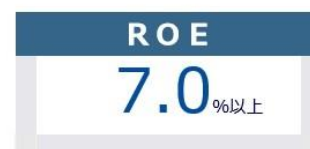
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## 連結数値目標

- 中期経営計画2027の数値目標の一部（営業利益・ROE）を達成する見通しを得たことから、今後、見直しを検討していく。
- 引き続き、主要施策を着実に実行し、更なる利益の創出に取り組む。



売上高

営業利益

ROE

(注) 2024年度のROEは、決算数値9.1%から、過去に計上した投資損失を損金算入したことによる法人税等の減少効果（特殊要因）を除いた数値。

We have announced consolidated numerical targets for FY2027 of JPY240 billion in net sales, JPY23 billion in operating income, and an ROE of 7% or higher, but now that we expect to achieve our operating income and ROE targets for the full-year forecast for FY2025, we will consider revising these targets.

We will continue to steadily implement key measures to generate further profits.

## 人材の確保・育成の強化（個別）

### 定期採用者数

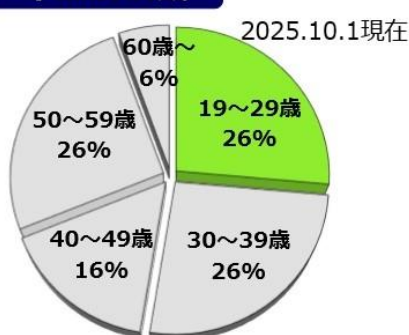
2022年度	2023年度	2024年度	2025年度	2026年度 計画（内定）
116	135	132	146	170（171）

### 初任給改定

（単位：円）

	2024年4月	2025年4月	増額
大学卒	235,000	260,000	25,000

### 年齢別構成



### 有資格者数

資格名	取得者数		
	22年10月	25年10月	増減
電気工事施工管理技士（1.2級）	1,157名	1,292	135
管工事施工管理技士（1.2級）	295名	338	43
電気通信工事施工管理技士（1級）	98名	144	46
技術士	66名	71	5

（注）施工管理技士（電気工事・管工事）の複数取得者 73名

This is about strengthening the securing and training of human resources.

Despite the difficult hiring environment, we were able to hire 146 employees in FY2025. For FY2026, we currently have 171 applicants with job offers, compared to our plan to hire 170.

In FY2025, we responded in full to the labor union's demands and raised wages by more than 5% for the second consecutive year, including base increases and regular salary increases. In addition, the starting salary has been revised upward by JPY25,000.

We will continue to focus on improving compensation to attract excellent human resources and to ensure that employees, who are the source of the Company's competitiveness, are able to maximize their abilities.

