

Financial Results Briefing for the Fiscal Year Ended March 31, 2025 (FY2024)

June 3, 2025



株式会社 中電工

Presenter: Takafumi Shigeto
Representative Director and President

Briefing Topics

- | | |
|---|--|
| 1 | FY2024 performance |
| 2 | Summary of Medium-Term Management Plan 2024 (FY2021–2024) |
| 3 | Overview of Medium-Term Management Plan 2027 (FY2025–2027) |
| 4 | FY2025 earnings forecasts |
| 5 | Management measures that take into account capital costs and share price |
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1. FY2024 Performance

Construction industry

- Both public and private capital investment remain robust.
- Due to the prolonged global instability and the impact of exchange rates, energy and raw material prices remain persistently high, with labor costs elevated as a result of worker shortages.

Group overview

Performance

- Net sales and profit attributable to owners of parent hit all-time highs.
- We achieved our initial targets by actively pursuing measures under Medium-Term Management Plan 2024.

Other achievements

- In November last year, we concluded a business alliance agreement with IAQ, a Malaysian company, and acquired 40% of its issued shares.
- Following the "Eruboshi (second stage)" certification that we received in September 2023, we were granted the "Kurumin" certification in August 2024.
- In March 2025, we were certified as a "2025 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (Large Enterprise Category) White 500" (third consecutive year for the Large Enterprise Category certification, first time for White 500).

FY2024 performance (income statement, consolidated)

Recorded a year-on-year increase in both sales and profit (Net sales and profit attributable to owners of parent achieved record high figures)

- Net sales increased by ¥20.8 billion (up ¥20.6 billion for CHUDENKO parent, up ¥0.1 billion for consolidated subsidiaries)
- Operating profit increased by ¥9.7 billion (up ¥9.3 billion for CHUDENKO parent, up ¥0.3 billion for consolidated subsidiaries)

(Billions of yen)

Consolidated Performance	FY2023		FY2024		Change	YoY
Net sales		201.0		221.8	20.8	110%
Cost of sales		172.4		182.9	10.4	106%
Gross profit	(14.2%)	28.5	(17.5%)	38.9	10.3	136%
Selling, general and administrative expenses		16.5		17.2	0.6	104%
Operating profit	(5.9%)	11.9	(9.8%)	21.6	9.7	182%
Ordinary profit	(6.3%)	12.7	(10.6%)	23.4	10.6	184%
Profit attributable to owners of parent	(3.9%)	7.9	(9.0%)	19.8	11.9	251%

Note: Figures in () are profit margins

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

(Billions of yen)

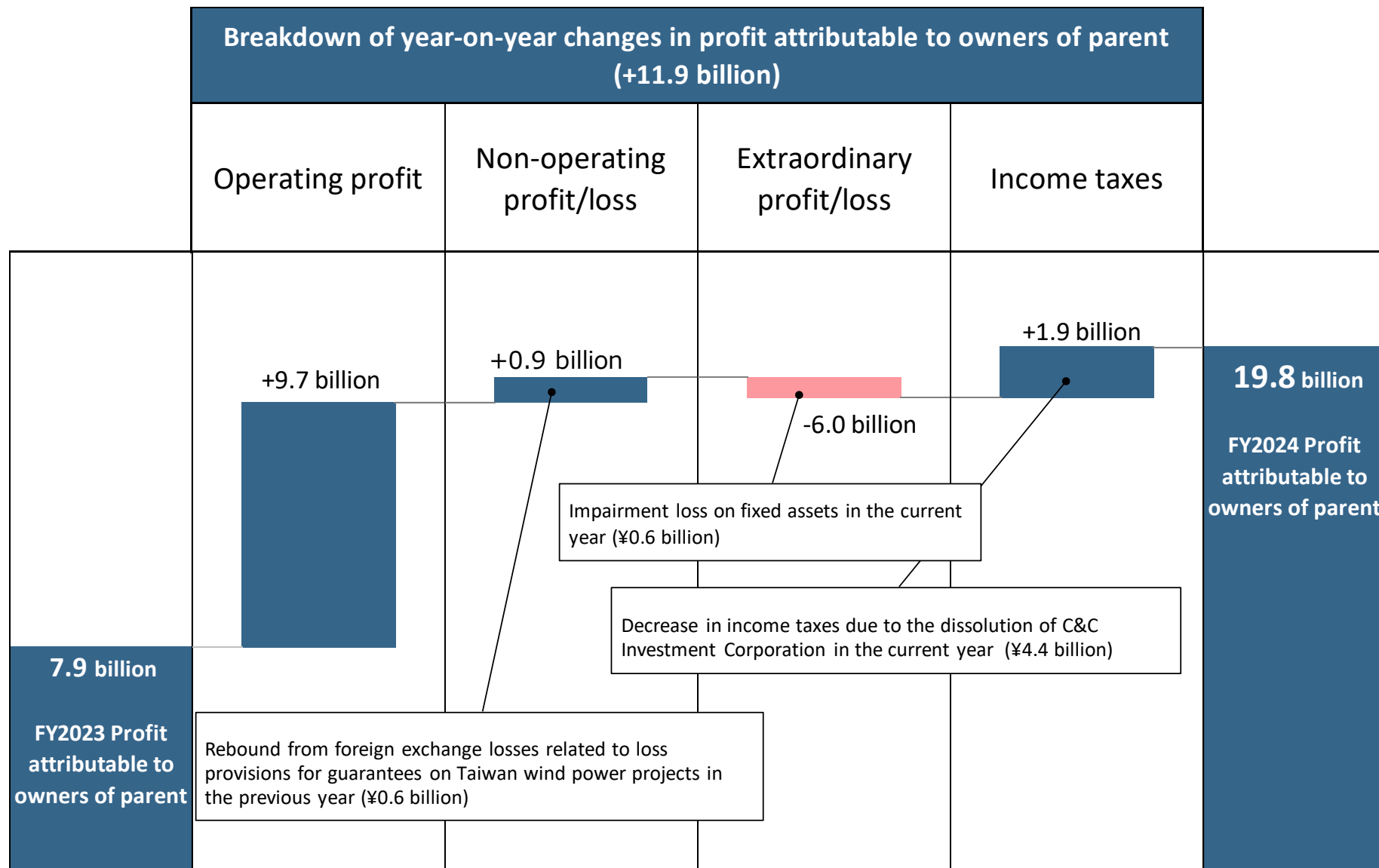
Breakdown of year-on-year changes in net sales (+20.8 billion)									
CHUDENKO parent (+20.6 billion)						Consolidated subsidiaries (+0.1 billion)			
General Work			Electric Power			Chugoku region subsidiaries (7)	Urban area subsidiaries (3)	Overseas subsidiaries (4)	
Indoor Electrical	Air-Conditioning Piping	Information Communication Equipment	Distribution Lines	Underground Power Lines for Transmission /Distribution					
	+11.5	+5.0	+4.2	-4.0	+3.0	+6.0	+1.0	-1.4	221.8 billion FY2024 Net sales
201.0 billion FY2023 Net sales									

Breakdown of year-on-year changes in operating profit (consolidated)

Breakdown of year-on-year changes in operating profit (+9.7 billion)				(Billions of yen)
CHUDENKO parent (+9.3 billion)			Consolidated basis (+0.3 billion)	
Operating profit by sector			Operating profit of consolidated subsidiaries	
General Work Business	Electric Power Business			
	+ 9.6billion	- 0.3billion	+ 0.3 billion	
11.9 billion				21.6 billion
FY2023 Operating profit				FY2024 Operating profit

Main factors in year-on-year change in profit attributable to owners of parent (consolidated)

(Billions of yen)



Balance sheet (consolidated)

(Billions of yen)

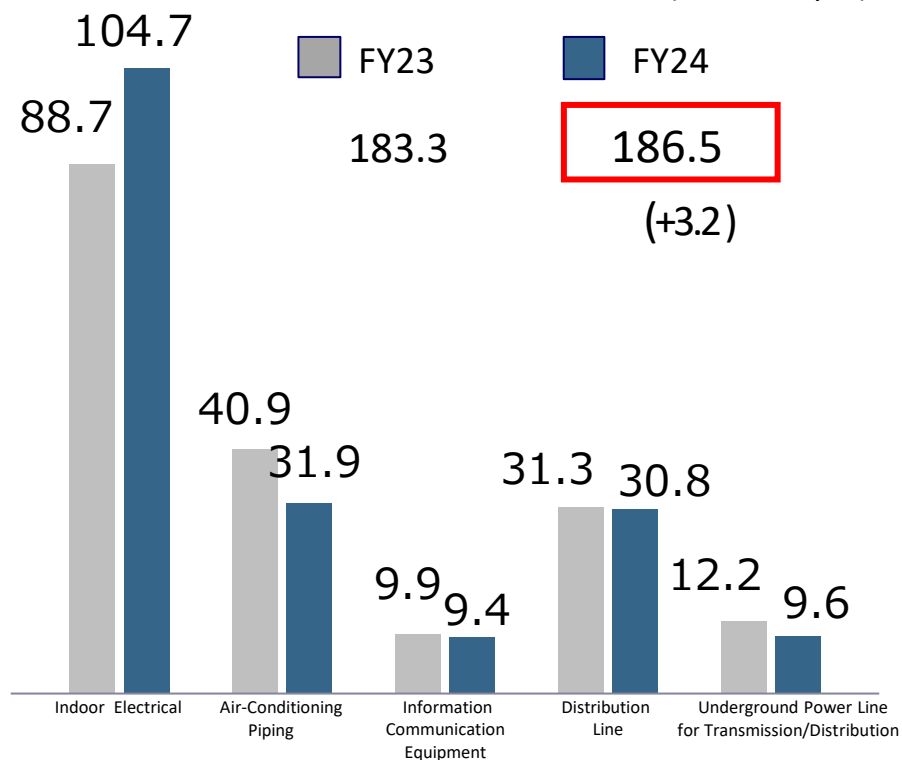
		As of March 31, 2024	As of March 31, 2025	Change	Main factors for change
	Current assets	122.3 billion	129.7	+7.3	Cash and deposits 4.6 Marketable securities 1.3
	Non-current assets	158.2 billion	164.1	+5.9	Machinery, vehicles and tools, equipment and fixtures 1.9 Investment securities 2.4
Total Assets		280.5 billion	293.9	+13.3	
	Current liabilities	52.5 billion	50.6	-1.8	Accrued income taxes -2.3
	Non-current liabilities	14.0 billion	13.6	-0.4	
Total liabilities		66.6 billion	64.2	-2.3	
Total net assets		213.9 billion	229.6	+15.6	Retained earnings 13.8
Total liabilities and net assets		280.5 billion	293.9	+13.3	
Equity ratio		75.2%	77.1	+1.9	

