

# **62<sup>nd</sup> Term(2024) Financial Results/ Revision of Mid-to Long-Term Vision 2030 and Mid-Term Management Plan 2027**

**Tokyo Stock Exchange / Code number : 9621**

**CTI Engineering Co., Ltd.**

Feb 14, 2025



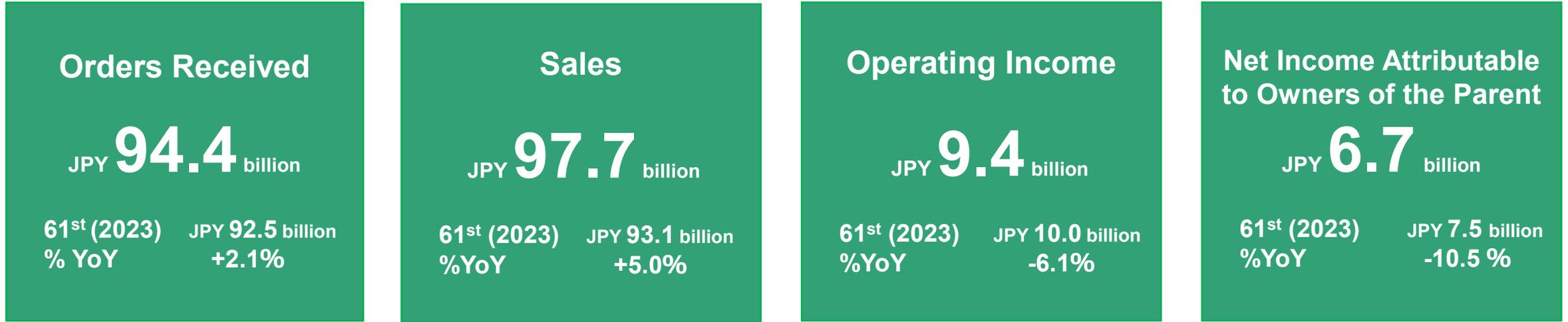
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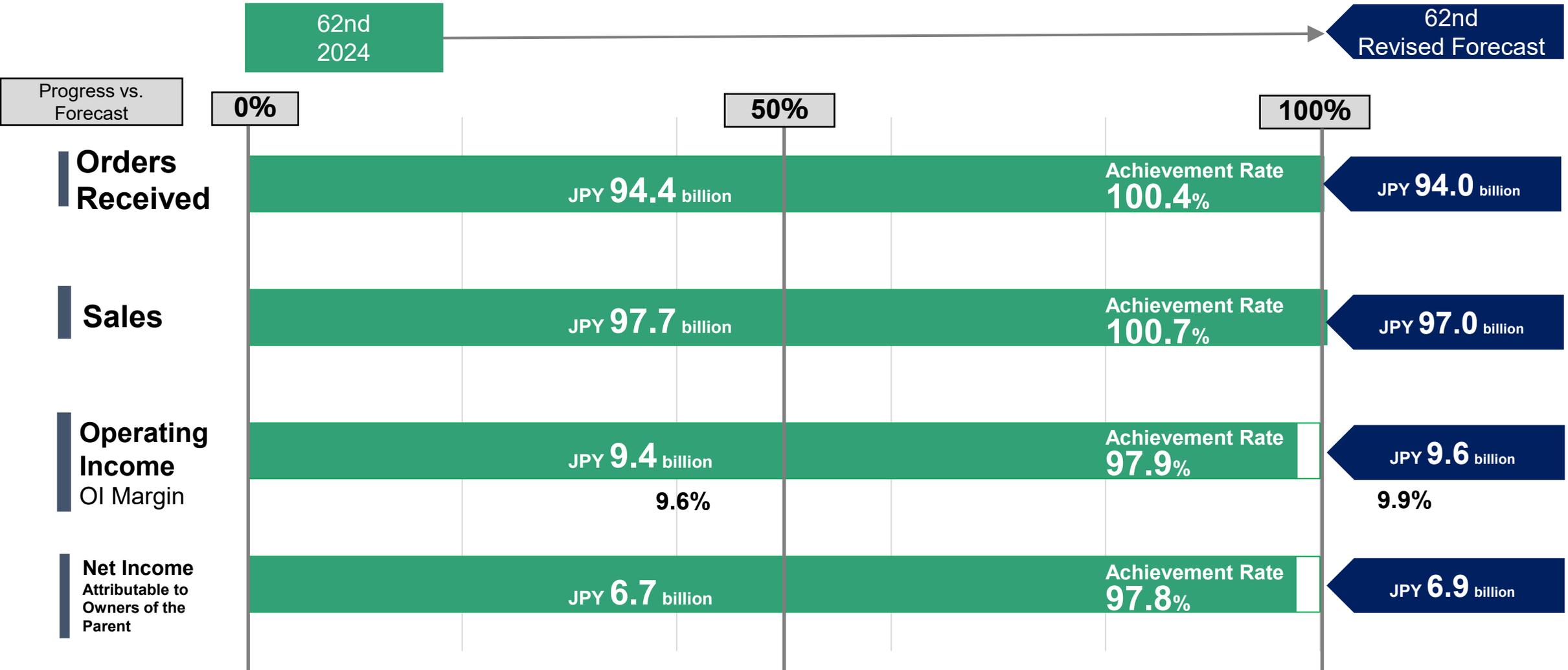
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Orders Received and Sales exceeded the revised full fiscal year forecast and delivered a new record performance. Operating Income and Net Income ended up almost as planned.



|                         |  |
|-------------------------|--|
| <b>Orders Received</b>  | Paying attention to workload of engineers and production system, we received orders to exceed the revised full fiscal year forecast and result of previous year. |
| <b>Sales</b>            | Based on the progress up to 3Q, sales continued to be strong and exceeded the revised full fiscal year forecast and result of previous year.                     |
| <b>Operating Income</b> | Achieved results in line with the initial profit reduction plan, aimed at preventing errors and strengthening investment.  |

Orders Received and Sales exceeded the revised full fiscal year forecast and delivered a new record performance. Operating Income and Net Income ended up almost as planned.

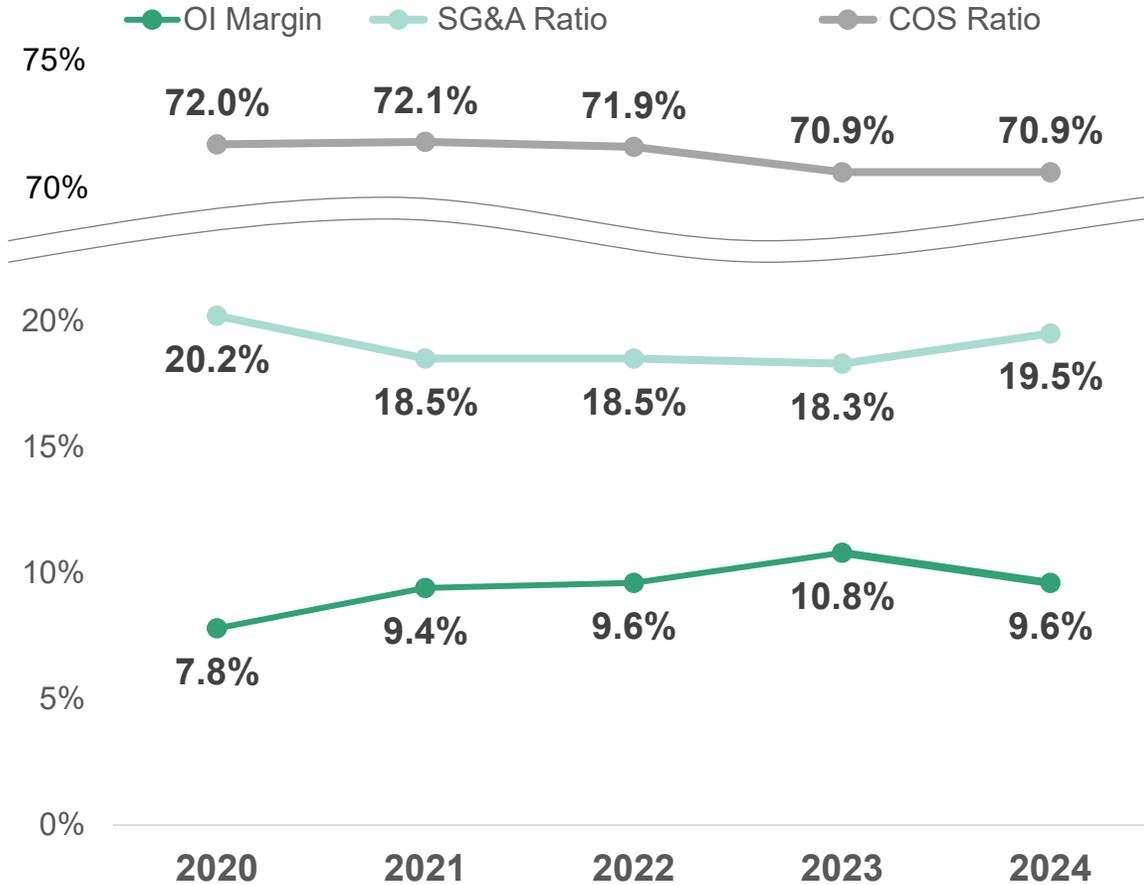


(JPY billion)

| Item   | 61 <sup>st</sup> Term<br>2023 | 62 <sup>nd</sup> Term 2024 |                    |                    | 62 <sup>nd</sup> Term 2024<br>(Revised FY Forecast) |                                    |
|--|-------------------------------|----------------------------|--------------------|--------------------|---|------------------------------------|
|  |                               |                            | Change(¥)<br>(YoY) | Change(%)<br>(YoY) |   | Achievement<br>vs. Forecast<br>(%) |
| Orders Received  | 92.5                          | <b>94.4</b>                | +1.9               | +2.1%              | 94.0  | 100.4%                             |
| Sales  | 93.1                          | <b>97.7</b>                | +4.6               | +5.0%              | 97.0  | 100.7%                             |
| Operating Income   | 10.0                          | <b>9.4</b>                 | -0.6               | -6.1%              | 9.6   | 97.9%                              |
| OI Margin  | 10.8%                         | <b>9.6%</b>                | -                  | -1.1pt             | 9.9%  | -                                  |
| Ordinary Profit  | 10.1                          | <b>9.5</b>                 | -0.6               | -6.1%              | 9.7   | 98.3%                              |
| Net Income<br>Attributable to<br>Owners of the<br>Parent | 7.5                           | <b>6.7</b>                 | -0.8               | -10.5%             | 6.9   | 97.8%                              |

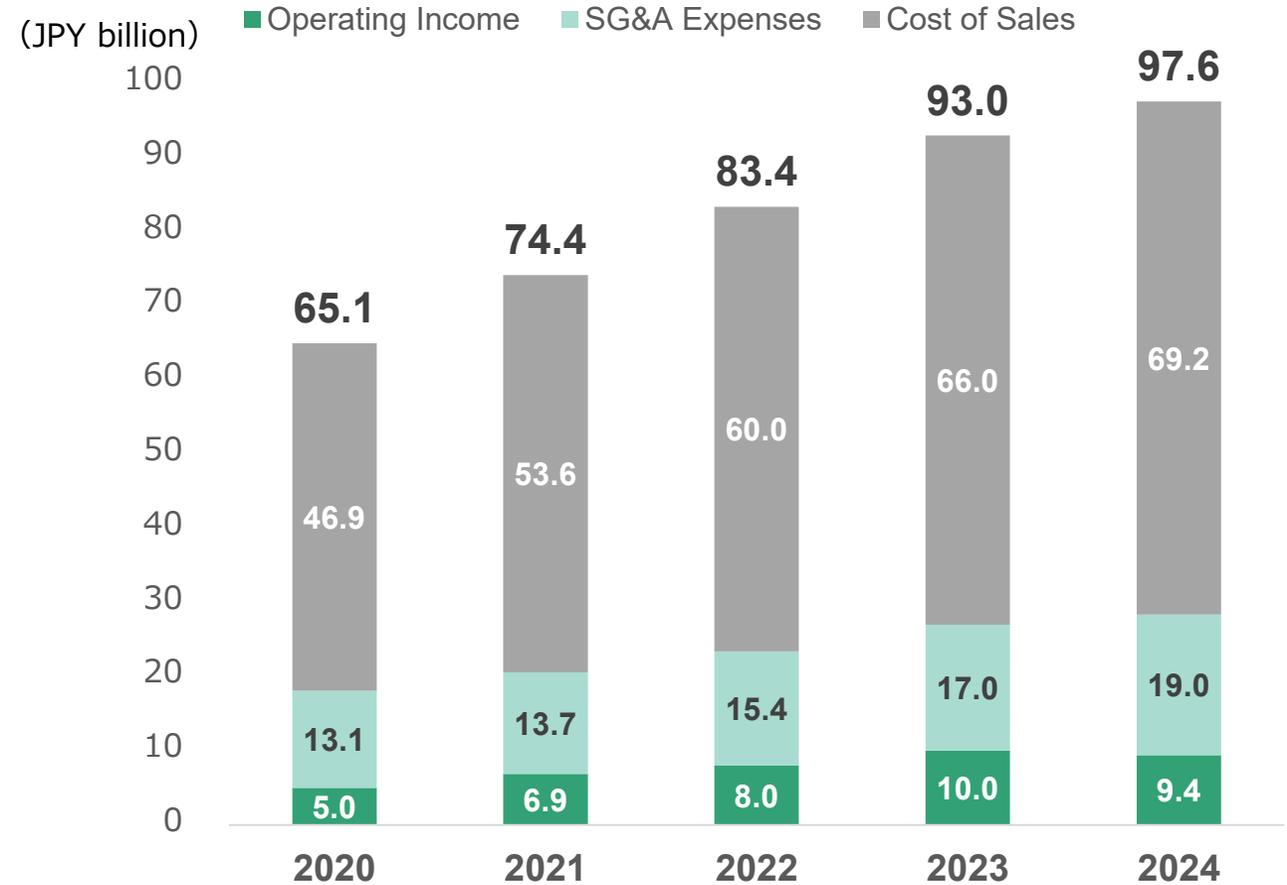
## Operating Income Margin, etc. - 5 years Trend -

- Cost of Sales Ratio declining in 5 years.
- SG&A Ratio: 19.5% (YoY +1.2pt)
- Operating Income Margin: 9.6% (YoY -1.2pt)

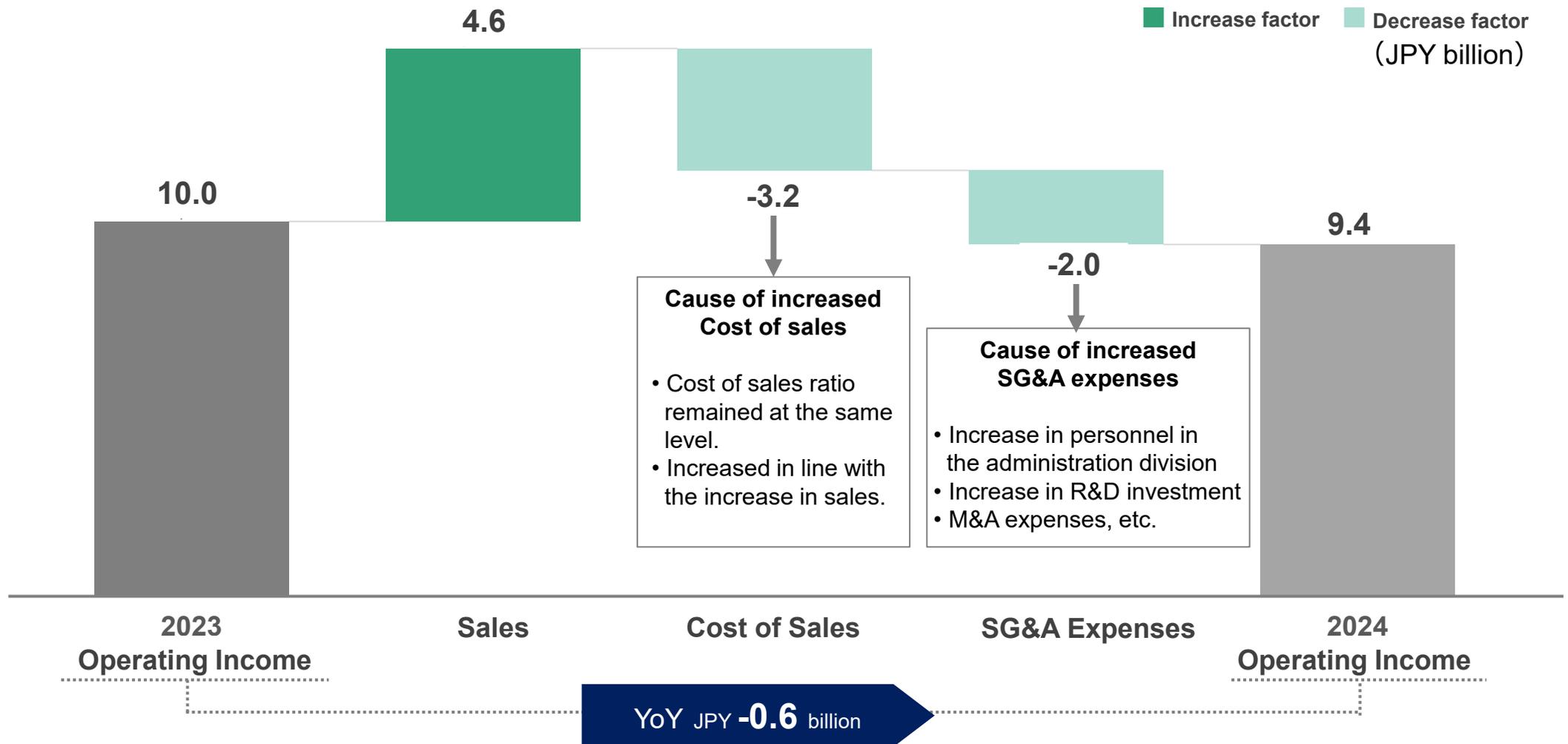


## Sales Composition - 5 years Trend -

- Sales exceeded the revised full fiscal year forecast and delivered a new record performance.
- SG&A Expenses increased due to increase in personnel in the administration division and increase in R&D investment etc.
- Operating Income ended up almost as revised forecast.

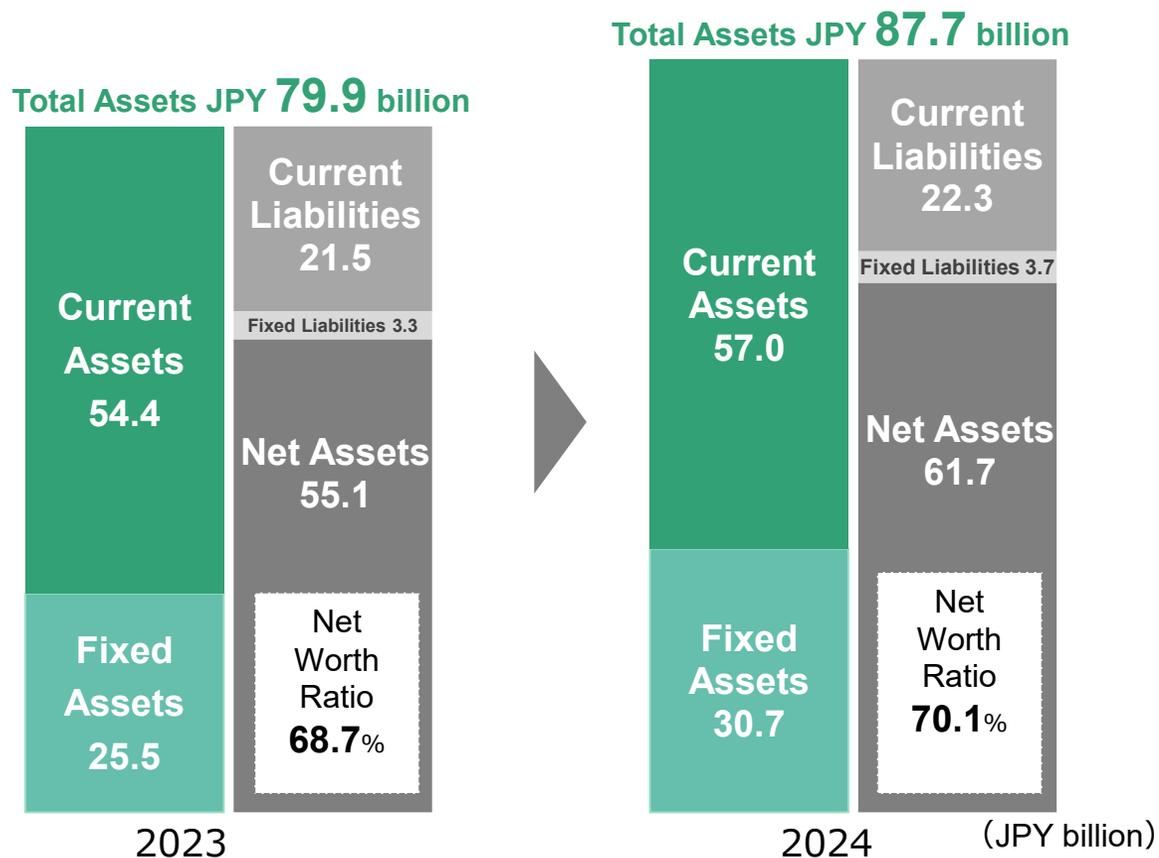


- Cost of sales ratio remained at the same level and increased in line with the increase in sales.
- SG&A expenses increased due to an increase in personnel in the administration division, an increase in R&D investment, M&A expenses, etc.
- Due to the impact of higher SG&A expenses, operating income was JPY 9,396 million decreased by JPY 614 million from the previous year.



## Balance Sheet

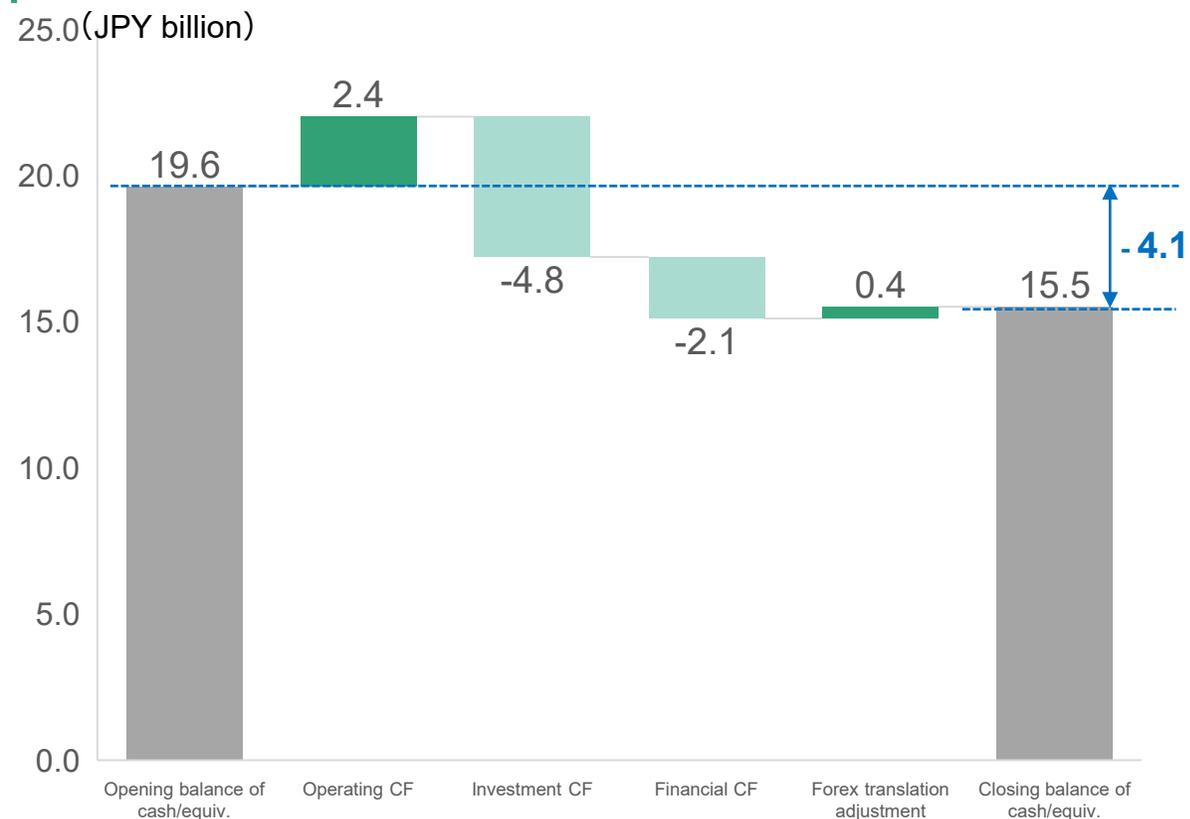
- Assets increased by JPY 7.8 billion due to an increase in accounts receivable(+JPY 6.2 billion), goodwill(+JPY 2.6 billion), etc.
- Liabilities increased by JPY 1.2 billion due to an increase in contract liabilities(+JPY 0.3 billion), etc.
- Net worth ratio 70.1% (+1.4pt)



## Cash Flow

- Cash & cash equivalents closing balance decreased by JPY 4.1 billion.

|               | FY2023 | FY2024 | Major factor in FY2024                    |
|---------------|--------|--------|---|
| Operating CF  | 0.8    | 2.4    | Net income +9.4, Accounts receivable -4.8 |
| Investment CF | -0.9   | -4.8   | M&A investment -3.3                       |
| Financial CF  | -3.2   | -2.1   | Dividend payments -2.0                    |



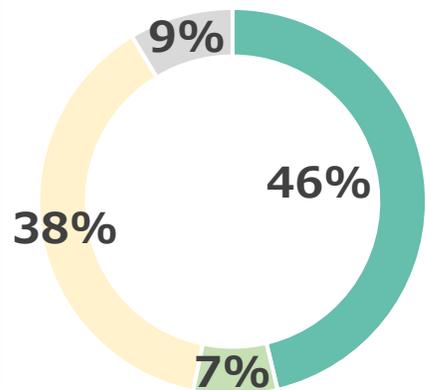
## Orders Received and Sales exceeded the revised forecast, Operating Income was in line with the plan.

