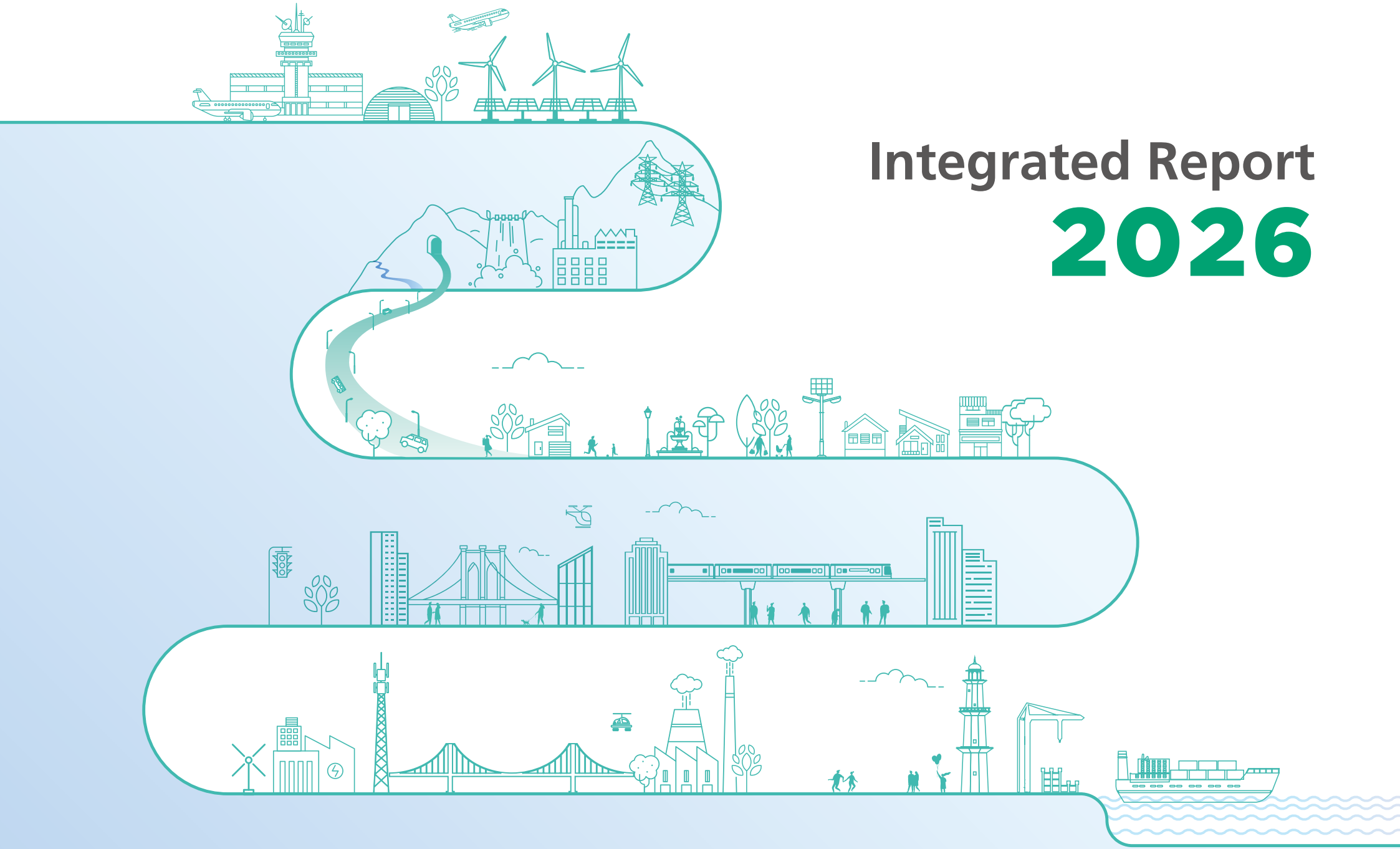


Integrated Report 2026

CTI Engineering Co., Ltd.

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Editorial Policy / Disclosure Framework

Editorial Policy

About the Publication of Integrated Report 2026

The CTI Engineering Group has provided consulting services in Japan and overseas under its mission of contributing to a better society through social infrastructure. As social issues become increasingly complex and sophisticated—including the intensification of natural disasters, population decline, aging infrastructure, and the realization of a decarbonized society—the role expected of the Group continues to grow.

The Integrated Report 2026 reviews the first year of the Mid-Term Management Plan launched in light of this business environment and presents the achievements and challenges of our initiatives aimed at creating value over the medium to long term. In addition to reporting on progress with our management strategies and the realities of our business activities, the report presents, from both financial and non-financial perspectives, the foundations of value creation, including human resources, technology, and governance. Through this report, we also seek to indicate the direction of our future growth and deepen dialogue with our diverse stakeholders.

We used the International Integrated Reporting Council (IIRC)'s disclosure framework to compile this report.

Reporting Period

In principle, the fiscal year ended December 31, 2025 (January 2025–December 2025), with some information from January 2026 onward also included.

Company Name References

"The Company" refers to CTI Engineering Co., Ltd. on a non-consolidated basis. "The CTI Engineering Group" and "the Group" refer to CTI Engineering Co., Ltd. and its domestic and overseas Group companies. In principle, financial figures, management targets, and other information are presented on a consolidated basis. Where the scope differs, this is indicated accordingly.

Caution Regarding Forward-Looking Statements

This integrated report contains forward-looking statements about matters such as forecasts of the Company's future financial results. These statements represent the judgments of the Company's management based on currently available information. The Company's future performance may differ significantly from the content of these statements for a variety of reasons. As a result, the forward-looking statements in this report do not guarantee forecast accuracy or future performance.

Disclosure Framework

Integrated Report

Voluntary Disclosure

Website	Investor Relations	Website	Sustainability
https://www.ctie.co.jp/english/ir/		https://www.ctie.co.jp/english/sustainability/	

Statutory Disclosure

Consolidated Financial Results	Corporate Governance Report
https://www.ctie.co.jp/english/ir/financial/tanshin/	https://www.ctie.co.jp/english/sustainability/corp-governance/img/corporate_governance_report_en.pdf

Securities Report

https://www.ctie.co.jp/english/ir/financial/sr/

Notice of Annual General Meeting of Shareholders

https://www.ctie.co.jp/english/ir/kabuinfo/

Financial Information | **Non-Financial Information**

To help stakeholders deepen their understanding of the initiatives of the CTI Engineering Group and work together with us to resolve social issues, the Company strives to disclose information in a timely, fair, accurate, and easy-to-understand manner through the Integrated Report, Securities Report, and other disclosure documents.

The Company's basic approach is to build relationships of trust through sincere dialogue in accordance with its Code of Corporate Conduct, and it discloses information based on the principles of fair disclosure. In addition to making appropriate disclosures in accordance with laws and regulations and the timely disclosure rules, the Company also actively provides, through voluntary disclosure, information it deems useful for deepening understanding of the Company and the CTI Engineering Group.

Disclosure Policy
https://www.ctie.co.jp/english/ir/disclosure-policy/

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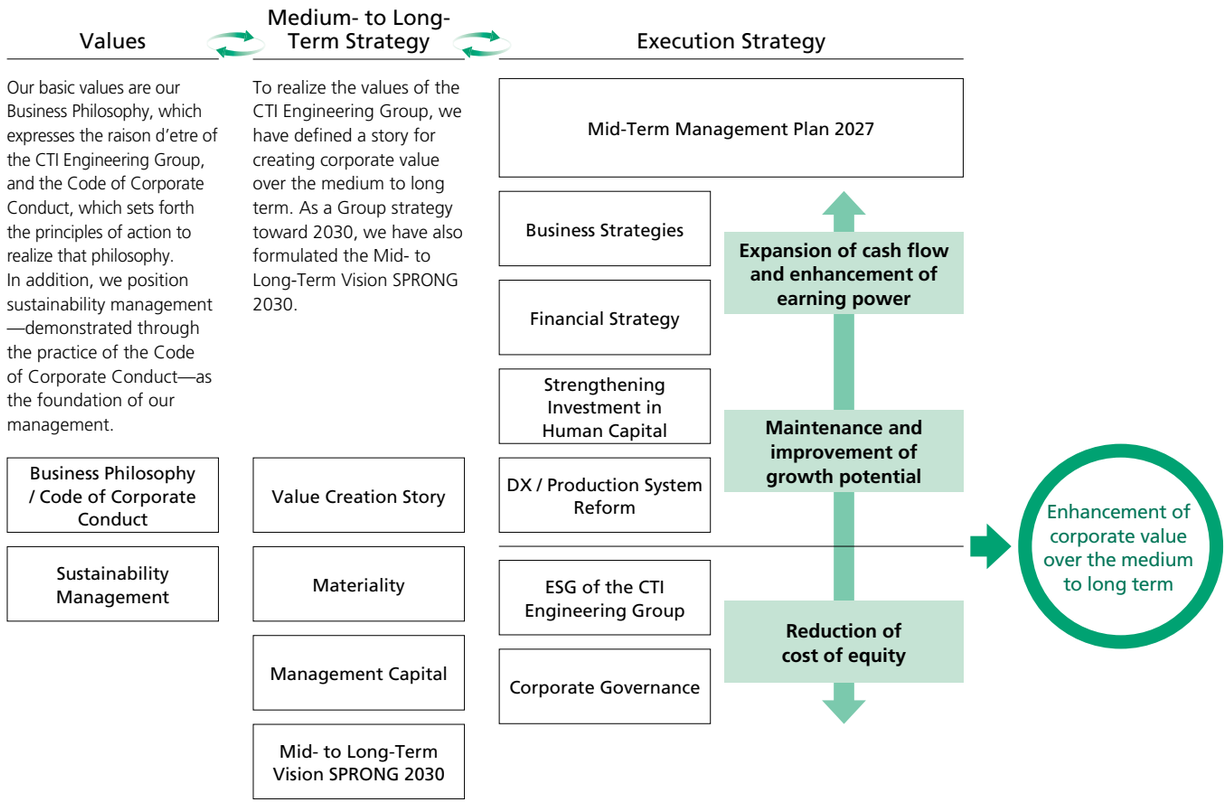
Group Companies

CTI Engineering Co., Ltd.

- Main Group companies (consolidated)
  - CTI Engineering International Co., Ltd.
  - Waterman Group Plc
  - Japan Urban Engineering Co., Ltd.
  - Chi-ken Sogo Consultants Co., Ltd.
  - NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.
  - Environmental Research & Solutions Co., Ltd.
  - HIROKEN CONSULTANTS Co., LTD.
- Specialized subsidiaries
  - CTI Ascend Co., Ltd.
- Local subsidiaries
  - CTI REED Co., Ltd.
  - CTI Wing Co., Ltd.
  - CTI Ground Planning Co., Ltd.
  - Yuasa Consultant Co., Ltd.

Ethics Framework

As the foundation for understanding the CTI Engineering Group's value creation process, the following diagram illustrates the relationships among the key components and the initiatives associated with each.



* "SPRONG" means "leap" in Dutch. In the Edo period, Japan was plagued almost every year by flood damage, and the Meiji government invited Dutch engineer Johannis de Rijke to carry out flood control works throughout the country. The CTI Engineering Group is Japan's first consulting engineering company, having originated from the river and coastal fields connected to the flood control projects undertaken by de Rijke. Our medium- to long-term vision seeks not only to secure the core businesses we have developed to date, but also to clarify the direction of business expansion and make a leap forward as a Global Infrastructure Solutions Group. For this reason, we chose "SPRONG," a Dutch word closely connected to the CTI Engineering Group, as the abbreviated name for the vision.

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Business Philosophy

We strive to create a safe, comfortable and enriching society using world-class technology and expertise

Code of Corporate Conduct

Sustainable Society

Contribute to the creation of a sustainable society

We provide professional services to help create a sustainable society—i.e., a decarbonized, recycling-oriented society that exists in harmony with nature.

People First

Promote corporate activities with a culture of putting people first

We develop our people and promote our corporate activities to help ensure a safe, secure, and comfortable society. We respect the human rights of all people, always put people first, and foster a corporate culture in which diverse talent can thrive.

Social Commitment

Commit to solving social issues

We commit to solving issues through our corporate activities by making full use of our expertise and promoting continuous innovation.

Trust

Build relationships of trust with our stakeholders

We build relationships of trust with our stakeholders by engaging in sincere dialogue, disclosing timely and appropriate information, and providing the highest quality of service.

Integrity and Fairness

Act with integrity, fairness, and responsibility

We act with integrity, fairness, and responsibility as an independent and autonomous company by abiding by legal, ethical, and social standards to maintain long-standing relationships with our stakeholders.

Risk Management

Ensure risk management at the highest standards

We share vital information, tools, and insights on natural disasters, cyberattacks, terrorist threats, and other external risks with our stakeholders, cooperating with them to ensure thorough management of such risks.

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The Trajectory of Value Creation — The Path of CTI Engineering

Since its founding as Construction Technology Institute (Zaidan Hojin Kensetsu Gijutsu Kenkyujo), CTI Engineering Co., Ltd. has leveraged its technology and expertise to solve social issues through the years. As one of Japan's leading comprehensive consulting engineering companies, we have conducted research, planning and design work in various fields of social infrastructure development to create a safe, secure and flourishing society. Today we continue striving to build a better future using our world-class technical capabilities and the combined strengths of the CTI Engineering Group.

Background and Establishment of the Construction Technology Institute

The history of the Construction Technology Institute (Zaidan Hojin Kensetsu Gijutsu Kenkyujo), the predecessor of CTI Engineering Co., Ltd., began in December 1944, as Japan headed toward its defeat in World War II. The board of directors of the Japan Civil Engineering and Construction Control Association approved a proposal to establish a foundation with the aim of "developing construction machinery that would rival that of the United States" for airfield construction. It was against this backdrop that the Construction Technology Institute was established on August 1, 1945. Merely two weeks after its founding, however, the Japanese government accepted the Potsdam Declaration. Although defeat in the war cast doubt on the Institute's survival, it was decided that it would continue in order to "meet the demand for urgent national construction." Thus, was born Japan's first consulting engineering company.



The Kenchiku Kaikan, where the Institute's office was located

Expansion into the "Water" Field

After 1950, when the Korean War brought a boom in special procurements, orders for consulting engineer work increased year by year. The Construction Technology Institute (Zaidan Hojin Kensetsu Gijutsu Kenkyujo) accurately grasped the nation's postwar intention to rebuild its land and was quick to focus on hydroelectric power generation and the dam construction associated with it. It was also during this period that the Institute began full-scale hydraulic model experiments—sowing the seeds for its later reputation as the Construction Technology Institute renowned for water-related projects.



Staff busy with design work due to increased demand for dam construction

Responding to Major Changes in the Times

In 1964, the registration system for consulting engineers was launched, leading to the establishment of many consulting engineering companies. Amid this trend, the Construction Technology Institute (Zaidan Hojin Kensetsu Gijutsu Kenkyujo) recognized the need to compete successfully and to establish a company focused solely on revenue-related operations. Accordingly, in April 1963, Construction Technology Institute Co., Ltd. was founded. The following year, it was renamed CTI Engineering Co., Ltd., which remains its name today.

Taking the opportunity of the 1964 revision of the River Act, the Company was quick to introduce electronic computers, which at the time were very costly. This became a decisive factor in the advancement of the river planning field, and in 1968, the Company rose to the top of the industry in orders received for river planning.



Manggahan Floodway
The Company's first overseas consulting project, awarded exclusively to it by the Philippine government

Toward Full-Scale Technological Competition

In the 1990s, preparations for stock listing progressed with the aims of "enhancing the Company's social standing," "supporting asset formation for officers and employees," and "building corporate assets through financing," culminating in over-the-counter registration and subsequent listing. Around this time, the consulting engineering industry entered an era of full-fledged technological competition, driven by reforms to the bidding and contracting system and the enforcement of the Act on Promoting Quality Assurance in Public Works (commonly known as the Quality Assurance Act).

Achieving Sustainable Business Expansion through Human Resource Enhancement and M&A

Driven by growing domestic needs for national resilience and the expansion of overseas business through the addition of Waterman Group Plc to the Group, in 2018 we achieved ahead of schedule the targets of our Mid- to Long-Term Vision CLAVIS 2025. Consequently, in August 2021 we formulated a new CTI Engineering Group Mid- to Long-Term Vision SPRONG 2030, under which we are working toward our goals with the aim of growing into our desired future state as a Global Infrastructure Solutions Group.

And into the Future

Since its establishment, the Company has led the industry as a pioneer. Leveraging the technologies and experience cultivated over the years, it has now grown into a "comprehensive consulting engineering company" competing for the top position in domestic market sales. There are 12 Group companies and approximately 4,600 Group employees (including consolidated and non-consolidated).

Going forward, we will continue to fulfill our social responsibilities through our corporate activities, while solving social issues and preserving and creating cultures that people value, thereby achieving the sustainable development of both society and the Company.



Coastal town development project for beach restoration at Oya Coast, which suffered devastating damage from the Great East Japan Earthquake (Kesennuma City, Miyagi Prefecture)



Kinka Park, designed by CTI Engineering, received the Encouragement Award at the 2025 Civil Engineering Design Prize (Kanda-Sarugakucho, Chiyoda-ku, Tokyo)

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The Trajectory of Value Creation — The Path of CTI Engineering

For the fiscal year ended December 31, 2025

Sales (consolidated): **¥101.0 billion**

Number of employees (Group): **4,348**
* As of January 1, 2026

Aug. 1945
Construction Technology Institute (Zaidan Hojin Kensetsu Gijutsu Kenkyujo) founded as the first consulting engineering company in Japan

Apr. 1963
Construction Technology Institute Co., Ltd. established
Sales: ¥100 million
Number of employees: 104

Feb. 1964
Company name changed to CTI Engineering Co., Ltd.

Mar. 1999
CTI Engineering International Co., Ltd. established

Jun. 2006
Japan Urban Engineering Co., Ltd. joined the Group

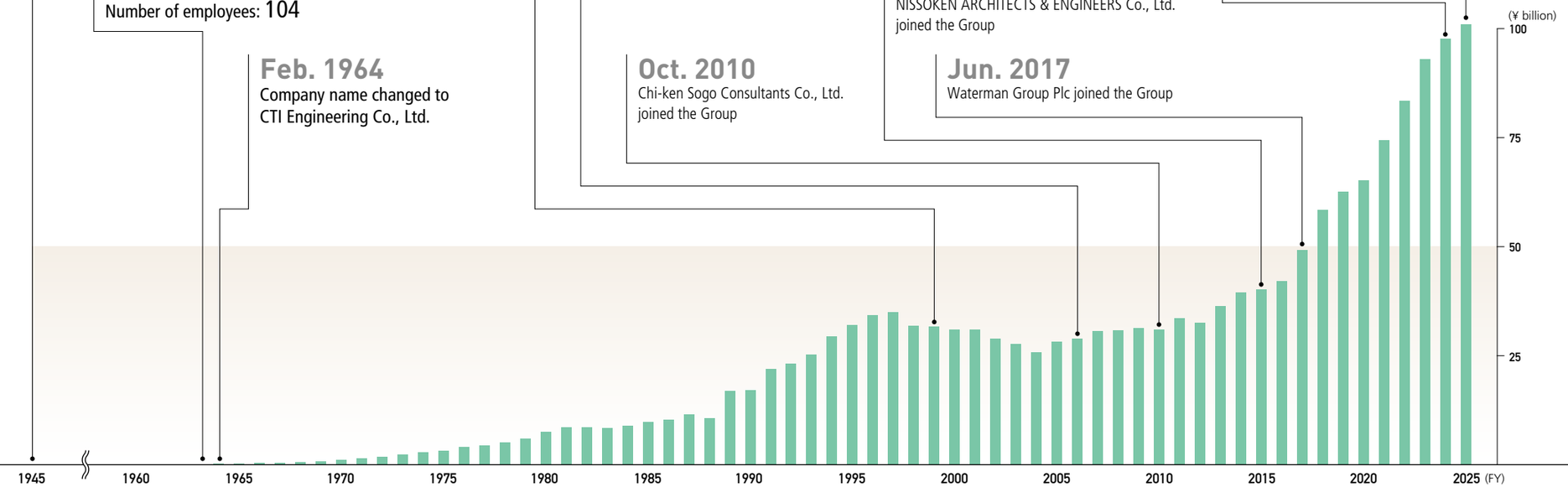
Oct. 2010
Chi-ken Sogo Consultants Co., Ltd. joined the Group

Jul. 2015
Environmental Research & Solutions Co., Ltd. joined the Group

Nov. 2015
NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. joined the Group

Jun. 2017
Waterman Group Plc joined the Group

Nov. 2024
HIROKEN CONSULTANTS Co., LTD. joined the Group



Sales Trends
Up to fiscal 1999:
Sales of CTI Engineering Co., Ltd.
From fiscal 2000 onward:
Consolidated sales

1970
Surpassed ¥1 billion in sales

Jun. 1994
Registered shares over the counter with the Japan Securities Dealers Association

Oct. 1996
Company shares listed on the Second Section of the Tokyo Stock Exchange

Jun. 1999
Company shares listed on the First Section of the Tokyo Stock Exchange

Apr. 2015
CTI Engineering Group's Mid- to Long-Term Vision **CLAVIS 2025** formulated

Aug. 2021
CTI Engineering Group's Mid- to Long-Term Vision **SPRONG 2030** formulated

Postwar reconstruction | **High economic growth Pollution problems** | **From quantity to quality** | **Global environmental issues** | **Disaster reconstruction Strengthen national land resilience**

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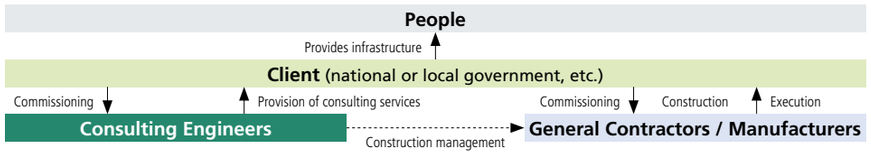
The Business and Role of Consulting Engineers

What Is a Consulting Engineer?

Consulting engineers, as the client's technical advisor, apply their specialized knowledge and experience throughout the life cycle of the construction project, including project conceptualization, research, planning, design, construction management, and maintenance management in order to deliver safe and high-quality infrastructure such as roads, bridges, dams, rivers, and water supply and sewerage systems that the public needs. As partners to clients such as national and local governments, who make business decisions and formulate plans, consulting engineers handle nearly all aspects of the project flow. However, in Japan, where orders for design and building processes are placed separately, in principle, the construction work itself is carried out by construction companies (general contractors and manufacturers).

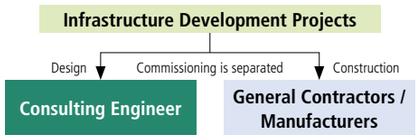
Consulting engineers must maintain a high level of engineering expertise in order to perform their jobs, as their work significantly impacts the quality and cost of the facilities to be built. Consulting engineers play a key role in helping to resolve the growing number of problems we face in society today as natural disasters become more frequent, global environmental problems worsen and infrastructure ages.

How the Consulting Engineer Fits into the Team



Principle of Separation between Design and Construction

During Japan's period of rapid economic growth after the war, the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism) clarified the principle that "those engaged in design work shall not be allowed to perform construction."



We Are a Comprehensive Consulting Engineering Company with Both Specialized Expertise and Broad Capabilities

Consulting engineers can be divided into "specialized consultants," who focus on a specific technical field and demonstrate advanced expertise, and "comprehensive consultants," who take responsibility for a wide range of specialized technical fields and handle large-scale, complex projects.

The Company has Professional Engineers in all 21 registration disciplines, and has a system in place that allows us to respond across a wide spectrum of fields. In addition, we have sales offices in all 47 prefectures, where our engineers work in close cooperation to deliver finely tuned, community-based services.

Learn more about "Consulting Engineers"
https://www.ctie.co.jp/english/company/consultant/

Registration System for Consulting Engineers and Professional Engineers

Businesses must staff an engineering administrator who is certified as a Professional Engineer in accordance with the Professional Engineer Act in order to be registered by the Minister of Land, Infrastructure, Transport and Tourism (MLIT) under the registration system for consulting engineers.

What Is the Registration System for Consulting Engineers?

The registration system for consulting engineers allows a consulting engineer to be registered with MLIT if they meet certain requirements in all or some of the 21 civil engineering registration disciplines.

For each discipline in which registration is to be obtained, an engineering administrator must be staffed. The engineering administrator must be a Professional Engineer who has passed the second stage examination required by the Professional Engineer Act in the optional subjects corresponding to each registration discipline and works full time in that discipline. A registered entity must have a financial foundation or be financially creditworthy. A corporation must have stated capital of ¥5.0 million or more, as well as equity capital of ¥10.0 million or more.

Who Is a Professional Engineer?

A Professional Engineer refers to "a person who conducts business on matters of planning, research, design, analysis, testing, evaluation or guidance thereof, which require advanced and adaptive expertise in science and technology" (Article 2, Professional Engineer Act). Professional Engineer is a national certification program administered by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). Professional Engineers have a duty to maintain high engineering ethics and to strive to continuously improve their skills.

The Professional Engineer certification is one of the certifications recognized as a qualifying requirement to work as a supervising engineer or inspection engineer in consulting engineer work. Having Professional Engineers on staff is rated highly when engineers are evaluated as part of proposals and other situations.

Registration disciplines

1) River, Sabo, Coastal & Ocean Engineering
2) Port, Harbor & Airport Engineering
3) Electric Power Civil Engineering
4) Road Engineering
5) Railway Engineering
6) Water Supply & Industrial Water Supply Engineering
7) Sewerage Engineering
8) Irrigation, Drainage & Rural Engineering
9) Forest Civil Engineering
10) Fisheries Civil Engineering
11) Waste Management
12) Landscaping
13) Urban & Regional Planning
14) Geology
15) Soil Mechanics & Foundation
16) Materials & Structures Engineering
17) Tunnel Engineering
18) Construction Planning, Management & Cost Estimation
19) Environmental Assessment & Management for Construction
20) Mechanical Design Engineering
21) Electrical & Electronics Engineering

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The Business and Role of Consulting Engineers

Flow of Infrastructure Development

Consulting engineers are involved from the very beginning, when national and local governments formulate project concepts, and continue to play a key role throughout all subsequent stages, including planning, design, construction management, and post-completion maintenance. Using road construction as an example, the following illustrates the flow of infrastructure development.

Concept and Planning Stage

To help clients determine whether or not to construct a road, consulting engineers forecast changes in traffic volume and the extent to which traffic congestion would be alleviated if the road were developed, examine the necessity of the project in light of the intentions of local residents, and support the creation of concepts and plans.

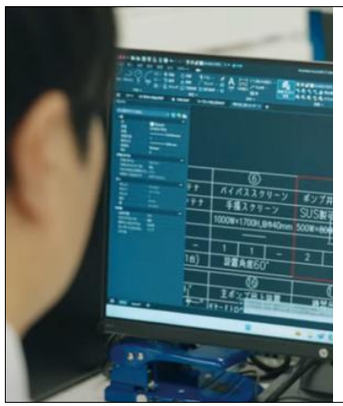


Construction Management

Based on a commission from the client, consulting engineers provide the services necessary at construction sites to ensure that the work carried out by construction companies is executed reliably in accordance with the design.



Project Conceptualization → **Planning** → **Research & Design** → **Construction** / **Construction Management** → **Maintenance Management**



Research & Design Stage

Work proceeds step by step, with increasing precision.

- **Conceptual Design:** Based on survey results such as topography, geology, and environment, consulting engineers comprehensively examine factors including economic efficiency and convenience to propose the optimal road route and structure. Environmental impact assessments are also conducted at this stage.
- **Preliminary Design:** Using more detailed topographic maps, the specific location and structure of the road are determined. The type and scale of major structures such as bridges and tunnels are also decided at this stage, with repeated reviews as necessary.
- **Detailed Design (Implementation Design):** Based on the finalized road plan, detailed drawings necessary for construction are prepared.



Maintenance Management

Because keeping maintenance costs down is important, consulting engineers investigate the deterioration of facilities while ensuring the safety and reliability of structures, and prepare maintenance plans and repair designs. In the case of roads in particular, inspections of bridges and tunnels are carried out to assess their condition, and repair and reinforcement plans are developed to extend their service life. In recent years, as infrastructure built during Japan's period of rapid economic growth has aged, maintenance work has been on the rise.

Strengthening Business Continuity to Support Social Infrastructure

The Company has obtained the National Resilience Contribution Organization Certification (Resilience Certification), which recognizes companies and organizations that are proactively engaged in business continuity and social contribution activities. As a consulting engineering firm supporting social infrastructure, the Company is strengthening its framework to ensure business continuity even in the event of a disaster and contribute to the recovery and reconstruction of society. In recent years, initiatives to enhance national resilience and promote disaster prevention and mitigation have become increasingly important, and some local governments have begun including Resilience Certification as an evaluation criterion in the bidding process for related projects. The Company will continue to enhance its reliability and business continuity capabilities in the fields of disaster prevention and mitigation, thereby contributing to the sustainable development of social infrastructure.

レジリエンス認証
事業継続および社会貢献
認証・登録番号L0000026

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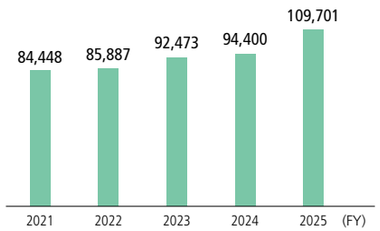
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At a Glance — Financial Highlights

Key Financial Indicators for the fiscal year ended December 31, 2025 (consolidated)

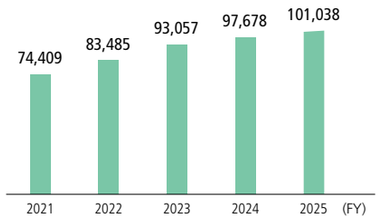
Orders Received (¥ million)

¥109,701 million (Domestic ¥72,411 million) (Overseas ¥37,290 million)



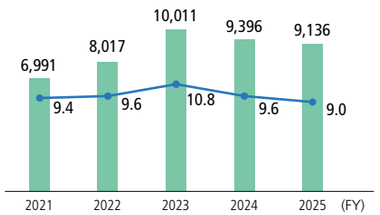
Sales (¥ million)

¥101,038 million (Domestic ¥69,724 million) (Overseas ¥31,313 million)



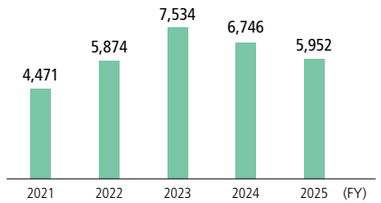
Operating Income (¥ million) / Operating Income Margin (%)

¥9,136 million **9.0%**



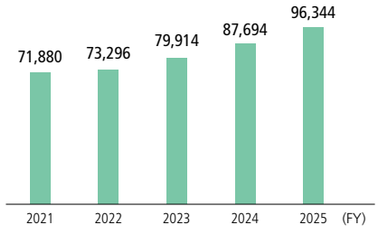
Net Income Attributable to Owners of the Parent (¥ million)

¥5,952 million



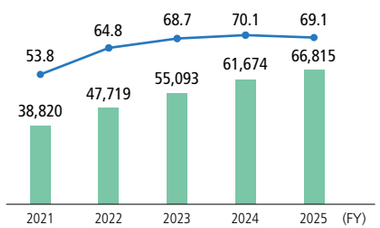
Total Assets (¥ million)

¥96,344 million

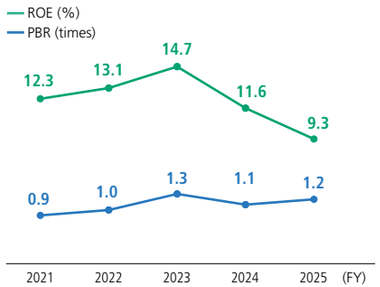


Net Assets (¥ million) / Net Worth Ratio (%)

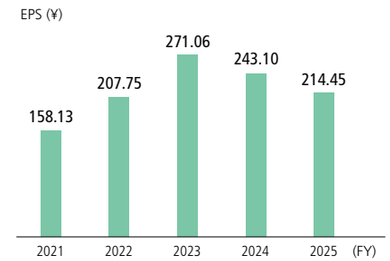
¥66,815 million **69.1%**

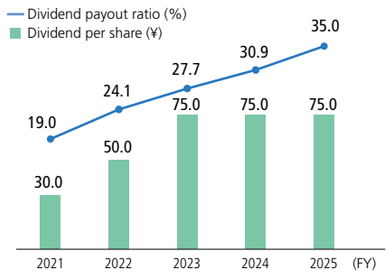


PBR / ROE



Shareholder Returns





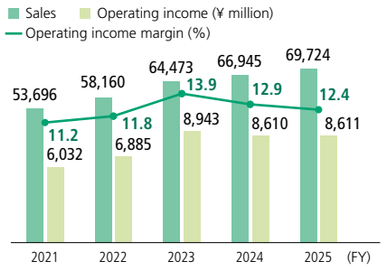
Sales Composition by Segment

Overseas **31.0%** Domestic **69.0%**

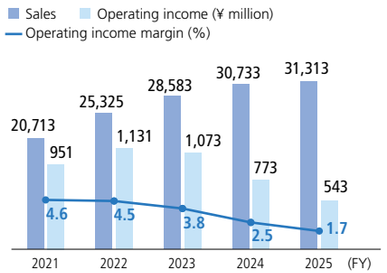


FY2025 (consolidated)

Domestic Consulting Engineering Business



Overseas Consulting Engineering Business



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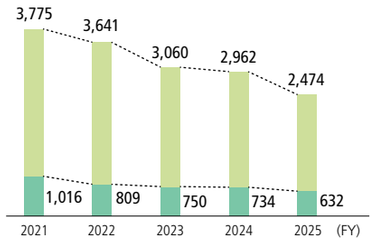
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Environment

CO_2 Emissions Scope 1 Scope 2

3,107t

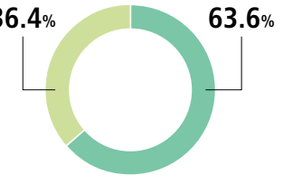


Governance

Board of Directors' Composition (as of April 2026)

4 external directors [2 male, 2 female] **36.4%**

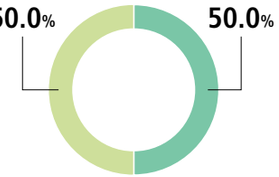
7 internal directors [7 male] **63.6%**



Auditors' Composition (as of April 2026)

2 external auditors [2 male] **50.0%**

2 internal auditors [2 male] **50.0%**

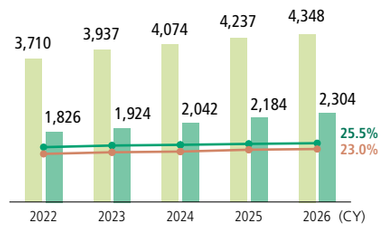


Society

Group Non-consolidated / Ratio of women Group Non-consolidated

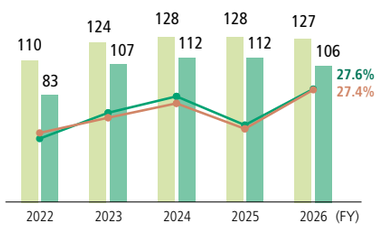
Number of Employees (as of January 1, 2026)

Group **4,348** people Non-consolidated **2,304** people



Number of New Graduate Recruits (FY2026)

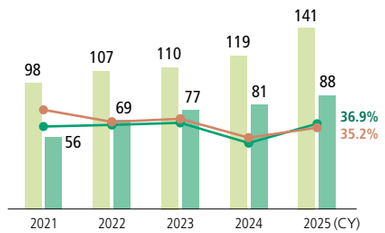
Group **127** people Non-consolidated **106** people



* Excludes Waterman Group Plc (Overseas)

Number of Mid-Career Recruits (January 1 to December 31, 2025)

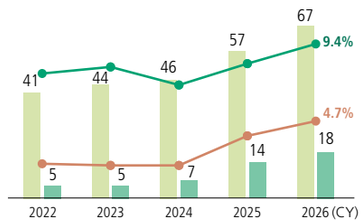
Group **141** people Non-consolidated **88** people



* Excludes Waterman Group Plc (Overseas)

Number of Female Managers (As of January 1, 2026)

Group **67** people Non-consolidated **18** people



* Excludes Waterman Group Plc (Overseas)

ESG External Evaluations

CDP Discloser 2025

Environmental Information Disclosure Platform CDP 2025: Climate Change "B" rating

Certifications and Awards

SCIENCE BASED TARGETS — Science Based Targets initiative (SBTi): SBT Certification

National Resilience Contribution Organization Certification (Business Continuity and Social Contribution)

Digital Transformation Certification — Ministry of Economy, Trade and Industry: DX Certification

WITH GRADE A Corporate Websites 2025 Nikko Investor Relations Co.,Ltd All Markets Ranking in Japan

Nikko Investor Relations Co., Ltd. "All Japanese Listed Corporate Website Ranking 2025" — Overall ranking: A grade

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Ministry of Economy, Trade and Industry: Certified Health & Productivity Management Outstanding Organization 2026

Ministry of Health, Labour and Welfare: Kurumin Certification 2026 (FY2025 Criteria)

Ministry of Health, Labour and Welfare: "Eruboshi Certification (Two Stars)"

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Steadily advancing business portfolio transformation while staying focused on rebuild of foundation for growth

Tatsuya Nishimura
Representative Director and President, CEO

Looking Back on the Past Two Years as President

My two years as President have flown by. Based on the Group's Business Philosophy, I have dedicated myself to leading the Company over the past two years to create a safe, comfortable and enriching society using our technology and expertise. Our employees' business cards feature our brand slogan, "Enriching life through engineering." These cards reflect our desire for customers and business partners to understand our raison d'être, which is closely tied to the Company's Business Philosophy. I strongly believe that it is our mission to contribute to creating a safe, comfortable, and enriching society, which we then pass on to future generations.

The Group's businesses are growing steadily. Orders received and sales on a consolidated basis for the fiscal year ending December 31, 2025 (the current fiscal year) reached record highs, exceeding ¥100 billion. This was achieved despite the year-on-year (YoY) decline in operating income, which was partly due to a temporary drop in capacity utilization caused by delays in the signing of contracts for large-scale projects in our overseas business. Even amid the current uncertain business environment, we have been able to maintain strong performance in terms of orders received and sales. This is a testament to the high expectations and tremendous trust placed in us by society, which has given us an opportunity to reaffirm how significant they are to us.

In our Mid- to Long-Term Vision, we have set the goal of becoming a Global Infrastructure Solutions Group and expanding business processes, business fields (services), and markets. We can confidently state that we are making steady progress towards achieving our desired future state.

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Message from the CEO



Changes in the Business Environment and a Sense of Urgency

While we have reached a business scale that is unprecedented in our history, there are numerous factors we need to closely monitor, such as changes in global affairs and the management and business environments surrounding the Company. My primary focus is on digital transformation (DX) and the evolution of AI. As the Japanese population continues to age and birthrates decline, it has become urgent for private-sector companies including us to secure talent. Against this backdrop, attention is increasingly focused on boosting productivity through DX and the use of AI. In particular, AI innovations are accelerating, and it is increasingly difficult to improve productivity and achieve growth without leveraging AI. Thus, the Group is urgently working to address this issue. Our immediate focus is to secure and develop professional human resources and empower these professionals to harness the latest AI technologies in research and development. It is equally important to encourage all employees to incorporate generative AI into their daily work and ensure its widespread adoption across the organization in order to enhance productivity.

Recently, we are also paying close attention to cybersecurity as an important area of focus. To address cyber risks, we have been taking thorough precautions by providing information security training through our internal Information & Communication Technology Center and establishing rules to govern the use of generative AI.

Against the backdrop of recent interest rate hikes in Japan, inflation has risen significantly. Rising prices and escalating labor costs are major challenges for the Group as well. To secure talented personnel in an increasingly competitive environment, it is essential to maintain a competitive compensation structure while making investments to foster a comfortable work environment that enhances employee engagement. It is also important to actively communicate these initiatives outside the Company.

Furthermore, looking at the infrastructure development projects in which we are deeply involved, public works project-related expenses in Japan's national budget have not increased in line with rising unit rates for engineers. This has resulted in a situation where it is fundamentally difficult to secure profit margins on public works projects. Unless public works project-related expenses in the initial budget see a major increase, the order volume for infrastructure development projects from national and local governments is unlikely to grow. Therefore, we have a strong sense of urgency about this situation, as it is expected to make the competitive environment increasingly severe for consulting engineers. Even though the mid-term plan for the implementation of national resilience provides a disaster response framework funded by the government's supplementary budget, the lack of growth in the initial budget allocated for infrastructure development projects leaves us with a challenging outlook for securing public works orders. We must reaffirm that it is difficult to chart a mid- to long-term growth trajectory if we solely rely on public works.

Commitment to Improving Service Quality

Fortunately, the Group has earned a high degree of trust from a wide range of clients, including government agencies. We have long held the top position in the field of rivers/water resources/coasts/ports, while consistently ranking among the industry's top performers in the field of roads and transportation as well. Needless to say, this trust is built on our high-quality service. To maintain the quality of the services we provide, the Group directs significant resources to research and development.

In recent years, we have seen a growing number of incidents that undermine our path to achieving our brand slogan, "Enriching life through engineering." These include not only the increasing frequency and severity of major earthquakes and natural disasters caused by climate change, but also the frequent occurrence of accidents resulting from aging infrastructure, such as the road collapse in Yashio City, Saitama Prefecture, which we highlighted in last year's Integrated Report. Unfortunately, it is extremely difficult to predict what kinds of disasters will occur, or what kinds of accidents will result from aging infrastructure. However, we can prepare ourselves and prevent unexpected circumstances by carefully considering what actions to take when disasters or accidents do occur and how the impact can be minimized. With this mindset, we will continue to consistently provide high-quality services to government agencies and other customers and further strengthen the foundation of trust we have built with them.

Progress on the Mid-Term Management Plan and Our Commitment

The first year of our three-year Mid-Term Management Plan 2027 has ended. In Japan, our core business domains remained strong, and we also saw solid performance in our growth areas such as energy, information services, and construction management/project management (CM/PM) businesses, as well as new businesses. Overseas, Waterman Group Plc achieved its targets for orders, sales, and profits, and a steady number of orders were received at CTI Engineering International. The Mid-Term Management Plan 2027 is based on two pillars: business portfolio transformation and rebuild of foundation for growth. Through the business portfolio transformation initiative, our core businesses showed steady growth, and our growth areas

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and new businesses delivered strong results. In terms of profits, however, our overseas business saw declined profitability, leaving us with challenges to address going forward. Regarding the other pillar, rebuild of foundation for growth, we have made steady progress in implementing the initiatives despite several challenges that surfaced.

