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MEMBERSHIP

April 28, 2025

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Notice Concerning Formulation of Medium-Term Management Plan 2027 (FY2025–2027) and Revision of Numerical Targets for CHUDENKO Group 2030 Vision

CHUDENKO CORPORATION (the “Company”) hereby announces that it has formulated the Medium-Term Management Plan 2027 (FY2025–2027) for the CHUDENKO Group and has revised the numerical targets for the CHUDENKO Group 2030 Vision, which was released on October 28, 2022.

1. Formulation of new Medium-Term Management Plan

[A review of Medium-Term Management Plan 2024 (FY2021–2024), the Previous Plan]

The previous Medium-Term Management Plan was targeted at FY2024, a milestone year marking the Company’s 80th anniversary. While facing daunting challenges such as skyrocketing energy and raw material prices and labor shortages, the Company outperformed the original targets of that plan through the successful implementation of diverse initiatives geared toward strengthening its foundation in the Chugoku region and expanding business in urban areas, including initiatives for strengthening sales and construction systems and improving productivity.

The business environment going forward is expected to continue to see favorable trends in capital investment in the manufacturing industry and urban redevelopment. However, energy and raw material prices will likely remain elevated. At the same time, labor shortages are becoming more serious. In order for the Company to continue fulfilling its role as a business that supports infrastructure, it is all the more important to strengthen sales and construction capabilities by securing and cultivating talent, and to generate profits through actions for improving productivity, which support sustainable wage increases.

[Medium-Term Management Plan 2027, the New Plan]

In light of this situation, the new Medium-Term Management Plan calls for the following actions while giving top priority to safety and compliance: a continued focus on strengthening the foundation in the Chugoku region and expanding business in urban areas, so as to build on the firm advances already achieved; contributing to the maintenance and construction of social infrastructure such as electric power networks and customer equipment through initiatives to expand business by further enhancing sales and construction capabilities; and augmenting efforts to improve productivity across the Group’s operations as a whole, including by implementing DX initiatives and streamlining construction operations to generate further profits.

The Company will also work to boost orders by strengthening its organization, capturing demand in

growth areas such as semiconductors and data centers, and securing and expanding evergreen sources of orders, including stepping up its capabilities to make proposals for PPA contracts and renovation contracts.

In order to firmly execute these actions and establish a sustainable growth cycle, it is imperative for the Company to improve the skills and engagement of every employee. To this end, the Company will vigorously promote human capital management.

The CHUDENKO Group will carry out reforms that respond quickly to changes in the business environment and will seek to expand its business through growth investments, including M&A and acquiring equity stakes. In doing so, it will achieve the targets of the new Medium-Term Management Plan and attain the sustainable growth needed to realize the CHUDENKO Group 2030 Vision.

<p>Medium-Term Management Plan 2027 (FY2025–2027) Change & Growth For All to 2027 <i>Strengthening Sales and Construction Capabilities,</i> <i>Promoting Human Capital Management</i></p> <p><u>Core Actions</u></p> <ul style="list-style-type: none"> • Thoroughly practice safety and compliance, improve quality • Further strengthen sales and construction capabilities, expand orders • Generate profits through improvement of productivity • Strengthen efforts to secure and cultivate talent, develop appealing workplace environments • Expand business through growth investments <p><u>FY2027 Consolidated Numerical Targets</u></p> <ul style="list-style-type: none"> • Net sales of ¥240.0 billion, operating profit of ¥23.0 billion and ROE of 7.0% or more

See the attachment for details on the new Medium-Term Management Plan.

2. Revision of numerical targets for CHUDENKO Group 2030 Vision

The new Medium-Term Management Plan aims to further create profits to achieve its consolidated numerical targets for FY2027 through actions such as contributing to the maintenance and construction of social infrastructure by expanding business through initiatives for further enhancing sales and construction capabilities, while augmenting efforts to improve productivity across the Group’s operations as a whole.

In line with this plan, the Company has revised the numerical targets for the CHUDENKO Group 2030 Vision as below, and the entire Group will work together to realize sustainable growth and further improvements in corporate value.