Orders received and net sales by sector (parent)

- Orders received were ¥186.5 billion, a year-on-year increase of ¥3.2 billion (Indoor Electrical increased)
- Net sales were ¥177.8 billion, a year-on-year increase of ¥20.6 billion (Indoor Electrical, Air-Conditioning Piping increased)

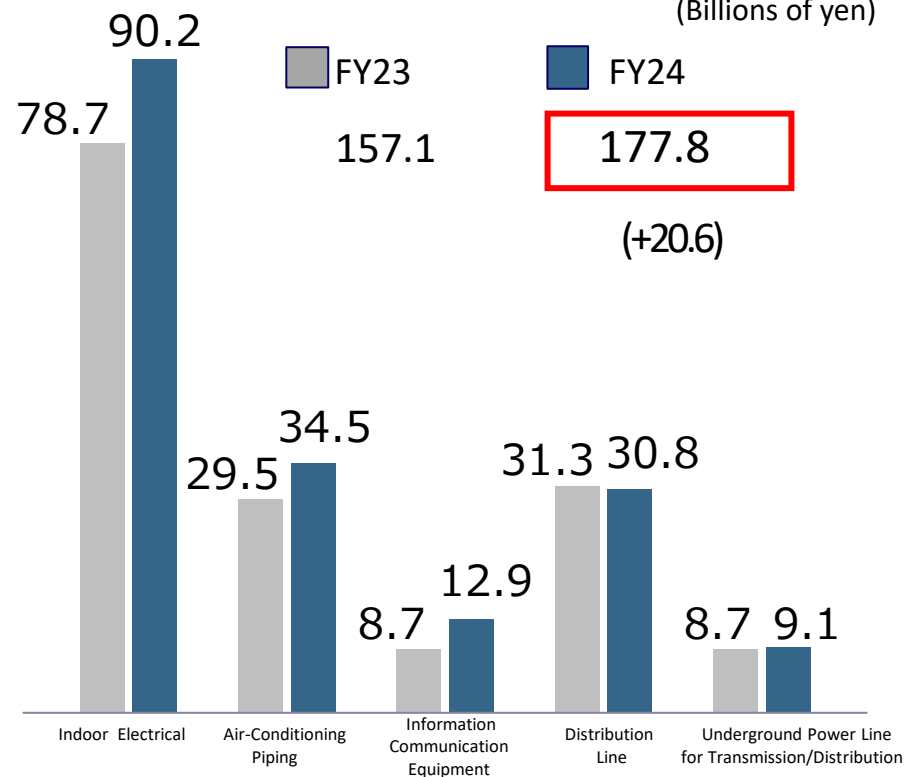
Orders received

(Billions of yen)



Net sales

(Billions of yen)

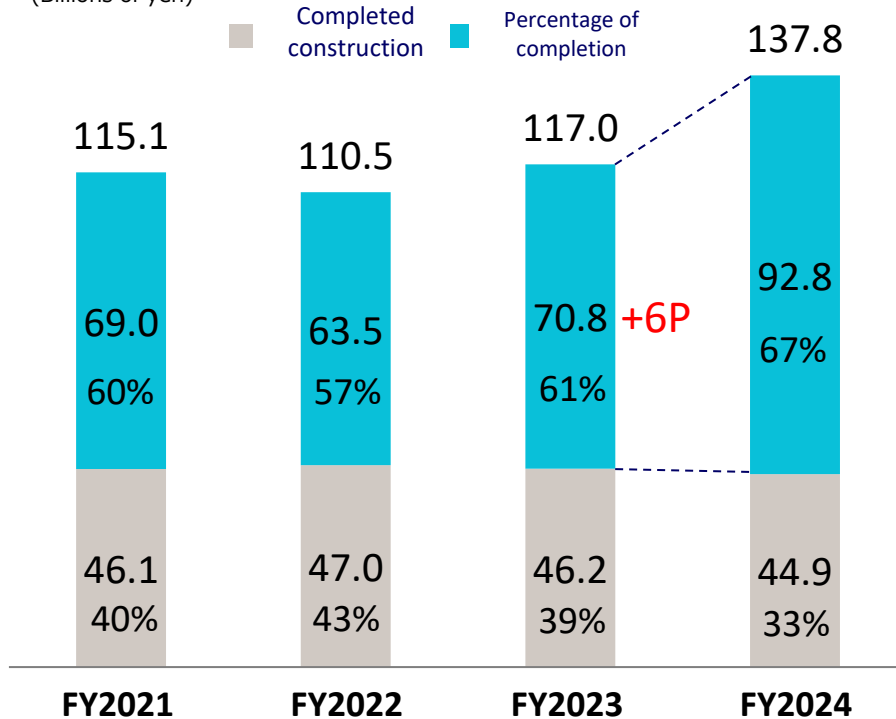


General work sector net sales (parent)

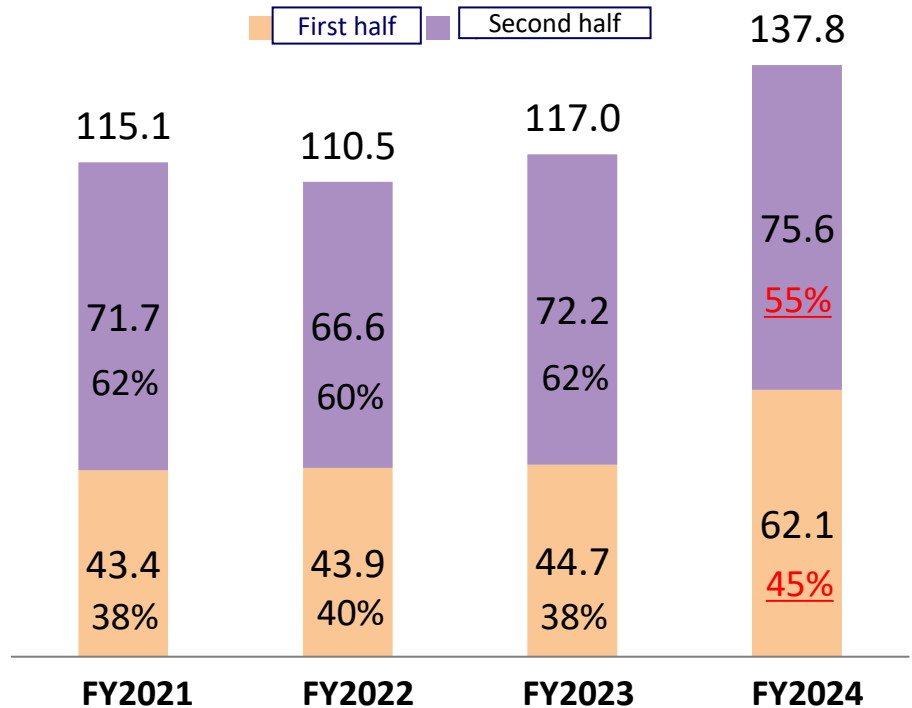
- In FY2024, construction projects increased in scale, and net sales based on the percentage of completion method increased
- With the increase in the proportion of projects based on the percentage of completion method, the timing of net sales recognition has leveled off

Proportion of projects based on the completed construction method /percentage of completion method

(Billions of yen)



