

# **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



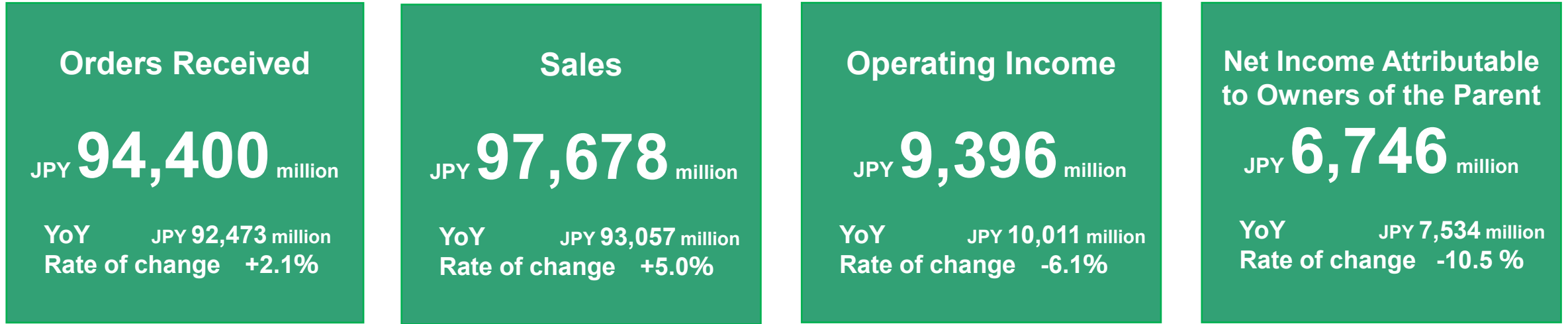
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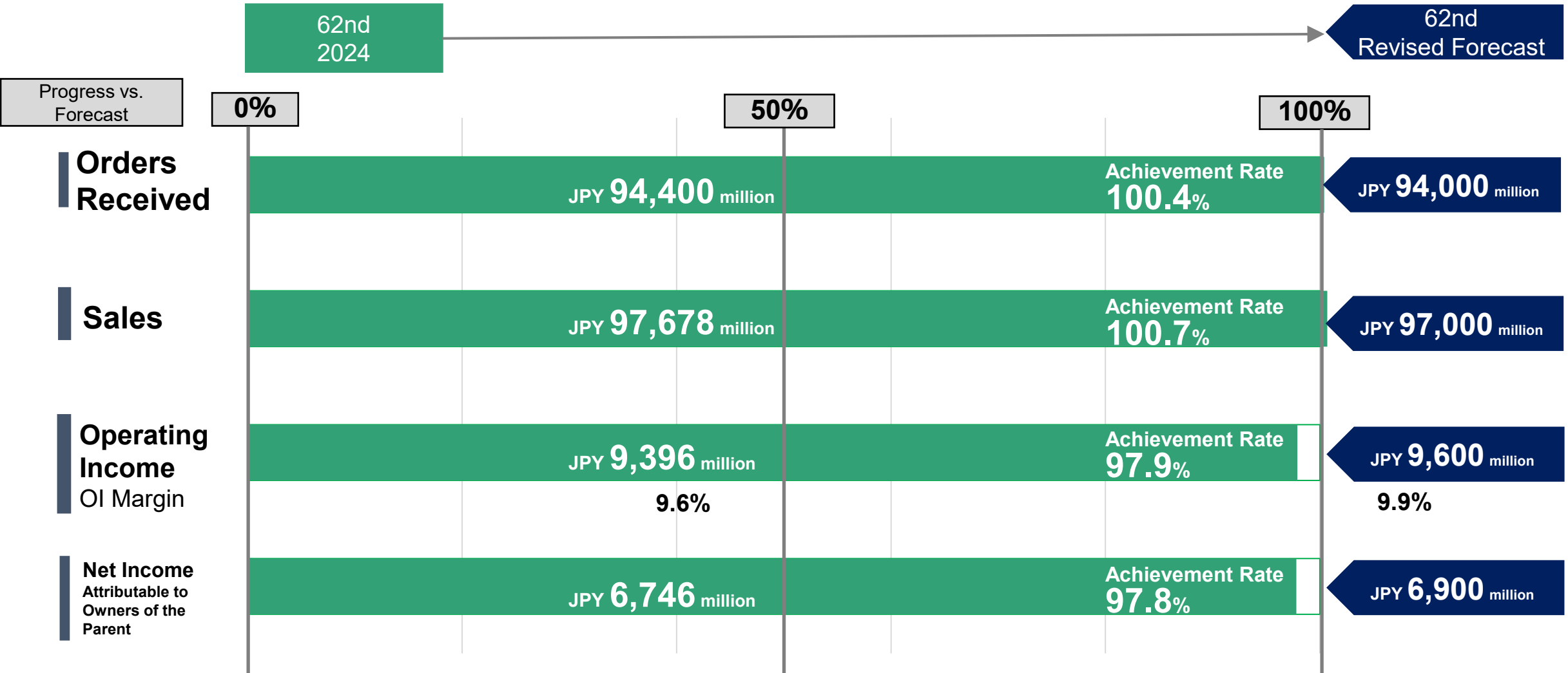
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Orders Received and Sales exceeded the revised full fiscal year forecast and delivered a new record performance. Operating Income and Net Income ended up as planned.



<b>Orders Received</b>	Considering the workload of engineers as initial policy, exceeded the revised full fiscal year forecast and YoY.
<b>Sales</b>	Based on the progress up to 3Q, Sales Continued to be strong and achieved YoY growth.
<b>Operating Income</b>	Enforced “Advance structural transformation and prevent errors” and "Enhance investment” as an initial policy, ended up almost as revised forecast.

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

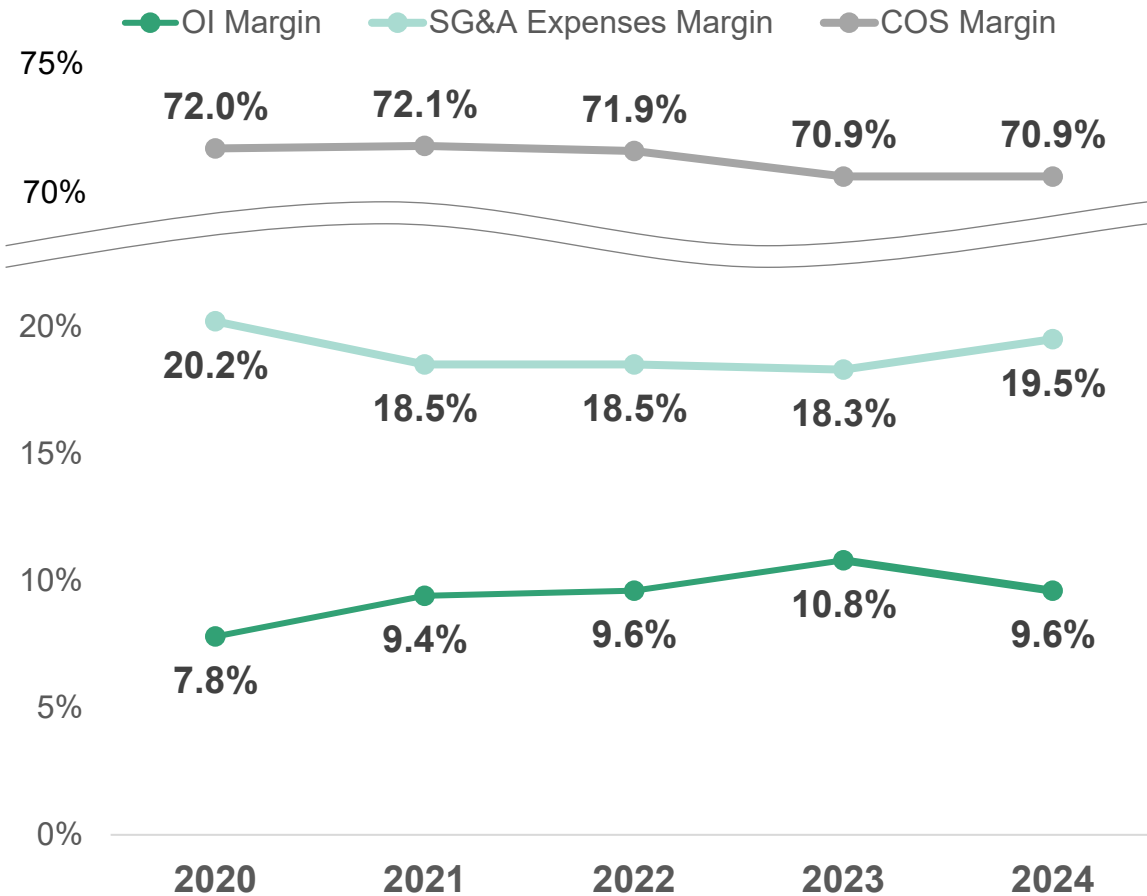


(JPY million)

Item	61 <sup>st</sup> Term 2023	62 <sup>nd</sup> Term 2024			62 <sup>nd</sup> Term 2024 (Revised FY Forecast)	
			Change(¥) (YoY)	Change(%) (YoY)		Achievement vs. Forecast (%)
Orders Received	92,473	<b>94,400</b>	+1,926	+2.1%	94,000	100.4%
Sales	93,057	<b>97,678</b>	+4,621	+5.0%	97,000	100.7%
Operating Income	10,011	<b>9,396</b>	-614	-6.1%	9,600	97.9%
OI Margin	10.8%	<b>9.6%</b>	-	-1.1pt	9.9%	-
Ordinary Profit	10,153	<b>9,535</b>	-617	-6.1%	9,700	98.3%
Net Income Attributable to Owners of the Parent	7,534	<b>6,746</b>	-788	-10.5%	6,900	97.8%

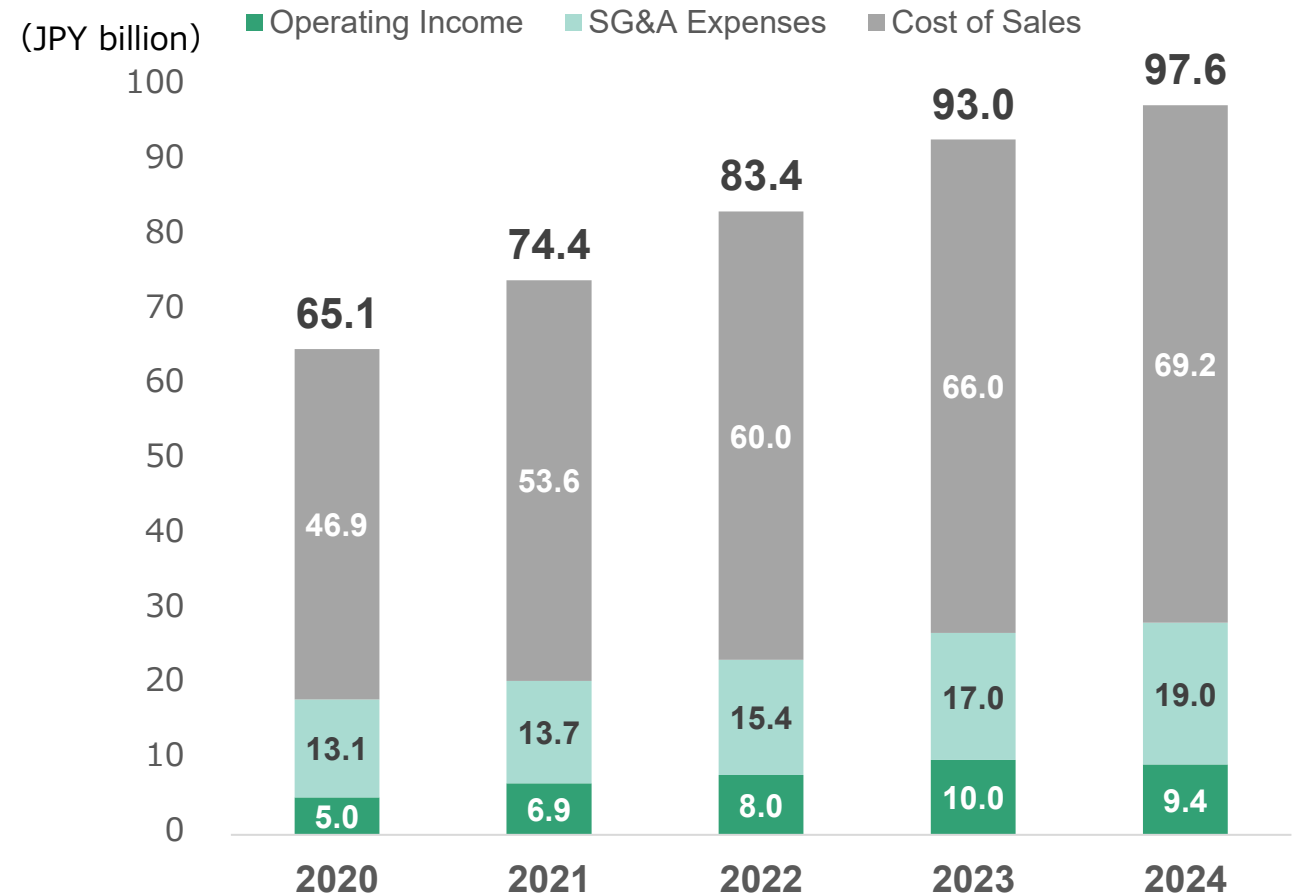
## Operating Income Margin, etc. -5 years trend-

- COS Margin declining in 5 years.
- SG&A Margin: 19.5% (YoY +1.2pt)
- OI Margin : 9.6% (YoY -1.2pt)

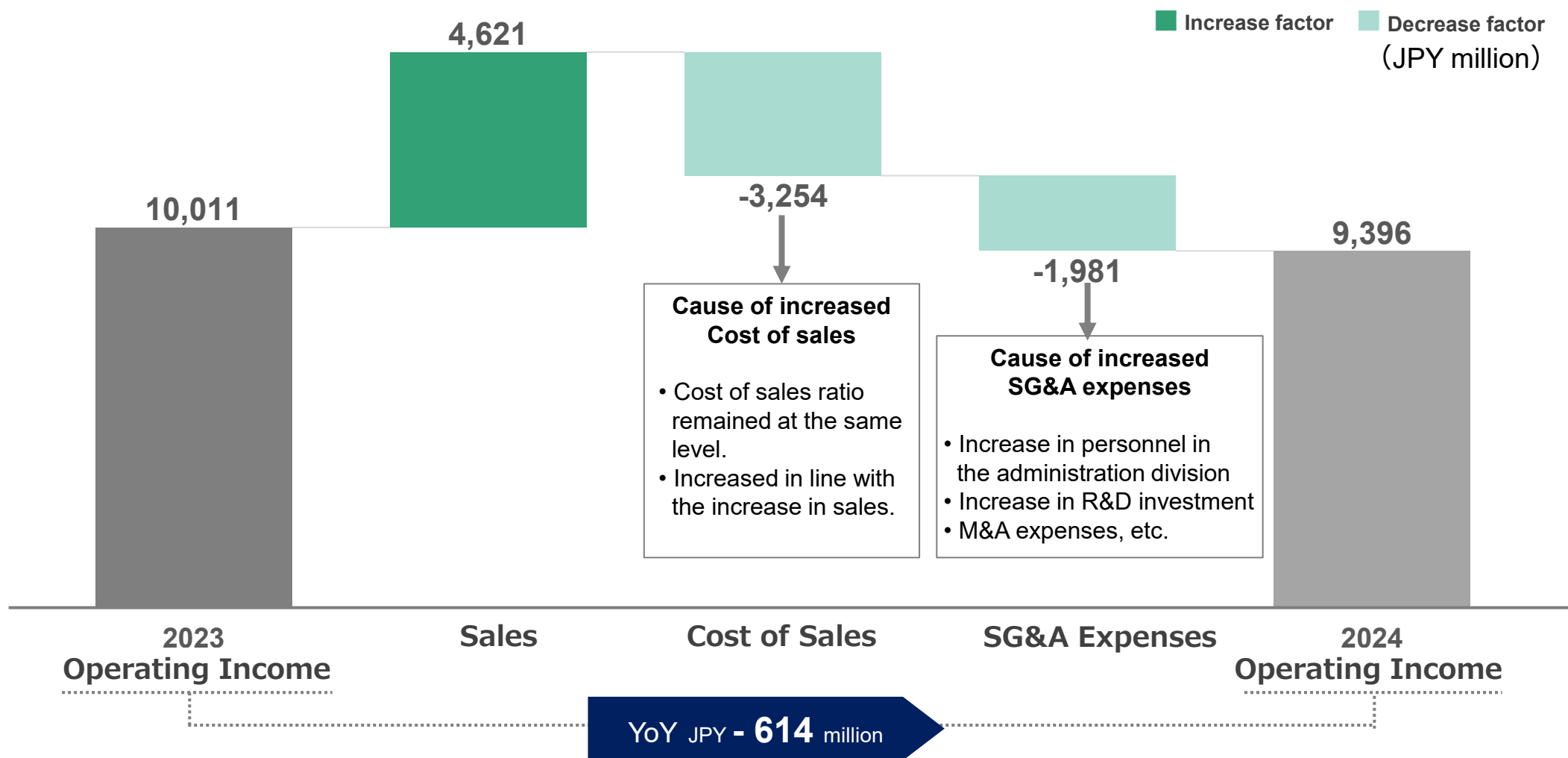


## Sales Composition -5 years trend-

- 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.