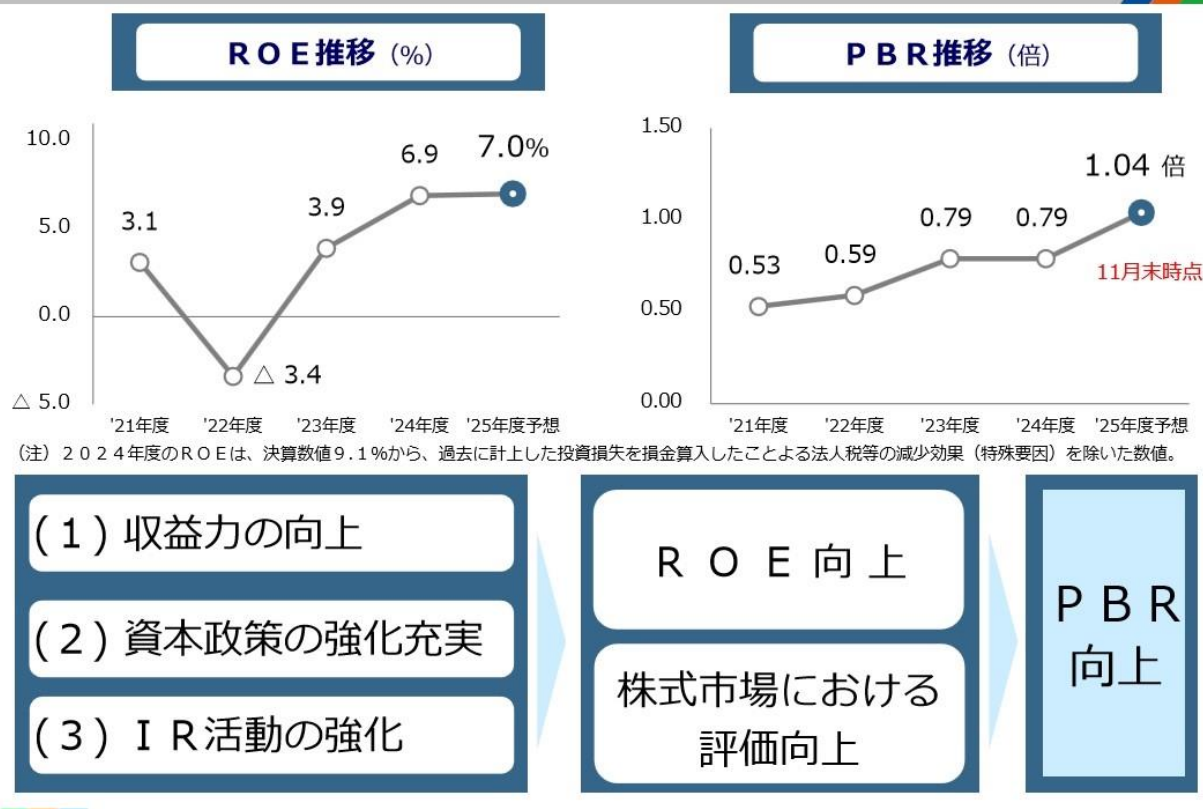
In addition, we are making efforts to strengthen human resource development. The number of construction management engineers and other qualified personnel is steadily increasing. As shown in the pie chart, young workers under 30 years old account for one-fourth of the Company's workforce, and we believe that the early development of young workers is the key to strengthening our construction capabilities.

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## 現状認識・P B R向上に向けた取り組み



26

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We would like to reiterate the status of the measures we announced on April 28 of this year to achieve management that is conscious of the cost of capital and stock price.

We promote management that is conscious of the cost of capital and stock price to sustainably increase corporate value. Currently, ROE is improving along with profit growth, and to sustain this increase, we will further improve profitability and strengthen our capital policy initiatives.

As for the P/B ratio, it has recently exceeded 1x due to the rise in the stock price, and to further increase this ratio and make it a firm foundation, we will strengthen our efforts to improve profitability and capital policies.

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## 資本政策の強化充実

- 中期経営計画2027の3年間で、事業活動および政策保有株式の売却などで獲得する資金950億円を成長投資および株主還元に向けける。
  - 成長投資の拡大：600億円程度
    - DX推進など事業基盤強化300億円、環境関連事業など事業拡大300億円
  - 株主還元の充実：350億円程度
    - DOE 3.0%を目処に変更し3年間で配当200億円程度、自己株式の取得枠150億円程度を設定

<b>成長投資の拡大</b> <b>600</b> 億円程度	<b>事業基盤強化への投資</b> <b>300</b> 億円程度	<ul style="list-style-type: none"> <li>DX推進</li> <li>労働環境整備等の設備投資拡充</li> <li>人材の確保・育成</li> <li>技術研究開発 等</li> </ul>
	<b>事業拡大への投資</b> <b>300</b> 億円程度	<ul style="list-style-type: none"> <li>環境関連事業</li> <li>設備工事業の強化・拡大</li> <li>グループ会社の各事業強化・拡大</li> <li>新規事業 等</li> </ul>
<b>株主還元の充実</b> <b>350</b> 億円程度	<b>持続的・安定的な配当</b> <b>200</b> 億円程度	<ul style="list-style-type: none"> <li>配当方針のDOE 2.7%を目処から3.0%を目処に変更</li> <li>2026年3月期予想 1株当たり年間配当金130円</li> </ul>
	<b>自己株式の取得</b> <b>150</b> 億円程度	<ul style="list-style-type: none"> <li>自己株式の取得枠の設定</li> </ul>

27

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With respect to the strengthening and enhancement of capital policy, we will allocate JPY95 billion of funds obtained through business activities and the sale of strategic shareholdings to investment in growth and shareholder returns over the three years of the Medium-Term Management Plan 2027.