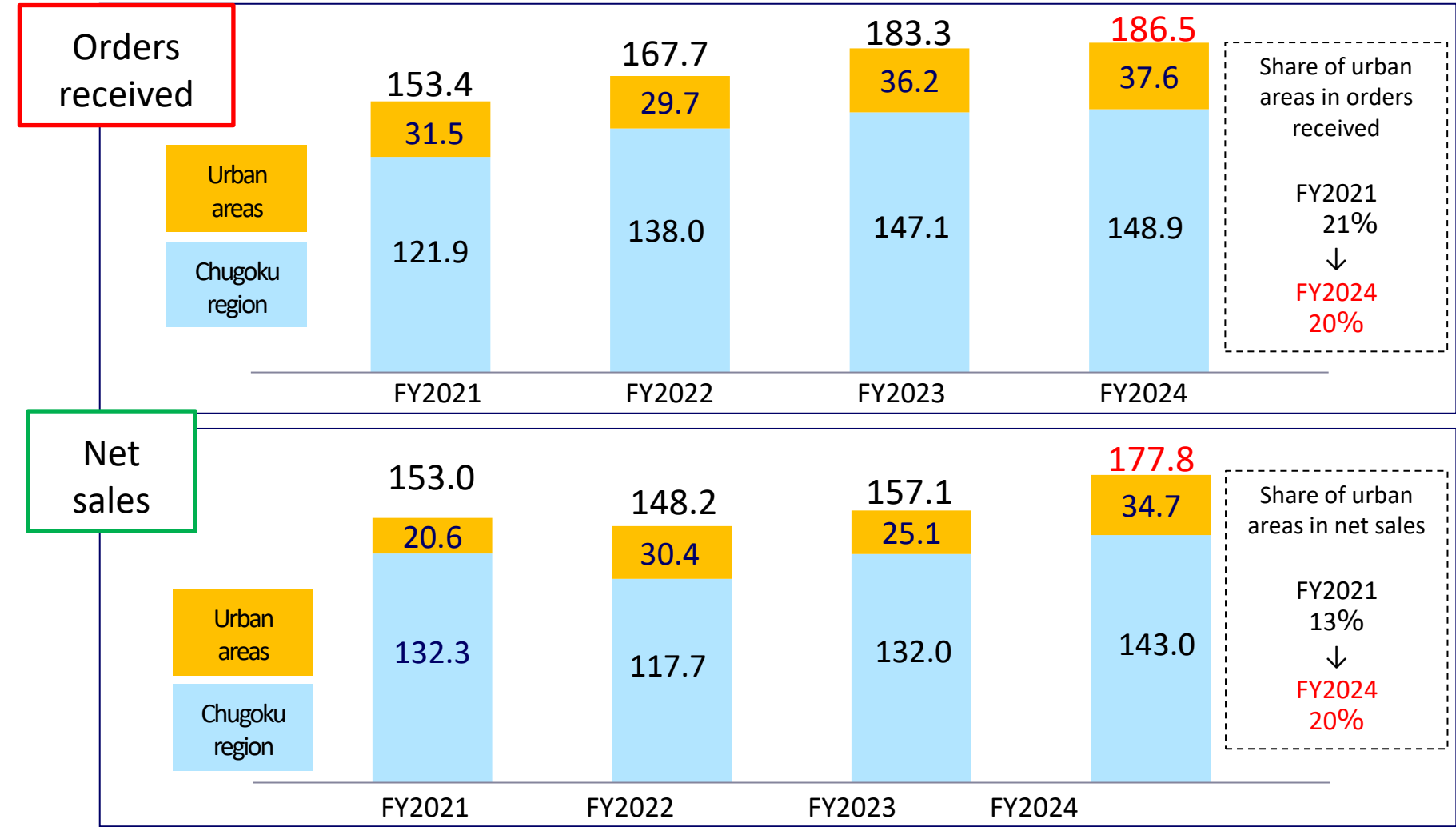
Net sales: Percentages in first and second half



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)

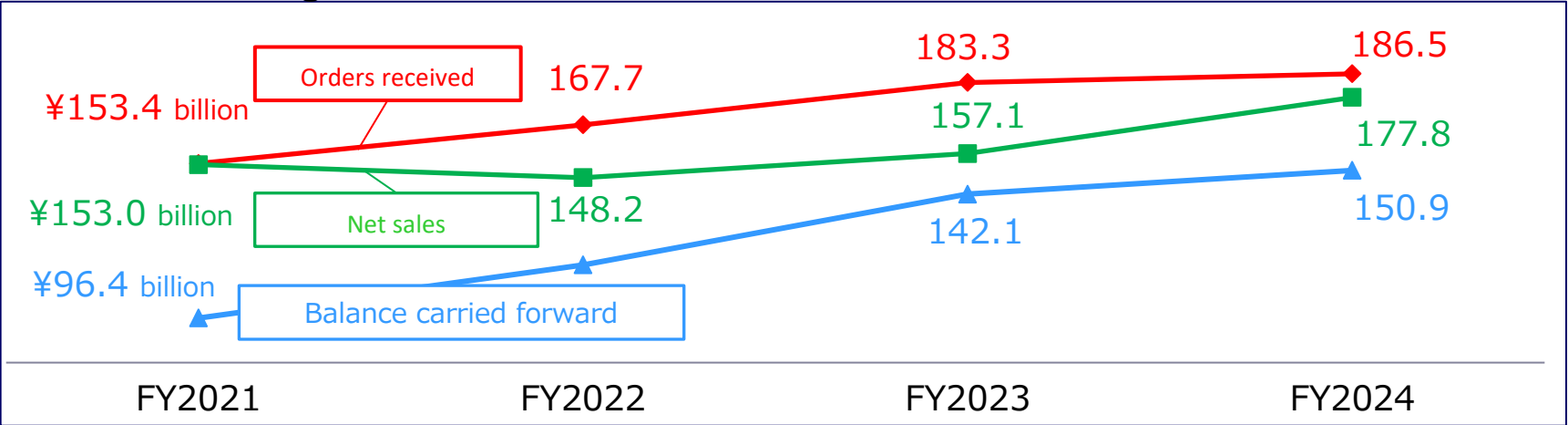
(Billions of yen)



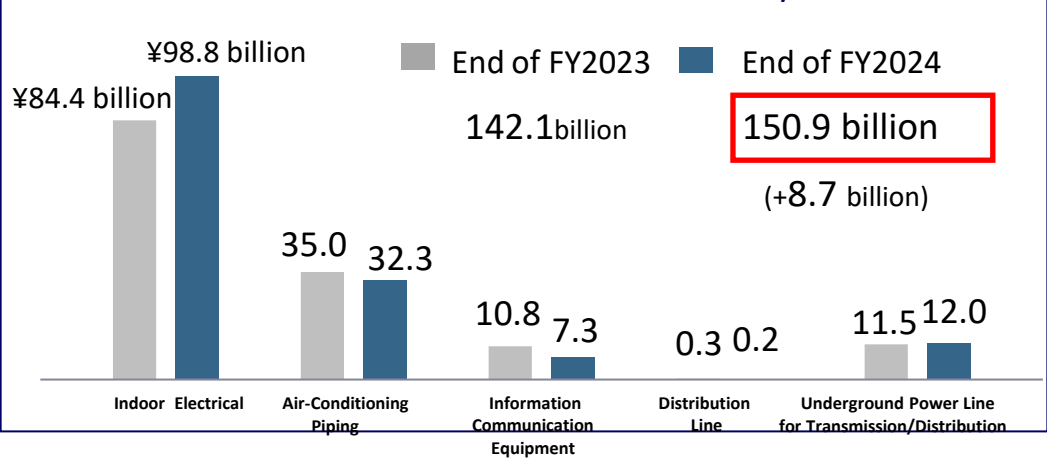
Orders received, net sales, and balance carried forward (parent)

- Orders received, net sales, and balance carried forward all reached their highest levels in the past four years.

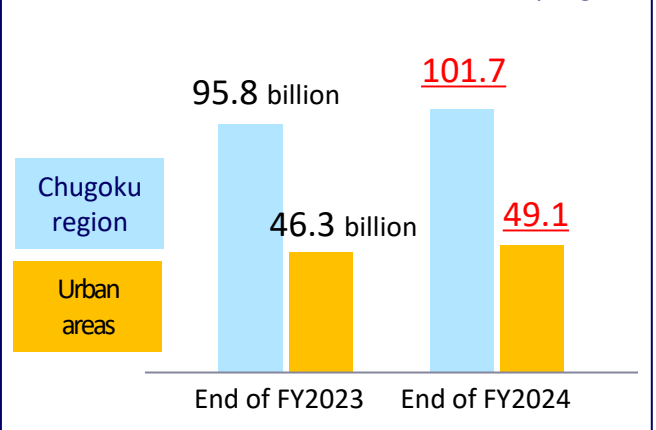
Changes in orders received, net sales, and balance carried forward



Balance carried forward to the next FY by sector



Balance carried forward to the next FY by region



2. Summary of Medium-Term Management Plan 2024 (FY2021–2024)

Theme

Change & Growth For All

- In order for the Group to continue to grow, it is essential that we continue to transform ourselves responding more swiftly than ever to changes in the environment.

Sub-themes

Strengthening sales and construction systems, and expanding profits

- Continue to strengthen our foundation in the Chugoku region and expand business in urban areas, to expand orders and strengthen construction systems.
- By improving construction efficiency and reducing costs, etc., we aim to secure and increase profits and strengthen competitiveness.

Promoting DX and Decarbonization

- Promote the increase in productivity through digital transformation.
- Towards carbon neutrality, we support our customers' decarbonization such as through our internal-consumption solar PPA business, along with our own decarbonization.

Medium-Term Management Plan 2024

Foundations of corporate management

- Thorough implementation and practice of safety-first and promotion of health management.
- Mindset shift thorough compliance.
- Reliable compliance with overtime work limits through strong promotion of work-style reform.