Overall, we believe it has been a successful year. However, we cannot be complacent based solely on the results of the first year. As I mentioned earlier, the business environment still poses challenges and uncertainties, and some initiatives have unresolved issues. We must not get carried away by our success. We are determined to make this fiscal year one in which we further accelerate the progress we made in the previous fiscal year.

Update on the Mid-Term Management Plan: Steady Progress in Business Portfolio Transformation

Under the pillar of business portfolio transformation, we are focusing on four initiatives: deepening of core business domains, acceleration of growth areas, exploration of new businesses, and expansion of overseas business. Our vision is to further deepen the core business domains we have refined to date, accelerate high-profitability domains with strong growth potential as promising growth areas, and build on these with new businesses as additional sources of revenue.

As I previously mentioned, the first fiscal year of the Mid-Term Management Plan 2027 saw not only steady growth in our core businesses but also significant progress in growth areas and solid momentum in new businesses.

In our core business domains, orders received from the national government remained strong, and orders received from local governments grew significantly. In our growth areas, the reallocation of talent from our core businesses and proactive sales efforts paid off, leading to rapid acceleration in the CM/PM business. The information services business also made significant progress in areas such as flood forecasting and AI-powered dam operation support. The energy business performed strongly as well, with large-scale orders related to hydroelectric power generation driving results further. In new businesses, we saw strong performance in public-private partnership (PPP/PFI) business areas such as water PPP. In the environmental field, we also successfully secured new orders for research and countermeasures against pollution caused by PFAS (fluorocarbons), a growing social concern.

The overseas business, however, continued to pose challenges. While we were able to increase orders, we experienced a decline in our profit margin due to factors such as the rising cost of sales ratio and SG&A ratio. The overseas business mainly consists of two businesses: one led by Waterman Group Plc, centered in the UK, and the other by CTI Engineering International, centered in Southeast Asia. The business in the UK was affected by external factors such as delays in finalizing the national budget following the change in government, slowing down the Waterman Group Plc business more than anticipated. Meanwhile, despite large-scale orders received in the Philippines, delays in contract execution experienced at CTI Engineering International resulted in increases in the cost of sales ratio and SG&A ratio. Although we believe that both of these negative factors are temporary, we will continue to exercise the utmost oversight in managing our overseas subsidiaries to prevent similar deviations from the forecast in the future.

Update on the Mid-Term Management Plan: Some Challenges Remain in Rebuild of Foundation for Growth

Rebuild of foundation for growth is intended to rebuild the Company's foundation to drive business portfolio transformation. In other words, it is about creating a bedrock for growth. Specifically, we are advancing four initiatives: strengthening investment in human capital, DX / production system reform, challenges for sustainability, and strengthening Group governance.

In the first initiative, strengthening investment in human capital, we have set several KGIs to measure our progress. The growth rate in the number of engineers, which is one of the KGIs, is increasing steadily at both the non-consolidated and Group levels. The ratio of female managers is also improving at a rate that is generally in line with our plan. Although our engagement score has not yet reached the target for the final fiscal year of the plan, it has improved YoY. One thing that concerns me, however, is a slight increase in the attrition rate compared to the previous fiscal year. While the industry-wide attrition rate is in double digits, the Company's attrition rate is at a commendable level of 4%. However, we are aiming to further reduce this figure by improving the work environment and have set this as one of the goals in our Mid-Term Management Plan 2027. Although there are various reasons that may lead to one's decision to leave the Company, it appears that those who leave tend to move to companies in other industries instead of our competitors in the consulting engineering industry. In any case, I have instructed the Personnel Division to deeply discuss this issue and implement measures to reduce the ratio of employees leaving due to dissatisfaction with their daily work to as close to zero as possible.

As for the second initiative, DX / production system reform, we have made it one of the KGIs to increase supervising engineers who serve as project leaders. We have already exceeded the target for the final fiscal year of the plan, demonstrating solid progress. The Human Capital Return on Investment (HC-ROI), which we set as an indicator for improving the return on our investments in human capital, has also improved by 2.6% compared to the previous fiscal year. Although we have set a target of 10% for the final fiscal year of the plan, we believe that achieving this goal is now within reach. However, there are some areas where we did not meet our KGI targets. These include falling short of the number of project awards and the two occurrences of serious errors and accidents. We will continue to strive for further productivity improvements while making greater efforts to ensure and enhance the quality of our operations. As for annual working hours, we have set a target of 2,000 hours or less for the final fiscal year of the plan. In fiscal 2025, we aimed for 2,100 hours or less. Although we were able to steadily reduce working hours, unfortunately we fell slightly short of achieving the target.

The third initiative is challenges for sustainability. To contribute to the realization of a sustainable society, we have incorporated into our Mid-Term Management Plan 2027 the

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goals of achieving a decarbonized and recycling-oriented society and increasing our contribution to ecosystem preservation. Specifically, we have established sales from climate change-related projects as a KGI, and set a target of reaching ¥28.0 billion or more for the final fiscal year of the plan. However, by the end of the first fiscal year, we had already achieved this target ahead of schedule, reaching ¥36.4 billion. We view this achievement as a reflection of not only our consistent commitment to disaster prevention and mitigation, which are our core strengths, but also our success in making proposals that help reduce environmental impact in our daily operations. Our net zero initiatives, which are being advanced under the framework of the Mid-Term Management Plan 2027, are progressing steadily thanks to growing awareness across the entire Group. Regarding sustainability initiatives, we recognize that, in addition to growing awareness across society, the fact that our core business is deeply rooted in addressing social challenges has enabled each one of our employees to become more aware of sustainability and provide effective proposals to customers.

In the fourth initiative, strengthening Group governance, one of the steps we took was to strengthen investment governance. Specifically, we clarified the criteria for making investment decisions related to M&A and business investments, enhanced monitoring, and established exit criteria. We also worked to strengthen the organizations responsible for putting governance into practice. Previously, we had established a Governance Management Headquarters as a headquarters-level organization, but we have since abolished it and placed the Legal Affairs & Compliance Division and the Audit Section under the direct supervision of the President, with the aim of strengthening Group governance. We are also working to strengthen Group governance in terms of risk management. The Risk Management Committee, which falls under my direct supervision as President, is strengthening systems to comprehensively manage risks, not only for CTI Engineering, as the core company, but also across Group companies. Specifically, the Committee has identified significant risks inherent in each Group company, discussed approaches for managing these risks, and clarified the roles of the first, second, and third lines of defense, thereby enabling the Group to take a systematic approach to risk reduction. We have also strengthened our risk management framework for overseas subsidiaries. In particular, we have seconded three directors from CTI Engineering to Waterman Group Plc, which operates on a large scale, and we require detailed monthly reports on matters including the management of orders received and sales, not only in the UK, but also at its subsidiaries in Ireland and Australia.

Enhancing Corporate Value through Growth Investments

As a group of companies responsible for developing the infrastructure that supports people's daily lives and society as a whole, we have focused our efforts on maintaining and strengthening a sound financial foundation so that we can fulfill our supply obligations to national and local governments. As of the end of fiscal 2025, our net worth ratio stood at 69.1%, and our cash flow remained stable. At the same time, as a company listed on the Tokyo Stock Exchange Prime Market, we are engaging in dialogue with our investors. Some investors have raised concerns regarding the use of our accumulated funds, and to meet their expectations, we have continued to work to improve capital efficiency and enhance corporate value. Under our Mid-Term Management Plan 2027, we intend to allocate funds toward M&A investments and growth investments to drive medium- to long-term growth. We have been actively exploring M&A opportunities and investments in startups, including those involving overseas companies. However, as of this point in the Mid-Term Management Plan 2027 period, these efforts have not yet led to any concrete results. As for the funds not directed toward M&A investments or growth investments, our policy is to allocate them to shareholder returns. Under the Mid-Term Management Plan 2027, we aim for an ROE of 12% or more in the final fiscal year of the plan, a dividend payout ratio of 30% or more, and a total return ratio of approximately 35–50%. ROE for the current fiscal year was 9.3%, a decline compared to the previous fiscal year. This was due to factors such as the decline in profit margin overseas, as I previously explained. We expect to see an improvement by fiscal 2027, the final fiscal year of the plan.

Strengthening Human Resource Capabilities and Improving Productivity to Create Corporate Value

Regarding the goal of strengthening investment in human capital, which was outlined in our Mid-Term Management Plan 2027, I would like to briefly provide some additional information on this initiative from the perspective of its connection to corporate value. It goes without saying that our intent behind increasing the ratio of female managers, which is a KGI in our Mid-Term Management Plan 2027, is to improve productivity and enhance corporate value by promoting Diversity, Equity, and Inclusion (DE&I). As a consulting engineering firm responsible for infrastructure development, our vision is to have a diverse workforce in which individuals who possess different perspectives, values, and circumstances can



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work with enthusiasm and contribute to both the Company and society. When it comes to gender, our workplace should be one in which employees respect and support each other, regardless of gender. However, there is still a gap between this ideal and reality. Although we have set a target of 30% for the percentage of women among new hires, we have yet to reach this goal. In addition, under our President's Declaration: Commitment to the Promotion of DE&I, we have established the basic policy of our DE&I Promotion Plan 2030, outlined action plans, and are working on these initiatives. We have also welcomed two female external directors to the Board of Directors to enhance its diversity, and we have appointed women to executive officer positions as well. Although we still have a long way to go, we believe that respecting each other's individuality and helping one another are essential to advancing DE&I, so we aim to create a workplace and management structure rich in diversity.

When it comes to enhancing the value contributed by each employee and fostering their talent, I make a point of taking a proactive approach. Since becoming President, I have visited each of our offices every year, together with the General Manager of the Personnel Division, to meet directly with young and mid-level engineers. At each office, I devote about two hours to listening to the perspectives and concerns of our engineers on the front lines. I also instruct the General Manager of the Personnel Division to carefully listen to the feedback from these employees, thoroughly discuss it at meetings of the Human Resource Development Committee and other HR-related committees, and incorporate these insights into our personnel system.

As for improving productivity, as I have already explained, I personally feel a strong sense of urgency regarding DX and AI, and I am working to promote the widespread adoption of generative AI to boost productivity. As long as we implement proper information security measures, I am confident that the widespread adoption of these technologies by all employees will lead to improved productivity across the entire Group and, ultimately, to a dramatic increase in corporate value. Along with the rest of the organization, I myself am also currently taking on the challenge of utilizing and promoting these technologies.

Strengthening Governance and Improving the Effectiveness of the Board of Directors

In our Mid-Term Management Plan 2027, we set the goal of strengthening Group governance. As I have already mentioned, we are particularly focused on strengthening governance at our subsidiaries, including those overseas. Another initiative to strengthen corporate governance is improving the effectiveness of the Board of Directors. In April 2025, we established the Corporate Governance Committee as an advisory body to the Board of Directors with the aim of enhancing the Board's governance function. Chaired by external director Yoshihisa Sonobe, the Committee evaluates the Board of Directors' effectiveness and discusses measures to improve it. Mr. Sonobe has management experience at a major corporation, and extensive experience in management aimed at enhancing corporate value, drawing on a strong foundation of expertise in finance and accounting. Based on this, we believe he is well-suited to serve as chair of the Committee.

We have gained various insights from the activities of this Committee. Regarding the evaluation of the effectiveness of the Board of Directors, until now, we have been conducting questionnaires completed by each director, but we have started a new method of evaluation that utilizes an external organization. With an objective perspective, we aim to identify challenges that the Board of Directors is facing, and starting from the next fiscal year, we will work towards addressing them. The Committee discusses a variety of issues, including the information and knowledge gap that exists between directors involved in business execution within the Company and external directors, as well as ways of bridging that gap. The Committee will continue to delve deeper into discussions regarding the role the Board of Directors should play, whether it should be chaired by an internal director, and how many external directors it should include. Overall, I feel we are moving in the right direction toward revitalizing the Board of Directors.

Applying Lessons Learned from Disaster Recovery

Fifteen years have passed since the Great East Japan Earthquake struck in March 2011, causing extensive damage across eastern Japan, particularly in the Tohoku region. We have learned many lessons from this large-scale disaster and subsequent recovery efforts.

I worked at the Tohoku Office in Sendai City, Miyagi Prefecture for about two years, so I have always felt a personal connection to the tragedy that unfolded in the Tohoku region and the efforts to rebuild afterward. Although many years have passed since the disaster, I continue to pray that the souls of those who lost their lives may rest in peace, and my heart goes out to all those who were affected.

Following the disaster, we established Reconstruction Promotion Offices in the severely hit Kamaishi City in Iwate Prefecture and Onagawa Town in Miyagi Prefecture. In both areas, we became involved in supporting reconstruction efforts. Because the damage had unfortunately spread across many regions in addition to Kamaishi City and Onagawa Town, we ended up receiving orders from many other local governments, mainly in the Tohoku region, requesting our construction management (CM) services to support reconstruction. This work continues to the present day. As part of the post-disaster reconstruction of Onagawa Town, our design of the station plaza and the Renga Michi brick pathway was highly acclaimed and won the 2018 Good Design Award from the Japan Institute of Design Promotion and the Civil Engineering Design Prize 2019 —Grand Prize from the Japan Society of Civil Engineers.

I believe that accumulating such experience has enabled us to improve the quality of the Group's CM services. Beyond our support for recovery efforts following the Great East Japan Earthquake, we were also able to leverage the CM expertise we cultivated during the earthquake recovery process in our response to the Akita Prefecture floods, the Noto Peninsula Earthquake, and the subsequent heavy rain disasters. As a Group, we feel that being able to contribute to various disaster recovery efforts makes our work even more meaningful.

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To Our Stakeholders

The CTI Engineering Group is a group of companies that create value through the power of people and technology, and we will remain steadfast in that commitment. Our sincere dedication to honing our technical expertise and making the most of those capabilities is deeply ingrained in our corporate culture. We have a very high percentage of orders received via either the proposal method or comprehensive evaluation method, both of which are based on the evaluation of technical proposals. We also receive high praise from our customers for the capabilities of our engineers, who demonstrate the qualities of diligence and integrity. We often hear our customers say things like, "Whenever we run into a problem, we can always count on CTI Engineering to find a solution." We would like our investors and other stakeholders to have a greater awareness of the fact that the diligence and integrity demonstrated by our human resources are a driving force behind our sustainable growth. To further enhance our corporate value, it is essential that we maintain and further develop the capabilities of our employees. We are working to improve the attrition rate and increase employee engagement, as I previously explained, and it is crucial that we continue our steady efforts to enhance the capabilities of our employees.

In recent years, we have started to hear concerns regarding personnel shortages and declining technical capabilities among our clients. Due to these issues, increasingly high expectations are being placed on consulting engineers in terms of the technical expertise they are expected to demonstrate, and we anticipate that opportunities for them to play active roles will continue to increase. As we aim to make great strides forward as a Global Infrastructure Solutions Group, it has become an urgent priority for us to foster engineers that can play active roles not only in Japan but also on the global stage. To achieve this, we need to create attractive workplaces that will naturally draw in like-minded technical professionals.

Going forward, we will continue to refine our people and technologies to achieve sustainable growth. We hope you will follow along on this journey.

Tatsuya Nishimura
Representative Director and President, CEO



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Operating environment
Social requirements

- Climate change / Recycling-oriented society
- Declining birthrate and aging
- Infrastructure deterioration
- DX / Innovation

Vision for 2030 | Global Infrastructure Solutions Group

Five Key Factors Expressing the CTI Engineering Group's Vision

1. Human resources
Cultivate, strengthen, and vitalize autonomous human resources
- High level of engagement
- Teamwork skills of diverse human resources
- Abundant global human resources

2. Engineering
Enhance advanced specialized engineering skills
- Provide high-quality services
- Polish specialized technologies
- Develop and acquire new technologies

3. Environment
Contribute to a sustainable society
- Contribute to the creation of a sustainable society through business activities
- Efforts to reduce environmental impact

4. Corporate value
Enhance corporate value
- Management that emphasizes capital efficiency
- Realization of steady profit growth
- Offensive and defensive corporate governance

5. Transformation
Take on the challenge of transformation
- Incorporate innovative technologies
- Take on the challenge of new business development
- Take on the challenge of private-sector and overseas market expansion

Values
- Business Philosophy
- Sustainability management ▶ P. 25

Materiality issues ▶ P. 27

INPUT

Important management capital ▶ P. 19
- Human capital
- Financial capital
- Intellectual capital
- Social and relationship capital

Acquiring human resources | Improving employee engagement

1 Human resources
2 Engineering
3 Environment
4 Corporate value
5 Transformation
Reward to employees
Growth of engineers
Improving corporate value
Higher profitability
Enhancing customer satisfaction and technical competitiveness

CTI Engineering Group's strengths ▶ P. 19
- A group of engineers boasting advanced engineering capabilities
- Accumulation of technologies cultivated over 80 years in business
- Sound financial foundation
- Strong customer base

BUSINESS ACTIVITY

Vision and strategy
CTI Engineering Group's Mid- to Long-Term Vision
SPRONG 2030 ▶ P. 32
CTI Engineering Group's Mid-Term Management Plan 2027 ▶ P. 33

Business segments
- Domestic consulting engineering business ▶ P. 39
- Overseas consulting engineering business ▶ P. 46

OUTPUT

Raise corporate value over the mid to long term

Social value ⇄ Economic value

OUTCOME

Solving social issues
Developing solutions for all manner of domestic and international infrastructure issues

Realizing a sustainable society
Contribute to the sustainable development of society and achievement of the SDGs through corporate activities

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Leveraging Management Capital: Strength of the CTI Engineering Group

The CTI Engineering Group, centered around CTI Engineering Co., Ltd., consists of main Group companies in Japan and overseas, local subsidiaries, and specialized subsidiaries. We bring together the advanced specialized technologies and expertise of each company to strengthen cross-functional collaboration. The Group's strength lies in its comprehensive capabilities to respond flexibly to increasingly complex and sophisticated social challenges. In addition to leveraging the engineering capabilities cultivated since our founding, extensive track record, and strong customer base, we also organically utilize our management capital, centered on highly specialized professional human resources. In this way, we deliver tangible value in areas that support people's daily lives, such as disaster prevention and mitigation, the environment, and social infrastructure.

Our goal is to pass on to the next generation a society where everyone can live with peace of mind. We will continue to pursue technological innovation and take on new challenges to realize a sustainable future and enhance our corporate value over the medium to long term.

Human Capital A Group of Engineers Boasting Advanced Engineering Capabilities

The greatest management capital of the CTI Engineering Group is people. Engineers with advanced expertise and national qualifications such as Professional Engineer certification contribute to the sustained development of society by helping to solve all manner of domestic and international infrastructure-related issues.

Number of Employees with Professional Engineer Qualifications

At CTI Engineering, we have introduced a proprietary human resource development system based on Initial Professional Development (IPD). This system aims to help young engineers grow quickly as effective contributors while fostering professionals with competencies necessary to succeed internationally. Under this system, we promote steady and efficient growth of engineers by supporting the systematic acquisition of the competencies and abilities required of Professional Engineers.

As a result, while the national average age for passing the second-stage Professional Engineer examination exceeds 40, our employees pass at an average age of 36.2. This system helps develop professionals who can demonstrate a high level of expertise from the early stages of their careers.

Number of Employees with Professional Engineer Qualifications — As of March 2026

Mechanical Engineering	4	Fisheries	13
Electrical & Electronics Engineering	28	Industrial Engineering	2
Civil Engineering	906	Information Engineering	14
Water Supply & Sewerage	69	Applied Science	36
Environmental Engineering	14	Environment	40
Agriculture	8	Engineering Management	311
Forest	5		

* CTI Engineering Co., Ltd. (non-consolidated)
* If one person holds qualifications in two disciplines, they are counted as two people.

Average Age of Professional Engineers Who Have Passed the Second Stage Examination (20 disciplines + Engineering Management) — FY2025

CTI Engineering Co., Ltd. (non-consolidated)	36.2 (72 people)
Nationwide average*	42.1 (2,752 people)

* Source: Statistical information for the second stage examination of the Professional Engineer, The Institution of Professional Engineers, Japan website. Number who passed the test in parentheses ( )

Promote Well-Being

In strengthening human capital, well-being is regarded as a top priority and is promoted by top management because the happiness of our employees promotes increased creativity and productivity and drives the attraction of exceptional human resources.

Enhance Human Capital

We not only actively recruit human resources that support the human capital growth cycle, but also support the challenges taken on by each individual by enhancing our personnel systems and compensation packages.

[Main measures]
- Hiring new graduates and mid-career recruits
- Support for reemployment and activity after retirement
- Personnel and reward systems that encourage challenges and growth

Invest in Training Professional Human Resources

The CTI Engineering Group's strength lies in its comprehensive capabilities that leverage the unique characteristics of each Group company. A further characteristic is that our business domains and required engineering capabilities are broad-ranging and highly specialized.

CTI Engineering Group Human Resources Management (CTIG-HRM) is our basic policy on human resource management, and it is executed strategically to ensure each and every employee working at the CTI Engineering Group grows autonomously and plays an active role while embodying our vision for the type of human resources required.

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Financial Capital Sound Financial Foundation

The Company is a comprehensive consulting engineering company vying for the top in domestic market sales. One of its strengths is its track record since its foundation in supporting the country's river infrastructure, where it boasts the No. 1 sales in the industry and which is a pillar of earnings.

Sales for the fiscal year ended December 31, 2025 reached a record high. They exceeded ¥100.0 billion for the first time, and we are making steady progress toward our 2027 target of ¥110.0 billion. The operating income margin fell short of our 2025 target of 10% and was lower than the previous fiscal year. Although we implemented measures to improve capital efficiency through shareholder returns, ROE declined year on year (YoY) due to the impact of declined profit margins and extraordinary losses.

	2027 Targets	FY2025
Sales (consolidated)	¥110.0 billion	**¥101.0 billion**
Operating income margin (consolidated)	11%	**9.0%**
ROE	12%	**9.3%**

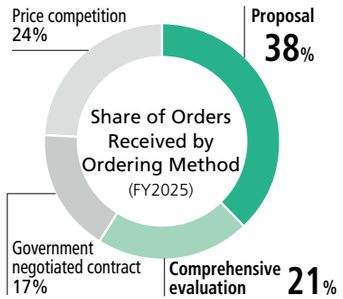
River, Sabo, Coastal & Ocean Engineering	**No.1** in sales

* Source: Feature article in NIKKEI CONSTRUCTION, April 2026 issue
Consulting Engineering Industry Financial Results Rankings 2026 (by Sector)

Intellectual Capital Accumulation of Technologies Cultivated over 80 Years in Business

Strength in Technology Competition

In the domestic consulting engineering business, orders received via the proposal method or comprehensive evaluation method, which evaluate engineering capabilities, account for around 60% of the total, which is a testament to the CTI Engineering Group's high level of technical competitiveness. Our advanced engineering capabilities are highly recognized through our track record, leading to numerous awards.



Commendations from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

	FY2021 Operations	FY2022 Operations	FY2023 Operations	FY2024 Operations
Director-General commendations (including commendations by the Director-General of the National Institute for Land and Infrastructure Management)	22	36	30	24
Office Director commendations (including commendations by Department Directors)	55	42	49	44

* CTI Engineering Co., Ltd. (non-consolidated)

New Business Development

At the CTI Engineering Group, we are creating a core business for the next generation by investing in new business development unconstrained by existing business demarcations and actively investing to expand and strengthen service areas.

Under the Mid-Term Management Plan 2027, the three areas of energy, information services, and CM/PM are positioned as growth fields. These are businesses that began with R&D and now have excellent growth potential and profitability, and we intend to accelerate them as priority areas.

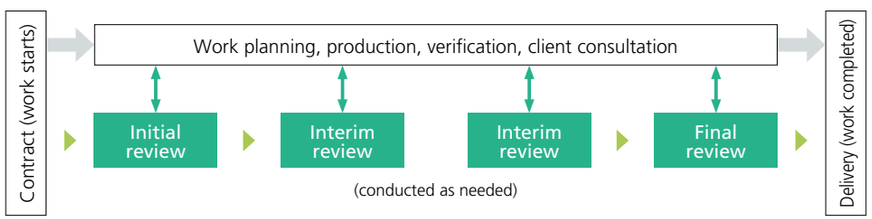
Raising Productivity, Ensuring Quality

To raise productivity and ensure quality, we are upgrading our operational infrastructure by promoting DX and enhancing our project management (PM) framework. Under the Mid-Term Management Plan 2027, we are planning investment in DX of ¥3.5 billion over the three-year period from 2025 to 2027 to accelerate productivity improvements and the creation of added value.

Our proprietary quality control process called "STEP REVIEW" (trademark registered) serves as our core mechanism to ensure quality. Within this process, we check and make improvements to the work implementation framework, processes, and technical appropriateness at each stage from an engineering standpoint. This not only ensures quality but also enhances the precision and reliability of our operations as a whole.

Furthermore, we promote continuous improvement by utilizing a quality management system compliant with ISO 9001. While standardizing production processes and thoroughly implementing a PDCA cycle, we have formulated quality improvement policies tailored to the specific characteristics of each business across all engineering divisions. Through these initiatives, we are making further improvements in customer satisfaction and consistently strengthening our competitive advantage in quality.

Quality control process: STEP REVIEW®

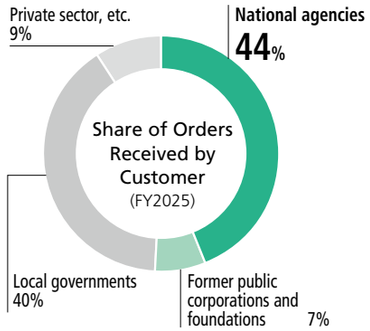


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Social and Relationship Capital Strong Customer Base

Customer Base Centered on the Public Sector

The public sector, including national and local governments, accounts for around 90% of orders, giving us a stable earnings structure.



A Comprehensive Consulting Engineering Company Operating Nationwide and Globally

The Company has sales offices in all 47 prefectures. It provides detailed services to local customers with an abundance of engineers. In addition, by building a supply chain in collaboration with CTI Engineering Group companies, partner companies, and overseas sites (in the U.K., Ireland, Australia, the Philippines, etc.), the Company provides safe and secure infrastructure solution services on a global basis.

The Company is one of the few comprehensive consulting engineering companies with engineers in all 21 registration disciplines designated by the Minister of Land, Infrastructure, Transport and Tourism.

Building Partnerships and Deepening Trust

We aim to achieve coexistence and co-prosperity and create new value throughout the entire supply chain. We have been building partnerships by strengthening collaboration with our business partners and other stakeholders. Furthermore, in line with our Business Philosophy, we have been deepening trust with our stakeholders through honest dialogue.

Declaration of Partnership Building

We declare that we will focus on the following matters in order to build new partnerships by promoting cooperation as well as coexistence and co-prosperity with our suppliers in the supply chain and with businesses seeking to create value.

パートナーシップ構築宣言

1. Coexistence and co-prosperity of the entire supply chain and new cooperation that transcends business scale and affiliation

We will strive to enhance value creation throughout the supply chain by reaching out to not only our direct suppliers but also their suppliers farther down the supply chain. We also aim to build relationships of mutual growth and prosperity with our suppliers through cooperation that goes beyond existing business relationships and company size.

(Specific Initiatives)

We will work with our supply chain to jointly develop decarbonization and low-carbon technologies.

- We will share the necessary know-how with our supply chain to address risks related to corporate activities, such as natural disasters and infectious diseases, and provide support for stable business activities even when such risks emerge.
- We will implement health management practices and raise awareness of health management.

2. Compliance with the Promotion Standards

We will comply with desirable trade practices between entrusting business operators and small and medium-sized entrusted business operators ("Promotion Standards" under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises). These include improvements to ordering methods, methods for determining compensation, payment methods, and terms and conditions related to transactions for molds and other related tooling, as well as the protection of intellectual property and the implementation of fair and appropriate business transactions. We will also actively correct trade practices and commercial customs that may hinder the establishment of partnerships with our suppliers.

3. Other (optional)

Under the Business Philosophy of "We strive to create a safe, comfortable and enriching society using world-class technology and expertise," we will build relationships of trust with business partners and other stakeholders through honest dialogue.

Based on the CTI Engineering Group Challenges for Sustainability, which proposes new value for achieving sustainability through infrastructure development, we will ensure the sustainability of the CTI Engineering Group's supply chain and value chain. In addition, through our core business of consulting services, we will also contribute to the sustainable development of society by collaborating with our supply chain to promote activities that contribute to sustainability in all areas of society, including net zero, resource recycling, and coexistence with nature.

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The Value of the CTI Engineering Group Created by Diverse Expertise

Each Individual's Experience Drives the Group's Collective Strength

Across the CTI Engineering Group, professionals with diverse expertise and experience collaborate to create new value.
This roundtable discussion was attended by employees who joined CTI Engineering as mid-career recruits.
They shared their perspectives on the Company's culture and strengths,
as well as their own job satisfaction, social responsibility, expertise, and mindsets.



Sho Kashima
Transportation Systems Section
Road & Transportation Engineering Division
Osaka Main Office

Fumie Kosuge
Water & Sewerage Division
Tokyo Main Office

Kayo Sasaoka
Resource Recycling & Energy Division
Osaka Main Office

Hikotaro Naotsuka
Management Engineering Division
Tokyo Main Office

New Career Opportunities That Opened Up after Joining CTI

A Workplace Where Diverse Careers Thrive

Kashima: Before joining the Company, I was a local government employee. I was involved in working with consulting engineers from the perspective of the client. During that time, I had a growing desire to contribute to solving social issues by making proposals myself, and that is what led me to join the Company. Currently, I work in a department that provides technical services related to transportation infrastructure. I am involved in supporting the implementation of autonomous driving and next-generation mobility.

Naotsuka: I am currently responsible for designing bidding systems for local governments and developing improvement proposals for local governments that are facing challenges. In my work, I draw on my previous experience as a local government employee and make a point of considering what the client values, what they identify as issues, and how to structure proposals accordingly.

Kosuge: My previous job was at a water resources consulting firm, where I was responsible for structural design. I wanted to apply the skills I had developed there to a broader range of fields, so I decided to join the Company because it is a comprehensive consulting engineering company. Currently, I am involved in the comprehensive design of water supply and sewerage facilities, including both architectural and civil engineering aspects. As I have had more opportunities to step back and consider these facilities as a whole, I feel that my own perspective has broadened as well.

Sasaoka: I have had a wide range of experiences, including working at a building services firm, serving with the Japan Overseas Cooperation Volunteers, and providing support to local governments. I think the fact that my career has not followed a straight path has enabled me to approach issues from multiple perspectives. I am currently involved in the implementation of renewable energy and environmental planning. I feel that this is a field that requires not only technical ability, but also a multifaceted perspective to address issues such as consensus-building with local communities, understanding regulatory frameworks, and assessing economic viability.

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SPECIAL FEATURE: Roundtable Discussion with Mid-Career Recruits

An Organizational Culture That Draws Out the Strengths of Individuals

Naotsuka: I feel that there is a high degree of flexibility in how we work, since we have systems such as shift work and home working. There are also many opportunities for communication and feedback, such as one-on-one meetings with supervisors. I feel that working in an environment where I can have my strengths and challenges put into words is contributing to my growth.

Kashima: One of the reasons I chose to join the Company was because I was drawn to the people who work here. When I was a student, the employees who supported me in a joint research project gave me the impression of being very approachable and open, and that impression has not changed since I joined the Company. When I was working on obtaining a professional certification, I had the opportunity to receive feedback and reviews not only from my supervisor but also from employees at other offices who had received the certification. This experience gave me firsthand appreciation for our culture of having the entire department play a role in fostering people. The CTI Engineering Group's Code of Corporate Conduct states, "People First: "Promote corporate activities with a culture of putting people first," and in my daily work, I can see this being put into practice.

Kosuge: One thing that particularly impressed me when I joined the Company was its approach to quality. I felt that there was a firmly established culture of striving to improve quality across the entire organization by implementing quality improvement systems such as STEP REVIEW® (the Company's proprietary quality control process).





Sasaoka: Since my department is involved in a new field, we need to constantly keep learning. Recently, there has been a growing trend within the department to create our own opportunities for growth, such as organizing group study sessions. Through these efforts, we are gradually accumulating new insights and expertise. Going forward, I hope we can share these throughout the Company to enhance the engineering capabilities of the entire organization.

An Environment That Encourages Challenges and Growth

Kosuge: I feel that the Company provides considerable support for fostering young employees. Mid-career recruits, on the other hand, are expected to take initiative to a certain extent. Something that I consider to be particularly important in terms of fostering employees is how we share knowledge about the actual work sites. Although the role of a consultant tends to center around desk work, it is actually extremely important to gain a sense of the on-site conditions. There are many things that cannot be seen from drawings or plans alone, so I make a point of encouraging young employees to be aware of how things look on-site. Going forward, it will be important to further enhance training opportunities that allow employees to learn more about what the sites are actually like.

Naotsuka: In my department, we have a culture of sharing response strategies across teams as soon as we see signs of a problem. There is a strong mindset of responding as an organization rather than as individuals. There are many opportunities to learn from highly experienced colleagues, and I feel that we have an environment where it is easy to ask for advice.

Kashima: I feel our corporate culture encourages everyone to take on new challenges. I am always thinking about how much responsibility I should entrust to younger employees. However, to help them develop initiative, I believe it is also necessary to be bold and let them gain experience. In order to help each employee grow, I make a point of considering their individual characteristics as I gradually give them more autonomy.

Sasaoka: When it comes to collaboration across the organization, there are times when it can be difficult for mid-career recruits to know where to find the expertise they need. I also feel that we need to further strengthen collaboration between departments, including those in Tokyo and Osaka. The Company has a diverse range of specialized sectors and a high level of engineering capabilities. That is why I believe we can create even greater value if we can collaborate across departments and offices.

A Sense of Responsibility and Pride through Work That Supports Society

Our Responsibility for Infrastructure That Supports Everyday Life

Kosuge: For water supply and sewerage infrastructure that supports people's daily lives, we believe that the best outcome is when nothing goes wrong. That is why preventive maintenance, which aims to preempt service disruptions caused by disasters or accidents, is essential for supporting society's infrastructure. While water supply and sewerage infrastructure are often taken for granted, a single disruption can have a major impact on citizens' lives and the local economy. This is exactly why we must continue to carefully consider what we need to prioritize now, while also looking ahead to the future.

Since most water supply and sewerage facilities are used for a long period of time, decisions made during the design phase have a significant impact on their maintenance and management decades later. For this reason, I always approach my work from a long-term perspective, considering not only the immediate design but also how the facilities will be utilized in the future and whether they will be easy to maintain.



Naotsuka: Following the 2024 Noto Peninsula Earthquake, I was engaged in client-side procurement support for Suzu City, Ishikawa Prefecture, where unsuccessful bidding became a major challenge for disaster recovery projects. If the system is designed improperly, it can have a significant impact on the speed of recovery and the projects themselves. Therefore, I am always

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aware of the weight of this responsibility.

Although system design work often goes unseen, it plays a vital role in supporting the recovery of the affected areas. In disaster response, in particular, it is essential to balance speed and fairness. Within a limited timeframe, we need to create a system that allows projects to proceed appropriately while taking into consideration on-site conditions and the circumstances specific to each local government. I believe that by steadily making these efforts, we can realize the reconstruction of local communities and infrastructure.



Kashima: In the autonomous driving project in which I was involved, we received positive feedback from local residents through community briefings and demonstration testing, which gave me a strong sense of fulfillment. In rural areas, in particular, where securing mobility options has become a major challenge due to declining and aging population, automated driving is expected to be one of the potential solutions. However, our work is not just about technology. We consider everything from local residents' understanding and operational structures to financial aspects. Looking ahead to how the service will be operated and sustained after its introduction, I came to realize how significant our impact on society is and felt a great sense of responsibility.

One highly appealing aspect of our work is that we are involved not only in planning but also in seeing how services actually become operational in local communities and create a positive impact on people's lives. Being involved all the way to social implementation gives me a strong sense that we are directly contributing to solving local issues.

Sasaoka: The same applies to the renewable energy field. It takes more than discussing ideals to make things happen. We need to consider this field from multiple perspectives, including economic feasibility, community consensus, and alignment with government policies. I feel the difficulty and responsibility involved in implementing solutions tailored to the specific challenges and circumstances of each community while taking on the major challenge of decarbonization. Furthermore, renewable energy solutions cannot be applied uniformly across the country, and the most suitable approach varies depending on the characteristics of each region. That is why having dialogue and building consensus with local communities are just as important as the technology itself. Moving forward, issues related to decarbonization and energy will be increasingly important to society. Since this is a new field, there are many challenges we have never encountered before, but that also means we can create new value on our own. That is what I find exciting.

Building Trust alongside Technical Expertise

Kashima: I will continue making proposals that lead to social implementation, accurately capturing the needs of clients and local communities. When it comes to new technologies, it is not just a matter of introducing them and being done with it. What is important is that these new technologies continue to be used in the community afterwards. That is why I always make a conscious effort to approach my work from a long-term perspective.

Sasaoka: In my case, I want to broaden my perspective beyond technical expertise to include management and organizational development. I believe it is important to collaborate with people from diverse areas of expertise to create value as an organization.

Kosuge: I also believe that being a consultant is not merely about creating drawings and plans but about solving problems together with clients and local communities. What makes me happiest is when a client tells me, "I'd like to work with you again." I will continue to value not only deepening my engineering capabilities but also engaging our clients with integrity and building trust over time.



Naotsuka: After all, systems and mechanisms are a means to an end. What truly matters is whether they are useful for the people and communities they are intended to support. That is why I want to continue being an engineer who listens carefully to others and thinks thoroughly about the fundamental issues.



Sources of Value Creation Highlighted at the Roundtable Discussion

This roundtable discussion featured four participants. Although they all had different career paths and areas of expertise, it reaffirmed that they had a shared desire to contribute to solving social issues.

They discussed a range of perspectives, such as the client's standpoint, insights gained on-site, expertise in system design, and an understanding of local communities. At the CTI Engineering Group, these diverse experiences and expertise are organically combined to create value in a way that is unique to us.

At the same time, some challenges were also brought to light, which includes further deepening cross-departmental collaboration and passing on the knowledge accumulated on-site. We recognize that being an organization that is able to confront these challenges, share insights, and persistently strive for improvement is itself the source of our competitiveness.

As social issues are becoming increasingly complex, we must continue to enhance our expertise and organizational capabilities through investment in human capital and provide consistent support from concept development to social implementation. This roundtable discussion once again highlighted the strength and potential of the people who will shape the future of the CTI Engineering Group.

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Enhancing Corporate Value through the Promotion of Sustainability Management



Hisashi Nomiyama
Executive Officer
General Manager,
Sustainability Promotion Section
Planning & Business Development Headquarters

One year has passed since the Company launched the Sustainability Promotion Section in April 2025.

During this period, we have worked to establish a governance and promotion system for sustainability management within the Group.

Specifically, sustainability has been positioned at the core of management, and the relationships among our Business Philosophy, Code of Corporate Conduct, and materiality issues have been systematically organized to formulate the CTI Engineering Group Basic Policy on Sustainability. Through this, we have clarified the Group's fundamental approach to sustainability and promoted initiatives aimed at addressing climate change, strengthening human capital, and solving social issues across the Group.

On the business front, we have delivered tangible results by integrating our sustainability initiatives with the creation of corporate value through the expansion of our operations dealing with climate change-related projects.

As stated in our Basic Policy on Sustainability, the Group's business activities have the inherent characteristic of being directly linked to solving social issues. Going forward, we will continue to contribute to achieving a sustainable society by addressing social issues through our business activities.

Basic Policy on Sustainability

The Sustainability Committee discussed the Group's approach to sustainability management. These discussions were compiled into the CTI Engineering Group Basic Policy on Sustainability, which was announced in January 2026. Based on this policy, we will promote sustainability management and contribute to the sustainable development of society.

CTI Engineering Group Basic Policy on Sustainability

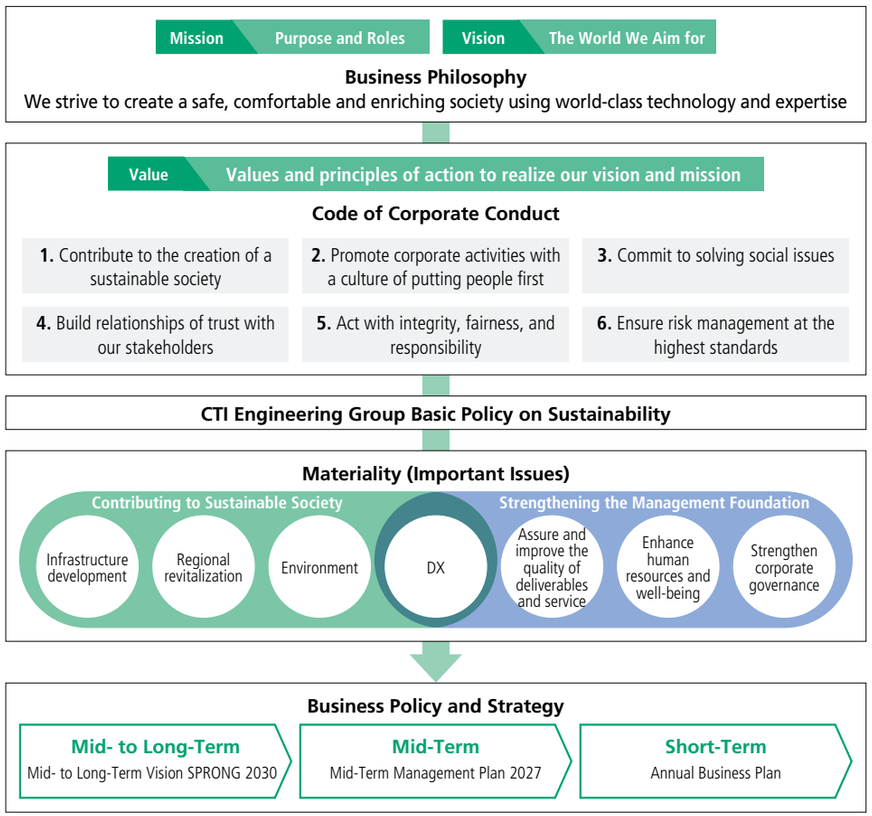
The CTI Engineering Group has established its Business Philosophy as "We strive to create a safe, comfortable and enriching society using world-class technology and expertise." Our Code of Corporate Conduct sets forth the principles for realizing this philosophy.