The cash outflow will consist of about JPY60 billion for growth investments, with about JPY30 billion for strengthening the business foundation, including DX promotion, and about JPY30 billion for business expansion, including environment-related businesses.

In terms of shareholder returns, we have changed our dividend policy to a target DOE of 3% and have set a three-year dividend of about JPY20 billion and a share buyback limit of about JPY15 billion.

We will continue to work to maximize our corporate value by ensuring management that emphasizes capital efficiency, improving ROE, and increasing PBR.

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## 配当金・配当性向の推移

➤ 2025年度予想・・・年間130円、DOE3.20%、配当性向43.7%



29

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Finally, I would like to discuss shareholder returns.

First, let us look at the dividend and the dividend payout ratio. The Company has adopted DOE as its dividend policy since FY2010, starting at around 2% and changing to around 3% from FY2025.

For FY2025, we forecast an annual dividend increase of JPY10 per share to JPY130 per share, resulting in a DOE of 3.2% and a payout ratio of 43.7%. Half, or JPY65 per share, was paid as an interim dividend.

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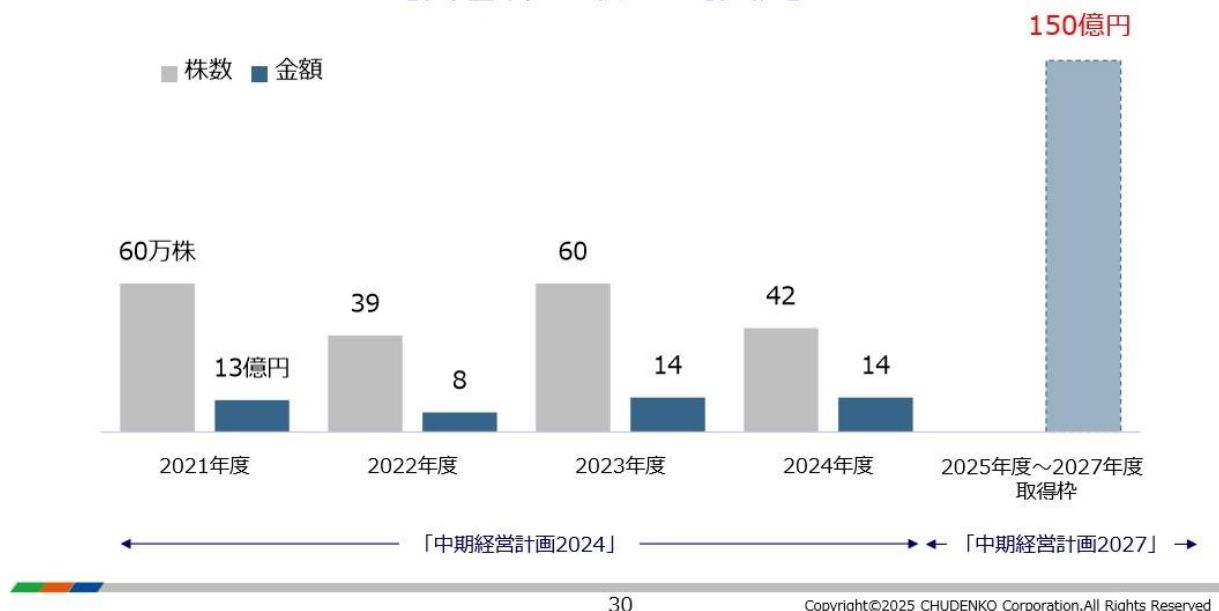
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## 自己株式の取得

- 「中期経営計画2024」の4年間で合計200万株、約50億円取得
- 「中期経営計画2027」の3年間で取得枠150億円を設定

### 【自己株式取得の推移】



Finally, we would like to discuss the acquisition of treasury stock.

During the four years of the previous medium-term management plan, Medium-Term Management Plan 2024, we repurchased a total of approximately 2 million shares, amounting to approximately JPY5 billion. As explained earlier, over the three years of the Medium-Term Management Plan 2027, we will enhance shareholder returns through stable dividends and share buybacks.

This concludes my explanation. The following materials are for reference only and were omitted from the explanation.

Thank you very much for your kind attention.

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## Question & Answer

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**Moderator [M]:** We will now move on to the question-and-answer session. If you have any questions, please use the Q&A function.

Thank you for your patience. Let me read the first question.