- Orders received continued to be strong from the previous year due to Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation and Building National Resilience”, achieving 105.2% of the revised forecast.
- Sales increased due to an increase in sales in business areas such as energy, urban and construction, environmental analysis and PPP, achieving 101.4% of the revised forecast.
- Operating income was almost in line with the revised forecast. (99.0% of the forecast)

(JPY billion)

|                  | 61 <sup>st</sup> Term<br>2023 | 62 <sup>nd</sup> Term 2024   |                    |                    | 62 <sup>nd</sup> Term 2024<br>(Revised FY Forecast) |                                    |
|------------------|-------------------------------|--|--------------------|--------------------|---|------------------------------------|
|                  |                               |  | Change(¥)<br>(YoY) | Change(%)<br>(YoY) |   | Achievement<br>vs.<br>Forecast (%) |
| Orders Received  | 62.2                          | <b>65.7</b>  | +3.6               | +5.7%              | 62.5  | 105.2%                             |
| Sales            | 64.5                          | <b>66.9</b>  | +2.5               | +3.8%              | 66.0  | 101.4%                             |
| Operating Income | 8.9                           | <b>8.6</b>   | -0.3               | -3.7%              | 8.7   | 99.0%                              |
| OI Margin        | 13.9%                         | <b>12.9%</b>   | -                  | -1.0pt             | 13.2%   | -                                  |

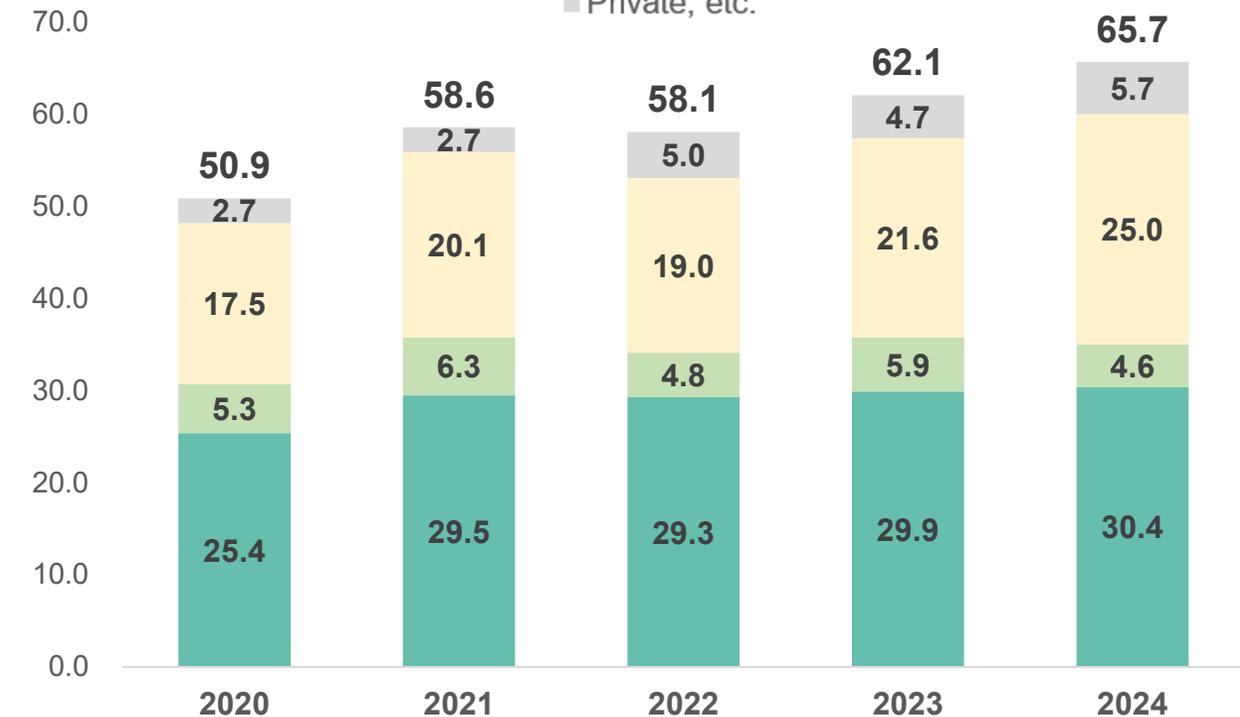
## Orders Received Amount by Clients



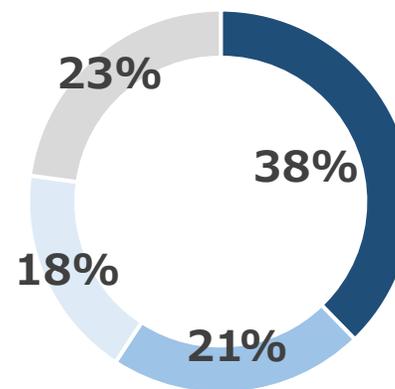
- Slightly increased from Government.
  - Slightly decreased from Former Public Corporations and Foundations.
  - Increased from Local Government and Private, etc.
- Local Government ratio: +3pt



(JPY billion)



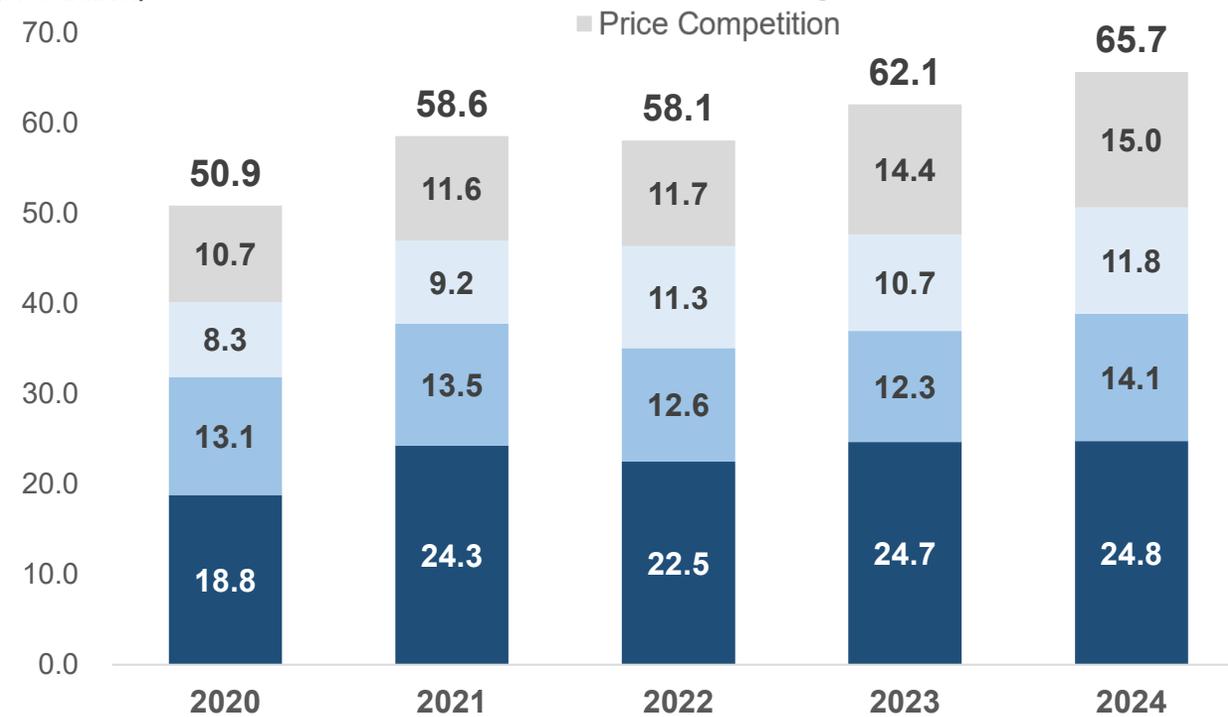
## Orders Received Amount by Contract Method



- Trend of orders received amount by contract method unchanged significantly from previous years, with a high proportion of orders received due to engineering competition, such as Proposal and Comprehensive Evaluation.



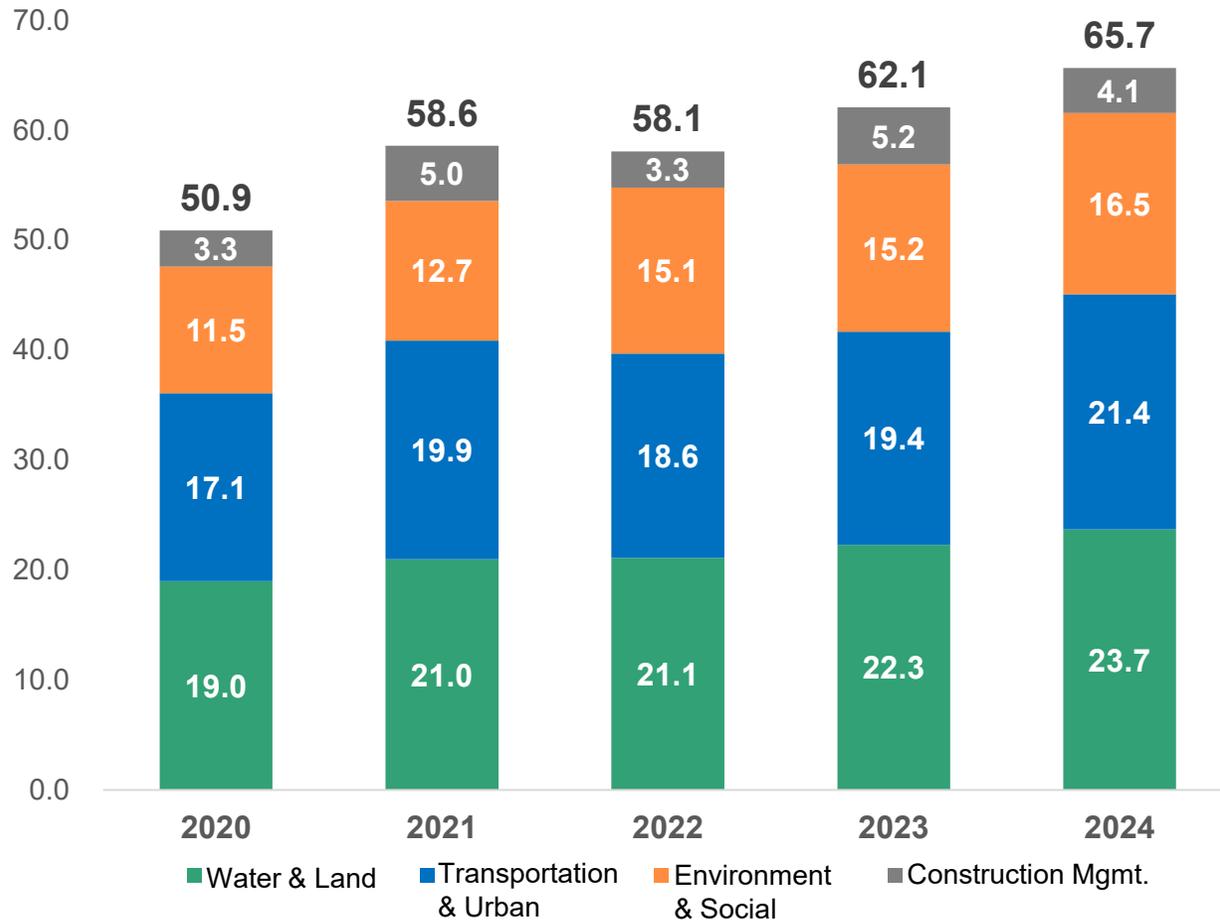
(JPY billion)



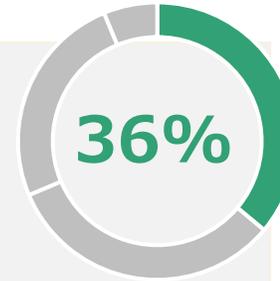
## Orders Received Amount by Sector

- Trend of orders received amount by sector unchanged from previous years.
- Gross profit margin continues to trend high in Water & Land and Construction Management.

(JPY billion)



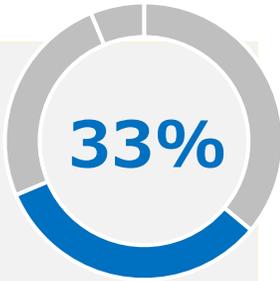
### Water & Land Sector



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

Orders Received JPY **23.7** billion  
YoY **6.1%**  
Gross Profit Margin **38.5%**

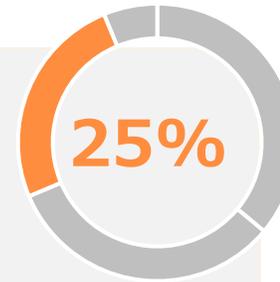
### Transportation & Urban Sector



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

Orders Received JPY **21.4** billion  
YoY **10.2%**  
Gross Profit Margin **26.6%**

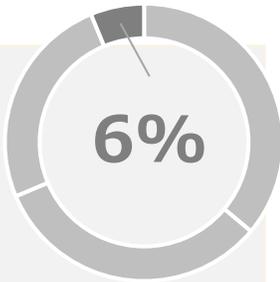
### Environment & Social Sector



Information & Telecommunications Technology / Disaster Mitigation / Environment / Geo-environment

Orders Received JPY **16.5** billion  
YoY **8.1%**  
Gross Profit Margin **30.2%**

### Construction Management Sector



Public Procurement Assistance / Construction Management & Execution Management

Orders Received JPY **4.1** billion  
YoY **-19.8%**  
Gross Profit Margin **35.3%**

**Sales were almost in line with the revised forecast.**

**Operating income decreased due to a rise in personnel costs, etc.**

Orders Received were 91.0% of the revised forecast, Sales were 99.1%, and Operating Income was 85.9%.

(JPY billion)

|                  | 61 <sup>st</sup> Term<br>2023 | 62 <sup>nd</sup> Term 2024   |                    |                    | 62 <sup>nd</sup> Term 2024<br>(Revised FY Forecast) |                                    |
|------------------|-------------------------------|--|--------------------|--------------------|---|------------------------------------|
|                  |                               |  | Change(¥)<br>(YoY) | Change(%)<br>(YoY) |   | Achievement<br>vs.<br>Forecast (%) |
| Orders Received  | 30.3                          | <b>28.7</b>  | -1.6               | -5.4%<br>(-13.4%)  | 31.5  | 91.0%                              |
| Sales            | 28.6                          | <b>30.7</b>  | +2.2               | +7.5%<br>(-0.9%)   | 31.0  | 99.1%                              |
| Operating Income | 1.1                           | <b>0.8</b>   | -0.3               | -27.9%<br>(-33.6%) | 0.9   | 85.9%                              |
| OI Margin        | 3.8%                          | <b>2.5%</b>  | -                  | -1.2pt             | 2.9%  | -                                  |

※Orders Received amount includes amount changes from currency fluctuations associated with the end-of-FY order backlog at our overseas subsidiaries.

The figures in parenthesis represent at change percentage excluding the foreign currency adjustment of our overseas subsidiaries.

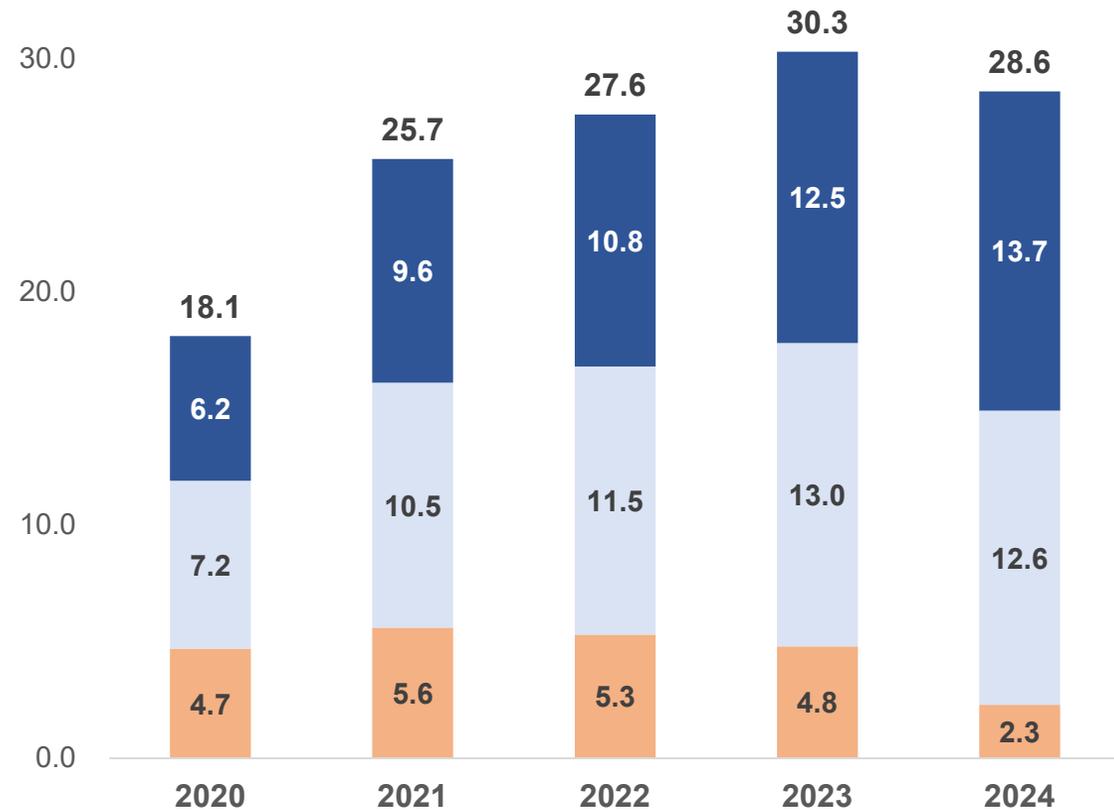
# Orders Received Amount Trend (Overseas)

- Waterman performed well in the UK public sector but somewhat struggled in the private sector.
- CTI Engineering International, based in Southeast Asia, took delay in receiving orders for large-scale projects.

## Order Received Amount

(JPY billion)

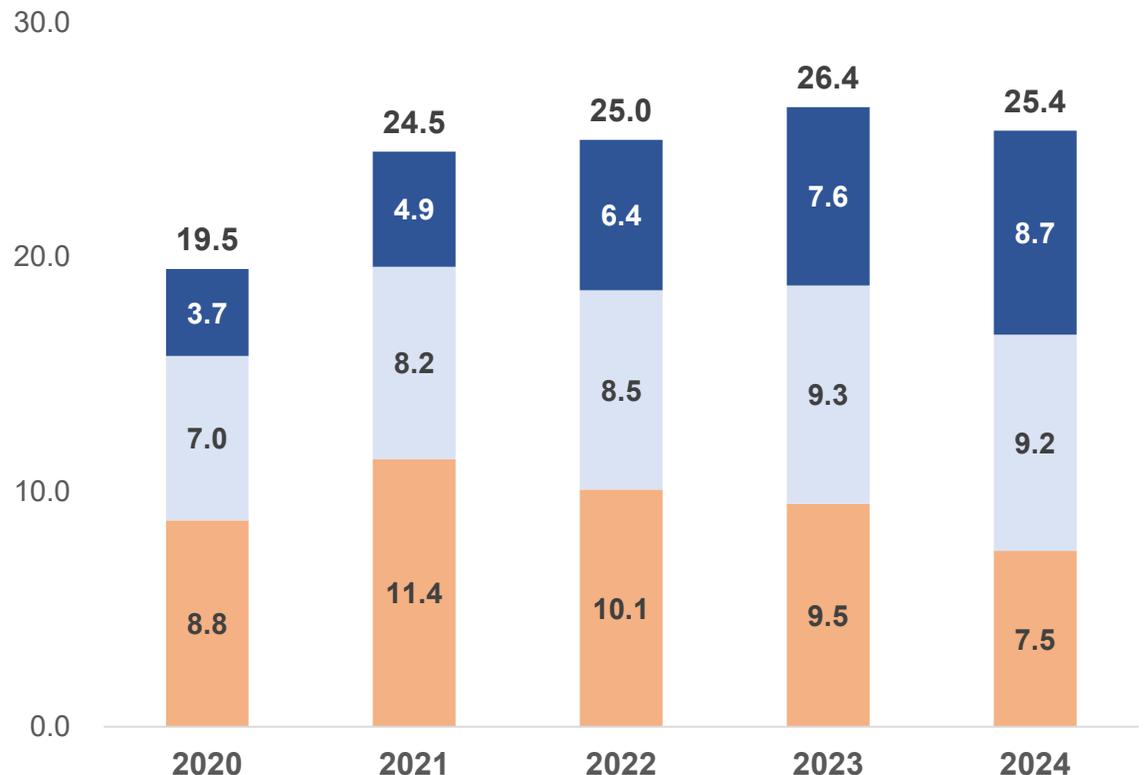
CTII Waterman (Private) Waterman (Public)



## Trend in Order Balance

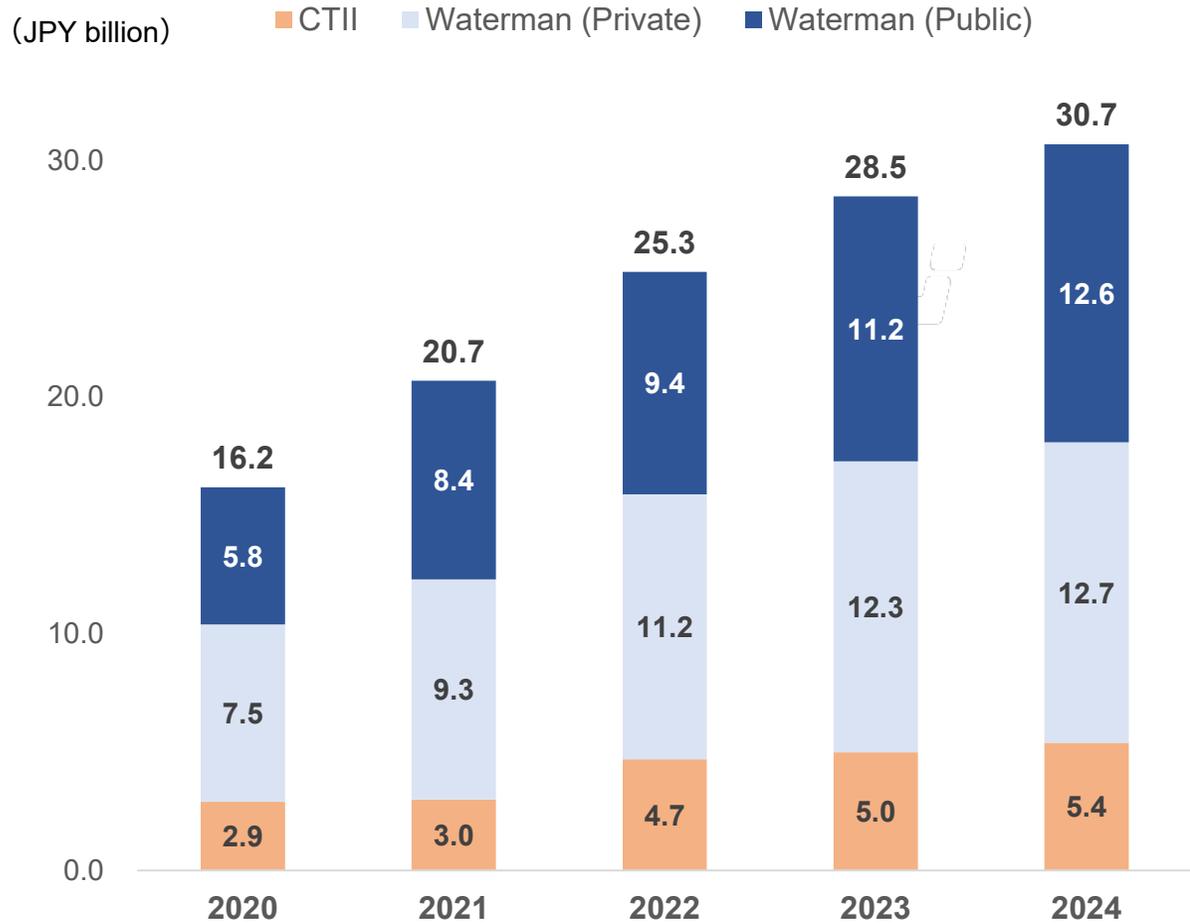
(JPY billion)

CTII Waterman (Private) Waterman (Public)

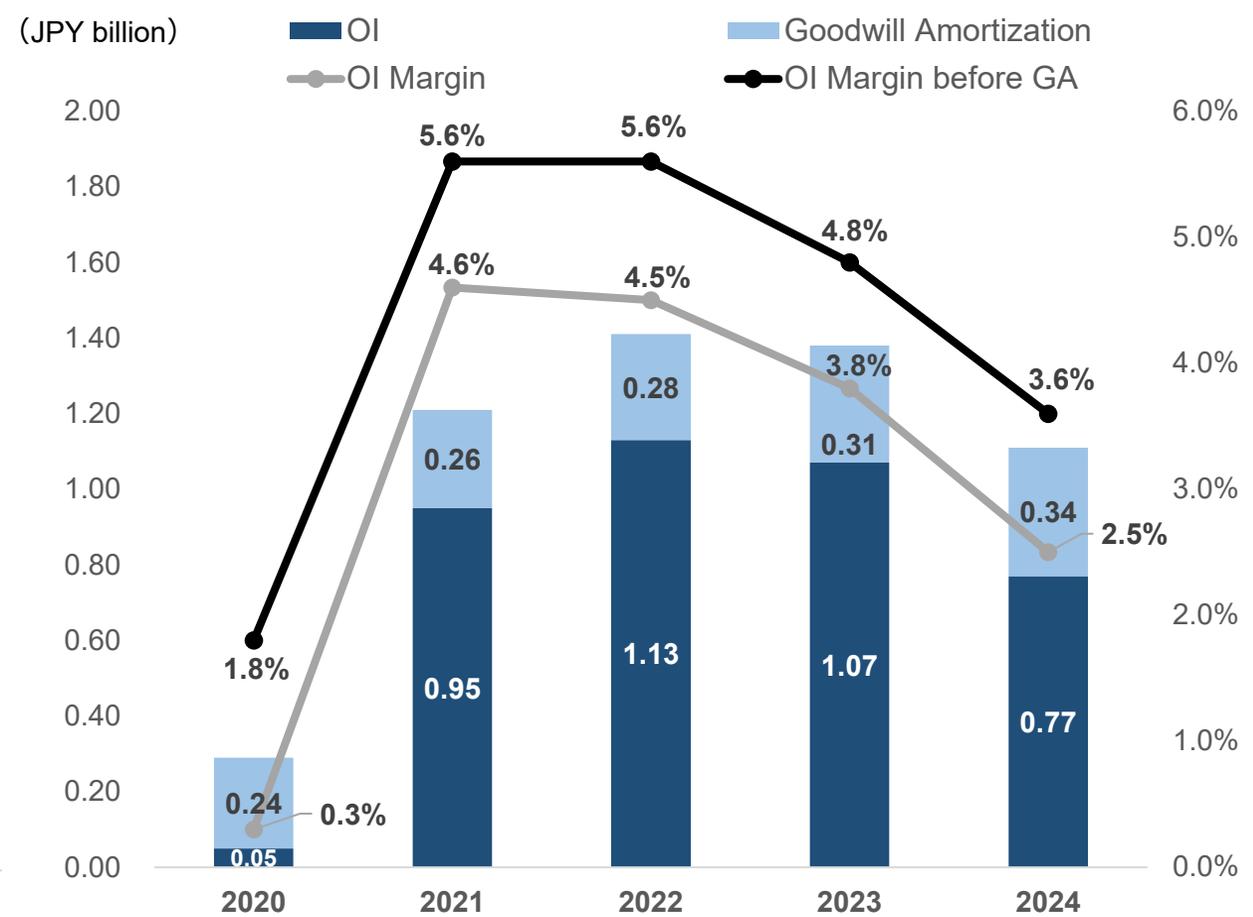


- Sales increased partly due to the impact of foreign exchange rates.
- Operating income decreased due to inflation and higher personnel costs etc.

## Trend in Sales



## Trend in Operating Income and OI Margin



We made 62<sup>nd</sup> (2024) management plan to reduce both sales and profits from the previous year due to focusing on the following two points:

- (1) Advancing structural transformation and preventing errors, (2) Enhancing investment

We revised financial results forecast upward based on the good performance in 1Q, including higher sales and lower labour hours.

**Prevent errors**

Utilisation of a dedicated checking organisation and promotion of the use of tools to support checking and self-checking have resulted in an approximately 40% reduction in the number of complaints caused by errors compared to the same period of FY2023.



**Reduce workload**

Reduce sales per employee after upward revision of forecast  
 YoY **-2.8%**  
 Non-Consolidated Sales YoY +3.5%

**Reduce working hours**

Average working hours (From Jan to Dec 2024)  
 YoY **-39h** 

**Successful Recruitment**

2024 Forecast  
 Number of engineers 1,670  
 → **1,658** at the end of FY2024 

**Engagement score**

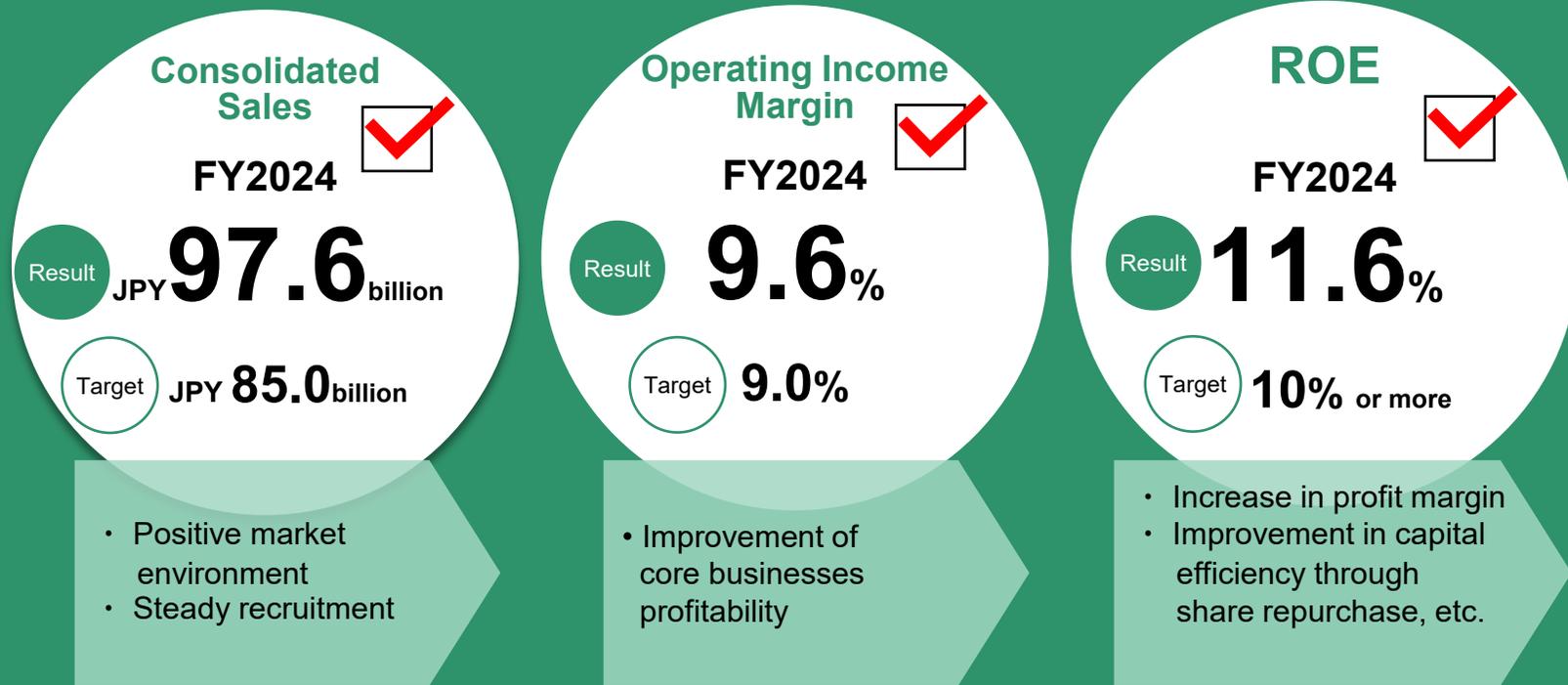
2023 Score 54.6 (Rank BB)  
 →2024 Score **55.3** (Rank BBB)

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- Achieved Management Target Figures and employees' satisfaction score.
- Issues remain for commitment to stakeholders targets such as clients' complaints, field accidents, and R&D investment.