Guided by our Business Philosophy, we recognize that all of our businesses are closely connected to the creation of a sustainable society, and we strive to enhance corporate value and contribute to the sustainable development of society through the practice of our Code of Corporate Conduct.

Overview of Various Concepts

In addition to formulating the CTI Engineering Group Basic Policy on Sustainability, the various concepts that make up the Group's value creation system were organized and partial revisions to the Code of Corporate Conduct were also discussed at the Sustainability Committee meeting in 2025.

The Group upholds the Business Philosophy of "We strive to create a safe, comfortable and enriching society using world-class technology and expertise" with the aim of realizing a prosperous and vibrant future for our precious planet and people worldwide. Guided by this philosophy, we will pursue sustainability-focused management through initiatives to address materiality (important issues) in accordance with the Code of Corporate Conduct and the CTI Engineering Group Basic Policy on Sustainability, which were established to realize this philosophy.



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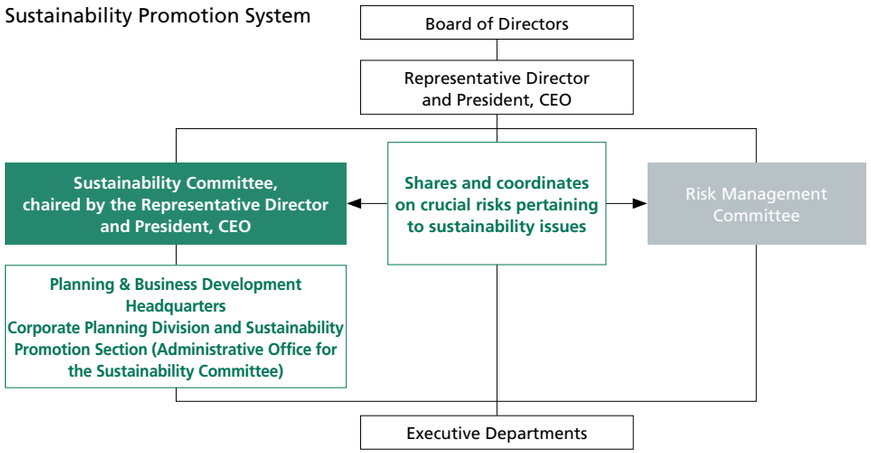
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Promotion System for Sustainability Management

We have established a Sustainability Committee (chaired by the Representative Director and President, CEO) with the same status as the Management Meeting, creating a governance structure that embeds sustainability into the structure for addressing management issues.

The Sustainability Committee discusses materiality (important issues) from the perspective of sustainability management, monitors the materiality issues that have been identified, and reviews the process via a PDCA cycle as necessary. It also deliberates on research, technology development and human resource development policies that contribute to reductions in greenhouse gas emissions and the creation of sustainable communities. The committee makes decisions on key matters with approval of the Executive Officers' Meeting and Board of Directors.

Sustainability Promotion System



Sustainability Committee Members

Chairperson	Representative Director and President, CEO (director of sustainability)	
Members	[CTI Engineering]	Chief, Administration Headquarters (deputy director of sustainability), Chief, Planning & Business Development Headquarters, Chief, Engineering Headquarters, Branch Presidents
	[Consolidated Group companies]	Representative directors and presidents, CEOs

Key Agenda Items for the Sustainability Committee

- Redefine the respective roles of the Group's Business Philosophy, sustainability management, and Code of Corporate Conduct
- Monitor and review materiality issues
- Discuss progress on the CTI Engineering Group Challenges for Sustainability (monitoring of sales from climate change-related projects, initiatives towards achieving net zero, etc.)
- Discuss progress on initiatives to promote well-being
- Explore measures to boost the Group's brand power

Sustainability Business: CTI Ascend's Project

CTI Ascend Co., Ltd. was established in January 2023 in Soma City, Fukushima Prefecture, a city affected by the Great East Japan Earthquake of 2011. Its aim is to contribute to restoring the community through sustainable projects centered on recycling local resources and utilizing idle facilities. In May 2023, it started cultivating grain corn. CTI Ascend began producing whisky using the corn as a raw material in July 2024 and started sales of their whisky products in March 2026.

The name of its flagship brand, HIRAKU, is made up of two Japanese characters: "Hira," meaning the reclamation of idle farmland, and "Ku," expressing the spirit of embarking on a new challenge from Soma. Additionally, the golden circle in the logo represents the rising sun, inspired by the name of the distillery, Ascend.

Their efforts have also received high recognition externally. HIRAKU NEW MAKE MashR won the Gold award, and HIRAKU NEW BORN MashR the Silver award at the TOKYO WHISKY & SPIRITS COMPETITION 2026. Furthermore, their business model that is centered on utilizing idle land and underused resources, as well as recycling local resources, has been acclaimed as an SDGs initiative in which the philosophy is backed by concrete action, earning them the SDGs Award of the Year.





玉野アセンド蒸留所
Tamano Ascend Distillery

CTI Ascend Co., Ltd. / Tamano Ascend Distillery
https://tamano-ascend-distillery.jp/
(Only in Japanese)

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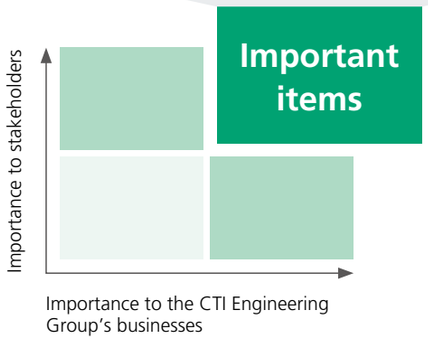
Materiality for Value Creation (Important Issues)

CTI Engineering Group's Materiality (Important Issues)

The CTI Engineering Group's social environment presents a diverse array of issues, such as demands for greater diversity in personnel and stronger corporate governance, in addition to global problems such as climate change and energy. In this social environment, under its Mid- to Long-Term Vision SPRONG 2030, the CTI Engineering Group aims to make great strides forward as a Global Infrastructure Solutions Group that can resolve all sorts of issues related to infrastructure in Japan and overseas, and contribute to the sustainable development of society. To ensure that we take steady steps toward making this happen, we have identified the important issues we should address as our materiality issues.

Seven Important Issues the CTI Engineering Group Should Address (Materiality Issues)

Contributing to a Sustainable Society	Strengthening the Management Foundation
I. Contribute to infrastructure development that supports safety and security	V. Enhance human resources and achieve well-being
II. Contribute to the sustained development of countries, communities and society	VI. Strengthen corporate governance
III. Contribute to a decarbonized and recycling-oriented society and ecosystem preservation	VII. Assure and improve the quality of deliverables and services
IV. Create value through digital transformation (DX)	



Materiality Determination Process

1. Extract Social Issues

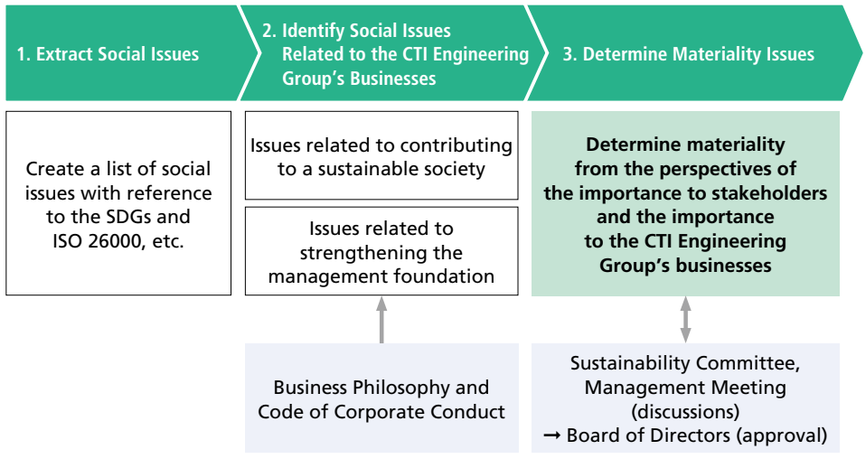
We created a list of social issues with reference to the SDGs and ISO 26000, particularly issues that are related to contributing to a sustainable society and those related to the Company's management foundation.

2. Identify Social Issues Related to the CTI Engineering Group's Businesses

Based on the CTI Engineering Group's Business Philosophy and Code of Corporate Conduct, we identified the issues related to the CTI Engineering Group's businesses from among the social issues. The issues related to the CTI Engineering Group's businesses were then organized by classifying them into issues related to contributing to a sustainable society and issues related to strengthening the management foundation.

3. Determine Materiality Issues

We assessed the importance of each issue from the perspectives of the importance to stakeholders and the importance to the CTI Engineering Group's businesses and identified seven materiality issues through discussion by the Sustainability Committee, the Management Meeting and the Board of Directors. The Sustainability Committee monitors the identified materiality issues and revises them as necessary through PDCA cycles.
With regard to important risks related to sustainability issues identified by the Risk Management Committee, the Risk Management Committee and Sustainability Committee share information and collaborate with each other and hold discussions on specific targets.



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Materiality for Value Creation (Important Issues)

Category		Reason for Selection	Risks	Opportunities	Main Initiatives	Relationship to SDGs Targets
Contributing to a Sustainable Society	Contribute to infrastructure development that supports safety and security	The increasing severity of natural disasters due to climate change and the aging of infrastructure developed during Japan's period of high economic growth, among other challenges, have become social issues. Meanwhile, funding for infrastructure development and the lack of infrastructure developers are also challenges, requiring more efficient and effective infrastructure development. Leveraging its accumulated expertise and experience, the CTI Engineering Group will address issues related to infrastructure development, which supports a safe and secure society.	• Increased disaster risk from climate change and earthquakes, etc. • Infrastructure deterioration • Unchanged public works budget in the domestic market • Lack of infrastructure developers • Unchanged ODA budget in international markets	• Increase in response operations due to intensification of disasters • Updating aging infrastructure, increased maintenance demand • Introduction of diverse bidding systems through amendments to the Quality Assurance Act • Increased competitiveness through higher unit rates for engineers • Initiatives to expand high-quality infrastructure exports	• Strengthen measures to address national resilience • Expand business to public-private partnerships and the private-sector market	9, 13
	Contribute to the sustained development of countries, communities and society	The stagnation of regional economies and maintenance of social infrastructure services have become social issues due to factors such as the declining birthrate and aging of society. In addition, there are certain regions of the world that are suffering from a lack of infrastructure development, which is necessary for economic development. By harnessing the initiative of revitalizing regions through next-generation mobility and its track record of developing infrastructure in Japan, the CTI Engineering Group will contribute to the sustained development of society in Japan and other parts of the world.	• Sustaining local livelihoods in the face of population decline • Stagnation in local communities • Maintenance of social infrastructure services • Worsening of market environment due to international economic stagnation • Emergence of energy and security issues • Material price hikes due to worsening international conditions • Lack of financial resources for public works projects in many countries due to tight national finances	• Growing need for solutions to population decline, stagnation of local communities, and maintenance of social infrastructure services • Change in logistics systems prompted by the 2024 problem	• Expand business to municipalities • Promote global business expansion	3, 8, 11
	Contribute to a decarbonized and recycling-oriented society and ecosystem preservation	Realizing a recycling-oriented society with a reduced environmental impact through such means as shifting to sustainable energy has become a global priority. The preservation of ecosystems and protection of biodiversity in bodies of water and on land areas have also become urgent priorities. By leveraging the CTI Engineering Group's experience in consulting services related to environmental analysis and environmental preservation measures, the CTI Engineering Group will contribute to the creation of a recycling-oriented society and the preservation of ecosystems.	• Increase in extreme weather and natural disasters due to climate change • Reputational risk related to environmental protection • International instability risk in energy procurement (geopolitical risk, market risk)	• Increased demand for net zero and renewable energy due to adoption of the SDGs and Paris Agreement • Recycling-oriented society with lower environmental impact • Protection of ecosystems and diversity	• Expand business to the energy and environmental management sectors • Promote the CTI Engineering Group Challenges for Sustainability	7, 13, 14, 15
	Create value through digital transformation (DX)	The CTI Engineering Group aims to contribute to society through technology. Therefore, it is essential for the CTI Engineering Group to stay on top of rapidly evolving technology. The digitalization and innovation of companies are sources of competitiveness, and the use of innovative technologies also helps to solve social issues. The CTI Engineering Group will apply the outcomes of its digital transformation (DX) initiatives to solve social issues, along with putting these outcomes to good use in streamlining business production processes and increasing corporate value.	• Intensifying competition, such as entry of other industries • Cybersecurity • Delayed response to change and new technologies, lack of differentiation from other companies • Reduced engineering capabilities from excessive automation	• More efficient operations and higher productivity • Emergence of innovative technologies such as generative AI • Creation of new technology menus via DX • Source of innovation • Improved reputation	• Expand business to the information services sector • Strengthen investment in technological innovation	9
Strengthening the Management Foundation	Enhance human resources and achieve well-being	The CTI Engineering Group's greatest management resource is its people. Therefore, it is extremely important for us to hire, train, and revitalize our people. We believe that when employees are happy, it drives their creativity and productivity, which in turn attracts more talented people. For this reason, the CTI Engineering Group regards well-being as its most important challenge, and top management will promote it as a significant issue.	• Intensifying competition to acquire human resources • Insufficient project development capabilities • Increased working hours due to lower productivity	• High level of engineering expertise • Accumulation of broad-ranging knowledge and experience by exceptional engineers • Customer base cultivated through long-term trust • Diversification of work styles	• Promote well-being management • Practice health management • Strengthen recruitment and development of human resources	3, 4, 5, 10
	Strengthen corporate governance	The CTI Engineering Group believes that transparent governance is essential to promoting sustainable reforms under fair business practices. Through proper and proactive information disclosure, we will build relationships of trust with stakeholders. Concurrently, we will ensure fair decision-making and management and implement proactive and defensive governance, with the aim of sustainably increasing corporate value.	• Stagnation in business activities • Loss of public trust due to fraud cases, etc. • Impairment of corporate value	• Establishment of stable management base through decision-making transparency and improvement and by responding appropriately to change • Acquire stakeholder trust	• Strengthen risk management • Implement management that considers capital efficiency • Conduct proper and proactive information disclosure	16, 17
	Assure and improve the quality of deliverables and service	The CTI Engineering Group's deliverables and services are directly related to people's safety and security. Therefore, assuring the quality of deliverables and services, as well as retaining the trust of customers and other stakeholders, can be described as a lifeline for the CTI Engineering Group's corporate activities. The CTI Engineering Group will endeavor to provide high-quality final products and services as it strives to enhance customer satisfaction, its public reputation, and its technical competitiveness.	• Occurrence of mistakes and errors • Loss of stakeholder trust due to errors, etc.	• Improved competitiveness from higher quality • Acquire trust from stakeholders	• Raise the sophistication of quality management • Promote reform of production systems	17

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SPECIAL FEATURE

Engineering Capabilities That Continue to Support Disaster Recovery

15 Years Since the Great East Japan Earthquake, 10 Years Since the Kumamoto Earthquake

As consulting engineers, we have gone to disaster sites immediately following disasters to conduct damage assessments and emergency inspections. Following both the Great East Japan Earthquake and the Kumamoto Earthquake, we rapidly mobilized engineers and provided comprehensive support from the initial response through recovery and reconstruction. These efforts go beyond simply restoring what was lost and have led to community development that looks ahead to the future of the affected areas. CTI Engineering has been involved at every stage, including planning, design, and project implementation, supporting reconstruction over the long term while working closely with disaster-affected communities. Supporting a safe and secure society through infrastructure development and appropriate maintenance management is an important mission of consulting engineers. Going forward, we will continue to leverage the technologies and expertise we have cultivated over the years to contribute to sustainable national development.

Onagawa Town, Miyagi Prefecture—Reviving Vibrancy After the Earthquake

Onagawa Central District, Onagawa Earthquake Reconstruction Project

In Onagawa Town, Miyagi Prefecture, where much of the town's functions were lost due to the Great East Japan Earthquake, the private sector, local government, and residents worked together to establish an organization to promote reconstruction and community development. In this project, stakeholders held repeated discussions on the use of public spaces and urban design as they worked to revitalize the community.

CTI Engineering has been involved in Onagawa's recovery since immediately after the disaster, contributing to studies on the reconstruction of the commercial area, the establishment of the Onagawa Town Central Commercial District Reconstruction Council, and the formulation of the Onagawa Town Urban Core Revitalization Plan. Renga Michi, which symbolizes the area in front of Onagawa Station, has become a vibrant and relaxing gathering place. This achievement was recognized with the 2018 Good Design Award and the JSCE Civil Engineering Design Prize 2019—Grand Prize.



Renga Michi extending from Onagawa Station Plaza to the sea



Onagawa Town immediately after the earthquake and tsunami in March 2011



The reconstructed townscape

Voice of the Person in Charge

At the time, around 90% of the buildings in the town had been destroyed or partially destroyed, and we began working in the cramped space of a temporary government office.

Onagawa was not washed away, It will be reborn as a new Onagawa,
People will keep waiting without giving up, So that they can experience the joy of living in a new Onagawa

This poem sustained me when I felt close to losing heart. The elementary school student who wrote it at the time is now an employee of Onagawa Town. Meanwhile, a new employee joined the Company this year, saying that they wanted to work here "because it is the company that worked on Onagawa's community development."

The Company carries out a wide range of projects. At times, work can be more demanding than we could ever have imagined, but people grow through the work, and others grow by seeing that work. We will continue to carry this cycle forward.



Yuichi Chiba

General Manager,
PPP Business Promotion Section,
Planning & Business Development Headquarters
(At the time:
Onagawa CM Office,
Community Design & Development Section,
Tohoku Office)

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Engineering Capabilities That Continue to Support Disaster Recovery

— 15 Years Since the Great East Japan Earthquake, 10 Years Since the Kumamoto Earthquake

Kamaishi City, Iwate Prefecture—Building a Sustainable Reconstruction Model

Since 2013, we have supported construction management (CM) services for reconstruction projects covering 13 districts in Kamaishi City. By introducing the Early Contractor Involvement (ECI) method*1 for contractor selection and providing comprehensive support for community development—including management from the design stage through completion of construction, landscape planning, and utilization of former relocation sites—we helped bring the reconstruction projects to completion through a partnership between the city and the Construction Manager (CMR*2).

*1 A procurement method in which the contractor participates from the design stage and its technical expertise is incorporated into the design.
*2 The role of overseeing and managing the overall project from the client's perspective.



Kamaishi City immediately after the earthquake and tsunami in March 2011



The reconstructed townscape

Voice of the Person in Charge

The reconstruction project CM served as a catalyst for the expansion of CM services nationwide. I myself have been involved in CM for many years, but no other project has been as dynamic or left such a lasting impression on me.

We are currently exploring new approaches to CM services, and I hope to see them expand and develop even further.



Hitoshi Hori

General Manager, CM & Execution Management Division, Osaka Main Office
(At the time: CM Section, Tohoku Office)

Reconstruction Director System and the "Kamaishi Future City Project"

In Kamaishi City, which suffered extensive damage in the Great East Japan Earthquake, the Reconstruction Director System facilitated proactive planning and implementation through collaboration among the municipal government, residents, and experts, enabling reconstruction that made use of the city's existing urban structure.

By combining multiple layers of protection with the phased designation of disaster hazard areas, the project presented a sustainable and advanced model for reconstruction while also contributing to medium- to long-term community development that takes into account population decline and an aging population. Furthermore, the project was recognized for its continuous involvement over the 15 years since the disaster, during which reconstruction efforts have been repeatedly evaluated and put into practice, and received the Special Award for Recovery or Reconstruction from Disasters as part of the Architectural Institute of Japan Prizes 2026.



Aerial view of the eastern Kamaishi district (July 2019)

Voice of the Person in Charge

At the time of the disaster, we were already carrying out work commissioned by Kamaishi City, so from March 24, 2011, I became involved on site in restoration and reconstruction efforts.

Fifteen years have passed since then, and although the appearance of Kamaishi has changed considerably, the kindness and warmth of its people remain just as they were before the disaster. I hope to make supporting the sustainable development of Kamaishi my life's work.



Yoshiyuki Ito

Chief Engineer, Urban Planning Division, Tokyo Main Office
(At the time: Kamaishi Reconstruction CM Office, Kamaishi Reconstruction Promotion Office, Tohoku Office)

Kumamoto Prefecture
—Large-Scale Infrastructure Development Undertaken While Responding to Disaster

Tateno Dam Construction Project

For one of Japan's largest flood-control dams, constructed as a flood countermeasure for the Shirakawa River, which flows through central Kumamoto City, the Company was responsible for flood control and sedimentation planning, bridge repair design, construction planning for the main dam body (including restoration following the Kumamoto Earthquake), landslide countermeasures, and environmental surveys and conservation studies. To address weak zones distributed across the riverbed and an approximately two-year delay in the start of construction caused by the Kumamoto Earthquake, the construction schedule was shortened through measures including the adoption of a curved gravity dam using the columnar construction method and the automation of cable cranes. These efforts enabled the project to meet its original completion target and were recognized with the 6th Civil Engineering Award at the Nikkenren Awards 2025.



Road damage immediately after the Kumamoto Earthquake (April 2016)



Reservoir conditions during trial impoundment (Photo courtesy of the River Management Division, Kumamoto Office of Rivers and National Highways, Ministry of Land, Infrastructure, Transport and Tourism)

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Vision for 2030 | Global Infrastructure Solutions Group

Aiming to make great strides forward as a Global Infrastructure Solutions Group that can resolve all manner of issues related to infrastructure in Japan and overseas, and contribute to the sustainable development of society

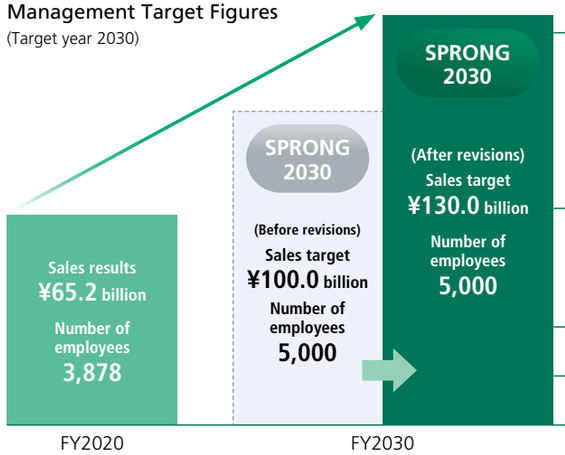
Vision Overview

The business environment surrounding the Group has changed significantly, including the increasing frequency of large-scale natural disasters due to climate change, major shifts in work styles triggered by the spread of COVID-19, developments in the Fourth Industrial Revolution, and efforts to achieve the SDGs.

The CTI Engineering Group is a group of professionals that grows through the worldwide activities of the Group's employees. Aiming to make great strides as a Global Infrastructure Solutions Group that contributes to the sustainable development of society, we formulated our Mid- to Long-Term Vision SPRONG 2030 in August 2021.

Sales for the fiscal year ended December 31, 2024 amounted to ¥97.6 billion, bringing the Group close to achieving the targets set under the Mid- to Long-Term Vision. In light of this, in February 2025 we partially revised the management target figures and other targets, raising the 2030 sales target from ¥100.0 billion to ¥130.0 billion.

Management Target Figures
(Target year 2030)



Sales	¥130.0 billion
Domestic Consulting Engineering Business	
No. 1 in domestic sales at **¥94.0** billion	
Overseas Consulting Engineering Business	
Around **30**% of sales at **¥36.0** billion	
Operating income	¥15.0 billion
Operating income margin	11% or higher
ROE	12% or higher
Number of employees	5,000

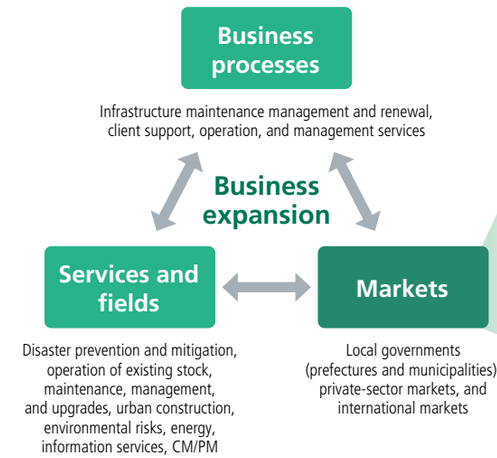
Direction of Growth (Business Expansion)

We will broaden our business by expanding in three areas: business processes, services and fields, and markets. In the area of business processes, we will develop engineering services in a variety of fields covering all infrastructure-related processes, from upstream to downstream. In services and fields, we will strengthen the earnings structure of our core businesses, including project conceptualization, research, planning, and construction management for infrastructure, while expanding into a variety of fields through measures such as implementing the results of R&D and establishing new technical divisions. In markets, we will expand our presence in domestic, overseas and private-sector markets by leveraging existing and new technologies.

For details, please refer to the Company's website.

Direction of Domestic and Overseas Business Expansion
https://www.ctie.co.jp/english/ir/vision/

Direction of Business Expansion



Direction of Market Expansion

Domestic markets	• Contribute to the realization of a safe and secure society through disaster prevention and mitigation and national land resilience • Contribute to regional revitalization by strengthening response to local governments • Expand contribution to the Ministry of Defense and Ministry of the Environment, etc.
Private-sector markets	• Expand contribution to infrastructure development utilizing private sector initiatives such as PPP/PFI • Expand contribution in redevelopment and construction fields such as urban development • Expand into the energy business using proprietary technologies and into private-sector business such as information services
Overseas markets	• Expand contribution to semi-developed and developing countries • Expand construction and infrastructure markets in developed countries centering on Waterman Group Plc

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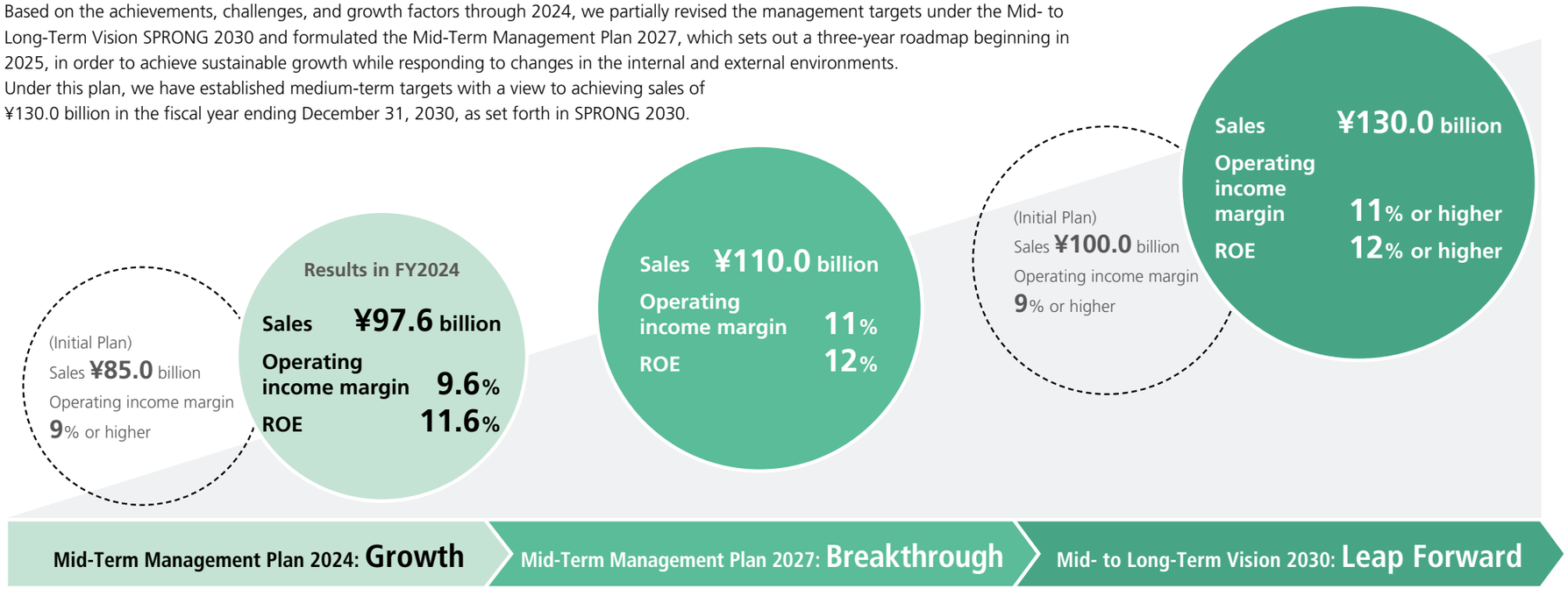
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Mid-Term Management Plan 2027: Overview

CTI Engineering Group's Management Target Figures

Based on the achievements, challenges, and growth factors through 2024, we partially revised the management targets under the Mid- to Long-Term Vision SPRONG 2030 and formulated the Mid-Term Management Plan 2027, which sets out a three-year roadmap beginning in 2025, in order to achieve sustainable growth while responding to changes in the internal and external environments.
Under this plan, we have established medium-term targets with a view to achieving sales of ¥130.0 billion in the fiscal year ending December 31, 2030, as set forth in SPRONG 2030.



Basic Policy of the Mid-Term Management Plan 2027

We will continue to implement key measures such as transforming the business portfolio to prepare for changes in the market environment and strengthening governance, which forms the foundation for enhancing corporate value. In particular, regarding the transformation of our business portfolio, we will actively pursue M&A and investments in startup companies in new fields and fields requiring rapid expansion.
By implementing these two pillars in a mutually complementary manner, we aim to create an environment in which all CTI Engineering Group employees can feel a tangible connection to our vision for 2030.

The Two Pillars of the Mid-Term Management Plan 2027
01

Business Portfolio Transformation

- 01-1 Deepening of Core Business Domains
- 01-2 Acceleration of Growth Areas
- 01-3 Exploration of New Businesses
- 01-4 Expansion of Overseas Business

The Two Pillars of the Mid-Term Management Plan 2027
02

Rebuild of Foundation for Growth

- 02-1 Strengthening Investment in Human Capital
- 02-2 DX / Production System Reform
- 02-3 Challenges for Sustainability
- 02-4 Strengthening Group Governance
- 02-5 Management Conscious of Cost of Equity and Stock Price

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Mid-Term Management Plan 2027: First-Year Progress

First-Year Review and Looking Ahead to the Second Year

Management Target Figures

- Sales achieved the 2025 target of ¥100.0 billion and are progressing steadily toward the 2027 target of ¥110.0 billion
- Operating income margin fell short of the 2025 target of 10%
- ROE decreased from the previous year due to the lower profit margin and the impact of extraordinary losses, despite efforts to improve capital efficiency through shareholder returns

Business Portfolio Transformation

- Stable growth in core businesses • Emergence of new business fields
- Strong growth in growth areas
- Decline in profitability of overseas business

Rebuild of Foundation for Growth

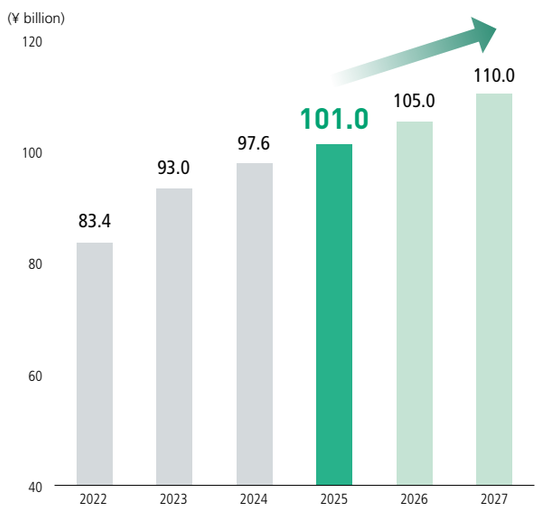
- Each measure was steadily implemented, but challenges became apparent.

Key Issues for the Second Year

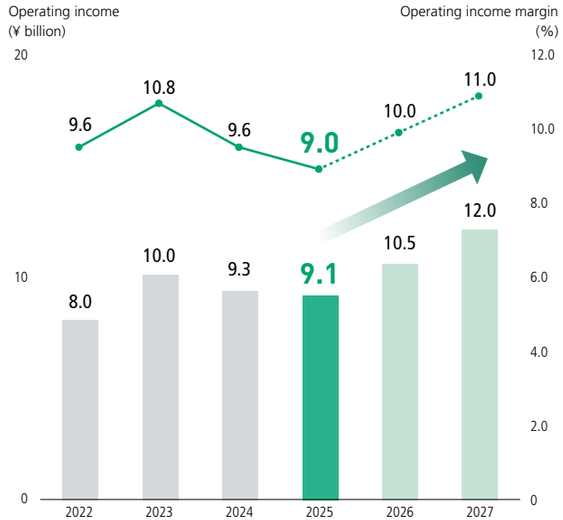
① Strengthen technological competitiveness
② Improve profitability of overseas business
③ Reduce the SG&A ratio
④ Improve employee engagement
⑤ Further enhance productivity
⑥ Strengthen Group governance
⑦ Improve capital efficiency

2027 Management Target Figures

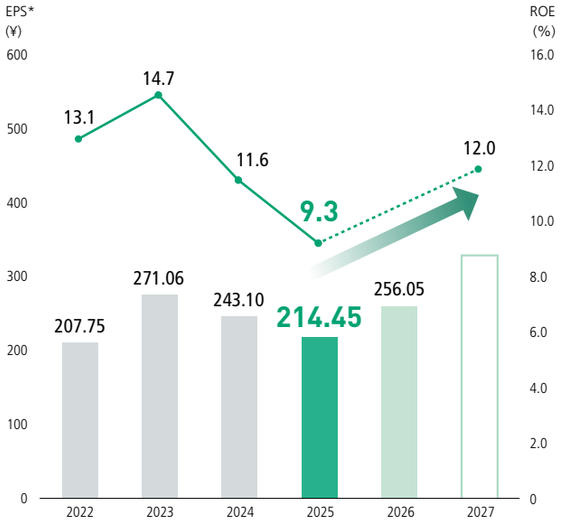
Sales



Operating income / operating income margin



ROE / EPS



* A two-for-one stock split of common shares was conducted on January 1, 2025. EPS was calculated assuming a stock split was conducted at the beginning of each fiscal year.

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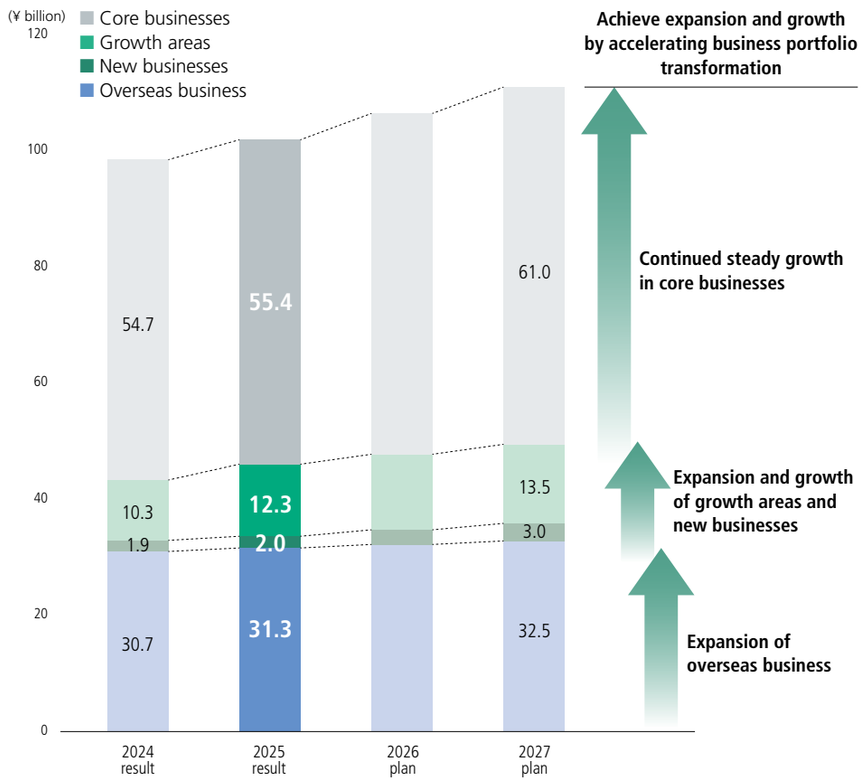
The Two Pillars of the Mid-Term Management Plan 2027
01

Business Portfolio Transformation

01-1 Deepening of Core Business Domains
01-2 Acceleration of Growth Areas
01-3 Exploration of New Businesses
01-4 Expansion of Overseas Business

The business portfolio is being transformed in line with the policies of the Mid-Term Management Plan.
Sales in the core domestic consulting engineering business remain solid, while thorough cost management has ensured stable profitability.
Growth areas and new businesses are expanding steadily and achieving higher profit margins than core businesses. Meanwhile, improving the profitability of overseas business remains a challenge.

Sales Breakdown by Portfolio



Progress by Portfolio

Business Category	Evaluation	Status	Sales / Gross Profit Margin (FY2025)
Core businesses	☀	Sales in the domestic consulting engineering business remained solid. Stable profitability was secured through thorough cost management. The number of orders has been on a downward trend, intensifying technological competition.	¥55.4 billion 32%
Growth areas	☀	The CM/PM business expanded rapidly. The information services business also showed stable growth, achieving a profit margin on par with core businesses. The energy business successfully built a track record through large orders related to hydroelectric power generation.	¥12.3 billion 35%
New businesses	☀	PPP/PFI projects involving public-private partnerships performed strongly. Urban infrastructure and building-related markets were also active, leading to expanded Group collaboration in related businesses. In the environmental field, the Group entered new areas such as PFAS contamination surveys.	¥2.0 billion 34%
Overseas business	☀☁	Sales achieved the target, but profit declined due to lower utilization rates and higher SG&A expenses. The target was achieved through large infrastructure orders in Asia. However, the number of newly adopted projects declined due to reductions in ODA budgets, resulting in lower utilization rates. Concerns over the sluggish UK economy and inflation also persist.	¥31.3 billion 22%

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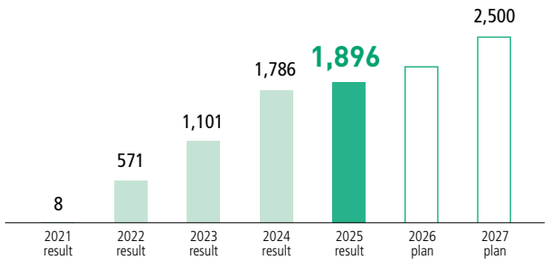
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Progress in the growth areas

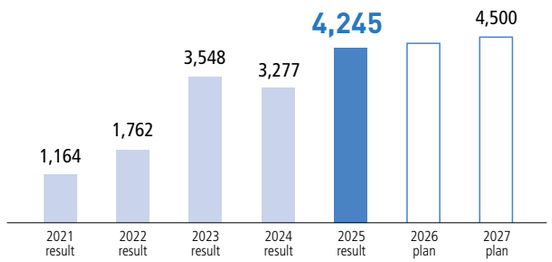
Sales increased across all three growth area businesses, contributing steadily to business portfolio transformation.

Sales Results and Targets by Growth Area (¥ million)

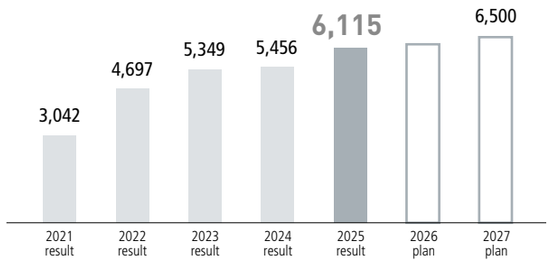
Energy Business



Information Services Business



CM/PM Business



Public-Private Partnership for the Hybrid Yunishigawa Dam

Promoting Net Zero and Regional Revitalization through Hydroelectric Power Generation

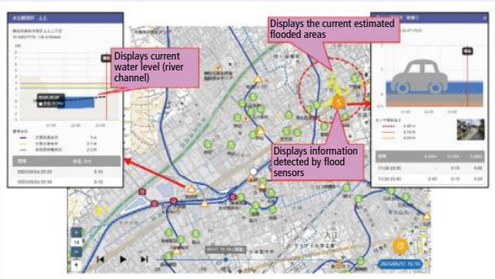
The Ministry of Land, Infrastructure, Transport and Tourism invited applications from prospective operators for a project involving Yunishigawa Dam in Tochigi Prefecture as a hybrid dam that combines enhanced flood control functions with the promotion of hydroelectric power generation. A consortium in which the Company participates as a member was selected as the prospective operator for the Yunishigawa Dam New Hydroelectric Power Plant Installation and Operation Project. This will be the first initiative of its kind in Japan involving a dam managed by the Ministry of Land, Infrastructure, Transport and Tourism.



Tomoe River Flooding Information System

Technical Support for Japan's First System Enabling Shizuoka City to Provide Citizens with Real-Time Flooding Information

The Company provided technical support for the development of a new disaster prevention information system that uses numerical simulations based on actual data, such as rainfall and river water levels, to estimate areas that are currently flooded and provide this information to citizens in real time. Specifically, the Company supported the development of the flood prediction model and the mechanism for displaying and providing information on areas currently flooded.



CM Services for the Yodogawa Left Bank Line Project and Other Projects

Supporting the Enhancement of the Regional Road Network in Northern Central Osaka and Smooth Project Implementation

While addressing highly complex challenges, including Japan's first integrated structure combining a levee and a box-type road structure, the Company supported smooth project implementation through coordination with numerous stakeholders and the resolution of various issues. These efforts were recognized when the Company was named an Outstanding Performance Contractor by Osaka City for FY2023.



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The Two Pillars of the Mid-Term Management Plan 2027
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Rebuild of Foundation for Growth

02-1 Strengthening Investment in Human Capital
02-2 DX / Production System Reform
02-3 Challenges for Sustainability
02-4 Strengthening Group Governance
02-5 Management Conscious of Cost of Equity and Stock Price

As the first year of the Mid-Term Management Plan 2027, we steadily advanced initiatives to rebuild the foundation for growth. Through measures such as reviewing the business portfolio, enhancing decision-making processes, and optimizing personnel allocation, we are strengthening the foundation that supports sustainable growth. At the same time, challenges have become apparent in areas such as improving employee engagement and productivity and strengthening Group governance, making the need for reform even clearer. We will continue to strengthen Company-wide, cross-functional initiatives to enhance competitiveness and evolve toward a more effective foundation.