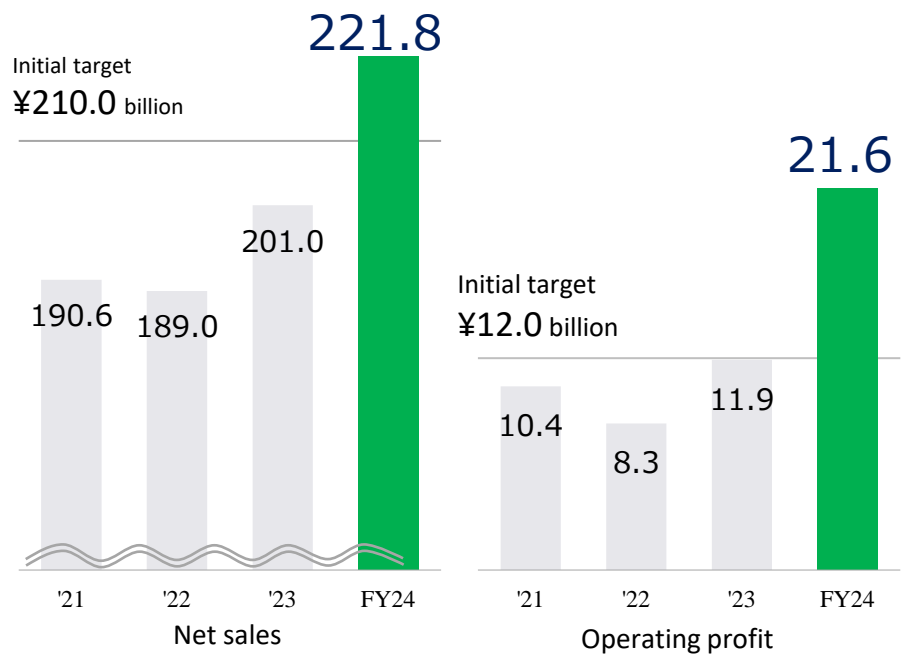
Core measures

- Expand orders and strengthen construction systems.
- Secure and expand profits, and improve competitiveness.
- Secure quality personnel and enhance human resource development.
- Improve quality.
- Expand the business by investing for growth (M&A, equity stakes, etc.).

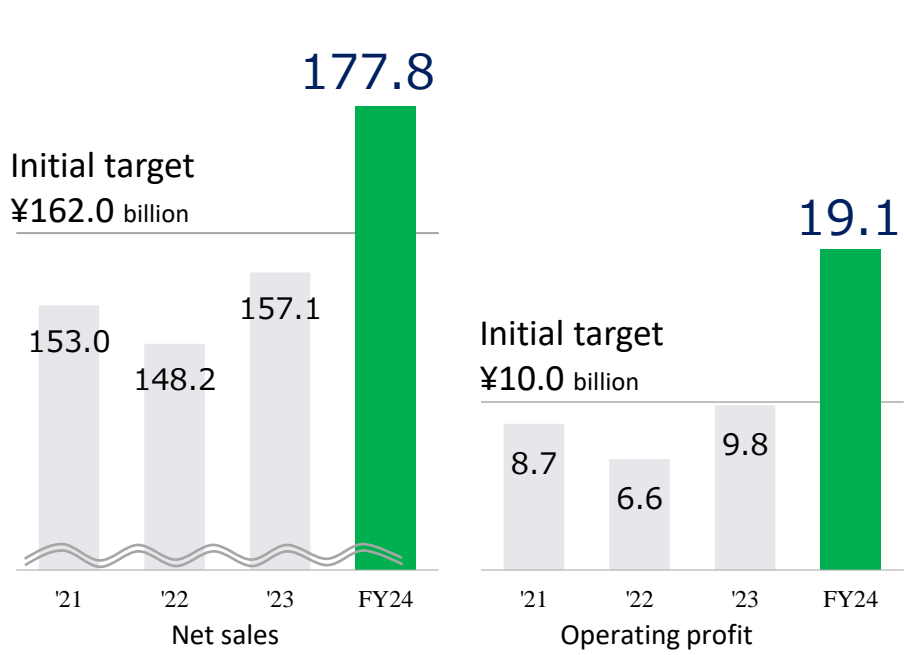
Business environment and performance

■ Despite the challenging business environment including persistent high raw material prices and labor shortages, we achieved performance exceeding our targets for both consolidated and parent company results through initiatives including strengthening our foundations in the Chugoku region, expanding in urban areas, and improving productivity.

Consolidated		
FY2024	Initial targets	Results
Net sales	210.0	221.8
Operating profit	12.0	21.6



Parent		
(Billions of yen)		
FY2024	Initial targets	Results
Net sales	162.0	177.8
Operating profit	10.0	19.1



Achievements and ongoing challenges

Achievements

- Recognition as a "Certified KENKO Investment for Health Outstanding Organizations Recognition Program White 500", Eruboshi (second stage) and Kurumin certifications
- Implementation of work-style reform
- Steady growth in orders received
- Steady increase in net sales
- Improvement in construction profit through productivity improvement measures such as DX
- Quality improvement across all construction work
- Investment in Samaiden Group Berhad and IAQ Technology International Sdn. Bhd., acquisition of solar power secondary business
- Expansion of PPA business and steady progress in our own decarbonization

Ongoing challenges

- Responding to overtime work limit regulations
- Maintaining and improving net sales
- Further improvement in productivity
- Managing labor shortages in construction
- Employee engagement and job satisfaction improvement
- Improvement of capital efficiency through specific capital policy measures such as growth investments

Securing and nurturing human resources

Number of new hires through periodic recruitment

FY2021	FY2022	FY2023	FY2024	FY2025
135	116	135	132	146

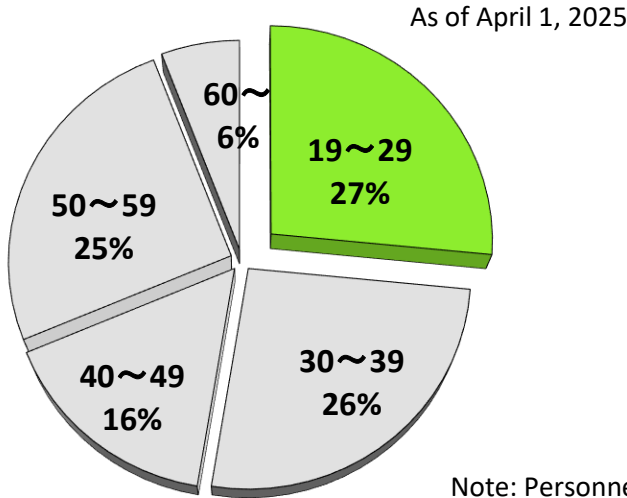
Scholarship repayment support system

- Launched on April 1, 2024
- Monthly cap: 15,000 yen
- Maximum payment period: 10 years

Revision to starting salaries

	April 2024	April 2025	Increase (Unit: Yen)
University graduate	235,000	260,000	25,000

Employee composition by age group (parent)



Number of personnel with qualification

Qualification	Number of qualified personnel		
	April 2021	April 2025	Increase
Electrical Construction Management Engineers (1st and 2nd grade)	1,107	1,277	170
Plumbing Construction Management Engineers (1st and 2nd grade)	285	326	41
Telecommunications Construction Management Engineers (1st grade)	82	134	52
Professional Engineers	56	66	10

Note: Personnel with multiple qualifications as Construction Management Engineers (Electric Works, Piping Works): 71

Concrete measures for implementing capital policy

1. Investing for sustainable growth

We will invest around ¥40 billion in sustainable growth, including business expansion and securing and nurturing human resources.

- M&A in and around our core business
- Human resource development and work-style reform
- Decarbonizing our own company
- Promotion of environmental business as a means to assist our customers in their decarbonization efforts
 - Internal-consumption solar power PPA projects and energy-saving proposals such as ESCO, etc.
 - Investment in renewable energies
- Investment in promising businesses

2. Shareholder returns

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

Shareholder return trends

		FY2021	FY2022	FY2023	FY2024
Dividend	Annual dividend per share	¥104	¥104	¥104	¥120
	DOE	2.75%	2.93%	2.89%	3.09%
	Consolidated payout ratio	86.0%	—(note)	71.5%	32.7%
	Consolidated total return ratio	106.1%	—(note)	89.8%	39.8%
Share buyback	Number of shares	600,000	390,000	600,000	420,000
	Cost	¥1.3 billion	¥0.8 billion	¥1.4 billion	¥1.4 billion

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

[Reference] : Dividend yield 3.64% (calculated based on closing price of ¥3,295 on March 31, 2025)

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

Business environment

- Manufacturing industry capital investment and urban redevelopment are proceeding steadily.
- Energy and raw material prices remain persistently high, and labor shortages continue.
- Uncertain outlook continues due to the impact of developments in US trade policy and other factors.

Medium-Term Management Plan 2027

Safety and compliance as top priorities

Strengthening foundations in the Chugoku region, expanding business in urban areas

Business expansion through further strengthening of sales capabilities and construction capacity

Improving productivity across all operations including DX and construction efficiency

Strong promotion of human capital management

Change & Growth For All to 2027

Strengthening sales capabilities and construction capacity,
promoting human capital management

Core measures

- 1 Thorough safety, compliance and quality improvement
- 2 Further strengthening of sales capabilities and construction capacity, and expansion of orders received
- 3 Profit generation through productivity improvement
- 4 Enhancing human resource development and creating attractive workplaces
- 5 Business expansion through growth investments

1 Thorough safety, compliance and quality improvement

Our business operations will prioritize safety and compliance, as we strive to improve quality to enhance customer trust and satisfaction.

- 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

2

Further strengthening of sales capabilities and construction capacity, and expansion of orders received

We will further strengthen our sales capabilities and construction capacity to expand our market share in the Chugoku region and expand business in urban areas.