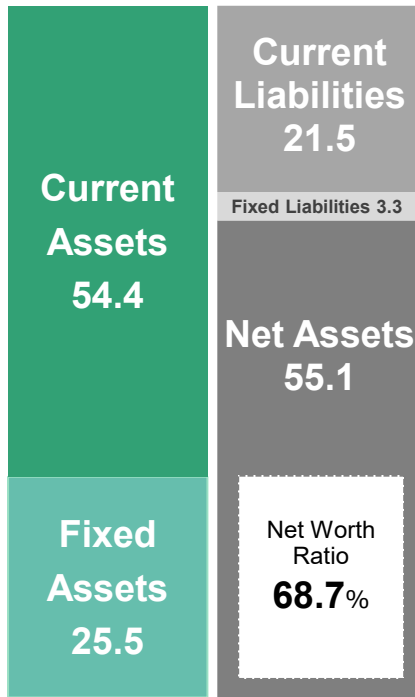
- Cost of sales ratio remained at the same level and increased in line with the increase in sales.
- SG & A expenses increased due to an increase in personnel in the administration division, an increase in R&D investment, M&A expenses, etc.
- Due to the impact of higher SG & A expenses, operating income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



## Balance Sheet

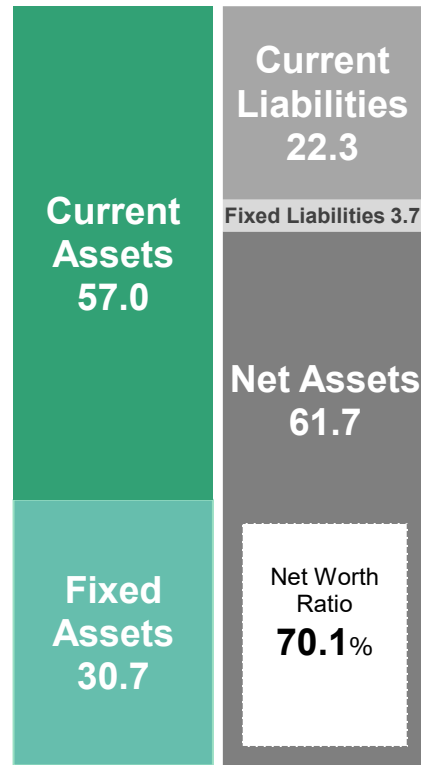
- Assets increased JPY 7.8 billion due to an increase in accounts receivable(+ JPY 6.2 billion), goodwill(+ JPY 2.6 billion), etc.
- Liabilities increased JPY 1.2 billion due to an increase in contract liabilities(+ JPY 0.3 billion), etc.
- Net worth ratio 70.1% (+ 1.4pt)

Total Assets JPY **79.9** billion



2023

Total Assets JPY **87.7** billion



2024

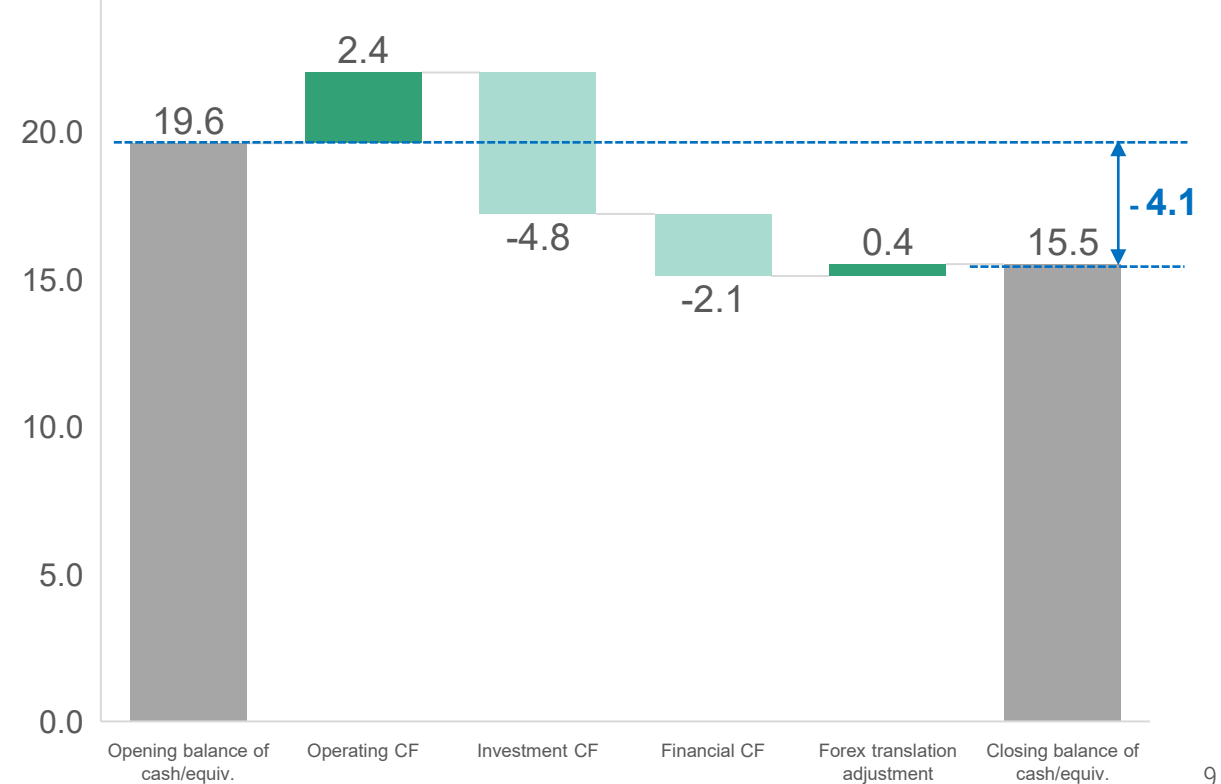
(JPY billion)

## Cash Flow

- Cash & cash equivalents closing balance decreased 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


25.0 (JPY billion)



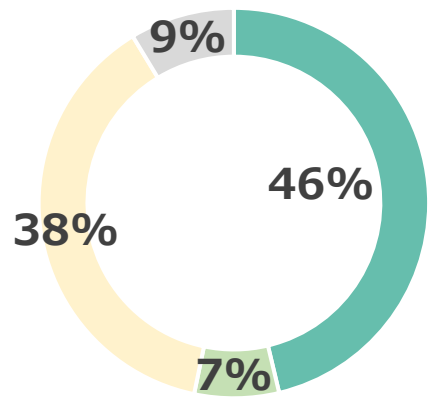
## Orders Received and Sales exceeded the revised forecast, Operating Income ended as planned.

- Orders received continued to be strong from the previous year due to “ Five years acceleration measures for disaster prevention, mitigation and 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 in line with the revised forecast (99.0% of the forecast)

(JPY million)

	61 <sup>st</sup> Term 2023	62 <sup>nd</sup> Term 2024			62 <sup>nd</sup> Term 2024 (Revised FY Forecast)	
			Change(¥) (YoY)	Change(%) (YoY)		Achievement vs. Forecast (%)
Orders Received	62,161	<b>65,724</b>	+3,563	+5.7%	62,500	105.2%
Sales	64,473	<b>66,945</b>	+2,471	+3.8%	66,000	101.4%
Operating Income	8,943	<b>8,610</b>	-333	-3.7%	8,700	99.0%
OI Margin	13.9%	<b>12.9%</b>	-	-1.0pt	13.2%	-

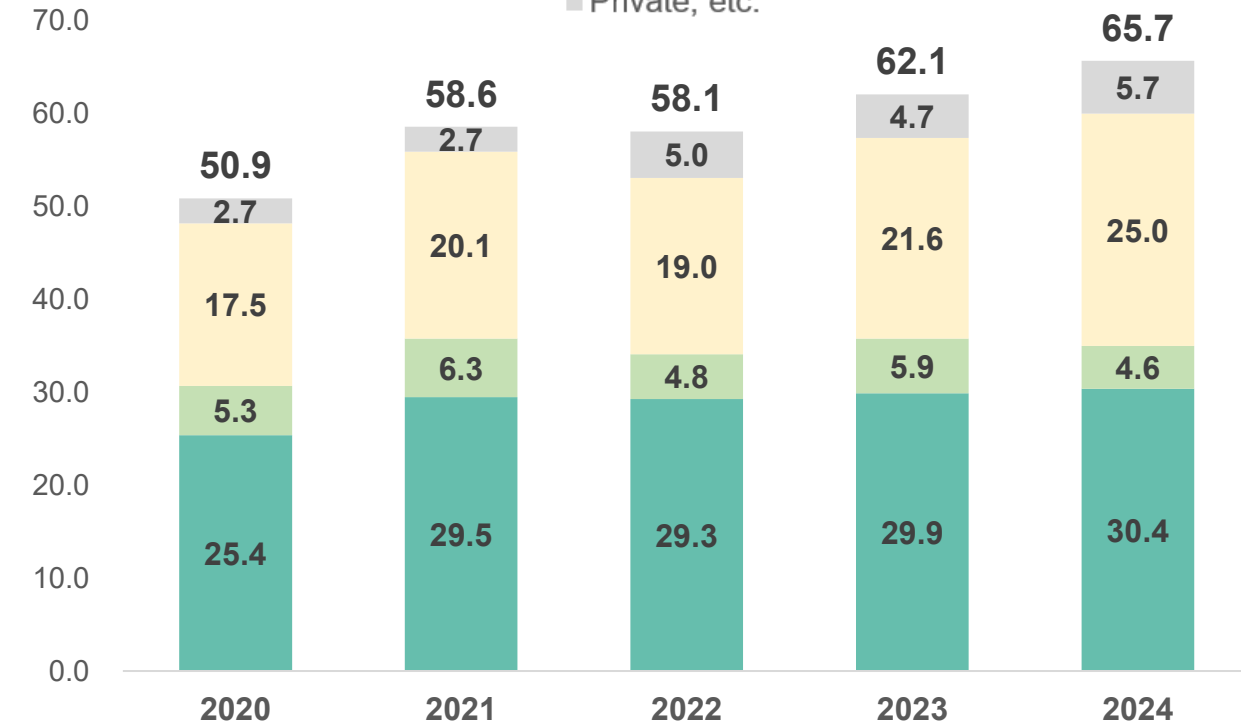
## Orders Received Amount by Clients



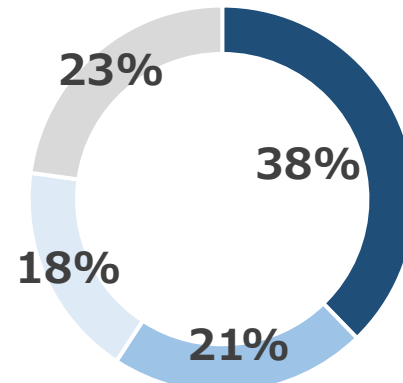
- Slight increase from Government
- Slight decrease from Former Public Corporations and Foundations.
- Increase from Local Government and Private, etc.  
Local Government ratio: +3pt



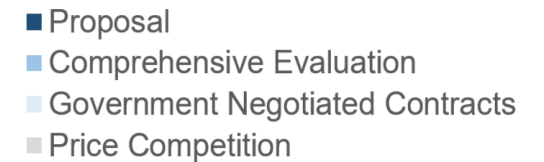
(JPY billion)



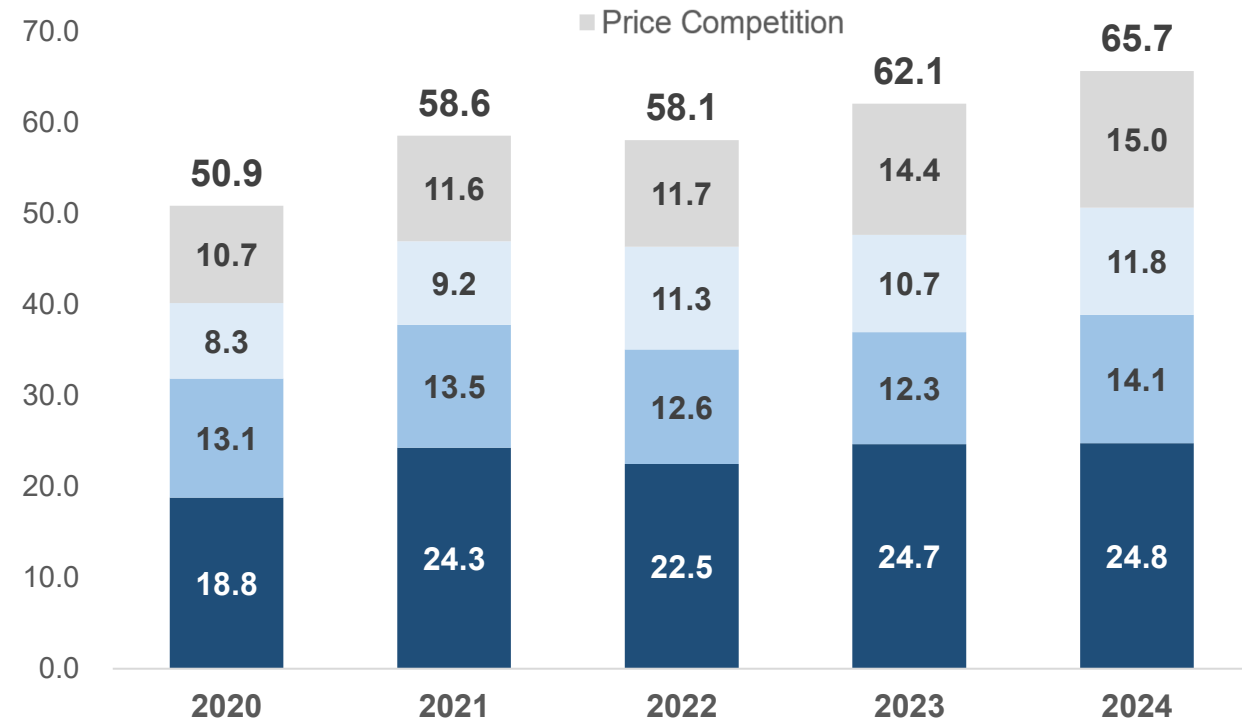
## Orders Received Amount by Contract Method



- Trend of Orders Received Amount by Contract Method unchanged from previous years.  
Engineering Competitiveness (Proposal & Comprehensive Evaluation) account for a large share.



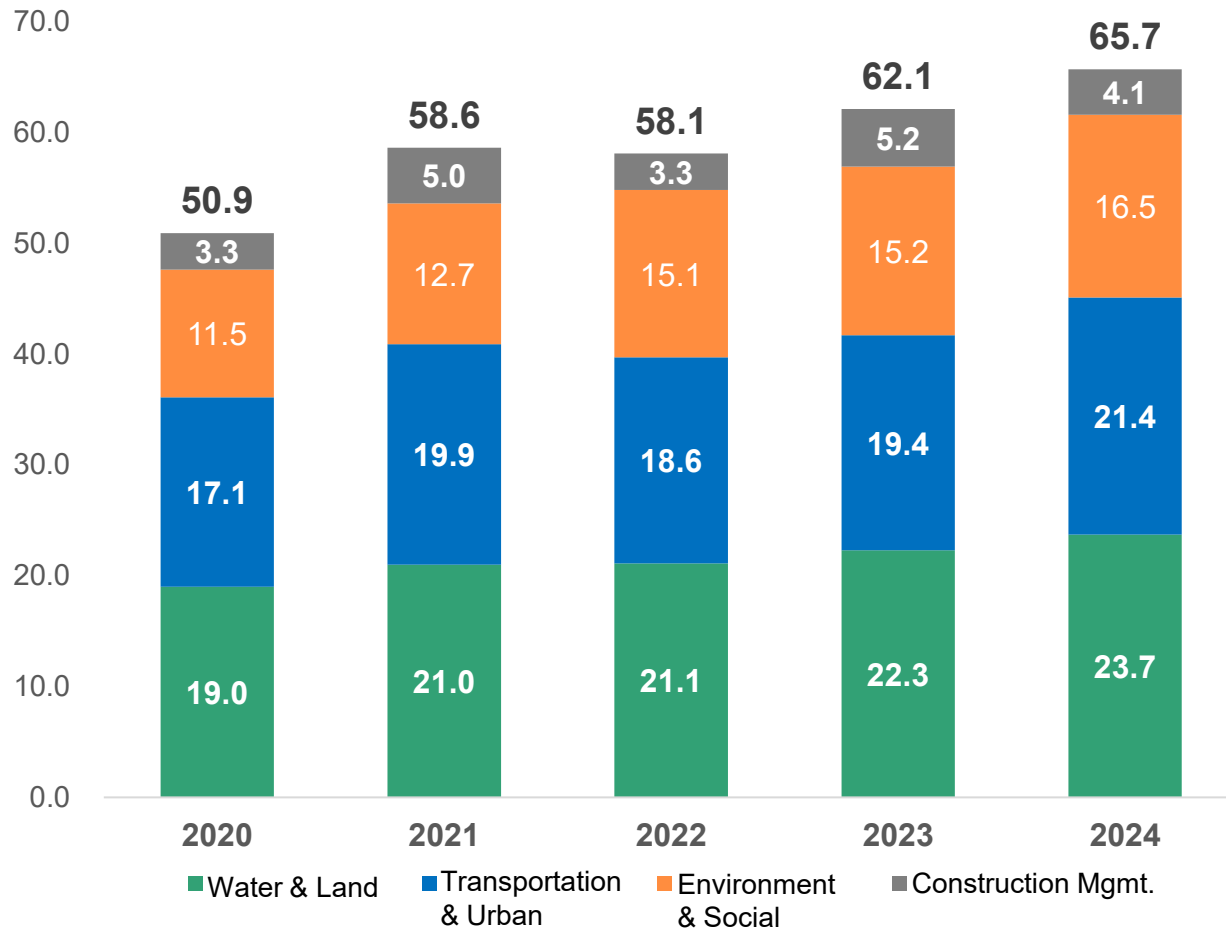
(JPY billion)



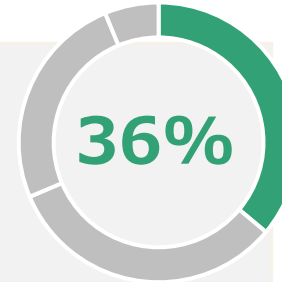
## Orders Received Amount by Sector

- Trend of Orders Received Amount by Sector unchanged from previous years.
- High gross profit margin in Water & Land, Construction Management.