Consolidated performance	Current targets for FY2030	<u>Revised targets for FY2030</u>
Net sales	¥250.0 billion	<u>¥260.0 billion</u>
Operating profit	¥17.0 billion	<u>¥24.0 billion</u>
ROE	5.0% or more	<u>7.0% or more</u>

3. Attachment

Medium-Term Management Plan 2027 (FY2025–2027)

Medium-Term Management Plan 2027 (FY2025–2027)

Change & Growth For All to 2027

Strengthening Sales and Construction Capabilities, Promoting Human Capital Management

- 1. Review of Medium-Term Management Plan 2024 (FY2021–2024)**
- 2. Overview of Medium-Term Management Plan 2027 (FY2025–2027)**
- 3. Core Actions & Initiatives**
- 4. Consolidated Numerical Targets**

CHUDENKO CORPORATION

April 28, 2025

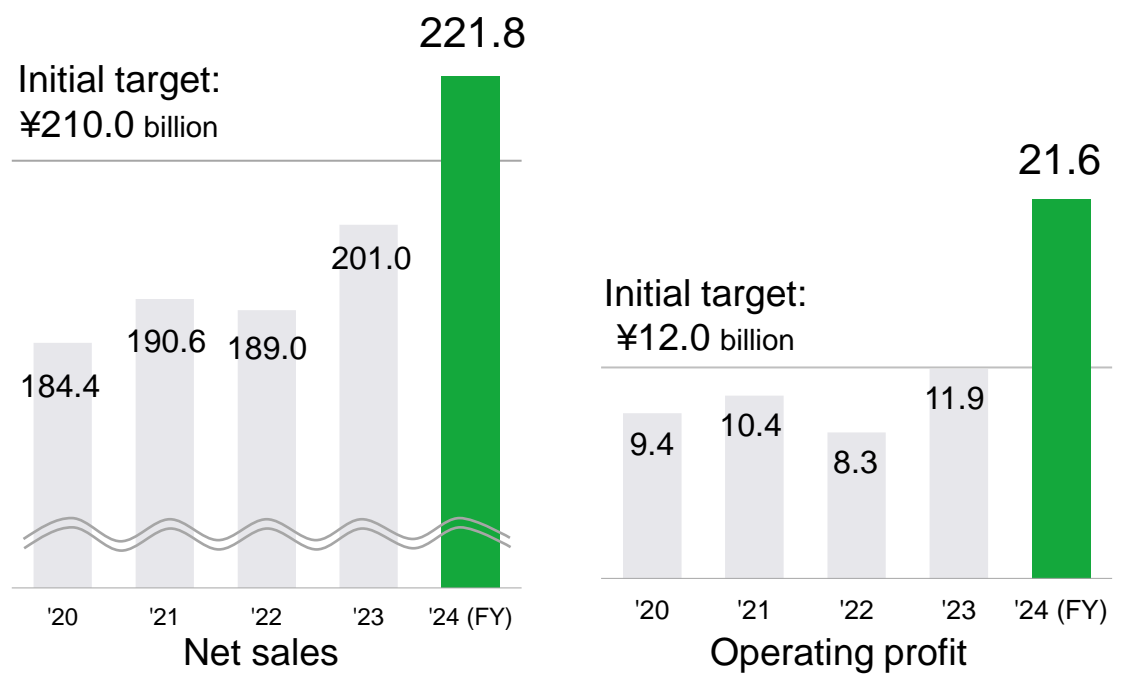


1. Review of Medium-Term Management Plan 2024 (FY2021–2024): Results

While facing business environment challenges including elevated raw material prices and labor shortages, we achieved results that outperformed the consolidated and non-consolidated targets, through our initiatives such as strengthening our foundation in the Chugoku region, expanding business in urban areas, and improving productivity.