- Securing sales personnel and strengthening design capabilities and proposal capabilities
- Recruiting and developing technical personnel and ensuring optimal deployment of construction managers
- Strengthening partnerships with allied companies
- Boosting orders in growth sectors such as semiconductors and data centers

3

Profit creation through productivity improvement

We will deepen productivity improvement initiatives across all operations including DX and construction efficiency to generate more profit.

- Enhancing operational efficiency through digital transformation and the use of generative AI
- Company-wide use of equalization and frontloading of work to raise construction efficiency
- Early resolution of issues through rapid information sharing and strengthened communication
- Strengthening cost management and further cost reduction

4

Enhancing human resource development and creating attractive workplaces

We will promote human resource security through diversified recruitment methods, strengthen development and create attractive workplaces, and improve employee skills and engagement.

- Diversification of recruitment methods including referral recruitment and location-limited recruitment
- Continuous support for skill improvement through qualification acquisition education, etc.
- Promotion of work-life balance
- Development of comfortable workplace environments and promotion of health management, etc.

5 Business expansion through growth investments

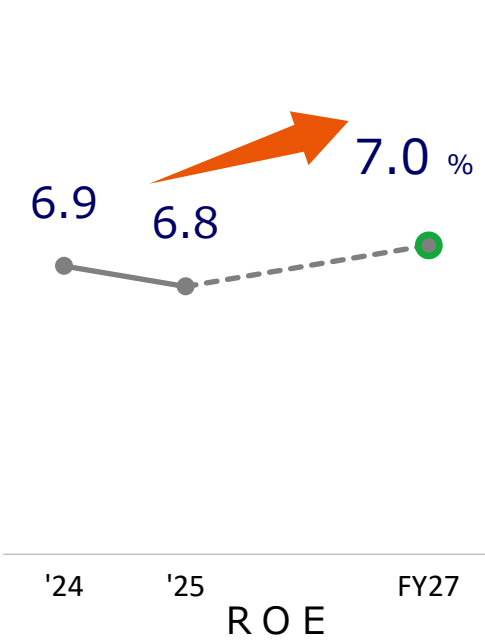
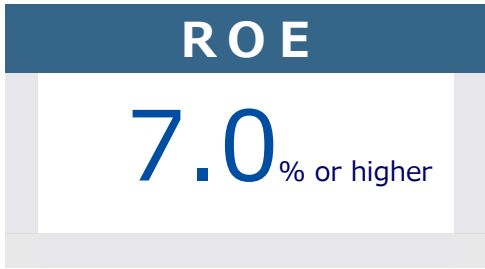
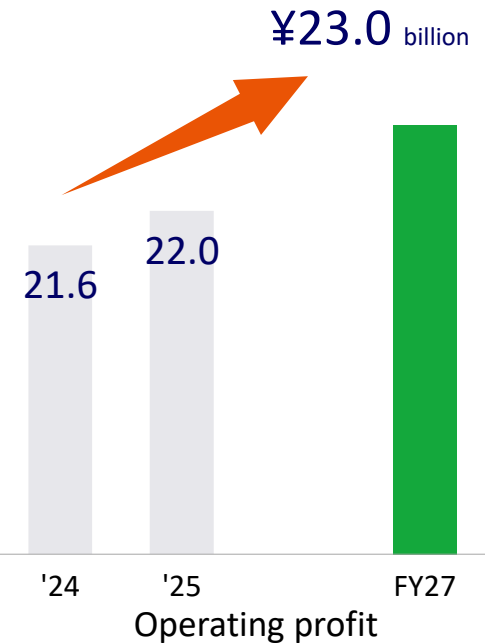
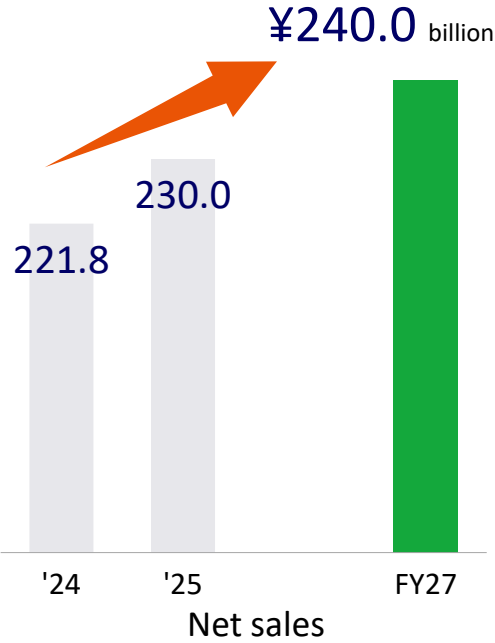
Toward carbon neutrality, we will promote environmental-related businesses as decarbonization support.

We will also engage in M&A for business expansion.

- Promotion of environmental business such as PPA projects
- Promotion of technical research and development
- Promotion of M&A to enhance construction systems, etc.

Consolidated numerical targets

By steadily implementing the core measures, we aim to achieve net sales of ¥240.0 billion (an increase of ¥18.1 billion from FY2024) and operating profit of ¥23.0 billion (an increase of ¥1.3 billion from FY2024) in FY2027, the final year of the Medium-term Management Plan.



(Note: The ROE for FY2024 is the figure excluding the effect of reduced income taxes (special factor) due to the inclusion of previously recorded investment losses as deductible expenses, from the financial result of 9.1%.)

4. FY2025 Earnings Forecasts

Earnings Forecasts (Consolidated)

Expecting a year-on-year increase in sales and profits (operating profit and ordinary profit)

- Net sales are expected to increase by ¥8.1 billion (CHUDENKO parent +¥3.1 billion, consolidated subsidiaries +¥4.9 billion).
- Operating profit is expected to increase by ¥0.3 billion, assuming gross profit at the same level as the previous year, while properly incorporating human capital investments in addition to increased sales.
- Ordinary profit is expected to increase by ¥0.3 billion due to increased operating profit. Although ordinary profit increases, profit attributable to owners of parent is expected to decrease by ¥4.0 billion to ¥15.8 billion due to the reactionary decrease from the reduction in income taxes (¥4.4 billion) associated with the dissolution of C&C Investment Corporation in the previous year.

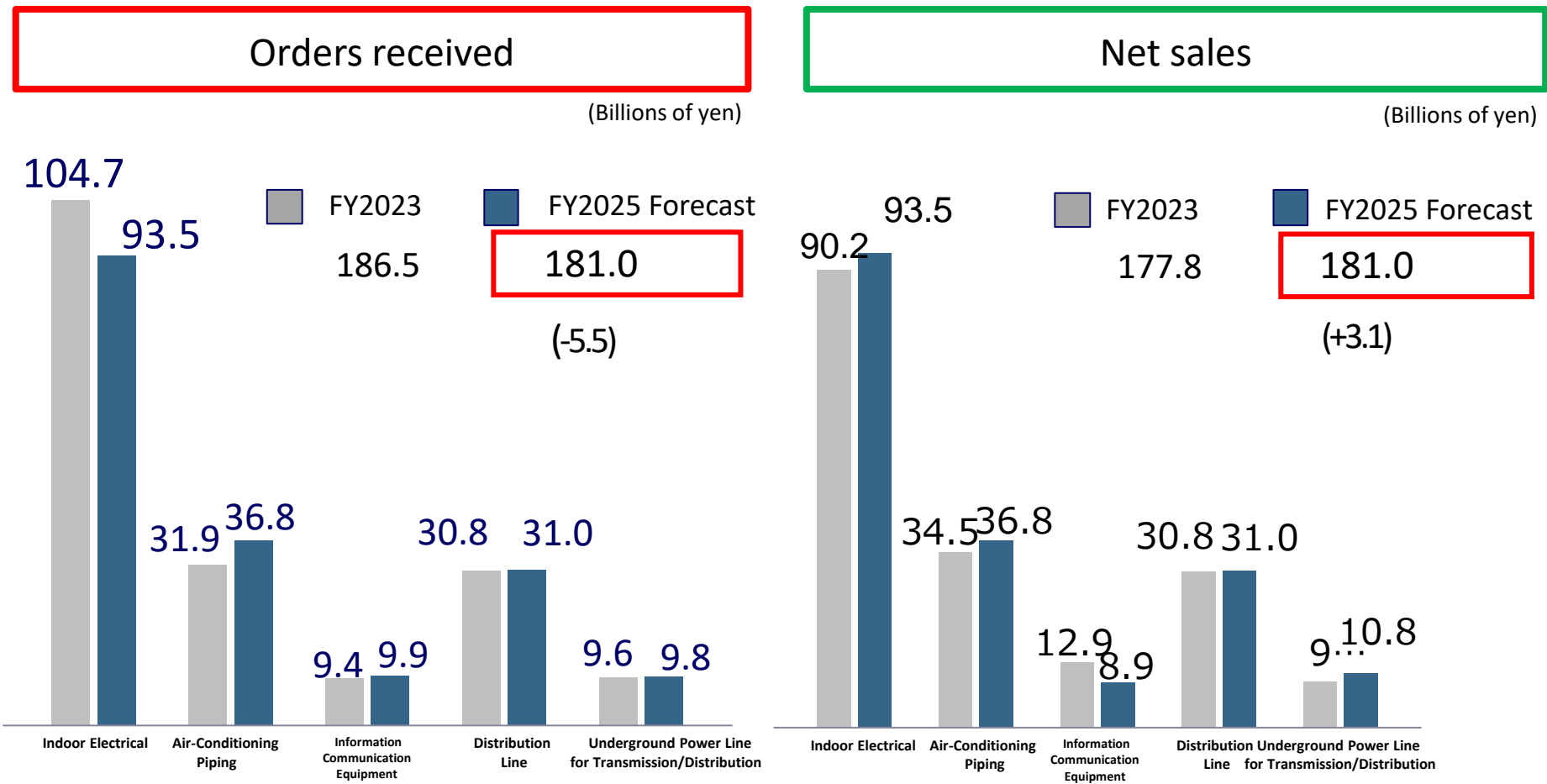
(Billions of yen)