(JPY billion)



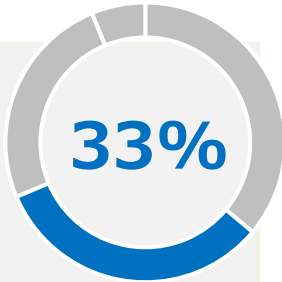
### Water & Land Sector



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

Orders Received JPY **23,691** million  
YoY **6.1%**  
Gross Profit Margin **38.5%**

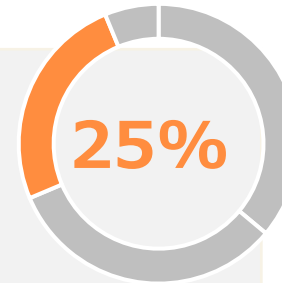
### Transportation & Urban Sector



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

Orders Received JPY **21,417** million  
YoY **10.2%**  
Gross Profit Margin **26.6%**

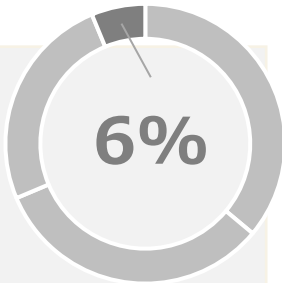
### Environment & Social Sector



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

Orders Received JPY **16,472** million  
YoY **8.1%**  
Gross Profit Margin **30.2%**

### Construction Management Sector



Public Procurement Assistance / Construction Management & Execution Management


Orders Received JPY **4,142** million  
YoY **-19.8%**  
Gross Profit Margin **35.3%**

Sales were almost in line with the revised forecast.

Operating income fell short of the plan 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 million)

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			Change(¥) (YoY)	Change(%) (YoY)		Achievement vs. Forecast (%)
Orders Received	30,312	<b>28,676</b>	-1,636	-5.4% (-13.4%)	31,500	91.0%
Sales	28,583	<b>30,733</b>	+2,150	+7.5% (-0.9%)	31,000	99.1%
Operating Income	1,073	<b>773</b>	-299	-27.9% (-33.6%)	900	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.

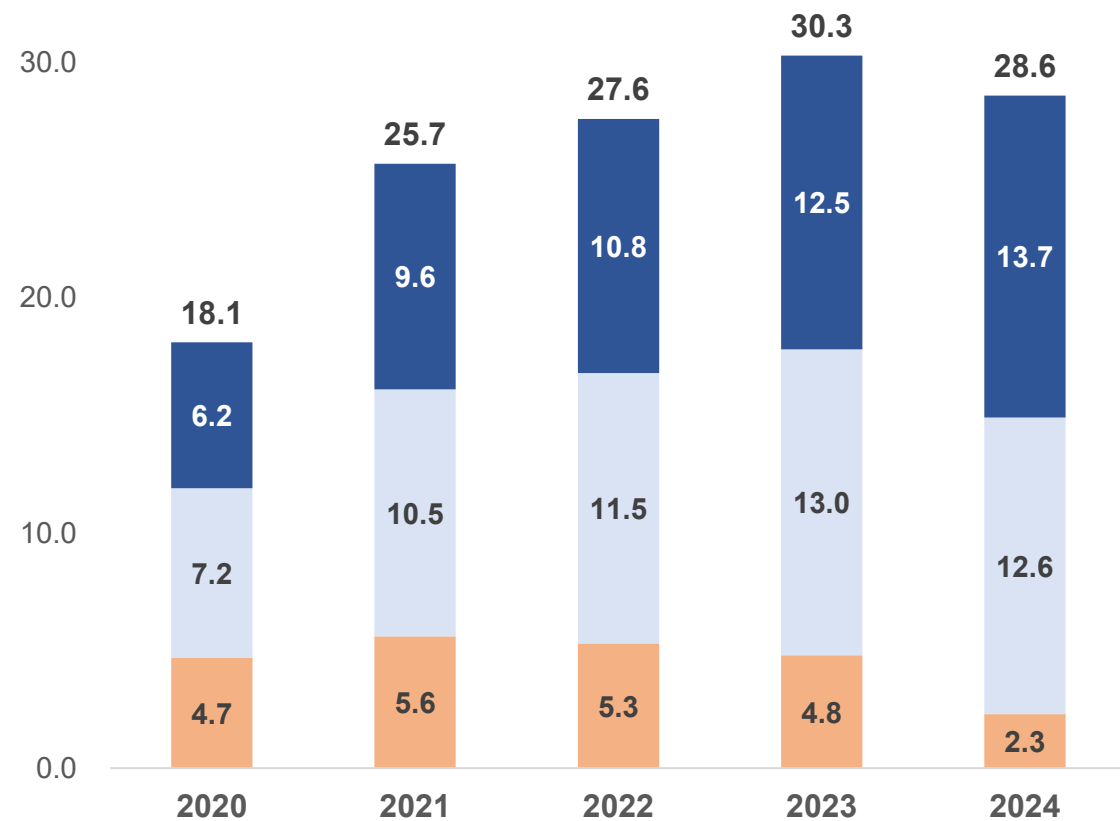
The figures in parenthesis represent at change percentage excluding the foreign currency adjustment of our overseas subsidiaries.

- Waterman performed well in the public sector but 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)

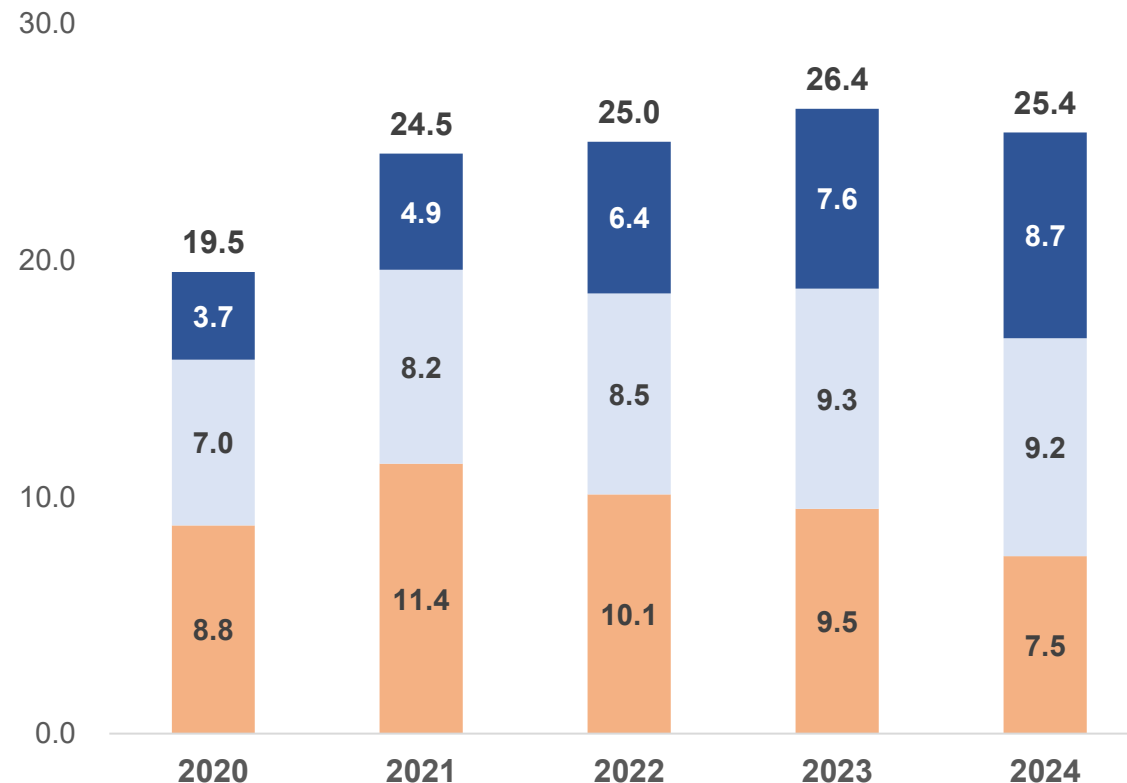
CTII Waterman (Private) Waterman (Public)



## Trend in Order Balance

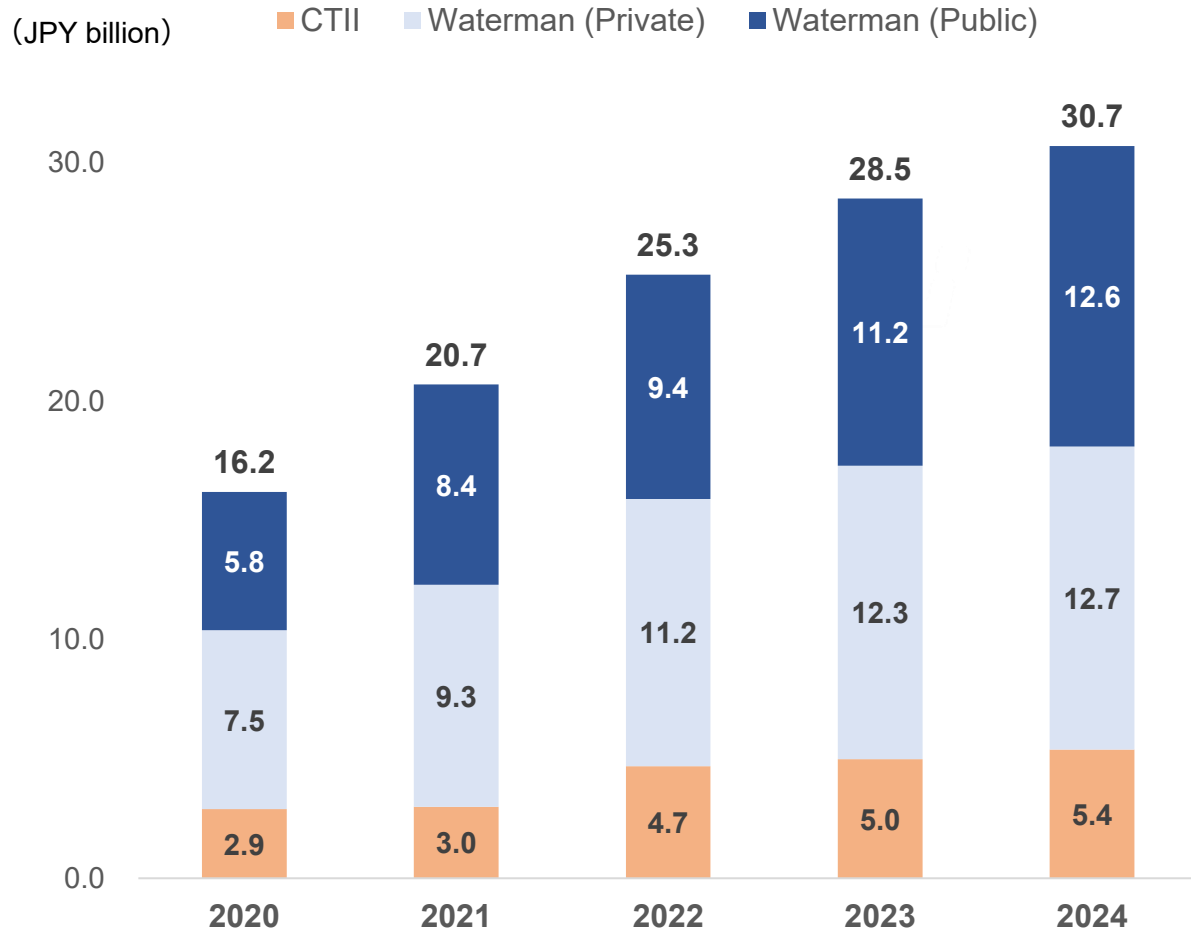
(JPY billion)

CTII Waterman (Private) Waterman (Public)

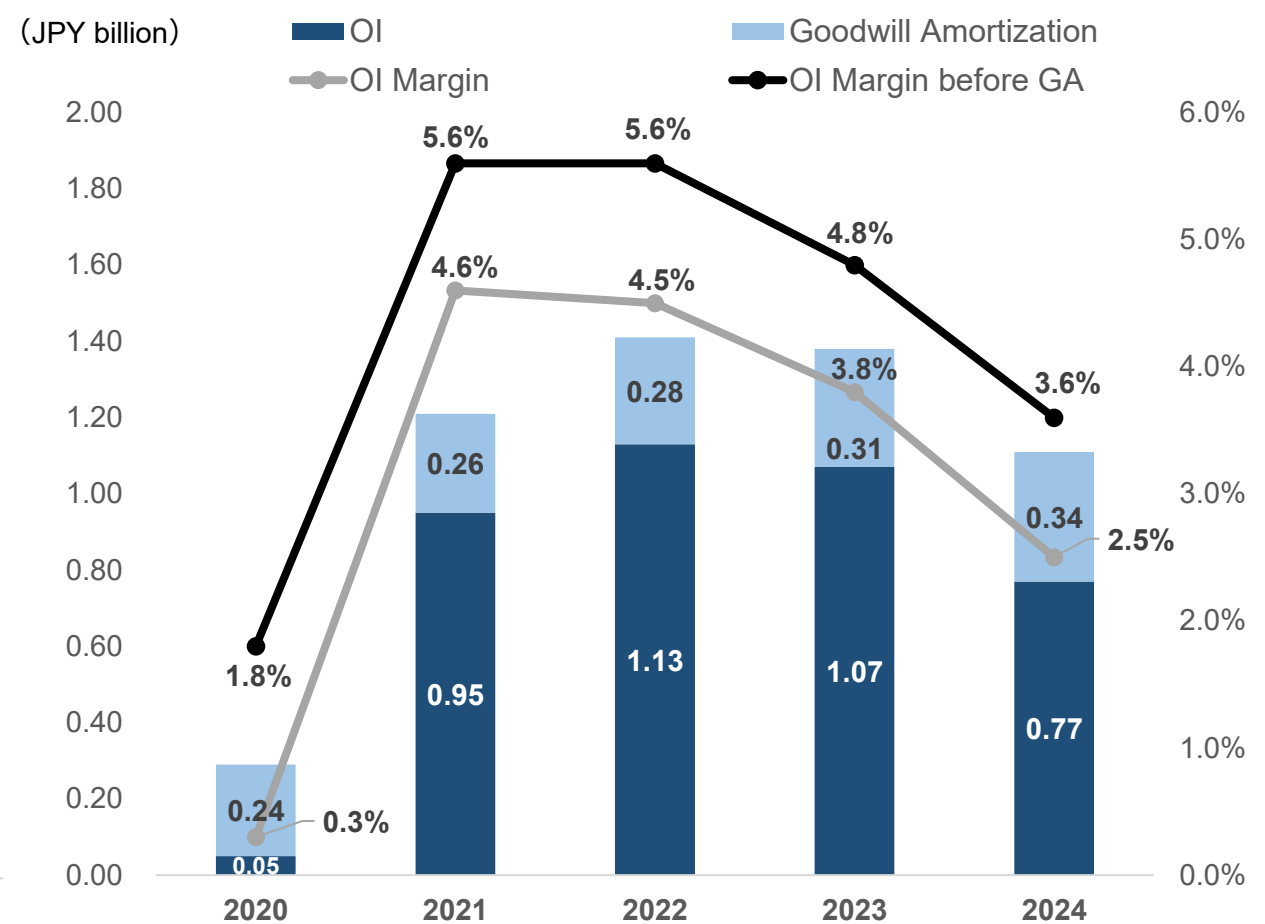


- Sales increased partly due to the impact of foreign exchange rates.
- Operating income decreased due to inflation and higher personnel costs etc.