## Management Target Figures



## Commitment to Stakeholders

|  |  |
|--|--|
| <b>Rewarding and Attractive Working Place</b><br><input checked="" type="checkbox"/> | <b>Improve Employee' Satisfaction</b><br>KPI: Employee' Satisfaction Score<br>Target: 55.0 (BBB)    Result: 55.3 (BBB) |
| <b>Clients' Complaints</b><br><input type="checkbox"/>                               | <b>KPI: Number of Complaints</b><br>Target: zero    Result: 18 cases   |
| <b>Field Accidents</b><br><input type="checkbox"/>                                   | <b>KPI: Number of Accidents</b><br>Target: zero    Result: 10 cases  |
| <b>R&amp;D Investment</b><br><input type="checkbox"/>                                | <b>KPI: Net R&amp;D Investment Amount from 2022 to 2024</b><br>Target: JPY 3 billion    Result: JPY 2.5 billion        |

- Although group cooperation is progressing, challenges remain in accelerating business development, improving management of group companies, and achieving stable management.
- Necessary to strengthen internal controls and improve the efficiency of administrative work.

|   |  |   |                   |  |
|---|--|---|-------------------|--|
| Business Expansion through Promoting Group Collaboration        | Acceleration of Business Development   | △ | Domestic Business | Group collaboration for production has increased.<br>Challenges remain in accelerating business development.   |
|   |  | △ | Overseas Business | Collaboration with Waterman has deepened, however, business development is a challenge.  |
|   | Efforts of Group Companies             | △ |                   | Waterman and ER&S are almost on track to achieve their targets.<br>Other companies need to increase orders and improve profitability to stabilize their business.  |
|   | Strengthening of regional subsidiaries | ○ |                   | Orders received through the joint venture with CTI Engineering, as well as direct orders from the national and local governments, have increased.                  |
| Stable management and improved profitability of Group companies |  | △ |                   | Complaints due to errors have decreased, while improvement in profitability has not been achieved.   |
| Strengthening Group Governance                                  |  | △ |                   | Internal controls over labor, cost management, as well as quality and safety management, are insufficient.   |
| Promotion of sustainability management on a Group-wide basis    |  | △ |                   | R&D through group collaboration is progressing<br>Promotion of diverse working styles and improvement of the workplace environment are still in developing stages. |

- Based on results up to 2024, aim for sustainable growth by responding to environment changes.

## Internal environment

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### Our Strengths



**Strong Client Base**



**Technical Skills**  
of 70 years since Est.



**Professional Engineers**  
With advanced technical skills



**Source Of Competitive Advantage**

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### Risks

- Pressure for profit due to inflation and rising wages
- Long working hours caused by excessive orders and errors
- Employment mobility due to diversification of work styles
- Loss of confidence due to mistakes and errors
- Delay in business development

## External environment

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### Domestic environment

- Reliance on the budget of National Resilience
- Increased risk of disasters due to climate change
- Shortage of workers for public works projects due to population decline and overtime restrictions.

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### International environment

- Deterioration in the market environment due to economic stagnation
- Lack of financial resources for public works due to tight national finances
- Increasing country risks due to worsening of international conditions

### Key Growth Drivers to 2024



**Domestic Positive Market Environment**



**Proactive Recruit**



**Revision of CTI Engineering Group's Mid - to Long -Term Vision “ SPRONG 2030 ”**  
→ **Developing Mid-Term Management Plan 2027**

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- Sales reached JPY 97.6 billion in FY2024, almost achieving the target of mid- to long-term vision target of JPY 100 billion.
- Considering recent growth, partially revised CTI Engineering Group's Mid- to Long-Term Vision - SPRONG 2030 to raise sales target for 2030 from JPY 100 billion to JPY **130** billion.

## CTI Engineering Group's Mid- to Long-Term Vision “ SPRONG2030 ”

### Vision: Global Infrastructure Solutions Group

We aim to make great strides as a “Global Infrastructure Solutions Group” that contributes to the sustainable development of society by facilitating solutions to myriad infrastructure-related challenges in Japan and around the world.

#### Management Targets

Revised

|                     |  |
|---------------------|--|
| Target year         | 2030   |
| Sales               | JPY <b>130</b> billion<br>Domestic sales: <b>No.1</b> in Japan (JPY 94 billion)<br>Overseas sales: about 30% of whole sales (JPY 36 billion) |
| Operating Income    | JPY <b>15</b> billion (OI Margin <b>11%</b> or more)   |
| ROE                 | <b>12%</b> or more   |
| Number of employees | 5,000  |

#### Direction of markets' expansion

Revised

##### Domestic market

- Disaster prevention and mitigation, national resilience, etc.
- Expand to local governments and the Ministry of Defense, the Ministry of the Environment, etc.

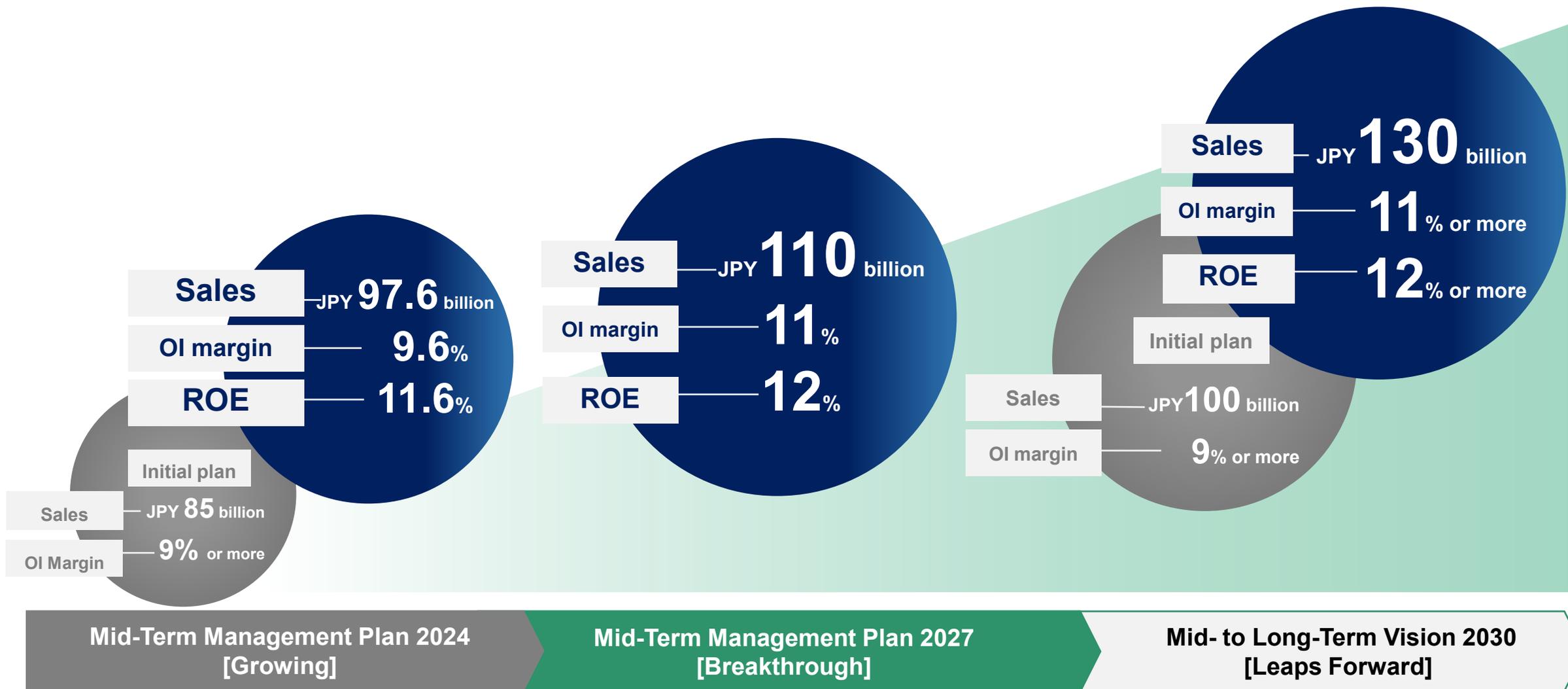
##### Overseas market

- Expand to semi-developed and developing countries
- Expand of the construction and infrastructure market in developed countries by Waterman

##### Private market

- Utilize the vitality of the private sector like PPP/PFI
- Urban development and other redevelopment in construction fields
- Energy business, Information services

- Set the target of Mid-Term Management Plan 2027 based on the revised CTI Engineering Group's Mid- to Long-Term Vision - SPRONG 2030.



# Target of Mid-Term Management Plan 2027

- Set the target of Mid-Term Management Plan 2027 based on the revised CTI Engineering Group's Mid- to Long-Term Vision - SPRONG 2030.

**2027  
Targets**

**Sales**

JPY **110** billion

**Operating Income**

JPY **12** billion

**OI margin**

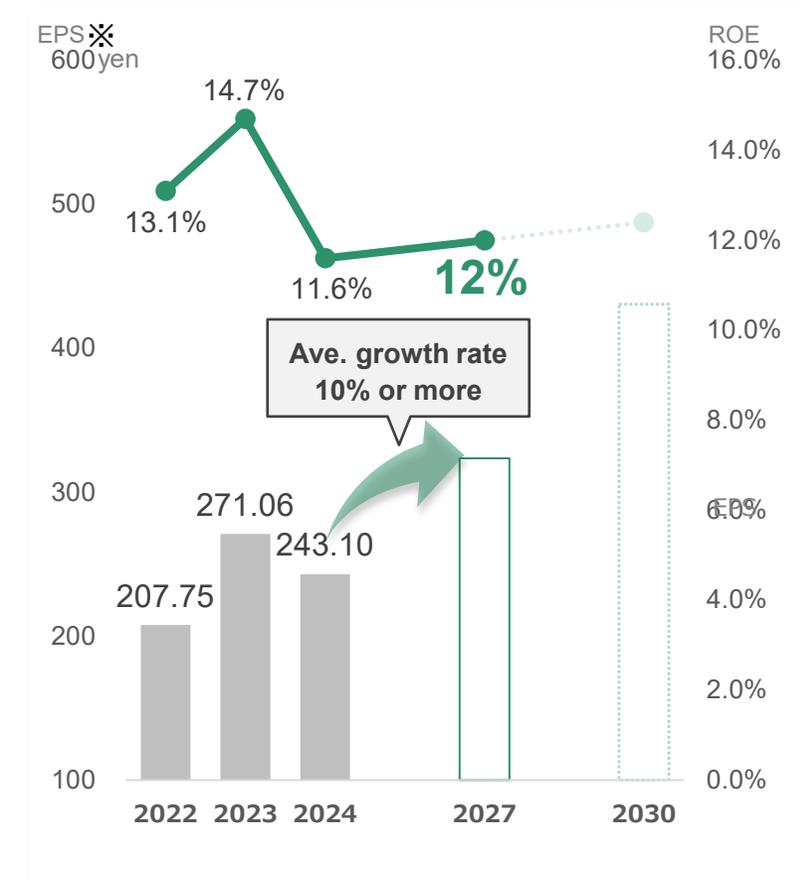
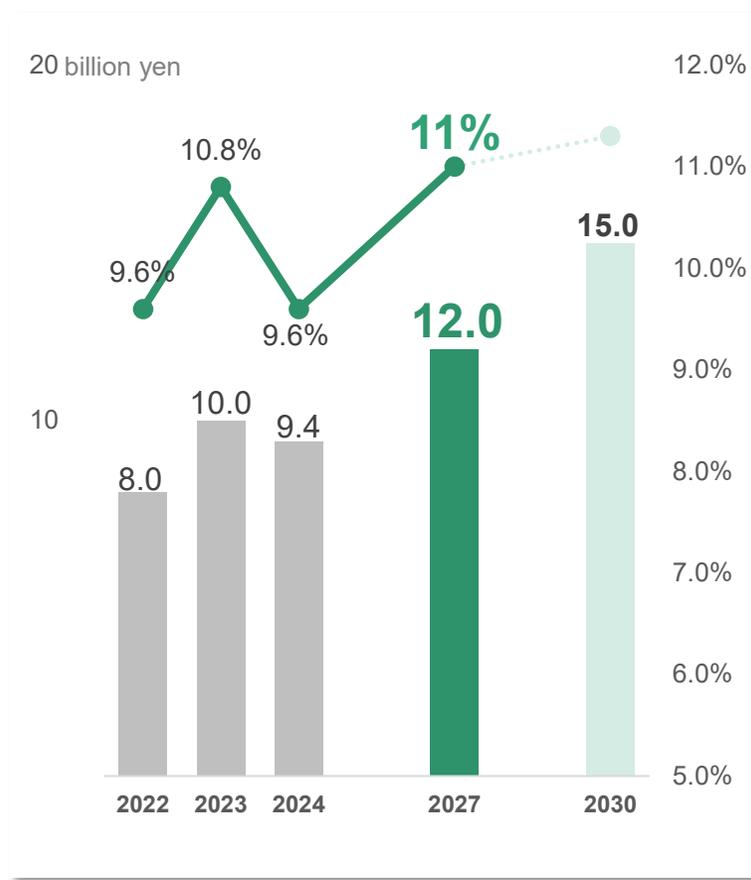
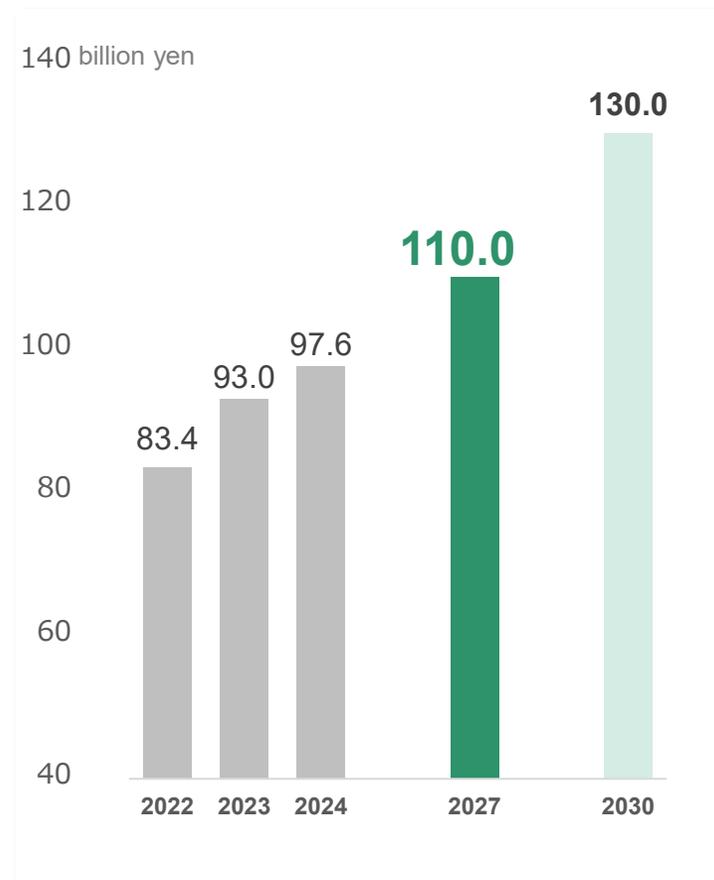
**11%**

**ROE**

**12%**

**CAGR  
2024-2027  
Ave. EPS growth rate**

**10% or more**



※ We conducted two for-one stock splits of common stock on January 1, 2025. Each EPS are calculated as if the stock split had occurred at the beginning of year. 24

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## Two Pillars of Mid-Term Management Plan 2027

# 01

### Business Portfolio Transformation

- 01-1** Deepening of Core Business
- 01-2** Acceleration of Growth Areas
- 01-3** Exploration for New Businesses
- 01-4** Overseas Business Development

# 02

### Rebuild of Foundation for Growth

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

# 01

## Business Portfolio Transformation

01-1

### Deepening Core Business

Aiming for sustainable growth by enhancing quality and profitability in core business areas

01-2

### Acceleration of Growth Areas

Accelerating promising growth areas through focused investment

01-3

### Exploration of New Businesses

Exploring a wide range of potential areas

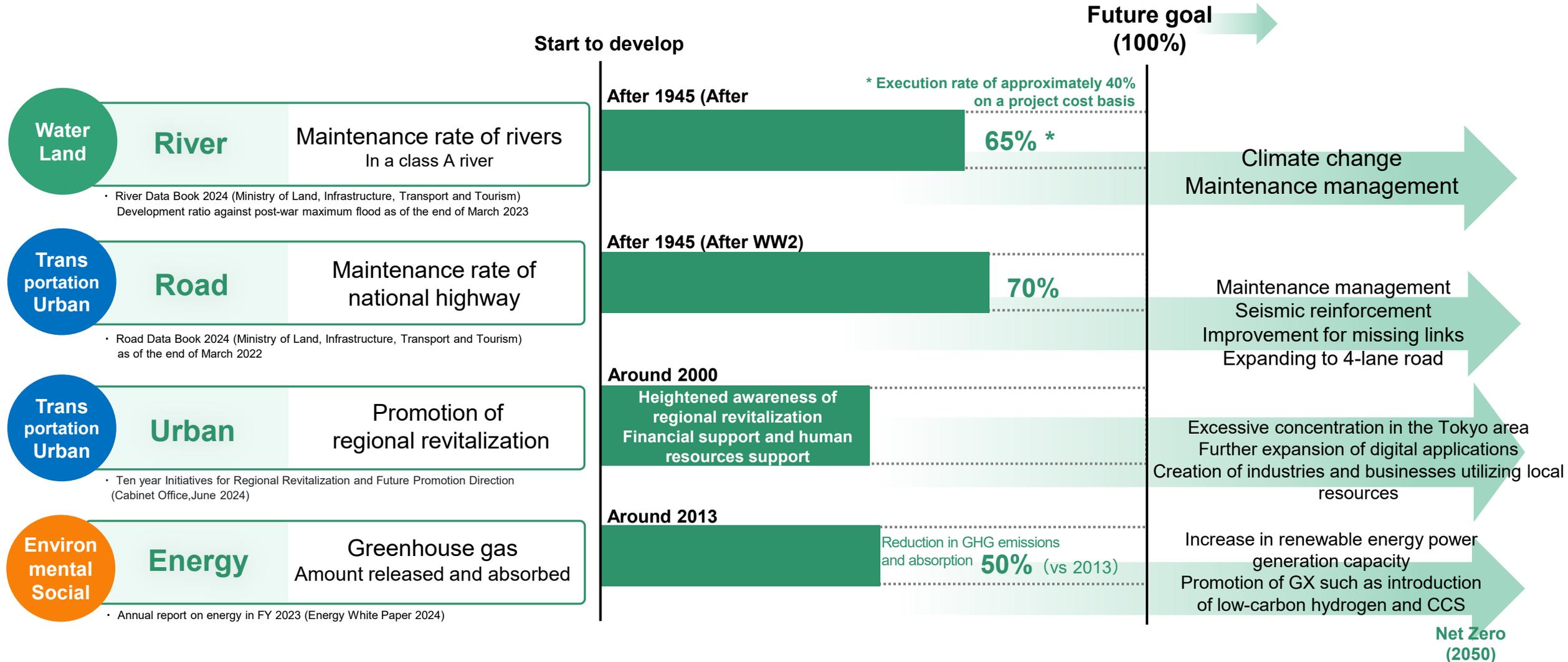
01-4

### Overseas Business Development

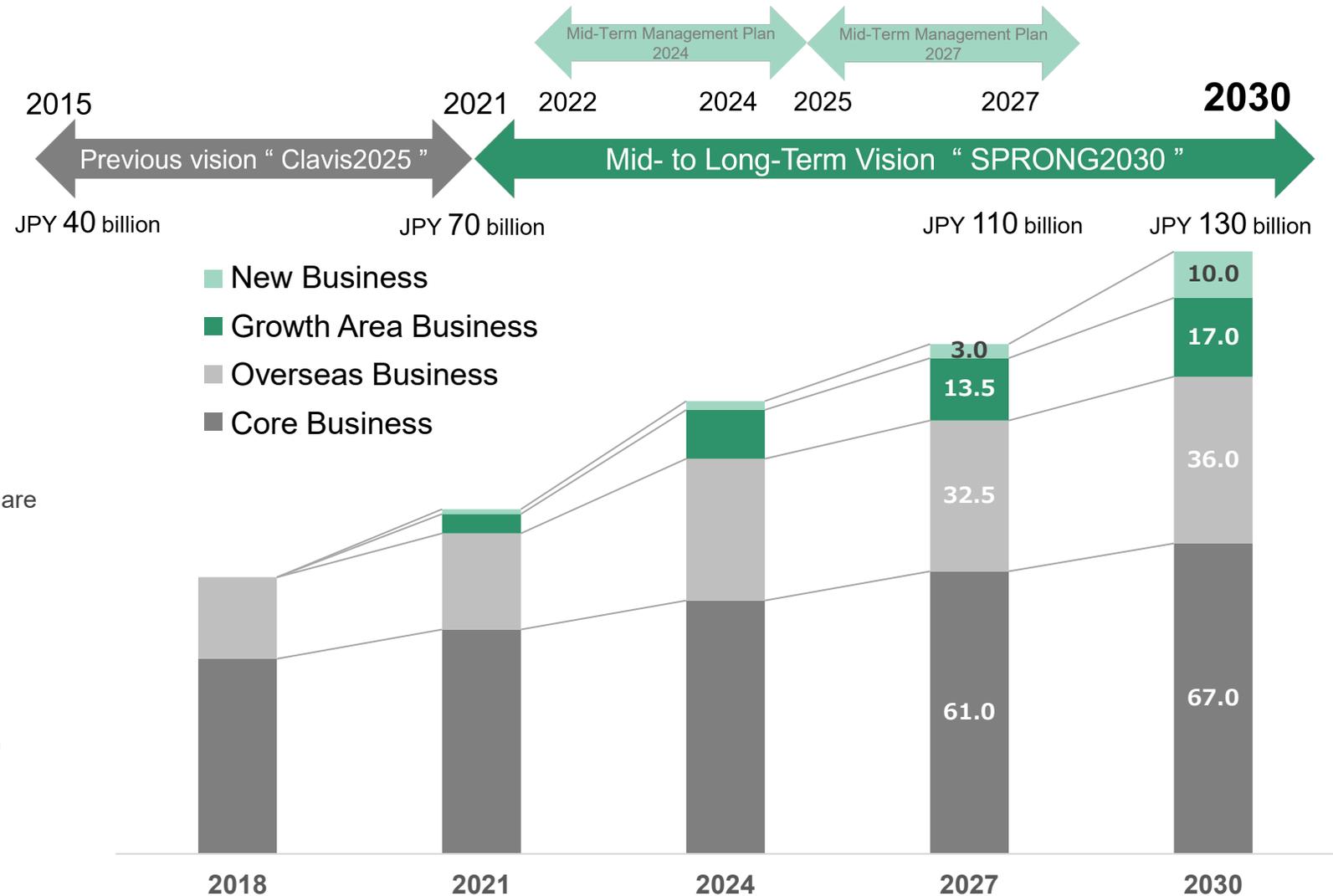
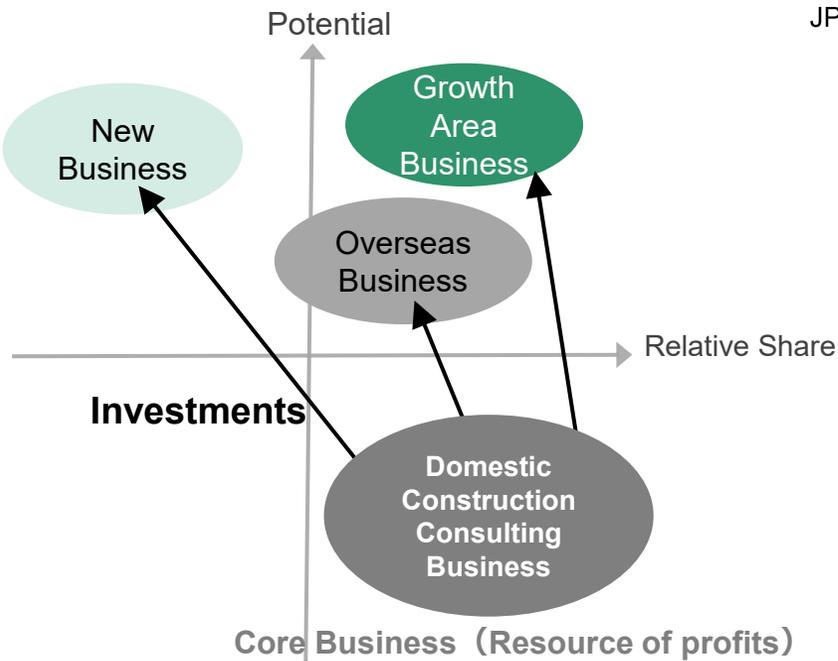
Improving profitability of base countries and expanding the number of new base countries

# Domestic Market Environment (Infrastructure Development)

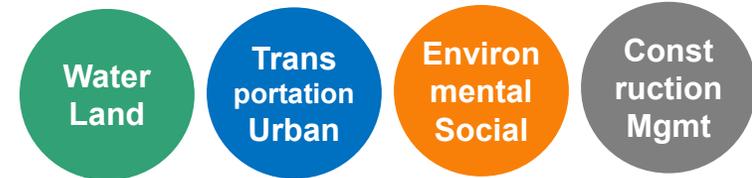
- The maintenance rate of rivers and roads, which are the main areas of infrastructure, is about 65-70%. Considering future climate change and maintenance management, the markets remain still large.
- In the future, there will be many opportunities to win orders such as further promotion of regional revitalization Net Zero initiative.



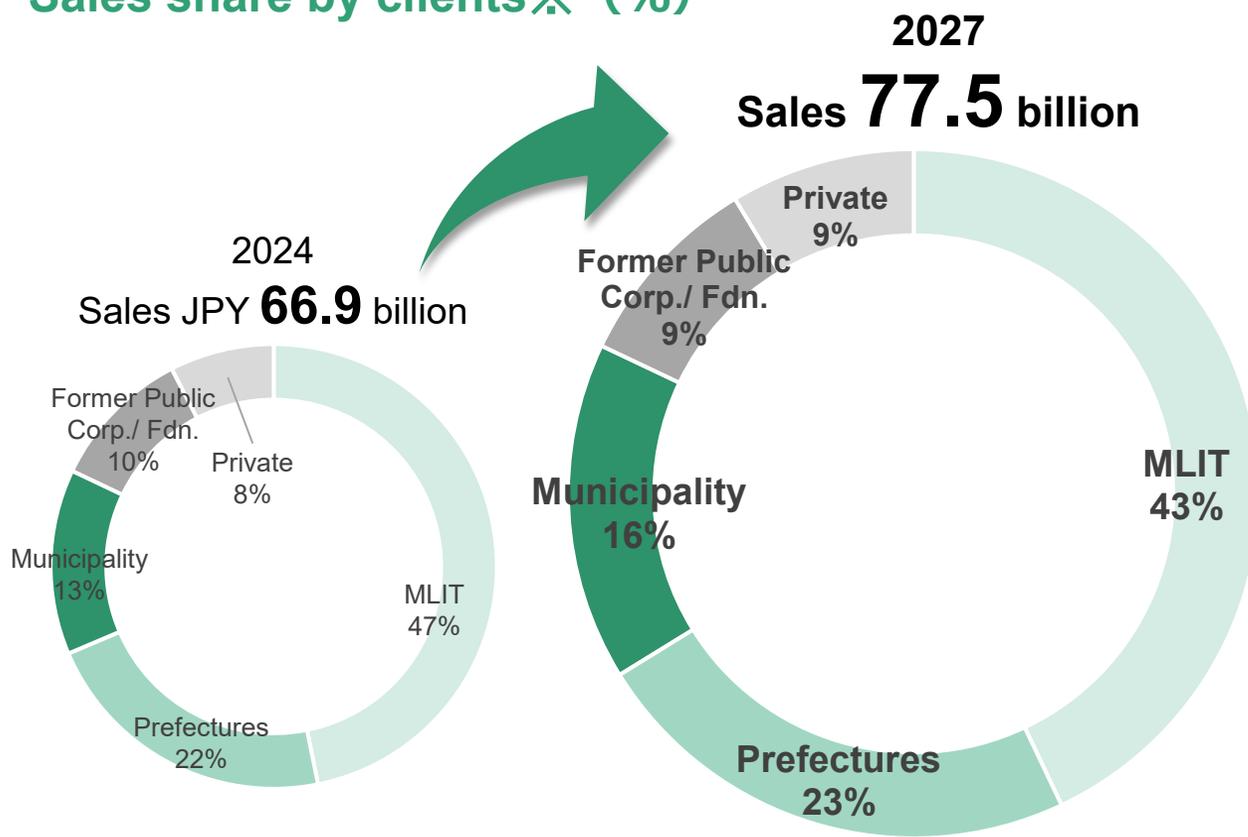
- Establish a strong profit structure for core businesses such as planning, research and construction management in the social and economic infrastructure development and **build a well-balanced business portfolio by investments in growth areas.**
- Along with solid growth in core businesses, growth areas such as energy, information systems and CM/PM drive the business, and we explore the potential for new business.



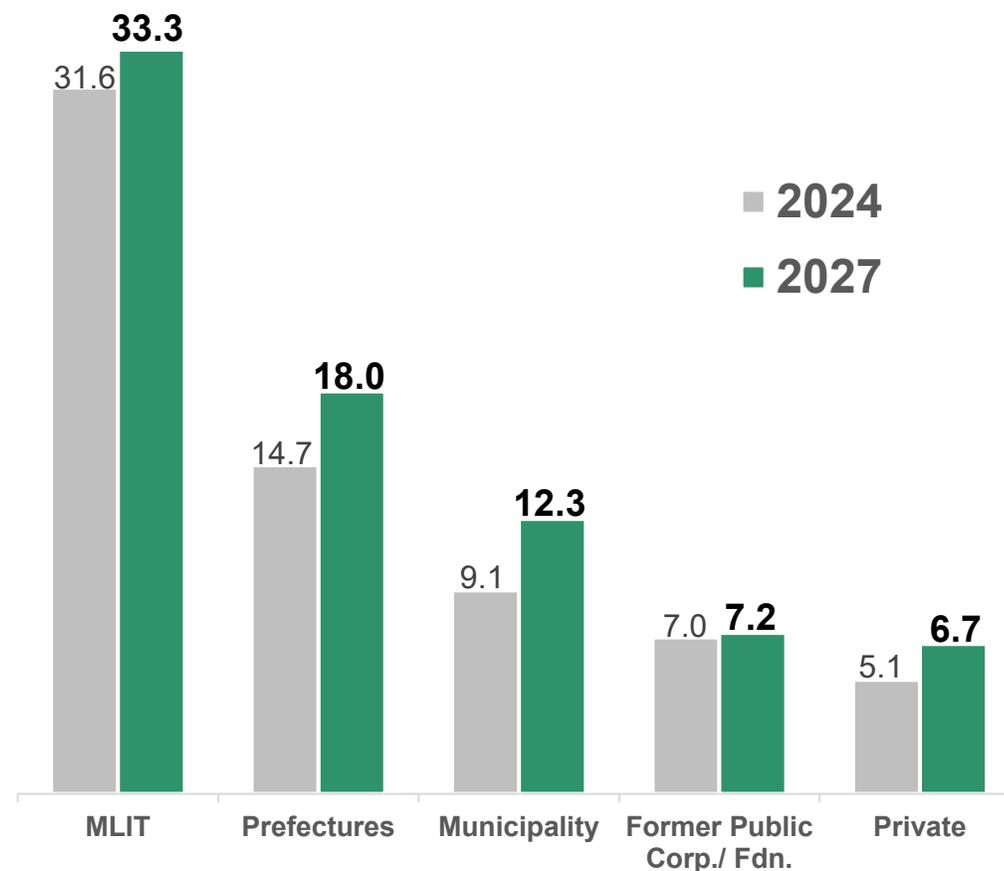
- Overview of business portfolio transformation by source
- ※ Sales figures are for the whole of domestic segment



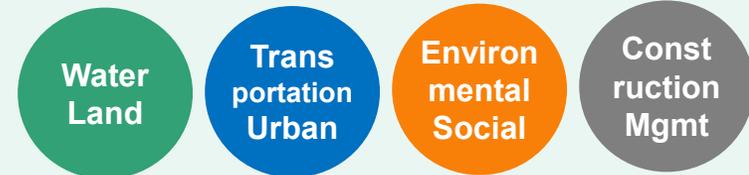
## Sales share by clients※ (%)



## Sales by clients※ (JPY billion)



- Aim to deepen the domestic consulting engineering business, our core business, by expanding profitable markets and improving profitability.
- Planning expansion measures by following categories;
  - 4 **Business sectors** (Water & Land, Transportation & Urban, Environmental & Social, Construction Management)
  - ×
  - Clients** (National government, Prefectures, Municipality, Former Public Corp./ Fdn, Private Sector, etc.)