Consolidated performance	FY2024 results		FY2025 forecast			
					Change	YoY
Sales		221.8		230.0	8.1	104%
Operating profit	(9.8%)	21.6	(9.6%)	22.0	0.3	101%
Ordinary profit	(10.6%)	23.4	(10.3%)	23.8	0.3	102%
Profit attributable to owners of parent	(9.0%)	19.8	(6.9%)	15.8	-4.0	79%

Note: figures in () are profit margins

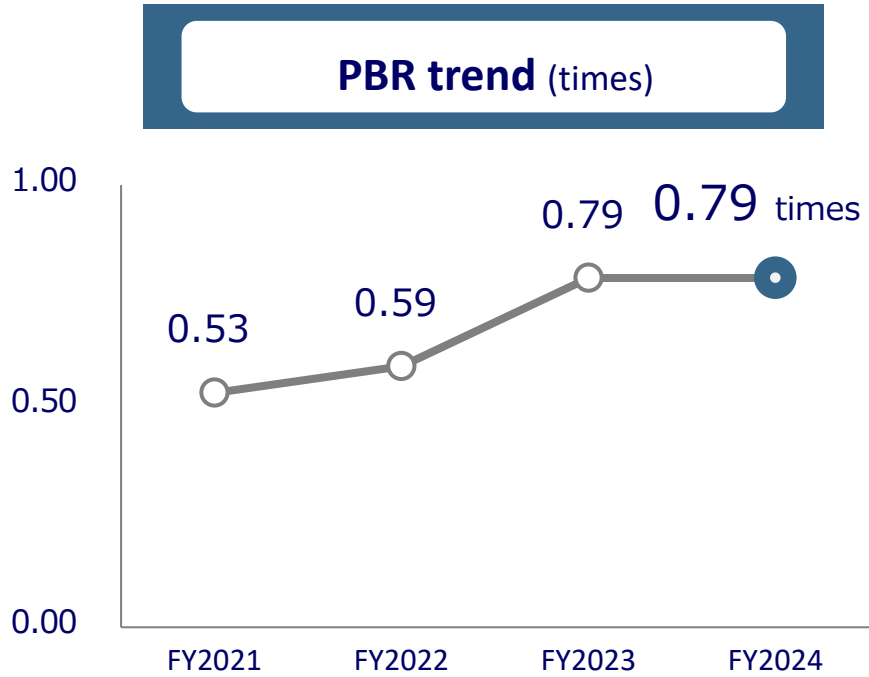
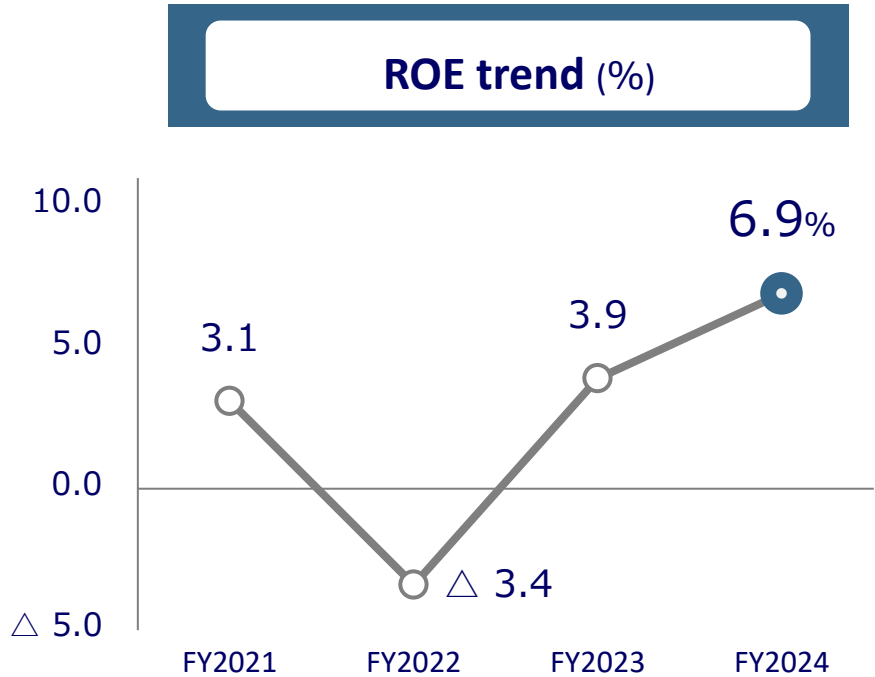
Orders received and net sales by sector (parent)

- Orders received are expected to decrease by ¥5.5 billion (mainly due to fall in Indoor Electrical work)
- Net sales are expected to increase by ¥3.1 billion (mainly due to increased Indoor Electrical work and Air-Conditioning Piping work)

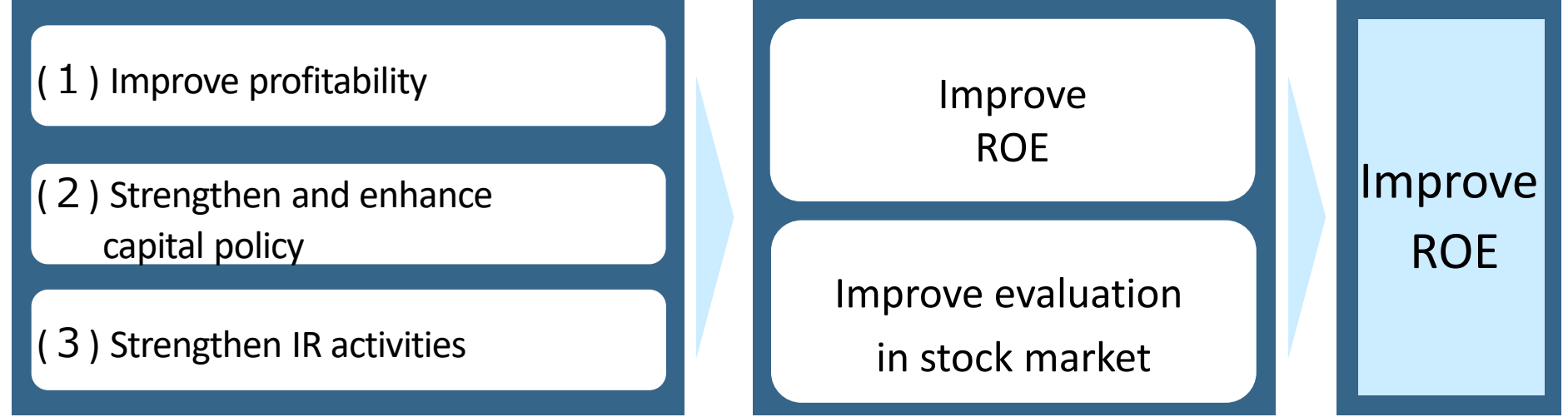


5. Management measures that take into account capital costs and share price

Current Status Analysis



(Note: The return on equity (ROE) value for FY2024 excludes the effect of reduced income taxes (special factors) due to the inclusion of previously recorded investment losses as deductible expenses, from the financial result of 9.1%.)