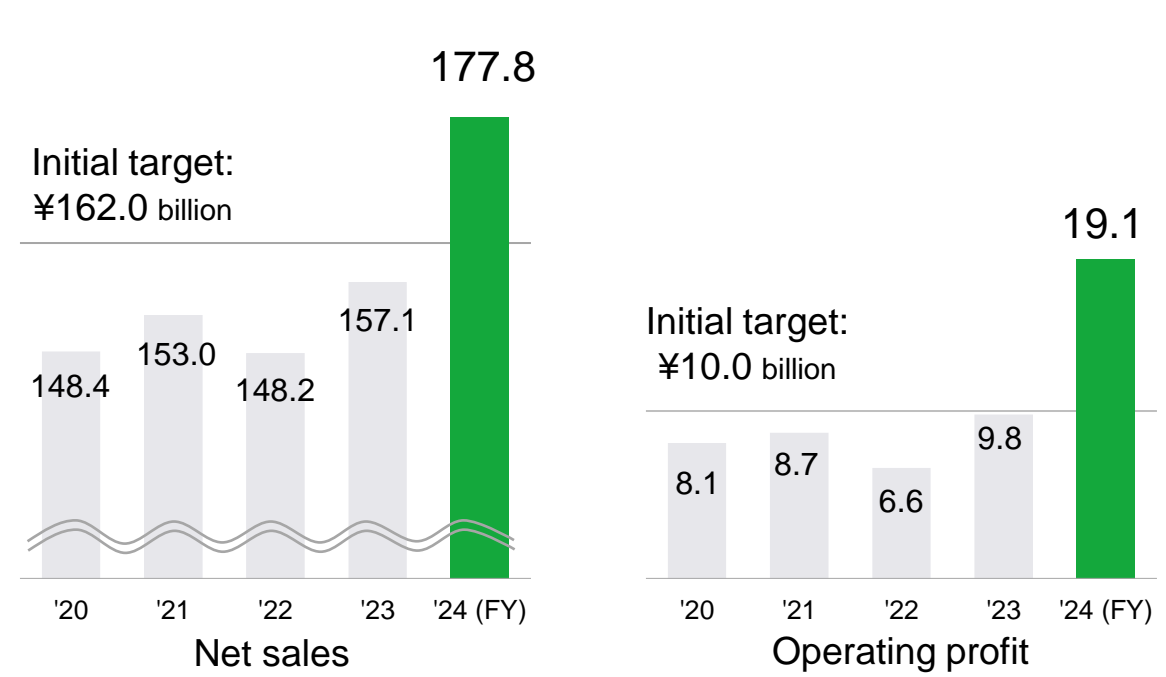
Consolidated

FY2024	Initial target	Result
Net sales (billion yen)	210.0	221.8
Operating profit (billion yen)	12.0	21.6



Non-Consolidated

FY2024	Initial target	Result
Net sales (billion yen)	162.0	177.8
Operating profit (billion yen)	10.0	19.1



1. Review of Medium-Term Management Plan 2024 (FY2021–2024): Achievements & Challenges

Medium-Term Management Plan 2024: Core Measures & Initiatives

Foundation for corporate management

- Ensuring and practicing safety as top priority, and promoting health management
- Firmly implanting mindset transformation by ensuring compliance
- Fully complying with regulatory caps on overtime work through proactive promotion of work style reforms

Core actions

- Expanding orders and strengthening construction systems
- Securing and expanding profits, and improving competitiveness
- Securing human resources and enhancing human resource development
- Improving quality
- Expanding the business by investing for growth (M&A, equity stakes, etc.)

Achievements

- Certifications: Certified KENKO Investment for Health Outstanding Organization (White 500), Eruboshi (2 stars), and Kurumin
- Embedding of work style reforms
- Robust order levels
- Steady increase in net sales
- Increase in profits from work projects due to promotion of DX and other measures to improve productivity
- Improvement of quality across construction operations
- Equity stakes in Samaiden and IAQ, and acquisition of solar power generation secondary projects
- Expansion of PPA business, and solid progress in in-house decarbonization

Ongoing Challenges

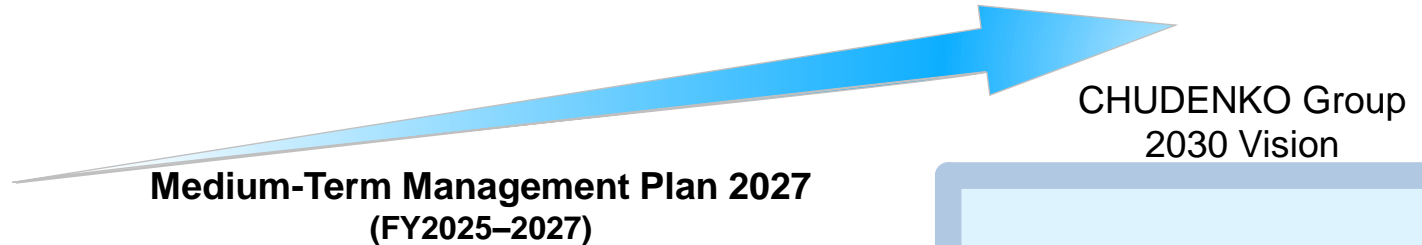
- Meeting regulatory caps on overtime work
- Maintaining and improving net sales levels
- Further improvement in productivity
- Addressing labor shortages in construction division
- Improving employee engagement and job satisfaction
- Increasing capital efficiency by implementing specific capital policy measures, such as growth investments

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

Change & Growth For All to 2027

Strengthening Sales and Construction Capabilities, Promoting Human Capital Management

- While giving top priority to safety and compliance, we will strive to generate further profits through the following actions: continue focusing on strengthening the foundation in the Chugoku region and expanding business in urban areas, so as to build on the firm advances already achieved; expand our business by further enhancing our sales and construction capabilities so that we can better contribute to the maintenance and construction of social infrastructure such as electric power networks and customer equipment; and augment efforts to improve productivity across our operations as a whole, including implementing DX initiatives and streamlining construction operations.
- In order to establish a sustainable growth cycle, it is imperative for us to improve the skills and engagement of every employee. To this end, we will vigorously promote human capital management.