### 3 Triggers for Deepening Core Business



#### Expansion of profitable markets

Increase in sales by prefectures, municipalities, former public corporations and private corporations while keeping MLIT sales

- ▶▶▶ Expansion of the top line
- ▶▶▶ Transformation to a well-balanced clients structure



#### Take advantage of each subsidiaries' strengths

Focus on the fields to be developed in accordance with characteristics of each subsidiaries

- ▶▶▶ Efficient orders by leveraging each subsidiaries' strengths

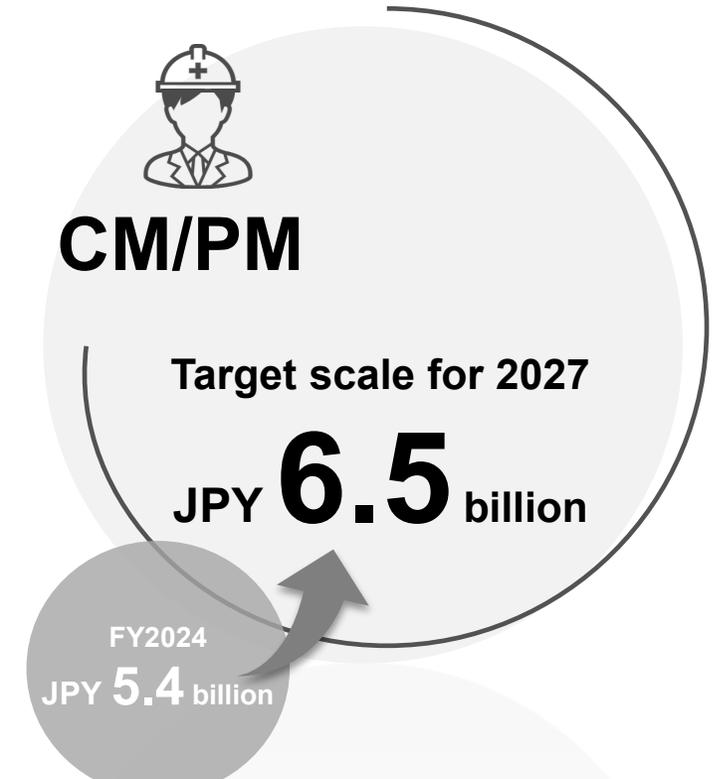
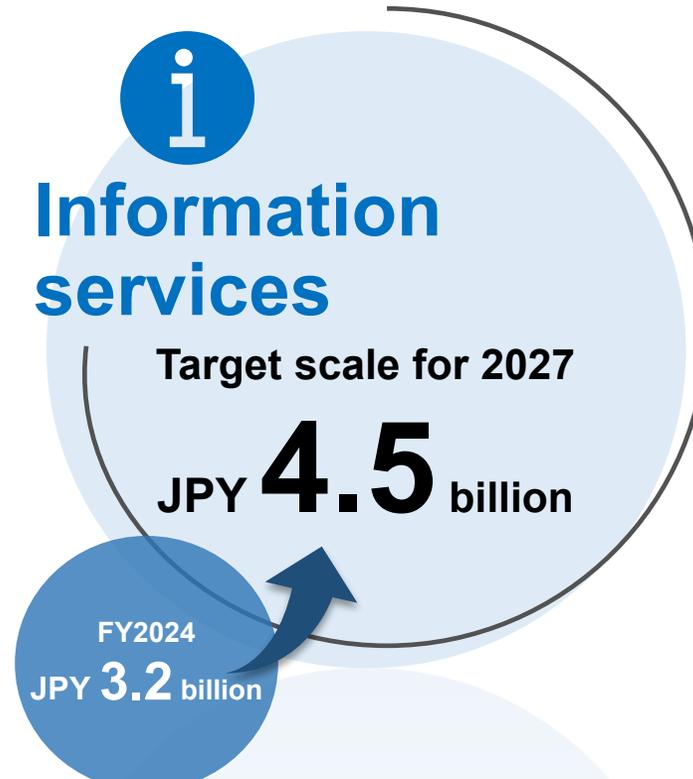
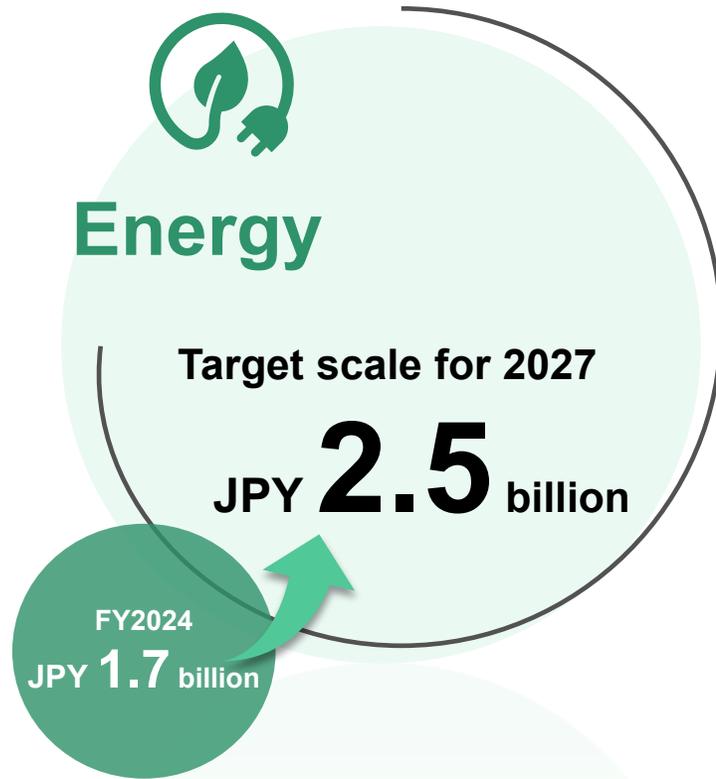


#### Train advanced engineers

Development of engineers to win technological competitions

- ▶▶▶ Building an advantage in high profitability markets

- Invest to accelerate the highly profitable businesses such as energy, information services, and CM/PM businesses. These three businesses were prioritized in the Mid-Term Management Plan 2024, and are expected to grow in the future.





Energy business

Aiming to win orders 3 billion yen by 2030, we will clarify the markets in which we will enter and improve our technological capabilities and production system. Driving the CTI Engineering Group's Business Structural Reforms.



Business Description

- Assessment and project support in the implementation of offshore and onshore wind projects
- Introduction of local renewable energy
- Zero carbon public facilities
- Development and utilization of energy storage technology
- Power generation and substation design, etc.

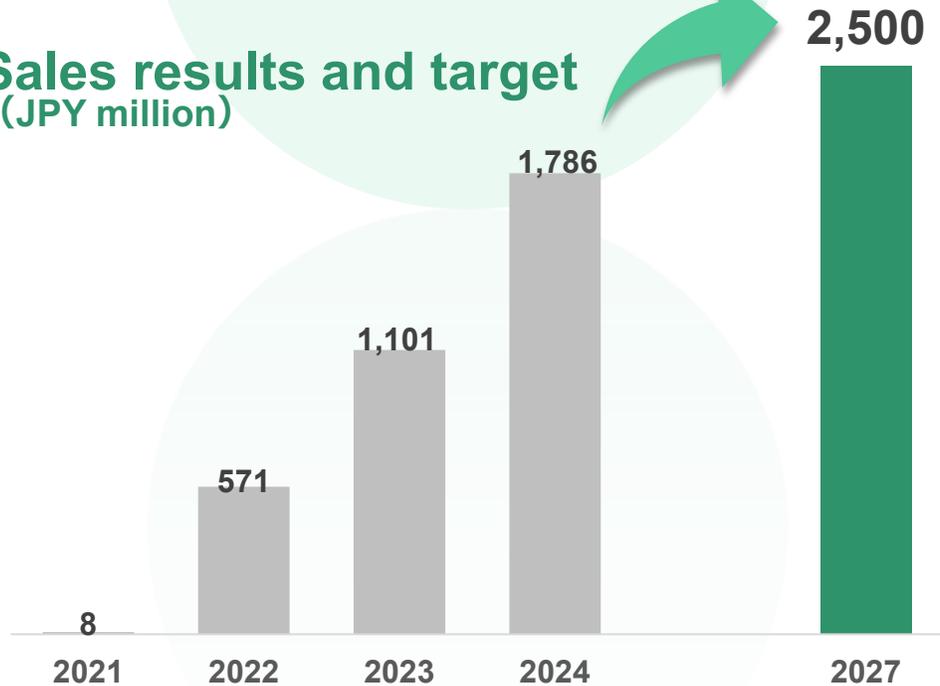
Strength 01

Achievements in public sector Ability to make proposals as a comprehensive consultant

Strength 02

Extensive experience in consulting for environmental, land readjustment, ZEB and energy conservation

Sales results and target (JPY million)



Offshore wind power generation business



Solar power business

**i** **Information services**

We will actively engage in infrastructure DX, which is making remarkable progress.  
Build a competitive edge in the expanding information services and systems development market.

Water  
Land

Trans  
portation  
Urban

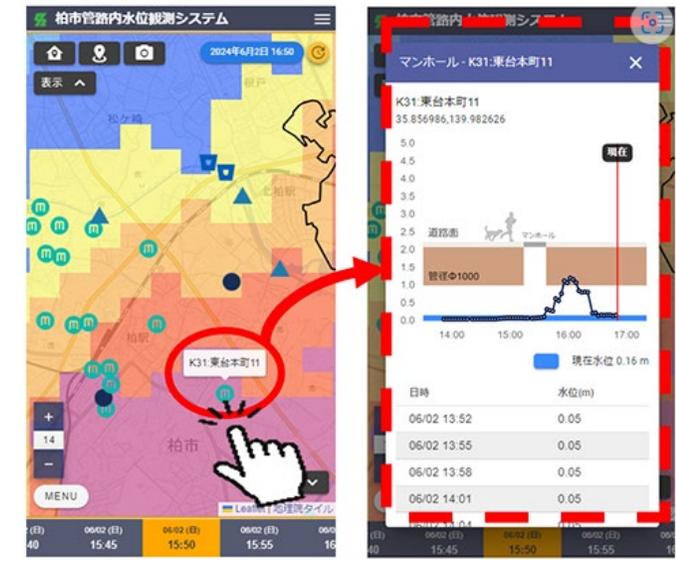
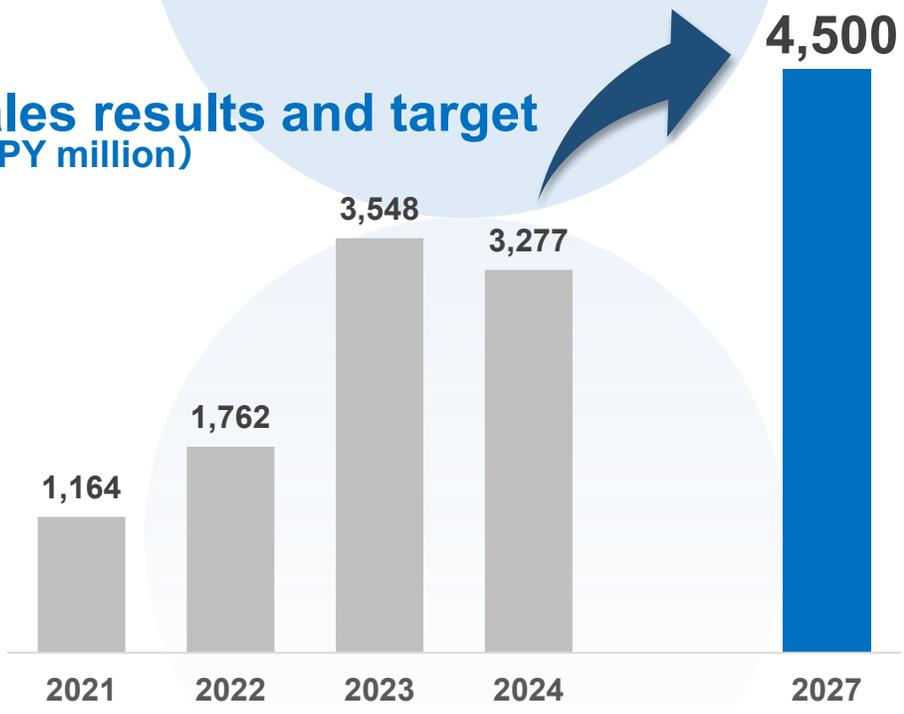
Environ  
mental  
Social

**Business Description**

- Flood forecasting system
- Disaster response support system and next generation mobility
- Flood risk prediction
- Inspection and management support services using AI

- Strength 01** Engineering knowledge in infrastructure fields such as rivers, roads, and the environment
- Strength 02** Results of system development by national and local governments
- Strength 03** AI and system development by specialised organizations

**Sales results and target (JPY million)**



Water level observation system in Kashiwa City



CM/PM

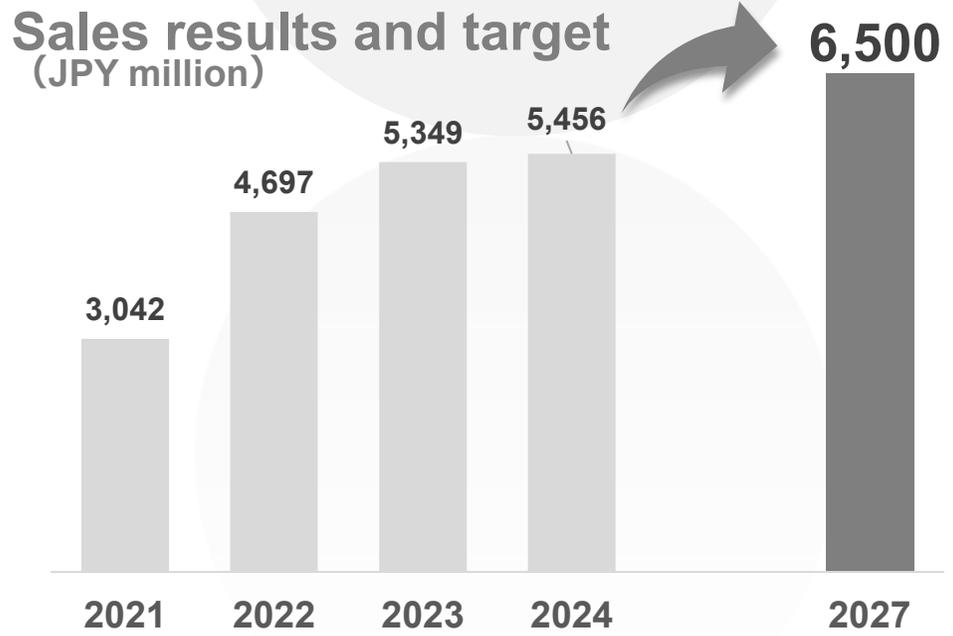
Building a position as a top commercial runner in CM/PM and business supervision by leveraging the strengths of comprehensive consulting.



Business Description

- CM/PM for disaster response, promotion of urban development
- Project supervision for road construction projects, disaster dissemination projects, etc.
- Support for construction management, construction supervision
- Construction management of expressway renewal

- Strength 01** Various technical human resources in all 21 technical disciplines
- Strength 02** Abundant experience gained through reconstruction after the Great East Japan Earthquake
- Strength 03** Provided design guidance as a general consultant Ability to respond through consultations with relevant organizations



CM for Japan World Expo site



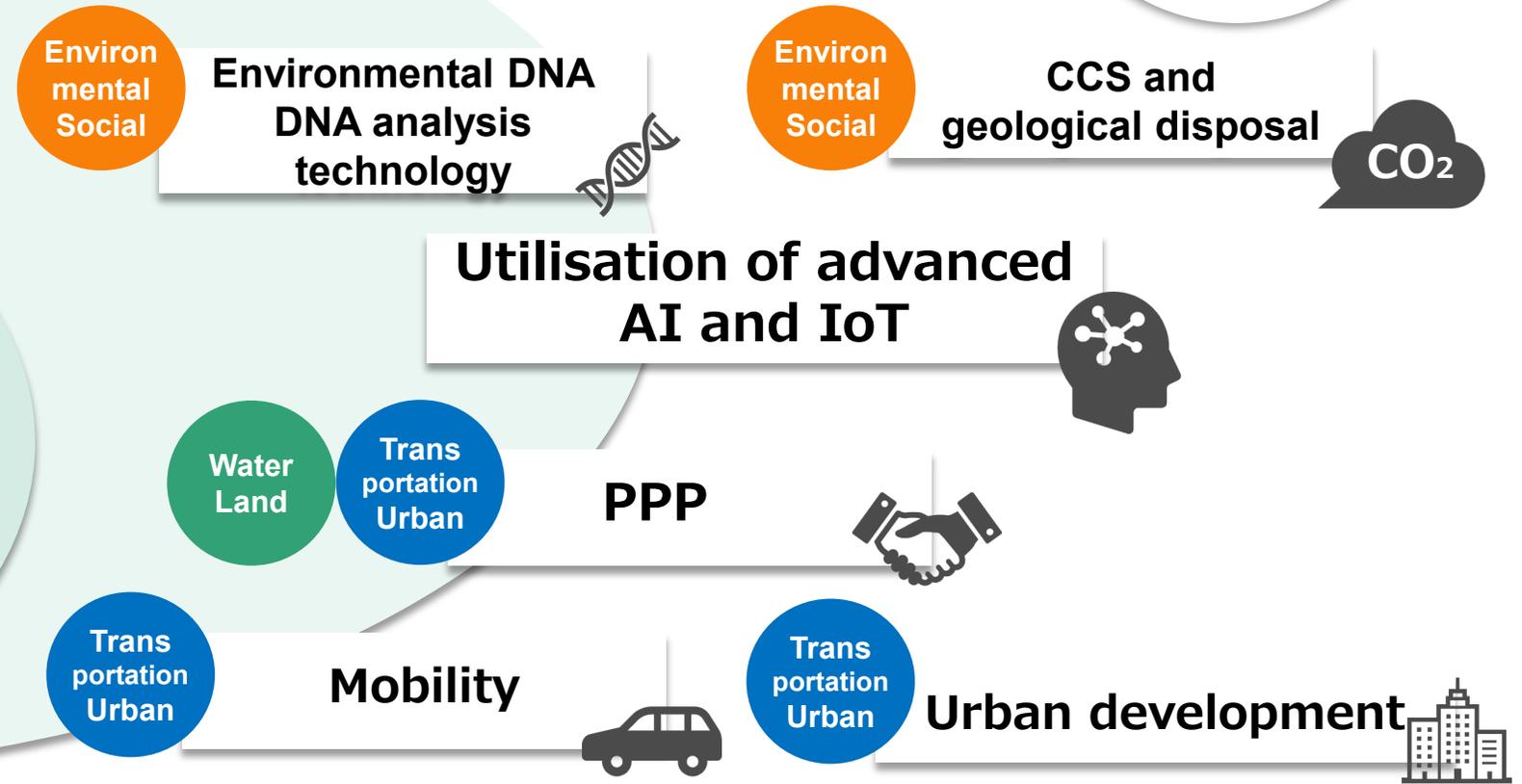
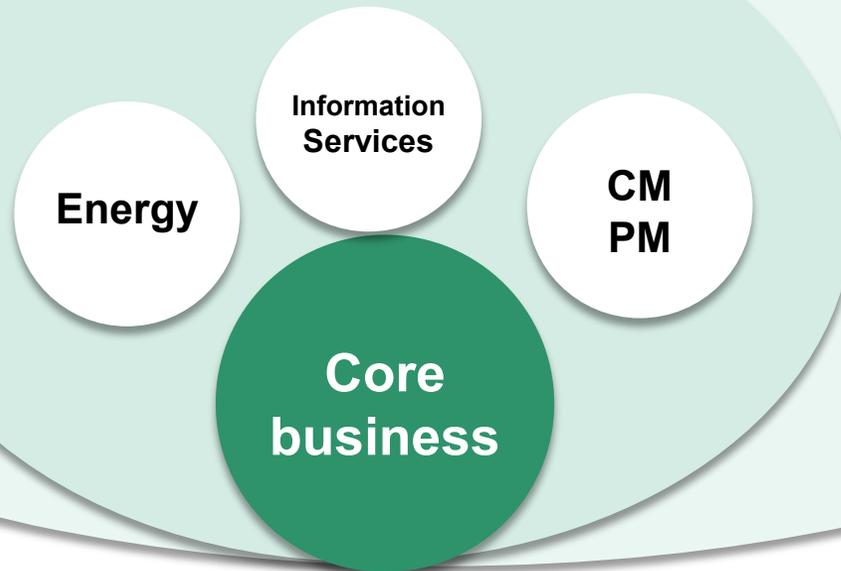
CM associated with embankment integrated road construction

- Explore the possibility of commercialization by R&D investment and venture capital in technology fields that are currently not sufficiently profitable but have potential.
- Make investment with 5-10 years perspective in order to show leadership in the technology field necessary for the future society.

**FY2027**  
Target JPY **30 billion**

## New businesses

### Growth areas

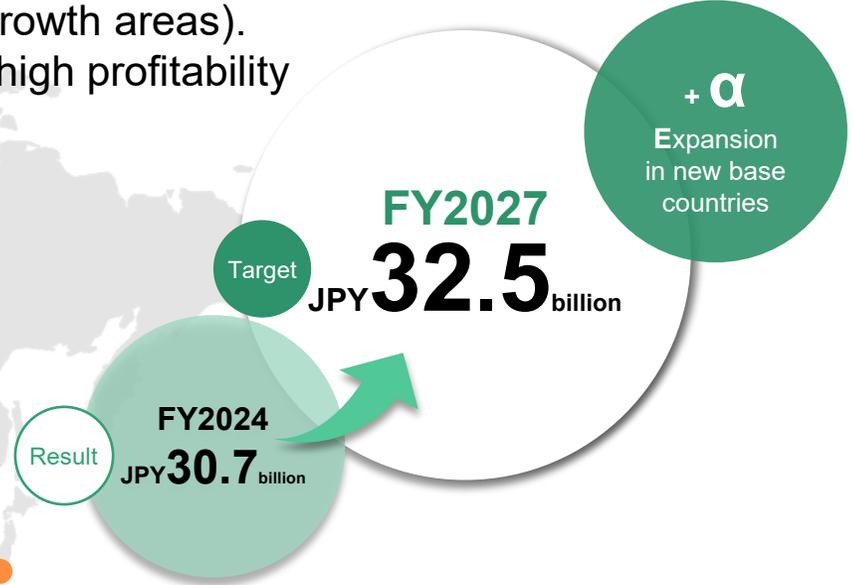
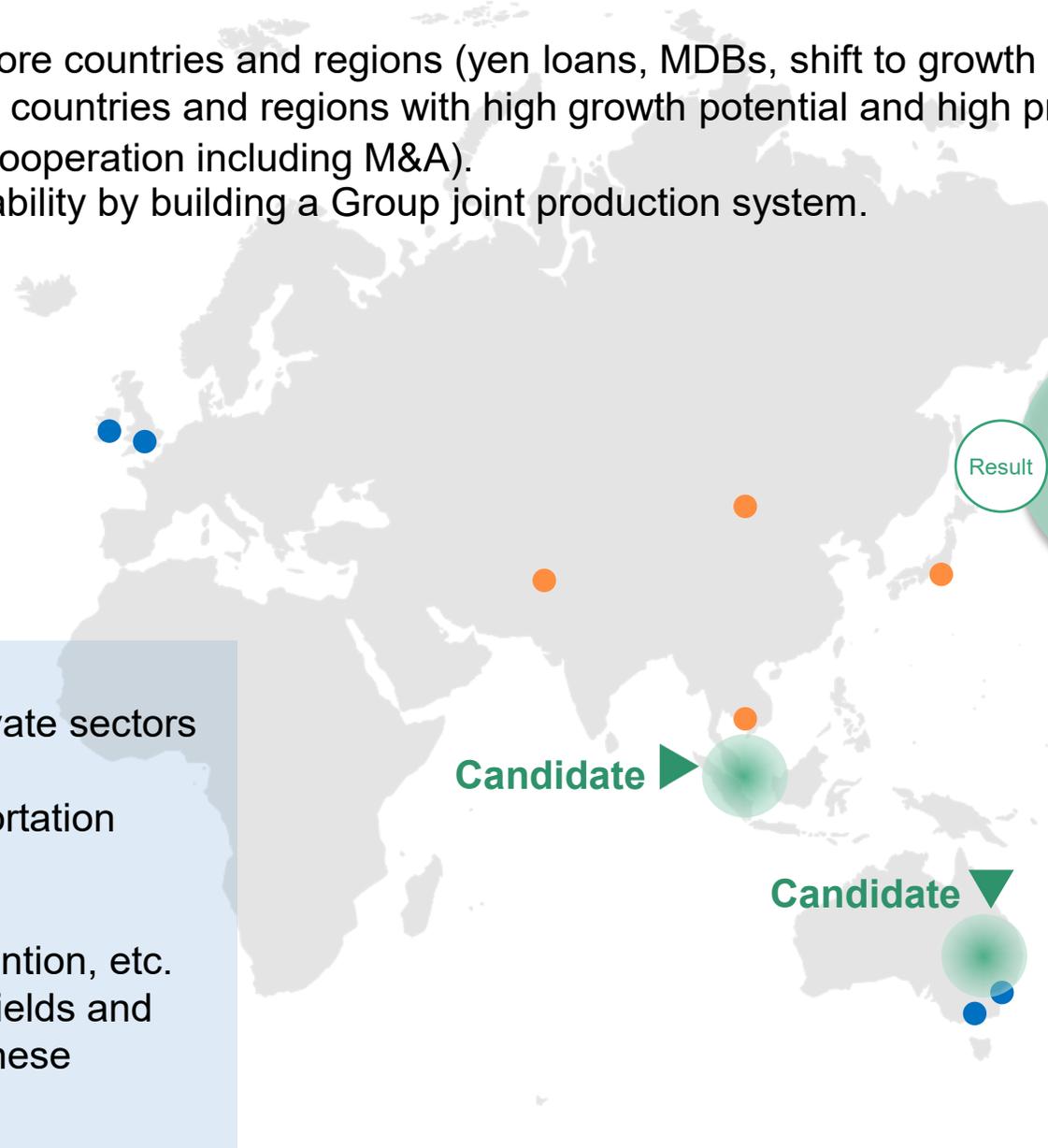


- Strengthen business in core countries and regions (yen loans, MDBs, shift to growth areas).
- Expansion of business in countries and regions with high growth potential and high profitability (Strengthening external cooperation including M&A).
- Improve sales and profitability by building a Group joint production system.

**Waterman Group**

Expansion of public and private sectors in WM's traditional strength: Urban, construction, transportation infrastructure

Environment, disaster prevention, etc. Aiming to expand into new fields and operations by utilizing Japanese technologies and systems



**CTI Engineering International (CTII)**

In Asia, aim to increase orders for local government / private-sector projects with an eye to post-ODA

In Asian countries especially Philippines and African countries, we will work large projects for major clients such as JICA and MDBs by utilising CTII's network.

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**02-1**

## **Strengthening Investment in Human Capital**

Aiming for securing human resources, self-sustaining growth and revitalization

**02-2**

## **DX/Production System Reform**

Improving productivity and ensuring quality and safety through AI and digital

**02-3**

## **Challenges for Sustainability**

Contributing to a deoxidizing and recycling society and ecological conservation

**02-4**

## **Strengthening Group Governance**

Awareness of compliance and establishment of internal control processes

**02-5**

## **Management that is Conscious of Cost of Capital and Stock Price**

Increase corporate value by improving capital efficiency

# 02

## **Rebuild of Foundation for Growth**

## Basic Policy

Diverse human resources fulfill their responsibilities and show their strength in teamwork.  
 In addition, self-improvement with intellectual curiosity will allow us to realize growth, and we will take on the challenge of developing new businesses based on advanced professional skills.  
 Promote the development, strengthening, and activation of human resources who can lead the industry.  
 We will aim for a workplace environment where people can work with peace of mind and improve engagement.