## Trend in Sales



## Trend in Operating Income and OI Margin



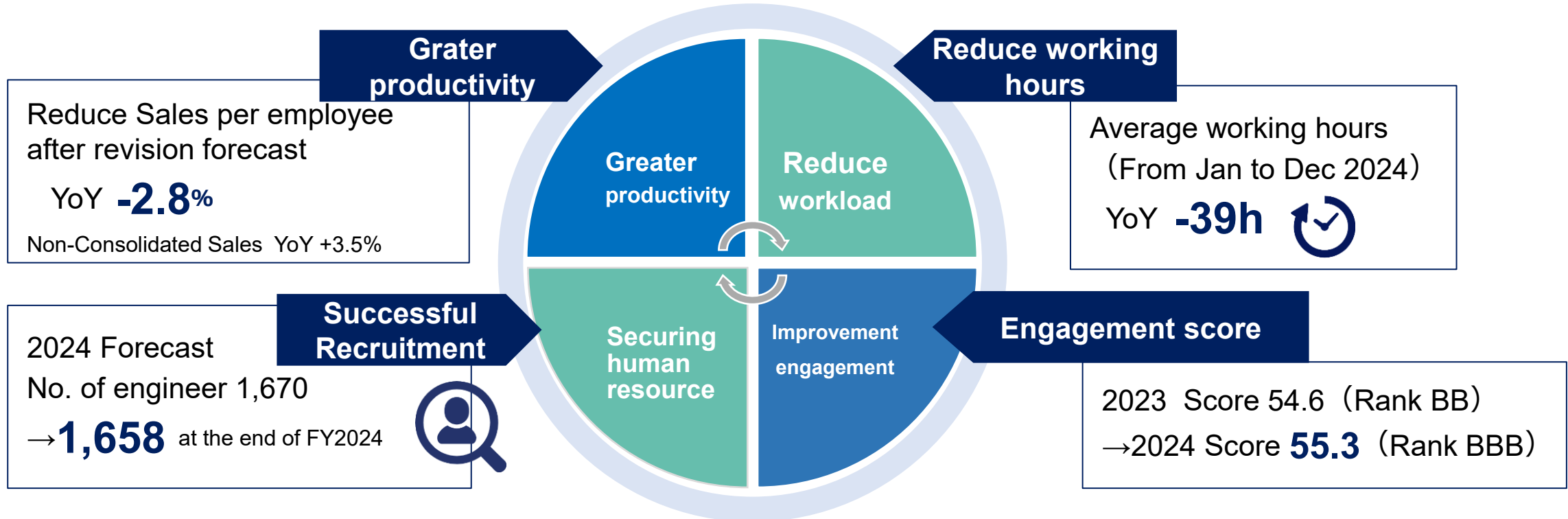
We made a management plan to reduce both Sales and Profits from the previous FY, focusing on the following two points:

- (1) Advance structural transformation and prevent errors
- (2) Enhance Investment

We revised to financial results forecast based on the good performance in the first half → **Sales ↑ Working hours ↓**

## Prevent errors

By utilizing a dedicated checking organization and promoting the use of tools to support checking and self-checking.  
The number of complaints caused by errors decreased by about 40% compared to the same period of FY2023.



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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

### Consolidated Sales

FY2024

Result **JPY 97.6 billion**

Target **JPY 85.0 billion**

- Positive market environment
- Steady recruitment

### Operating Income Margin

FY2024

Result **9.6%**

Target **9.0%**

- Improvement of core businesses profitability

### ROE

FY2024

Result **11.6%**

Target **10% or more**

- Increase in profit margin
- Improvement in capital efficiency through share repurchase, etc.

## Commitment to Stakeholders

### Rewarding and Attractive Working Place

#### Improving Employee' Satisfaction KPI: Employee' Satisfaction Score

Target 55.0 (BBB) Result 55.3 (BBB)

### Clients' Complaints

#### KPI: Number of Complaints

Target zero Result 18 cases

### Field Accidents

#### KPI: Number of Accidents

Target zero Result 10 cases

### R&D Investment

#### KPI: Net R&D Investment Amount from 2022 to 2024

Target JPY 3 billion Result JPY 2.5 billion

- Although group cooperation is progressing, it has not yet reached to “Acceleration of Business” or “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	Group collaboration for production has increased. Whereas not achieved “Acceleration of Business”.
		△	Overseas	Collaboration with Waterman has advanced through the dispatch of engineers and regular meetings, however, business development has not been realized.
	Efforts of Group Companies	△		Waterman and ER&S are almost on track to achieve their targets. 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		△		In the process of improving the management systems of the group companies to enhance quality and prevent complaints, 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, while the promotion of diverse working styles and improvement of the workplace environment are still in midway stages. Began addressing climate change issue in production activities.

- 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
- Outflow of talent 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 ”

→ Mid-Term Management Plan 2027

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- 97.6billion yen Sales in FY2024, almost achieved initial 2030 sales target (100 billion yen).
- Considering recent growth, partially revised CTI Group Mid - to Long-Term Vision - SPRONG 2030.  
Sales target for 2030 was raised from 100 billion yen to **130** billion yen.

## 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	JYP <b>130</b> billion Domestic sales: <b>No.1</b> in Japan Overseas sales: about 30% of whole sales
Operating Income	JYP <b>15</b> billion (OI Margin <b>11</b> %)
ROE	<b>12</b> % more over
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.

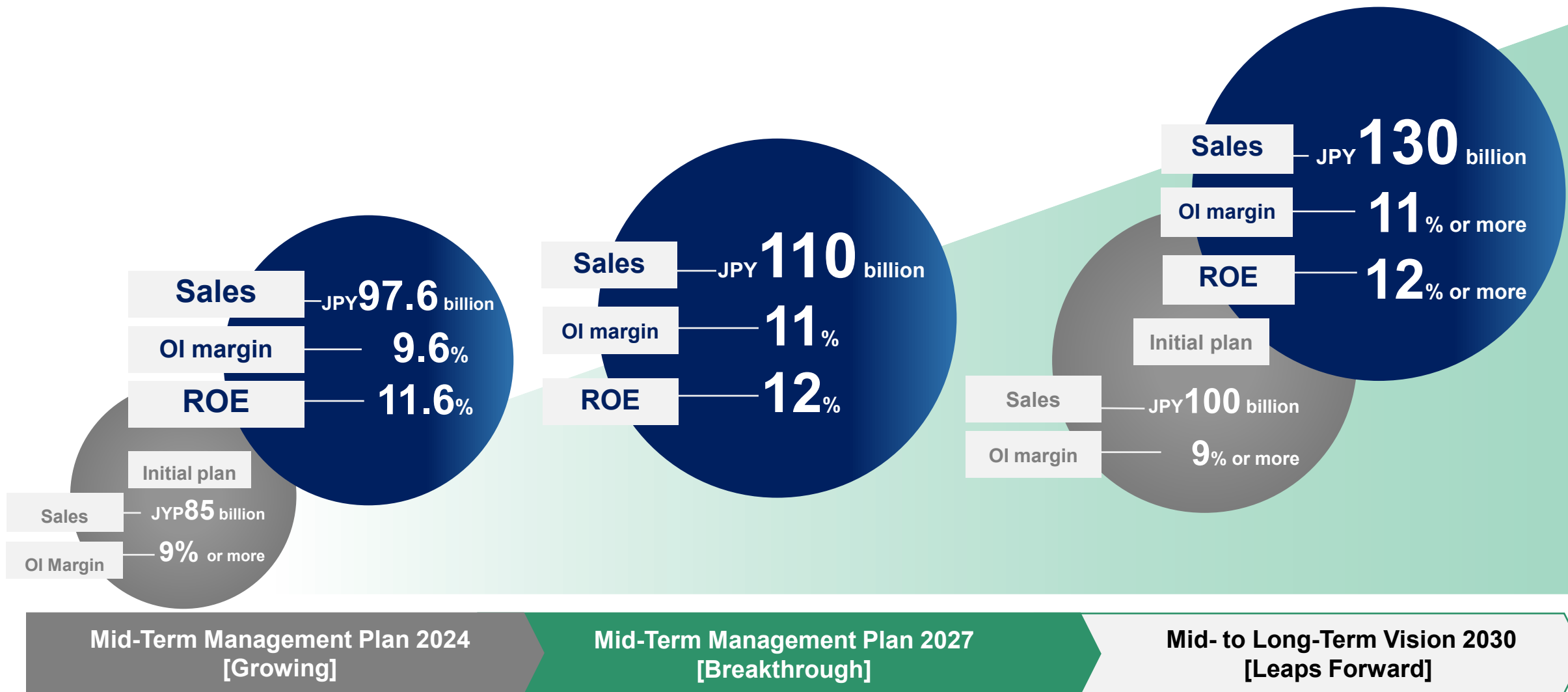
##### Overseas market

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

##### Private business

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

- Achieved sales of JPY 97.6billion in FY2024.
- Set the target of Mid-Term Management Plan 2027 based on the revised target of JPY **130 billion** for 2030



- Set the target for 2017 based on the revised CTI Engineering Group's Mid- to Long-Term Vision " SPRONG2030 ".

**2027  
Targets**

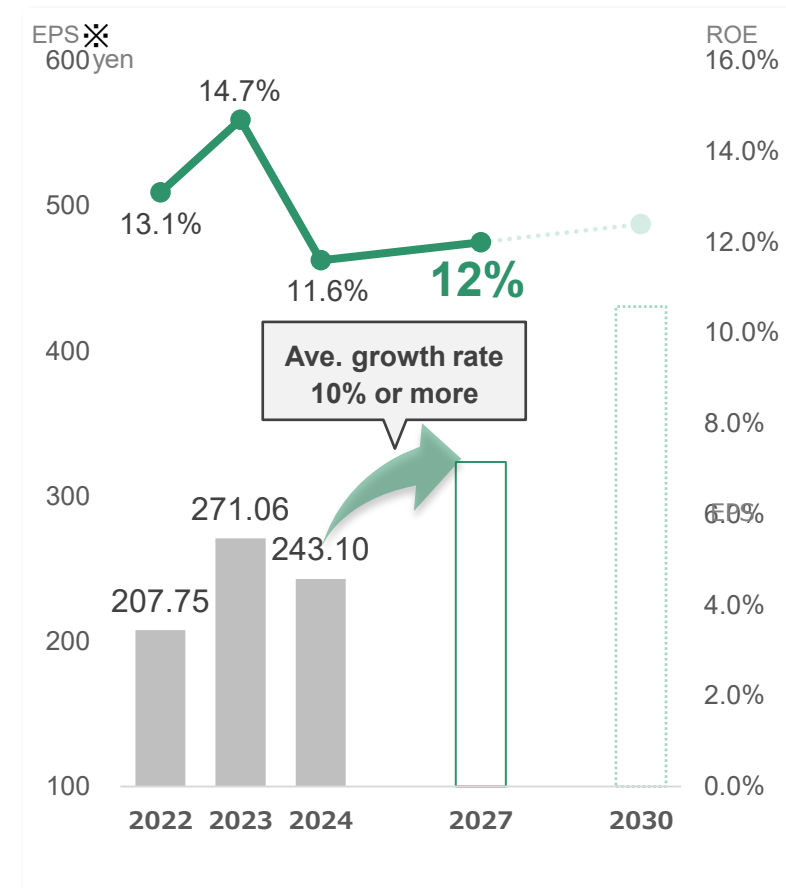
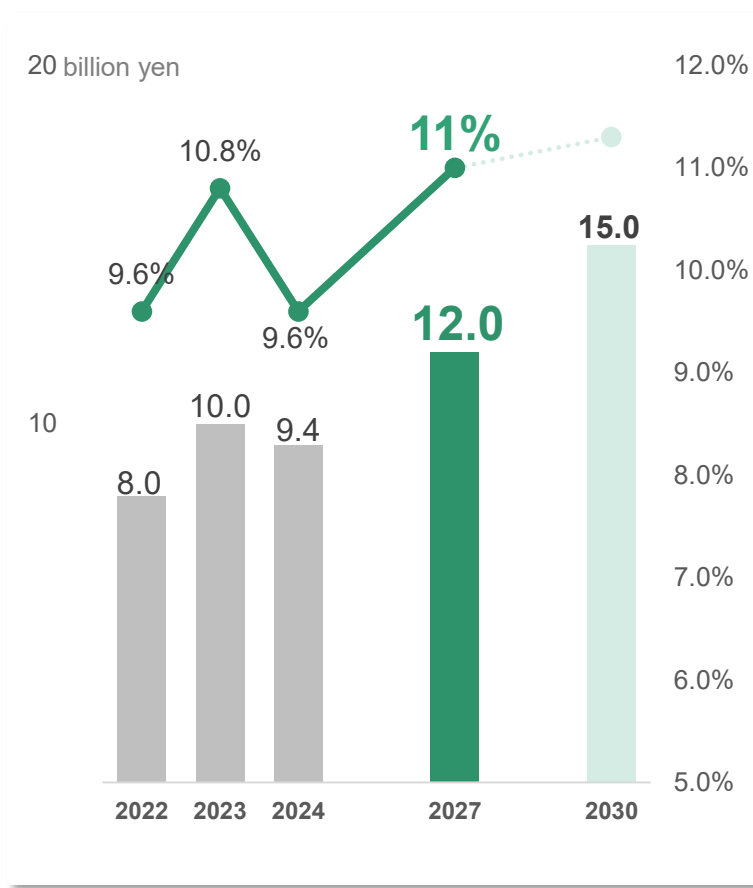
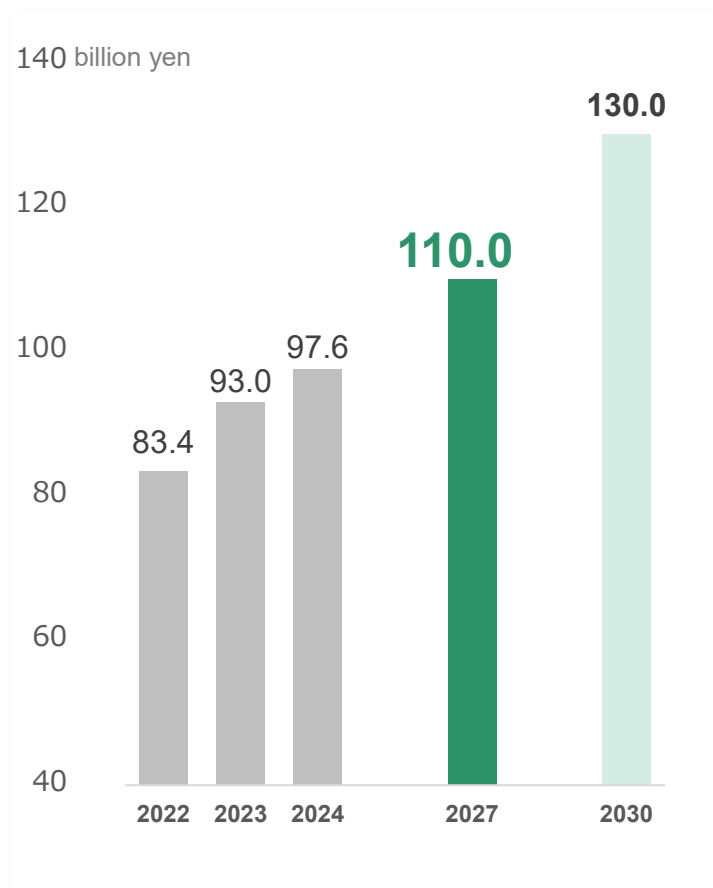
**Sales**  
JPY **110** billion

**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.

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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

Through the complementary realization of the two pillars,  
create an environment that all employees can realize their aspirations for 2030.

# 01

## Business Portfolio Transformation

01-1

### Deepening Core Business

Aiming for sustainable growth by enhancing quality 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