Status of KGI Achievement

Strengthening Investment in Human Capital

Number of engineers
2027 target: 4,300
[CTI Engineering: 1,940
Group companies: 2,360]
2,816
[CTI Engineering: 1,752
Group companies: 1,064]

Ratio of employees using diverse full-time employee systems*1
2027 target: 6.0%
4.8%

Ratio of female managers
2027 target: 6.0%
4.7%

Engagement score
2027 target: A (58.0)
BBB (56.3)

Attrition rate*2
2027 target: Less than 3%
4.0%

DX / Production System Reform

Number of supervising engineers
2027 target: 5% increase per year
5.7% increase

Annual working hours
2027 target: 2,000 hours or less
2,105 hours

HC-ROI*3
2027 target: 10% improvement
2.6% improvement

IT environment satisfaction score
2027 target: 3.5 points or higher
3.4 pt

Serious accidents or errors
2027 target: Zero
2

Commendations from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)
2027 target: 80 per year
68

Challenges for Sustainability

Sales from climate change–related projects
2027 target: ¥28.0 billion or more
¥36.4 billion

Strengthening Group Governance

Serious misconduct cases
2027 target: Zero
0

*1 Following the establishment of the Life Support System in April 2026, the target was reset to reflect the new system (from 20% at the time the Mid-Term Management Plan 2027 was announced to 6%).
*2 Calculated for full-time employees and contract employees.
*3 The KGI used to measure the effect of productivity improvements was changed from internal output per hour to HC-ROI, as HC-ROI more appropriately reflects the efficiency of human capital investment and productivity improvements.

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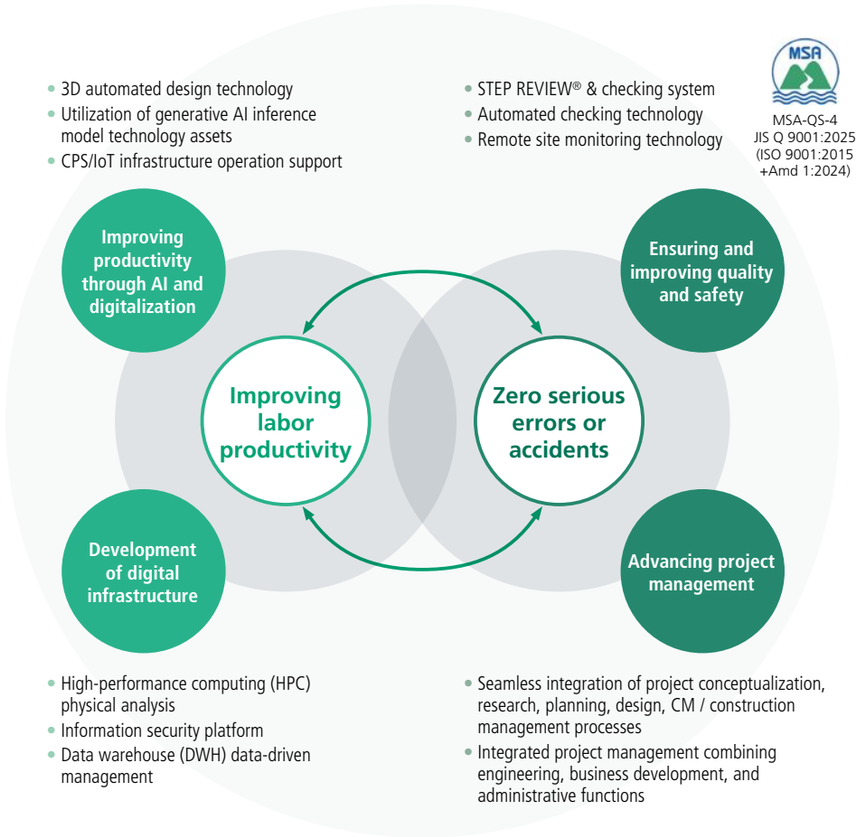
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DX / Production System Reform

Improving Productivity and Ensuring Quality and Safety through AI and Digitalization

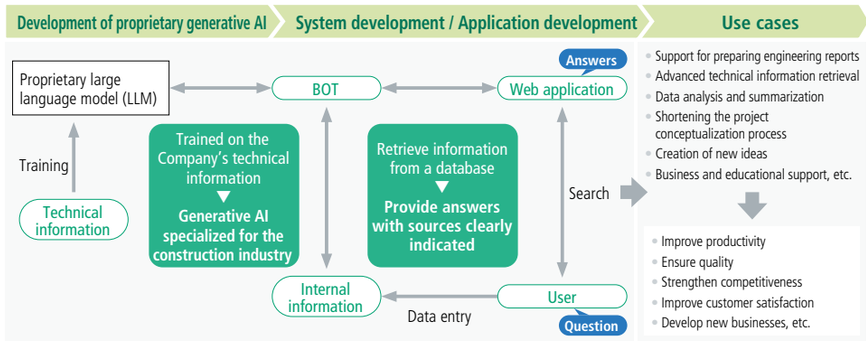
Building on the development of a digital infrastructure, we are promoting productivity reforms by digitizing technical assets, reducing workloads through the standardization of work processes, and ensuring and improving quality by thoroughly implementing reviews and self-checks using quality activity support tools. Through these initiatives, we aim to deliver high-quality services to our customers while reducing non-productive work and improving operational efficiency, thereby achieving both a lower SG&A ratio and higher productivity, which are key issues under the Mid-Term Management Plan 2027.



Examples of DX Utilization **Development of a Business Support System Utilizing Generative AI**

We have built business support systems such as generative AI with knowledge of the Company's technical information and AI chatbots that respond based on internal documents and further developed web applications based on these systems for deployment within the Company. Through these efforts, we will further enhance competitiveness, improve production efficiency, and ensure quality.

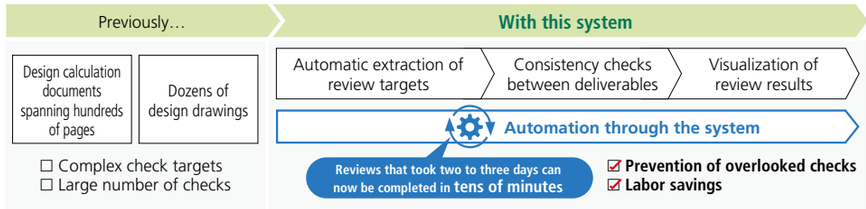
- Developed a proprietary generative AI system aimed at enhancing competitiveness, improving production efficiency, and ensuring quality
- Developed an in-house large language model (LLM) using the technical information held within the Company
- Enabled the development of application systems tailored to various needs for utilizing generative AI



Examples of DX Utilization **Development of an Error Detection System for Design Work**

As part of measures to prevent errors in design work, we have developed a system that automatically checks the consistency of drawings and design calculation results. Previously, error checking was carried out exhaustively by humans, but automation reduces the risk of checks being missed, helping to prevent design errors (ensuring quality) and reduce the workload of review engineers.

- Automatically checks the consistency of drawings and design calculations for sluice gates, culverts, and bridges
- Enables workload reduction (labor-saving and advanced processes) for review engineers and prevention of design errors (ensuring quality)



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Business Strategy: Domestic Consulting Engineering Business

The Domestic Consulting Engineering Business consists of 4 business sectors and 14 engineering sectors. Our major consolidated Group companies are developing businesses independently in addition to collaborating with the business sectors in charge of our core business fields. Together, they are collaborating to strengthen the business foundation and expand operations.

In addition, our local subsidiaries not only support CTI Engineering Group production, which is led by the Company, but also make full use of their production technologies to take orders from outside customers as well.

CTI Engineering Group Production System

Our 14 engineering sectors with advanced expertise support a variety of infrastructure while addressing subjects that require complex technologies through collaboration across engineering sectors and among Group companies.

Furthermore, production support from our local subsidiaries ensures the CTI Engineering Group's high quality and an efficient production system.

CTI Engineering Co., Ltd.

Water & Land Business Sector	Rivers / Water Resources / Coasts / Ports Sector	Disaster risk reduction measures for floods, tsunamis, and storm surges; basin-wide flood risk management; integrated river basin water management; sediment management measures; research, analyses, experiments, planning, design, construction planning, and maintenance management of rivers, coasts, and ports; seismic countermeasures for river management and coastal protection facilities
	Dams Sector	Planning, design and construction planning of new dams and dam rehabilitation projects, sediment management, hydroelectric power generation design, measures to extend the service life of dams, dam operation management, etc.
	Sabo Sector	Planning, design, construction planning and maintenance management of erosion control facilities; investigation and prediction of sediment-related disasters and non-structural mitigation measures
	Water & Sewerage Sector	Planning, design and construction planning of water supply and sewerage facilities, including pipelines and sewer networks; evaluation of the seismic performance of related structures; seismic retrofit design; detection of structural degradation; planning to extend service life
	Mechanical & Electrical Equipment Sector	Planning, design, construction planning, and maintenance management of mechanical and electrical equipment for dams, river systems, water supply and sewerage systems
Transportation & Urban Business Sector	Roads & Transportation Sector	Road project evaluation, planning, and design; road maintenance management; provision of road traffic management information and establishment of systems for distributing relief supplies in times of disaster; planning, design, extension of service life, and maintenance management of bridges
	Urban Planning / PFIs & PPPs / Architecture Sector	Community development initiatives addressing social challenges (aging population and declining birthrate, local development, regional improvement, safety and security, and urban landscape), project development support through PFI and PPP schemes, support for urban transportation projects (developing plans for transportation systems and public transportation operations, district transportation planning, and supporting transportation projects for MaaS and autonomous mobility)
Environmental & Social Business Sector	Information & Telecommunications Technology Sector	Planning and implementation support for digitalization and DX initiatives related to infrastructure; design and development of information systems; planning and design of electrical and telecommunications facilities, planning and development of information systems related to infrastructure, planning and design of electrical facilities and telecommunication facilities
	Disaster Mitigation Sector	Formulation of various disaster risk reduction plans for rivers, roads, cities, volcanoes and facilities for large-scale and complex disasters; support for disaster planning and implementation, including development of operational manuals, planning and operation of training programs
	Environment Sector	Surveys and analysis of the natural and living environments and environmental assessments; formulation of environmental survey and conservation plans through the development and introduction of advanced technologies; research on green infrastructure, feasibility studies and implementation support, and promotion and outreach activities
	Resource Recycling & Energy Sector	Support for projects developing energy recovery waste treatment facilities and final disposal sites; support for projects including decarbonized community development, infrastructure decarbonization, deployment of onshore and offshore wind power and other renewable energy projects
	Geo-environment Sector	Proposals for reducing geological risks associated with civil engineering projects, disaster risk reduction, environmental restoration, water resource development, and decarbonization throughout the planning, design, construction, and maintenance phases
Construction Management Business Sector	Public Procurement Assistance Sector	Support for system design and project execution, including tendering and contracting systems and the introduction of construction management (CM) for public works; assistance in establishing appropriate cost estimates; support for the promotion of i-Construction and DX, etc.
	Construction Management & Execution Management Sector	PM/CM for construction projects, providing independent project management support throughout the planning, procurement, and construction phases while leveraging technical expertise on behalf of project owners; support for project owners, including preparation of documents required for contract administration, verification of construction progress, and attendance at construction inspections

Collaboration

Major Domestic Consolidated Group Companies

Japan Urban Engineering Co., Ltd. Representative Director and President: **Kengo Katsura**

Business activities: Urban development, urban planning, community development, land readjustment projects, urban redevelopment projects, civil engineering design and development permitting, compensation consulting, surveying, disaster recovery, and real estate consulting — Transportation & Urban Business



Chi-ken Sogo Consultants Co., Ltd. Representative Director and President: **Koichiro Sado**

Business activities: Geological surveys and analysis; groundwater and soil contamination surveys; planning and design of roads, rivers, and underground facilities; planning and design of sabo (erosion control) and disaster prevention measures; and surveys and design for slope disaster prevention and landslide countermeasures — Environmental & Social Business



NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. Representative Director and President: **Hiroaki Takebayashi**

Business activities: Design, supervision, research, and planning related to architecture and building equipment; PM/CM services for overall building projects; building surveys, assessments, and analysis; and development of long-term maintenance and repair plans — Transportation & Urban Business



Environmental Research & Solutions Co., Ltd. Representative Director and President: **Katsue Nishiyama**

Business activities: Environmental consulting (soil contamination countermeasures, water treatment, environmental impact assessments); environmental research and analysis (water quality, waste, exhaust gases, dioxins, PCBs, asbestos, PFAS); workplace environment measurement; drinking water testing; and genetic analysis (environmental DNA) — Environmental & Social Business



HIROKEN CONSULTANTS Co., LTD. Representative Director and President: **Kunikazu Kotaki**

Business activities: Infrastructure development (civil engineering design, development design, agricultural civil engineering, construction environment, various inspections, surveying, compensation consulting, geological surveys), as well as waste-related projects, retail and land development, soil surveys, and ICT services (including 3D surveying and 3D design) — Transportation & Urban Business, Water & Land Business, Environmental & Social Business



Other Group Companies

Local subsidiaries CTI REED Co., Ltd. / CTI Wing Co., Ltd. / CTI Ground Planning Co., Ltd. / Yuasa Consultant Co., Ltd.

Specialized subsidiaries (New business development) CTI Ascend Co., Ltd.

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FY2025 Achievements and Challenges

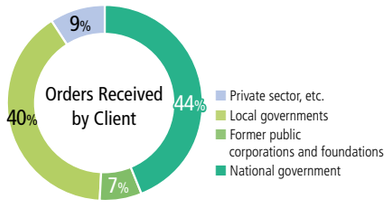
In the domestic consulting engineering business, the national government's public works-related budget for fiscal 2025 maintained funding for disaster prevention and mitigation and the promotion of national land resilience at approximately the same level as the previous year. As a result, measures continued to be implemented for disaster prevention and mitigation, including river basin disaster resilience and sustainability and responses to climate change, as well as measures to address aging infrastructure such as rivers and roads.

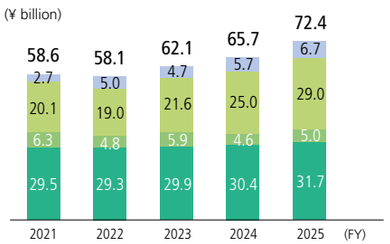
Amid a favorable order environment supported by the government's Five-Year Accelerated Measures to Prevent and Mitigate Natural Disasters and Strengthen National Land Resilience, we advanced transformation of our business portfolio. In addition to increased orders from local governments, orders received met plan in all three growth area businesses—the energy business, information services business, and CM/PM business—and sales also progressed in line with plan. Operating income was affected by some subsidiaries falling short of plan.

In June 2025, the Cabinet approved the 1st Mid-term Plan for the Implementation of National Resilience, covering the five-year period from fiscal 2026. The national government's public works-related budget for fiscal 2026 is expected to exceed the previous year's level for disaster prevention and mitigation and national land resilience. Accordingly, disaster prevention and mitigation measures, including responses to climate change, as well as measures to address aging infrastructure such as rivers and roads, are expected to continue to be promoted.

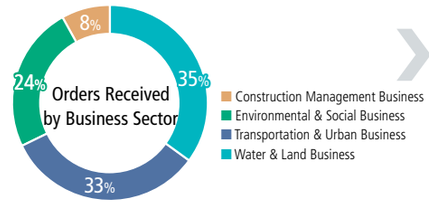
(¥ million)

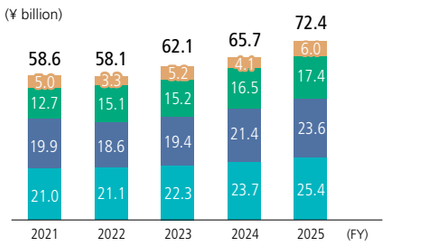
Item	FY2024	FY2025	Change	YoY Comparison	FY2025 (Revised Plan)	Progress vs. Plan
Orders received	65,724	**72,411**	+6,687	+10.2%	67,000	108.1%
Sales	66,945	**69,724**	+2,779	+4.2%	69,000	101.0%
Operating income	8,610	**8,611**	+1	+0.0%	9,300	92.6%
Operating income margin	12.9%	**12.4%**	—	–0.5pt	13.5%	—





- Steady progress in business portfolio transformation
- Orders from national government were up 5% year on year (YoY), showing steady growth
- Orders from both local governments and the private sector posted strong results, with a 16% increase YoY





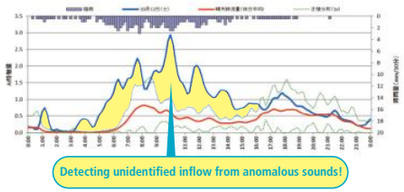
- Water & Land Business Sector remained strong, driven by strong performance in water supply and sewerage (+35% YoY)
- Transportation & Urban Business Sector performed strongly, supported by contributions from Group companies
- Construction Management Business Sector has been strong due to an increase in orders for multi-year contracts
- Gross profit margin remained at high levels in both Water & Land Business Sector and Construction Management Business Sector

In recent years, we have expanded the scope of our business by addressing key issues in the water supply and sewerage field, including the formulation of asset management plans, W-PPP (support for project owners), and visions and business management strategies. In addition, we have expanded our customer base by providing technical services incorporating R&D-based acoustic AI analysis technology for unidentified sewer inflow and real-time water level monitoring technology, contributing to business growth.

AI-Based Solution for Infiltration Water



Acoustic research



Against the backdrop of an increase in heavy rainfall disasters due to climate change, the importance of maintaining and managing sewerage facilities is growing further. The Company supports more advanced and efficient sewerage management through AI-based technology for detecting infiltration during wet weather. This technology converts measured acoustic data into feature values using AI, establishes a pattern for normal conditions (dry weather), and detects locations that exhibit patterns differing from normal conditions during wet weather as locations with a high likelihood of infiltration. This enables effective maintenance and management even with limited budgets and personnel, helping to reduce research costs and improve operational efficiency.

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Water & Land Business Sector

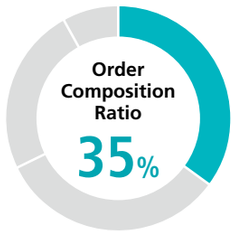
Rivers / Water Resources / Coasts / Ports / Dams / Erosion Control / Water Supply & Sewerage / Mechanical & Electrical Equipment



Mitsuho Amano
Water & Land Business Sector
Director, Managing Executive Officer

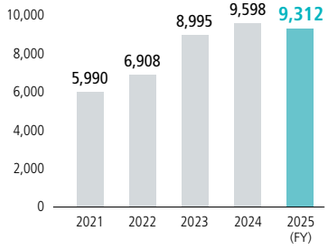
Our Strengths

- Integrated river basin services: Comprehensive services covering everything from headwaters to coasts
- Diverse customer base: Customers spanning the national government, local governments, and the private sector
- End-to-end project capabilities: Comprehensive support from upstream to downstream stages
- Highly skilled human resources: Integration of management talent and specialized technical professionals



Orders received	¥25,441 million
YoY comparison	+7.4%
Gross profit margin	36.5% (FY2025)

Gross Profit (¥ million)



Market environment

Opportunities

- Strengthening of national land resilience and disaster prevention and mitigation policies in response to the increasing severity and frequency of disasters associated with climate change
- Strengthening of policies to extend the service life of aging infrastructure nationwide
- Strengthening of decarbonization and renewable energy policies amid growing energy demand

Risks

- Delays in the advancement of national land resilience and disaster prevention and mitigation policies or reductions in budget allocations due to fiscal constraints on national and local governments
- Declining vitality of regional communities and weakening local government finances due to the declining birthrate and aging population
- Growing uncertainty surrounding decarbonization and renewable energy-related businesses due to rising energy and material prices resulting from international conflicts

Q How do you assess the current state of the Water & Land Business Sector in terms of both the business environment and your initiatives?

Under the 1st Mid-term Plan for the Implementation of National Resilience (approved by the Cabinet in June 2025), continued investment is expected in disaster prevention and mitigation measures that take climate change and other factors into account, as well as measures to address aging infrastructure. At the same time, there is a need to address shortages of personnel and the increasing sophistication of operations. Building on our technologies and track record in river basin disaster resilience and sustainability and national land conservation, the sector is steadily expanding its business by strengthening its technological and management capabilities from an integrated river basin perspective, while also enhancing its customer-oriented ability to identify issues and make proposals. Through these initiatives, we are also expanding into related fields, steadily increasing the sector's social role and presence.

Q Looking back on the first year of the Mid-Term Management Plan 2027, what do you see as the main achievements and the factors behind them? What challenges have become apparent?

As part of our business portfolio transformation initiatives, we expanded orders in growth areas such as information services, energy, and CM/PM. These achievements are the result of initiatives we have pursued continuously since the previous Mid-Term Management Plan, including technological development related to information services, strengthening technological capabilities in areas such as hydropower generation, developing personnel to provide project owner support services, and leveraging these capabilities in our sales activities. As we advance these initiatives, an important challenge is to achieve sustainable growth in our growth area of businesses from the perspectives of technology, human resources, and finance, with the creation of social value as the starting point. As a foundation supporting these growth areas, we will continue to build a solid track record of addressing the needs of society and our customers through businesses in our core areas, such as disaster prevention and mitigation and measures to address aging infrastructure.

In 2025, growth in production and earnings slowed somewhat in the Rivers / Water Resources / Coasts / Ports Sector and the Mechanical & Electrical Equipment Sector. Going forward, supported by national government initiatives such as the acceleration and advancement of river basin disaster resilience and sustainability, we will further enhance the use of AI and CPS/IoT in accordance with our DX promotion policy, thereby achieving both higher productivity and the creation of added value.

Q Going forward, what areas and initiatives will the Water & Land Business Sector focus on in particular, and what is the direction of its medium- to long-term strategy?

Going forward, particular emphasis will be placed on measures related to integrated river basin water management. Even amid increasing fiscal constraints and uncertainty in the business environment, optimizing infrastructure at the river basin level is essential to ensure its sustainable functioning. In addition, against the backdrop of increasingly complex and serious social issues associated with climate change, the declining birthrate, and the aging population, there is a growing need for integrated initiatives covering flood control, water utilization, and the environment from a perspective encompassing the entire river basin. In light of these circumstances, we will strengthen our efforts to solve issues across the entire business process, from infrastructure planning through implementation and operation, and to support consensus building among the diverse stakeholders involved in river basins. We will also expand our role beyond public procurement services to act as a project entity, thereby playing a central role in realizing integrated river basin water management.

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Transportation & Urban Business Sector

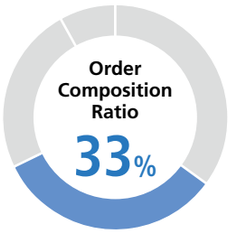
Roads & Transportation / Urban Planning / PFIs & PPPs / Architecture



Masahiro Emori
Transportation & Urban Business Sector
Director, Managing Executive Officer

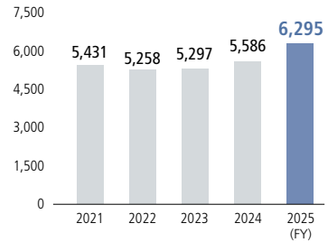
Our Strengths

- Integrated services from planning through maintenance: Development of high-value-added infrastructure
- Data-driven problem solving: Scientific and comprehensive proposals
- Integrated civil engineering and architectural services: One-stop value delivery
- Promotion of DX and R&D: Development and social implementation of new technologies



Orders received	¥23,561 million
YoY comparison	+10.0%
Gross profit margin	28.4% (FY2025)

Gross Profit (¥ million)



Market environment

Opportunities

- Restructuring of urban structures and transportation systems in anticipation of population decline and aging
- Strengthening of measures to address aging infrastructure and earthquakes against the backdrop of the Mid-Term Plan for the Implementation of National Resilience
- Increasing frequency of disasters and severity of damage due to climate change
- Accelerated use of digital technologies and data driven by technological innovations such as 5G and IoT
- Logistics crises, including the 2024 Logistics Problem, that hinder Japan's sustainable growth

Risks

- Reductions in budget allocations and delays in infrastructure projects due to fiscal constraints on national and local governments
- Declining vitality of regional cities and deterioration of national land in mountainous areas due to the concentration of the population in urban centers
- Declining profitability and increasing rigidity of the business structure due to intensifying competition
- Declining quality and technological capabilities due to insufficient production capacity

Q How do you assess the current state of the Transportation & Urban Business Sector in terms of both the business environment and your initiatives?

The environment surrounding social infrastructure is at a major turning point due to factors such as the declining and aging population, increasingly aging infrastructure, and the growing severity of natural disasters. Amid these changes, the role of the sector is expanding beyond that of a conventional consulting firm to encompass infrastructure management and operation and taking a leading role in urban development with a view to sustainable development. While the sector has steadily built a track record of securing orders in response to social needs, challenges related to its management foundation, including productivity improvement and human resource development, have become increasingly apparent. We regard these challenges as important management risks and, with quality assurance as our highest priority, will pursue production structure reforms and more sophisticated organizational management, thereby enhancing corporate value over the medium to long term.

Q Looking back on the first year of the Mid-Term Management Plan 2027, what do you see as the main achievements and the factors behind them? What challenges have become apparent?

The first year of the Mid-Term Management Plan 2027 was an important year in which we fully launched initiatives toward transformation of our business portfolio. In growth and new areas such as next-generation mobility and PPP/PFI, our initiatives to date produced tangible results, confirming their potential for the future. At the same time, it also became clear that the level of achievement varies by field and organization, and that fundamental initiatives such as human resource development and productivity improvement are still only partway toward completion. These are important challenges that must be addressed to ensure the effectiveness of the Mid-Term Management Plan. From this fiscal year onward, we need to accelerate improvements by horizontally deploying successful initiatives and strategically allocating resources to areas where challenges remain.

Q Going forward, what areas and initiatives will the Transportation & Urban Business Sector focus on in particular, and what is the direction of its medium- to long-term strategy?

Going forward, we will steadily enhance our technological capabilities and ability to secure orders in our core businesses in the Roads & Transportation and Urban Planning / PFIs & PPPs / Architecture fields, while strategically expanding the growth and new areas mentioned above, building on the expertise we have accumulated in planning, design, and maintenance. At the same time, we will achieve both higher productivity and quality by enhancing and streamlining business processes through the use of DX and systematically developing and assigning the human resources who will lead the next generation. Through these initiatives, we will further strengthen collaboration with Group companies and other business sectors and provide one-stop services offering seamless support from project planning and conceptualization through implementation. In this way, we aim to create sustainable value that both contributes to solving social issues and enhances corporate value.

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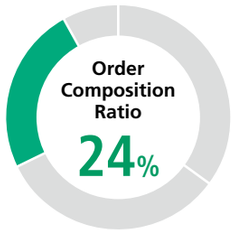
Information & Telecommunications Technology / Disaster Mitigation / Environment / Resource Recycling & Energy / Geo-environment



Hideaki Sekine
Environmental & Social Business Sector
Managing Executive Officer

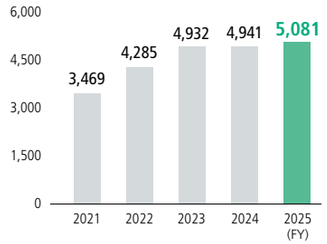
Our Strengths

- Infrastructure DX capabilities: Technologies for developing both hardware and software
- Integration of comprehensive technologies: Cross-sector integration of technologies from the Water & Land Business Sector and Transportation & Urban Business Sector
- Sustainable initiatives: Environmental considerations and utilization of renewable energy
- Engineers with strong applied capabilities: Human resources capable of taking a broad perspective across diverse fields



Orders received	¥17,391 million
YoY comparison	+5.6%
Gross profit margin	30.2% (FY2025)

Gross Profit (¥ million)



Market environment

Opportunities

- Acceleration of DX in infrastructure development, maintenance, and disaster mitigation (Information & Telecommunications Technology Sector, Disaster Mitigation Sector)
- Promotion of biodiversity and expanded use of renewable energy toward the realization of a sustainable society (Environment Sector, Resource Recycling & Energy Sector)
- Understanding of foundation ground conditions and groundwater flow and application of this knowledge to infrastructure development to build infrastructure resilient to climate change (Geo-environment Sector)

Risks

- Slower investment, particularly by local governments, in environmental and social businesses due to the increasing frequency of large-scale disasters associated with global warming
- Increasing regional concentration of environmental and social businesses and declining competitiveness due to preferential awarding of contracts to regional companies (other companies)
- Constraints on further advancement of academic knowledge due to a decline in educational institutions and academic experts specializing in relevant technologies and insufficient funding for education

Q How do you assess the current state of the Environmental & Social Business Sector in terms of both the business environment and your initiatives?

The Environmental & Social Business Sector is directly involved in addressing a wide range of issues that have emerged as major social challenges in recent years, including the information society, crisis management for disasters and other emergencies, biodiversity, and the utilization of renewable energy. Our activities are undertaken at various stages, not only through stand-alone projects but also by bringing together our comprehensive technological capabilities through collaboration with other business sectors. We are steadily expanding both the fields in which we operate and our markets, and gross profit continues to grow. In technical fields where projects tend to be concentrated in particular regions, we are improving operational efficiency and diversifying risk by expanding nationwide from Tokyo and Osaka. As a result, in recent years we have maintained stable order acquisition and production activities with a continuing growth trend.

Q Looking back on the first year of the Mid-Term Management Plan 2027, what do you see as the main achievements and the factors behind them? What challenges have become apparent?

The Environmental & Social Business Sector includes the Information & Telecommunications Technology Sector and the Resource Recycling & Energy Sector, which play central roles in the growth areas of the business portfolio—information services and energy. Growth in the information field has been extremely strong, with orders received and production in fiscal 2025 exceeding the targets set in the Mid-Term Management Plan 2027. Meanwhile, in energy technologies, where we lag behind electric power companies, manufacturers, and other players from a business perspective, we are working to catch up by focusing on securing orders from higher-level contracting authorities, such as central government ministries and agencies, as well as private-sector companies and other organizations that place orders at the project level. These efforts are steadily building our track record. The core business areas of our business portfolio are also achieving steady growth across all engineering sectors.

Q Going forward, what areas and initiatives will the Environmental & Social Business Sector focus on in particular, and what is the direction of its medium- to long-term strategy?

Although the Environmental & Social Business Sector is organizationally independent from the Water & Land Business Sector and the Transportation & Urban Business Sector, it also serves as a comprehensive technical sector that collaborates with these other sectors by directly and indirectly adding the planning and design capabilities of its respective technical fields to the projects it undertakes. We will continue to enhance these roles in our existing (core) fields, thereby helping to establish a solid foundation for infrastructure development and maintenance. We will also address current social issues from an environmental perspective, including the application of renewable energy to infrastructure projects as an important measure for mitigating global warming, as well as the utilization of recycled resources and measures for disaster waste as adaptation measures. Through these initiatives, we will promote multifunctionality and enhance the sustainability of infrastructure.

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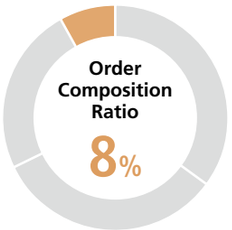
Public Procurement Assistance /Construction Management & Execution Management



Naoto Suzuki
Construction Management Business Sector
Representative Director,
Senior Managing Executive Officer

Our Strengths

- Leading the way in construction management: Establishment of a specialized sector ahead of the industry and a track record of growth (32% over five years)
- Group collaboration: Comprehensive capabilities in architectural construction management and project owner support through collaboration with Group companies NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. and Japan Urban Engineering Co., Ltd.
- Advanced systems utilizing digital technologies: Technological differentiation through the use of BIM/CIM, AI, and other technologies
- Sustainable business foundation: Capacity for expansion through personnel exchanges with design-related departments, mid-career recruitment, and M&A

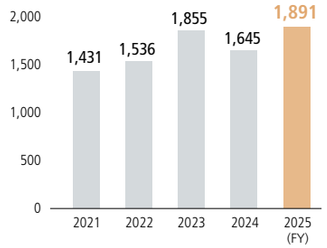


Orders received ¥6,015million

YoY comparison +45.2%

Gross profit margin 36.6%
(FY2025)

Gross Profit (¥ million)



Market environment

Opportunities

- Growing need for third-party management services as shortages of engineers on the project owner side become increasingly severe
- Growing demand for construction management amid funding shortages for public works, rising material prices, and unsuccessful bidding
- Expansion of business areas into architectural fields, including defense, energy, and data centers

Risks

- Budget overruns, project delays, and plan revisions due to rising material prices
- Intensifying competition due to the entry of competitors into the market
- Declining customer satisfaction and service quality due to rapid business expansion

Q How do you assess the current state of the Construction Management Business Sector in terms of both the business environment and your initiatives?

Unlike conventional consulting services such as surveys, planning, and design, the Construction Management Business Sector supports and manages the procurement and operation of construction projects from the project owner's perspective. Construction managers with advanced expertise in design and construction coordinate stakeholders across the entire project and manage quality, schedules, and other aspects. Amid increasingly serious challenges such as unsuccessful bidding due to funding shortages for public works and rising material prices, as well as shortages of engineers on the project owner side, we support the optimization of total project costs and the assurance of quality through measures such as setting appropriate contract prices, devising suitable procurement methods, and utilizing private-sector capabilities. Demand for these services is increasing rapidly.

Against this backdrop, we have organized and expanded these activities as a dedicated business sector, resulting in 32% profit growth over the past five years.

Q Looking back on the first year of the Mid-Term Management Plan 2027, what do you see as the main achievements and the factors behind them? What challenges have become apparent?

Through the strengthening of human resources, including the shift of personnel from core businesses, and proactive sales activities, the construction management business expanded rapidly, resulting in significant increases in both the number of projects and sales, as well as improved profitability. In addition, architectural construction management services at Group company NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. and project owner support services at Japan Urban Engineering Co., Ltd. also increased. As a result, we achieved the orders received target set in the Mid-Term Management Plan 2027. On the other hand, to translate this expansion into sustainable growth, we believe that the most important challenge is not simply to pursue growth in scale, but to enhance customer satisfaction in the construction management services we undertake. Furthermore, with competitors expected to enter the market, we recognize the need to differentiate ourselves technologically through initiatives such as the advancement of BIM/CIM and the use of AI.

Q Going forward, what areas and initiatives will the Construction Management Business Sector focus on in particular, and what is the direction of its medium- to long-term strategy?

Going forward, the number of technical personnel at local governments may decline further, and we expect demand for construction management to increase accordingly. We also see scope for business expansion in architectural fields such as defense, energy, and data centers. Construction management services provided by consultants are widely utilized in Europe and the United States, and we expect their use to become more widespread in Japan as well. Against this backdrop, we position the Construction Management Business Sector as a core element of the CTI Engineering Group's business portfolio transformation. Specifically, we will expand the business through personnel exchanges with design-related departments, increased recruitment of mid-career personnel, and M&A. Through these initiatives, we will solidify our position in the industry while promoting the wider adoption and establishment of construction management services themselves.

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Demonstrating Value Creation through Results — Award-Winning Projects

The CTI Engineering Group works to solve a diverse range of social issues across its various business fields.
Here, we introduce projects that have received particularly high acclaim, leading to awards and other recognition.

Water & Land Business Sector

Taketa Flood Emergency Flood Control Dam Construction Project: Tamarai Dam

The Tamarai Dam Construction Project, in which the Company was involved and which was completed as Oita Prefecture's first flow-through concrete gravity dam, received the Outstanding Civil Engineering Project Award at the 10th Civil Engineering Conference in the Asian Region (CECAR10), organized by the Asian Civil Engineering Coordinating Council.

The project was recognized for the advanced technological capabilities demonstrated in completing the flood control dam despite challenging geological conditions, as well as for its contribution to the advancement of civil engineering technology and the development of the Asian region.

Working in collaboration with the project owner and contractor, the Company contributed to the completion of the dam by resolving geological challenges and introducing new technologies. The project has also received several other awards, including awards from the Japan Society of Civil Engineers and the Japan Federation of Construction Contractors.



Transportation & Urban Business Sector

Senshu Park Otemon Moat Promenade

The Senshu Park Otemon Moat Promenade (Akita City, Akita Prefecture), which the Company was involved in designing, received the 2025 Good Design Award, organized by the Japan Institute of Design Promotion.

The Senshu Park Otemon Moat Promenade is a floating-pier walkway that allows visitors to stroll along the moat of the former Kubota Castle. Despite being located in the city center, Senshu Park is rich in nature and attracts local residents and many tourists who come to enjoy the scenery of lotus flowers covering the moat in summer.

Through the experience of viewing the lotus flowers at this historical, cultural, and waterfront attraction in Akita City, the project contributes to creating a valuable urban space where people can stroll and enjoy close contact with nature.



GOOD DESIGN AWARD 2025

Environmental & Social Business Sector

Takayama-Nishi IC Biotope — Hida Forest Nurtured by the Local Community

The Takayama-Nishi IC Biotope — Hida Forest Nurtured by the Local Community, a collaborative initiative involving the Company, Gifu Prefectural Hida Takayama High School, the Hida Regional Eco-Road Study Committee (Secretariat: Takayama National Highway Office), and other organizations, received the Special Excellence Award at the 5th Green Infrastructure Awards, organized by the Green Infrastructure Public-Private Partnership Platform.

The biotope was developed within the site of the Takayama-Nishi Interchange on the Chubu-Jukan Expressway, where a "Hida Forest" was created through 20 years of collaboration among diverse stakeholders from industry, academia, and government. The Company has proposed maintenance and management methods, carried out management activities in collaboration with the high school, and provided guidance on environmental education.

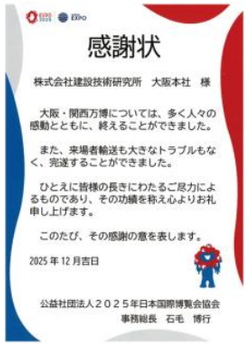


Construction Management Business Sector

Projects Related to Expo 2025 Osaka, Kansai, Japan

For Expo 2025 Osaka, Kansai, Japan, the Company was commissioned to provide construction management services related to the development of venue infrastructure and surrounding parking facilities, as well as the dismantling of infrastructure and other facilities. Our services included project progress management and construction supervision.

The Company received a Certificate of Appreciation from the Japan Association for the 2025 World Exposition.


感謝状

株式会社建設技術研究所　大阪本社　様

大阪・関西万博については、多くの人々の感動とともに、終えることができました。

また、来場者輸送も大きなトラブルもなく、完遂することができました。

ひとえに皆様の長きにわたるご尽力によるものであり、その功績を称え心よりお礼申し上げます。

このたび、その感謝の意を表します。

2025年12月吉日

公益社団法人２０２５年日本国際博覧会協会
事務総長　石毛　博行

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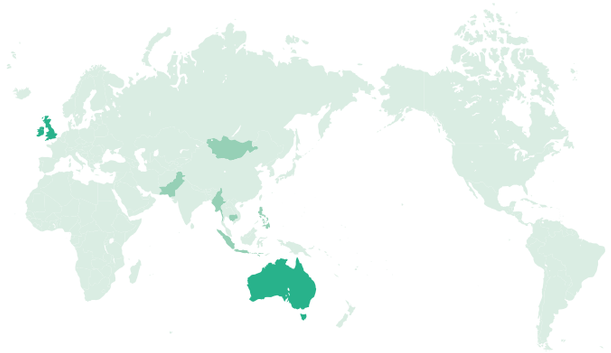
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Business Strategy: Overseas Consulting Engineering Business

Main operations include multi-disciplinary consulting engineering services covering the entire lifecycle of construction projects overseas—from project identification and master planning to project conceptualization, research, planning, design, construction management, and operation and maintenance. This also includes architecture-related services such as structures and building services, as well as secondment of engineers.

Multi-disciplinary consulting engineering services are provided by CTI Engineering, CTI Engineering International Co., Ltd., Waterman Group Plc, and its subsidiary Waterman Moylan Consulting Engineers Limited. Architecture-related services are handled by Waterman Group Plc and its subsidiary Waterman Group (Aus) Pty Limited. The engineer secondment business is managed by Waterman Aspen Limited.



FY2025 Achievements and Challenges

CTI Engineering International faced an increasingly severe competitive environment due to a downward trend in JICA projects and intensifying competition. In the UK, where Waterman Group Plc operates, inflation remained high due to conditions in Ukraine and the Middle East, resulting in sluggish private-sector activity. In addition, the continued implementation of fiscal policies combining tax increases and spending cuts following the change of government slowed progress on public works projects.

At CTI Engineering International, which is based in Southeast Asia, orders received met plan following the award of large-scale projects for which contracts had been delayed. However, profit in particular was significantly affected by lower capacity utilization resulting from the contract delays. At Waterman Group Plc, which operates primarily in the UK, profit declined year on year due to the effects of inflation and fiscal policies following the change of government, although both sales and profit progressed in line with plan.

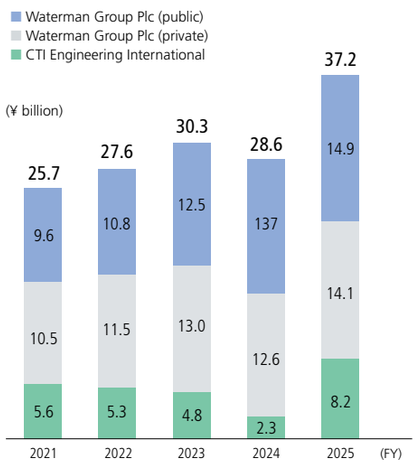
In the overseas consulting engineering business, Southeast Asia, where CTI Engineering International operates, is expected to continue to achieve generally steady growth, although there are concerns that the market environment may deteriorate due to intensifying competition. In the UK, where Waterman Group Plc operates, there are signs of a recovery in public works-related budgets and inflation is beginning to moderate. However, interest rates remain relatively high, and uncertainty over the economic outlook is expected to persist.

(FY, ¥ million)

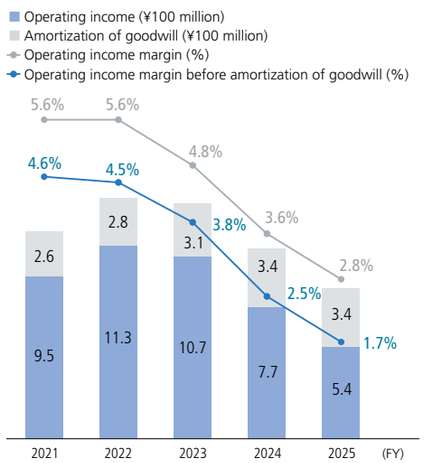
Item	FY2024	FY2025			FY2025 (Revised Plan)	
			Change	YoY Comparison		Progress vs. Plan
Orders received	28,676	**37,290**	8,613	+30.0% (+31.9%)	33,000	113.0%
Sales	30,733	**31,313**	580	+1.9% (+0.3%)	31,000	101.0%
Operating income	773	**543**	–229	–29.7% (–30.8%)	700	77.7%
Operating income margin	2.5%	**1.7%**	—	–0.8pt	2.3%	—

* Orders received includes changes in the value of the fiscal year-end order backlog at overseas subsidiaries due to foreign exchange valuation. The percentage in parentheses excludes the impact of foreign exchange valuation at overseas subsidiaries.