## Direction of the measures

### Sustainable Development of Human Resources Growth

- Clarify diverse career paths and desired skills, and build an environment in which employees can grow toward their goals
- Establish a system to train engineers who can systematically represent the industry
- Develop human resources capable of making technical proposals and judgments in the midst of advancing automation and AI utilisation

### Securing Diverse Human Resources

- Strengthen the cohesiveness of CTI Engineering Group by enhancing the attractiveness of the entire group and widely publicising it both inside and outside the company
- Establish a system to accept human resources with diverse backgrounds and secure a wide range of human resources by utilising various recruitment methods

### Activation Diverse Human Resources

- Promote DE&I to enable flexible work styles that meet each employee needs and life stages and evaluate them fairly.
- Active exchange of human resources within and outside the organization, diversification of knowledge and skills, introduction of new perspectives, and expansion of human networks

### Improve Employee Engagement

- Achieve employee well-being and aim for one rank higher engagement score.

## KGI (target for 2027)

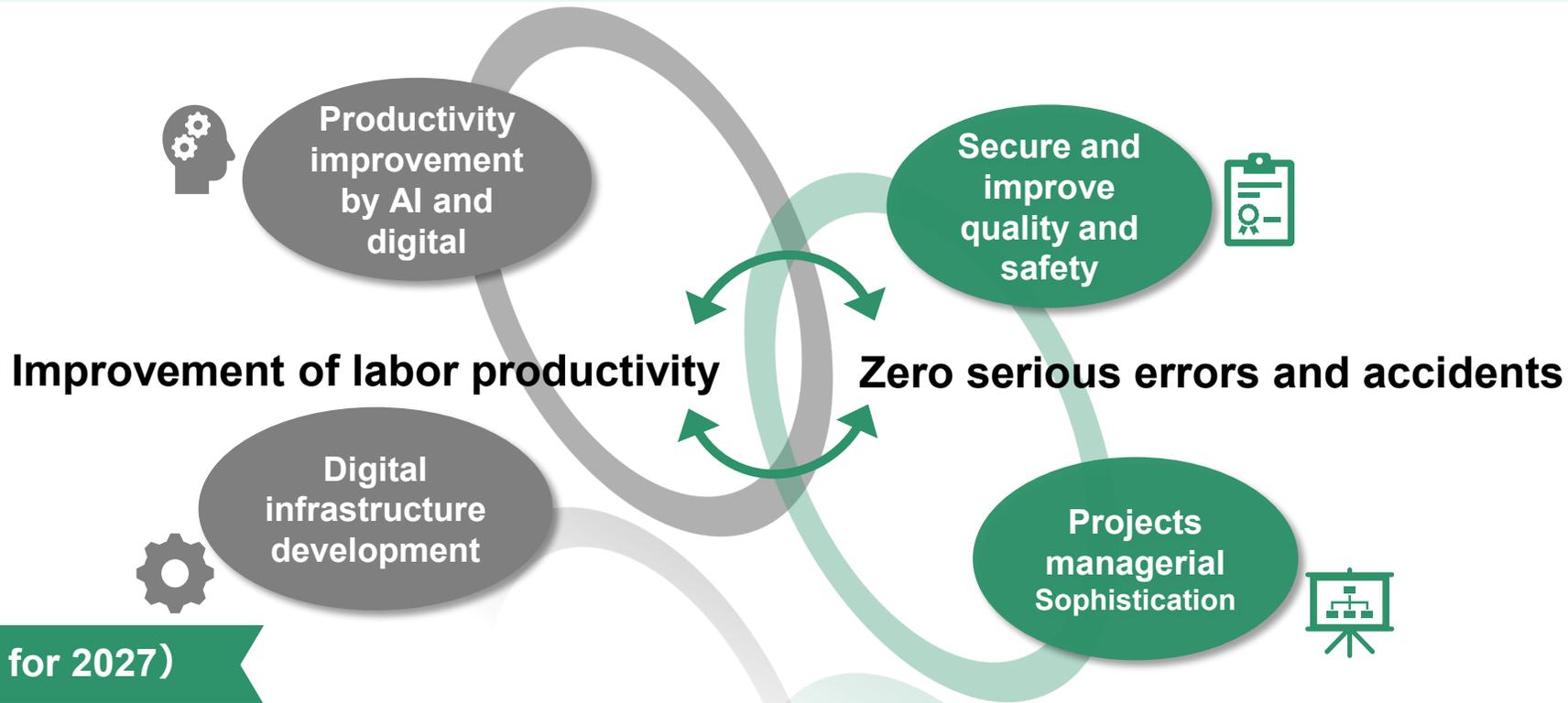
**4,300** engineers  
 CTI Engineering: 1940  
 Group companies: 2360

Percentage of employee using diverse employee system ※ : **20%**  
 Percentage of female managers : **6%**

Engagement Score Rank **A** (Overall)  
 Turnover rate of less than **3%**

## Basic Policy

After establishing a digital infrastructure, we will engage in productivity reforms such as digitizing technological assets, reducing the workload by standardizing business processes, ensuring and improving quality by thoroughly reviewing/self-checking utilising quality support tools, thereby providing high-quality services to our clients.



## KGI (target for 2027)

|   |  |   |  |
|---|--|---|--|
| Number of project manager increase <b>5%</b> / year | Annual working hours <b>2,000h</b><br>Hourly output <b>10%</b> improvement | <b>3.5pt</b> ※ or higher<br>IT environment satisfaction level | Number of work awards:<br><b>80</b> awards / year<br><b>Zero</b><br>serious errors and accidents |
|---|--|---|--|

※"IT environment satisfaction" in Employee' Satisfaction Score

## Basic Policy

Based on the CTI Engineering Group Challenges for Sustainability Promotion Plan, we will implement measures to reduce CO<sub>2</sub> emissions to achieve net zero by 2030, promote consulting services that contribute to sustainability, and contribute to the creation of a sustainable society and reduction of environmental impact through business and corporate activities.

### CTI Engineering Group Challenges for Sustainability Promotion Plan

CTI Engineering Group will build a sustainable community and society

As a member of the community and society, making our own activities for net zero

#### Direction of the measures

##### Achieving Net Zero for the CTI Group

- Reduce environmental impact in corporate activities

#### KGI (target for 2027)

CTI Engineering Group Greenhouse Gas Emissions (Scope1 & 2)

**45%** reduction per sales unit compared to 2021

Using the group's technology to build sustainable communities and societies

#### Direction of the measures

##### Contributing to the sustainability of local communities

- Provide consulting services utilizing our technologies, and contribute to sustainable society.
- Actively implement green business investment

#### KGI (target for 2027)

Climate change net sales  
JPY **28** billion or more

### Basic Policy

To realize a workplace where harassment and misconduct do not occur or are not allowed to occur, and a workplace that is responsive to risk management, we aim to build a strong corporate governance of offensive and defensive aspects by ensuring thorough risk compliance and strengthening internal control processes, and to aim for management that is trusted by the market.



- Comply with laws, regulations, ethics, and social norms and act in accordance with the Basic Compliance Policy
- All employees share a common awareness of risks and conduct thorough risk management

- Thoroughly implement an internal control system based on three line management, including Group companies
- Develop a system for the functioning of the internal control system and the supporting IT environment

### KGI (target for 2027)

**Zero** Serious incidents

## Analysis of the current situation

### ● Cost of equity

We consider the Cost of equity to be around **8%**.

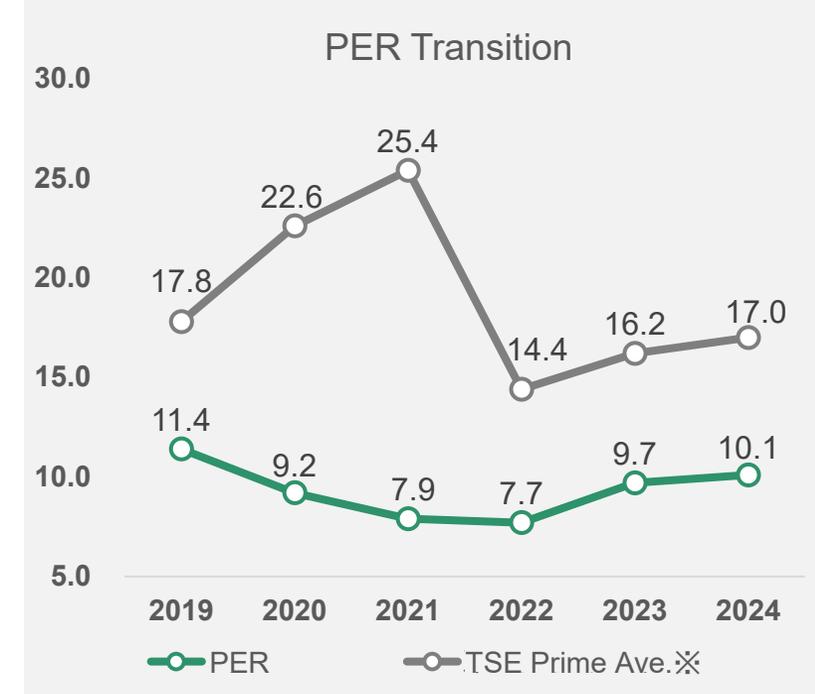
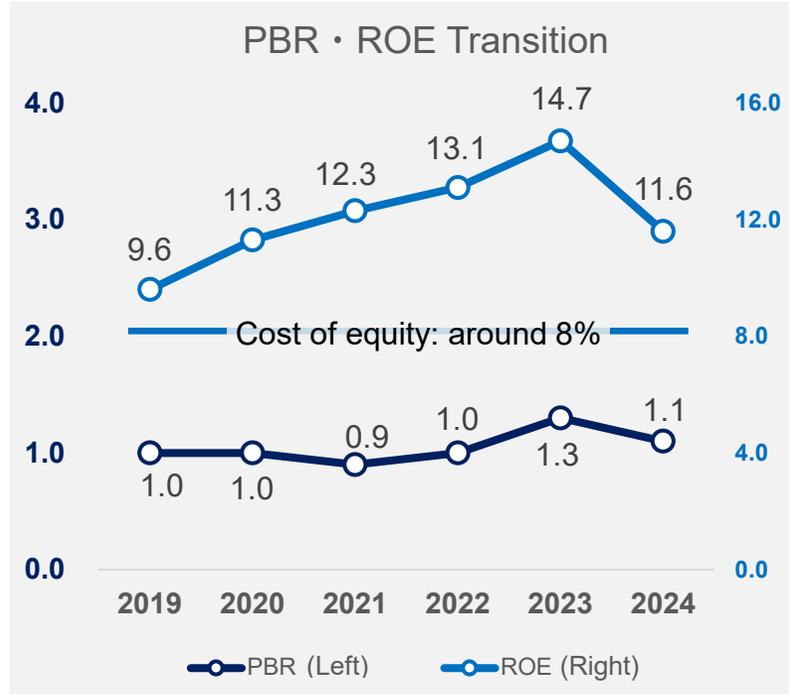
### ● ROE

Exceeded the Cost of equity, **11.6%** in 2024.

### ● PBR

PBR in 2024 is around **1.1**.

The reason why PBR is low relative to ROE is :  
**Mainly due to low PER**



Note: For TSE Prime Average P / E, reference is made to the December value of each year in TSE Statistical Data "Prime Market and Consolidated Integration (Simple)".

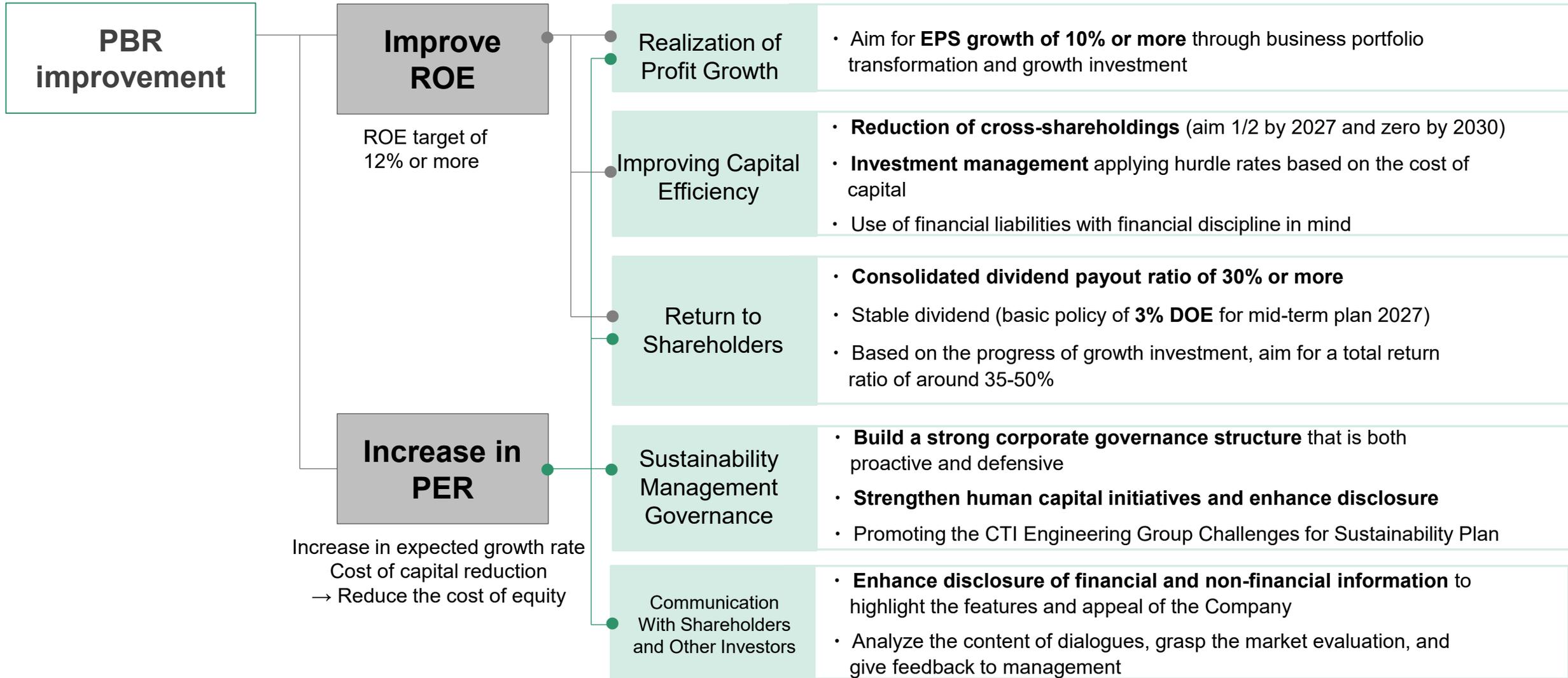
## Subject

- Lack of growth expectations
- Capital Efficiency:  
Unclear allocation to investment and returns
- Concerns over corporate governance
- Lack of corporate awareness

## Future policy

- ① **Realisation of steady profit growth** through business portfolio transformation and growth investment
- ② **Promotion of growth investment** based on capital efficiency and financial soundness
- ③ **Balance between growth and returns** based on capital allocation
- ④ Promotion of strong governance and sustainability management
- ⑤ **Improvement of non-financial capital** and active engagement with investors

- By steadily implementing the Mid-Term Management Plan, which focuses on business portfolio reform and reconstruction of the foundation for growth, and by conducting management aimed at improving capital efficiency.  
Aim to achieve ROE target + improve PER → improve PBR.



- Create an optimal balance sheet by enhancing sustainable cash flow generation, appropriately investing in growth and returning profits to shareholders.

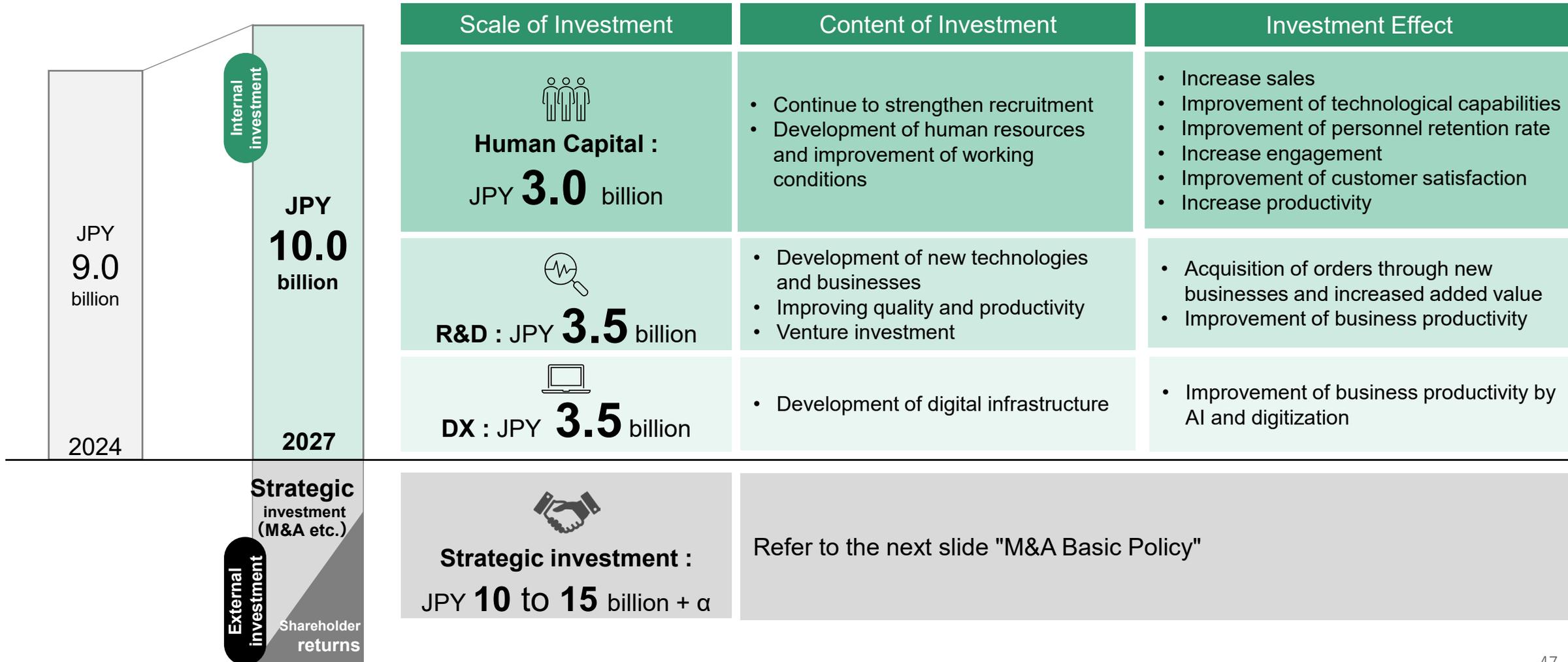
### Basic Policy for Capital Allocation in the Mid-Term Management Plan 2027



- 1 Operating cash flow (before deduction of internal investments) : JPY 33 billion  
Sale of assets (approx. JPY 1.5 billion)  
Total JPY 34.5 billion
- 2 As a necessary working capital, JPY 15.5 billion  
(Sales amount for about 2 months)
- 3 Renewal investment of JPY 3 billion
- 4 Dividends of JPY 6.5 billion  
A consolidated dividend payout ratio of approximately 30%
- 5 JPY 25 billion for growth investment  
JPY 10 billion for human capital investment, R&D investment, and DX investment.  
M&A is expected as strategic investment.  
(Debt may be considered depending on the project)  
Additional shareholder returns if there would be no growth investments.

- Top priority to human capital investment, which is directly linked to the growth of the CTI Engineering Group.
- We will intensively promote R&D investment and DX investment that will lead to improved business productivity and increased orders in the future.

### Investment Policy



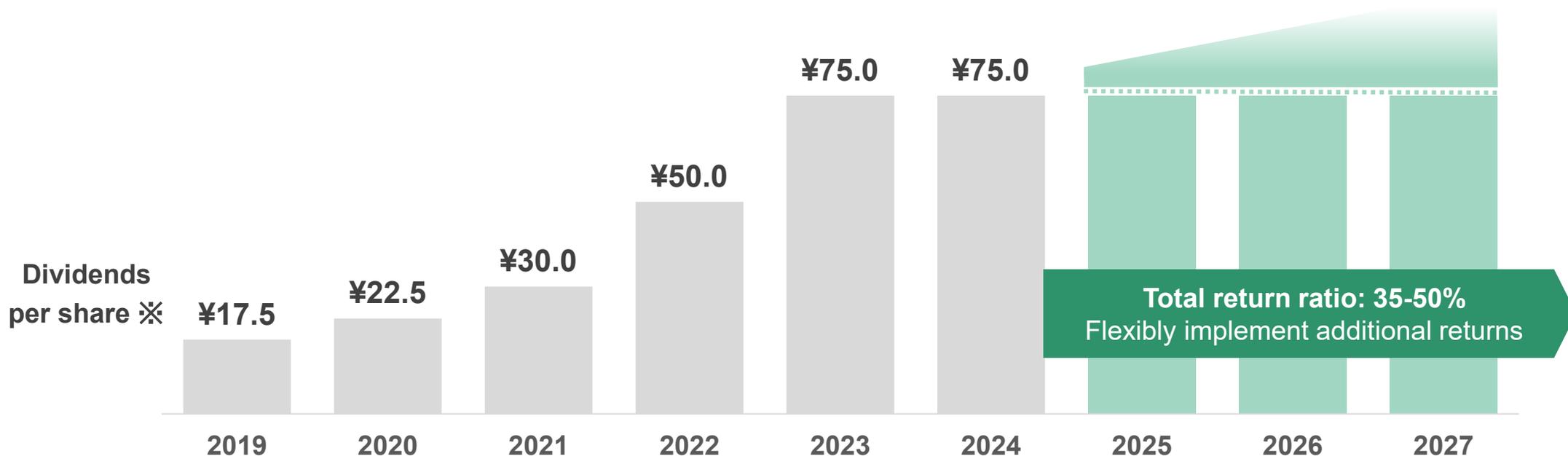
- Select M&A target companies in accordance with the following basic policy. Consider the use of borrowings if necessary.
- To make effective use of limited capital, clearly define criteria such as the scale of investment and expected returns, and carry out flexible investments.

### M&A Basic Policy

| M&A Target Areas           | Target Company  | Target Business Area   |
|----------------------------|---|--|
| <b>Core Area</b>           | Specialised vendors to complement relatively low-share technologies to provide one-stop services                              | Water & Wastewater, Urban Development, Electricity, Machinery, Building Services |
| <b>Growth Area</b>         | Specialised consultants to accelerate growth in priority areas  | Information System, Energy, CM and Construction Management                       |
| <b>Regional Consultant</b> | Mid-sized consulting engineers operating in regional areas that do not compete with us, and facing business succession issues | Regional consultanting engineers   |
| <b>Overseas Business</b>   | Mid-sized consulting engineers located in Australia, Malaysia, etc. to expand new overseas markets                            | Consultant Architecture (structural design and equipment design)                 |

- Return profits to shareholders with a minimum consolidated dividend payout ratio of 30% or more.
- Basic policy of 3% DOE during the period of Mid-Term Management Plan 2027
- Aim for a total return ratio of 35-50%, and flexibly implement additional returns while taking into account the progress of growth investment, business performance, and financial conditions.

### Shareholder Returns (Dividends and Total Return Ratio)



|                     |       |        |        |        |        |        |  |  |
|---------------------|-------|--------|--------|--------|--------|--------|--|--|
| <b>ROE</b>          | 9.6%  | 11.3%  | 12.3%  | 13.1%  | 14.7%  | 11.6%  | → 12% or more                                    |  |
| <b>EPS (Yen) ※</b>  | 99.30 | 129.08 | 158.13 | 207.75 | 271.06 | 243.10 | CAGR2024-2027<br>Average growth rate 10% or more |  |
| <b>Payout ratio</b> | 17.6% | 17.4%  | 19.0%  | 24.1%  | 27.7%  | 30.9%  | 30% or more                                      |  |

※ We conducted two for-one stock splits of common stock on January 1, 2025.  
Each dividends and EPS are calculated as if the stock split had occurred at the beginning of year.

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## 63<sup>rd</sup> Term (2025) Management Plan (Consolidated/ Non-Consolidated)

Plan to increase in sales and income on both consolidated and non-consolidated basis as the first step toward achieving the Mid-Term Management Plan 2027.

(JPY billion)

|   | 62 <sup>nd</sup> (2024)<br>Results | 63 <sup>rd</sup> (2025)<br>Target | Change(%)<br>(YoY) | MTMP 2027<br>Target |
|---|------------------------------------|-----------------------------------|--------------------|---------------------|
| <b>Consolidated</b>                             |                                    |                                   |                    |                     |
| Orders Received                                 | 94.4                               | 100.0                             | +5.9%              | -                   |
| Sales   | 97.7                               | 100.0                             | +2.4%              | 110.0               |
| Operating Income                                | 9.4                                | 10.0                              | +6.4%              | 12.0                |
| Operating Income Margin                         | 9.6%                               | 10.0%                             | +0.4pt             | 11%                 |
| Ordinary Profit                                 | 9.5                                | 10.0                              | +4.9%              | -                   |
| Net Income Attributable to Owners of the Parent | 6.7                                | 6.9                               | +2.3%              | -                   |
| Net Income per Share                            | JPY 243.10                         | JPY 248.55                        | -                  | -                   |
| Annual Dividends (Dividends Payout Ratio)       | JPY 75※ (30.9%)                    | JPY 75 (30.2%)                    | -                  | - (30% or more)     |
| <b>Non-Consolidated</b>                         |                                    |                                   |                    |                     |
| Orders Received                                 | 57.9                               | 58.0                              | +0.1%              | -                   |
| Sales   | 59.4                               | 60.0                              | +1.0%              | -                   |
| Ordinary Profit                                 | 8.9                                | 9.0                               | +0.8%              | -                   |
| Net Income                                      | 6.5                                | 6.6                               | +1.0%              | -                   |

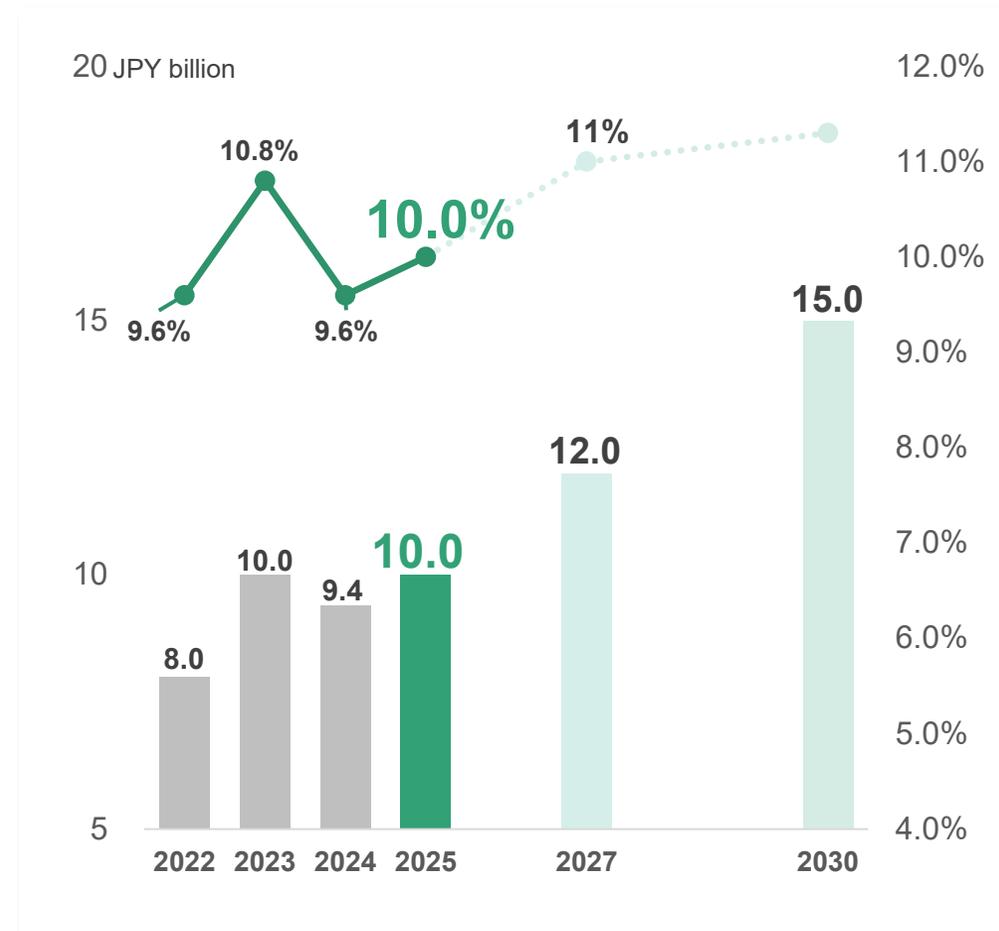
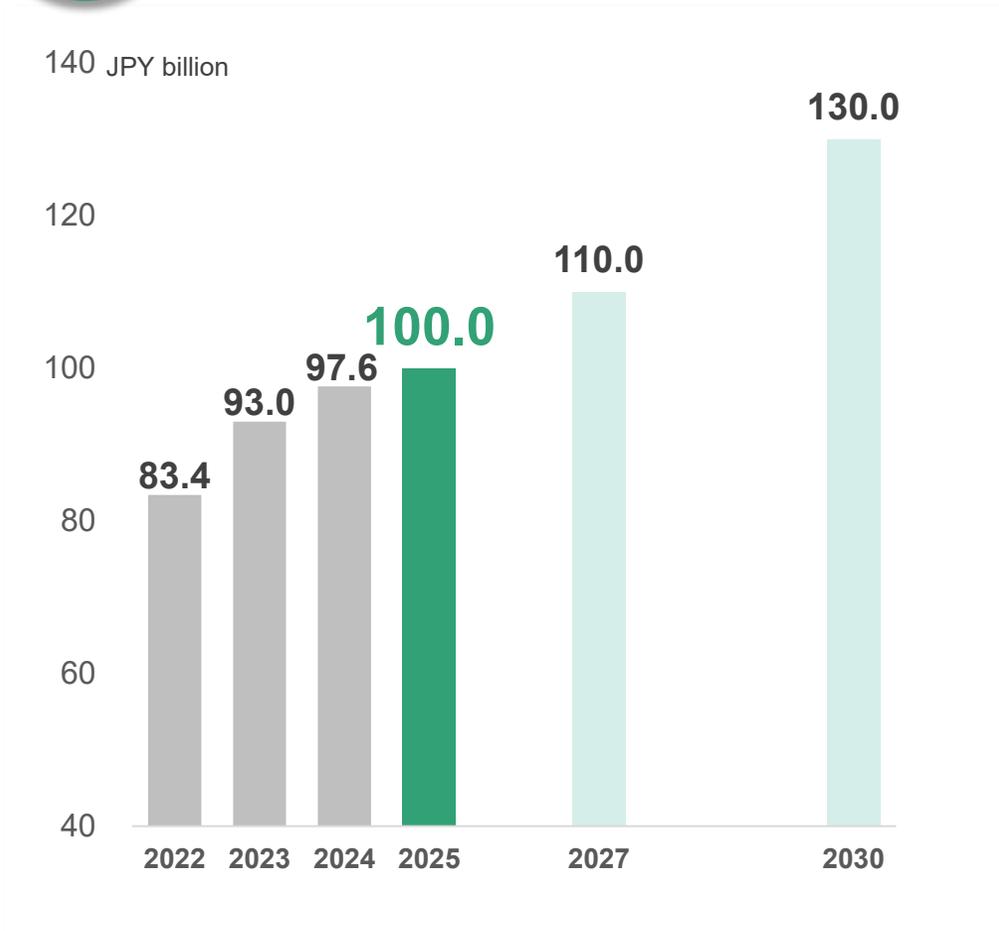
Plan to increase in sales and income on both consolidated and non-consolidated basis as the first step toward achieving the Mid-Term Management Plan 2027.