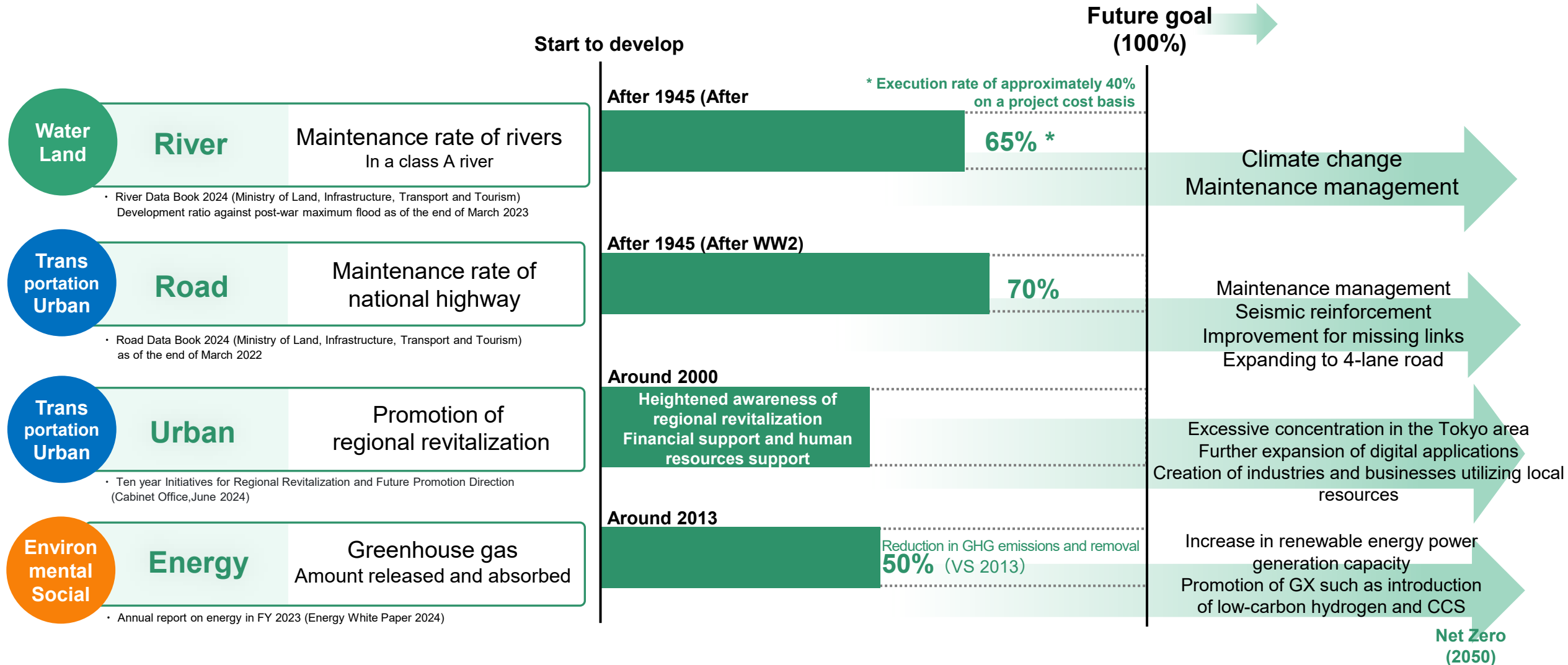
01-4

### Overseas Business Development

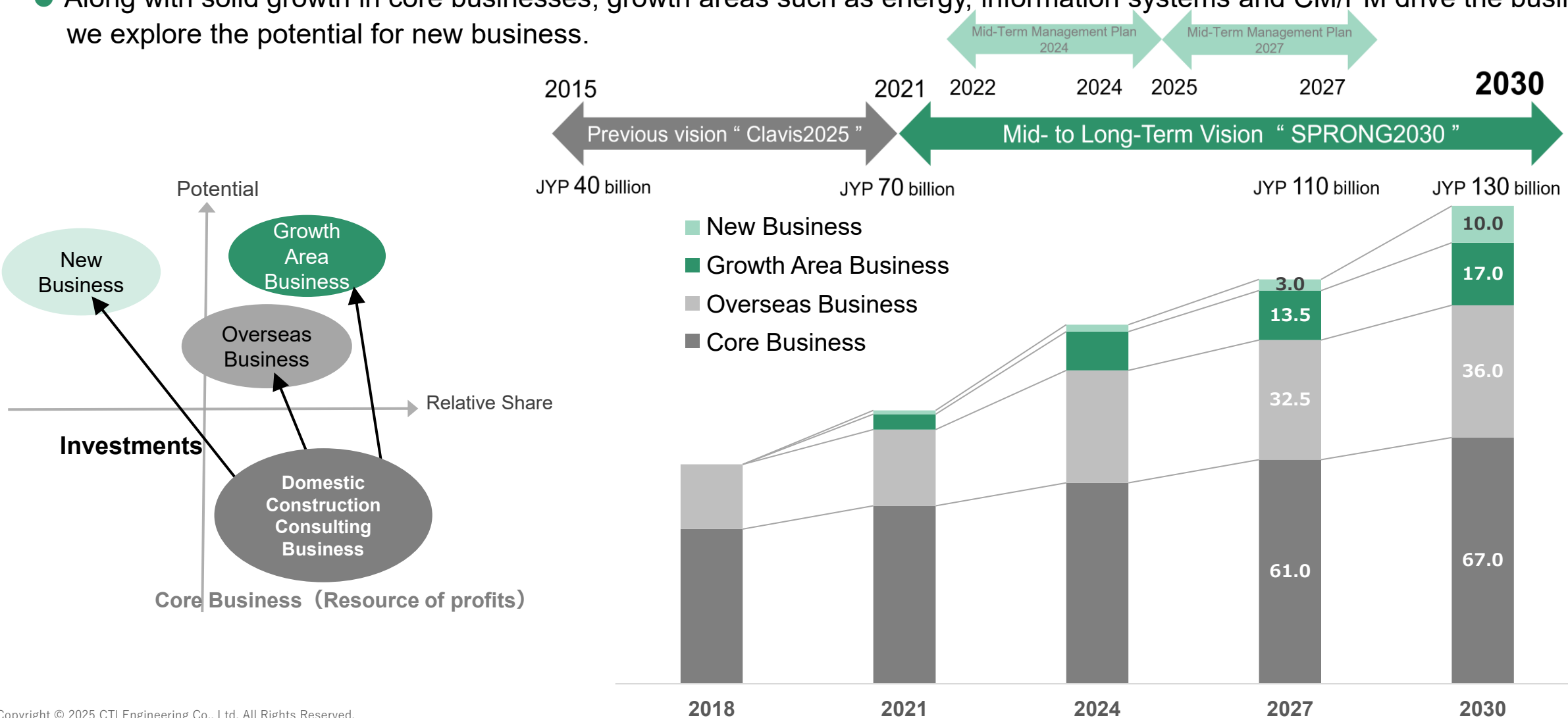
Improving profitability of base countries and expanding the number of new base countries

# Domestic Market Environment (Infrastructure Development)

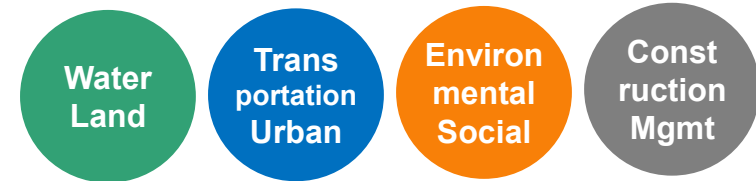
- The maintenance rate of rivers and roads, which are the main areas of infrastructure, is about 65-70%. Considering future climate change and maintenance management, the markets remain still large.
- In the future, there will be many opportunities to win orders such as further promotion of regional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



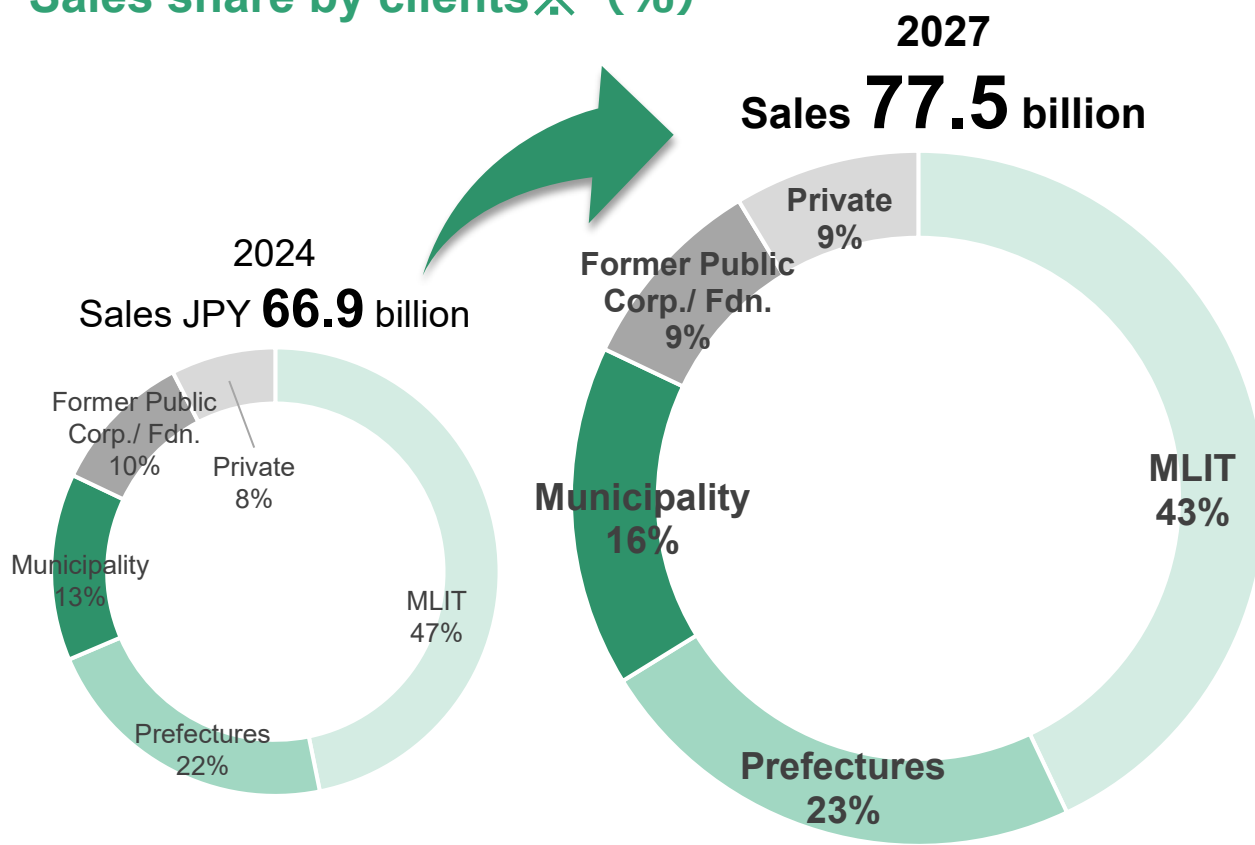
- Establish a strong profit structure for core businesses such as planning, research and construction management in the social and economic infrastructure development.
- **Build a well-balanced business portfolio by investments in growth areas.**
- Along with solid growth in core businesses, growth areas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



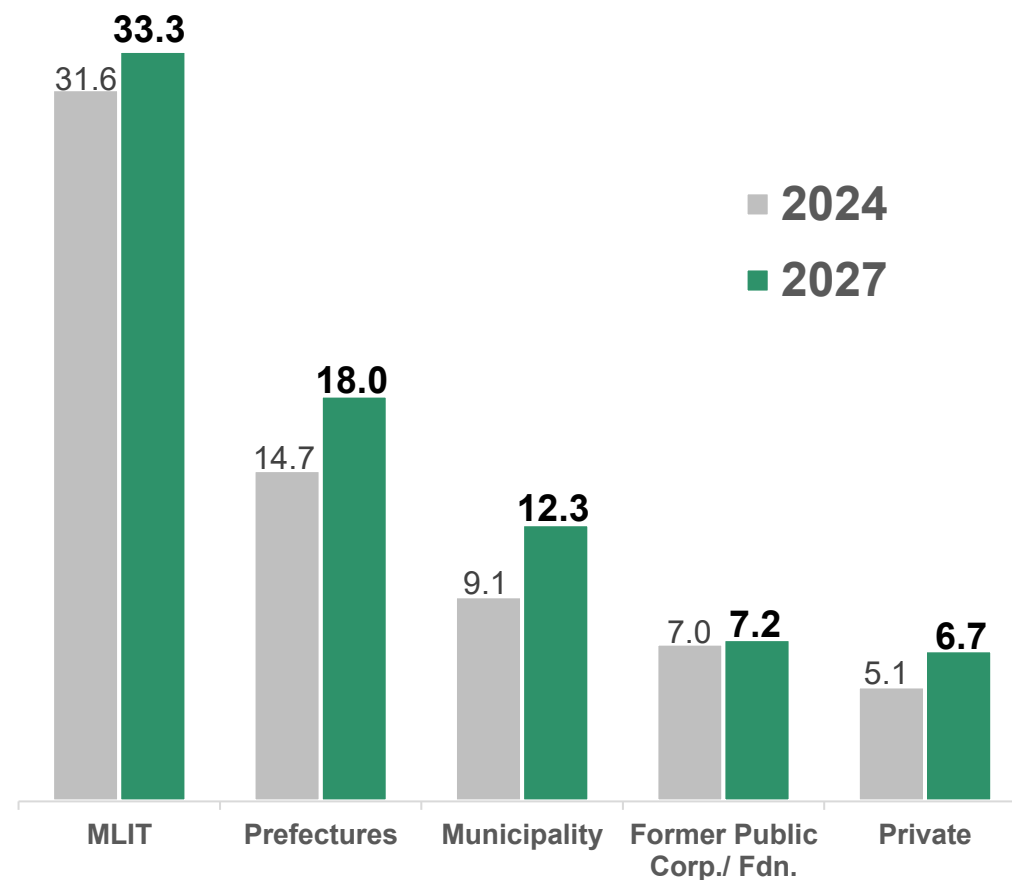
- Overview of business portfolio transformation by source
- ※ Sales figures are for the whole of domestic segment.



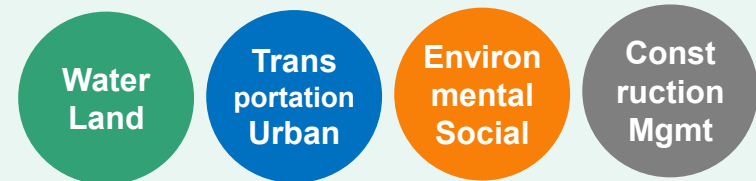
## Sales share by clients※ (%)



## Sales by clients※ (JPY billion)



- Aim to deepen the domestic construction consulting 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 and primary government 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

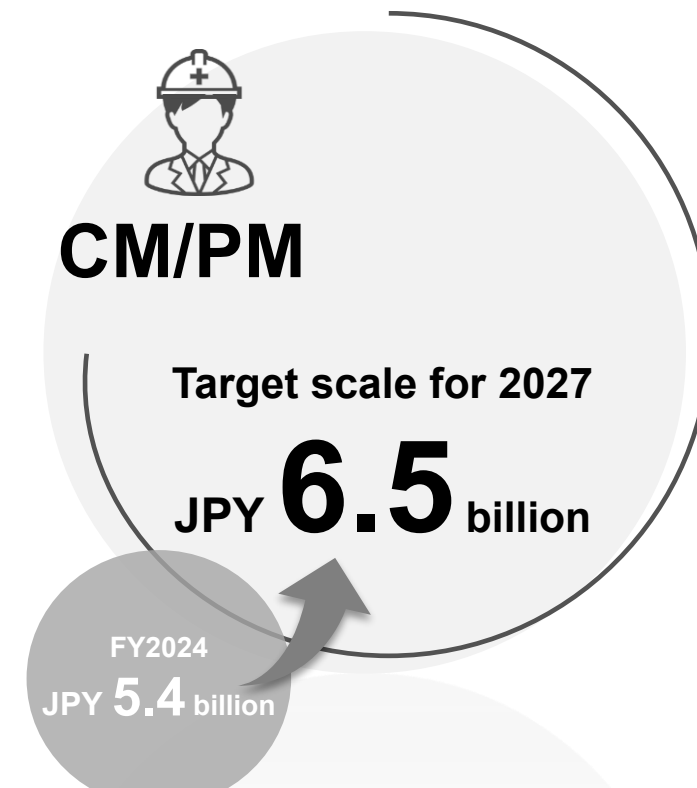
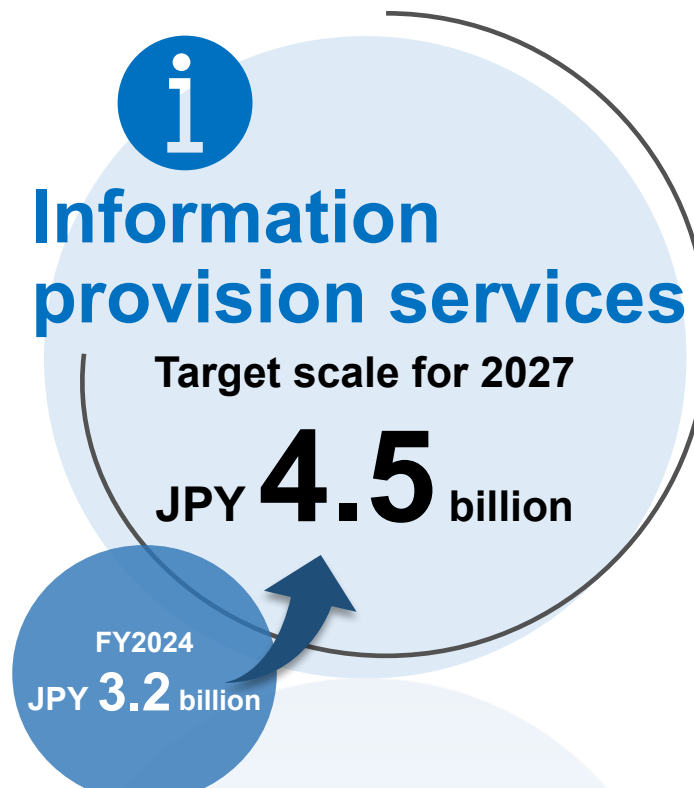
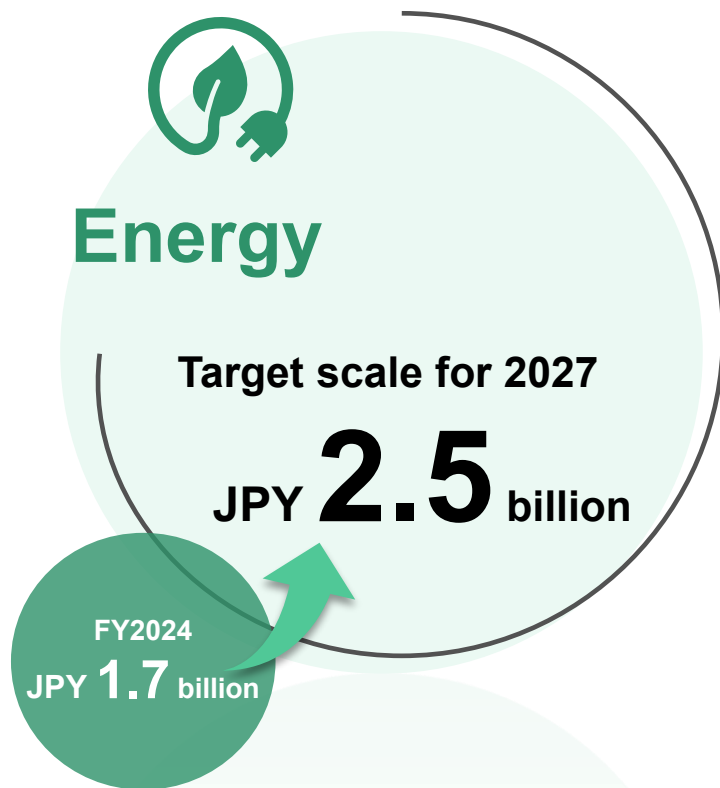


#### Train advanced engineers

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 provision 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