**Participant [Q]:** You are noticeably holding more corporate bonds than policy stocks. Am I correct in understanding that the bonds that are redeemed are not reinvested, but are instead used for growth and shareholder returns?

**Shigeto [A]:** Currently, of the JPY100 billion in investment securities, about JPY30 billion is in policy holdings, about JPY10 billion is in affiliated companies, and the remaining JPY60 billion is mainly in corporate bonds.

The Company has set aside JPY30 billion in corporate bonds to invest in business expansion and will use this amount as the source of funds. However, if there is a promising M&A project, we would like to sell the bonds as needed and use the proceeds for investment without sticking to this limit.

This is my response to the question.

**Participant [Q]:** How would you evaluate the current financial results?

**Shigeto [A]:** As I explained earlier, we saw a decrease in sales and an increase in profit for Q2 of FY2025, but sales were the second-highest ever for an interim period, and each profit was also the highest ever for an interim period. We believe that we have made a good start in the first year of the Medium-Term Management Plan 2027.

With the announcement of the financial results, we have also revised our earnings forecast upward, and we intend to continue pursuing further growth by working as a unified group on the various measures set forth in our Medium-Term Management Plan 2027.

This is my response to the question.

**Participant [Q]:** How about the profitability at the time of order receipt? Please tell us about it.

**Shigeto [A]:** Profitability at the time of order receipt gradually improved from FY2023 to FY2024, partly due to a favorable order environment. In FY2025, this favorable situation continues.

This is my response to the question.

**Participant [Q]:** What is your perception of the current business environment?

**Shigeto [A]:** We are seeing strong capital investment in the manufacturing sector, including semiconductor-related plants in the Chugoku region, and in the private sector, including redevelopment projects and logistics warehouse projects in metropolitan areas.

Our company's orders are increasing in both the Chugoku region and metropolitan areas. The amount carried over to the next period is also the highest in recent years. We recognize that construction demand is strong.

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Regarding the future business environment, while capital investment in the manufacturing industry and redevelopment projects in metropolitan areas are expected to remain strong, we believe the outlook will continue to be uncertain due to high energy and raw material prices, as well as labor shortages.

Despite this business environment, we will strive to generate further profits by steadily implementing the various measures in our medium-term management plan.

This is my response to the question.

**Participant [Q]:** What is the situation in metropolitan areas?

**Shigeto [A]:** We have been deploying personnel to metropolitan areas such as Tokyo, Osaka, and Nagoya, and have gradually deepened our relationships with our clients as we accumulate experience in large-scale construction projects. Our business continues to expand through our experience and technical capabilities.

As a result, as I explained earlier, orders are steadily increasing. Although net sales will decrease slightly in the current fiscal year, they are expected to expand steadily in the following fiscal year and beyond due to the abundant carry-over amount.

Profit margins have also improved dramatically compared to the past. We also believe that expanding our business in metropolitan areas will contribute to improving our company's recognition on a national scale, and we expect that this will help us secure human resources.

In addition, in FY2025, we can hire new graduates from metropolitan areas as well as employees who graduated from universities in metropolitan areas.

This is my response to the question.

**Participant [Q]:** I think you mentioned that there is a shortage of labor.

**Shigeto [A]:** In the general construction segment in particular, the amount of work carried over has reached a record-high level due to the increasing size of construction projects, especially in metropolitan areas. As a result, our construction managers continue to work at full capacity.

Despite these circumstances, we are taking various measures to continue ensuring an adequate construction system, such as improving construction efficiency through the promotion of DX and the optimal allocation of personnel to each site.

In terms of human resource development, we are also striving to strengthen our construction capabilities by focusing on improving each employee's skills.

This is my response to the question.

**Participant [Q]:** It seems that costs related to construction, such as raw materials and labor costs, are getting higher, but are you able to pass these higher costs on to the customer?

**Shigeto [A]:** Raw material and labor costs have remained extremely high since the end of the COVID-19 pandemic. We are making improvements by appropriately reflecting the cost increases, based on our customers' full understanding of this situation.

This is my response to the question.

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**Participant [Q]:** You have revised your earnings forecast upward, but isn't that a conservative figure for operating income?

**Shigeto [A]:** As explained earlier, we expect operating income to increase in line with the increase in sales, but we have factored in increased personnel expenses, such as performance-linked bonuses.