Trends in Orders Received



Trends in Operating Income and Operating Income Margin



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CTI Engineering International Co., Ltd.



Naoki Fujiwara
Representative Director and President
CTI Engineering International Co., Ltd.

Q How do you assess the business performance for the fiscal year ended December 31, 2025?

For the fiscal year ended December 31, 2025, while we achieved a certain level of success in terms of orders received, both sales and profits fell short of our targets. The primary factors were delays in project progress, which led to shifts in the timing of the recording of sales and a decline in capacity utilization. This resulted in an increase in the cost of sales ratio, putting further pressure on profitability. Especially for large-scale projects, we encountered challenges in project progress management. In addition, not only was the timing of the recording of sales delayed more than originally expected but also personnel allocation was not optimized sufficiently, which led to a decline in capacity utilization. Against this backdrop, we recognize that there are challenges with CTI Engineering International's current business model. Therefore, we are enhancing the contract work management and fundamentally reviewing our production structure. We view this as a critical period of transition during which we must steadily implement these improvement measures to stabilize our earnings structure and restore profit levels. At the same time, we recognize that we are in a crucial phase where we make these efforts to further enhance the quality of our business operations and lead to strengthened competitiveness over the medium to long term.

Q What are the specific areas and initiatives you will be focusing on in the future? Please tell us about the direction of the mid- to long-term strategy.

Going forward, while continuing to work on the Japan International Cooperation Agency (JICA)'s traditional official development assistance (ODA) projects, we will strive to diversify our client base and funding sources by accelerating our expansion into projects with multilateral institutions such as the Asian Development Bank (ADB) and the World Bank, as well as into projects with the private sector.

In particular, we aim to stabilize our business portfolio and expand growth opportunities by appropriately managing our reliance on ODA projects and enhancing our capabilities to handle multilateral development bank (MDB) projects and private-sector investment projects. We will also actively explore new business areas while further strengthening our competitiveness in the business areas where we hold a competitive advantage, such as water and disaster prevention, transportation, and urban development and the environment. Furthermore, we strengthen our business foundation through enhancing the capabilities of our overseas presence, deepening collaboration with local partners, upgrading human resource development, and leveraging digital transformation (DX). In this way, we strive for sustainable development that balances profitability and growth over the medium to long term.

At the same time, we will boost productivity while ensuring quality by advancing project management and improving operational efficiency in order to strengthen our competitive advantage in the global market.

The Project for Construction of Nile River Bridge (The Republic of South Sudan)

The Republic of South Sudan is a landlocked country that relies on imports from neighboring countries for much of its supplies. Since the Nile River in Juba, the capital city of South Sudan, was spanned by only one temporary bridge that was aging, the Juba Bridge, and facilitating logistics and transportation had become a major challenge.

This project was funded by grant assistance to construct a 560-meter-long two-lane steel bridge and 3,665-meter-long approach road. Although construction was suspended three times due to conflict and the COVID-19 pandemic, the project was completed after approximately 10 years.

Named the Freedom Bridge, it is expected not only to contribute to stabilizing logistics, easing traffic congestion, and improving safety, but also to support the development of social infrastructure in South Sudan.

Furthermore, this project was highly recognized for its technical and social value, receiving the 2025 Japanese Society of Steel Construction Achievement Award jointly with Dai Nippon Construction Co. Ltd. and Yokogawa Bridge Corp.



Freedom Bridge

Project for the Expansion of a Water Supply System in Ta Khmau City (The Kingdom of Cambodia)

In Ta Khmau City, located south of the capital Phnom Penh, securing a stable water supply had become a challenge due to growing demand for water.

This was a grant aid project for business and management rights in cooperation between the governments of Japan and Cambodia. It involved the construction of a new water purification facility with an integrated approach covering all phases from design and construction to operation and maintenance. CTI Engineering International participated as a consortium member and undertook detailed design of the water supply facility. The facility was completed in August 2025 and will expand clean water access in Ta Khmau City.



The completed water supply facility

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Waterman Group Plc



Neil Humphrey
CEO
Waterman Group Plc

Q How do you assess the business performance for the fiscal year ended December 31, 2025?

2025 was a challenging year, largely due to external market factors. The UK suffered low GDP growth (only 1.3%), and infrastructure spending was paused due to the new Labour Government identifying a black hole in the public finances. This coupled with inflation above target and persistently high interest rates meant that the construction sector was subdued as clients struggled with high construction costs and project viability. Despite these market conditions, the UK business was able to deliver growth but with reduced profit margins.

As we entered 2026, there were tail winds to the UK economy. Interest rates and inflation were forecast to fall, and the Government had finally confirmed its infrastructure investment pipeline following the pause in 2025. £15bn was announced in new regional transport upgrades, the water companies announced their largest investment programme in the sector's history, and growth was forecast across both our core commercial and residential sectors. However, the war in Iran has created uncertainty, creating an energy shock and increasing inflation risks. The UK faces the biggest hit to growth, with the IMF reducing UK GDP growth in 2026 from 1.3% to 0.8%, and interest rates are likely to stay higher for longer. However, whilst this may dampen investor confidence, to date no Waterman projects have been paused or stopped, and we continue to deliver growth.

In Ireland, 2025 witnessed GDP growth of greater than 10%, with Government initiatives proactively driving investment and growth in both the residential and transport infrastructure sectors to accommodate increasing population requirements. With the residential sector as our core sector, this enabled our Irish team to deliver revenue growth of 17% in the year, and these positive market conditions have continued into 2026.

In 2025 Australia's markets were similar to the UK, with high interest rates and stubbornly high inflation constraining investor confidence. Government spending was focussed on transport infrastructure, a sector which we are not active in, and this has limited Government investment in other sectors such as Healthcare, our primary market. These market dynamics led revenues in the Australia business to fall by 9% and we are not anticipating any fundamental changes to the market for the next 12 months, with the Government continuing to focus on infrastructure.

Q What are the specific areas and initiatives you will be focusing on in the future? Please tell us about the direction of the mid- to long-term strategy.

Waterman's 5 year strategy is focussed on the following 5 pillars:

- Increasing our market share in our core markets by focussing on our clients, the service we provide, understanding their needs and delivering proactively to be their Consultant of Choice
- Continuing to diversify into new, emerging sectors. Diversification targets include Defence, Healthcare, Education and Energy
- Increasing our National and International profiles through investment in leadership so that we can attract and retain the best in class staff and be the Employer of Choice
- Improving our contract and project administration, with a focus on improved change control on projects and
- Delivering a more efficient, integrated UK consulting business

Major circular economy-focused redevelopment (DIALS) (London, UK)

Waterman provided the structural engineering design for 20 Finsbury Dials, the office building of J. P. Morgan, back when it was constructed in the 1980s. The company's structure and environmental engineers work closely with the project team to carry out a comprehensive renovation and expansion of the building. This project involved the addition of a new rooftop terrace and club room pavilion, an approximately 8% increase in floor space per level through minimal structural adaptations, efforts to reduce carbon emissions by utilizing the original building fabric, reusing existing materials, and sourcing reclaimed materials.

Furthermore, the all-electric building and high-efficiency mechanical, electrical, and plumbing (MEP) technology are designed to help reduce operational CO_2 emissions.



Exterior of DIALS

The Countess of Chester Hospital Development Project Sets a New Precedent for Net Zero (Northwest England, UK)



The Women and Children's Building at the Countess of Chester Hospital has been completed, marking the first facility to comply with the NHS Net Zero Carbon Building Standard (NZCBS). In this project, Waterman was responsible for the MEP engineering design and contributed to achieving NZCBS status by optimizing mechanical and electrical systems. This new building is a £110.0 million investment that brings together maternity, neonatal, pediatric, and gynecological services and achieved a BREEAM Excellent rating. The building is also equipped with roof-mounted heat pumps and solar power generation systems to deliver high environmental performance and stable operational reliability. This project serves as an excellent example demonstrating how Waterman's engineering capabilities helped actualize a next-generation healthcare facility that balances decarbonization and medical functions.

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Enhancing our corporate value by striving to improve capital efficiency, optimize capital allocation, and maximize the value of our human resources



Naoto Suzuki
Representative Director,
Senior Managing Executive Officer

Business Opportunities for the Group

The Group's business is deeply involved in areas that support safety, security, and sustainable development in society. This includes disaster prevention and mitigation, national resilience, urban development, measures for the aging of river, road, and other infrastructure, as well as climate action, which are the foundation of people's daily lives and economic activities. In this respect, we recognize that the Group plays an indispensable role for society. One characteristic of our business, on the other hand, is that it is easily affected by trends in Japan's national budget for public works project-related expenses and other relevant factors.

In the fiscal 2026 budget, public works project-related expenses totaled ¥6,107.8 billion, up ¥22.0 billion from the previous fiscal year, maintaining a level roughly on par with the prior year. The budget for building national resilience also remained broadly at the same level despite a slight increase from the previous fiscal year, reflecting a policy to steadily advance efforts in disaster prevention and mitigation as well as national resilience. In addition to this policy support, demand remains strong for river basin disaster resilience and sustainability, climate change adaptation, and countermeasures for the deterioration of infrastructure including rivers and roads. Therefore, we believe that the Group's domestic operations will continue to have stable business opportunities. On the other hand, the business environment cannot be viewed with optimism. In Japan, the effects of inflation have become apparent, including soaring construction material costs and rising labor costs. Even with a certain level of nominal public works project-related expenses secured, it is increasingly difficult to carry out projects of the same scale with the same level of funding as before in real terms. Furthermore, due to continued labor shortages and intensified technical competition, securing and developing personnel to carry out these projects has become more important than ever.

Overseas, the operations of Waterman Group Plc, which is centered in the UK, have been affected by inflation and stagnation in the private sector, while their business in Ireland has remained relatively robust. For CTI Engineering International, which operates in Asia and Africa, there has been a trend toward reductions in the Japan International Cooperation Agency (JICA) budgets. In our overseas businesses, we must carefully assess profitability by region and business area to improve consolidated profitability.

Given these changes in the business environment, the Group cannot solely rely on the expansion of its core businesses centered on public works to realize sustainable growth. We need to identify new growth domains that address evolving social challenges and transform our business portfolio. A key priority for enhancing corporate value going forward is to expand our business domains into services with higher added value while capturing domestic infrastructure demand as a stable foundation.

First Fiscal Year Results of the Mid-Term Management Plan and Challenges That Have Come to Light

The Group has set out business portfolio transformation and rebuild of foundation for growth for the Mid-Term Management Plan 2027. In the first fiscal year of the plan, fiscal 2025, while we achieved our sales target, challenges on the profit side became evident.

In terms of sales, we achieved the fiscal 2025 target of ¥100.0 billion and made steady progress toward the fiscal 2027 target of ¥110.0 billion. For the domestic consulting engineering business, we saw a strong performance against the backdrop of demand for public infrastructure, with both orders received and sales exceeding the previous fiscal year level and our targets. For the overseas consulting engineering business, orders received and sales surpassed the previous fiscal year results as well as our targets, delivering solid results in terms of sales.

However, challenges remained in terms of profits. The consolidated operating income margin stood at 9.0%, falling below the fiscal 2025 target of 10%. The operating income margin has declined for two consecutive years, primarily due to an increase in SG&A expenses. Although sales continue to grow steadily, the inability to fully translate sales growth into profit growth has emerged as a major challenge in the first fiscal year of the Mid-Term Management Plan.

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In the domestic consulting engineering business, although our core businesses performed steadily, results in some domains underperformed the plan, with operating income falling short of our target. Moving forward, we must improve the cost of sales ratio and SG&A ratio while maintaining and enhancing the profitability of our core businesses.

The overseas consulting engineering business is also left with challenges in terms of profits despite a growth in sales. While CTI Engineering International saw a decline in capacity utilization due to delays in the signing of contracts for large-scale projects, Waterman Group Plc was affected by inflation and stagnation in the private sector in the UK. These factors had a negative impact on profitability. In our overseas business, we will improve capacity utilization, pursue projects more selectively, and strengthen management systems while carefully assessing profitability by region and business area.

ROE also dropped for two consecutive years due to the decline in profits. The Group's cost of equity is approximately 8%, and although we are currently above this level, the equity spread is narrowing. There were also some one-time factors behind the decrease in ROE, but achieving stable and continuous improvement is a critical management priority. We aim to improve ROE to 12% in fiscal 2026.

Transitioning the Business Portfolio to High-Value-Added Domains

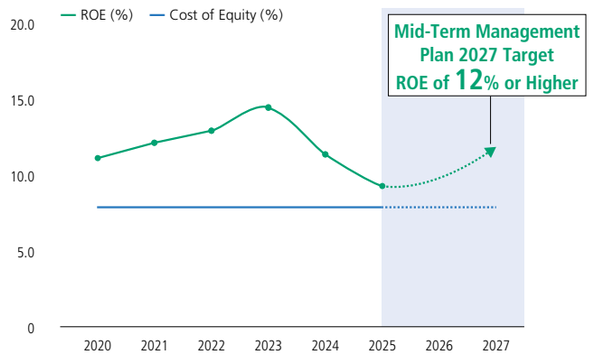
The direction the Group should focus on going forward is to leverage the domestic consulting engineering business as a stable foundation for earnings while expanding the engineering capabilities and customer base we have developed in this business into higher-value-added domains. Even in the first fiscal year of the Mid-Term Management Plan 2027, we made steady progress in growth areas and new businesses and gained confidence that we are on the right track toward business portfolio transformation.

In the information services business, AI-powered dam operation support, ICT and DX-related services, flood forecasting, and other relevant services that combine infrastructure engineering with data utilization are expanding. Domains such as infrastructure management, disaster prevention information, and AI utilization are expected to grow further in demand. These domains are also important in terms of transitioning from labor-intensive businesses. In the CM/PM business as well, there is a growing demand for client support and project management driven by labor shortages on the client side and increasingly large and complex projects. These are the domains where we can effectively leverage the Group's long-built infrastructure engineering capabilities, project execution capabilities, and customer base. We will cultivate these domains as opportunities to increase profitability. For areas such as energy, public-private partnership, urban infrastructure and construction, and the environment, we will steadily advance our initiatives from areas where we can best leverage the Group's strengths while carefully assessing the market potential and profitability of each domain. In terms of new businesses, we are making progress in fields including PPP/PFI, urban infrastructure and construction markets, and PFAS pollution surveys, which we will develop into future pillars of earnings.

Through these initiatives, we will maintain the domestic consulting engineering business as a stable base for earnings while transforming our business portfolio into one with higher profitability.



ROE and Cost of Equity



Cost of Equity (%) FY2025

Risk-Free Rate + Beta (β) Sensitivity × Risk Premium = Cost of Equity 8%

Calculated based on CAPM

Toward Achieving ROE of 12% or Higher

Growth Investment	Accelerate business portfolio transformation and shift resources to growth areas
	Leverage internal investments (human resources, R&D, DX) and external investments (M&A, alliances)
Profitability Improvement	Expand high-value-added business focused on growth areas
	Improve operational efficiency and productivity through DX promotion
	Reduce SG&A ratio to the FY2024 level
Capital Efficiency Improvement	Consider the flexible use of debt financing depending on investment projects and cash position
	Improve capital efficiency through the flexible use of dividends and share buybacks

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Improving Productivity through Rebuild of Foundation for Growth

To address the issue of not being able to fully translate sales growth into profit growth, which we identified as a challenge in the first fiscal year of the Mid-Term Management Plan 2027, we must improve productivity. We aim to transition to a structure that generates higher added value from the same resources by rebuilding our two foundations of human resources and digital capabilities.

First is the development of highly skilled human resources. Many of our employees possess engineering skills. By combining these skills with digital and IT skills, we will boost the quality and scope of services each employee can provide. We are accelerating investment in training, aiming to ensure that each and every employee is equipped with the mindset and skills to leverage digital technology.

Second is the transformation of work processes through digital utilization. We are undertaking a bottom-up approach to improve productivity across the Group, including the use of AI. We are also developing systems to reduce man-hours without compromising quality. By promoting these initiatives throughout the Group, we aim to improve profitability on a consolidated basis.

We believe that the development of highly skilled human resources and digital utilization are prerequisites for business portfolio transformation. Through investment in these two areas, we will ensure improvements in our operating income margin and enhanced profitability.

Enhancing Corporate Value by Improving Capital Efficiency

We aim for a stable improvement in ROE and a sustainable increase in corporate value. We plan to achieve this by transitioning our business portfolio and increasing productivity to drive profit growth while simultaneously improving capital efficiency through our capital policies.

In terms of growth investments, we will strengthen investment governance. For M&A, alliances, and other investment projects, we establish the criteria for making investment decisions, monitoring systems, and exit criteria as well as make disciplined decisions leveraging a hurdle rate based on the cost of equity and ROIC. Through this approach, we aim to translate investments in growth areas and new businesses to sustainable earnings growth.

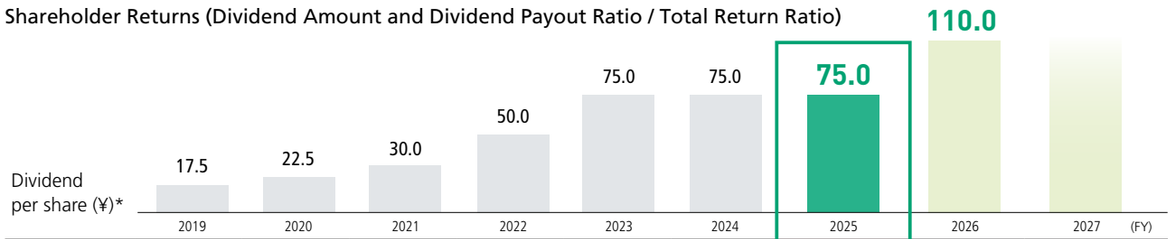
In order to ensure the effective use of capital, we will also reduce non-operating assets. We plan to reduce cross-shareholdings by half by 2027 and to nearly zero by 2030 and will continue to proceed with this reduction.

Regarding shareholder returns, in fiscal 2025, we achieved a dividend payout ratio of 35.0%, a DOE of 3.2%, and a total return ratio of 45.4%. In addition, we carried out share buybacks with a total limit of ¥1.5 billion and 700,000 shares. In July 2026, we also revised our forecast for the year-end dividends to further enhance profit returns to shareholders and decided to implement share buybacks to improve capital efficiency. We will steadily implement shareholder returns while maintaining a balance with growth investments in order to improve ROE.

It is also important to clearly communicate the progress of these initiatives to the capital market and enhance understanding of the Group's growth potential and efforts to improve capital efficiency. We will clearly present our target capital structure and the steady progress we are making in business portfolio transformation in a way that earns investors' confidence.

We will achieve sustainable growth in corporate value by comprehensively advancing the transformation of our business portfolio toward high-value-added domains with domestic public infrastructure demand as a stable foundation, improving profitability through increased productivity, and enhancing capital efficiency through our capital policy.

Shareholder Returns (Dividend Amount and Dividend Payout Ratio / Total Return Ratio)



	2019	2020	2021	2022	2023	2024	2025	2026	2027
ROE	9.6%	11.3%	12.3%	13.1%	14.7%	11.6%	9.3%	12% or Higher	
EPS (¥)*	99.30	129.08	158.13	207.75	271.06	243.10	214.45 Growth Rate: –11.8%	CAGR (FY2024–2027): 10% or Higher	
Dividend Payout Ratio	17.6%	17.4%	19.0%	24.1%	27.7%	30.9%	35.0%	30% or Higher	
Total Return Ratio	17.6%	17.4%	19.0%	24.1%	40.9%	30.9%	45.4%	Total Return Ratio: Approximately 35–50%	

* Effective January 1, 2025, the Company implemented a two-for-one stock split of common shares. Dividend and EPS were calculated assuming a stock split was conducted at the beginning of each fiscal year.

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Investment Governance

Basic Policy on Growth Investments

The Company carefully selects investments that contribute to enhancing corporate value and manages them under a consistent control framework that includes everything from investment decision-making to execution, monitoring, and exit.

We make investment decisions based on the cost of equity. In addition to Net Present Value (NPV) and other evaluation indicators, we also comprehensively assess non-financial factors, such as market growth potential, strategic alignment, and social impact.

For all investment opportunities, proposals initiated by business divisions are subject to independent reviews conducted by the corporate planning, finance, and legal affairs divisions. Investment decisions are then made following deliberation by the Investment Committee and the Management Meeting. For significant investment opportunities, a resolution is made by the Board of Directors.

Following an investment, we conduct regular monitoring based on financial and non-financial KPIs. If deviations from the plan or changes in strategic significance are identified, we take appropriate measures such as exiting the investment.

Through these mechanisms, we maintain disciplined investment activities and strive to achieve the sustainable enhancement of corporate value.

Basic Policy on Investments	• Evaluate investments based on capital efficiency
	• Comprehensively assess financial and non-financial factors (growth potential, strategy, and social impact)

Investment Decision-Making and Execution Process

In 2025, the Company established a framework for investment management. The purpose of this framework is to upgrade the investment evaluation and management processes, which had previously been managed as a part of daily operations, into a systematic and transparent structure to strengthen our decision-making and management systems. This aims to enhance the effectiveness of our investment governance.

Investment Decision-Making and Execution Process

Decisions about investments go through the process of proposal → independent review → Investment Committee → Management Meeting → resolution by the Board of Directors. In addition to independent reviews performed by the corporate planning, finance, and legal affairs divisions, due diligence is also conducted to carefully assess the risks associated with the investment.

Investment Governance Structure

We ensure a governance structure by separating the proposal (business divisions) from the review (corporate planning, finance, and legal affairs divisions). The Investment Committee then deliberates on the investment in stages, and proposals for significant investment opportunities are subject to a resolution by the Board of Directors.

Post-Investment Control

We conduct regular monitoring based on KPIs (financial and non-financial). If deviations from the KPIs are observed, we decide whether to improve, re-deliberate, or exit the investment. We consider exiting investments if strategic significance or profitability declines.



Investment Governance Case Study

In a press release dated June 26, 2025, we announced the Notice Concerning Transfer of Subsidiary Shares and Change of Subsidiary. In this case, we decided to exit an investment in accordance with our investment management process.

Notice Concerning Transfer of Subsidiary Shares and Change of Subsidiary
https://www.ctie.co.jp/english/news/uploads/2025/06/ir_20250626_en.pdf

Overview of the Transfer of Shares

All shares of CTI Frontier Co., Ltd., a wholly owned subsidiary of CTI Engineering, were transferred to Nakata Farm Co., Ltd.
Description of CTI Frontier's business: Agriculture-related business, consulting services on corporate management

Reason for the Transfer of Shares

Since CTI Frontier was a non-core business with low profitability, we decided that we could optimize our portfolio by transferring it to business operators capable of managing it with higher expertise and closer ties to local communities.

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Human Resources Strategy: Message from Chief, Administration Headquarters



Deepening human capital management to enhance the corporate value of the CTI Engineering Group

Toshikazu Matsuoka
Director, Managing Executive Officer

Exemplary Human Resources Sought by the CTI Engineering Group

Human resources are the source of value creation for the Group. To enhance corporate value across the Group, it is essential that employees at not only our core company, CTI Engineering, but also at each Group company, continue to grow sustainably and leverage their respective strengths. Based on this belief, we formulated the Basic Policy on CTI Engineering Group Human Resources Management (CTIG-HRM) in March 2024, which outlines our management policy regarding Group human resources. At the same time, we have clarified our definition of the exemplary human resources sought by the CTI Engineering Group.

The Group aims to be an organization where each company leverages its own expertise and strengths while demonstrating the Group's collective capabilities. In particular, we seek engineers who possess not only a high level of expertise across a broad range of business domains but also the ability to apply that expertise in daily operations.

Based on this belief, we have identified four skills—specialized engineering skills, cooperative/collaborative skills, execution skills, and management skills—as well as two mentalities—ethical viewpoint and mentality of autonomy—as the qualities for exemplary human resources sought by the CTI Engineering Group.

Approach to Human Resource Management

The Basic Policy on CTIG-HRM sets forth the Group's fundamental approach to human resource development, acquisition, and utilization. Based on this policy, we have identified the key areas of training system, treatment of human resources, branding, engagement, career design, and diversity, in which we will prioritize our investments and initiatives. These efforts enhance employee competencies and invigorate the organization, which will then improve productivity and production quality. Ultimately, this will also lead to rewarding employees as well as improved corporate value and profitability.

1. Human resource development

We are working to establish a variety of career support and training programs to develop professionals equipped with advanced specialized engineering skills which they can apply in daily operations. To speed up the growth of young engineers and foster engineers with the competencies necessary to succeed internationally, we introduced a proprietary development system (IDP System) focusing on Initial Professional Development (IPD) in fiscal 2023. Through our IPD system, we support faster acquisition of the Professional Engineer qualification by developing the competencies and abilities that engineers are expected to have to qualify as Professional Engineers. At CTI Engineering, the average age of Professional Engineers who pass the second stage examination for the first time is about 10 years younger than the national average. In addition, we introduced the Fundamental Engineering Training Program to accelerate the development of new hires. This program has now been in place for two years. It promotes the acquisition of a broad perspective beyond one's own area of expertise, as well as foundational engineering capabilities.

Furthermore, we are also focusing on human resource development across the Group. We established the CTI Engineering Group training system and have been promoting training that includes employees from our Group companies. The CTI Engineering Group engineering workshops are one such initiative. These workshops contribute to the creation of new value by facilitating interaction among engineers within the Group and combining their collective insights. Although the workshops are held only once a year, they provide an important opportunity to deepen mutual technical understanding, encourage the exchange of ideas, and enhance communication.

2. Human resource acquisition

We are working to secure human resources and improve employee motivation and productivity by reforming our personnel treatment system and enhancing employee treatment. While CTI Engineering has generally been successful in acquiring human resources, the hiring environment at Group companies is becoming increasingly challenging, and responding to the competition to acquire human resources has become an issue. To address this, we are strengthening

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our ability to attract and retain talent by communicating the Group's overall appeal and growth opportunities, both internally and externally.

In addition to securing new graduate and mid-career recruits, we are also focusing on enhancing our post-retirement reemployment system for employees who have reached the mandatory retirement age. In fiscal 2024, we introduced a new reemployment system under which the pre-retirement personnel treatment system will continue to be applied. This allows senior employees with high levels of expertise and motivation to continue contributing after reaching the mandatory retirement age. The system has helped boost motivation among senior employees and maintain and improve their productivity. Going forward, we will consider further improvements to the system from the perspective of securing human resources in a sustainable way.

In fiscal 2025, we introduced an internal job posting system to encourage employees to take on challenges and drive their growth. This system allows departments in need of personnel to post internal job openings by specifying the desired candidate profile and the number of positions available. Employees can then apply to these job openings on their own initiative and take on new responsibilities and roles. Although the system is currently in its pilot phase, we expect that it will help employees to take ownership of their career development and revitalize the organization.

3. Human resource utilization

We believe diversity is what drives the activation of talent. The CTI Engineering Group is engaged in creating an environment where each and every member of our diverse workforce can find a sense of fulfillment in their work, leverage their capabilities, and continue to grow and thrive. This is because we believe that these cumulative efforts will lead to the creation of new value and innovation. To further accelerate such efforts, we reorganized the Diversity Promotion Section into the DE&I Promotion Section in 2024. At the same time, we issued the President's Declaration demonstrating our commitment to achieving DE&I and formulated the DE&I Promotion Plan 2030. This plan looks ahead to 2030, the target year for the Mid- to Long-Term Vision. In it, we have set KPIs and goals, along with specific action plans to achieve them. We review and share progress annually while continuously monitoring our initiatives to ensure their effectiveness.

Strengthening Investment in Human Capital

Human resources are an important form of management capital for the Group. Therefore, we believe that investment in our human resources will enhance corporate value over the medium to long term. In the Mid-Term Management Plan 2027, strengthening investment in human capital has been identified as one of our key initiatives, and we are working on human resource development, securing diverse talent, and the activation of talent.

As the executive officer in charge, my particular focus is on promoting women's participation and career advancement. I believe that incorporating diverse perspectives and values into corporate management and organizational management will lead to sustainable growth and innovation. To achieve this, we believe increasing the number of female managers is a crucial first step.

The DE&I Promotion Plan 2030 sets a target of increasing the ratio of female managers to 10% or higher by 2030. The Mid-Term Management Plan 2027 sets a KGI of 6% for 2027, and as of 2025, the ratio had improved to 4.7%, up by 0.9 percentage points compared to the previous year. We will continue to build an organization where diverse human resources can fully leverage their capabilities by providing training and career support, as well as creating a comfortable work environment.

Furthermore, improving employee engagement is one of the key priorities. The 2025 survey results were rated BBB, highlighting a steady improvement in ranking since the survey began. We believe we are generally on track to achieve rank A by 2027.

On the other hand, engagement levels vary across organizations. We believe that management practices and communication by managers are key factors contributing to these differences. To address this, we are currently working to strengthen strategic communication. By carefully sharing the background and significance of our goals with our employees, we hope to build an organization where each and every employee can take on challenges with a clear understanding and a tangible sense of personal growth.

DX and Productivity Improvement

Digital transformation (DX) / production system reform is one of the key initiatives in the Mid-Term Management Plan 2027, and our human resource strategy is closely tied to advancing this reform.

Until now, we have developed IT talent primarily from employees who have gained experience in the field. However, given the rapid advancements in AI and digital technologies, we are now focusing on the IT and DX fields from the recruitment stage to secure and develop human resources with specialized expertise. We are also working to revise our personnel treatment system and clarify career paths so that these employees can thrive over the long term.

For production system reform, we have set Human Capital Return on Investment (HC-ROI) as a KGI to quantitatively measure improvements in productivity. In 2025, we saw an improvement of 2.6% compared to the previous year, indicating that our investment in human capital has been steadily producing results. We have also begun utilizing generative AI for tasks such as organizing information, preparing documents, and reviewing deliverables. As a result, we are starting to see improvements in operational efficiency.

Moving forward, we will go beyond merely improving efficiency. We will strive to create an environment where employees can focus on tasks with higher added value. By promoting production system reform and utilizing AI and digital technologies, we will build an organization that allows each employee to maximize their capabilities, leading to the sustainable enhancement of corporate value.

Supporting Sustainable Growth by Enhancing Human Resources and Achieving Well-being

We believe that when each and every employee feels happy at work, it drives creativity and productivity and helps attract diverse human resources. For this reason, the Group has identified enhancing human resources and achieving well-being as a materiality issue and is promoting related efforts under the commitment of top management.

To improve the work environment, in addition to implementing a hot-desking system and renovating conference rooms at the office, we are also working to create a comfortable workplace at various office locations by incorporating employee feedback.

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In terms of policies, we have established childcare or nursing care leave systems and are encouraging employees to use these systems. We are also promoting the use of the work-from-home system. In this way, we are supporting flexible work styles. We believe that these initiatives are steadily improving workplace comfort.

However, reducing working hours continues to be a key challenge. Going forward, we will improve operational efficiency by implementing production system reform and leveraging DX and AI while striving to balance workplace comfort with job satisfaction. In this way, we will continue to create an environment where employees can thrive with a high level of engagement.

Two Years Since the Establishment of the Basic Policy on CTIG-HRM: Toward the Group-Wide Human Capital Management

Two years have passed since the establishment of the Basic Policy on CTIG-HRM. While our various initiatives are beginning to bear fruit, many challenges still remain as we expand human capital management across the Group. Going forward, we will evolve our human resource strategy to support value creation not only for CTI Engineering but also for the entire CTI Engineering Group.

1. Building a Group-Wide Human Resource Portfolio

Our biggest challenge is to strengthen the human resource portfolio across the Group. The Group consists of companies and talent with a wide range of expertise in fields such as architecture, geological surveys, the environment, and urban planning. Going forward, we will view such diverse expertise as a shared strength of the Group and promote mutual collaboration and interaction within the Group.

As mentioned earlier, our Group companies face severe challenges with recruitment due to limited company recognition and brand power. To address this, we are promoting recruiting activities that prominently emphasize the CTI Engineering Group brand, such as jointly holding Group-wide recruitment presentations. We also strive to expand opportunities to connect with prospective talent across the Group by introducing applicants to Group companies specialized in specific fields that align with their areas of interest.

2. Building a Platform for Group-Wide Human Resource Development and Engagement

For human resource development, we need to shift from the conventional Company-centric approach to building a platform that can be utilized across the entire Group. For example, we are currently rolling out training programs, including Initial Professional Development (IPD), to our Group companies.

By creating an environment where employees of Group companies can also utilize our training programs, we can help improve their engineering capabilities and provide support for obtaining the Professional Engineer qualification. We also hope this will give employees a sense that they can grow as members of the CTI Engineering Group, which will lead to enhanced value.

Employee engagement is another key priority that we are addressing across the Group. We are currently working to expand the engagement survey conducted at the Company to Group companies. Going forward, we plan to utilize the survey as a common indicator across the Group. By creating an environment where diverse human resources can grow with confidence and fully demonstrate their capabilities, we will drive the sustainable growth of the CTI Engineering Group as a whole.

3. DE&I Promotion

DE&I is not simply a human resource policy. It is a key management priority that supports the Group's sustainable growth and value creation. In society as a whole, there is growing understanding of diversity. Particularly for women's participation and career advancement, a shared understanding is being developed within the Company as well. However, in order to translate this understanding into actual organizational management, decision-making, and also greater business competitiveness, further efforts are needed.

In 2026, we will strengthen our communication and training related to DE&I. What is particularly important is to promote understanding and behavioral change among all employees, including male employees. We will drive changes in organizational culture, with the management team taking the initiative in communicating their message, including how to address unconscious bias.

In addition, we believe a human resource policy regarding foreign employees is another key priority. We will clarify our future direction for foreign employees, including their recruitment, development, and roles and responsibilities within the Group.

DE&I initiatives do not yield immediately visible results. However, through the accumulation of dialogue, training, and daily practice, we will foster an organizational climate where diverse human resources can fully leverage their capabilities, which we will use to enhance the value of the entire Group.

Mission to Enhance Human Capital Value

My short-term mission is to address people-related bottlenecks that hinder performance on the front lines and build an organizational foundation that ensures the steady implementation of our growth strategy. Whether it is accelerating business portfolio transformation, improving productivity through quality and production system reform, or raising the employee engagement rating, the key initiatives outlined in the Management Plan are all driven by people. While taking an integrated approach to recruitment, development, and placement, we are working to strengthen our abilities to manage projects, demonstrate technical competitiveness, and leverage DX.

Over the medium to long term, my mission is to promote Group-wide human capital management as a whole and establish a human resource foundation that enhances corporate value. Under the Basic Policy on CTIG-HRM, we will advance human resource acquisition, development, and utilization across the Group while also striving to enhance talent management.

The Group has a deeply rooted culture of diligence and integrity, which is a major strength in solving a wide range of challenges. In human capital management, the promotion of DE&I, human resource development across the Group, and cultivation of the next generation of management leaders are identified as key priorities.

Furthermore, we believe it is an important responsibility to clearly communicate to shareholders, investors, and other stakeholders how human capital contributes to enhancing corporate value by visualizing the details and results of our investments in human capital. Going forward, we will continue increasing the value of our human resources to achieve the Group's sustainable growth and enhance corporate value.

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DX Promotion

The CTI Engineering Group aims to grow into the desired future state outlined in its Mid- to Long-Term Vision SPRONG 2030 as a Global Infrastructure Solutions Group. To achieve this, it is essential to resolve the issues present in our existing production systems and further evolve them. Accordingly, we are actively investing in the development of technologies that enhance productivity and ensure quality and safety while promoting digital transformation (DX) initiatives.



Mitsuho Amano
DX Strategy Promotion Officer
Director, Managing Executive Officer

Leveraging AI to Deliver Value That AI Alone Cannot Create

DX is not merely about introducing ICT. We view it as a framework for boosting productivity and solving societal issues by harnessing data and digital technologies.

Based on this essential understanding, the CTI Engineering Group is utilizing generative AI, cyber-physical systems (CPS) / IoT, and other cutting-edge technologies to provide solutions for structural challenges in the infrastructure field, including disaster prevention and mitigation, infrastructure deterioration, and personnel shortages while contributing to the realization of a sustainable society.

Even before the COVID-19 pandemic, we have been proactively developing our IT infrastructure, including home working and cloud migration. Simultaneously, we have also been advancing the development and implementation of technologies such as analysis and forecasting, image processing, and anomaly detection using data science and AI. Currently, driven by advancements in generative AI, we are holistically pursuing the sophistication and efficiency of our entire consulting engineering services, from information gathering and structuring to issue definition, analysis and evaluation, decision-making support, and external communication. These efforts have earned us the Excellence Award in the 2023 Infrastructure DX Awards (Construction and Operations Category) sponsored by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as well as the 2025 Michinoku Infrastructure DX Encouragement Award sponsored by the Tohoku Regional Development Bureau, MLIT. Furthermore, the Human Capital Return on Investment (HC-ROI) for fiscal 2025 improved by 2.6% compared to the previous fiscal year.

Against this backdrop, now that the adoption of generative AI and other digital technologies is rapidly advancing among our clients and competitors, simply introducing new technologies alone is no longer sufficient to differentiate ourselves. The strength of the CTI Engineering Group lies in its knowledge assets, such as the technologies and expertise we have accumulated over many years. By leveraging AI to combine these knowledge assets with information around the world, we provide value that AI alone cannot create.

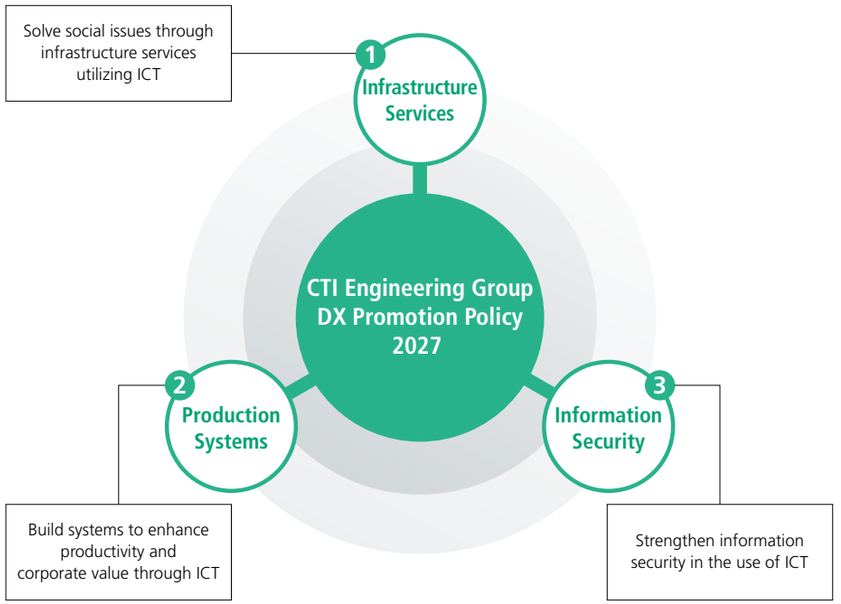
Furthermore, the recent widespread adoption of no-code and low-code tools has significantly lowered barriers to introducing digital technologies. Therefore, in promoting DX, it is important not to focus excessively on securing ICT talent but rather to develop human resources capable of envisioning how data and digital technologies can be leveraged to create value.

The CTI Engineering Group's DX Strategy

In the Mid-Term Management Plan 2027, DX has been identified as a key initiative that will contribute to improving operational productivity and expanding future order growth, with ¥3.5 billion being invested from 2025 to 2027. In addition, the CTI Engineering Group DX Promotion Policy 2027 has been formulated to outline the direction of our DX initiatives, and we are advancing initiatives based on the following three pillars.

We will link these initiatives through data to promote data-driven management while accelerating technological development investment to improve productivity and ensure quality and safety.

Providing infrastructure services utilizing ICT	Creating new services that contribute to solving social issues
Upgrading production systems utilizing ICT	Building systems to enhance productivity and corporate value
Strengthening information security in ICT utilization	Establishing a foundation that supports safe and secure business operations



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Allocation of ¥3.5 Billion to DX Investment (Digital Infrastructure Development)

We provide optimal solutions for various societal challenges, including disaster prevention and mitigation, energy, and regional revitalization, by integrating generative AI-structured global information with the CTI Engineering Group's talent and expertise.

Target 01

Portfolio Transformation of Infrastructure Services Business

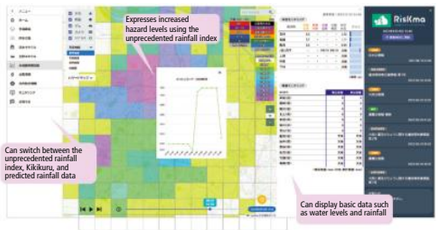
Expansion of infrastructure services leveraging ICT, IoT, and AI

- **Information Services**
  Disaster prevention and mitigation information services, next-generation mobility services, and regional revitalization information services
- **Infrastructure Maintenance and Operations**
  AI-based anomaly detection and deterioration diagnosis services, AI/IoT-driven infrastructure operations support, and energy management services
- **Project Execution Support**
  Business and project oversight services, PM/CM services, and information platforms and AI agents to efficiently support PFI/PPP and comprehensive management operations

AI-Powered Information Service: Dosha Kiji, a Landslide Hazard Risk Information System

Dosha Kiji, a landslide hazard risk information system, is an information service that utilizes AI technology to reflect the topographical, geological, and rainfall characteristics of regions and clearly visualize the urgency of landslides. It allows us to compare with past disaster cases and monitor hazard levels over time while supporting local governments and infrastructure companies in providing information on evacuation and enhancing preventive measures.