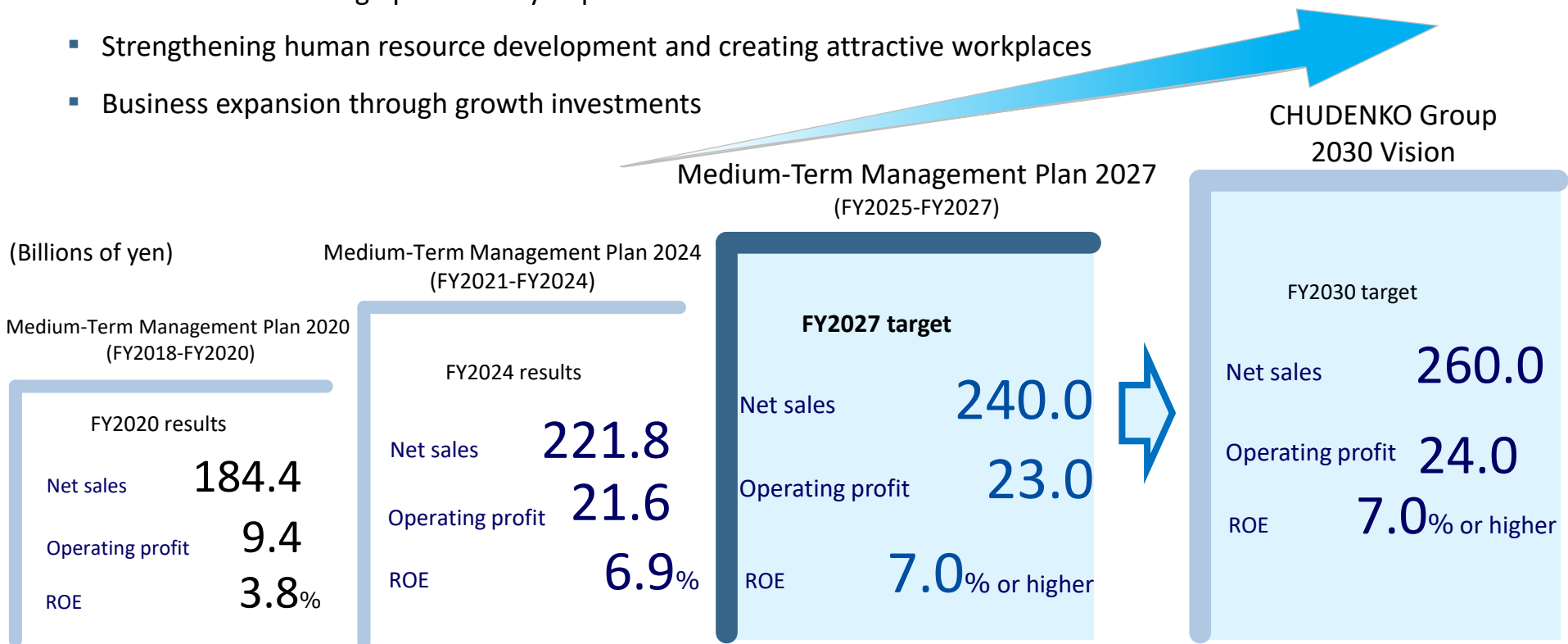


Improve profitability

- We will steadily implement Medium-Term Management Plan 2027 core measures 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: The ROE value for FY2024 excludes the effect of reduced income taxes (special factors) due to the inclusion of previously recorded investment losses as deductible expenses, from the financial result of 9.1%.)

Strengthen and enhance capital policy

- Over the three years of Medium-Term Management Plan 2027, we will allocate ¥95 billion from business activities and the sale of cross-shareholdings to growth investments and shareholder returns.
 - Expand growth investments: Approximately ¥60 billion
 - ¥30 billion for business foundation strengthening including DX promotion, ¥30 billion for business expansion including environmental-related businesses
 - Enhance shareholder returns: Approximately ¥35 billion
 - Change to DOE target of 3.0% with approximately ¥20 billion in dividends over three years and set share buyback framework of approximately ¥15 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 ¥35 billion	Sustainable and stable dividends Approximately ¥20 billion	<ul style="list-style-type: none">■ Change dividend policy from DOE target of 2.7% to 3.0%■ FY2025 (March 2026) forecast: Annual dividend per share of ¥130
	Share buybacks Approximately ¥15 billion	<ul style="list-style-type: none">■ Setting share buyback framework

Strengthen IR activities

- We aim to improve evaluation in the stock market by promoting dialogue with shareholders and investors through earnings briefings and timely and appropriate information disclosure.

Enhancement of dialogue with shareholders and investors

- Hold earnings briefings
- Hold company briefings for individual investors
- Conduct meetings with institutional investors as needed

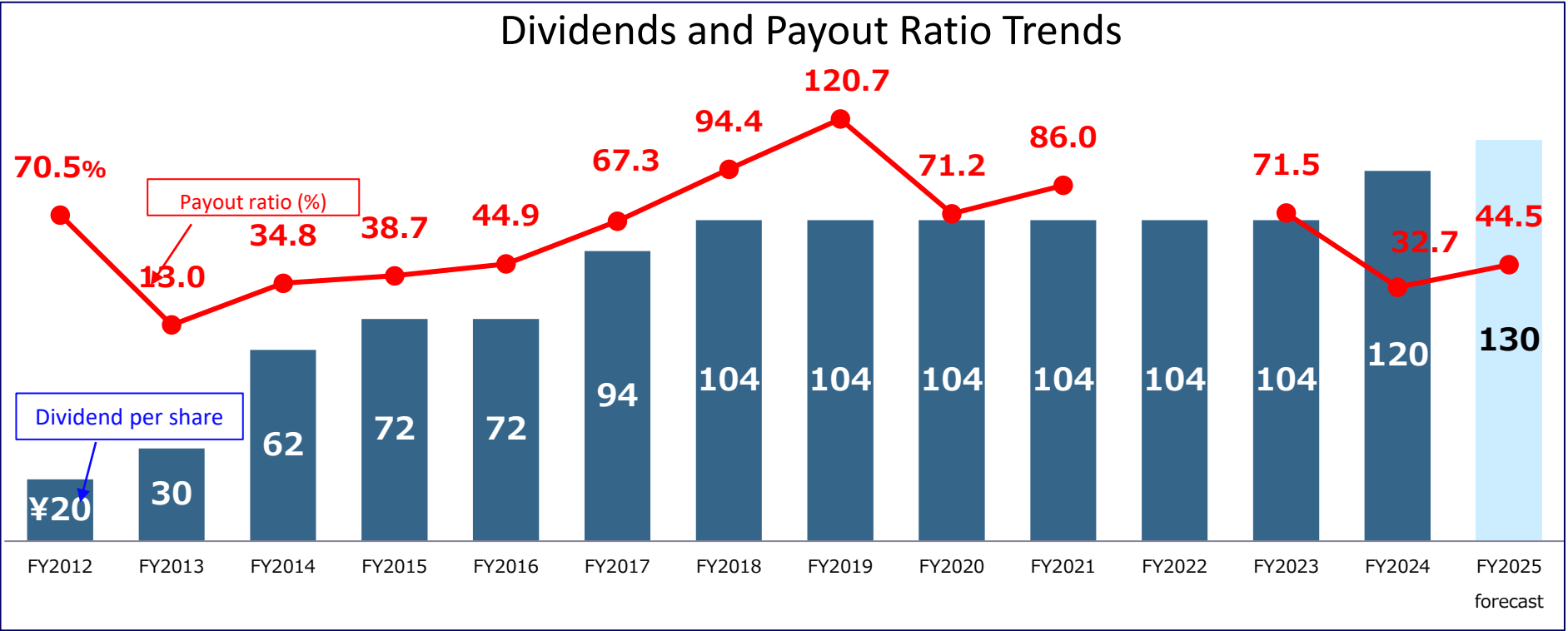
Enhance information disclosure

- Post earnings briefing materials on website
- Publish CHUDENKO integrated report
- Timely and appropriate information disclosure