Medium-Term Management Plan 2020 (FY2018–2020)

<u>FY2020 Results</u>	
Net sales	¥184.4 billion
Operating profit	¥9.4 billion
ROE	3.8%

Medium-Term Management Plan 2024 (FY2021–2024)

<u>FY2024 Results</u>	
Net sales	¥221.8 billion
Operating profit	¥21.6 billion
ROE	6.9%

Medium-Term Management Plan 2027 (FY2025–2027)

<u>FY2027 Targets</u>	
Net sales	¥240.0 billion
Operating profit	¥23.0 billion
ROE	7.0% or more



CHUDENKO Group 2030 Vision

<u>FY2030 Targets</u>	
Net sales	¥260.0 billion
Operating profit	¥24.0 billion
ROE	7.0% or more

Note: ROE for FY2024 represents our calculated value after excluding the effect of a decrease in corporate taxes, etc. (special factor), from the actual financial result figure of 9.1%, due to the inclusion of past investment losses in deductible expenses.

3. Medium-Term Management Plan 2027 (FY2025–2027): Core Actions & Initiatives

1 Thoroughly practice safety and compliance, improve quality

We will ensure that top priority is given to safety and compliance in the operation of our businesses, and strive to increase customer trust and satisfaction by ensuring and improving quality.

- Work together with partner companies to make sure that all employees view safety as the top priority and comply with safety standards and rules
- Improve compliance awareness and ensure compliance with laws and regulations
- Ensure quality across all construction processes
- Firmly contribute to the stable supply of electricity, including supporting early recovery following disasters

...and other actions

2 Further strengthen sales and construction capabilities, expand orders

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

- Secure sales talent and strengthen our capabilities in design and offering solutions
- Secure and cultivate technical talent, and optimize the assignment of construction managers
- Strengthen partnerships with partner companies
- Boost order volume in growth areas such as semiconductors and data centers

...and other actions

3 Generate profits through improvement of productivity

We will augment efforts to raise productivity across all operations through DX, streamlining of construction, and other actions, to generate further profits.

- Further improve operational efficiency through DX and generative AI
- Level and streamline construction through company-wide front-loading
- Strive to resolve issues early through prompt information sharing and better communication
- Further reduce costs through cost management

...and other actions

4 Strengthen efforts to secure and cultivate talent, develop appealing workplace environments

We will work to improve employee skills and engagement by securing talent through diversified recruitment methods, strengthening talent development, and developing appealing workplace environments.

- Diversify recruitment methods, such as recruiting referrals and offering preferred regional assignment for new hires
- Continue supporting skills enhancement, including education for gaining new qualifications
- Promote work-life balancing
- Develop pleasant workplace environment and promote health and productivity management