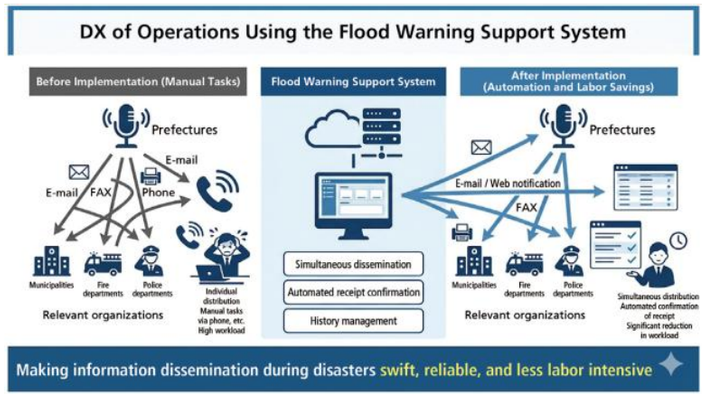


System operation image

Digitalizing the Work of Issuing Flood Warnings and Water Level Information through DX
The Flood Warning Support System to Significantly Improve the Efficiency of Prefectural Disaster Response Operations

We provide a flood warning support system to enhance efficiency and reduce workload. This system centralizes and manages the entire process online, from issuing flood warnings, water level alerts, and flood forecasts to distributing such information and confirming receipt. It also significantly reduces the workload associated with tasks that were traditionally handled manually, such as drafting messages, checking recipients, sending messages, confirming receipt, and creating records. In addition, the system supports e-mail, fax, and other various communication methods, and helps streamline the confirmation processes by visualizing receipt status.

This system has been in operation in Gunma Prefecture for approximately five years, and its effectiveness has been demonstrated in actual disaster response operations. Based on this track record, we have received an order to newly build the system for Mie Prefecture. Going forward, we will strive to expand to other local governments while further upgrading the system capabilities.



Flood warning support system overview

Using AI Image Recognition Technology to Detect Near-Miss Behaviors Based on CCTV Camera Footage

With AI image recognition technology utilizing CCTV camera footage, we have developed a technology to automatically detect near-miss behaviors that could potentially lead to traffic accidents. This technology objectively captures potentially hazardous behaviors that were previously difficult to identify, helping formulate effective traffic safety measures.

By utilizing existing cameras effectively, this technology enables labor savings and advanced analysis. It has been highly evaluated as a new approach to reduce traffic accidents, leading to the receipt of the 2025 Michinoku Infrastructure DX Encouragement Award (Private Sector Category).

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Target 02

Production System Reform

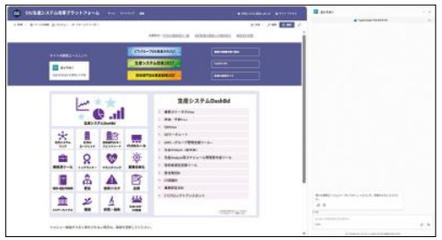
Leveraging AI to create outcomes AI cannot achieve

- Implementation of **generative AI agents** to maximize the utilization of technical assets and organizational tacit knowledge
- **Project management framework** to simultaneously advance quality, talent development, profitability improvement, and operational efficiency

A Data and AI-Integrated DX Platform to Support Productivity Improvement

The Company is developing a DX / production system reform platform with the goal of promoting DX and improving productivity. This platform puts together business data visualization, various business support tools, AI agents, internal systems, and DX-related rules and knowledge, and offers an environment where employees can quickly access the information and functions they need. This not only improves operational efficiency but also enhances quality and safety management and promotes data-driven decision-making. We are also advancing project management while improving Group-wide productivity and strengthening our ability to create value.

Furthermore, each division is using the platform as a foundation to implement DX initiatives, which includes leveraging generative AI, introducing work automation tools, and developing technical support tools. In particular, we are utilizing AI agents that use the internal portal and technical assets as knowledge sources. This has made it easier to search for and utilize necessary information, standardizing work processes and reducing reliance on the expertise of specific employees. Through these efforts, annual working hours are expected to decrease by approximately 20 to 35 hours per person. In addition, we have already achieved efficiency improvements in the range of several tens of percent for certain tasks.



Fiscal 2025 Evaluation Results

Category	Overview	Impact	Major Outcomes
① Utilization of generative AI	CTI generative AI, AI meeting minutes, AI summary, etc.	Average of 25 hours a year per person	Proposal preparation time reduced by 30% and document search time by 60%
② DX for administrative operations	RPA, portal development, information management, etc.	Average of 20 hours a year per person	Workload reduced for routine tasks
③ Improvement of business productivity	AI drawing review, 3D design, AI authentication, etc.	Average of 35 hours a year per person	20 hours reduced per case using AI drawing review

Securing and Developing DX Personnel

Centering on the Engineering Headquarters DX Promotion Division, which is responsible for planning and implementing DX promotion initiatives, we are proactively recruiting personnel specialized in IT. We have also introduced a training program in which employees temporarily transfer from engineering offices—the front line—to the DX Promotion Division, allowing them to acquire IT expertise in a short period of time by engaging in the CTI Engineering Group's DX strategy. In addition, to raise IT skill levels across the Group—not only for engineering staff, but also for administrative and marketing personnel—we conduct training aimed at acquiring common foundational knowledge of IT (IT literacy) and encourage employees to obtain the IT Passport certification.

Employee Voice

Improving Operational Efficiency and Productivity through DX Talent Development

Starting in May 2025, I spent one year in the cross-departmental training program offered at the Engineering Headquarters DX Promotion Division to improve operational efficiency in my home department. I acquired IT skills such as Python and RPA and developed tools for my department as well as conducted IT-based production simulation. During the training period, I utilized Python, VBA, and AI to develop more than 20 efficiency improvement tools, some of which have been deployed to other departments. Through the IT-based production simulation, the target task time was reduced by more than 90%, achieving an overall efficiency improvement of approximately 15% across all operations. Based on these experiences, I deepened my tool development skills and operational understanding and obtained the Professional Engineer qualification. Going forward, I will leverage the insights I have gained to further enhance operational efficiency and create greater value.



Tomoya Migitera
PFI · PPP Section, Urban Planning Division, Tokyo Main Office

Employee Voice

Streamlining and Enhancing Operations through DX Promotion in the Sales Field

I am working to solve challenges faced on the front lines by addressing both sales operations and DX promotion. During my time in Wakayama, I used to collect public notice information manually, but after automating this process, I began leveraging DX to streamline other work processes. I am currently working to streamline sales operations and enhance information sharing through initiatives such as visualizing project management with Power BI and developing business applications with Power Apps. In implementing these initiatives, I focus not merely on introducing tools but on embedding them as systems that will be consistently used on the front lines. In this way, I contribute to improving productivity across the entire organization.



Masahiro Taniguchi
Business Development Planning Division, Planning & Business Development Headquarters

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Target 02	
Enhancing Information Security Risk management against threats such as cyberattacks	• Establishment of a team **(CSIRT)** to build cross-industry information sharing and cooperation frameworks domestically and internationally • Centralized monitoring of cyberattacks and other threats via the Security Operations Center **(SOC)**

Measures for Information Security

Our official membership in the Nippon CSIRT Association (NCA) was approved on October 1, 2025.

Membership in the NCA enables us to share information on domestic and international cyber threats with member organizations, thereby strengthening our collaborative framework and enabling a swift and appropriate response. In addition, we will proactively incorporate the member organizations' security operations expertise and best practices to further enhance the security and reliability of our service.

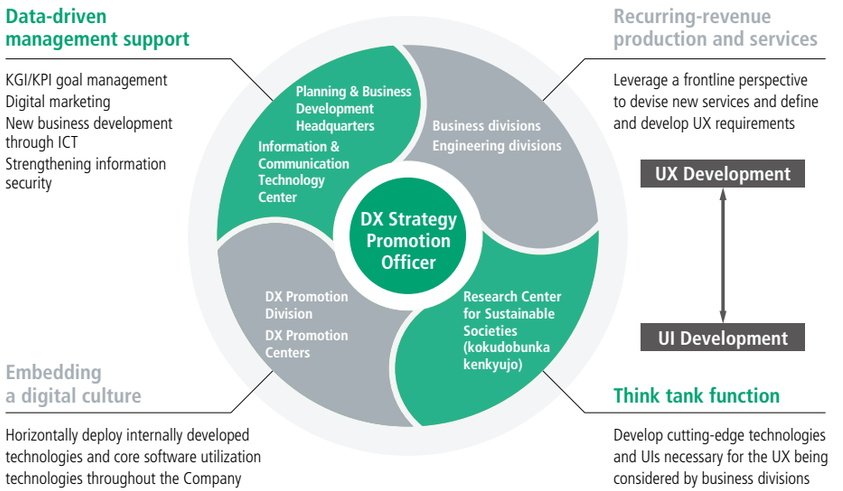
Overview of Our CSIRT Structure

Official name	CTI-CSIRT
Name of member organization	CTI Engineering Co., Ltd.
Member since	October 1, 2025
Main activities	• Collection and analysis of incident and vulnerability data • Information exchange and collaboration with other CSIRTs • Implementation of security exercises and training • Coordinated response with service providers, partner companies, and government agencies • Internal security awareness-raising activities and education

CTI Engineering Group Information Security Policy
https://www.ctie.co.jp/english/sustainability/information_security/

DX Promotion Framework

The Company has established a DX promotion framework. The framework is led by the DX Strategy Promotion Officer, driving collaboration between internal divisions to advance DX initiatives.



Obtained DX Certification

The DX Certification program is a government program established under the Act on Facilitation of Information Processing. This program certifies companies that are actively engaged in DX initiatives and comply with the basic requirements outlined in the Digital Governance Code.

Our specific initiatives on AI and data utilization as well as our framework to continuously advance these initiatives were highly evaluated, and we were recognized for having established a foundation for DX promotion.

As a result, we obtained DX Certification under this system established by the Ministry of Economy, Trade and Industry on November 1, 2025.

Digital Transformation Certification

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CTI Engineering Group Challenges for Sustainability

The CTI Engineering Group positions sustainability as one of the basic concepts in the Code of Corporate Conduct, which serves as the Group's standard for business, and has made infrastructure development that supports a sustainable society its core business.
In order to achieve sustainability through infrastructure development, the CTI Engineering Group proposes new values that contribute to simultaneously realizing local disaster prevention, environmental conservation, and regional revitalization through co-creation by diverse entities and the skillful utilization of the power of nature.

1 Challenge of Achieving Net Zero

2 Challenges to Promote Sustainability in Society

CTI Engineering Group Sustainable Challenge Promotion Plan

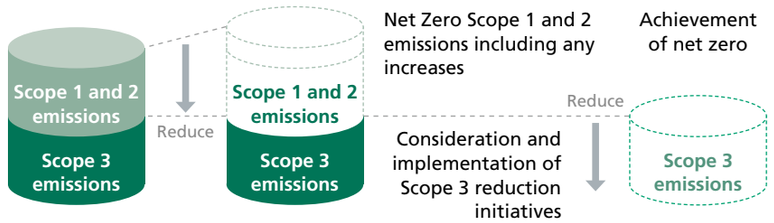
As a commitment to realizing sustainability through infrastructure development, the CTI Engineering Group announced the CTI Engineering Group Challenges for Sustainability on June 22, 2022. To realize the goals set forth in this declaration, the Sustainability Committee—chaired by the Representative Director and President, CEO—has clarified the Sustainable Challenge Promotion Targets and formulated the following specific promotion plan to achieve them by 2030. The Sustainability Committee is also responsible for monitoring the implementation status of the Sustainable Challenge Promotion Plan and proposing measures for its execution.

The CTI Engineering Group's Aims

Sustainable Challenge Promotion Targets 2030:	As a medium-term goal through 2030, the CTI Engineering Group aims to achieve net zero greenhouse gas emissions from business activities.
Sustainable Challenge Promotion Targets 2050:	As a long-term goal through 2050, we aim to achieve net zero greenhouse gas emissions, including in our own supply chain. Throughout both periods, we will also promote consulting services that contribute to sustainability and actively invest in businesses, research and development, and human resource development that contribute to sustainability, thereby contributing to improved sustainability in communities and society.

1 As a constituent of communities and society, we will achieve net zero in our own activities

Reduction of CO_2 emissions from CTI Engineering Group's business activities



2 We will use Group technologies to build sustainable communities and society

Contribute to improving sustainability for society

Promotion of consulting services that contribute to sustainability

1) Propose disaster prevention and mitigation measures that leverage the natural buffering and recovery capacities of nature against external forces
2) Propose measures that contribute to reducing greenhouse gas emissions throughout the infrastructure development lifecycle
3) Propose measures that contribute to reducing waste throughout the infrastructure development lifecycle
4) Propose measures that contribute to coexistence with the natural environment throughout the infrastructure development lifecycle
5) Propose measures that contribute to regional revitalization using ecosystem services provided by natural capital

Achievement of net zero, disaster prevention and mitigation, and regional revitalization

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CTI Engineering Group Challenges for Sustainability

Challenge of Achieving Net Zero

The CTI Engineering Group has set a target of achieving net zero greenhouse gas emissions (Scope 1 and 2) from its business activities by 2030.

In order to reduce the Group's greenhouse gas emissions, we have promoted energy conservation activities such as turning off lights during lunch breaks at Group company offices. Greenhouse gas emissions totaled 4,791 tonnes in 2021 due to an increase in the number of employees and the accompanying expansion of floor space. In 2025, however, emissions were reduced to 3,106 tonnes through measures including securing non-fossil value for Company-owned buildings, achieving a reduction of 1,685 tonnes compared with the reference year. We will continue to advance initiatives toward net zero across Group companies, including converting office lighting to LEDs and switching company vehicles to electric vehicles, with the aim of achieving net zero by 2030.

	2021 (Reference Year)	2022	2023	2024	2025
Scope 1 (Group)	1,016	809	750	734	632
Scope 2 (Group)	3,775	3,641	3,060	2,962	2,474
Scope 3 (Group)	—	—	42,700	44,384	43,459

Unit: t-CO_2

SBT (Science Based Targets) Validation

In May 2026, the greenhouse gas emissions reduction targets set by the CTI Engineering Group were validated by the international initiative SBTi (Science Based Targets initiative) as Science Based Targets (SBTs) aligned with the goals of the Paris Agreement.

Taking this SBT validation as an opportunity, the CTI Engineering Group will promote various initiatives toward achieving net zero by 2050, while aiming to enhance corporate value and contribute to the sustainable development of society, as set out in the CTI Engineering Group Basic Policy on Sustainability.

Target Year		Reduction Targets	
Final Target (Net Zero)	2050	Scope 1–3	Achieve net zero greenhouse gas emissions across the entire value chain
Near-Term Target	2030	Scope 1+2	Reduce greenhouse gas emissions by 60% by 2030 from a 2021 base year
		Scope 3	Reduce greenhouse gas emissions by 25% by 2030 from a 2023 base year
Long-Term Target	2050	Scope 1+2	Reduce greenhouse gas emissions by 90% by 2050 from a 2021 base year
		Scope 3	Reduce greenhouse gas emissions by 90% by 2050 from a 2023 base year

* The long-term target corresponds to a 90% reduction in emissions. Any 10% residual emissions are planned to be neutralised through measures such as the purchase of carbon credits and investment in JCM projects.

Response to Climate Change-Related Business

To contribute to improving the sustainability of local communities, the CTI Engineering Group promotes proposals that contribute to sustainability through its core consulting services.

For individual consulting projects related to infrastructure development, we effectively operate the ISO 14001 series in order to promote project proposals that take into account the five challenges in our consulting services. We monitor both the content and number of proposals and promote the horizontal deployment of advanced initiatives throughout the Group.

Five Challenges in Consulting Services

① Propose disaster prevention and mitigation measures that leverage natural buffering and recovery capacities against external forces
② Propose measures that contribute to reducing greenhouse gas emissions throughout the infrastructure development lifecycle
③ Propose measures that contribute to reducing waste throughout the infrastructure development lifecycle
④ Propose measures that contribute to coexistence with the natural environment throughout the infrastructure development lifecycle
⑤ Propose measures that contribute to regional revitalization using ecosystem services provided by natural capital

Under the Mid-Term Management Plan 2027, the CTI Engineering Group has set a target of ¥28.0 billion in sales from climate change-related projects. In 2025, actual sales reached ¥36.4 billion, significantly exceeding the target. This demonstrates that the proposals contributing to sustainability provided by the CTI Engineering Group not only contribute to local communities but also enjoy strong market demand.

Sales from Climate Change-Related Projects

2027 Target: ¥28.0 billion or more

¥36.4 billion
(Results in FY2025)

Visualizing Heatstroke Risk — An Example of Disaster Prevention Measures under Climate Change



In collaboration with the Center for Environmental Science in Saitama (CESS) and Watanabe Seisakusho Co., Ltd., we developed a real-time information system for heatstroke prevention using data from IoT heat index meters. The system applies technology from the Company's water disaster risk mapping system, RisKma, and visualizes heat conditions by combining observation data from 30 locations across Saitama Prefecture with meteorological data. This makes it possible to identify high-risk times and areas and helps encourage appropriate preventive action.

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Response to Biodiversity

Participation in a Framework Related to Natural Capital

To accelerate initiatives toward the realization of a sustainable society, the CTI Engineering Group has participated in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum since April 2023.

Certified as a Nationally Certified Sustainably Managed Natural Site — ER&S Keihanna Symbiotic Grassland

The ER&S Keihanna Symbiotic Grassland, where the Company and its Group company Environmental Research & Solutions Co., Ltd. are engaged in environmental conservation activities, has been certified as a Nationally Certified Sustainably Managed Natural Site ("Kyosei Site") by the Ministry of the Environment.

The ER&S Keihanna Symbiotic Grassland is located in a valley in Seika Town, Kyoto Prefecture, on land owned by Environmental Research & Solutions and surrounded by forests and rice paddies. A grassland environment dominated by cogon grass and Japanese pampas grass is maintained on the western slope, providing habitat for grasshoppers and butterflies. Its proximity to rice paddies and irrigation ponds also supports aquatic insects and frogs, while numerous beetles and moths gather there at night. The CTI Engineering Group maintains habitats for these plants and animals through regular mowing. In addition, it monitors their presence using environmental DNA technology possessed by Environmental Research & Solutions Co., Ltd. These initiatives were recognized, resulting in certification as a Kyosei Site by the Ministry of the Environment.



Japanese pond frog inhabiting the ER&S Keihanna Symbiotic Grassland

Launch of Support Services for Companies Seeking Kyosei Site Registration

Leveraging the knowledge accumulated through our initiatives related to Kyosei Site certification, we have been providing the biodiversity navigation service BDnavi since December 2025 to support corporate initiatives aimed at achieving nature positive outcomes.

The service provides comprehensive support for the planning and implementation of a range of biodiversity-related activities, helping companies seeking registration as a Kyosei Site to advance concrete actions.

The CTI Engineering Group will further strengthen its initiatives toward realizing a society that coexists with nature, while fulfilling its role as a partner that promotes understanding of biodiversity and supports companies in putting biodiversity initiatives into practice.

Biodiversity Navigation Service "BDnavi"
https://www.ctie.co.jp/service/bdnavi/ (Only in Japanese)

Disclosures Based on the TCFD Recommendations

In March 2020, the CTI Engineering Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as part of its efforts to address climate change and achieve sustainability through infrastructure development, and has since strived to provide appropriate information disclosure. An overview of the disclosures is provided below.

For details, please refer to "Sustainability: Climate Change Efforts" on the Company's website.

Sustainability: Climate Change Efforts
https://www.ctie.co.jp/english/sustainability/tackling-climate-change/

Governance

We have developed a governance system by establishing the Sustainability Committee (Chairperson: Representative Director and President, CEO) at the same level as the Management Meeting and incorporating sustainability into management issues. The Sustainability Committee deliberates on policies related to research, technology development, enhancement of human resource training, and other contributions to reducing greenhouse gas emissions and building a sustainable community. Decisions are made on key matters following deliberations at the Board of Directors' meeting.

Strategy

We have conducted a qualitative assessment of the major risks and opportunities anticipated in the medium to long term, based on the scenarios assumed in the impact assessment of the Group's business. The risks identified were stricter emissions regulations, such as carbon taxes levied on business activities; the CTI Engineering Group's increased social responsibility due to heightened awareness of climate change in society; and more natural disasters, such as typhoons and heavy rain. Opportunities identified included rising demand for social infrastructure planning and design in order to prevent and mitigate disasters caused by growing climate change impacts, as well as demand related to the transition to decarbonized energy sources, such as renewable energy.

Risk Management

We have established the Risk Management Committee to promote appropriate risk management for the Group, including identifying and controlling risks that could negatively impact our business operations before such risks materialize. The Sustainability Committee and Risk Management Committee work together to manage the risks associated with climate change.

Metrics and Targets

We have established indicators such as greenhouse gas emissions and regularly monitor and manage progress toward our reduction targets. We also use indicators related to the creation of environmental value through our business activities and work to achieve continuous improvement.

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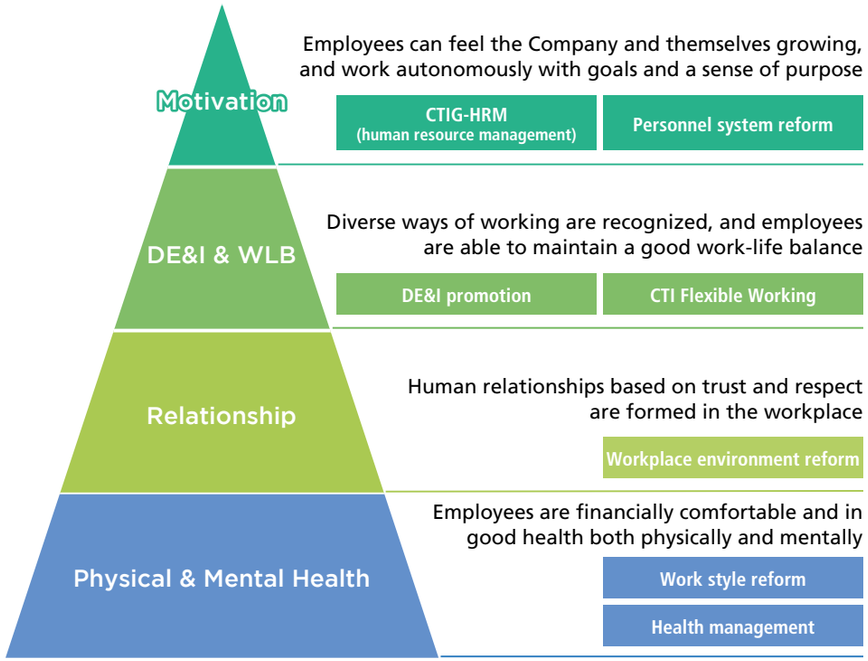
Enhance Human Resources and Achieve Well-Being

The Company's greatest management capital is its people, and under its Mid- to Long-Term Vision SPRONG 2030, it has set a target of 5,000 employees. As the Company's business is centered on consulting services, the number of engineers is directly linked to sales. Accordingly, securing, developing, and revitalizing human resources are key initiatives that form the foundation of business growth. As these initiatives not only contribute to higher earnings but also lead to returns to employees and the sustainable development of the organization, the CTI Engineering Group has positioned them as one of its materiality issues.

Furthermore, we believe that the happiness of each and every employee drives greater creativity and productivity and helps attract talented people. Based on this belief, we are strengthening human capital management under top management in accordance with the CTI Engineering Basic Policy on Well-Being.

Human resource policy and Well-Being at CTI Engineering
https://www.ctie.co.jp/english/sustainability/capital/

CTI's Vision for Employees' Well-Being and Initiatives



CTI Engineering Well-Being Declaration

1. Create a state of mental and physical health

Employees' mental and physical health directly affects productivity, while stress and overwork lead to reduced performance and long-term health problems. Consequently, management and employees are collaborating to implement work style reforms that will reduce long working hours. Additionally, we are focused on preventing lifestyle diseases. Support for mental health is provided through stress checks and follow-up checkups.

2. Create a work environment based on trust and respect

Trust and respect in the workplace encourage communication and foster a creative and productive work environment. To this end, we will cultivate a culture that respects individual human rights and emphasizes teamwork. This will be achieved through measures including one-on-one meetings and the thanks point system to deepen trust among employees. Additionally, we will provide training to enhance coaching and communication skills.

3. Build a system that accepts diverse work styles and enhances work-life balance

Enhancing work-life balance increases employee satisfaction and lowers employee attrition rates for companies. In addition, companies are able to capitalize on a diverse array of talent by accepting diverse work styles. For this reason, we will promote CTI Flexible Working, introduce a flexible work system, promote diversity, equity and inclusion (DE&I), and provide excellent employee benefits to support diverse work styles, thereby enhancing the work-life balance of employees.

4. Foster a corporate culture in which employees feel their own growth and work autonomously with goals and a sense of purpose (human resource development policy)

It is essential for employees to feel their own growth and work autonomously with goals and a sense of purpose in order to achieve sustainable organizational growth and innovation. To achieve this, we have established the Basic Policy on CTI Engineering Group Human Resources Management (CTIG-HRM), clearly defined the people and skills we seek, and provided well-developed training programs. Furthermore, we have transformed our personnel system from a seniority-based system to one that prioritizes job roles and responsibilities. We will create an environment in which employees can feel their own growth and work with a sense of purpose.

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Enhance Human Resources and Achieve Well-Being

Indicators and Targets

We have established and implemented initiatives and KPIs for each priority laid out in the CTI Engineering Basic Policy on Well-Being. The indicators that we consider to be particularly important are presented in the table below.

Basic Well-Being Priorities and Details		Initiatives	Key Indicators	2023	2024	**2025**	Target (2030)
① Create a state of mental and physical health	• Revise long working hours • Promote health enhancement activities • Enhance mental health care	• Promote work style reforms • Promote health management	Total annual work hours	2,170 hours	2,131 hours	**2,105 hours**	1,900 hours
② Create a work environment based on trust and respect	• Encourage teamwork • Energize communication • Communication skills	• Reform of personnel treatment system • One-on-one meetings and thanks point system • CTIG-HRM	Engagement score	54.6 (rank BB)	55.3 (rank BBB)	**56.3 (rank BBB)**	60 or more (rank A)
③ Build a system that accepts diverse work styles and enhances work-life balance	• Enhance home working and diverse work styles • Promote diversity • Enhance employee benefits	• CTI Flexible Working • DE&I Promotion Plan 2030	Ratio of female managers	2.0%	3.8%	**4.7%**	10.0%
			Ratio of childcare leave taken by men	64.0%	84.5%	**100%**	100%
④ Support growth and foster a sense of purpose	• Support growth and foster a sense of purpose	• CTIG-HRM	Employee attrition rate * Excludes retirement upon mandatory retirement age	3.5%	3.8%	**4.0%**	3.0%
		• Reform of personnel treatment system	Hours of training	30.0 hours	39.8 hours	**40.5 hours**	30 hours

* CTI Engineering Co., Ltd. (non-consolidated)

Health Management Initiatives

The Company believes that the health of each and every employee provides the foundation that enables us to demonstrate the "world-class technology and expertise" set out in our Business Philosophy. We also position people as our most important management capital and recognize that supporting the maintenance and improvement of their health is itself an essential part of practicing human capital management.

Based on this approach, the Company promotes health management as part of its management strategy. In accordance with the CTI Engineering Basic Policy on Well-Being, we have positioned the following four areas as important management issues: ① create a state of mental and physical health; ② create a work environment based on trust and respect; ③ build a system that accepts diverse work styles and enhances work-life balance; and ④ foster a corporate culture in which employees feel their own growth and work autonomously with goals and a sense of purpose. In July 2026, the Company also formulated its Health Management Policy. The policy identifies the prevention of illness and lifestyle diseases, the maintenance and improvement of mental and physical health, and the development of a comfortable working environment as priority themes and promotes proactive investment in health. By continuously implementing the PDCA cycle—from identifying health issues and implementing measures to verifying their effectiveness and making improvements—we aim to improve employee health, revitalize the organization, and thereby achieve sustainable enhancement of corporate value.

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Health Management
https://www.ctie.co.jp/english/sustainability/health-management/

Employee Health Management

	2023 Result	2024 Result	**2025 Result**	2030 Target
Participation rate in mental health support training for supervisors	80.0%	83.7%	**83.0%**	100%
Absenteeism (annual days off per employee)*1	1.91 days	2.19 days	**1.79 days**	Keep at 2.0 days or less
Regular health checkup participation rate	99.6%	100%	**99.9%**	100%
Stress check participation rate	97.1%	94.5%	**95.5%**	100%

Paid Leave

	Government Statistics*2	**2025 Result (As of May 31, 2026)**
Average number of days provided	18.1 days	**22.0 days**
Average number of days used	12.1 days	**16.5 days*3**
Average ratio used	66.9%	**75.1%**

* CTI Engineering Co., Ltd. (non-consolidated)
*1 This figure represents the number of days calculated as the sum of days of absence due to injury or illness and days of leave for all employees (excluding part-time workers; the same applies hereafter) divided by the total number of employees, aggregated from January to December.
*2 Based on the results of the General Survey on Working Conditions 2025, Ministry of Health, Labour and Welfare of Japan
*3 Total of regular paid leave (1 day) + half-day paid leave + hourly paid leave

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CTI Engineering Group Human Resources Management (CTIG-HRM)

Under the Mid- to Long-Term Vision SPRONG 2030, the CTI Engineering Group as a whole is working to strengthen human resource capabilities through human resource development to increase individual strengths and abilities, and the recruitment of a diverse array of personnel. As part of these initiatives to strengthen human resource capabilities, the Group formulated the CTI Engineering Group Human Resources Management (CTIG-HRM) in March 2024 as one of its Group-wide human resource development measures. The advantage of the CTI Engineering Group is its unified strength that leverages the distinctive characteristics of each company. The business domains and engineering capabilities that are sought after can be said to be characterized as wide-ranging and highly specialized. We strategically implement initiatives for human resource management in the development, acquisition, and utilization of human resources so that each and every employee working in the CTI Engineering Group demonstrates autonomous growth and embodies the exemplary human resources that are needed.

Exemplary Human Resources Sought by the CTI Engineering Group

4 Skills

1. Specialized engineering skills
Persons possessing a wide range of specialized knowledge and advanced engineering skills who are trusted as professionals both within and without the Company

2. Cooperative/collaborative skills
Persons capable of smooth, precise, and global communication while practicing mutual cooperation

3. Execution skills
Persons who proactively work to solve problems and possess the sense of responsibility to execute their roles of their own accord

4. Management skills
Persons capable of taking a bird's eye view of overall structures and projects, and demonstrating the skills of information analysis, decision-making, negotiation, and leadership to resolve issues

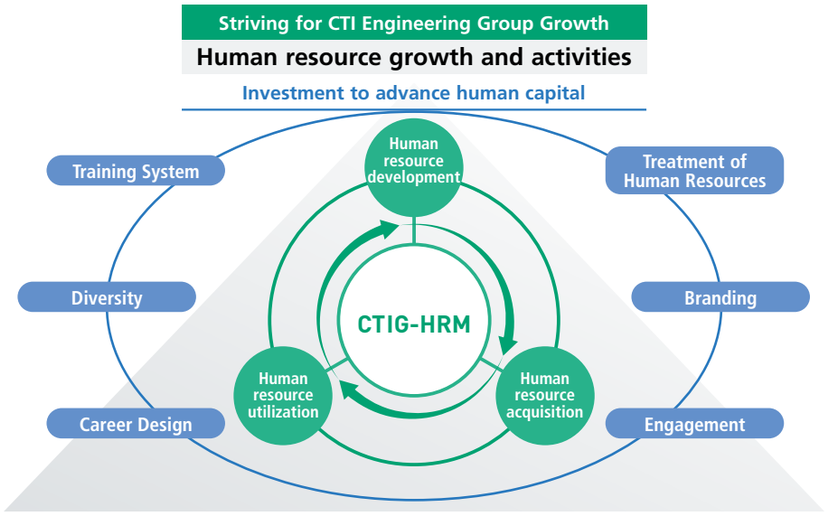
2 Mentalities

5. Ethical viewpoint
Persons capable of observing laws, regulations, and social norms, and exercising sincere, fair decisions and actions based on an ethical viewpoint

6. Mentality of autonomy
Persons possessing the initiative to improve themselves who are capable of autonomously building their careers and taking up challenges

CTI Engineering Group Human Resources Management (CTIG-HRM)
https://www.ctie.co.jp/english/sustainability/human-resources-mgmt/

An Overview of the CTI Engineering Group's Human Resource Management



Initiatives for Human Resource Management

Human resource development	Developing human resources by constructing a Group-wide training system based on clear policies and augmenting frameworks that support skills development and career building
Human resource acquisition	Acquiring on a Group-wide basis promising persons capable of working in existing business domains, diverse persons capable of undertaking expansion of domestic business, and global human resources capable of undertaking overseas business development
Human resource utilization	Fully eliciting and utilizing the capabilities of human resources by developing systems that encourage autonomous career building and constructing frameworks for human resource exchange enabling work across the Group

Keywords in Human Capital Investment

Training System	Creating a structure enabling Group employees to gather and learn necessary skills
Treatment of Human Resources	Treating human resources that embody the sought-after personnel with appropriate evaluations and remuneration
Branding	Boosting the CTI Engineering Group brand power, thereby paving the way for the recruitment and retention of even more human resources
Engagement	Creating a workplace where employees feel fulfilled and highly motivated
Career Design	Supporting the envisioning of diverse careers by improving employee skills through work
Diversity	Creating a workplace that achieves excellent results through teamwork by collaborating with employees who possess different values and ideas

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Human Resource Development

Based on the fundamental belief that "human resources are our only and greatest management resource," we aim to develop professionals capable of applying advanced specialized engineering skills to practical work using optimal methods and approaches. To this end, we have established a variety of career support and training programs.

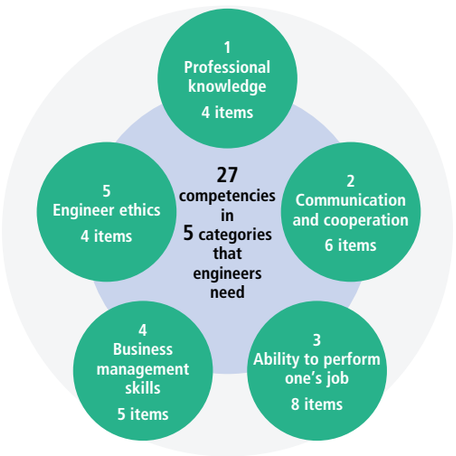
Initial Professional Development (IPD)

With society and technology undergoing significant transformation, nurturing professional engineers to be leaders in consulting engineering with competencies outside the specialized field of engineering, such as broad perspectives, interests, internationality, leadership, communication skills, management, and ethics, has become a pressing task.

To speed up the growth of young engineers and foster engineers with the competencies necessary to succeed internationally, we have implemented a proprietary system focusing on Initial Professional Development (IPD).

As for the competencies that young engineers should acquire, we have established our own unique 27 skill development items in 5 categories, taking into consideration the standards set by the International Engineering Alliance (IEA) and the characteristics of the consulting engineering business.

Through our IPD system, we support faster acquisition of the Professional Engineer qualification by developing the competencies and abilities that engineers are expected to have to qualify as Professional Engineers.



1. Universal knowledge and abilities required of engineers involved in infrastructure development
2. Ability to communicate clearly and comprehensively, and cooperation
3. Ability to fully utilize professional knowledge and communication to perform one's job
4. Ability to manage projects
5. Ability to comply with relevant laws and regulations, work to ensure social and environmental sustainability, and take responsibility for one's own judgments and decisions

CTI Engineering Group Engineering Workshops

CTI Engineering Group engineering workshops are held once a year, with the goal of improving operational capabilities by sharing Group-wide technical, management and other information through the publication of technical papers and other reports, and improving the ability to prepare papers and give presentations, among other related skills. The workshop provides the opportunity for officers and employees of Group companies in Japan and overseas to gather and increase mutual understanding, exchange opinions, and deepen communication on technical matters within the Group.



Fundamental Engineering Training Program for New Employees

The Fundamental Engineering Training Program for new employees is designed to build the foundation required of engineers who support infrastructure development. In addition to strengthening the fundamental skills required of all engineers regardless of their field of specialization, the program develops problem-solving and practical skills through exercises geared toward actual work. In this way, we enable new employees to contribute at an early stage and support their continued growth.

Training and Programs for Human Resource Development and Skills Enhancement

We have established training and development programs tailored to each job level, while also providing support for obtaining professional qualifications and opportunities for self-development. Through these initiatives, we are building an organization in which diverse talent can fully demonstrate their capabilities.

Main Training Programs

[Mandatory]
- New employee training
- Fundamental engineering training
- Follow-up training
- Training by job level
- General Manager training
- Group manager training
- Training for mid-career recruits
- Information security training
- Compliance training
- Training by division
- Training by branch office, division and section
- CTI Engineering Group engineering workshops

[Elective]
- Communication training
- Presentation training
- Business writing training
- DE&I training
- IT literacy training
- Programming training
- AutoCAD training
- BIM/CIM training
- Harassment awareness training
- Anger management training
- Executive management training
- One-on-one training
- Coaching training
- Supervising engineer training

[Selective]
- Training in other divisions (including IT divisions)
- Overseas training
- Overseas PM training
- On-the-job sales training
- On-site engineering skills training
- Training through secondment to the Public Works Research Institute and other organizations
- Secondment training

[Other]
- Support for obtaining the Professional Engineer qualification
- Support for enrollment in graduate school for working professionals
- Language training
- Flat-rate e-learning

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Dialogue | Advancing Global Collaboration and Creating Value

Through our collaboration with Waterman, we have been promoting the development of global talent and the creation of new values. By steadily advancing initiatives such as executive secondments, engineer dispatches, joint projects, and personnel exchanges, collaboration between the two companies has progressed consistently.

These efforts have not only deepened mutual understanding but also expanded business opportunities in global markets. At the same time, as we aim for further growth, several challenges have become apparent, including strengthening our human resource base, enhancing cross-organizational collaboration, and advancing business development initiatives.

In this dialogue, we reviewed past achievements and challenges and discussed the future direction of our global strategy and value creation.



(Left) Waterman Group Plc CEO
Neil Humphrey

(Right) Planning & Business Development Headquarters
International Business Division Group Manager:
Atsushi Kuzuno

From September 2021 to March 2024, he was seconded to Waterman Group Plc as a bridge engineer. Upon his return, he worked in the International Business Division, where he was responsible for promoting collaboration with Waterman Group Plc.

Progress in Collaboration and Current Perspective

Could you tell us about the current status of collaboration with Waterman Group Plc?

Kuzuno: Since Waterman joined our group in 2017, we have built cooperative relationships through various initiatives. In particular, overseas training programs - which aim not only to develop global talent but also to deepen mutual understanding, create opportunities for collaboration through the sharing of technical and operational expertise, and generate business value - have proven highly effective. Through these ongoing exchanges, mutual understanding fostered by these training programs is steadily deepening. These interactions have become an important foundation, supporting not only knowledge sharing but also a deeper understanding of each other's perspectives and approaches to work.

Neil: I agree. One of the major outcomes has been the expansion of our global network of talent. In areas such as bridge design and maintenance, where Mr. Kuzuno has been involved, ongoing technical exchanges are taking place, and we are beginning to establish a sustainable foundation for collaboration rather than one-off interactions. Currently, we also have, for the first time, staff seconded from Waterman to Japan. They seem to be finding their training experience here highly rewarding and are gaining new perspectives.

Developing talent with international experience is extremely important. Not only does it expand career opportunities and foster professional growth, but it also expands the potential for applying skills developed in the UK to the Japanese market and vice versa. Although the pace of collaboration may be gradual, it is steadily building momentum.

Emerging Challenges

How do you view the challenges?

Kuzuno: We see three main areas of challenge: people, organization, and business. From a people perspective, the number of personnel with international experience is still limited, and cross-disciplinary communication and integration of knowledge are not yet sufficient. From an organizational perspective, there is a lack of visibility into who possesses what expertise and experience, which makes it difficult to fully share and utilize knowledge. From a business perspective, while we have strong technical capabilities, we face challenges in aligning these technologies with market needs and developing them into viable businesses.

Neil: I believe that understanding the market is crucial. In addition to technological development, it is essential to consider factors such as customer needs, pricing levels, and implementation conditions. To fully leverage the value of technology, it is important to consider how and in which markets it can be applied.

Growth Areas and Potential for Collaboration

Which areas will you focus on for future growth?

Neil: We view areas such as renewable energy, biodiversity, and sustainability as key growth fields for potential collaboration going forward. Since regulations and needs differ across countries in these areas, integrating and leveraging the CTI Group's collective knowledge across organizations can lead to the creation of new services.

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Kuzuno: In addition, expanding our services globally, including new technologies utilizing AI, which the CTI Group is actively developing, is also important. By combining the strengths of each company within the CTI Group, we aim not only to share technologies but also to create business value.

Significance of Developing Global Talent

How do you position talent development?

Kuzuno: I was seconded to Waterman for two and a half years. Working abroad was not only an opportunity to acquire new skills, but also an invaluable experience that greatly broadened my values and horizons. I believe that working within a different culture and set of rules is truly irreplaceable. Increasing the number of such experienced individuals will strengthen the organization's driving force and its foundation for sustainable growth.

Neil: It is also important from the perspective of talent acquisition and retention. In the UK as well, being able to offer global experience opportunities is highly attractive to talented individuals. It expands career options and contributes to long-term engagement. We need to continue raising awareness of these opportunities and initiatives.

Organizational Evolution

What kind of evolution is required as an organization?

Kuzuno: Our efforts to date have focused on individual technologies, but going forward, we need to evolve them into an organizational framework that continuously creates value. Specifically, initiatives will be essential, such as systematizing knowledge sharing, strengthening cross-departmental communication, and creating ongoing opportunities for dialogue regardless of scale.

Neil: In addition, a shift in perspective from "technology-centered" to "market focused technology" is needed. It is important not only



to focus on developing technologies but also to accurately understand where the markets are and what conditions they are in. For global expansion, it is necessary to combine technological capabilities with adaptability to market environments. We need to understand our clients' business, and the challenges they face to be able to support them more effectively. We need to be client-curious.

Future Direction

Finally, what are your future prospects?

Kuzuno: After returning from my secondment, I strongly wished to remain involved in collaboration with Waterman and transferred to my current division. Going forward, I aim to connect diverse members across domestic companies and Waterman, further expanding our network. Rather than focusing on short-term results, we will cultivate talent and networks over the long term and leverage these accumulated assets to develop future leaders and create new businesses.



Neil: The "CTI Group Annual Engineering Workshop," held annually in September, is also attended by Waterman and serves as an important opportunity for mutual knowledge sharing and deepening interaction among Group companies. Going forward, in addition to such events, we recognize the effectiveness of creating opportunities for smaller-scale meetings to enhance and deepen mutual understanding. Collaboration within the CTI Group is steadily expanding from "points" to "planes." Moving forward, we will further strengthen and leverage this foundation to accelerate global value creation. I am very much focused on expanding the markets across which we operate. Diversification is key for a strong, sustainable business and we need to strengthen our global footprint and the markets across which we operate. We need to develop a team with an international perspective.