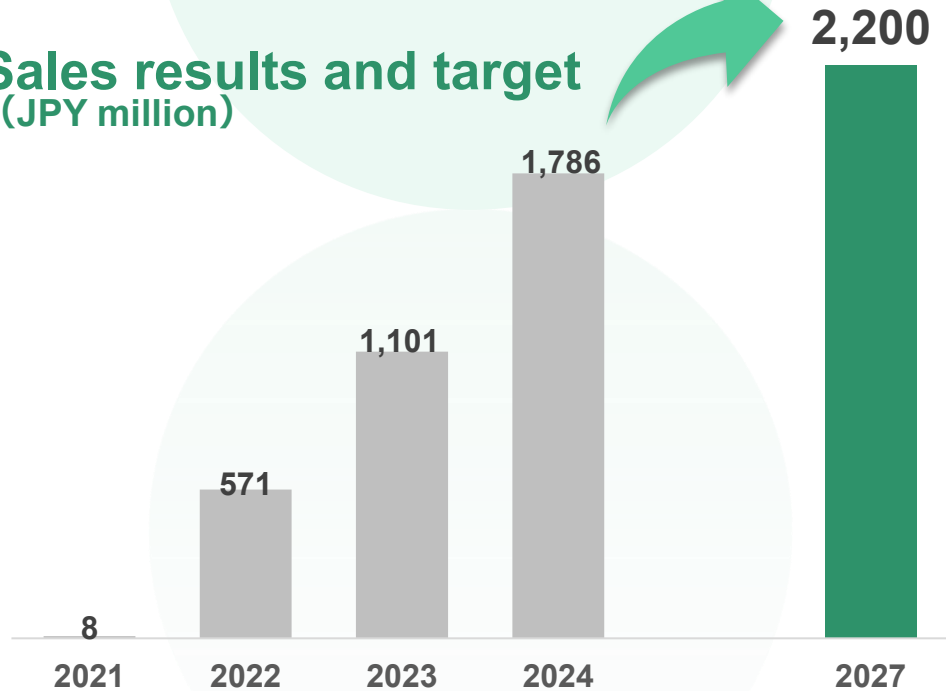
Strength 01

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



**Information provision 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

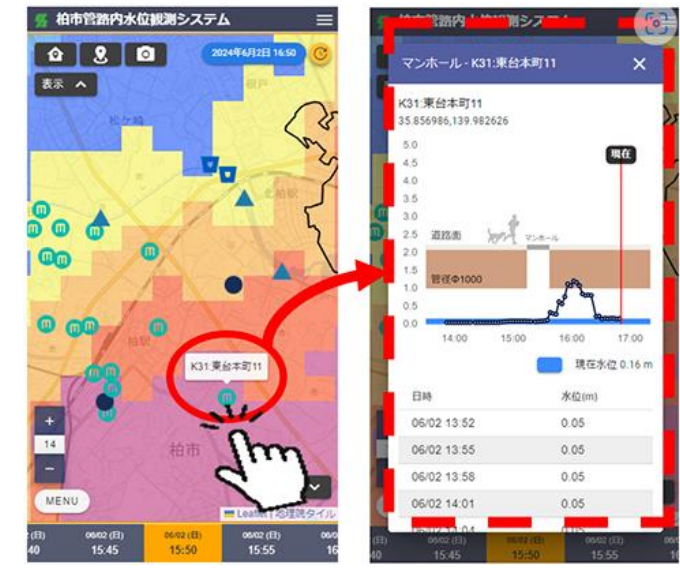
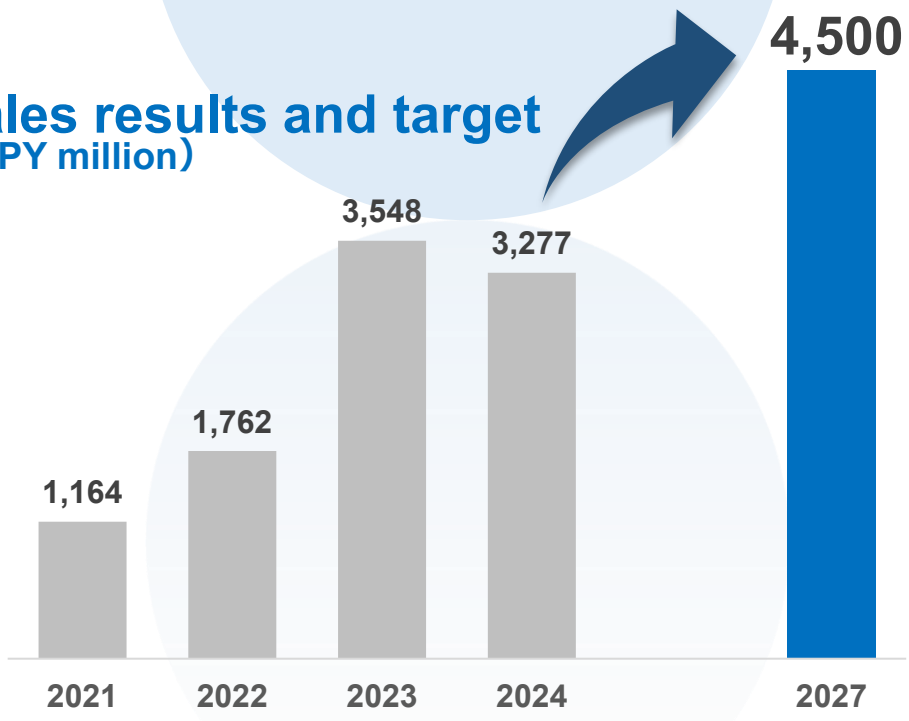
Environ  
mental  
Social

**Business Description**

- Flood forecasting system
- Disaster response support system and 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 specialized 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

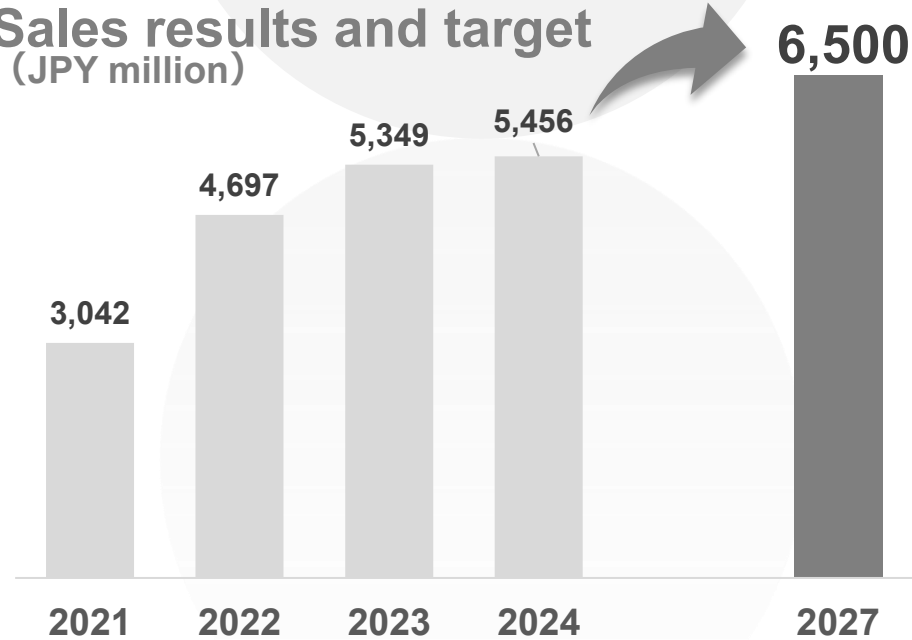
**Strength 02**

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

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



CM for Japan World Expo site



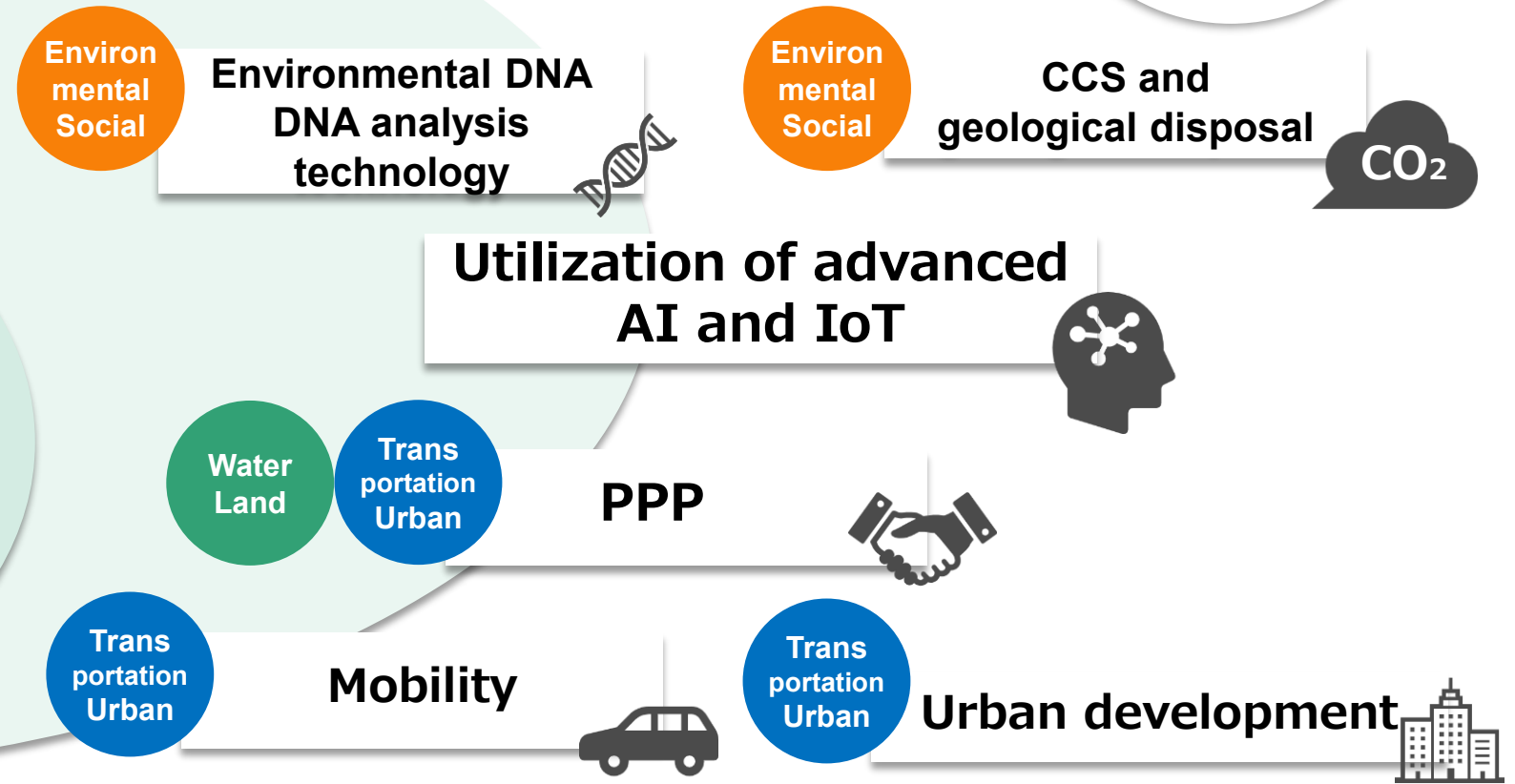
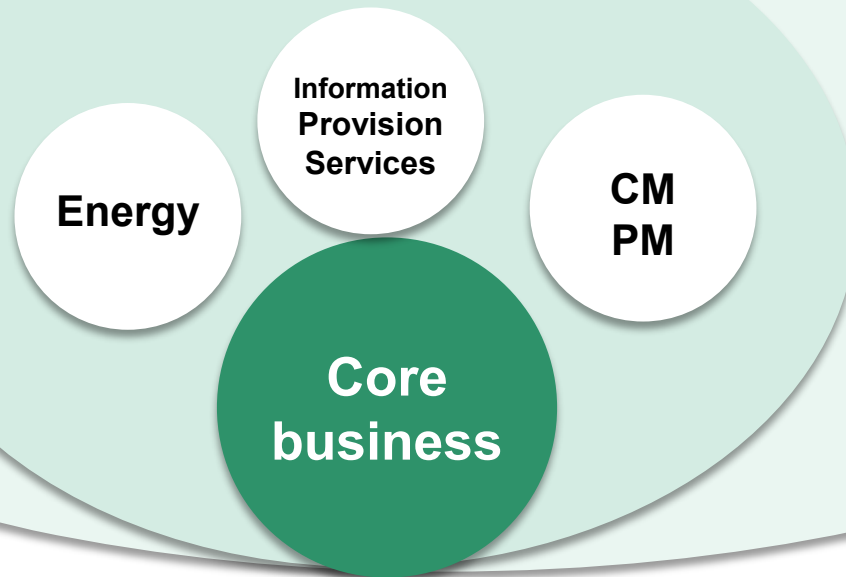
CM associated with embankment integrated road construction

- Explore the possibility of commercialization by R&D investment and venture capital in promising technology fields.
- Make investment with 5-10 years perspective in order to show leadership in the technology field necessary for the future society.

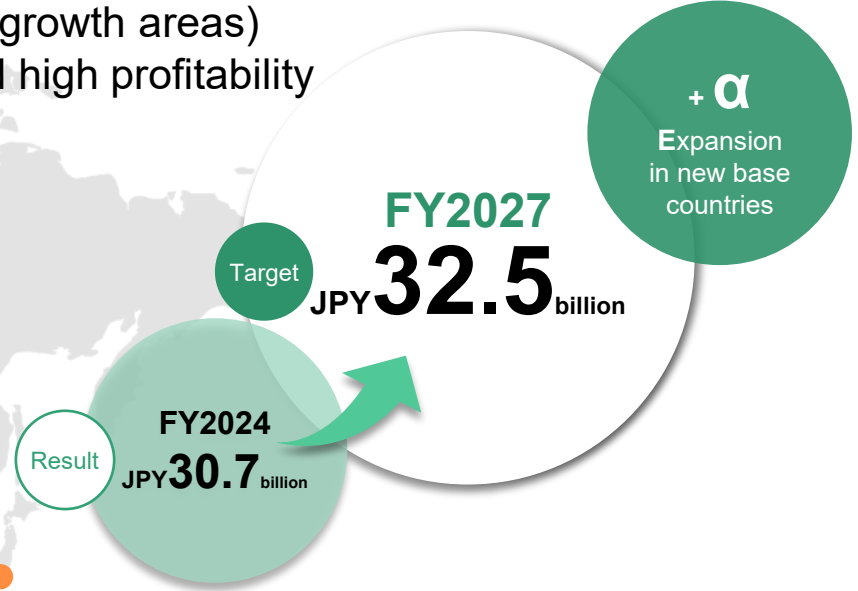
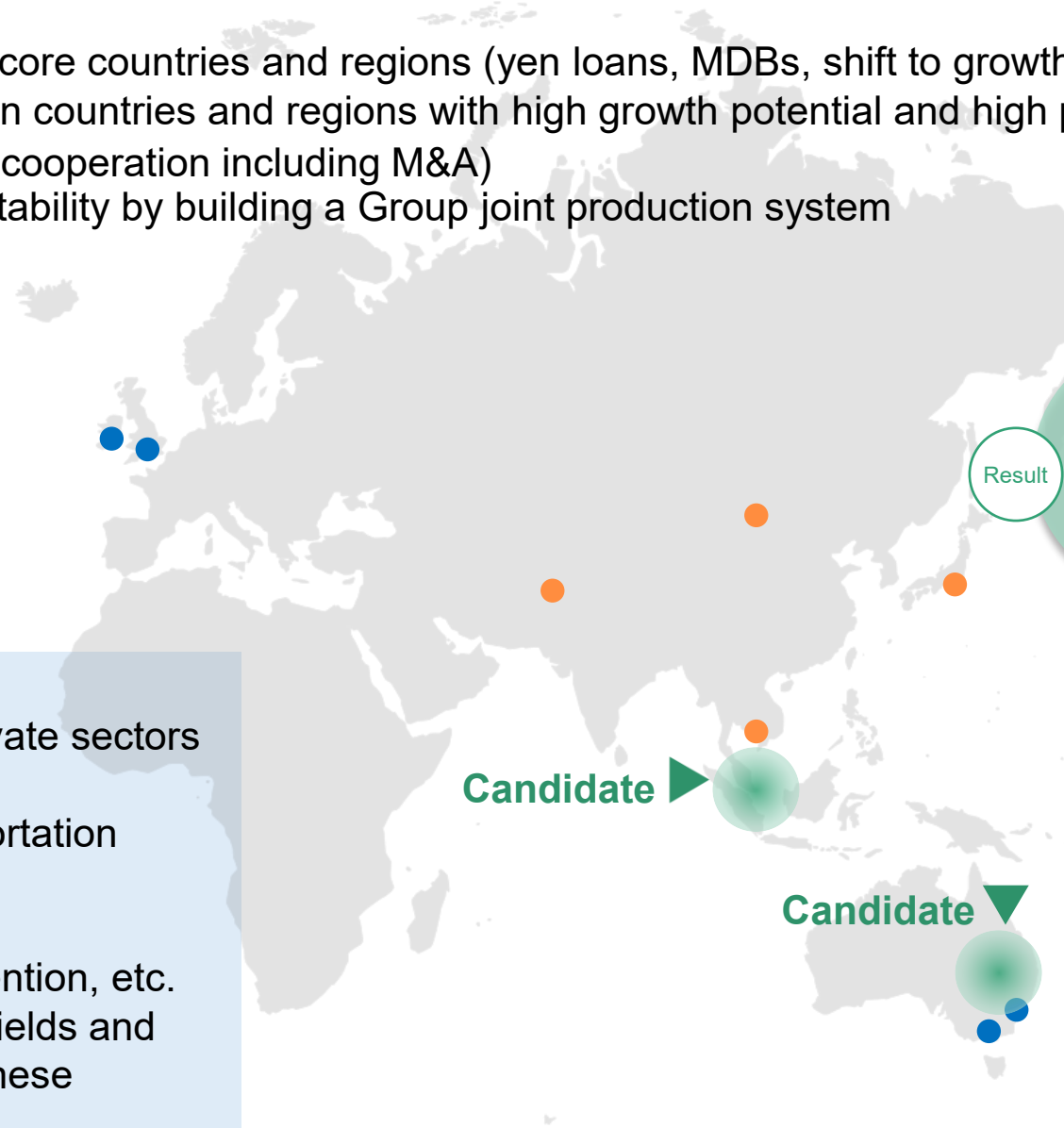
**FY2027**  
Target **JPY 30 billion**

# 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 handle large projects for major clients such as JICA and MDBs by utilizing 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

Based on CTIG HRM Policies, 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 through training and experience
- Develop human resources capable of making technical judgments and evaluation proposals
- Establish a system to train engineers who can systematically represent the industry

#### Securing Diverse Human Resources

- Strengthen the cohesiveness of CTI Engineering Group by enhancing the attractiveness of the entire group and widely publicizing 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 utilizing various recruitment methods

#### Activation Diverse Human Resources

- Accept a variety of work styles and respond to the needs and life stages of each employee. Promote DE & I by enabling flexible work styles
- 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

- Employees achieve well-being and grow autonomously and actively. Aim for one rank higher engagement score.