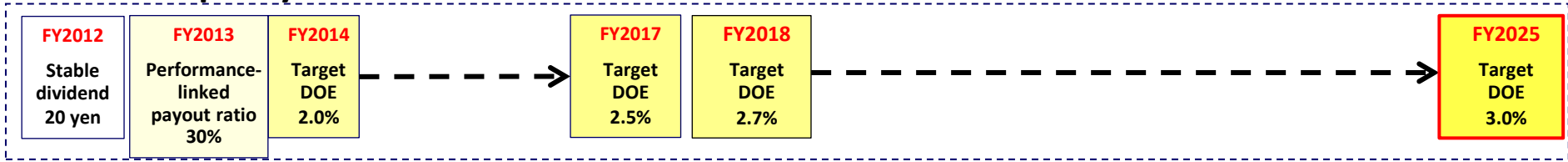
Improve
evaluation
in stock
market

Dividends and payout ratio trends

➤ FY2025 forecast: Annual dividend ¥130, payout ratio 44.5%



Dividend policy



6 . Reference information

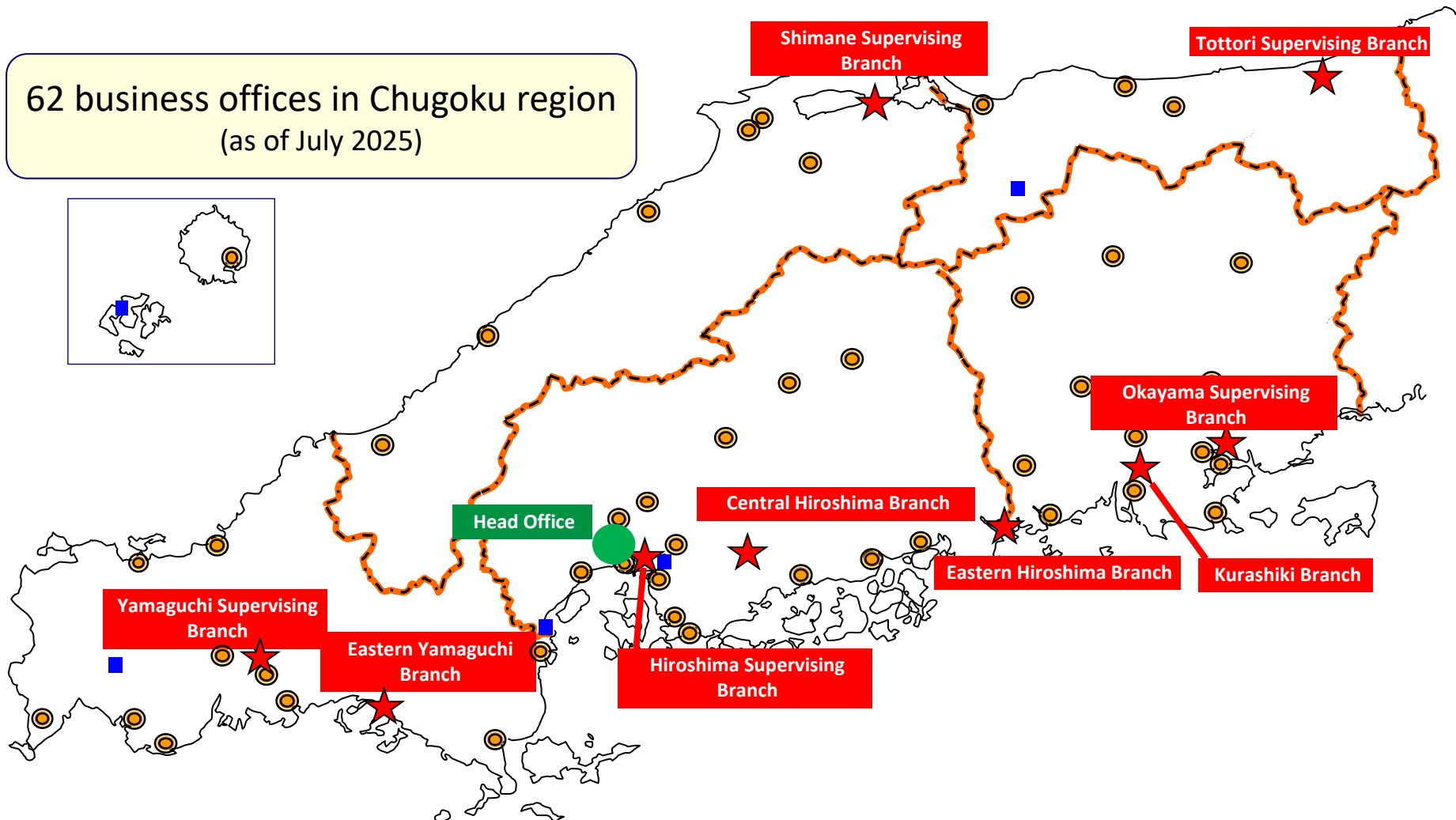
Outline of CHUDENKO Corporation

Company name	CHUDENKO Corporation		
Representative	Takafumi Shigeto Representative Director and President		
Established	September 1944 (as Chugoku Electrical Construction Co., Ltd.)		
Capital	¥3,481.9 million		
Stock exchange listing	Prime Market, Tokyo Stock Exchange		
Head Office location	Hiroshima City		
Consolidated subsidiaries	16		
Business activities	General equipment engineering services, sales of electrical materials, insurance agency, leasing		
Number of employees	4,612 (Consolidated)	3,400 (CHUDENKO parent)	(as of end of FY2024)
Sales	¥221.8 billion (Consolidated)	¥177.8 billion (CHUDENKO parent)	(FY2024)
Total assets	¥293.9 billion (Consolidated)	¥266.6 billion (CHUDENKO parent)	(as of end of FY2024)



Chugoku region

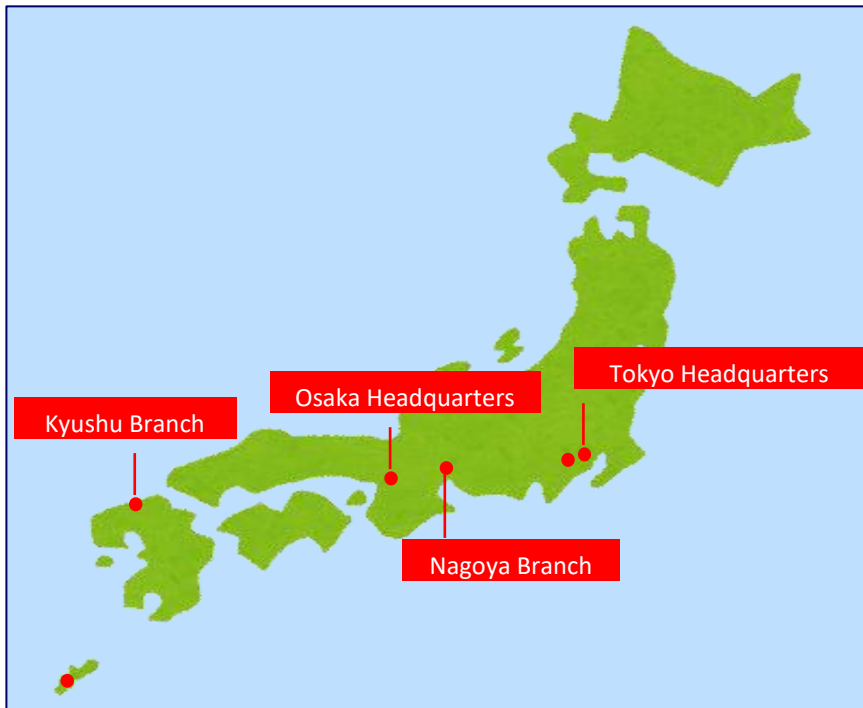
- 62 offices, with a core of nine branch companies in the Chugoku region
- Building an efficient construction system and improving emergency readiness



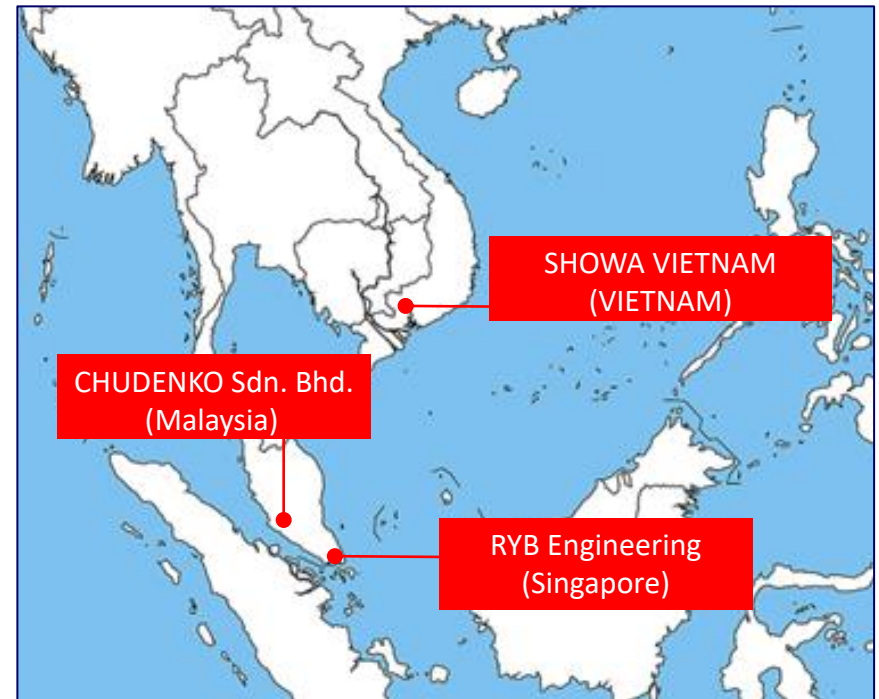
Urban areas and overseas

- Expand business by establishing headquarters and branches in urban areas
- Establish overseas subsidiaries in Malaysia, Singapore and Vietnam

【Urban areas】



【Overseas】



Overview of CHUDENKO Group

<Consolidated subsidiaries>

Company name	Location	Voting rights held by CHUDENKO	Main business
Sanshin Electric Materials Co., Ltd.	Hiroshima City	50.03%	Sales of electrical equipment and electrical works materials, telecommunications equipment work
CHUKO KAIHATU Corporation	Hiroshima City	100.0%	Insurance agency, leasing, etc.
Eapac Hiroshima Co., Ltd.	Hiroshima City	100.0%	Design and estimation of electrical/air-conditioning piping works, etc.
CHUDENKO Techno Co., Ltd.	Hiroshima City	100.0%	Installation of distribution line work
CHUDENKO Eletech Hiroshima/Shimane Co., Ltd.	Hiroshima City	100.0%	Design and implementation of electrical works, etc.
CHUDENKO Eletech Okayama/Tottori Co., Ltd.	Okayama City	100.0%	Design and implementation of electrical works, etc.
CHUDENKO Eletech Yamaguchi Co., Ltd.	Yamaguchi City	100.0%	Design and implementation of electrical works, etc.
Sugiyamakankousetubi Co., Ltd.	Yokohama City	100.0%	Design and installation of air-conditioning piping works, etc.
Hayamizudenki Co., Ltd.	Kobe City	100.0%	Design and implementation of electrical works, etc.
Showa Corporation	Tokyo	100.0%	Design, installation and supervision of heat insulation works, manufacture and sales of heat insulated pipe supports
SHOWA VIETNAM CO., LTD.	Vietnam	100.0%	Import/export, wholesale and retail sales of air conditioning piping materials, design, construction and supervision of heat insulation work
SHOWA TECH VIETNAM CO., LTD.	Vietnam	100.0%	Manufacture and sale of pipe supports, import/export of parts
CHUDENKO(MALAYSIA)SDN. BHD.	Malaysia	100.0%	Design and implementation of electrical works, etc.
RYB ENGINEERING PTE LTD	Singapore	100.0%	Design and implementation of electrical works, etc.
ELEVATE ENGINEERING SOLUTION PTE. LTD.	Singapore	100.0%	Design and implementation of electrical works, etc.
RYBE ENGINEERING (M) SDN. BHD.	Malaysia	100.0%	Design and implementation of electrical works, etc.

Cautionary Note on Forward-looking Statements

Various data, forward-looking statements pertaining to earnings forecasts and other matters in this report are based on information available to and certain assumptions judged reasonable by the Company. As such, actual earnings and other outcomes may differ materially from the content of this report due to a variety of factors.

[For inquiries on this material]

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