Employee Seconded from Waterman

Emma Cartwright
Resources Recycling & Energy Division
Osaka Main Office
(Seconded from Waterman Group Plc)



To deepen my understanding of international business, I applied for an overseas training program. While comparing Japanese systems with my experience in the UK, I am enhancing my knowledge in renewable energy and resource circulation fields. Currently, I support collaboration between Japan and the UK through research on whole-life carbon, which evaluates CO_2 emissions from construction through operation to decommissioning. Leveraging these experiences, I aim to contribute to strengthening collaboration across the CTI Engineering Group.

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Human Resource Acquisition

To strategically recruit the talent needed to support the human capital growth cycle, we are strengthening both new graduate and mid-career recruitment and securing personnel with an emphasis on expertise and diversity. In addition, we support each employee in taking on challenges by enhancing our personnel systems and treatment.

New Graduate and Mid-Career Recruits

New graduate recruitment has exceeded 80 graduates each year since 2021, with 112 hired in fiscal 2025. We offer summer internships and one-day work experience programs in the fall as part of our efforts to strengthen new graduate recruitment and prevent mismatches after joining the Company.

We also hold joint recruitment information sessions for the CTI Engineering Group and promote Group-wide recruitment activities by introducing applicants to Group companies specializing in particular fields according to their interests and career plans.

In addition, we promote the RePeat System, which supports former employees in returning to work for the Company or contributing as contractors, as well as referral recruitment. By utilizing the skills and experience cultivated through diverse forms of engagement and recruiting mid-career personnel from other industries, we aim to enhance the human resource portfolio of the Group as a whole.

Post-Retirement Reemployment and Support for Continued Contribution

Aiming for sustainable growth, the Company is working to strengthen its human capital by securing diverse talent. In particular, we believe it is important for employees with high expertise and motivation to maintain job satisfaction even after reaching the mandatory retirement age. In April 2024, we introduced a reemployment system that allows the personnel treatment system in place before retirement to be maintained until age 65, even after reaching the mandatory retirement age of 60. Our goal is to create an environment where each individual can maintain high motivation after retirement and continue to demonstrate their abilities in line with their own lifestyle.

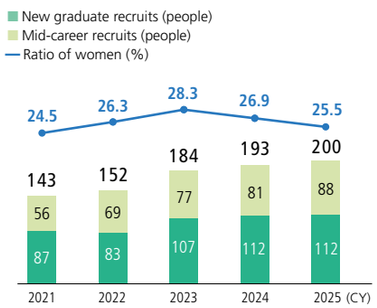
Personnel and Compensation Systems That Encourage Challenge and Growth

In April 2023, we introduced a personnel treatment system with a fully reformed ranking, performance review and compensation system. We are working to establish personnel evaluations that encourage ambition and teamwork as well as stimulate employees' growth, build a simple and easy personnel treatment system, and establish a system in which diverse employees can continue to work with peace of mind. Based on our unique human resource policy where "our greatest capital is our people," we aim to be a company where each employee strives for self-improvement toward their own goals, and backed by strong organizational support, they are able to demonstrate their full potential.

In the fiscal year ended December 31, 2025, the Company's average annual salary was ¥9.71 million, which is at a high level compared with peer and similar companies.* We place importance on securing and developing highly specialized human resources and are enhancing investment in human capital and employee treatment to support employees in demonstrating their capabilities and achieving growth.

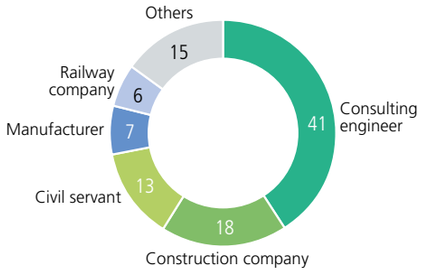
* Based on the Company's own research comparing average annual salaries at peer and similar companies as stated in their Securities Reports and other disclosure documents.

Number of Recruits



Previous Positions of Mid-Career Recruited Employees (Industry) (%)

* For career mid-career recruited employees who joined the Company from January 2021 to December 2025 (general position [engineering])

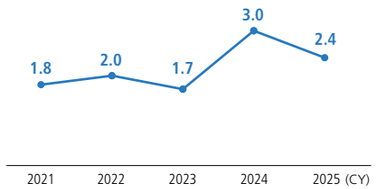


Reemployment System

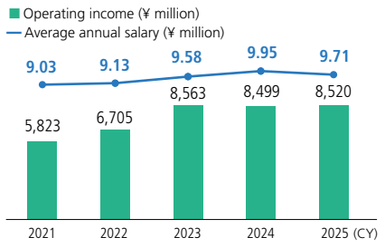
	Before Revision	After Revision
Employment status	Fixed-term contract employee If the employee wishes, the contract may be renewed until age 65	No change
Personnel treatment system	Personnel treatment system for reemployed employees (ranking, performance review, and compensation, etc. of reemployed employees)	The pre-retirement personnel treatment system will continue to apply If the employee wishes, performance targets can be lowered
Work arrangement	Work full time, 5 days a week in principle	Work full time, 5 days a week in principle If the employee wishes, he/she can choose to work 4 or 3 days a week

Attrition Rate (%)

* Calculated for full-time employees



Average Annual Salary



* Graphs are based on non-consolidated figures of CTI Engineering Co., Ltd.

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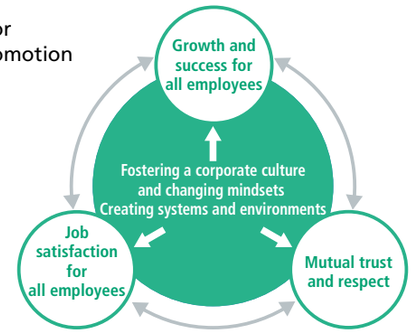
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Human Resource Utilization

We are developing systems that support autonomous career development and frameworks for personnel exchange, while creating an environment in which each employee can fully demonstrate their abilities and individuality. We are also promoting DE&I with the aim of achieving sustainable growth and enhancing corporate value, driven by innovation generated through the growth and active participation of diverse talent.

As part of these efforts, we formulated the DE&I Promotion Plan 2030 based on the Basic Policy on Well-Being. Under this plan, we aim to build an organization in which employees trust and respect one another and can grow while fully demonstrating their abilities.

Vision for DE&I Promotion



President's Declaration:
Commitment to the Promotion of DE&I / DE&I Promotion Plan 2030
https://www.ctie.co.jp/english/sustainability/diversity-promotion/

Main Targets for DE&I Promotion in 2030

Category		Indicator		2024	2025	2030 Target
Diverse employees based on trust and respect	Increase and retention of female employees	Percentage of women among new hires		26.9%	**25.5%**	30.0%
		Percentage of women in career-track positions		13.2%	**14.5%*1**	15.0%
		Attrition rate among women in their 30s		3.1%	**2.0%**	1.0% or less
		Attrition rate within 3 years for female new graduates	2020 hires	0.0%	**2021 hires** **9.1%**	3.0% or less
			2021 hires	9.1%	**2022 hires** **7.1%**	
			2022 hires	7.1%	**2023 hires** **9.1%**	
	Increase and retention of diverse talent	Number of foreign employees		27 people	**29 people*1**	50 people
	Creating a work environment for diverse talent	Percentage of men taking childcare leave or time off		84.5%	**100%**	100%
		Average annual working hours		2,131 hours	**2,105 hours**	1,900 hours
Diverse employees feeling motivated at work	Fulfillment of female employees	Percentage of female managers		4.7%	**5.2%*1**	10% at group manager level and above
		Gender gap in average years of service		59.8%	**57.3%*1**	70% or more of men's average
		Number of female Professional Engineers		65 people	**66 people*1**	100 people
		Number of female supervising engineers		50 people	**55 people**	70 people
	Fulfillment of diverse employees	Attrition rate among employees in their 30s		4.5%	**2.9%**	1.0% or less
		Number of foreign Professional Engineers		7 people	**7 people*1**	25 people
		Reemployment rate after mandatory retirement		91.7%	**95.2%**	100%

* CTI Engineering Co., Ltd. (non-consolidated) *1 As of April 1, 2026

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Promoting DE&I and Enabling Diverse Work Styles

The Company positions the promotion of DE&I as one of its important management issues and is working to create a workplace environment in which diverse talent, including women, senior employees, employees from other countries, and people with disabilities, can fully demonstrate their abilities. Aiming to build an organization in which each employee has fair opportunities to contribute, we are expanding systems that support diverse work styles and promoting related initiatives.

In April 2026, we introduced the Life Support System to enable employees to continue working and developing their careers through diverse life stages by accommodating work restrictions arising from childcare, nursing care, medical treatment, and other circumstances. Under this system, employees can choose to work three or four days a week, enabling flexible work styles tailored to individual circumstances. In addition, when the system is applied, workloads, performance targets, and treatment are reviewed appropriately in line with actual working arrangements. This helps ensure fairness while supporting both an environment in which employees can continue working without undue burden and opportunities for continued career development.

- **Diverse full-time employee system**
  We have established a full-time employee system that allows employees to limit their work location and hours according to their lifestyles, supporting work-life balance and the realization of diverse career plans.

- **Home working system**
  We promote workstyles not bound by time or place.

- **Shift work system**
  We have introduced a companywide "shift work system" that allows employees to adjust the start time and end time of their workday. This enables flexible working arrangements, such as avoiding rush-hour commuting and accommodating childcare or nursing care needs.

- **Employment of people with disabilities**
  We signed a contract with a farm that employs people with disabilities. We have opened the CTI Fresh Green Farm, where our employees with disabilities play a central role in farm operations. Vegetables harvested on the farm are distributed to employees within the Company as part of employee benefits.

- **Employees from other countries**
  We strive to support the career development of foreign employees who have different upbringings and create an environment that encourages such employees to play an active role while utilizing their individual characteristics and abilities. We offer opportunities for foreign employees to network in-house and interact with each other.

Networking Event for Female Employees



At the Networking Event for Female Employees, participants exchanged views on job satisfaction, work styles, and careers with external directors Fumiko Kosao and Atsuko Ogasawara and executive officer Xuesong Yang.

Through dialogue with female officers, the event provided participants with an opportunity to reflect on their future careers and gain new insights.

Diversity Training: DE&I Promotion Day

To realize the goals set out in the DE&I Promotion Plan 2030—"a workplace where diverse human resources can work," "a workplace where diverse employees can feel motivated at work," and "a workplace where diverse human resources can grow and succeed"—we held a diversity training event, DE&I Promotion Day, under the theme of "Thinking About Diverse Work Styles." Through seminars on balancing work and caregiving and introductions to internal systems supporting diverse work styles, the training deepened employees' understanding of ways of working suited to different life stages and individual circumstances. In this way, we are encouraging each employee to view the challenges they may face as personally relevant, while fostering greater respect for diversity and promoting mutual understanding.

Family Day



As part of its General Employer Action Plan under the Act on Advancement of Measures to Support Raising Next-Generation Children, the Company promotes initiatives to help employees' children and families gain a better understanding of their work. One such program is the Workplace Exploration Initiative, in which employees' family members, including children and spouses, are invited to visit the workplace.

Under this initiative, divisions and sections at the Main Office and branch offices prepare hands-on activities incorporating ideas unique to a consulting engineering firm, giving children opportunities to deepen their understanding of work and the workplace while having fun.

These initiatives not only help employees' families better understand the Company's business but also contribute to fostering a culture that supports harmony between work and family life. Creating an environment in which people with diverse backgrounds and values can continue working with peace of mind is an essential foundation for promoting DE&I and enabling diverse work styles. Going forward, we will continue to advance these initiatives and further create a workplace in which everyone can work comfortably.

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Building an Organization Where Diverse Talent Can Thrive

The Company's Code of Corporate Conduct states that "we respect the human rights of all people, fostering a corporate culture in which diverse talents play active roles." We believe that collaboration among people with diverse values and experiences generates new perspectives and ideas, leading to innovation and enhanced value creation.

In April 2026, we prepared the Workplace Guide to Supporting Employees with Disabilities, which provides basic knowledge on the employment of people with disabilities and practical procedures for accommodating them in the workplace, as part of our efforts to create a workplace environment in which people with disabilities can work alongside other employees. As of June 1, 2026, the employment rate of people with disabilities was 2.54%, exceeding the statutory employment rate of 2.5%. Going forward, we will continue to create an environment in which diverse talent can thrive and strengthen the organizational foundation that supports sustainable growth.

Number of employees (as of January 1, 2026)	Male	1,773 people
	Female	531 people
	Total	2,304 people
Gender wage gap for workers*1 (FY2025)	All workers	52.4%
	Permanent employed workers	56.9%
	Part-time and fixed-term workers	52.1%
Ratio of employees with disabilities (as of June 1, 2026)		2.54%

* CTI Engineering Co., Ltd. (non-consolidated)
*1 Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015)

Fostering a Culture that Supports Job Satisfaction

Opinion Exchange Meetings with Corporate Management

To deepen employees' understanding of management's thinking and to identify employee opinions and aspirations and reflect them in corporate management, we hold opinion exchange meetings between the Representative Director and President, CEO and the General Manager of Personnel Division, Administration Headquarters, and younger employees in their fifth to tenth year with the Company.

Employee Engagement

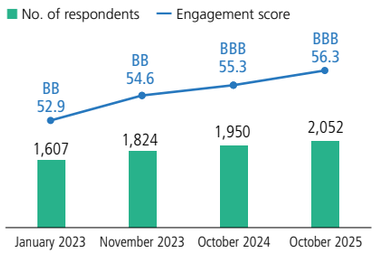
To further strengthen human capital, the Company introduced an engagement survey* in 2023 and is working to accelerate the cycle of assessing and improving employee engagement. By visualizing the organization's strengths and weaknesses and identifying gaps between employee expectations and the current situation, we reflect the results in organizational management.

Under the Mid-Term Management Plan 2027, improving employee engagement has been positioned as one of the key initiatives, with an engagement rating of A set as a KGI target for 2027. In addition, under the Basic Well-Being Priorities, the Company has set a target of achieving an engagement score of 60 or higher (A rating) by 2030.

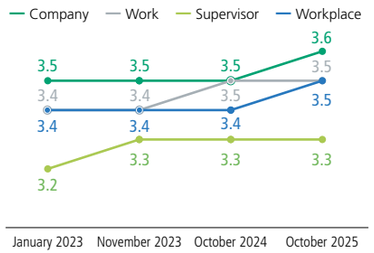
In the 2025 survey, the Company-wide engagement score improved by 1.0 point from the previous survey, from 55.3 to 56.3, while the engagement rating remained BBB, unchanged from the previous survey. By category, satisfaction improved in the Company domain and Workplace conditions.

Going forward, we will continue working to further improve engagement with the aim of achieving employee well-being.

Trends in Engagement Score



Trends in Overall Satisfaction



* Engagement survey: Motivation Cloud service provided by Link and Motivation Inc. The survey's questions are designed based on social psychology, with 64 items in 16 domains, comprising "Company domain," "Direct supervisor," and "Workplace conditions." The survey enables the prioritization of organizational issues by organizing each question item into the two components of "Expectation" and "Satisfaction." Employee engagement is standardized using deviation scores based on data from over 3.12 million individuals at 10,060 companies (as of July 2023) and is ranked based on an 11-stage rating scale from AAA to DD (engagement score).
* Engagement score: 2030 target under the Basic Well-Being Priorities: 60 or higher
* Engagement rating: KGI under the Mid-Term Management Plan 2027: A

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Corporate Governance

The CTI Engineering Group believes that transparent governance is essential to promoting sustainable reforms under fair business practices. Through proper and proactive information disclosure, we will build relationships of trust with stakeholders. Concurrently, we will ensure fair decision-making and management and implement proactive and defensive governance, with the aim of sustainably increasing corporate value.

Basic Approach to Corporate Governance

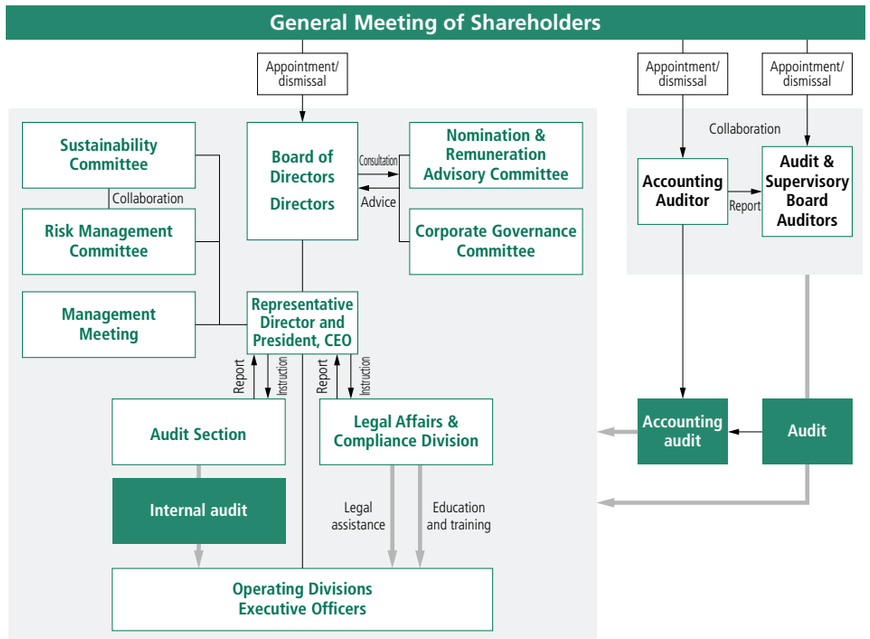
We have established a Code of Corporate Conduct to realize our Business Philosophy of "We strive to create a safe, comfortable, and enriching society using world-class technology and expertise." Our corporate culture—based on integrity and technology—guides us as we fulfill our social mission. Looking ahead, our basic policy is to continue strengthening and enhancing corporate governance to enable transparent, fair, timely, and decisive decision-making, thereby achieving further sustainable growth as a company and enhancing corporate value over the medium to long term.

Corporate Governance Structure

We have adopted the structure of a company with an Audit & Supervisory Board, which offers robust statutory auditing functions. In addition, we have established a Nomination & Remuneration Advisory Committee, composed primarily of independent external directors, to enhance the transparency and fairness of management. We also operate an executive officer system to strengthen both the decision-making function of the Board of Directors and its function of supervising business execution, while improving management efficiency, including by expediting decision-making.

Furthermore, to strengthen governance across the CTI Engineering Group, the Audit & Supervisory Board and the Legal Affairs & Compliance Division have been placed directly under the President. Internal audit and internal control are positioned as important management matters, and governance is strengthened by enabling accurate and prompt responses under the direction of the Representative Director and Executive Officers.

In addition, effective April 1, 2025, we established the Corporate Governance Committee as an advisory body to the Board of Directors to enhance corporate governance in relation to the responsibilities of the Board of Directors.



Basic Policy on Corporate Governance
https://www.ctie.co.jp/english/sustainability/corp-governance/img/basic_policy_on_corporate_governance_en.pdf

Corporate Governance Report
https://www.ctie.co.jp/english/sustainability/corp-governance/img/corporate_governance_report_en.pdf

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Names of Meeting Bodies	Purpose	Frequency	Composition	Chaired by
Board of Directors	In addition to matters prescribed in laws and regulations and the Articles of Incorporation, the Board of Directors resolves matters stipulated in the Regulations of the Board of Directors and particularly important matters pertaining to the management of the Group, such as its Vision, Mid-Term Management Plan, and global strategy.	At least once a month	11 directors (including 4 external directors)	Tetsumi Nakamura, Director, Chairman
Nomination & Remuneration Advisory Committee	The Nomination & Remuneration Advisory Committee selects candidates for the Representative Director and President, CEO, formulates officer succession plans, and reviews the officer remuneration structure. It also deliberates on matters related to the appointment and remuneration of directors and auditors and reports to the Board of Directors. In doing so, the Committee enhances the fairness and transparency of management and strengthens the independence, objectivity, and accountability of the functions of the Board of Directors.	5 times a year	4 external directors 2 representative directors	Fumiko Kosao, External Director
Corporate Governance Committee	The Corporate Governance Committee aims to improve the governance function of the Board of Directors. In response to inquiries from the Board of Directors, the Committee deliberates and reports to the Board of Directors on matters related to the evaluation of the effectiveness of the Board of Directors, matters related to measures to improve the effectiveness of the Board of Directors, and other matters related to the Company's corporate governance, thereby improving the effectiveness of the Board of Directors.	5 times a year	4 external directors 2 representative directors	Yoshihisa Sonobe, External Director
Management Meeting	Prior to deliberations by the Board of Directors, the Management Meeting holds substantive discussions on matters necessary for the execution of business in response to consultations by the Representative Director and President, CEO. The Management Meeting also decides the agenda items and proposals to be reported to the Board of Directors in a flexible manner to enhance management efficiency.	At least once a month	Representative directors Chiefs at headquarters Chiefs of branch offices and others	Tatsuya Nishimura, Representative Director and President, CEO
Audit & Supervisory Board	In light of its fiduciary responsibility to shareholders, the Audit & Supervisory Board appropriately performs operational and accounting audit functions based on the Auditing Standards by Auditors stipulated by the Audit & Supervisory Board, exercises its authority from the perspectives of promoting the CTI Engineering Group's sustained growth and the enhancement of the Group's corporate value, and proactively and vigorously audits the Board of Directors and the management team.	Monthly	4 auditors (including 2 external auditors)	Akira Tateyama, Full-time Auditor
Risk Management Committee	The Risk Management Committee formulates policies and measures related to risk management, identifies risks, and formulates countermeasures to address those risks (based on this, individual risks are managed by the individual departments). Moreover, the Committee also determines the status of and provides supervision and guidance for the management of individual risks. Control and administration of risk management overall is achieved through the Committee's regular reports to the Board of Directors on the status of its initiatives and deliberations in the Board of Directors. For significant non-financial risks, the Committee works in collaboration with the Sustainability Committee, sharing information and taking appropriate action.	3 times a year	Risk management officer Individuals appointed by the Chairperson	Tatsuya Nishimura, Representative Director and President, CEO
Sustainability Committee	The Sustainability Committee increases corporate value by promoting sustainability, considering measures that contribute to the creation of a sustainable society, and overseeing information related to ESG that should be disclosed. It also supervises activities of the CTI Engineering Group Challenges for Sustainability, while proposing and evaluating measures related to sustainability management (mainly non-financial information such as ESG), and promoting sustainability management. In addition, the Committee monitors the materiality issues identified as particularly important for the CTI Engineering Group to address and, in collaboration with the Risk Management Committee, reviews these materiality issues as necessary.	5 times a year	Representative Director and President, CEO Chiefs at headquarters Chiefs of branch offices and others	Tatsuya Nishimura, Representative Director and President, CEO

Message from an External Director



Toru Kuwano
External Director

Toru Kuwano was appointed as an external director because he has management experience primarily in the fields of IT and DX, as well as knowledge related to new technologies and collaboration with venture companies and is expected to provide expert supervision and advice on the Company's management issues.

One year has passed since I was appointed as an external director, and I have once again come to appreciate that the Company conducts its business with pride as a group of engineers possessing advanced expertise in supporting social infrastructure. At meetings of the Board of Directors as well, external directors actively express their views, while the executive side has a culture of taking those views seriously. I sense a strong Company-wide commitment to growth and the enhancement of corporate value.

To achieve further growth and fulfill the mandate entrusted to us by shareholders, I believe it is important to steadily execute growth strategies and improve capital efficiency while remaining conscious of the cost of equity and the share price. In particular, amid major changes in the business environment, including advances in AI, it is essential to recognize the risk of missing growth opportunities through inaction and to take a proactive approach to leveraging change. As an External Director, I will support the timely implementation of the measures needed to accelerate transformation of the business portfolio, including taking on challenges in new fields.

I also regard the evolution of the corporate governance structure as an important issue. As part of efforts to strengthen the monitoring function of the Board of Directors, I believe that having the non-executive Chairperson of the Board serve as Chairperson of the Board of Directors was a sound decision that clearly separates execution from supervision.

Going forward, I will continue working to ensure that the Board of Directors engages in high-quality, broad-based discussions and decision-making that incorporate diverse perspectives, thereby contributing to the Company's sustainable growth and the enhancement of corporate value over the medium to long term. I will also draw on the knowledge and experience I have gained through the management of listed companies to make candid comments and proposals that get to the heart of the issues, so that the Company's corporate value is appropriately recognized in the capital markets.

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Nomination & Remuneration Advisory Committee



Messages from Chairperson

Fumiko Kosao
External Director
Chairperson of Nomination & Remuneration Advisory Committee

Fumiko Kosao was appointed as an external director because she has extensive management experience as a head of a tax office and professional expertise as a certified public tax accountant and has also contributed to enhancing the Company's systems as Chairperson of the Nomination & Remuneration Advisory Committee. Based on this knowledge and experience, she is expected to contribute to ensuring the appropriateness of the Company's decision-making.

As an advisory body to the Board of Directors, the Committee deliberates on important matters, including the selection of candidates for Representative Director, the formulation of succession plans for officers, and reviews of the officer remuneration structure, from objective and multifaceted perspectives. Based on these deliberations, the Committee reports to the Board of Directors on matters concerning the appointment, dismissal, and remuneration of directors and auditors, thereby working to ensure transparency and fairness in decision-making.

As Chairperson, I place particular importance on clarifying the issues for discussion and leading in-depth deliberations to ensure the effectiveness of the Committee. While respecting the diverse knowledge and experience of each member, I encourage candid and constructive exchanges of views and promote substantive deliberations that go beyond mere formality.

From an independent standpoint, I also provide appropriate advice and checks and balances to management, fulfilling my responsibility to help ensure that decisions are made in a manner that contributes to the sustainable enhancement of corporate value. In particular, from the perspective of ensuring continuity and soundness in management, we position the enhancement of succession plans as an important issue and continue to examine approaches to human resource development and evaluation with a view to the future.

In addition, with regard to officer remuneration, we are reviewing the system with an emphasis on linkage to medium- to long-term performance and the sharing of value with shareholders, with the aim of designing appropriate incentives.

External directors account for 66.7% of the Committee's membership, ensuring a sufficient degree of objectivity and transparency. Governance functions effectively, with deliberations led primarily by external directors.

Going forward, we will continue striving to further enhance management transparency and accountability while steadily improving the effectiveness of governance, thereby contributing to sustainable growth and the enhancement of corporate value as we respond to the trust placed in us by our stakeholders.

Overview and Main Activities of the Committee

We have established the Nomination & Remuneration Advisory Committee as an advisory body to the Board of Directors. The Committee comprises four external directors and two internal directors and is chaired by an external director.

The Committee deliberates on important matters concerning the nomination and remuneration of directors and auditors, including the selection of candidates for Representative Director and President, CEO, the formulation of succession plans, and reviews of the remuneration system. By reporting the results of these deliberations to the Board of Directors, the Committee works to ensure fairness and transparency in management and enhance the independence and objectivity of the Board of Directors.

- Number of meetings held (FY2025): 5
- Committee Members

Chairperson: Fumiko Kosao (External Director)
Members: Yoshihisa Sonobe (External Director)
Atsuko Ogasawara (External Director)
Toru Kuwano (External Director)
Tetsumi Nakamura (Representative Director, Chairman)
Tatsuya Nishimura (Representative Director and President, CEO)

Internal
External
Ratio of external directors: **66.7%**

Main Agenda Items

- Formulation of succession plans for officers and officer candidates
- Review and revision of officer selection criteria and selection procedures
- Deliberation on officer candidates, including candidates for reappointment
- Deliberation on the process for setting targets and evaluation for officer remuneration
- Review and revision of officer remuneration levels, calculation procedures, and policies

Main Achievements in FY2025

- Formulated succession plans for officers and officer candidates
- Reviewed fixed remuneration for officers

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Development of Management Personnel and Succession Plans

To ensure the sustainable enhancement of corporate value and continuity in management, the Company, with the involvement of the Nomination & Remuneration Advisory Committee, is developing successors for management positions, including Representative Director and President, CEO. Candidates are systematically developed and evaluated based on the qualities, capabilities, track record, and other attributes required of management personnel.

Specifically, we provide opportunities for candidates to enhance their management perspective and capabilities through assignment to key positions, attendance at important meetings, and officer development training, while also enabling them to gain diverse business and organizational management experience.

The Nomination & Remuneration Advisory Committee continuously formulates and reviews succession plans and monitors the development of personnel who will assume management responsibilities in the future. Through these initiatives, we are working to secure and develop management personnel capable of responding to changes in the business environment and driving the sustainable growth of the CTI Engineering Group.



Officer development training
(conducted in FY2025)

Management Personnel Candidate Development and Selection Process

Development and selection of candidates

Future management personnel candidates → Executive officer candidates → Director candidates → Candidates for Representative Director and President, CEO

Role of the Nomination & Remuneration Advisory Committee	Reviews and monitors the processes for developing and selecting officer candidates based on proposals from the executive side	Takes an active role in successor selection by reviewing development progress, evaluating and interviewing candidates, and through other means

Message from an External Director



Atsuko Ogasawara

External Director

Atsuko Ogasawara was appointed as an external director because, in addition to her extensive experience and broad knowledge gained at a major newspaper company and elsewhere, she has a track record in branding at a university corporation and is expected to provide appropriate supervision and advice on the Company's management.

I was appointed as an external director in March 2023 and am now in my fourth year in the role. During this time, the new Mid-Term Management Plan 2027 was formulated and is steadily progressing. Under the plan's two pillars, business portfolio transformation aims to accelerate growth through expanding private-sector demand and M&As, while rebuild of foundation for growth seeks further strengthening in areas such as people, systems, and Group governance.

Since my appointment, the Board of Directors has continued to devote considerable time to discussing these issues. Among them, the area I am paying particular attention to is improving employee engagement.

In the consulting engineering business, people and technology are the most important forms of capital. Improving engagement therefore requires more than simply raising wages; if working hours also increase, that cannot be called well-being. It is also essential to value diversity, which is an important element supporting sustainability.

Last fiscal year, at the initiative of the DE&I Promotion Section, networking events for female career-track employees were held at the Tokyo Main Office and Osaka Main Office, with participants also joining from the Tohoku Office and the Kyushu Office. The events were highly worthwhile. As the Company still has relatively few female managers, they also provided me, as an officer, with a valuable opportunity to hear directly from women working on the front lines.

I also look forward each year to the CTI Engineering Group engineering workshops as an opportunity to hear the voices of younger employees, not only women. Seeing younger employees inherit CTI Engineering's technologies, refine them further, and turn them into growth gives me a strong sense of the Company's bright future.

I spent many years observing the Japanese economy as an economic journalist. After a long period of stagnation, Japan has now entered a new phase in which wages, stock prices, and prices in general are rising. Yet throughout these changes, CTI Engineering has continued steadfastly to support social infrastructure. I intend to help ensure that the Company's corporate value is more widely recognized.

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Corporate Governance Committee



Message from the Chairperson

Yoshihisa Sonobe
External Director
Chairperson of Corporate Governance Committee

Yoshihisa Sonobe was appointed as an external director because, in addition to his management experience at a major corporation, he possesses a high level of expertise in finance and accounting and global business, and, based also on his track record as Chairperson of the Corporate Governance Committee, is expected to contribute to ensuring the appropriateness of the Company's decision-making.

To enhance corporate governance, the Company had previously undertaken various initiatives, including evaluations of the effectiveness of the Board of Directors and reviews of the organizational structure and composition of the Board of Directors, through the Nomination & Remuneration Advisory Committee and multiple departments. In fiscal 2025, we established the Corporate Governance Committee as a dedicated body to centrally deliberate on issues to be addressed and measures to be taken to improve the effectiveness of the Board of Directors and report its recommendations to the Board, thereby enabling the Board to fully discharge its responsibilities and achieve sustainable enhancement of corporate value over the medium to long term.

During the current fiscal year, the Committee began its activities by identifying and sharing its understanding of the current state of and issues concerning the Company's governance, based on factors including the results of a governance survey conducted by a trust bank, a review of the fiscal 2024 Board effectiveness evaluation questionnaire, and the voting guidelines of institutional investors.

From among the issues identified, the Committee selected priority issues for the current fiscal year and promoted improvement measures, with a particular focus on reviewing the process for evaluating the effectiveness of the Board of Directors. Previously, the questionnaire and subsequent analysis and evaluation had been conducted internally. However, we engaged an independent third-party organization with the aim of obtaining objective analysis, identifying a broader range of issues, and receiving advice on issues specific to the Company. The questionnaire reflected issues identified through interviews conducted by the external organization with the Chairperson of the Board of Directors and the Chairperson of the Corporate Governance Committee. In addition to the previous questions asking respondents to rate their level of satisfaction, open-ended questions were introduced to elicit the reasoning behind their responses. As a result, the more detailed views provided by individual directors and auditors revealed some areas where there were gaps in shared understanding among officers.

In fiscal 2026, based on the analysis of this effectiveness evaluation and other findings, we will first confirm and share our understanding of what the Company's Board of Directors should look like and the issues it should prioritize in order to enhance corporate value over the medium to long term. We will then focus on formulating improvement measures to enable higher-quality discussions—including the selection of agenda items, more in-depth deliberations, and the division of roles with committees—as well as developing the structure and strengthening the functions of the Board of Directors Secretariat to support these efforts.

To ensure steady improvements in effectiveness, we also intend to implement the PDCA cycle after clearly defining improvement of KPIs, schedules, responsible persons, and other relevant matters.

Overview and Main Activities of the Committee

We have established the Corporate Governance Committee as an advisory body to the Board of Directors. The Committee comprises four external directors and two internal directors and is chaired by an external director.

The Committee deliberates on matters such as evaluations of the effectiveness of the Board of Directors and measures to strengthen governance and reports its recommendations to the Board, thereby working to enhance its effectiveness.

■ Number of meetings held (FY2025): 5
■ Committee Members
Chairperson: Yoshihisa Sonobe (External Director)
Members: Fumiko Kosao (External Director)
Atsuko Ogasawara (External Director)
Toru Kuwano (External Director)
Tetsumi Nakamura (Representative Director, Chairman)
Tatsuya Nishimura (Representative Director and President, CEO)

Internal
External
Ratio of external directors: **66.7%**

Main Agenda Items

- Deliberation on priority measures to enhance the effectiveness of the Board of Directors
- Deliberation on the ideal form and role of the Board of Directors
- Deliberation on methods for evaluating the effectiveness of the Board of Directors
- Deliberation on measures based on the results of the Board effectiveness evaluation
- Deliberation on the Basic Policy on Corporate Governance

Main Achievements in FY2025

- Amended the Articles of Incorporation to allow a Director other than the President to be appointed as Chairperson of the Board of Directors
- Conducted a Board effectiveness evaluation using an independent third-party organization
- Improved the format of Board materials and Board meeting operations
- Held opinion exchange meetings between the President and external directors

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Board of Directors

Overview and Main Activities of the Board of Directors

In addition to matters prescribed in laws and regulations and the Articles of Incorporation, the Board of Directors resolves matters stipulated in the Regulations of the Board of Directors and particularly important matters pertaining to the management of the Group, such as its Mid- to Long-term Vision, Mid-Term Management Plan, and global strategy.

- Composition: 11 directors (including 4 external directors and 2 female directors)
- Number of meetings held (FY2025): 14



Main Agenda Items

Management	Formulation of the Mid-Term Management Plan 2027; revision of the CTI Engineering Group Mid- to Long-term Vision; management plan for the 63rd fiscal year (2025); initiatives for management conscious of the cost of equity and share price; formulation of the Investment Management Regulations and Investment Management Guidelines; etc.
Financial results and budget	Financial results; budget formulation policy; reports on business performance progress; etc.
Shares	Shareholder return policy; acquisition of treasury stock; allocation of restricted shares; IR reports; etc.
Corporate governance	Basic Policy on Corporate Governance; evaluation of the effectiveness of the Board of Directors; policy for reducing cross-shareholdings; reports on the activities of the Corporate Governance Committee; etc.
Organization and personnel	Reorganization of the Governance Management Headquarters; human resource recruitment policy; etc.
Internal controls and audits	Basic Policy on Internal Control; reports on whistleblowing cases; compliance promotion plan; priority risks to be addressed; internal audit reports; etc.
Others	Officer appointments and remuneration; etc.

Conducting Evaluations of the Board of Directors

The Company conducts an annual evaluation of the effectiveness of the Board of Directors as a whole with the aim of further enhancing its effectiveness. In fiscal 2025, the evaluation was conducted with advice and support from an independent third-party organization to further strengthen the corporate governance structure and facilitate discussion on the future direction of the Board of Directors.

FY2025 Evaluation Process

Effectiveness evaluation method

- Questionnaire administered to all directors and all auditors
- Conducted a comprehensive questionnaire covering the role and composition of the Board of Directors, the quality of discussions, evaluation of the Board, and other matters
- Interviewed the President and the Chairperson of the Corporate Governance Committee when designing the questionnaire
- Directors were required to provide the reasons for their responses to the questionnaire

Questionnaire results and third-party evaluation

- Confirmed that open and active discussions are held under the appropriate leadership of the Chairperson of the Board of Directors and that a culture has taken root in which the opinions and issues raised by external directors and external auditors are taken seriously
- Confirmed that the Nomination & Remuneration Advisory Committee and the Corporate Governance Committee also function appropriately as advisory bodies to the Board of Directors
- At the same time, the need to further foster a shared understanding among officers regarding the role of the Board of Directors, including the scope of delegation and the approach to medium- to long-term discussions, was identified as an issue
- The need to focus on key agenda items was identified in order to ensure sufficient discussion of the direction of management (such as the Vision, Mid-Term Management Plan, and global strategy)
- It was also confirmed that there is room for improvement in Board meeting operations and the functions of the Board Secretariat, and that measures to prevent the recurrence of misconduct cases need to be continuously monitored to enhance the effectiveness of measures to prevent misconduct

Toward further enhancing effectiveness

- Focus discussions on the role and scope of delegation of the Board of Directors and the approach to medium- to long-term discussions to foster a shared understanding among officers
- Prioritize matters to be deliberated by the Board of Directors and address areas where deliberation has been insufficient in order to deepen discussions on broad management strategies, including the direction of management
- Clarify and confirm the roles of each meeting body, including the Executive Officers' Meeting and Management Meeting, and review criteria for matters to be submitted for deliberation as necessary
- Ensure the implementation and continuous monitoring of measures to prevent the recurrence of misconduct cases from previous fiscal years, while strengthening internal controls and enhancing discussions on the status of monitoring

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Remuneration Policy for Officers

By resolution of the Board of Directors at its meeting held on February 14, 2023, the Company established the following policy for determining individual remuneration, etc. for directors and auditors.

1. Basic Policy

(1) Remuneration for Directors (Excluding External Directors)

Remuneration for directors (excluding external directors) consists of fixed remuneration (monthly remuneration) as remuneration for the execution of duties, remuneration linked to consolidated business performance in the fiscal year under review (monetary bonuses), and non-monetary remuneration (restricted stock remuneration) as long-term incentive remuneration.

Remuneration Items	Fixed Remuneration	Variable Remuneration	
	Monthly Remuneration	Monetary Bonuses	Restricted Stock Remuneration
Setting standard (percentage)	67.5%	20.0%	12.5%

The standard ratio of each remuneration is as shown in the table above.

(2) Remuneration for External Directors and Auditors

① Remuneration for external directors: Remuneration for external directors shall consist solely of fixed remuneration (monthly remuneration) from the perspective of their roles and independence. The specific amount of remuneration shall be determined in accordance with the method of determining fixed remuneration in the remuneration of internal directors.

② Remuneration for auditors: From the perspective of high independence, remuneration shall consist of fixed remuneration (monthly remuneration) only. The specific amount of remuneration shall be determined through consultation among the auditors.

2. Method of Determining Remuneration for Directors (excluding External Directors), etc.

(1) Fixed Remuneration (Monthly Remuneration)

Fixed remuneration (monthly remuneration) shall be appropriately calculated in accordance with a pre-determined table of monthly remuneration standards for executives within the range of the maximum amount of remuneration of directors, which was determined by the resolution of the General Meeting of Shareholders, and shall be determined by resolution of the Board of Directors after deliberation by the Nomination & Remuneration Advisory Committee.

(2) Performance-Linked Remuneration (Monetary Bonuses)

With regard to performance-linked remuneration (monetary bonuses), the base amount of bonuses is set according to the consolidated business performance of the fiscal year under review. The degree of contribution of each director is then evaluated by the Representative Director and President, CEO for each category—operating income, orders received, ROE, and ESG—in accordance with their assigned duties, using the following calculation formula. Based on this evaluation, the specific amount for each director is set within the range of remuneration after deliberation by the Officers' Personnel Meeting and the Nomination & Remuneration Advisory Committee, and is resolved at the Board of Directors meeting.

	Payment Category	Applicable Officers	Weight	Calculation Method for Payment Amount
Monetary bonuses	Payments as short-term incentives	Chiefs of branch offices, deputy chiefs of branch offices	30%	Bonus base amount × 30% × Consolidated operating income coefficient
		Presidents of Group companies	20%	Bonus base amount × 20% × Average of commissioned company profit coefficient and commissioned order coefficient
		Heads, Deputy Heads of business sectors	30%	Bonus base amount × 30% × Consolidated operating income coefficient
		International Heads / Deputy Heads of business sectors	20%	Bonus base amount × 20% × Commissioned order coefficient
		Directors other than those listed above	50%	Bonus base amount × 50% × Consolidated operating income coefficient
	Payment as long-term incentive	All directors	50%	Bonus base amount × 50% × ROE evaluation coefficient
			+20%	Bonus base amount × 20% × ESG evaluation coefficient

The specific indicators adopted are consolidated operating income, orders received or profit before tax corresponding to each director's responsibilities, the average ROE for the past three fiscal years, and ESG indicators. Coefficients are calculated based on the degree of achievement against the plans and targets set at the beginning of the fiscal year. These indicators were selected to clearly link remuneration to short-term business performance through consolidated operating income and orders received/profit before tax, while also ensuring accountability for mid- to long-term corporate value enhancement through the three-year average ROE and ESG indicators. For the consolidated fiscal year ended December 31, 2025, the actual results for these indicators were consolidated operating income of ¥9,136 million and a three-year average ROE of 11.9%. With the exception of CTII, which did not meet its plan, the indicators for orders received/profit before tax corresponding to responsibilities and ESG were generally achieved in line with the initial plans and targets.

(3) Non-Monetary Compensation (Restricted Stock Compensation)

With regard to non-monetary compensation (restricted stock compensation), the number of shares granted shall be calculated according to the position, and shall be determined by resolution of the Board of Directors after deliberation by the Nomination & Compensation Advisory Committee. In addition, the transfer restriction period shall expire at the time of retirement of officers.