### Goal

#### KGI (Target for 2027)

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

#### KPI

- ✓ Number of engineers
- ✓ Annual hours of training
- ✓ Number of Individual Award holders

Diverse ratio of employees ※  
 : **20%**  
 Percentage of female managers  
 : **6%**

- ✓ Net increase in number of employees
- ✓ Percentage of employees taking paternity leave
- ✓ Number of female recruits

Engagement Score  
 Rank **A** (Overall)

- ✓ Number of transfers and secondments
- ✓ Personnel exchange ratio

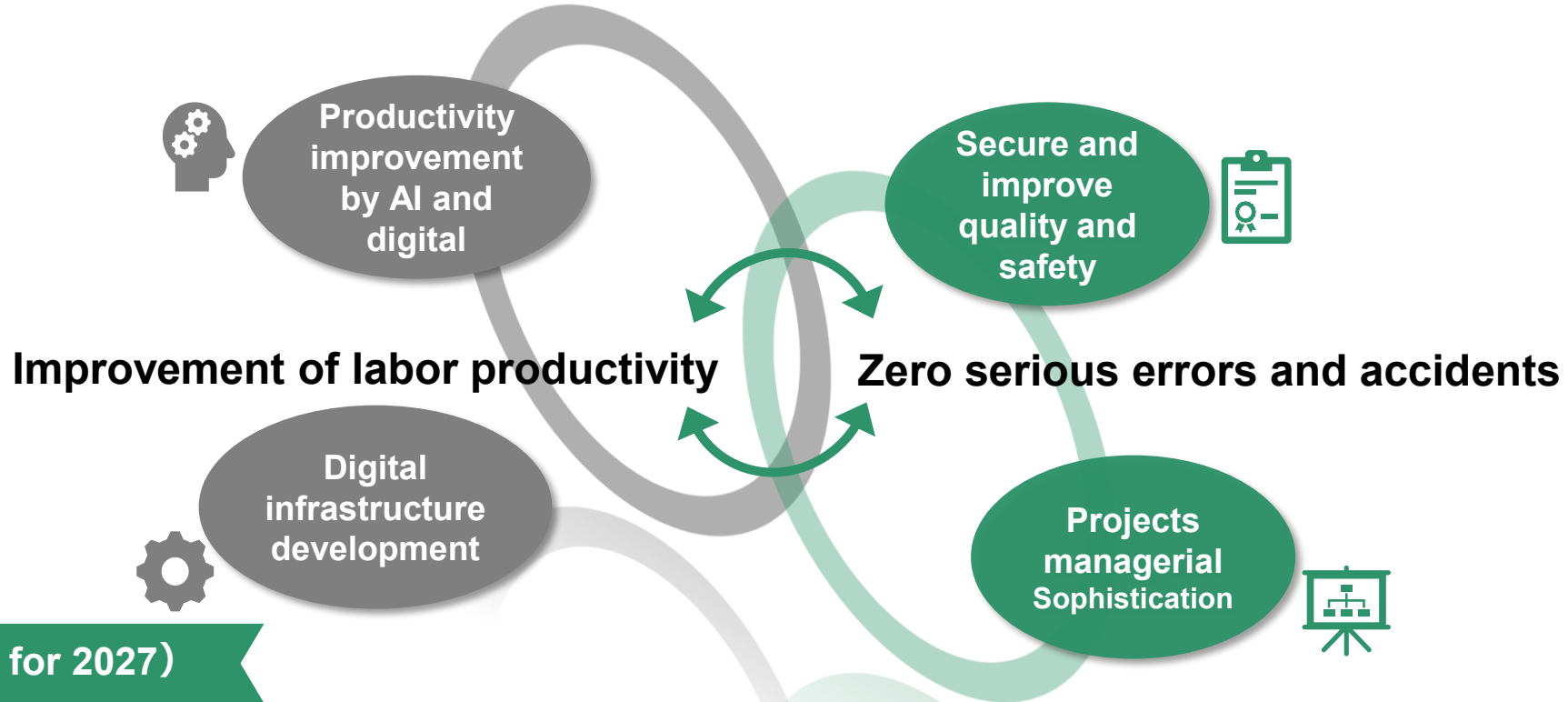
Turnover rate of less than **3%**

- ✓ Overtime hours
- ✓ Engagement score of all departments
- ✓ Ranking of best health corporations

※ Percentage of employees those who are limited to the workplace, working hours, childcare 2024 Actual: 8%

**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 utilizing quality support tools, thereby providing high-quality services to our clients.



**KGI (target for 2027)**

Number of supervising engineer Increase <b>5%</b> / year	Annual working hours <b>2,000h</b> Hourly output <b>10%</b> improvement	<b>3.5pt</b> ※ or higher IT environment satisfaction level	Number of work awards: <b>80</b> awards / year <b>Zero</b> 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 CO2 emissions to achieve net zero by 2030, promote consulting services and technology development 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 carbon neutrality for the CTI Group**
- Reduce environmental impact in corporate activities

**KGI (target for 2027)**

CTI Engineering Group Greenhouse Gas Emissions (Scope1 & 2)

**30%** reduction from 2021 level

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

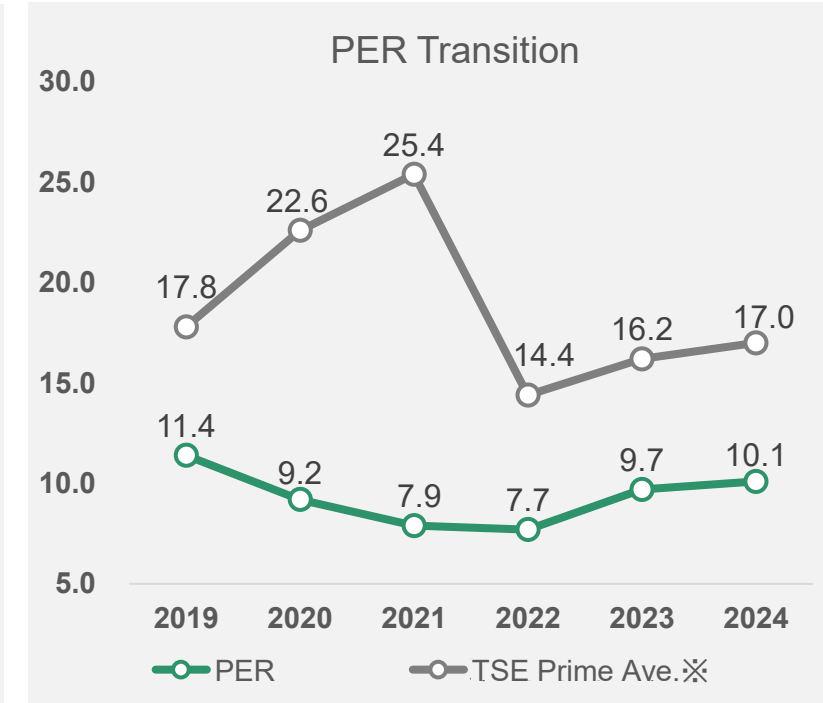
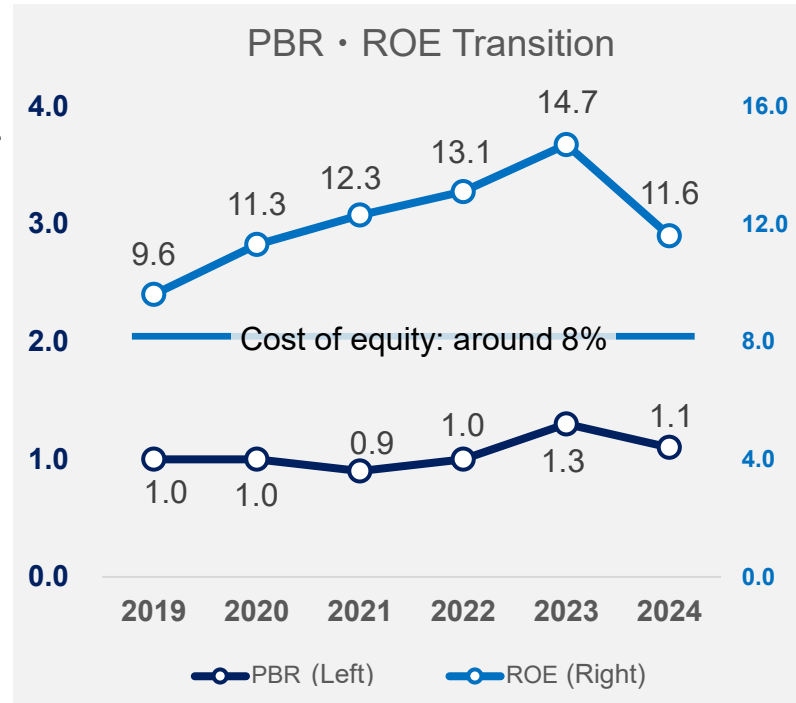
Exceeded the Cost of equity, **11.6%** in 2024.

### ● PBR

PBR in 2024 was 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)".

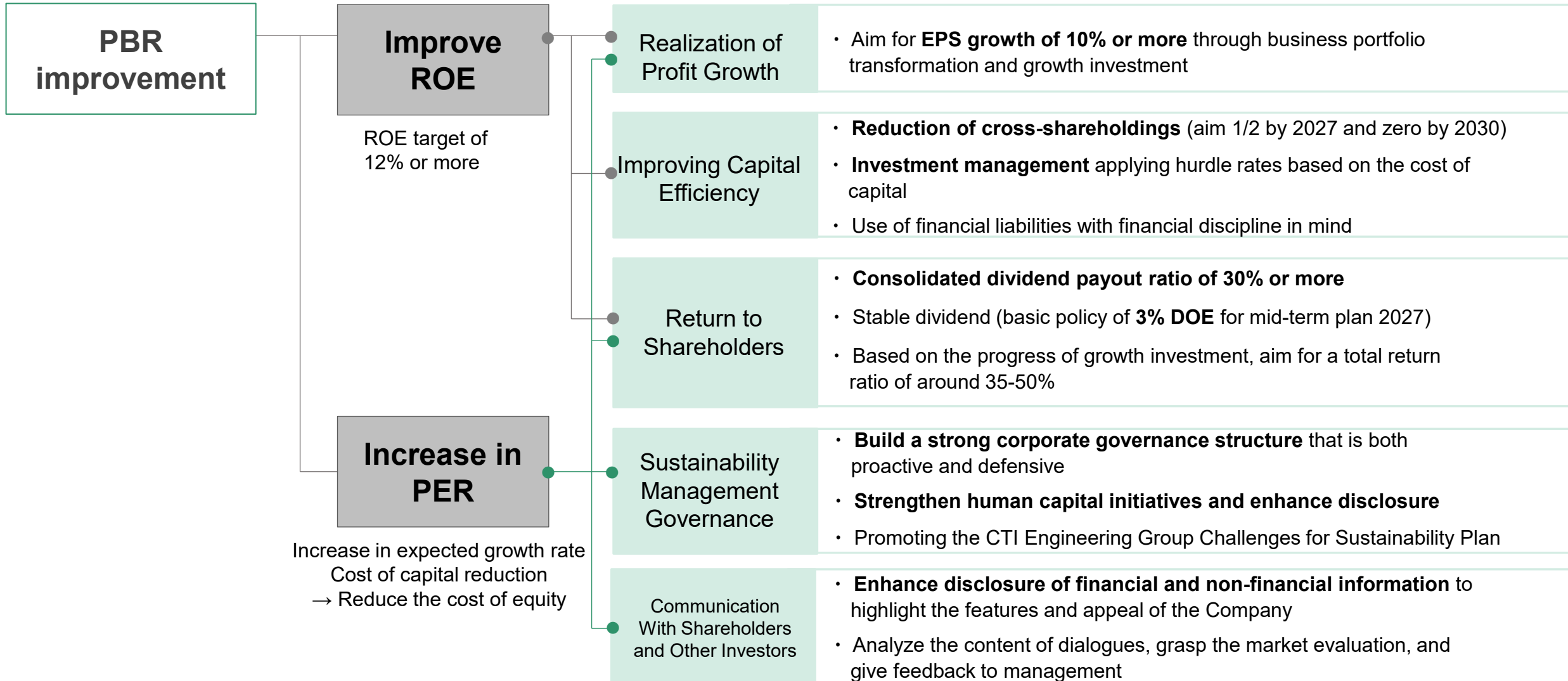
## Subject

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

## Future policy

- ① **Realization 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.

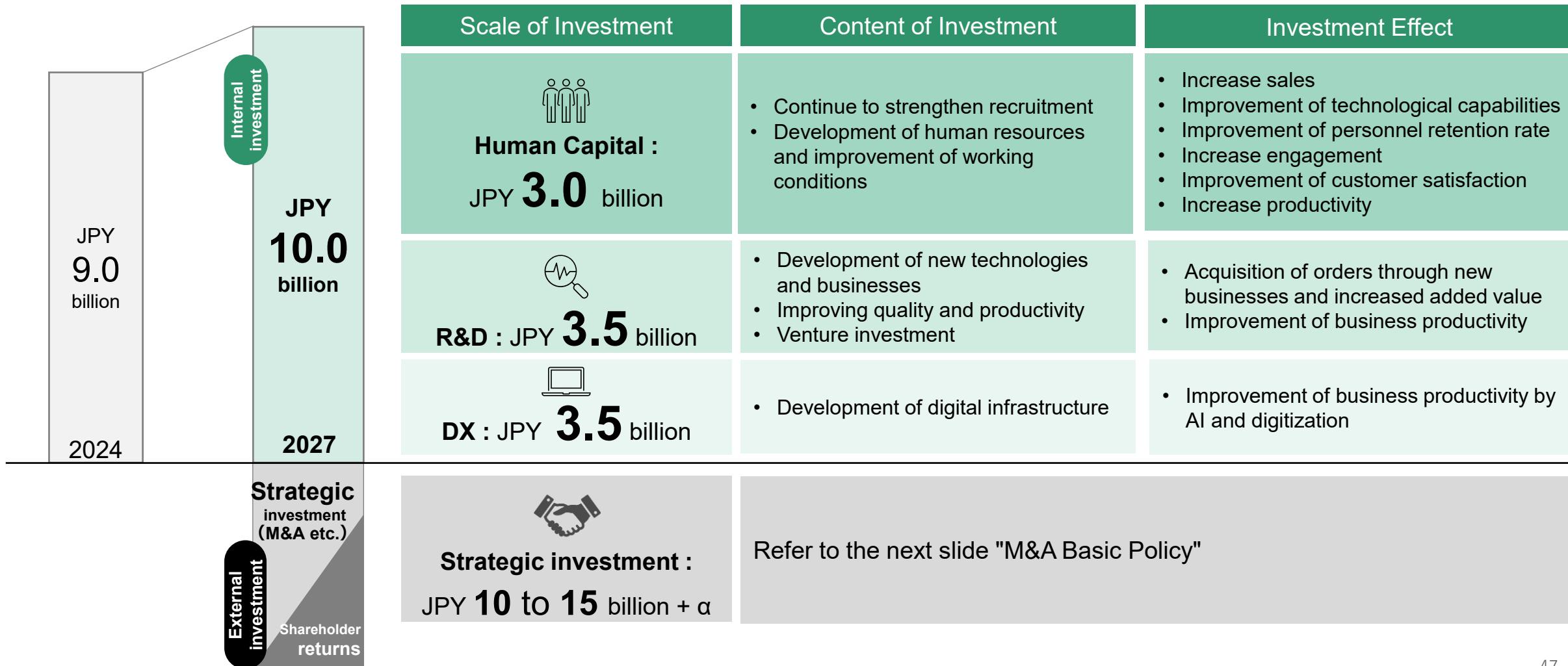
## Basic Policy for Capital Allocation in the Mid-Term Management Plan 2027



- 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 resource 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 resource 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



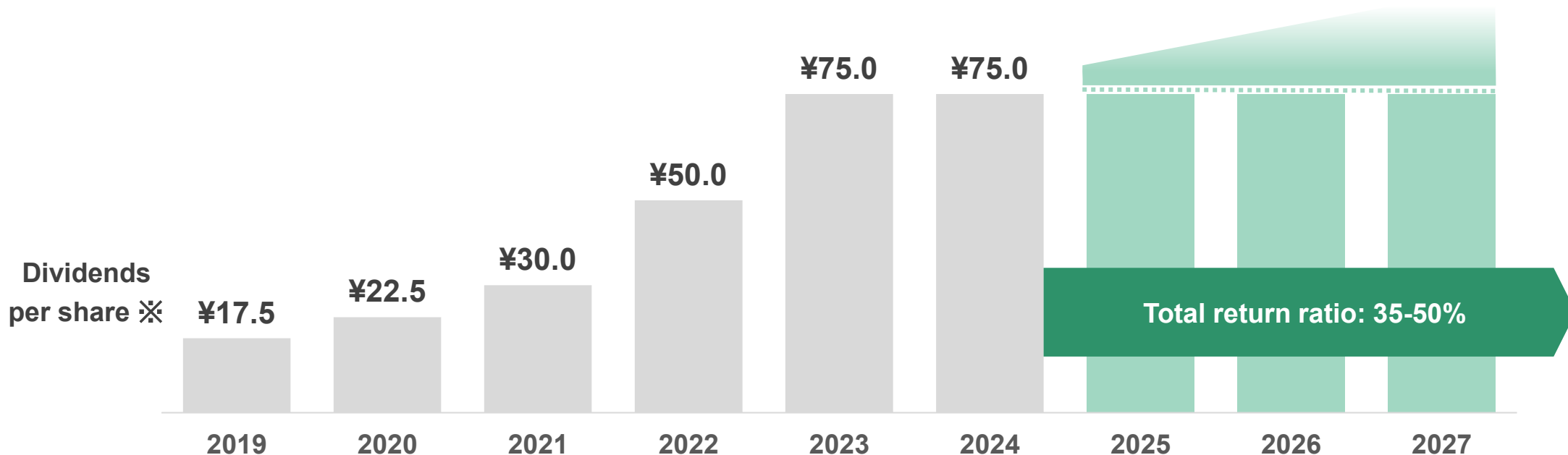
- Select M&A target companies in accordance with the following basic policy. Consider the use of borrowings if necessary.
- To make effective use of limited capital, clearly define criteria such as the scale of investment and expected returns, and carry out flexible investments.