This is my response to the question.

**Participant [Q]:** Isn't the target for return on equity, or ROE, 8% or more?

**Shigeto [A]:** As I explained earlier, ROE is improving as profits increase, and we will continue our efforts to improve it.

We will consider revising the ROE target of 7% or more in the Medium-Term Management Plan 2027 after seeing the results of further improvements in profitability and capital policy initiatives.

This is my response to the question.

**Participant [Q]:** What is the timing of the reduction of policy shareholdings and what is your sense of the target amount?

**Shigeto [A]:** At this point, we have not set a clear reduction period or target amount, but our policy is to hold shares on a policy basis when we judge that doing so will contribute to maintaining and improving the medium- to long-term corporate value of the Company and the Group, taking into account the maintenance and development of transactions and business development.

On the other hand, the Company has a policy of reducing policy shareholdings whose significance has been diluted. The Company examines the purpose, credit risk, and economic rationale for each individual issue once a year, and if it is determined that there is no rationale for continued holding, the issue is sold after discussion at a meeting of the Board of Directors.

This is my response to the question.

**Participant [Q]:** From your company's perspective, do you have an idea of what you consider the optimal capital adequacy ratio?

**Shigeto [A]:** Our capital adequacy ratio, as of the end of Q2, is just under 80%, and we recognize that this is high for the construction industry.

Although we do not have a standard percentage for the optimal capital adequacy ratio, we believe it is necessary to actively invest in growth through M&A and other means, while at the same time providing sustainable and stable shareholder returns through dividend payments and share buybacks, with full awareness of the need for capital efficiency.

This equity capital is also the result of the business we have accumulated over the past years, and we believe it is one of the important indicators of our stability and safety.

This is my response to the question.

**Participant [Q]:** You explained that you plan to pay an annual dividend of JPY130 for the fiscal year ending March 2026, but do you have any plans to raise it further?

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**Shigeto [A]:** Our dividend policy emphasizes the payment of sustainable and stable dividends, and the dividend amount is determined in accordance with this policy.

The Company will consider the amount of future dividends, considering the current fiscal year's earnings outlook, the business environment, and other factors.

This is my response to the question.

**Participant [Q]:** You have set a limit for the acquisition of treasury stock, but where do you have in mind for acquisitions? Are you also considering acquiring shares from Chugoku Electric Power Company?

**Shigeto [A]:** At this time, we are not considering any particular shareholder as a potential source, but we intend to deepen communication with major shareholders in the future and take appropriate action as needed.

This is my response to the question.

**Participant [Q]:** What is the order of the gross profit margin by construction type for H1 results? What, if any, are the shades of gross margin improvement by construction type?

**Shigeto [A]:** In recent years, the order environment has remained favorable, and gross profit margins, particularly for indoor electrical and air-conditioning pipe work, have increased significantly, with the general construction segment outperforming the electric power construction segment. In the electric power construction segment, the profit margin has also been able to maintain a certain percentage.

This is my response to the question.

**Participant [Q]:** By region, is the gross margin higher in metropolitan areas? Will the mix of gross margins improve in the future as sales in metropolitan areas increase?

**Shigeto [A]:** Gross profit margins in metropolitan areas remained low until two or three years ago, but based on the recent order environment, we have been able to secure a solid profit since last fiscal year. Therefore, in recent years, gross profit margins in the Chugoku region and metropolitan areas have remained at about the same level.

This is my response to the question.

**Moderator [M]:** Thank you very much. I would now like to ask the final question next.

**Participant [Q]:** What was the reason for the low rate of progress in the previous period?

**Shigeto [A]:** In H1 of the year, the rate of progress of large-scale construction projects was particularly high, and the rate of progress in the previous period was slightly lower due to some discrepancies. However, the absolute values continue to be very high.

This is my response to the question.

**Moderator [M]:** Thank you very much. These are the questions we have received. Thank you very much for your many questions.

This concludes the briefing on the financial results of CHUDENKO for Q2 of FY2025.

**Shigeto [M]:** Thank you very much.

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**Moderator [M]:** As I mentioned at the beginning, the screen will now switch to the questionnaire screen. Thank you in advance for your response.

Thank you very much for joining us today.

[END]

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### **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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