**2025  
Targets**

**Sales**  
JPY **100** billion

**Operating Margin**  
JPY **10** billion

**OI Margin**  
**10.0%**



## Current status and challenges

- Continue to invest in active public works projects and make focused investments to build a well-balanced business portfolio that can respond to changes in the business environment.
- Promote DX/production system reform to improve productivity and prevent errors
- Sustainable growth and securing of human resources, promotion of revitalization, and improvement of employee engagement.
- Strengthen group governance.

## Concept of 63<sup>rd</sup> Term (2025) Business plan

- Sales are expected to increase due to an increase in the number of employees and improvement in productivity.
- Operating income is expected to increase due to proactive investments to respond to business expansion, enhancement of project management, and improvement of productivity by DX promotion.

(JPY billion)

|                  | 62 <sup>nd</sup> (2024)<br>Results | 63 <sup>rd</sup> (2025)<br>Target | Change(%)<br>(YoY) |
|------------------|------------------------------------|-----------------------------------|--------------------|
| Orders Received  | 65.7                               | <b>67.0</b>                       | +1.9%              |
| Sales            | 66.9                               | <b>69.0</b>                       | +3.1%              |
| Operating Income | 8.6                                | <b>9.3</b>                        | +8.0%              |
| OI Margin        | 12.9%                              | <b>13.5%</b>                      | +0.6pt             |

## Current status and challenges

- The global economy is facing events such as increasing uncertainties due to the situations in Ukraine and the Middle East, rising global inflation, and the acceleration of monetary tightening.
- In 2024, Waterman performed well in the public sector but struggled in the private sector.
- CTI Engineering International fell behind in receiving orders for large-scale projects.

## Concept of 63<sup>rd</sup> Term (2025) Business plan

- Set targets for both sales and operating income considering uncertain economic trends such as political instability, inflation and exchange rates.
- Based on the "Roadmap for Realization of Global Expansion" established in November 2023, activate group collaboration and strengthen ties with domestic and overseas companies.

(JPY billion)

|                  | 62 <sup>nd</sup> (2024)<br>Results | 63 <sup>rd</sup> (2025)<br>Target | Change(%)<br>(YoY) |
|------------------|------------------------------------|-----------------------------------|--------------------|
| Orders Received  | 28.7                               | <b>33.0</b>                       | +15.1%             |
| Sales            | 30.7                               | <b>31.0</b>                       | +0.9%              |
| Operating Income | 0.8                                | <b>0.7</b>                        | -9.4%              |
| OI Margin        | 2.5%                               | <b>2.3%</b>                       | -0.2pt             |

# 63<sup>rd</sup> (2025) Term Management Plan -Slogan-

Promote business portfolio transformation and production system reform by co-creation of all employees.

## 5 Key Themes and Implementation Measures

### 01 Business Portfolio Transformation



- Deepen core business areas by building a balanced client structure
- Accelerate growth areas by strengthening cooperation among group companies and business divisions
- Explore new businesses
- Expand overseas business based on global expansion strategy
- Establish a structure to promote change

### 02 Rebuild of Foundation for Growth

#### 02.1 Strengthening Investment in Human Capital



- Autonomous growth of human resources
- Secure diverse human resources
- Activation of diverse human resources
- Increase employee engagement

#### 02.2 DX/Production System Reform



- Advance project management
- Improve productivity through AI and digital
- Digital infrastructure development
- Ensure and improve quality and safety

#### 02.3 Challenges for Sustainability



- Achieve Net Zero for the CTI Engineering Group
- Community Sustainability

#### 02.4 Strengthening Group Governance



- Thorough risk and compliance awareness
- Strengthen internal control processes
- Thorough labour and cost management

# Business Philosophy

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We strive to create a safe,

---

Comfortable and enriching society

---

Using world-class technology and expertise.

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Enriching life  
through engineering

CTI Engineering Co., Ltd. has faced social issues with integrity throughout its history as a pioneering consulting engineer. 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.

- Any forward-looking statements as part of information disclosed by the Company, such as (but not restricted to) information pertaining to future plans, outlooks, management strategy, etc., are based on the information available at the time of disclosure and/or on certain assumptions deemed reasonable.
- As such, these contain risks and uncertainties related to changes in the state of the economy, government policies impacting the Company's businesses, changes to the tax code and/or other regulatory changes and/or in the International status quo.
- Realized results may differ materially from the aforementioned forward-looking statements, due to a variety of factors and causes.

 **CTI Engineering Co., Ltd.**

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**Tatsuya Nishimura**, Representative Director and President, CEO

Contact: **Toshikazu Matsuoka**, Managing Executive Officer

TEL : 03-3668-4125

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- 63<sup>rd</sup> (2025) Management Plan
- **Appendix**

Ever since founded in 1945, CTI Engineering has focused on great importance to people and technology. We are “Japan’s first consulting engineer company ” developed with high technological capabilities.

## Business Philosophy

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

## Code of Corporate Conduct



|                               |  |
|-------------------------------|--|
| Company Name                  | CTI Engineering Co.,Ltd.                                   |
| Creation                      | August 1945 (Foundation)                                   |
| Establishment                 | April 1963   |
| Head Office                   | 3-21-1 Nihombashi Hamacho, Chuo-ku, Tokyo                  |
| Capital stock                 | 3.025 billion yen  |
| Accounting period             | December 31  |
| Net Sales                     | 97.678 billion yen (FY 2024)                               |
| Number of employees           | Consolidated: 3,966 /<br>Non-consolidated: 2,151 (FY 2024) |
| Listing market                | Tokyo Stock Exchange Prime Market                          |
| Total number of issued shares | 28,318,172 shares  |

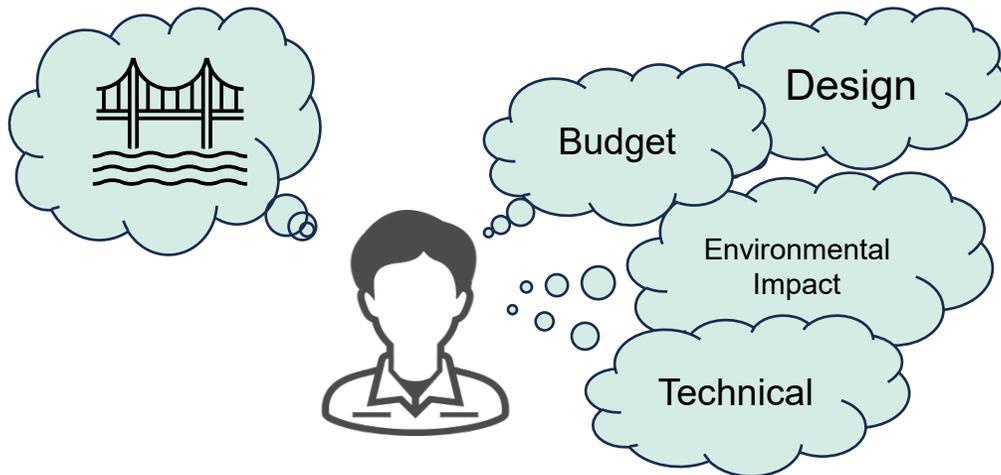
Infrastructure developments are carried out mainly by three parties: (1) National and Local Governments, (2) Consulting Engineers, and (3) Construction Companies.

For “National and Local Governments” that decide projects and make plans, We “Consulting Engineers” provide specific surveys, plans, designs, etc. as a partner.

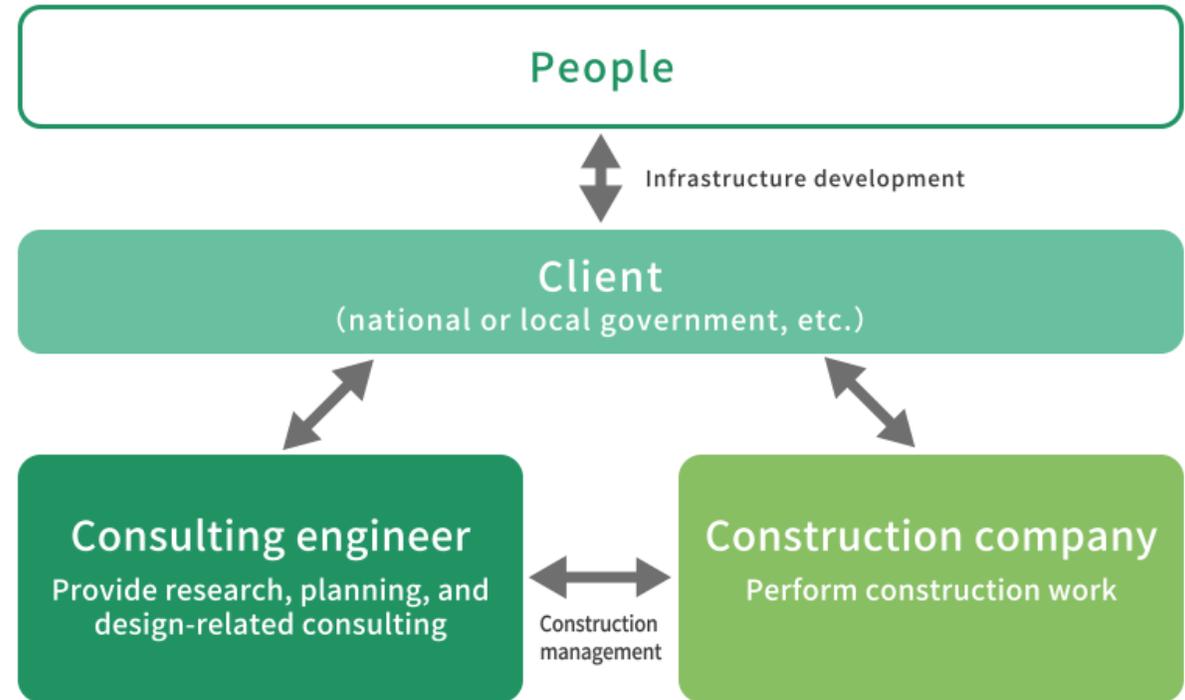
## Specialists about Infrastructure

For example, let us imagine, “We’ll build a bridge” , we should consider about the type of bridge, the design, its length and width, budget, the geology, environment on the other side of the river, the response to a disaster, and the any other aspect about bridge.

Consulting Engineers are professionals in social infrastructure development who coordinate infrastructure projects from start to finish, ensuring that people can live safety and securely.



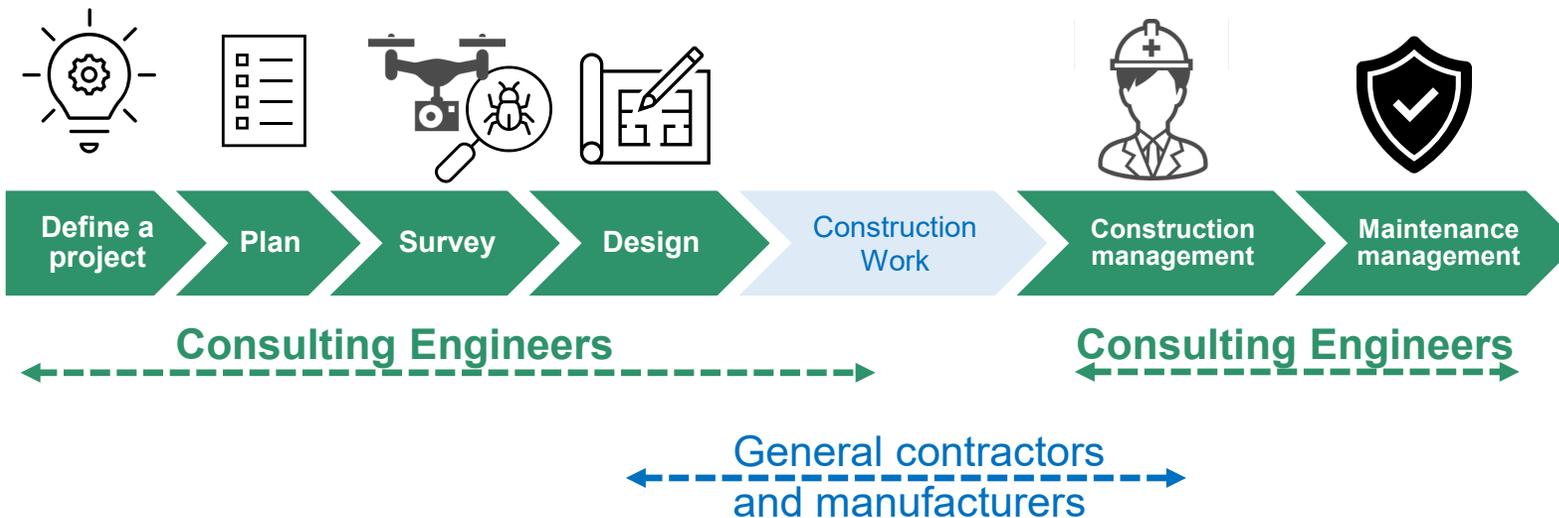
## Carried out by three parties



The role of consulting engineers is to provide consulting services such as surveys, planning, and design, etc. as a partner to national and local governments that make project decisions and planning. We undertake almost all the workflow, but in accordance with the “Principle of Separation of Design and Construction”, the construction company is responsible for the construction part.

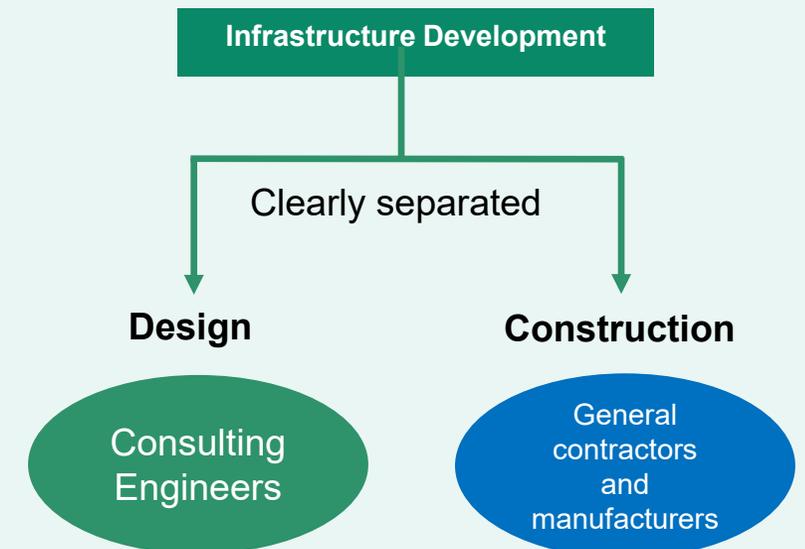
## Workflow of infrastructure development

Consulting engineers are involved from the initial planning stage by national and local governments and act as advisors throughout all stages, including planning, design, construction management, and maintenance after completion.



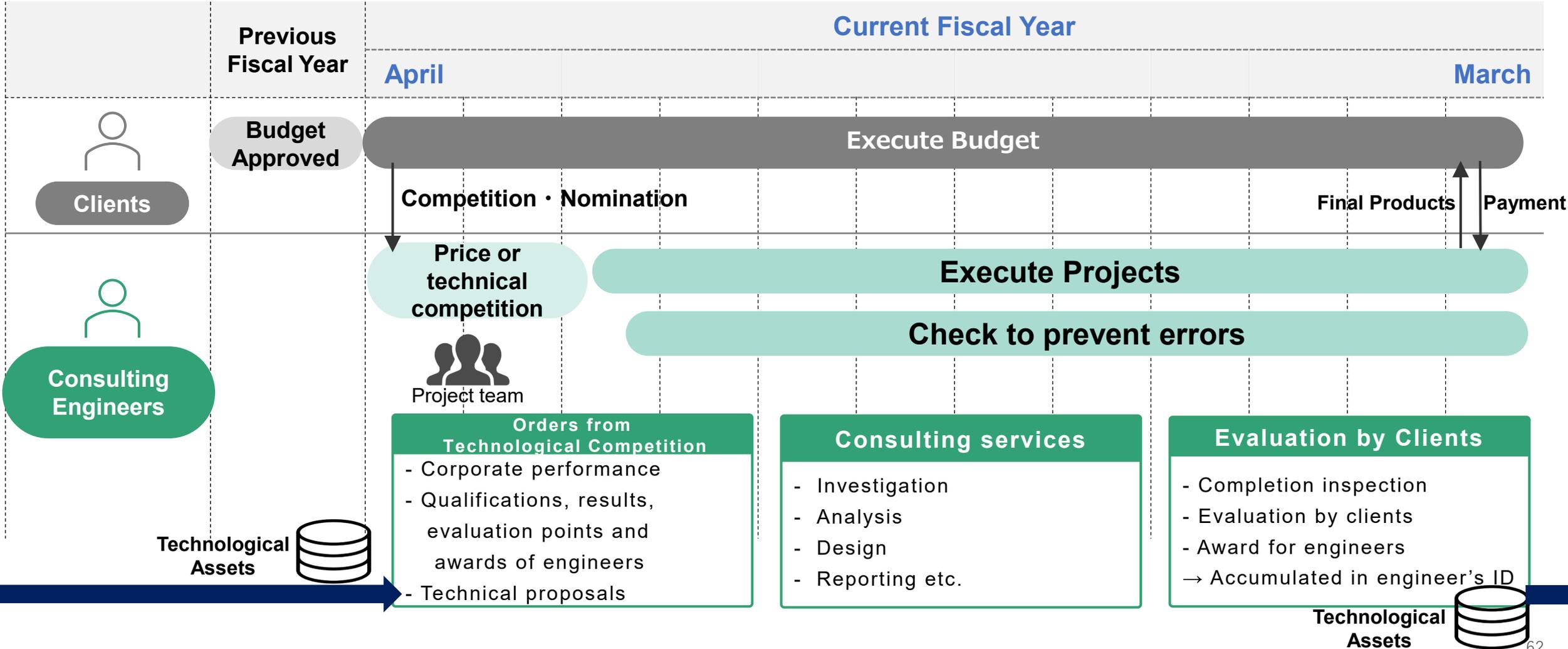
## Principle of Separation of Design and Construction

During rapid economic growth period in Japan after WW2, the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism) clarified the principle of separation of design and construction.



# Basic Workflow of Consultant Engineers

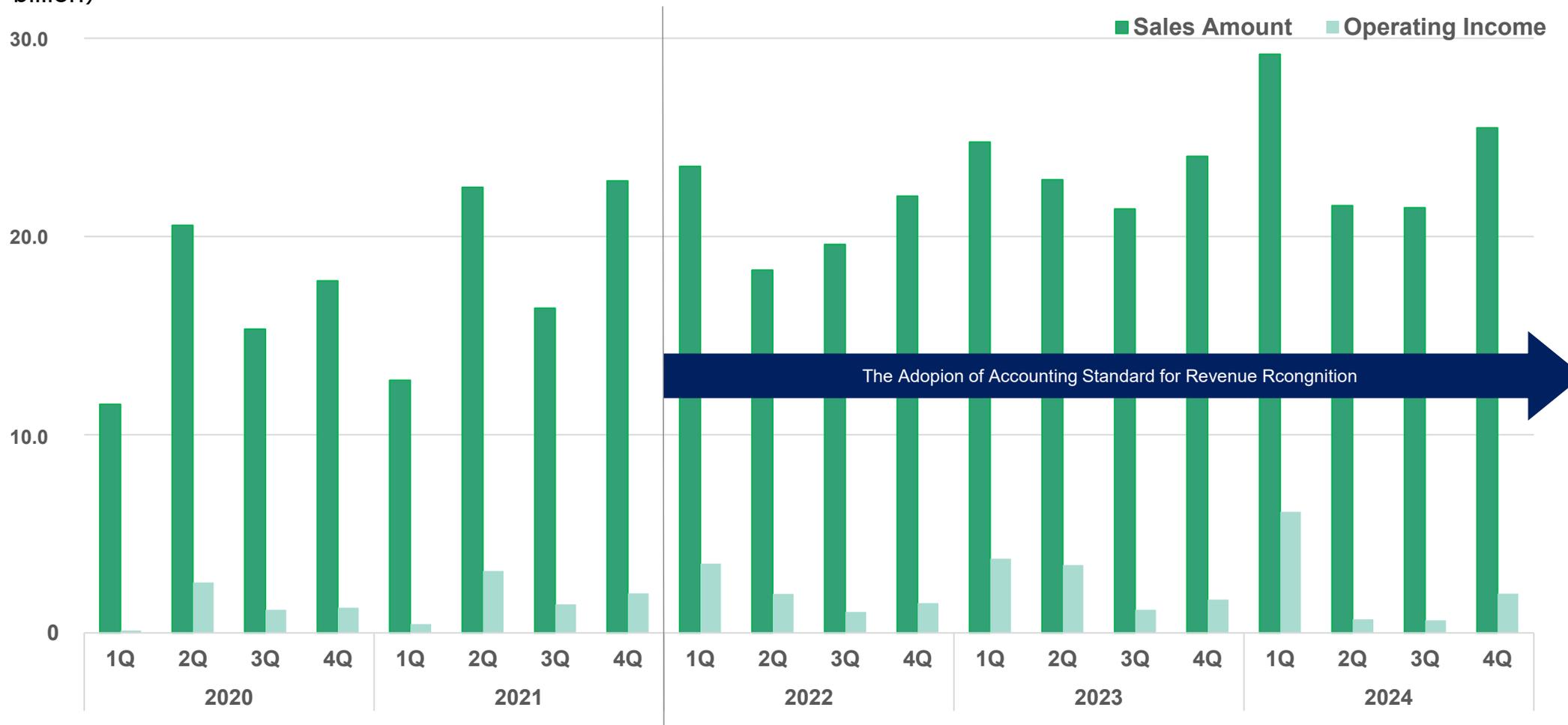
- Project size : Mostly tens of millions of yen. In recent years, the number of large-scale projects is increasing by several hundred million.
- Number of projects : Thousands per year
- Project period : Basically 1 year, but multi-year large-scale projects are increasing in recent years.  
The ends of projects period tends to concentrate at the end of the fiscal year (March)
- Project teams : Consists of 5-6 engineers. Professional Engineer certification is required for the project leader.



# (Reference Data) Quarterly Sales Amounts and Operating Income (Consolidated)

Since CTI Engineering Group has a lot of public projects, work progress tends to concentrate at the end of fiscal year, resulting in a tendency for sales and income to be clustered towards 1Q. (after the adoption of Accounting Standard of Revenue Recognition in 2022)

(JPY billion)



**Our Founding:  
amidst Japan's  
defeat in WWII**

The history of the Construction Technology Institute (the predecessor of CTI Engineering Co., Ltd.) begins 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 an incorporated foundation on August 1, 1945, for the purpose of developing construction equipment that could compete with those of the United States in airfield construction.

◆ August 1, 1945: **The Construction Technique Institute** is founded



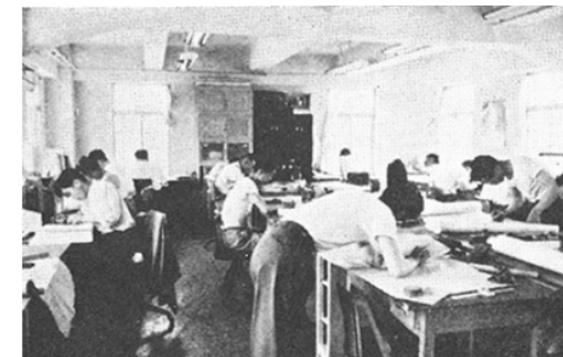
Office at the time of establishment

**Period of  
Growth:  
entered the field of  
water engineering**

From 1950 onward, with the Korean War in full swing, the number of contracts for engineering consulting services multiplied year after year. The Institute quickly and accurately grasped Japan's agenda for post-war reconstruction and focused on one area: hydropower generation and related dam construction.

This has led to our strength in the water sector that continues to this day.

◆ April 4, 1963: **Construction Technology Institute Co., Ltd.** is incorporated



**Transformation  
in the face of  
changing times**

In 1964, Japan's River Act was revised, requiring a basic plan for the implementation of construction work to be formulated for each river system. To keep up with the new requirements, we introduced electronic calculators - which were expensive at the time—before any of our competitors. This was a decisive factor in our development in the field of river planning.

We had grown steadily, registered its shares with the Japan Securities Dealers Association as over-the-counter stock in June 1994. Then we listed its shares on the Second Section of the Tokyo Stock Exchange in October 1996, and listed on the First Section of the Tokyo Stock Exchange in June 1999.

**Achieved sustainable growth through human resource enhancement and M&A**



Yodo River, Yodo River system (Osaka City, Osaka Prefecture) (1971-1980)



The Comprehensive Flood Control Project in Metro Manila (Philippines) (1977)

Our first independent overseas business



Onagawa Central District, Onagawa Earthquake Reconstruction Project (2013-2016)

**Number of employees: 3,966**  
**Sales : JPY 97.6billion**



2017  
Waterman joined CTI group

Number of employees (Consolidated)  
Number of employees (Non-Consolidated)  
Sales amount(Consolidated)

Number of employees: 104  
Net sales JPY 0.12 billion

1963(Establishment)

1980

2000

2024

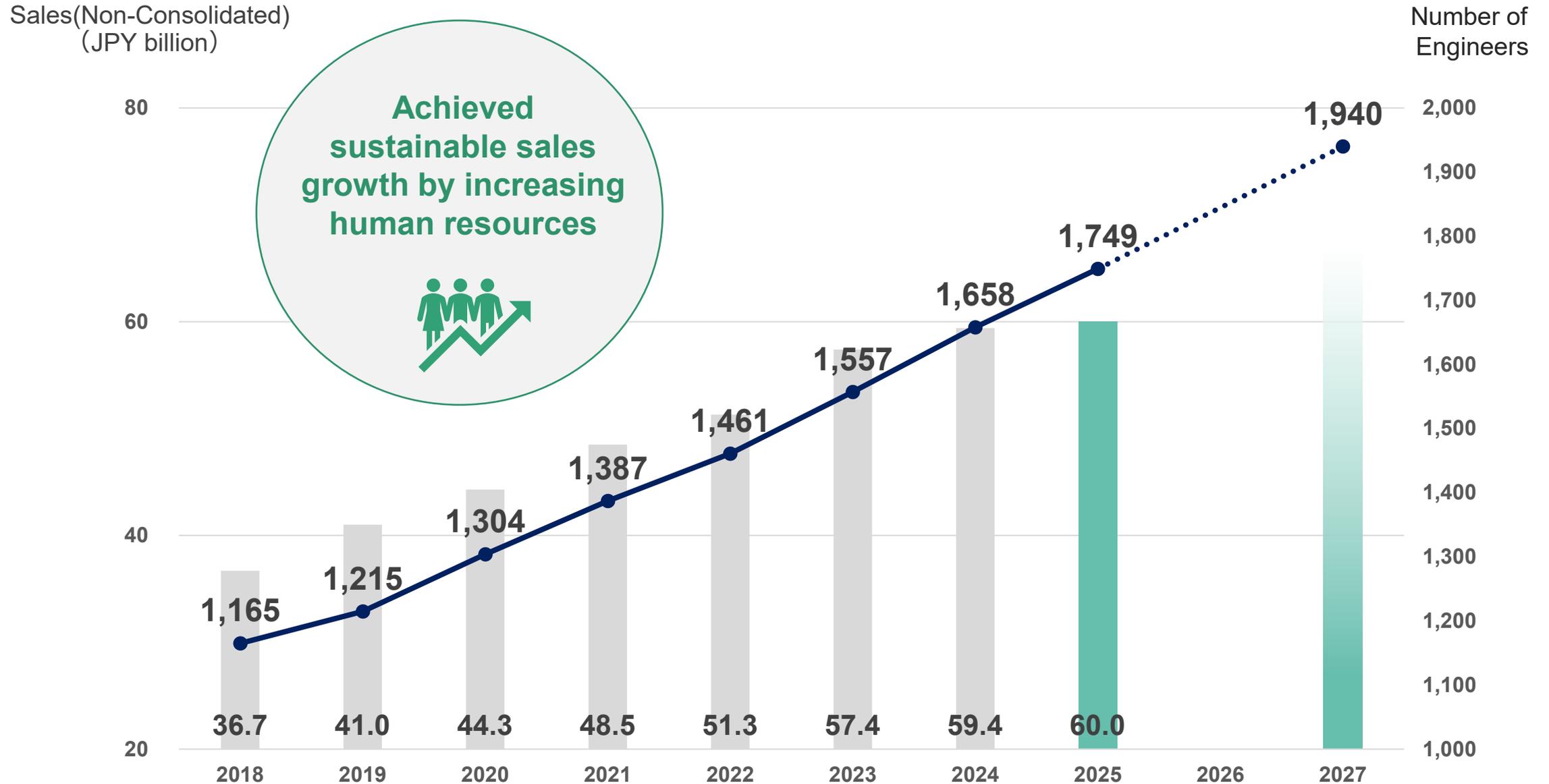
Postwar reconstruction    Pollution problem  
High economic growth

From quantity to quality

Global environmental problems

Reconstruction after the earthquake  
National Resilience

# Transition of Sales/Operating Income/Number of engineers (Non-consolidated)



**Japan Urban Engineering Co., Ltd.**

Provides professional services related to urban development, urban planning and town planning, land readjustment and urban redevelopment projects, civil engineering design and development permits, compensation surveys, field surveying, disaster reconstruction, estate consulting, etc.