...and other actions

5 Expand business through growth investments

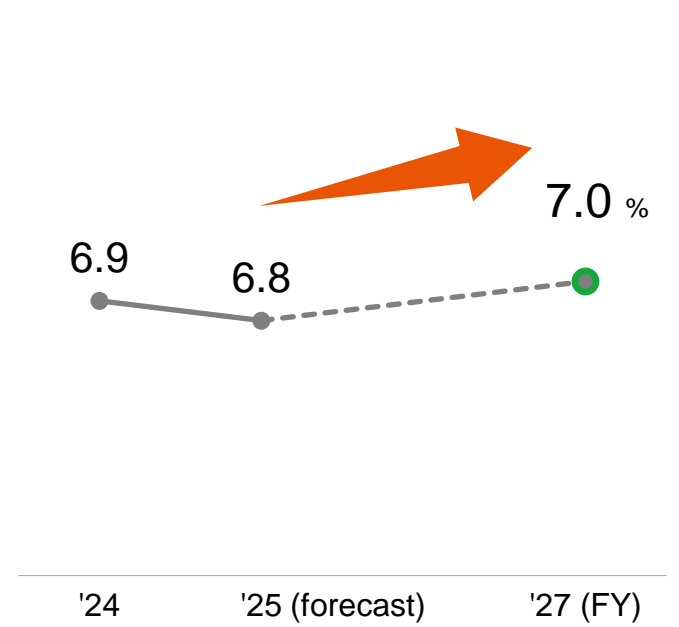
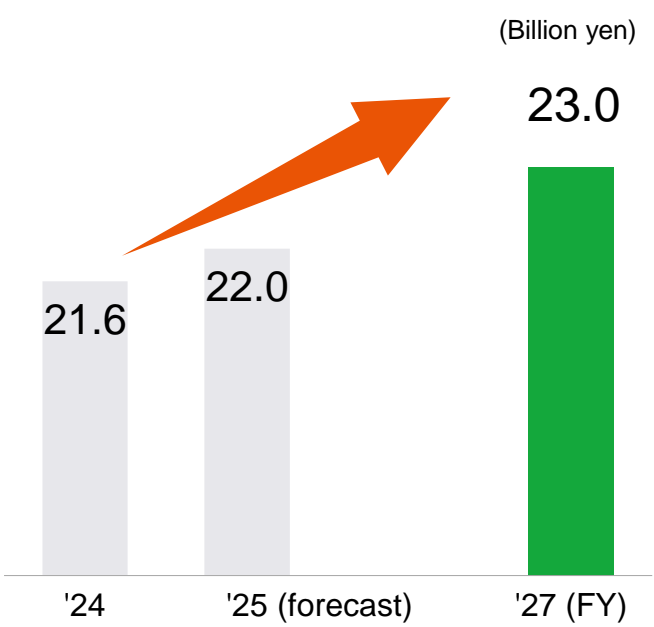
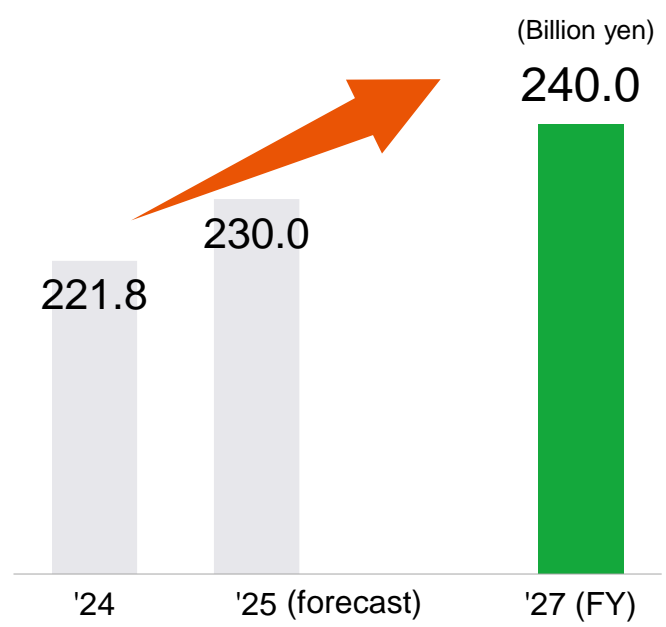
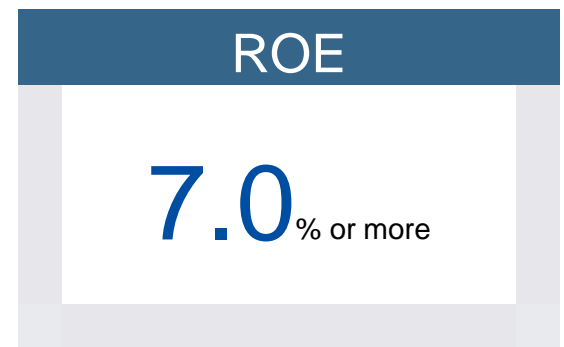
We will advance toward carbon neutrality by promoting environmental businesses that support decarbonization. We will also pursue M&A opportunities that strengthen our construction system.

- Promote PPA projects and other environmental businesses
- Engage in technical R&D
- Pursue M&A for strengthening our construction system

...and other actions

4. Medium-Term Management Plan 2027 (FY2025–2027): Consolidated Numerical Targets

By steadily executing the core actions, we will seek to achieve ¥240.0 billion in net sales (¥18.1 billion increase from FY2024) and ¥23.0 billion in operating profit (¥1.3 billion increase from FY2024) in FY2027, the final year of the Medium-Term Management Plan.



Net sales

Operating profit

ROE

Note: ROE for FY2024 represents our calculated value after excluding the effect of a decrease in corporate taxes, etc. (special factor), from the actual financial result figure of 9.1%, due to the inclusion of past investment losses in deductible expenses.



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Cautionary Note on Forward-looking Statements

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