With regard to non-monetary compensation (restricted stock), provisions shall be established to the effect that the Company may, after deliberation by the Board of Directors, acquire all shares granted without consideration in the following cases: ① cases where the director has been engaged in the business of a company that competes with the Group without the consent of the Company, ② cases where the director has caused damage to the Group due to fraudulent accounting or large losses, etc., or ③ other cases where the Company has judged that the shares should be acquired without consideration.

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Cross-Shareholdings

Our policy is to reduce the proportion of cross-shareholdings from the perspective of building a strong financial base that is less susceptible to stock price fluctuations and improving capital efficiency.

From the perspective of the CTI Engineering Group's sustainable growth and mid- to long-term improvement in corporate value, we will evaluate the significance and rationality of our cross-shareholdings, and if these are not clearly recognized, we will gradually reduce the number of strategic shareholdings. In the Mid-Term Management Plan 2027 announced on February 14, 2025, we disclosed quantitative targets to reduce both the number of cross-shareholding stocks and their amount on the balance sheet by 50% or more by 2027, compared to the levels as of the end of September 2024, and to reduce the number of stocks without clear reasons, such as business tie-ups, to almost zero by 2030.

To reduce our cross-shareholdings, the Board of Directors resolves the reduction policy each year and verifies the rationality of holding individual stocks based on the following criteria.

Qualitative Verification

From a business strategy perspective, for each individual stock, whether technological development, corporate collaboration and business synergies that contribute to the Group's strategy can be expected.

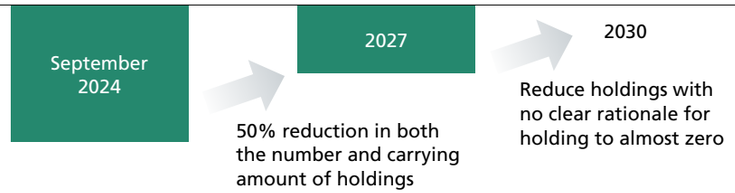
Quantitative Verification

From a financial perspective, whether the benefits and risks associated with holding the shares are commensurate with the cost of equity.

As a result of the verification, stocks for which the purpose and rationality of holding cannot be justified will be sold appropriately in a timely manner to facilitate the reduction of cross-shareholdings. In addition, even if the significance and rationality of holding the shares are recognized, the shares may be sold in consideration of the market environment as well as our management and financial strategies.

Furthermore, if a company that holds our shares as a part of cross-shareholdings (a cross-shareholder) indicates an intention to sell our shares, we will respect their intention.

Policy for Reducing Cross-Shareholdings



Questions from Shareholders and Investors

Q Are the views of shareholders and investors communicated to management?

A Opinions and requests received through dialogue with shareholders and investors are shared with management in a timely manner and also reported regularly to the Board of Directors. Based on this feedback, the Board discusses ways to improve management and information disclosure.
In addition, from the perspective of fairness, we disclose key questions received from shareholders and investors, together with our responses, to the greatest extent possible.
For details, please see “IR Communication” on page 89.

Q Are the views of external officers respected?

A The Company has four external directors and two external auditors, who provide opinions and recommendations from independent standpoints by drawing on their respective expertise and experience. At meetings of the Board of Directors, internal officers, including the Chairperson, take the views and issues raised by external officers seriously, leading to more appropriate decision-making and stronger supervisory functions through multifaceted discussions.
The four external directors also participate in the Nomination & Remuneration Advisory Committee and the Corporate Governance Committee, both of which are chaired by external directors. These committees also conduct highly fair and transparent discussions while taking into account objective views from independent standpoints.

Q&A on the 63rd Annual General Meeting of Shareholders
https://www.ctie.co.jp/ir/kabuinfo/pdf/ir_20260413_en.pdf

Q&A on FY2025 (63rd Term) Financial Results Presentation
https://www.ctie.co.jp/english/ir/financial/uploads/2026/03/63_qa_en.pdf

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Compliance Basic Policy

The CTI Engineering Group has established its principles of conduct for all directors, auditors and employees in the Code of Corporate Conduct in order to realize its Business Philosophy. One of these essential principles is compliance, which can be said to be the foundation of a company's survival. For us, compliance means "promoting honest, fair, and responsible corporate activities as an independent and autonomous company by abiding by legal, ethical, and social standards to maintain longstanding relationships with our stakeholders, such as by utilizing the whistleblowing system and other measures." The CTI Engineering Group will work together to implement compliance management based on the basic policies listed below.

- We recognize the social responsibilities and public duties we have assumed, and promote sincere, fair, and responsible corporate activities.
- We comply with all laws, regulations, and internal regulations, and act in accordance with social norms and ethics.
- We respect human rights and create fair and healthy work environments.
- We strive to disclose management information in a proactive and fair manner in order to communicate with society at large.

CTI Engineering Group Whistleblowing System

Each company of the CTI Engineering Group has established in-house whistleblowing contact points, and the Group's regulations require that reporting to an in-house whistleblowing contact point must be relayed to CTI Engineering's Legal Affairs and Compliance Division. Our whistleblowing system is available to all CTI Engineering Group employees, as well as temporary employees and business partners. Many of the whistleblowing reports received in fiscal 2025 involved consultations related to employee speech and behavior. Given that many of these instances were conceivably attributable to insufficient communication between the parties involved, we are implementing initiatives at our branch offices and Group companies to foster effective communication.

We will continue initiatives to promote use of the internal whistleblowing system, such as raising awareness of the system, while also advancing responses such as internal whistleblowing investigations conducted by each office and Group company.

Promoting Compliance Education

To improve compliance awareness across the entire CTI Engineering Group, we conduct a variety of training programs each year for all directors, auditors, and employees, with designated mandatory and selective themes. For fiscal 2025, the CTI Engineering Group set the following mandatory themes: Prevention of Harassment and Other Inappropriate Conduct, and Prevention of Misconduct in Business Operations and Sales Activities. (Attendance rate: 100%)

We will disseminate information on overall compliance to promote understanding and raise awareness throughout the CTI Engineering Group to comply with various compliance requirements, not limited to harassment prevention.

CTI Engineering Group Information Security Policy

Declaration

In recent years, the amount of information handled via electronic media and networks has expanded, triggering concerns about the possibility of incurring enormous losses when information is lost, destroyed, or leaked due to disasters, malfunctions or failures, negligence, intentional misconduct, and other risks. We believe that promoting information security measures is not only our responsibility to our clients, but also our responsibility to society as a company that plays a role in the creation and maintenance of public works.

The CTI Engineering Group is always aware of threats that may arise due to the improper operation and management of information and information systems. We have established the "CTI Engineering Group Information Security Policy," with which we comply.

- **Positioning of the Information Security Policy**
  In order to protect our information assets from the threat of security risks, the CTI Engineering Group enforces the CTI Engineering Group Information Security Policy as its most basic and universal measures for information security.
- **Proper operation and management of information systems**
  The CTI Engineering Group complies with all applicable laws and regulations, properly operates and manages the various information and information systems handled in the course of its business activities, and protects its information assets from external and internal risks.
- **Staff responsibilities**
  All staff who use the CTI Engineering Group's information assets are fully aware of the seriousness of information risks and the importance of information security in their daily business activities.
- **Instruction of subcontractors**
  The CTI Engineering Group also instructs subcontractors who use the Group's information assets on the proper operation and management of information assets and systems owned by the Group.
- **Responsibility structure and systems**
  The Representative Director and President, CEO, as the Chief Information Security Officer (CISO) of the CTI Engineering Group, guides the operation and management of information assets and systems. In addition, the Information Security Council is established in order to build a Group-wide information security system.
- **Implementation of training**
  The CTI Engineering Group improves information security literacy by providing information security training to staff and related personnel who handle the Group's information assets so that they are able to respond to changes in the information environment. We also recommend information security training to our subcontractors.
- **Practice of the PDCA cycle**
  The CTI Engineering Group evaluates the implementation of information security measures and new risks, etc., reviews the operation and protection of information assets and information systems as well as the structures for their management when appropriate, and also reviews the CTI Engineering Group Information Security Policy on an as-needed basis.

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Risk Management Basic Policy

1. Basic Philosophy

The Group's risk management approach, which includes crisis management, is defined by its risk management regulations as follows: "Identification and control of risks that could negatively impact our business operations before such risks materialize, with prompt action taken to minimize potential losses should a risk materialize."

The Group operates based on five fundamental principles of corporate management: ① enhancing corporate value, ② preserving and effectively utilizing managerial resources, ③ ensuring sustainable and stable business continuity, ④ maintaining stakeholder trust while ensuring profitability, and ⑤ safeguarding the well-being of our employees and related parties. To achieve the above, we believe it is essential to accurately recognize risks and opportunities that warrant our attention. This involves implementing strategies to decrease the likelihood of risks occurring, along with preparing measures in advance to mitigate potential losses should these risks materialize. We also believe that taking decisive action to limit the impact on all involved parties during emergency situations is an essential aspect of risk management.

2. Action Plan

To put this basic philosophy into practice in concrete terms, we have established a comprehensive risk management framework throughout the organization. We aim to actively and continuously advance risk management as a Group in accordance with the following action plan:

① We recognize the Group's societal obligations and public mission, and we shall manage a variety of risks in a responsible manner to promote ethical and fair corporate activities.

② By providing education, training, and sharing information, we shall strive to cultivate each employee's sensitivity to risk and enhance their risk response capabilities.

③ We shall encourage stakeholder engagement, forge trustful relationships with stakeholders, and ensure that our actions do not compromise their interests.

④ During emergencies, we shall act promptly and appropriately to limit damage to involved parties and undertake decisive action to bring about a rapid recovery.

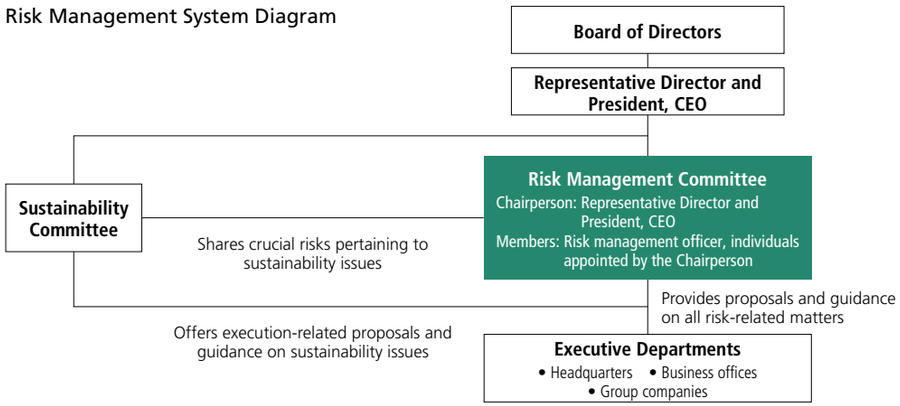
⑤ In emergency situations, we shall prioritize the safety of our staff and related parties, and strive to ensure the continuity of our operations wherever possible.

⑥ We shall aim for proactive and impartial disclosure of risk-related information and foster open communication with the broader society.

Risk Management System

To uphold its risk management principles, the Group has established a Risk Management Committee, chaired by the Representative Director and President, CEO, to promote appropriate risk management in accordance with the Risk Management Basic Policy shown on the left. The Risk Management Committee works in concert with the Sustainability Committee, annually formulating policies and strategies related to the Group's risk management. In addition to identifying risks from a mid- to long-term perspective and evaluating the types of risks, the expected scenarios, the frequency of occurrence, and the extent of the damage, it also analyzes the impact on our business and operations, formulates response strategies based on these considerations, and keeps track of the status of individual risk management efforts while providing guidance and supervision. Moreover, it reports on the state of initiatives to the Board of Directors, which holds discussions about said initiatives, thus exercising oversight and control over all risk management activities.

Risk Management System Diagram



Board of Directors	The Board of Directors deliberates and makes necessary decisions based on the Risk Management Committee's findings.
Representative Director and President, CEO	Advisor and chair of the Risk Management Committee.
Risk Management Committee	Established to manage the Group's risk in an effective manner. It formulates risk management policies and measures, identifies risks, assesses the extent of the damage, develops countermeasures, and provides guidance and supervision.
Sustainability Committee	Promotes sustainable management and devises strategies based on risks and opportunities, with the aim of boosting corporate value and contributing to the creation of a sustainable society.
Executive Departments (Headquarters, business offices, Group companies)	Strive for risk management in the execution of their duties. If a risk materializes, they promptly report to their superiors and respond in accordance with the guidance provided.

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Identification of Key Risks and Countermeasures

In order to enhance the efficacy of risk management and build a relationship of trust with stakeholders, we have identified key risks that need to be specifically addressed by the CTI Engineering Group, and established countermeasures to reduce the impact of risk occurrence.

As shown in Figure 1, key risks are identified by the risk management officer as risks (not including opportunities) arising from external environmental changes or internal to the organization, according to the basic risk management policy. These identified risks are plotted on a risk map (Figure 2) according to the scale of damage or loss and frequency of occurrence to identify them as key risks, and various countermeasures are then formulated according to the content of the risks (Table 1). These decisions are made after deliberation by the Risk Management Committee and approval by the Board of Directors. The identified key risks and countermeasures will be monitored and reviewed as necessary through the PDCA cycle.

For key risks identified that relate to sustainability issues, the Risk Management Committee and the Sustainability Committee share information and work in collaboration to designate them as material issues in sustainability management.

Figure 1: The Risk Management Formulation and Implementation Process

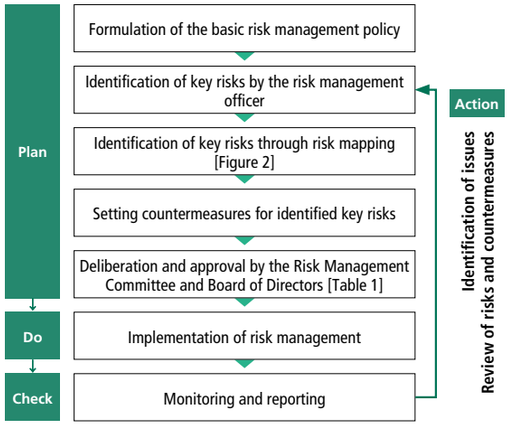


Figure 2: Risk Map

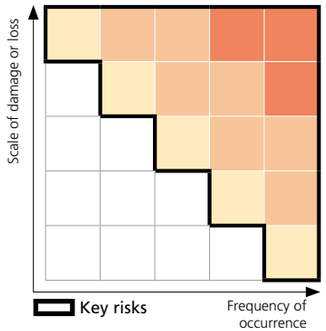


Table 1: Key Risks and Countermeasures

	Risk Area	Key Risks*	Countermeasures	
Risks associated with changes in the external environment	Markets	• Shrinking public works project budgets, market changes • Major changes in the business environment due to technological innovation such as AI	• Lower costs through DX progress • Expansion into public-private partnerships, private markets, etc.	• Promote research and development in response to technological innovation and social changes • Rapidly introduce innovative technologies
	Standards, legal regulations	• Enactment or revision of standards and laws that affect business activities (e.g., the Act for Promoting Proper Tendering and Contracting for Public Works, the Housing Quality Assurance Act, the Unfair Competition Prevention Act, the Civil Code, the Companies Act, the Financial Instruments and Exchange Act, the Labor Standards Act, the Industrial Safety and Health Act, etc.)	• Gather up-to-date information and respond promptly	
	Climate change, natural disasters, pandemics	• Impact of natural disasters and infectious diseases on business • Delayed response to climate change countermeasures	• Prompt response and ongoing training for BCP • Formulate BCPs for new infectious diseases	• Proactive response to projects related to climate change countermeasures • Promote research and development to acquire related technologies
	Investment	• Losses from investments in corporate acquisitions, new businesses, etc.	• Consider and ascertain the business environment • Ongoing monitoring of investment projects	
	Securing and developing human resources	• Declining competitive advantage due to delays in securing and training human resources and increased outflow of human resources from the Company	• Continue aggressive recruitment activities	• Promote diverse work styles • Enhance various education and training programs
	Information security	• System failure or information leakage due to cyberattacks, etc.	• Harden systems against cyberattacks	• Thorough information security education
	Country risks	• Political instability (war, revolution, civil disorder, terrorism), sudden changes in economic policies and conditions, currency fluctuations • Impact of economic sanctions, etc. on business activities	• Gather information on country risks • Reinforced responses in the event of terrorism, etc.	• Disperse and expand countries and areas of operation
Risks originating within the organization	Quality and safety	• Contract noncompliance • Serious accidents due to inadequate safety management	• Raise the level of the Quality Management System • Thorough safety management training	
	Technological strengths	• Decline in technological and management capabilities • Insufficient adaptation to technological innovation (AI, IoT, etc.) due to stagnant R&D, etc. • Decline in productivity	• Promote technological enhancement • Promote planned research and development	• Promote production system reforms
	Personnel and labor	• Loss of human resources and decline in engagement due to labor issues such as long working hours, discrimination, and supply chain issues involving long working hours and occupational health and safety	• Promote measures through labor-management cooperation to prevent long working hours • Raise employee engagement	
	Compliance	• Accounting fraud, embezzlement and breach of trust, violations of antitrust laws, bribery, infringement of intellectual property rights, insider trading, loss of social credibility due to the occurrence of misconduct, and unauthorized removal of confidential or personal information	• Timely and appropriate disclosure of material facts • Monitoring and guidance for recurrence prevention measures	• Thorough training and education on compliance and information security • Strengthen initiatives to ensure the proper functioning of the internal whistleblowing system

* Only risks are listed, not opportunities.

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Directors and Auditors

Directors and Auditors
https://www.ctie.co.jp/english/company/executive/

Experience and Expertise of Directors and Auditors (Skill Matrix), etc.

	Name	Years in Office	Attendance in 2025				Skill Matrix								
			Board of Directors	Audit & Supervisory Board	Nomination & Remuneration Advisory Committee	Corporate Governance Committee	Management	Engineering Quality	Business Strategy Marketing	HR HR Development	IT DX	Sustainability ESG	Finance Accounting Tax Affairs	Legal Affairs Risk Management	Global
Directors	Tetsumi Nakamura Director, Chairman	13 years	14/14		5/5	5/5	●	●	●		●	●			
Directors	Tatsuya Nishimura Representative Director and President, CEO	7 years	14/14		5/5	5/5	●	●	●			●		●	●
Directors	Naoto Suzuki Representative Director, Senior Managing Executive Officer Chief, Planning & Business Development Headquarters	6 years	14/14				●	●	●	●	●	●	●	●	
Directors	Naoki Fujiwara Managing Executive Officer	3 years	14/14				●	●	●		●				●
Directors	Toshikazu Matsuoka Managing Executive Officer Chief, Administration Headquarters	2 years	14/14				●	●		●		●	●		●
Directors	Masahiro Emori Managing Executive Officer Managing Principal, Tokyo Main Office	1 year	10/10*				●	●	●						
Directors	Mitsuho Amano Managing Executive Officer Chief, Engineering Headquarters	1 year	10/10*				●	●			●				
Directors	Fumiko Kosao External Independent Officer	9 years	13/14		5/5	5/5	●			●			●		
Directors	Yoshihisa Sonobe External Independent Officer	4 years	14/14		5/5	5/5	●		●		●	●	●	●	●
Directors	Atsuko Ogasawara External Independent Officer	3 years	13/14		5/5	5/5	●			●		●		●	
Directors	Toru Kuwano External Independent Officer	1 year	10/10*		3/3*	3/3*	●	●	●		●	●		●	
Auditors	Akira Tateyama Full-time Auditor	1 year	10/10*	10/10*			●	●			●				
Auditors	Keizo Mitsuke Full-time Auditor	3 years	14/14	14/14			●	●				●	●	●	
Auditors	Yasuro Tanaka External Independent Officer	11 years	14/14	14/14										●	●
Auditors	Go Ishikawa External Independent Officer	7 years	14/14	14/14			●						●	●	●

* As the officer was appointed on March 25, 2025, the number of meetings they were eligible to attend differs from that of the other officers.

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Directors and Auditors

① Selection of Items

The CTI Engineering Group Board of Directors should aim to further strengthen its supervisory function, deepen discussions on the matters below concerning the direction of the Company, and monitor the decisions it makes. The skills that the Board of Directors considers necessary for these discussions are listed below.

① Discussions related to management policy, such as the mid- to long-term vision and business portfolio transformation
② Discussions related to capital policy and cost of equity
③ Discussions related to risk management, internal control system and global Group governance
④ Discussions related to dialogue with shareholders, sustainability and ESG

② Skill Items and Reasons for Their Selection

Skill Item	Reasons for Their Selection
Management	Directors with knowledge and experience of executive management and overall corporate management to formulate growth strategies and supervise their promotion are needed at a time of significant change in the business and management environments to realize the sustainable growth of the CTI Engineering Group.
Engineering Quality	Directors with abundant knowledge and experience in the fields of technology and quality related to our business are needed to identify issues arising from changes in the social and economic environment and to provide appropriate direction for the Group's business.
Business Strategy Marketing	Directors with knowledge and experience in business strategy or marketing are needed to identify issues arising from changes in the social and economic environment and to formulate and supervise appropriate business strategies.
HR HR Development	Directors with knowledge and experience in the field of human resource development and training, including the promotion of diversity, are needed to formulate and supervise human resource strategies that enable each employee to reach their full potential.
IT DX	Directors with knowledge and experience in the IT and DX fields are needed to formulate and oversee the strategies for IT innovation necessary for our sustainable growth.
Sustainability ESG	Directors with knowledge and experience of all aspects of sustainability, centered on ESG, are needed to realize sustainability management as a growth strategy.
Finance Accounting Tax Affairs	Directors with knowledge and experience in finance, accounting and tax affairs are needed to formulate and oversee capital policies and financial strategies with an awareness of cost of equity to be able to build a strong financial base and achieve sustainable growth of corporate value.
Legal Affairs Risk Management	Directors with knowledge and experience in corporate governance, risk management and compliance are needed to improve the effectiveness of management oversight by the Board of Directors as the establishment of an appropriate governance structure is the foundation for sustainable improvement of corporate value.
Global	Directors with overseas work experience and knowledge and experience of overseas lifestyles, cultures and business environments are needed to formulate and oversee the promotion of growth strategies for the growth area of overseas business.

	Name	Reasons for Their Appointment
Directors	**Tetsumi Nakamura** Director, Chairman	Has held key positions in the Water & Land Business Sector and main offices, gaining extensive experience and high-level insight into the CTI Engineering Group's management, business strategy and marketing; appointed Director in March 2013 and Representative Director and President, CEO in March 2019; appointed Representative Director, Chairman in March 2024; in present post since March 2026.
Directors	**Tatsuya Nishimura** Representative Director and President, CEO	Has held key positions in the Water & Land Business Sector, main offices and Sales & Marketing Div., gaining extensive experience and high-level insight into the CTI Engineering Group's management, business strategy, marketing and overseas business; appointed Director in March 2019; appointed Representative Director and President, CEO in March 2024.
Directors	**Naoto Suzuki** Representative Director, Senior Managing Executive Officer Chief, Planning & Business Development Headquarters	Joined the Company in 1991 after working at another firm in the industry; has held key positions in the Transportation & Urban Business Sector, main offices and the headquarters structure, gaining extensive experience and high-level insight into the CTI Engineering Group's management, IT/DX, finance/accounting and human resource development; appointed Director in March 2020; appointed Representative Director, Senior Managing Executive Officer in March 2026.
Directors	**Naoki Fujiwara** Managing Executive Officer	Has held key positions in the Water & Land Business Sector and main offices, and has served as directors of two CTI Engineering Group companies; has extensive experience and high-level insight in the overseas business; appointed Director in March 2023; appointed Representative Director and President, CEO of CTI Engineering International Co., Ltd. in March 2024.
Directors	**Toshikazu Matsuoka** Managing Executive Officer Chief, Administration Headquarters	Joined the Company in February 1999 after working for a construction company; has extensive experience and high-level insight in human resources and human resource development gained from roles in the Transportation & Urban Business Sector, main offices, administration and human resource management; appointed Director in 2024.
Directors	**Masahiro Emori** Managing Executive Officer Managing Principal, Tokyo Main Office	Has held key positions in the Transportation & Urban Business Sector, main offices, and the headquarters; possesses extensive experience and advanced insight into the CTI Engineering Group's business activities, business strategy, and marketing; appointed Director in March 2025.
Directors	**Mitsuho Amano** Managing Executive Officer Chief, Engineering Headquarters	Has held key positions in the Water & Land Business Sector and main offices; possesses extensive experience and advanced insight into the CTI Engineering Group's business activities and overall technology divisions; appointed Director in March 2025.
Directors	**Fumiko Kosao** External Independent Officer	Has extensive experience as the head of organizations, including serving as a head of a tax office, as well as professional expertise in taxation and corporate accounting as a certified public tax accountant; appointed Director of the Company in March 2017; appointed Chairperson of the Company's Nomination & Remuneration Advisory Committee in April 2025.
Directors	**Yoshihisa Sonobe** External Independent Officer	Has management experience at a major corporation and possesses knowledge and broad insight in finance and accounting, global business, and other areas; appointed Director of the Company in March 2022; appointed Chairperson of the Company's Corporate Governance Committee in April 2025.
Directors	**Atsuko Ogasawara** External Independent Officer	Has held key positions at a major newspaper company; serves on the Board of the Japan High School Baseball Federation and has served as Executive Director in charge of branding at National University Corporation, gaining extensive experience in the business world, a high level of expertise and broad insight; appointed Director in March 2023.
Directors	**Toru Kuwano** External Independent Officer	Has management experience at a major IT services company and possesses extensive experience and professional expertise in IT and DX as well as corporate management; appointed Director in March 2025.
Auditors	**Akira Tateyama** Full-time Auditor	Has held key positions in the Transportation & Urban Business Sector, main offices, and the headquarters structure; possesses extensive experience in cost management as well as quality and safety management. Has also promoted in-house IT and DX initiatives, contributing to sound and proper organizational operations; in present post since March 2025.
Auditors	**Keizo Mitsuke**	Has technical experience gained at companies in the same industry and in the Company's Water & Land Business Sector; knowledgeable about the consulting engineering industry through participation in industry associations, and has expertise in finance/accounting from work experience at main offices; appointed Auditor in March 2023; in present post since March 2025.
Auditors	**Yasuro Tanaka** External Independent Officer	Has served as General Judge of the Tokyo High Court and as Director of the Sapporo High Court; registered as attorney in February 2011; has insight and professional ethics, a high level of expertise, and a wealth of experience as an attorney and former judge; appointed Auditor in March 2015.
Auditors	**Go Ishikawa** External Independent Officer	Registered as attorney in April 1995; has served as Deputy Chairperson of the Dai-Ichi Tokyo Bar Association and as Executive Governor of the Japan Federation of Bar Associations; has a high level of expertise and professional ethics in general legal matters, including corporate legal affairs, and knowledge of finance/accounting; appointed Auditor in March 2019.

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Consolidated Financial Summary

Mid- to Long-Term Vision	2015–2025 (2020) CLAVIS 2025						2021–2030 SPRONG 2030				
Mid-Term Management Plan	2015–2018 Mid-Term Management Plan 2018			2019–2021 Mid-Term Management Plan 2021			2022–2024 Mid-Term Management Plan 2024			2025–2027 Mid-Term Management Plan 2027	
Income Statement	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	**FY2025**
Orders received (¥ million)	40,353	42,481	52,775	60,117	70,718	69,127	84,448	85,887	92,473	94,400	**109,701**
Sales (¥ million)	40,220	42,033	49,301	58,443	62,649	65,190	74,409	83,485	93,057	97,678	**101,038**
Cost of sales (¥ million)	29,379	30,989	35,992	43,049	45,321	46,955	53,678	60,066	65,996	69,251	**71,457**
Gross profit (¥ million)	10,841	11,044	13,309	15,393	17,327	18,234	20,731	23,419	27,060	28,427	**29,580**
Selling, general and administrative expenses (¥ million)	8,243	8,665	10,888	12,347	13,060	13,149	13,740	15,401	17,049	19,030	**20,444**
Operating income (¥ million)	2,598	2,378	2,420	3,046	4,267	5,085	6,991	8,017	10,011	9,396	**9,136**
Operating income margin (%)	6.5	5.7	4.9	5.2	6.8	7.8	9.4	9.6	10.8	9.6	**9.0**
Non-operating revenues (¥ million)	136	54	80	120	130	131	126	217	141	138	**214**
Ordinary profit (¥ million)	2,734	2,433	2,500	3,167	4,397	5,216	7,118	8,235	10,153	9,535	**9,350**
Extraordinary gain (loss) (¥ million)	(12)	(50)	(55)	(88)	(95)	27	(238)	16	(12)	(45)	**(350)**
Income taxes (¥ million)	1,082	958	786	1,150	1,416	1,592	2,359	2,327	2,571	2,704	**2,994**
Net income attributable to owners of the parent (¥ million)	1,633	1,447	1,615	1,893	2,808	3,650	4,471	5,874	7,534	6,746	**5,952**
Comprehensive income (¥ million)	1,891	1,259	2,237	1,299	3,766	3,656	6,082	6,196	9,667	8,595	**7,639**
Balance Sheet											
Net assets (¥ million)	23,816	24,793	26,885	27,810	30,929	34,016	38,820	47,719	55,093	61,674	**66,815**
Total assets (¥ million)	43,937	42,644	49,444	50,854	59,013	63,980	71,880	73,296	79,914	87,694	**96,344**
Net assets per share (¥)	837.70	873.16	940.51	975.27	1,084.77	1,196.68	1,367.49	1,680.41	1,979.45	2,213.71	**2,412.45**
Net income per share (¥)	57.76	51.19	57.11	66.97	99.30	129.08	158.13	207.75	271.06	243.10	**214.45**
Net worth ratio (%)	53.9	57.9	53.8	54.2	52.0	52.9	53.8	64.8	68.7	70.1	**69.1**
Return on equity (ROE) (%)	7.2	6.0	6.3	7.0	9.6	11.3	12.3	13.1	14.7	11.6	**9.3**
Return on assets (ROA) (%)	6.4	5.6	5.4	6.3	8.0	8.5	10.5	11.7	13.3	11.4	**10.2**

* On January 1, 2025, the Company conducted a two-for-one split of its common stock.
Net assets per share and net income per share have been calculated on the assumption that this stock split was conducted at the beginning of the previous fiscal year.

Cash Flows											
Cash flows from operating activities (¥ million)	1,613	(201)	2,834	1,873	4,798	8,687	5,344	3,804	874	2,410	**5,768**
Cash flows from investing activities (¥ million)	(1,766)	(163)	(6,857)	(1,475)	(1,051)	(779)	(671)	(752)	(912)	(5,658)	**(612)**
Cash flows from financing activities (¥ million)	(196)	(683)	(739)	(76)	(545)	(1,185)	(1,128)	(1,291)	(3,291)	(2,111)	**(5,092)**
Cash and cash equivalents at end of period (¥ million)	12,310	11,244	6,515	6,722	9,873	16,684	20,527	22,589	19,654	14,670	**15,093**
Sales by Segment											
Domestic consulting engineering business (¥ million)	—	—	39,603	40,871	45,493	48,978	53,696	58,160	64,473	66,945	**69,724**
Overseas consulting engineering business (¥ million)	—	—	9,697	17,572	17,156	16,211	20,713	25,325	28,583	30,733	**31,313**

* The segment classifications were changed beginning with the fiscal year ended December 31, 2017.

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IR Communications

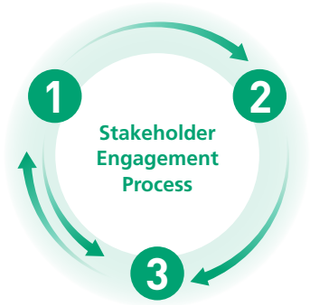
We promote IR communications that emphasizes constructive dialogue with stakeholders with the aim of sustainably enhancing corporate value. We reflect the diverse perspectives and insights gained through dialogue in our management and business activities and strive to enhance information disclosure and improve transparency. Through these initiatives, we will further strengthen relationships of trust and continue to grow together with society.

Process for Dialogue with Stakeholders and Value Creation

❶ Dialogue with Shareholders and Investors
We are enhancing opportunities for dialogue with shareholders and investors through a variety of initiatives.

❷ Feedback to Management
Opinions received from shareholders and investors are reported to the Board of Directors two to four times a year, where responses are discussed and considered with the aim of enhancing corporate value.

❸ Enhancing Information Disclosure and Improving Transparency
Through timely and appropriate information disclosure and ongoing dialogue, we strive to build relationships of trust with our stakeholders.



❶ Dialogue with Shareholders and Investors	Participants	Mainly the officer responsible for IR and the CEO
	Main topics of dialogue	• Details of the Mid-Term Management Plan 2027 • Industry and market environment • The Company's business model, strengths, and business portfolio • Overseas business strategy • M&A policy • Capital allocation • Shareholder return policy
	Responses to dialogue	• Disclosure of capital allocation • Disclosure of investment policy • Implementation of a stock split (two shares for each one share of common stock)
❷ Feedback to Management	Reporting to the Board of Directors	Two to four times a year
	Matters reported and discussed	Reports are provided on the number of meetings, composition of investors participating in meetings, trends in questions, shareholder composition, results of IR and SR activities, opinions received from investors, future IR activity policies, and measures for responding to those opinions.
❸ Enhancing Information Disclosure and Improving Transparency	Disclosed information	• Transcripts of financial results briefings (Japanese and English) • Summaries of Q&A sessions (Japanese and English) • Integrated Report (Japanese and English) • Same-day English disclosure of disclosure documents • Enhanced disclosure of PR information through the Tokyo Stock Exchange's TDnet

Status of Dialogue with Shareholders and Investors

Dialogue Opportunities	Number of Times
Individual IR meetings with analysts and institutional investors	64
Financial results briefings for analysts and institutional investors	2

Dialogue Opportunities	Number of Times
Briefings for individual investors	1
Nikkei-TSE IR Fair	1
Financial results briefings for employees	2
SR meetings	6

Actions Taken Based on Feedback Received through Dialogue

- Disclosure of capital allocation
- Disclosure of investment policy
- Implementation of a stock split (2025)

Inclusion in a Stock Index

Selected as a constituent of the JPX-Nikkei Mid and Small Cap Index (for one year from August 2025)

External Evaluation

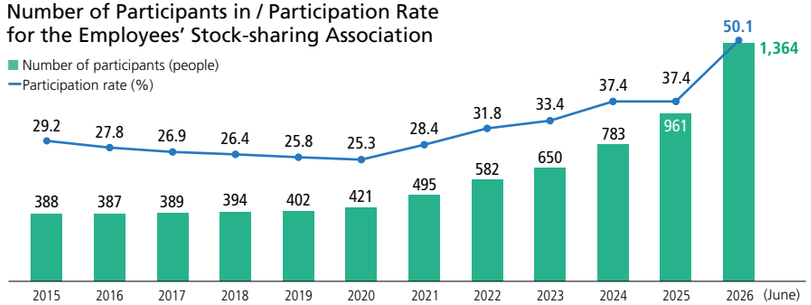
WITH GRADE A Corporate Websites 2025 Nikko Investor Relations Co.,Ltd All Markets Ranking in Japan

Nikko Investor Relations Co., Ltd.
"All Japanese Listed Corporate Website Ranking 2025" —
Overall ranking: A grade

Initiatives through the Employees' Stock-sharing Association

The Company regards employees, together with shareholders and investors, as important stakeholders and is working to encourage participation in the Employees' Stock-sharing Association. In 2026, we introduced a special incentive program (stock-based compensation), supporting employees' asset building by expanding opportunities to own Company shares while also promoting the sharing of value with shareholders. As a result, both the number of participants in the association and the participation rate have increased.

Number of Participants in / Participation Rate for the Employees' Stock-sharing Association



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Status of the Company (As of December 31, 2025)

Status of Shares

(1) Total number of shares to be issued	80,000,000 shares
(2) Total number of issued shares	28,318,172 shares
(3) Number of shareholders	4,375 (of whom, 3,347 were shareholders with voting rights)

Top 10 Shareholders

Name	Number of Shares Held (Thousand)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,114	11.3
HIKARI POWER LIMITED	2,793	10.1
CTI Engineering Employees' Stock-sharing Association	2,159	7.8
Yasumitsu Shigeta	793	2.9
Custody Bank of Japan, Ltd. (trust account)	750	2.7
MUFG Bank, Ltd.	743	2.7
Mitsubishi UFJ Trust and Banking Corporation	708	2.6
Sumitomo Life Insurance Company	600	2.2
Dai-ichi Life Insurance Company, Limited	538	2.0
JAPAN ABSOLUTE VALUE FUND GENERAL PARTNER THOMAS OWSLEY RODES	508	1.8

Notes: 1. The 740,575 shares of treasury stock held by the Company are not included in the above table.
2. Calculation of shareholding ratio excludes treasury stock.

Corporate Information

Company Overview

Company name	CTI Engineering Co., Ltd.
Address of Main Office	Nihombashi Hamacho F Tower, 3-21-1, Nihombashi Hamacho, Chuo-ku, Tokyo, Japan 103-8430
Established	April 1963
Capital	¥3,025,875,010
Stock exchange listings	Tokyo Stock Exchange, Prime Market (securities identification code: 9621)
Services	Provides professional consulting services related to civil engineering and construction works, including project conceptualization, research, design, and supervision

- Registered Civil Engineering Consultant, Reg. No. 06-133
- Registered Geological Surveyor, Reg. No. 04-19
- Registered Compensation Consultant, Reg. No. 06-1002
- Registered Surveyor, Reg. No. (16)-848
- Registered First Class Architect's Office, Governor of Tokyo, Reg. No. 4330
- Registered First Class Architect's Office, Governor of Osaka Prefecture, Reg. No. 12091
- Registered First Class Architect's Office, Governor of Aichi Prefecture, Reg. No. 13738
- Registered Measurement Certification Business (Concentration) (Tokyo), Reg. No. 1424
- Designated Investigation Institution No. 2003-8-3017, based on Article 3 (1) of the Soil Contamination Countermeasures Act
- Weather Forecasting Services License No. 192 (Meteorological, Flood)

ISO Certification

Quality Management System

JIS Q 9001:2025 (ISO 9001:2015+ Amd 1:2024) Certification No. MSA-QS-4

Certification scope: Consulting services related to rivers and sand erosion control, coasts and marine waters, ports and airports, power engineering, roads, railroads, water supply and industrial water supply, sewerage, agricultural engineering, forest engineering, fishery engineering, waste, landscaping, urban and regional planning, geology, soil and foundations, steel structures and concrete, tunnels, construction planning and construction equipment and estimations, construction environments, machinery, electricity and electronics, and information

Certified organizations: Main Office Environment, Quality & Safety Management Division, Tokyo Main Office, Hokkaido Office, Tohoku Office, Hokuriku Office, Chubu Office, Osaka Main Office, Chugoku Office, Shikoku Office, Kyushu Office, Okinawa Office

Environmental Management System

JIS Q 14001:2025 (ISO 14001:2015+ Amd 1:2024) Certification No. MSA-ES-10

Certification scope: Consulting services and office activities related to the construction business

Certified organizations: Main Office Environment, Quality & Safety Management Division, Tokyo Main Office, Hokkaido Office, Tohoku Office, Hokuriku Office, Chubu Office, Osaka Main Office, Chugoku Office, Shikoku Office, Kyushu Office, Okinawa Office

Information Security Management System

JIS Q 27001:2025 (ISO/IEC 27001:2022+ Amd 1:2024) Certification No. MSA-IS-62

Certification scope: Consulting services and office activities related to the construction business

Certified organizations: Main Office, Tokyo Main Office, Hokkaido Office, Tohoku Office, Hokuriku Office, Chubu Office, Osaka Main Office, Chugoku Office, Shikoku Office, Kyushu Office, Okinawa Office

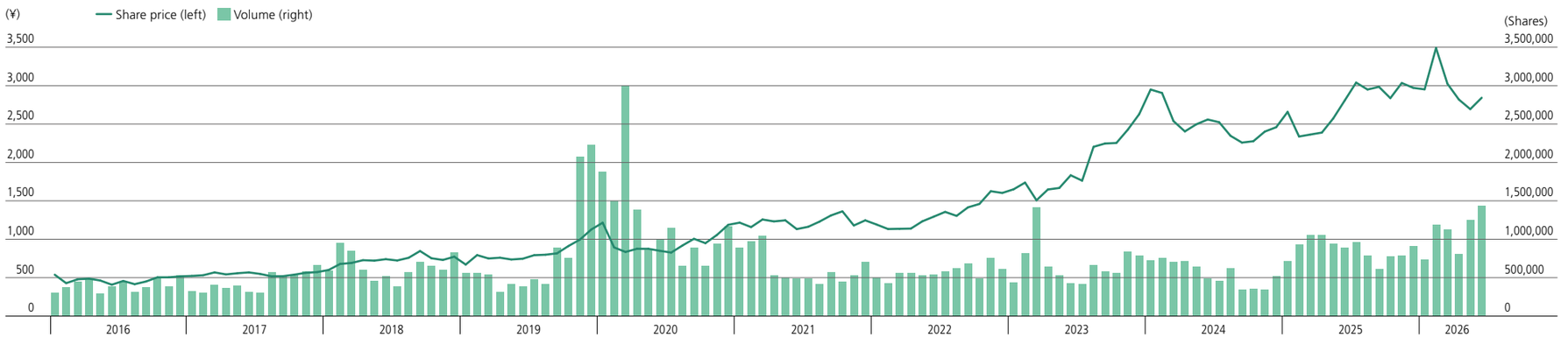
Asset Management System

JIS Q 55001:2017 (ISO 55001:2014) Certification No. MSA-AS-13

Certification scope: Consulting services related to asset management of general public infrastructure (river and coastal facilities, bridges, tunnels) and utilities (water supply, sewerage)

Certified organizations: Tokyo Main Office: Infrastructure Management Division, Waterworks Engineering Division, Water and Sewerage Division, Osaka Main Office: Water and Sewerage Division

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Enriching life
through engineering

CTI Engineering Co., Ltd. has faced social issues with integrity throughout its history as a pioneer in consulting engineering. It has worked to solve a variety of infrastructure development issues by constantly improving its engineering capabilities.
As technological innovation accelerates, we will serve as a group of professionals who will ambitiously take on new technologies and always provide the best infrastructure services. We will work tirelessly to create a society where people can live safely and securely with an eye on the future.

Contact
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E-mail: koho@ctie.co.jp