**Chi-ken Sogo Consultants Co., Ltd.**

Provides professional services related to geological surveying and analysis, groundwater and soil contamination surveys, planning and design of roads, rivers, and underground facilities, planning and design of sabo and disaster prevention works, investigation and design of slope disaster prevention works and landslide countermeasures.



**NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.**

Provides professional services related to the design and supervision of building and building facility projects, research, planning, project and construction management for all aspects of construction work, investigation and appraisal of buildings, longevity and long-term repair plans of buildings, etc.



**Environmental Research & Solutions Co., Ltd.**

Environmental consulting (soil contamination control, water treatment, environmental assessment), environmental research and analysis (water quality, waste, exhaust gases, dioxins, PCBs, asbestos, PFAS), working environment measurement, drinking water testing, genetic analysis (environmental DNA).



**HIROKEN CONSULTANTS Co., LTD.**

Infrastructure projects (civil engineering design, development design, agricultural engineering, built environment, various inspections, surveys, compensation studies, geological surveys, etc.) and waste-related projects, shops and development projects, soil surveys, ICT projects (3D surveying and 3D design, etc.)



## Ranked 2nd in Sales and Net Income in FY 2023

(JPY billion)

|    | Company Name                                       | Net Sales of Consulting Engineers Division | Net Income |
|----|--|--|------------|
| 1  | Integrated Design & Engineering Holdings (ID&E) *1 | 63.9                                       | 7.5        |
| 2  | <b>CTI Engineering (CTIE)</b>                      | <b>54.0</b>                                | <b>6.7</b> |
| 3  | Pacific Consultants (PCKK)(Unlisted)               | 51.3                                       | 2.2        |
| 4  | Oriental Consultants (OC)                          | 30.9                                       | 0.8        |
| 5  | Dia Nippon Engineering Consultants *2              | 28.1                                       | 1.8        |
| 6  | Oriental Consultants Global (OC Global)            | 27.4                                       | 1.2        |
| 7  | Yachiyo Engineering (Yachiyo)(Unlisted)            | 26.2                                       | 1.1        |
| 8  | Eight-Japan Engineering Consultants (Eight JP)     | 23.8                                       | 1.9        |
| 9  | Pasco  | 22.1                                       | 3.7        |
| 10 | IDEA Consultants                                   | 21.0                                       | 1.9        |

Source: Top 10 companies extracted from "Nikkei Construction" April 2024 Construction Consultant Financial Ranking 2024

(The Company's "Construction Consulting Division Sales" is the amount obtained by subtracting the sales of survey and geological survey services other than the "Construction Consulting Division" from the total sales.)

\* 1: In July 2023, the company was reorganized under the holding company (ID & E) into a system in which Nippon Koei and Nippon Koei Urban Space are located.

\* 2: Established in July 2023 through the merger of Dai Nippon Consultant and Dia Consultant.

## Japan's First Consulting Engineer

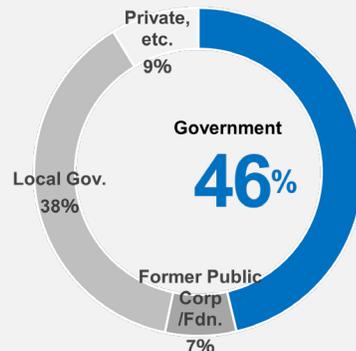
Since the founding of the Construction Technology Institute (our predecessor) in 1945, we have been a leading company in the industry for many years.

We are a comprehensive consulting engineers that competes for the top position in sales in domestic market on the strength of our accumulated technologies developed over 70 years since our founding.

## Stable Customer Base Centred on the Public Sector

As we receive 90% of orders from the public sector, including national and local government, we have a stable profit structure.

Order Received Amount by Source(FY2024)



## Industry Leader Order Received in the River Sector

Leveraging our experiences in river infrastructure development, we have been contributing to the comprehensive management of entire river basins - including the drafting of disaster prevention and mitigation measures for floods, droughts, and other disasters, as well as the conservation and improvement of the water environment and water cycle.

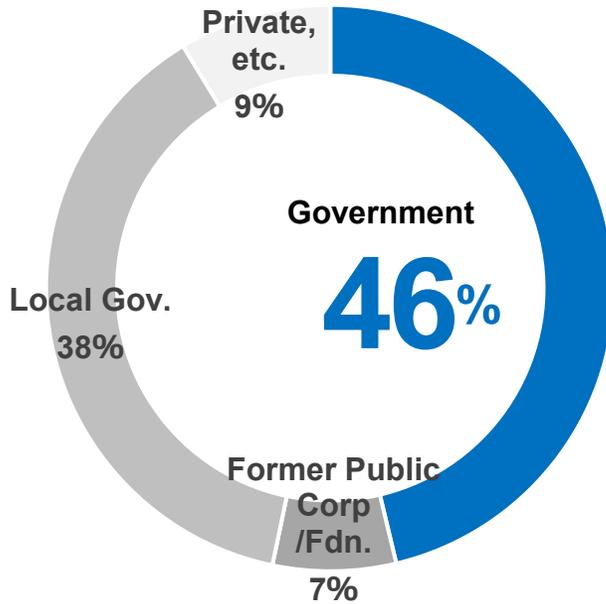
## Professional Engineers with Advanced Technical Skills

We are a group of consulting engineers with more than 1,600 licensed **Professional Engineers (P.E.Jp)**.

We believe that human resources are our greatest management capital, and we actively invest in human resource development such as the Professional Engineer Qualification Support Program and graduate schools for working adults.

## 1 Orders Received from National government

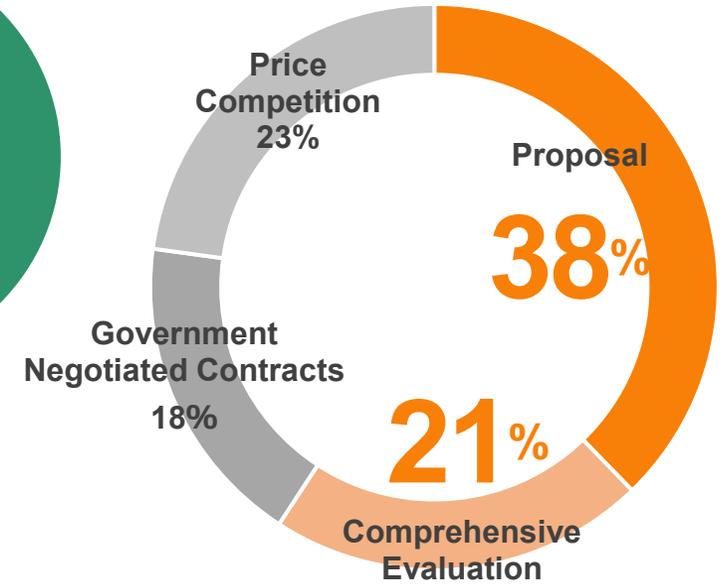
Order Received Amount by Source (2024)



Half of all orders received are from the national government. While national projects are stable and highly profitable, it requires advanced technology. As we receive a lot of orders from the government, we ensure profitability and build up a track record of engineers through the implementation of projects, which will lead to orders in the next year. This cycle has resulted in our technological superiority. In the future, we will maintain MLIT sales while expanding sales to prefectures, municipalities, and primary government agencies, aiming to expand our profit and transform our customer structure into well-balanced.

## 2 Strength in technical competition

Order Received Amount by Contract Method (2024)



Orders received under “Proposal” and “Comprehensive Evaluation”, in which technical capabilities are evaluated, accounted for 60% of total orders received, indicating the high level of our technical competitiveness

### Proposal

: Competition based on technical proposal capability only

### Comprehensive Evaluation

: Competition based on both technical proposal capability and price

### Price Competition

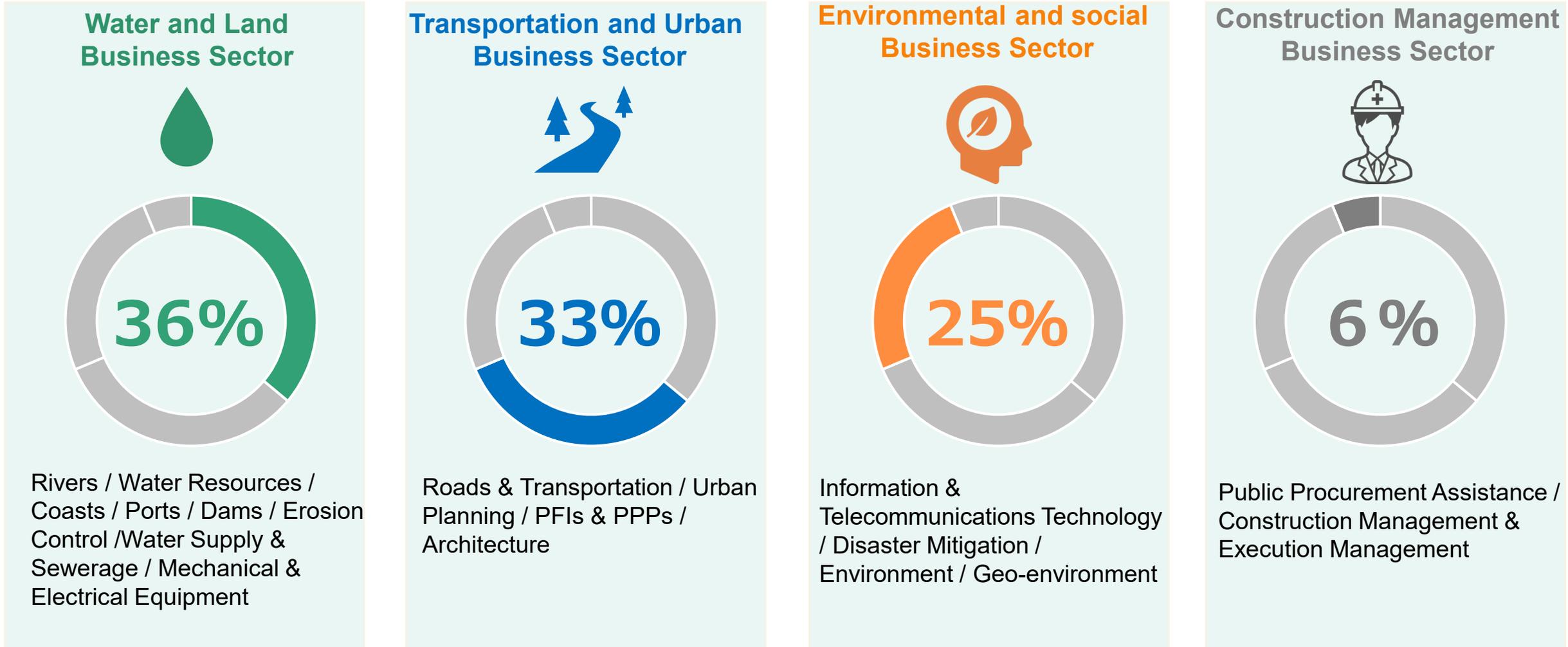
: Competition based on price only

### Government Negotiated Contracts

: Specific contractor is selected without a competitive bidding process due to the client’s circumstances

The Company's (non-consolidated) business fields consist of the following four business divisions.

## ■ 62<sup>nd</sup> (2024) Period Orders Composition Ratio (Domestic)



# Our Position in the Industry (Results in 2023)

Our strengths lie in the domestic public sector and the river sector. The road sector is growing.

Unit: JPY billion

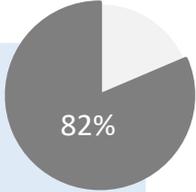
| Our company Business Unit | Water and Land Business Sector             | Transportation and Urban Business Sector |                                     | Environmental and Social Business Sector |  | Construction Management Business Sector      |
|---------------------------|--|--|-------------------------------------|--|--|--|
| Sales Rank                | Rivers, erosion control, coasts and oceans | Road                                     | City planning and regional planning | Construction environment                 | Electricity and electronics              | Construction plan and construction equipment |
| 1                         | <b>CTIE</b><br>22.2                        | PCKK<br>8.6                              | Oba<br>7.8                          | IDEA<br>11.5                             | <b>CTIE</b><br>3.9                       | Tenet Japan<br>4.5                           |
| 2                         | ID&E<br>13.8                               | OC<br>7.4                                | NK Urban Space<br>6.5               | Kenkan Consultants<br>5.1                | Nihon Koei<br>3.1                        | Yokohama Consulting Center<br>2.8            |
| 3                         | Yachiyo<br>7.5                             | <b>CTIE</b><br>7.2                       | Total Daily Construction<br>5.7     | ID&E<br>4.2                              | Electrical technology development<br>2.0 | Taisei Engineering<br>2.8                    |
| 4                         | PCKK                                       | ID&E                                     | PCKK                                | PCKK                                     | Chuden Technology Consultant             | OC   |
| 5                         | Tokyo Construction Consultant              | Dia Nippon Engineering                   | Pasco                               | <b>CTIE</b>                              | Yachiyo                                  | <b>CTIE</b>                                  |
| 6                         | Dorkon                                     | Nihon Shinko                             | OC                                  | KANSO Technos                            |  | Asia Co-Design Consultant                    |
| 7                         | Nihon Shinko                               | Pasco                                    | International shipping              | Asia Air Survey                          |  | Nihon Shinko                                 |
| 8                         | IDEA                                       | Chodai                                   | Showa                               | NS Environment                           |  | Planned engineering                          |
| 9                         | Mitsui Joint Construction Consultant       | Fukuyama Consultant                      | ID&E                                | Applied geology                          |  | PCKK technical management                    |
| 10                        | OC   | Central consultant                       | <b>CTIE</b>                         | OC                                       |  | PCKK   |

Source: Top 10 companies extracted from "Nikkei Construction" April 2024 Construction Consultant Financial Ranking 2024 ("Nikkei Construction")

We are expanding globally with two subsidiaries, Waterman and CTI Engineering International.

## Waterman Group

62<sup>nd</sup> Term (2024)  
Composition of Overseas  
Segment Sales



### History

June 2017, Joined our group

### Business Outline

- For the Private Sector
- ➔ Architecture Structural design, Equipment design
- For the Public Sector
- ➔ Civil Engineering Field
  - Consulting Engineers
  - Secondment of engineers

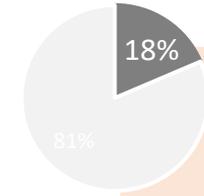
### Business Area

United Kingdom, Ireland, Australia



## CTI Engineering International

62<sup>nd</sup> Term (2024)  
Composition of Overseas  
Segment Sales



### History

March 1999, spun off as wholly owned subsidiary from our overseas business division

### Business Outline

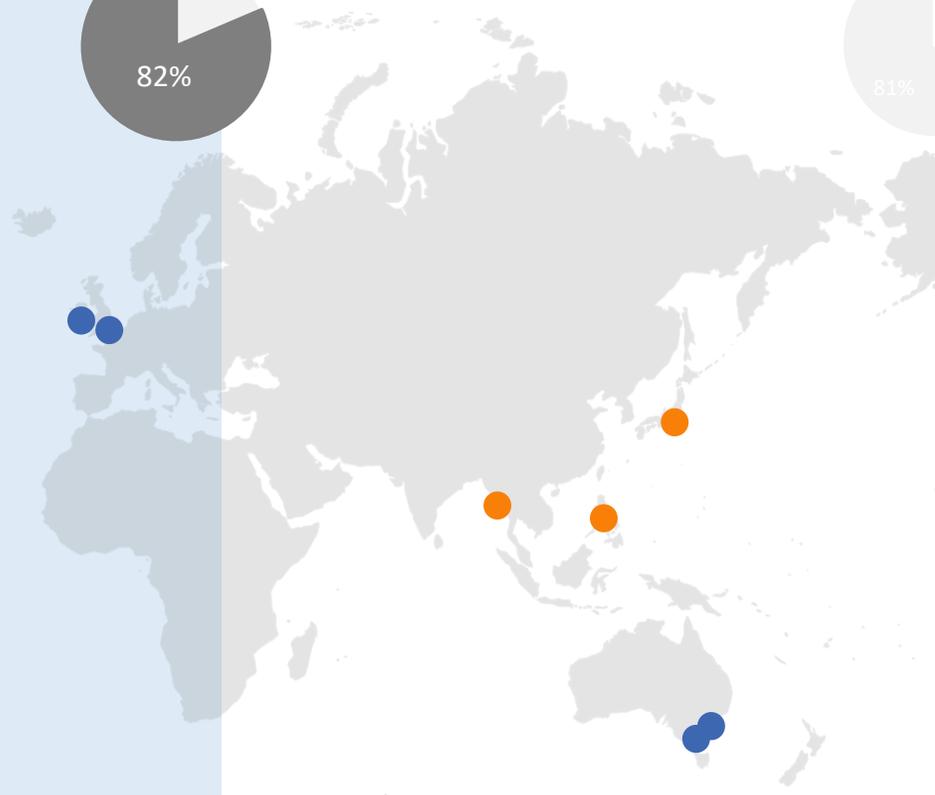
Consulting engineers mainly through ODA in semi-developed and developing countries

### Major Business Partners

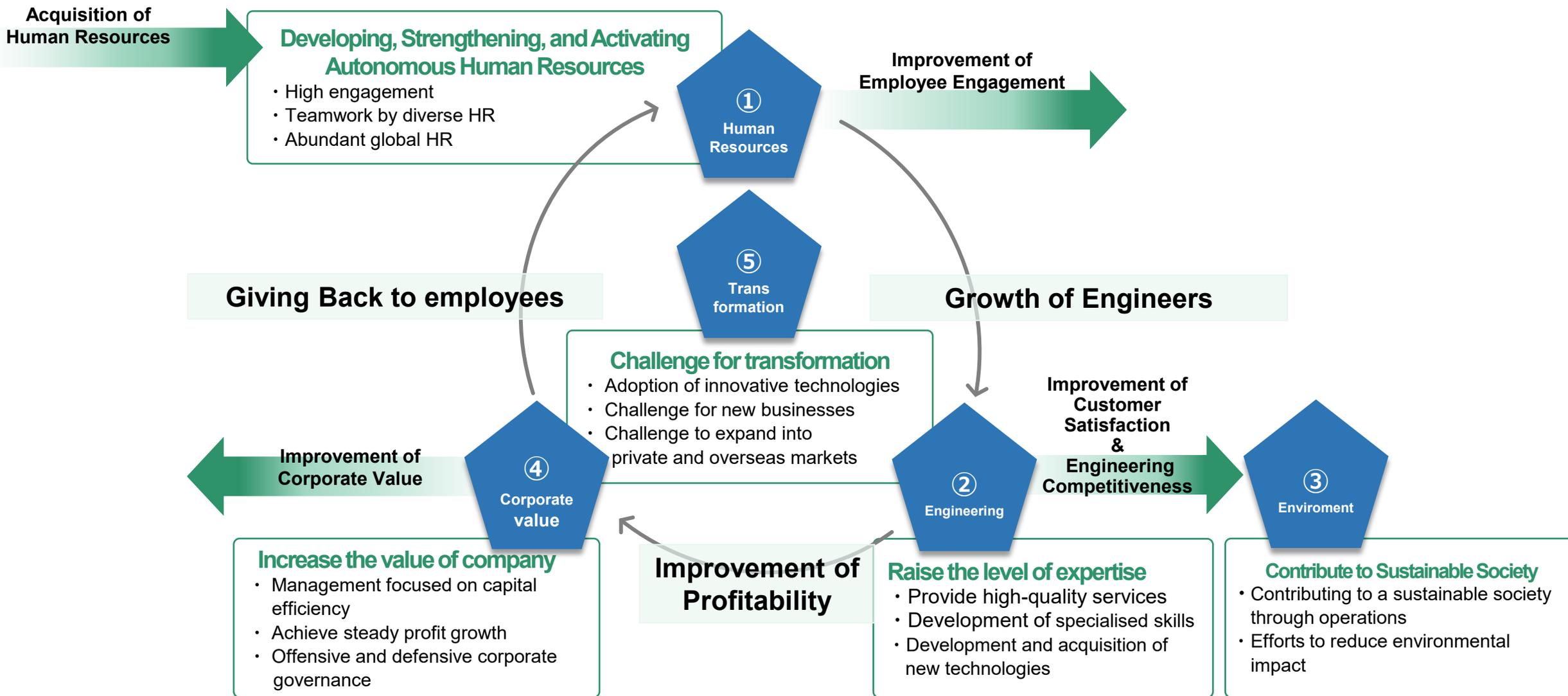
Japan International Cooperation Agency (JICA)  
World Bank, Asian Development Bank, governments, etc.

### Business Area

Bases in Japan, the Philippines, and Myanmar  
Business targets: Asia, Africa, Middle East, South America, etc.



Based on the five key factors that express ideal state of CTI Engineering Group, the measures to be implemented in the Mid-Term Management Plan 2027 are consolidated into two pillars.



## ● Important management figures in 2027

### Sales

Continue to strengthen our workforce at an annual growth rate of around 5% and aim for net sales of JPY 110 billion or more (achieve SPRONG2030, our mid- to long-term vision, ahead of schedule)

### Operating income

Aiming for sustainable profit growth over mid- to long-term and operating income of JPY 12 billion or more

### ROE

Secure at least 12% ROE by business development, improvement of productivity and appropriate returning profits to shareholders

### Labour productivity

Increase labour productivity by 10% or more from the current level by improving efficiency through promotion of DX and upgrading project management. (10% improvement in internal output per hour)

## ● Key points in setting the plan

### Profit Plan

- Continue to strengthen workforce and raise wages
- Improve or maintain gross margins through DX and work efficiency
- Reduce operational reworks and errors by upgrading PM. Improve performance quality and reduce working hours through the advancement of PM.
- Decrease SG&A Expenses by DX and improving efficiency

### Orders Received Plan

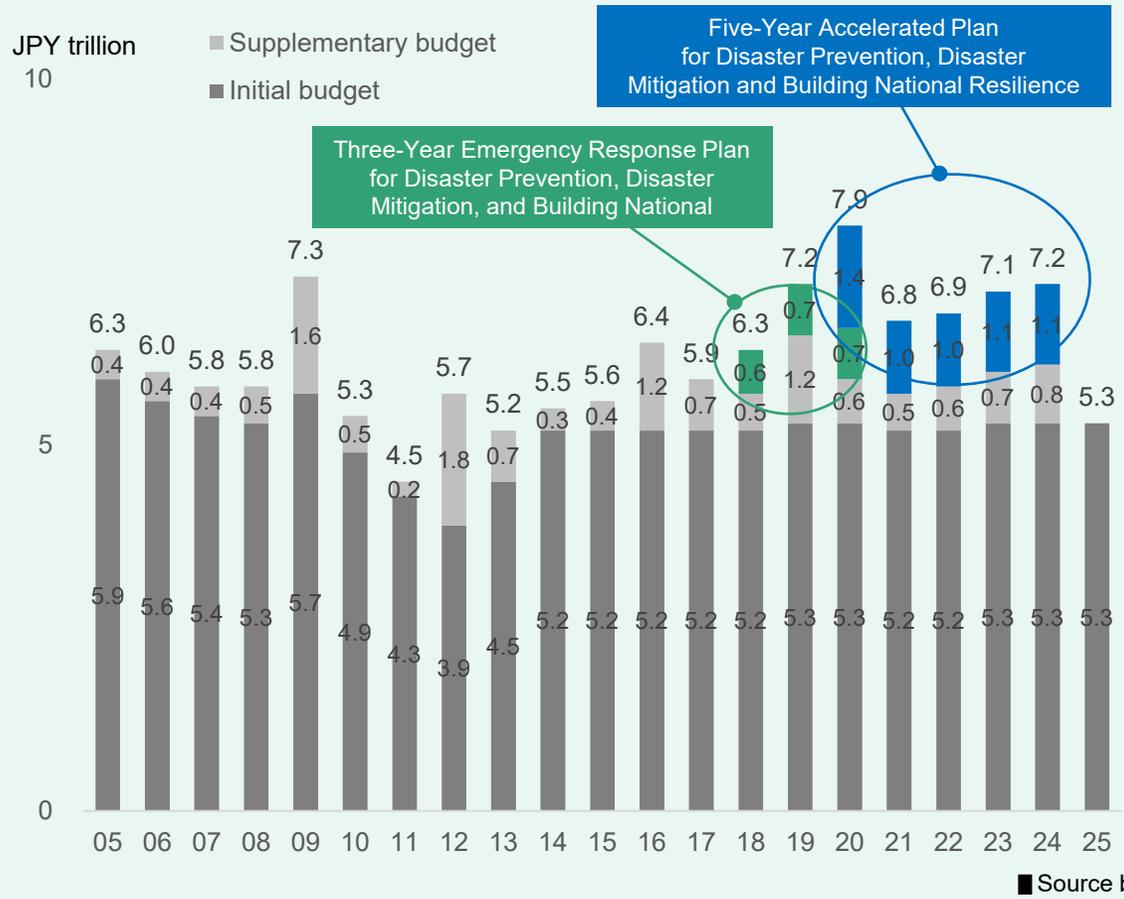
- Achieve a balanced customer structure with local governments and the private sector while keeping orders from the Ministry of Land, Infrastructure, Transport and Tourism
- Achieve targets through sustainable growth in core business areas, expansion of growth areas, and external growth such as M&A

### Financial Plan

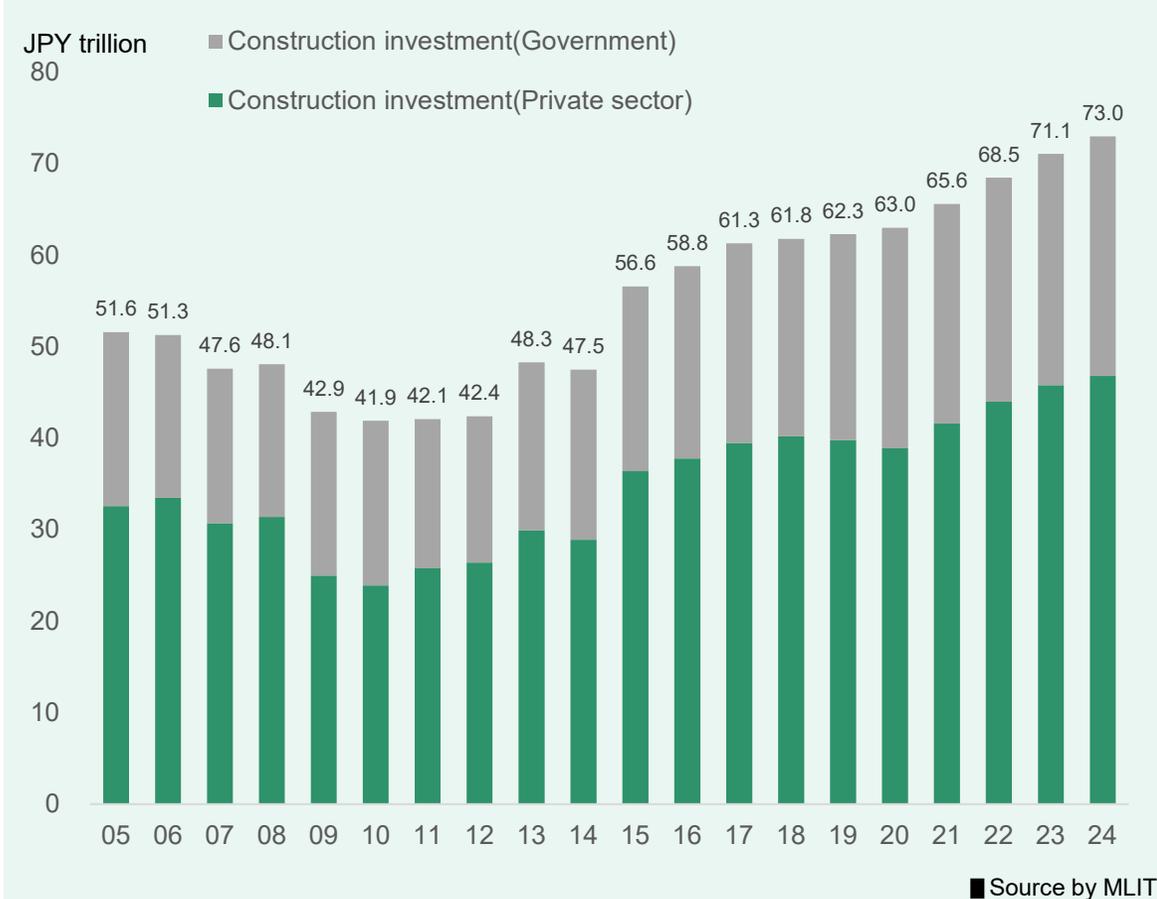
- Improve ROE and EPS by combining steady growth in operating income, flexible shareholder returns such as dividends, and external growth such as M&A

The market for consulting engineering business, our core business, is strongly influenced by government budget allocations and construction investment. Public works expenditures (Ministry of Land, Infrastructure, Transport and Tourism) have remained steady due to the “Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation and Building National Resilience” through 2024. Overall construction investment (public and private) has been increasing continuously since 2014. Construction investment by the government and the private sector is expected to stabilise to a certain extent in the future, and the potential market is also large due to the state of undeveloped infrastructure.

### Steady growth in public works-related expenditures

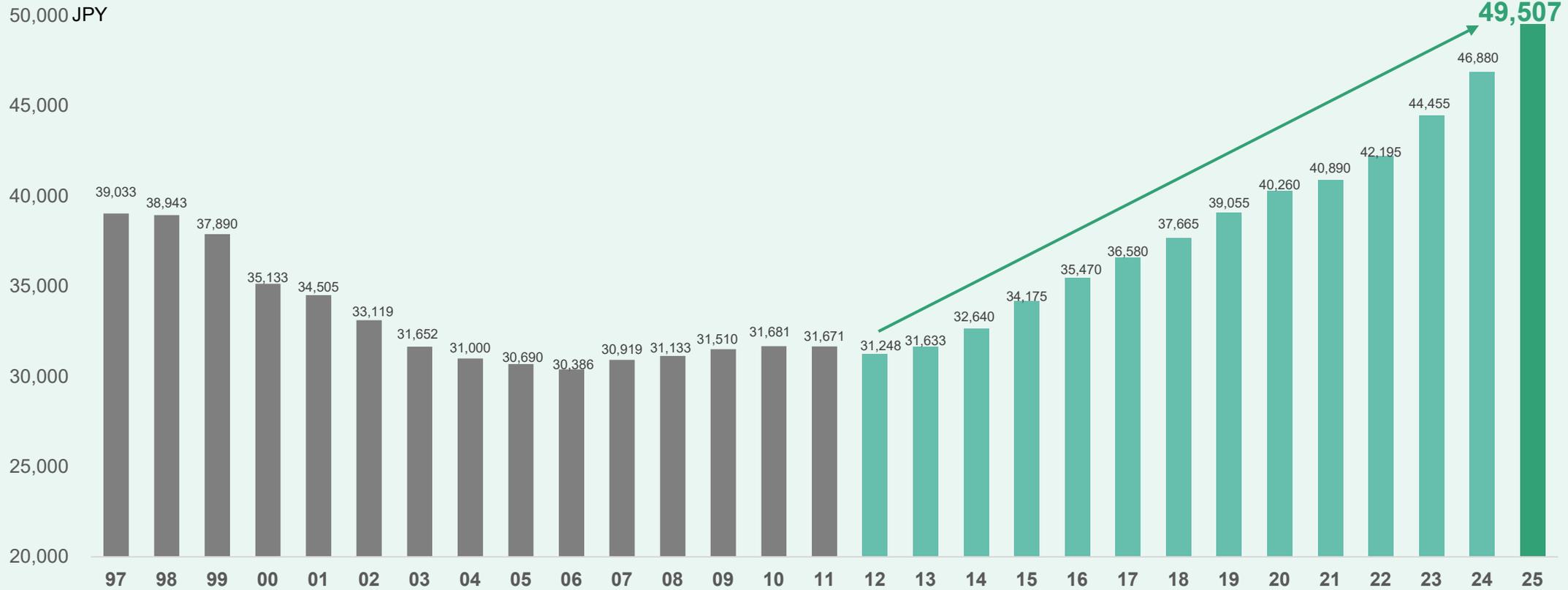


### Increase in construction investment

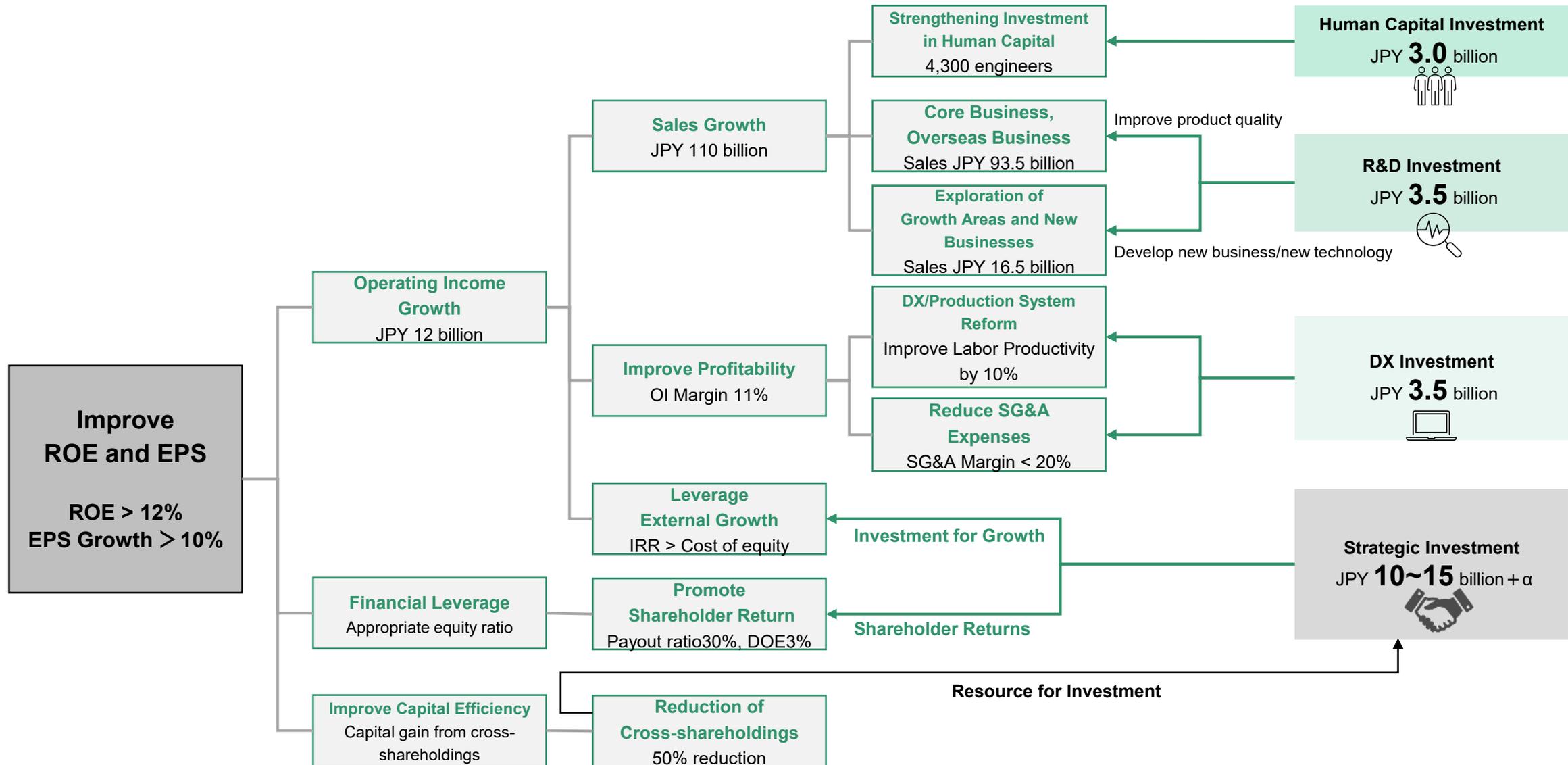


- **Unit Price for Design Engineers:** A unit price used for estimating design work outsourcing (design, surveying, geology, etc.) ordered by the Ministry of Land, Infrastructure, Transport and Tourism, which is set based on the annual salary survey conducted every year.
- In FY2025, the simple average of all job categories was JPY 49,570, an increase of 5.7% from the previous year, reflecting recent wage increases, etc.

### Increase in unit price for design engineers



■ Source by MLIT





Enriching life  
through engineering

**CTI Engineering Co., Ltd.**

**62nd term (2024)**  
**Financial Results**  
**{Supplementary Data}**

**CTI Engineering Co.,Ltd..**

## 1. Order Status (Non-consolidated)

### (1) Orders received by month

(JPY million, rounded down to the nearest million, %)

| Item<br>Month | Our company |              |        |              |        |              | Consulting Engineering (50 companies) (Note) |              |        |              |        |              |
|---------------|-------------|--------------|--------|--------------|--------|--------------|--|--------------|--------|--------------|--------|--------------|
|               | 2022        |              | 2023   |              | 2024   |              | 2022   |              | 2023   |              | 2024   |              |
|               | Amount      | Change (YoY) | Amount | Change (YoY) | Amount | Change (YoY) | Amount                                       | Change (YoY) | Amount | Change (YoY) | Amount | Change (YoY) |
| Jan.          | 2,601       | 48.5         | 2,468  | -5.1         | 2,725  | 10.4         | 22,956                                       | -0.7         | 22,746 | -0.9         | 26,720 | 17.5         |
| Feb.          | 3,489       | 14.8         | 3,166  | -9.3         | 2,977  | -6.0         | 32,633                                       | 3.0          | 38,771 | 18.8         | 38,410 | -0.9         |
| Mar.          | 9,676       | 17.7         | 11,106 | 14.8         | 9,046  | -18.5        | 75,636                                       | 2.7          | 81,481 | 7.7          | 94,586 | 16.1         |
| Apr.          | 8,931       | 4.8          | 9,851  | 10.3         | 9,230  | -6.3         | 86,832                                       | -17.9        | 89,173 | 2.7          | 95,812 | 7.4          |
| May           | 4,927       | -1.1         | 4,571  | -7.2         | 4,985  | 9.1          | 49,640                                       | 7.7          | 54,842 | 10.5         | 56,577 | 3.2          |
| Jun.          | 5,118       | -17.2        | 5,562  | 8.7          | 5,010  | -9.9         | 74,485                                       | -6.1         | 77,547 | 4.1          | 81,440 | 5.0          |
| Jul.          | 4,287       | -20.5        | 4,279  | -0.2         | 6,170  | 44.2         | 63,407                                       | 0.2          | 70,025 | 10.4         | 81,564 | 16.5         |
| Aug.          | 3,476       | -4.0         | 3,615  | 4.0          | 4,795  | 32.6         | 51,127                                       | -4.5         | 62,736 | 22.7         | 59,303 | -5.5         |
| Sept.         | 2,892       | -30.0        | 3,603  | 24.6         | 4,567  | 26.7         | 52,860                                       | 2.7          | 54,777 | 3.6          | 60,394 | 10.3         |
| Oct.          | 1,970       | -23.2        | 3,431  | 74.1         | 4,143  | 20.7         | 40,218                                       | 7.7          | 46,626 | 15.9         | 48,248 | 3.5          |
| Nov.          | 1,631       | -14.2        | 1,823  | 11.7         | 1,986  | 9.0          | 31,772                                       | 2.9          | 33,962 | 6.9          | 33,303 | -1.9         |
| Dec.          | 2,222       | -28.8        | 1,451  | -34.7        | 2,310  | 59.2         | 35,675                                       | 5.2          | 36,562 | 2.5          | 34,013 | -7.0         |

(Note) Source: "Dynamic Survey of Construction-Related Industries, etc. (50 consulting engineering companies)" published Ministry of Land, Infrastructure, Transport and Tourism, December 2024

### (2) Cumulative Orders Received

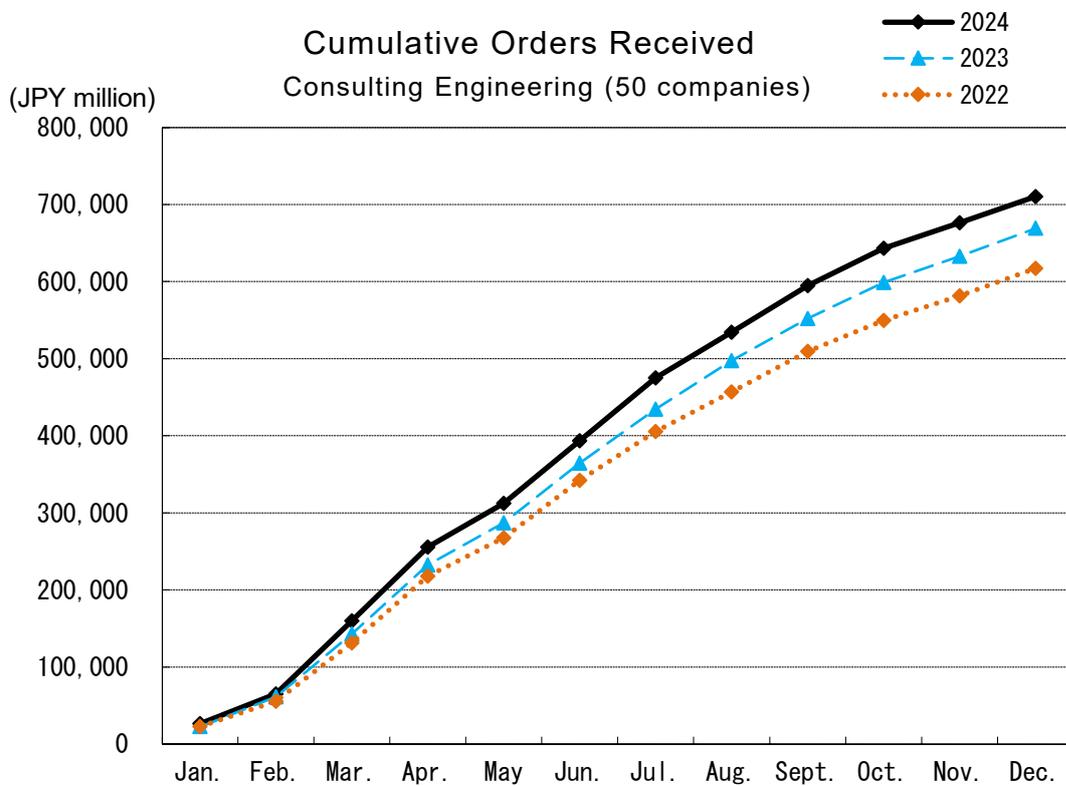
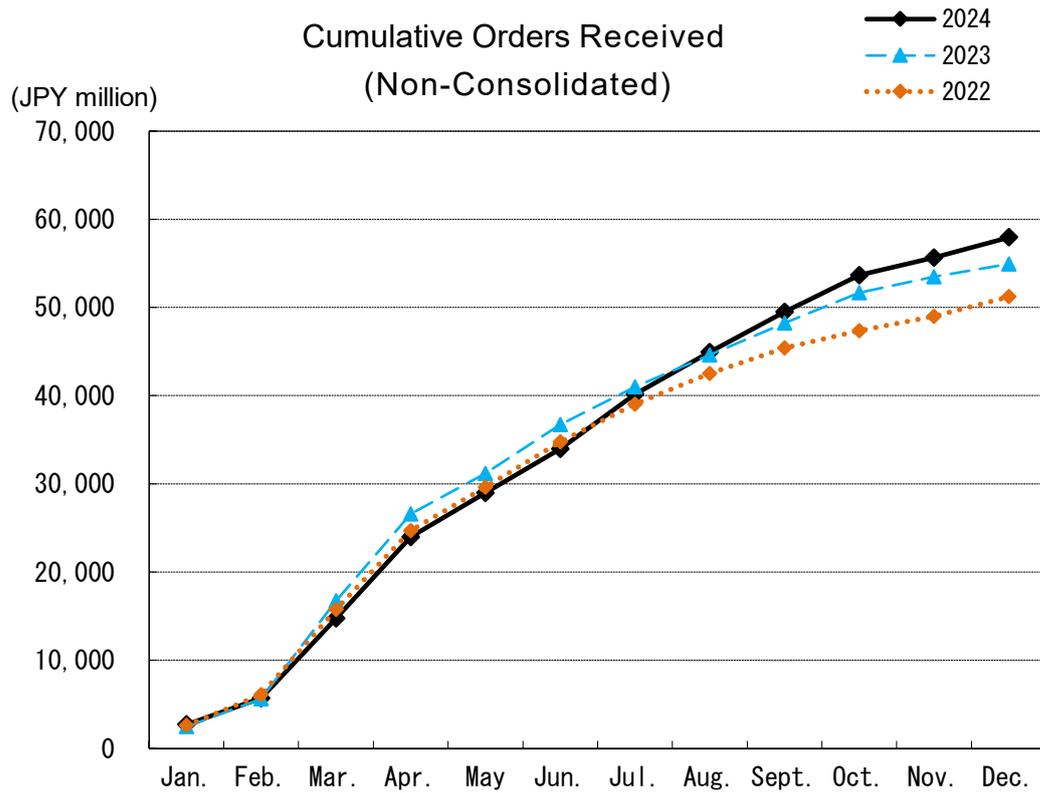
(JPY million, rounded down to the nearest million, %)

| Item<br>Month | Our company |              |        |              |        |              | Consulting Engineering (50 companies) (Note) |              |         |              |         |              |
|---------------|-------------|--------------|--------|--------------|--------|--------------|--|--------------|---------|--------------|---------|--------------|
|               | 2022        |              | 2023   |              | 2024   |              | 2022   |              | 2023    |              | 2024    |              |
|               | Amount      | Change (YoY) | Amount | Change (YoY) | Amount | Change (YoY) | Amount                                       | Change (YoY) | Amount  | Change (YoY) | Amount  | Change (YoY) |
| Jan.          | 2,601       | 48.5         | 2,468  | -5.1         | 2,725  | 10.4         | 22,956                                       | -0.7         | 22,746  | -0.9         | 26,720  | 17.5         |
| Feb.          | 6,091       | 27.1         | 5,635  | -7.5         | 5,702  | 1.2          | 55,589                                       | 1.5          | 61,517  | 10.7         | 65,130  | 5.9          |
| Mar.          | 15,767      | 21.2         | 16,741 | 6.2          | 14,749 | -11.9        | 131,225                                      | 2.2          | 142,998 | 9.0          | 159,716 | 11.7         |
| Apr.          | 24,699      | 14.7         | 26,592 | 7.7          | 23,980 | -9.8         | 218,057                                      | -6.9         | 232,171 | 6.5          | 255,528 | 10.1         |
| May           | 29,627      | 11.8         | 31,164 | 5.2          | 28,965 | -7.1         | 267,697                                      | -4.5         | 287,013 | 7.2          | 312,105 | 8.7          |
| Jun.          | 34,745      | 6.3          | 36,726 | 5.7          | 33,975 | -7.5         | 342,182                                      | -4.8         | 364,560 | 6.5          | 393,545 | 8.0          |
| Jul.          | 39,032      | 2.5          | 41,005 | 5.1          | 40,146 | -2.1         | 405,589                                      | -4.1         | 434,585 | 7.1          | 475,109 | 9.3          |
| Aug.          | 42,509      | 1.9          | 44,621 | 5.0          | 44,942 | 0.7          | 456,716                                      | -4.1         | 497,321 | 8.9          | 534,412 | 7.5          |
| Sept.         | 45,401      | -1.0         | 48,224 | 6.2          | 49,509 | 2.7          | 509,576                                      | -3.5         | 552,098 | 8.3          | 594,806 | 7.7          |
| Oct.          | 47,372      | -2.1         | 51,656 | 9.0          | 53,652 | 3.9          | 549,794                                      | -2.7         | 598,724 | 8.9          | 643,054 | 7.4          |
| Nov.          | 49,003      | -2.6         | 53,479 | 9.1          | 55,639 | 4.0          | 581,566                                      | -2.4         | 632,686 | 8.8          | 676,357 | 6.9          |
| Dec.          | 51,226      | -4.1         | 54,930 | 7.2          | 57,949 | 5.5          | 617,241                                      | -2.0         | 669,248 | 8.4          | 710,370 | 6.1          |

\* Reference data: Consolidated Orders Received

(JPY million, rounded down to the nearest million, %)

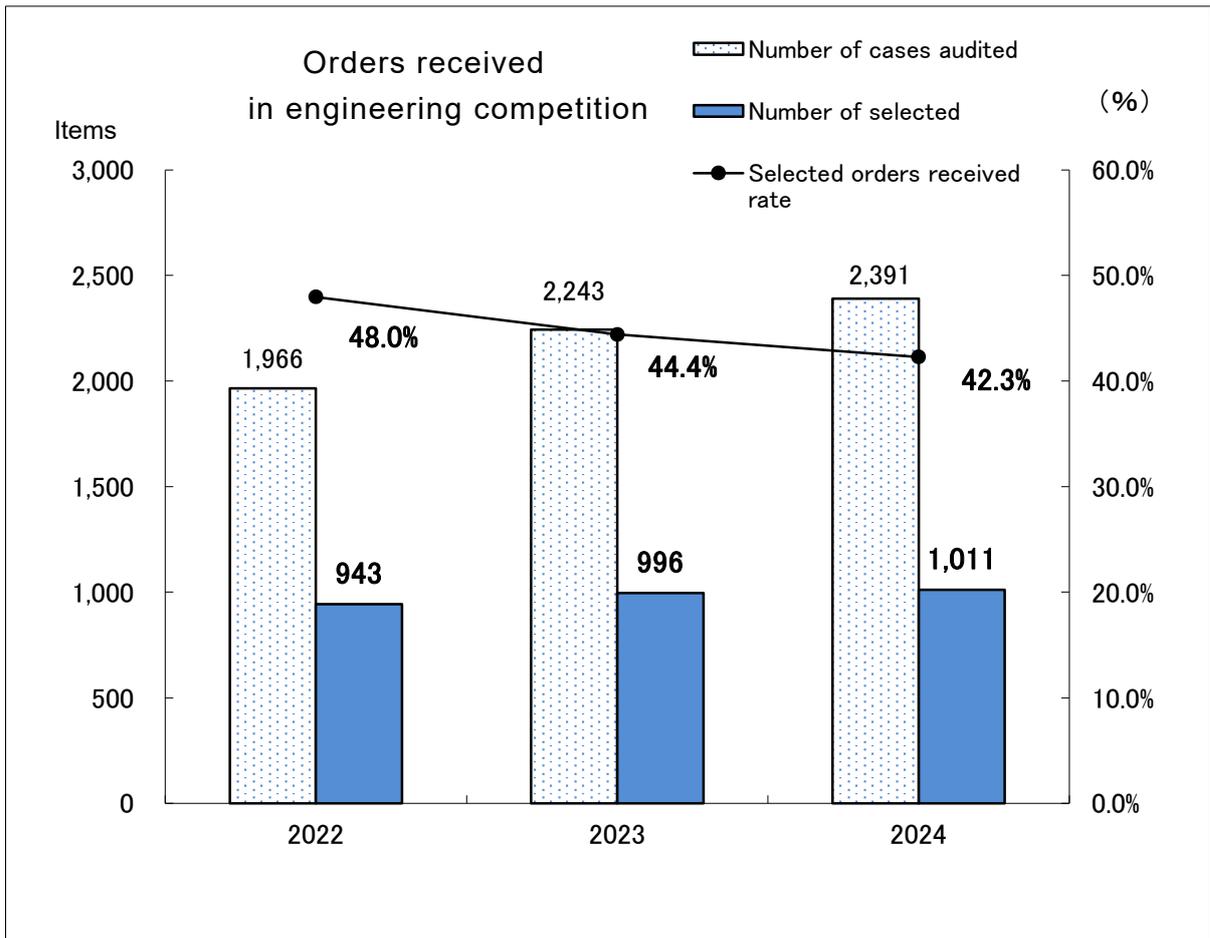
|                                 | 2022   |              | 2023   |              | 2024   |              |
|---------------------------------|--------|--------------|--------|--------------|--------|--------------|
|                                 | Amount | Change (YoY) | Amount | Change (YoY) | Amount | Change (YoY) |
| Full Year (January to December) | 85,887 | 1.7          | 92,473 | 7.7          | 94,400 | 2.1          |



(Note) Source: "Dynamic Survey of Construction-Related Industries, etc. (50 consulting engineering companies)" published Ministry of Land, Infrastructure, Transport and Tourism, December 2024

(3) Orders Received of Proposals and Comprehensive Evaluation bid (Non-Consolidated)  
(Items,%)

| FY                            | 2022<br>(2022.1 to 12) | 2023<br>(2023.1 to 12) | 2024<br>(2024.1 to 12) |
|-------------------------------|------------------------|------------------------|------------------------|
| Number of cases audited       | 1,966                  | 2,243                  | 2,391                  |
| Number of selected            | 943                    | 996                    | 1,011                  |
| Selected orders received rate | 48.0%                  | 44.4%                  | 42.3%                  |



## 2. Results by Business Sector (Consolidated)

(JPY million, rounded down to the nearest million, %)

| FY   | Business Sector        | Beginning balance of orders carried forward | Orders received | change (YoY) | Sales Amount | Composition ratio | change (YoY) | Gross profit | Gross Profit Margin% | Balance of orders carried forward |
|------|------------------------|---|-----------------|--------------|--------------|-------------------|--------------|--------------|----------------------|-----------------------------------|
| 2022 | Water & Land           | 13,991                                      | 21,099          | 0.5          | 20,227       | 24.3              | 7.6          | 6,908        | 34.2                 | 15,169                            |
|      | Transportation & Urban | 14,176                                      | 18,650          | (6.1)        | 19,137       | 23.0              | 0.4          | 5,258        | 27.5                 | 13,675                            |
|      | Environmental & Social | 7,843                                       | 15,089          | 18.4         | 14,584       | 17.4              | 20.5         | 4,285        | 29.4                 | 8,608                             |
|      | Construction Mgmt.     | 3,210                                       | 3,352           | (33.7)       | 4,209        | 5.0               | 12.6         | 1,536        | 36.5                 | 2,274                             |
|      | Overseas               | 22,258                                      | 27,696          | 7.4          | 25,325       | 30.3              | 22.3         | 5,429        | 21.4                 | 25,034                            |
|      | Total                  | 61,480                                      | 85,887          | 1.7          | 83,485       | 100.0             | 12.2         | 23,419       | 28.1                 | 64,761                            |
| 2023 | Water & Land           | 15,169                                      | 22,323          | 5.8          | 23,544       | 25.3              | 16.4         | 8,995        | 38.2                 | 14,644                            |
|      | Transportation & Urban | 13,675                                      | 19,427          | 4.2          | 19,976       | 21.6              | 4.4          | 5,297        | 26.5                 | 13,568                            |
|      | Environmental & Social | 8,608                                       | 15,244          | 1.0          | 16,229       | 17.4              | 11.3         | 4,932        | 30.4                 | 7,689                             |
|      | Construction Mgmt.     | 2,274                                       | 5,165           | 54.1         | 4,723        | 5.0               | 12.2         | 1,855        | 39.3                 | 2,953                             |
|      | Overseas               | 25,034                                      | 30,312          | 9.4          | 28,583       | 30.7              | 12.9         | 5,979        | 20.9                 | 26,497                            |
|      | Total                  | 64,761                                      | 92,473          | 7.7          | 93,057       | 100.0             | 11.5         | 27,060       | 29.1                 | 65,353                            |
| 2024 | Water & Land           | 14,644                                      | 23,691          | 6.1          | 24,919       | 25.6              | 5.8          | 9,598        | 38.5                 | 13,579                            |
|      | Transportation & Urban | 13,568                                      | 21,417          | 10.2         | 21,001       | 21.5              | 5.1          | 5,586        | 26.6                 | 13,614                            |
|      | Environmental & Social | 7,689                                       | 16,472          | 8.1          | 16,361       | 16.7              | 0.8          | 4,941        | 30.2                 | 7,672                             |
|      | Construction Mgmt.     | 2,953                                       | 4,142           | (19.8)       | 4,662        | 4.7               | (1.3)        | 1,645        | 35.3                 | 2,341                             |
|      | Overseas               | 26,497                                      | 28,676          | (5.4)        | 30,733       | 31.5              | 7.5          | 6,656        | 21.7                 | 25,419                            |
|      | Total                  | 65,353                                      | 94,400          | 2.1          | 97,678       | 100.0             | 5.0          | 28,427       | 29.1                 | 62,626                            |

(Note 1) Due to the application of ASBJ Statement No. 29 Accounting Standard for Revenue Recognition starting in FY 2022, with the exclusion of orders received, the Year-on-Year change percentages shown here are for reference purposes.

(Note 2) Environmental Research & Solutions Co.,Ltd., which entered the scope of consolidation in FY 2022, is classified under the Environmental & Social Business Sector.

(Forecast [FY2025])

(JPY million, rounded down to the nearest million, %)

| FY               | Business Sector        | Beginning balance of orders carried forward | Orders received | change (YoY) | Sales Amount | Composition ratio | change (YoY) | Gross profit | Gross Profit Margin% | Balance of orders carried forward |
|------------------|------------------------|---|-----------------|--------------|--------------|-------------------|--------------|--------------|----------------------|-----------------------------------|
| Forecast<br>2025 | Water & Land           | 13,905                                      | 23,800          | 0.5          | 24,900       | 24.9              | (0.1)        | 9,300        | 37.3                 | 12,805                            |
|                  | Transportation & Urban | 13,940                                      | 21,900          | 2.3          | 22,000       | 22.0              | 4.8          | 6,500        | 29.5                 | 13,840                            |
|                  | Environmental & Social | 7,835                                       | 16,600          | 0.8          | 17,000       | 17.0              | 3.9          | 5,400        | 31.8                 | 7,435                             |
|                  | Construction Mgmt.     | 2,341                                       | 4,700           | 13.5         | 5,100        | 5.1               | 9.4          | 1,800        | 35.3                 | 1,941                             |
|                  | Overseas               | 25,419                                      | 33,000          | 15.1         | 31,000       | 31.0              | 0.9          | 6,500        | 21.0                 | 27,419                            |
|                  | Total                  | 63,442                                      | 100,000         | 5.9          | 100,000      | 100.0             | 2.4          | 29,500       | 29.5                 | 63,442                            |

### [Disclaimer]

These presentation materials contain forward-looking statements concerning plans, forecasts, corporate strategies, etc., and reflect information available to the company at the time this results presentation was published and are based on assumptions deemed reasonable by management.

In light of the uncertainties inherent in these judgements and assumptions – resulting from possible changes in the overall economic climate, government policies affecting our business, changes to the tax code and in other policy areas, changes in the geopolitical climate, etc. – the Company's actual financial results could differ materially from these forward-looking statements.