### M&A Basic Policy

M&A Target Areas	Target Company	Target Business Area
<p><b>Strengthening of Core Areas</b></p>	<p>Specialized vendors to complement relatively low-share technologies to provide one-stop services</p>	<p>Water &amp; Wastewater, Urban Planning, Electricity, Machinery and Equipment</p>
<p><b>Growth Area</b></p>	<p>Expert consultants accelerate growth in priority areas</p>	<p>Information System, Energy, CM and Construction Management</p>
<p><b>Regional Consultant</b></p>	<p>Mid-sized consultant operating in regional areas that does not compete with us, and facing business succession issues</p>	<p>Regional consultant</p>
<p><b>Overseas Business</b></p>	<p>Mid-sized consultant located in Australia, Malaysia, etc. to expand new overseas markets</p>	<p>Consultant Architecture (structural design and equipment design)</p>

- Return profits to shareholders with a minimum consolidated dividend payout ratio of 30% or more.
- Basic policy of 3% DOE for mid-term 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 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 Management Plan (Consolidated/ Non-Consolidated)

Forecast increases in Sales and Income on both consolidated and non-consolidated basis as first step of Mid-Term Management Plan 2027.

(JPY million)

	62nd (2024) Realized	63rd (2025) Forecast	Change(%) (YoY)	MTMP 2027
<b>Consolidated</b>				
Orders Received	94,400	<b>100,000</b>	+ 5.9%	-
Sales	97,678	<b>100,000</b>	+ 2.4%	110,000
Operating Income	9,396	<b>10,000</b>	+ 6.4%	12,000
OI Margin	9.6%	<b>10.0%</b>	+ 0.4pt	11%
Ordinary Profit	9,535	<b>10,000</b>	+ 4.9%	-
Net Income Attributable to Owners of the Parent	6,746	<b>6,900</b>	+2.3%	-
Net Income per Share	JPY 243.10	<b>JPY 248.55</b>	-	-
Annual Dividends (Dividends Payout Ratio)	JPY 75※(30.9%)	<b>JPY 75(30.2%)</b>	-	- (30% or more)
<b>Non-Consolidated</b>				
Orders Received	57,949	<b>58,000</b>	+0.1%	-
Sales	59,405	<b>60,000</b>	+1.0%	-
Ordinary Profit	8,932	<b>9,000</b>	+0.8%	-
Net Income	6,532	<b>6,600</b>	+1.0%	-

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

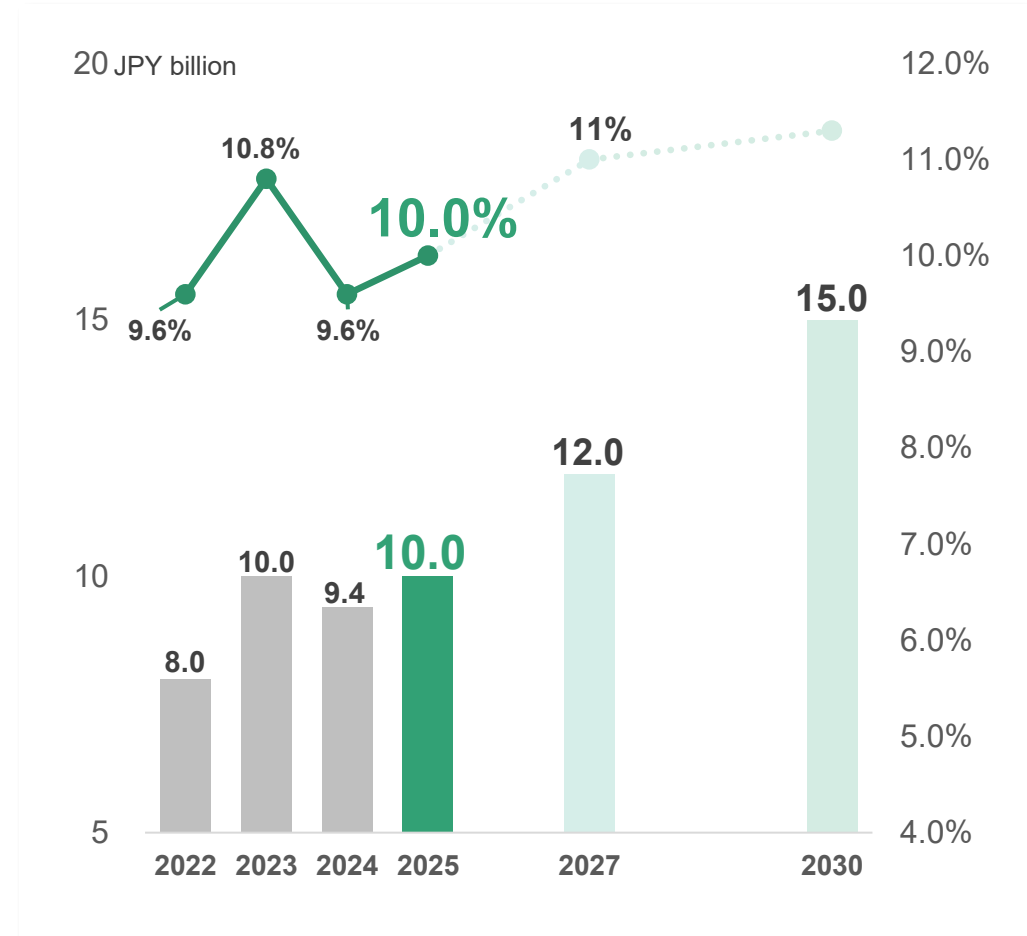
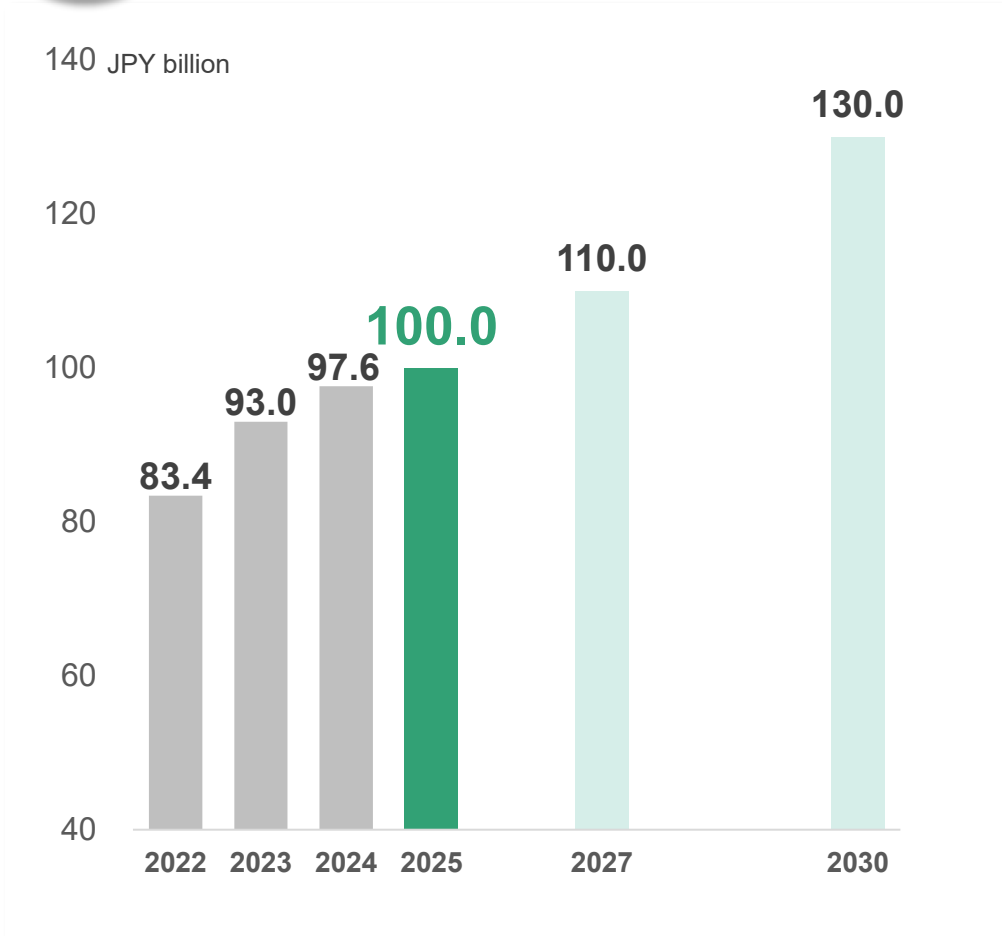
Forecast increases in Sales and Income on both consolidated and non-consolidated basis as first step of Mid-Term Management Plan 2027.

**2025  
Targets**

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

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

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



## Status and challenges

- Build a business portfolio to respond to changing business environment.  
Aim a well-balanced portfolio between respond to active public works and investment in promising growth areas.
- Promotion of 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 based on productivity improvement by DX promotion. We also planning to make active investments to respond to business expansion.

(JPY million)

	62 <sup>nd</sup> (2024) Realized	63 <sup>rd</sup> (2025) Forecast	Change(%) (YoY)
Orders Received	65,724	<b>67,000</b>	+1.9%
Sales	66,945	<b>69,000</b>	+3.1%
Operating Income	8,610	<b>9,300</b>	+8.0%
OI Margin	12.9%	<b>13.5%</b>	+0.6pt

## Status and challenges

- In the global economy, growing uncertainty have emerged due to the situation in Ukraine and the Middle East, the advance of global inflation, and the acceleration of monetary tightening.
- In FY 2024, Waterman performed strong in the UK public sector but struggled in the private sector.
- CTII 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 uncertainties in economic trends such as political instability, inflation and exchange rates.
- Based on the "Roadmap for Realization of Global Expansion" formulated in November 2023, strengthen ties with group companies and other companies in both domestic and overseas.

(JPY million)

	62 <sup>nd</sup> (2024) Realized	63 <sup>rd</sup> (2025) Forecast	Change(%) (YoY)
Orders Received	28,676	<b>33,000</b>	+15.1%
Sales	30,733	<b>31,000</b>	+0.9%
Operating Income	773	<b>700</b>	-9.4%
OI Margin	2.5%	<b>2.3%</b>	-0.2pt

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

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

## 5 key themes and how to realize them

01

### Business Portfolio Transformation



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

02

### Rebuild of Foundation for Growth

#### 02.1 Strengthening Investment in Human Capital



- Autonomous growth of human resources
- Securing diverse human Resources
- Activation of diverse human resources
- Increase employees' engagement

#### 02.2 DX / Production System Reform



- Advance project management
- Productivity improvement through AI and digital
- Digital infrastructure development
- Secure and improve quality and safety

#### 02.3 Challenge for Sustainability



- Achieving Carbon Neutrality for the CTI Group
- Community Sustainability

#### 02.4 Strengthening Governance



- Thorough risk and compliance awareness
- Strengthen internal control processes
- Thorough labor 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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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 / Non-consolidated: 2,151 (FY 2024)
Number of subsidiaries	36 companies
Listing market	Tokyo Stock Exchange Prime Market
Total number of issued shares	28,318,172 shares

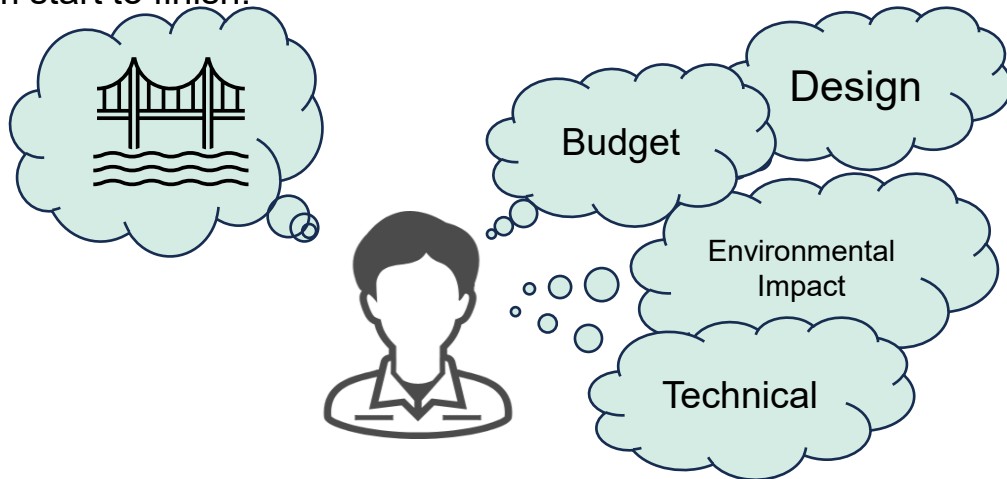
Infrastructure developments are carried out mainly by three parties: (1) national and local governments, (2) construction consultants, and (3) construction companies.

For "national and local governments" that decide projects and make plans, We " Civil Engineering Consultants " provide specific surveys, plans, designs, etc. as a partner.

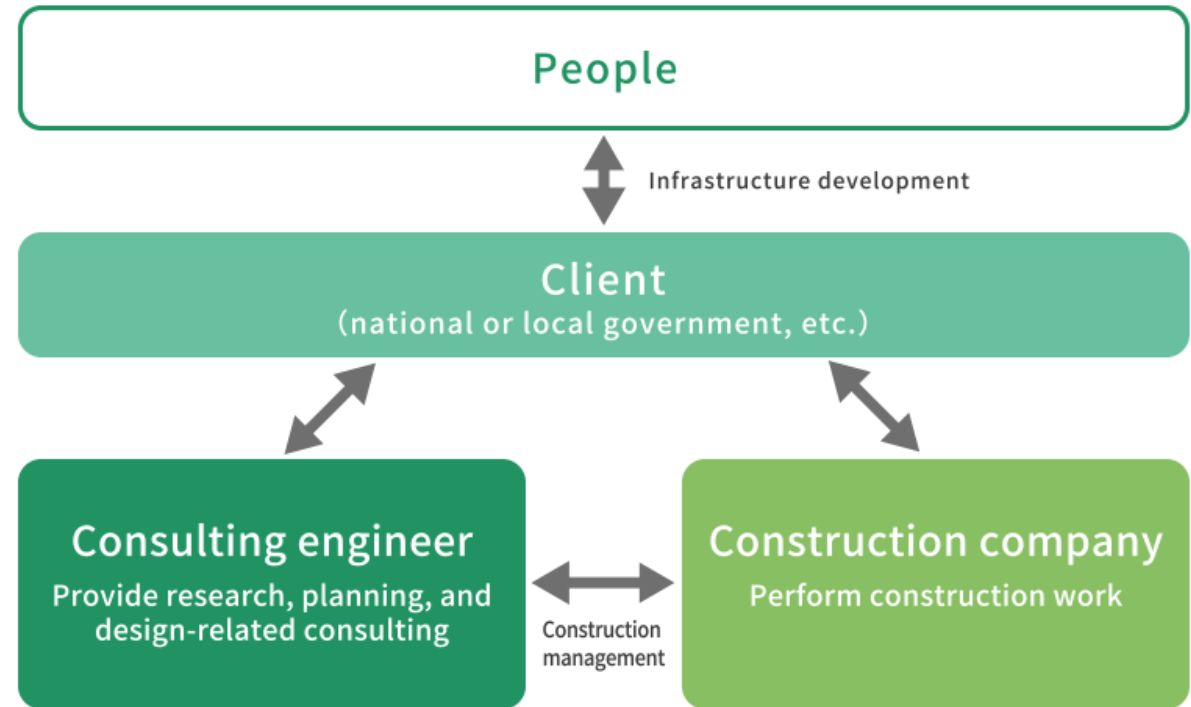
## Specialists about Infrastructure

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.

Civil Engineering Consultants are a vital part of social infrastructure development. We coordinate the entire infrastructure development project from start to finish.



## Carried out by three parties

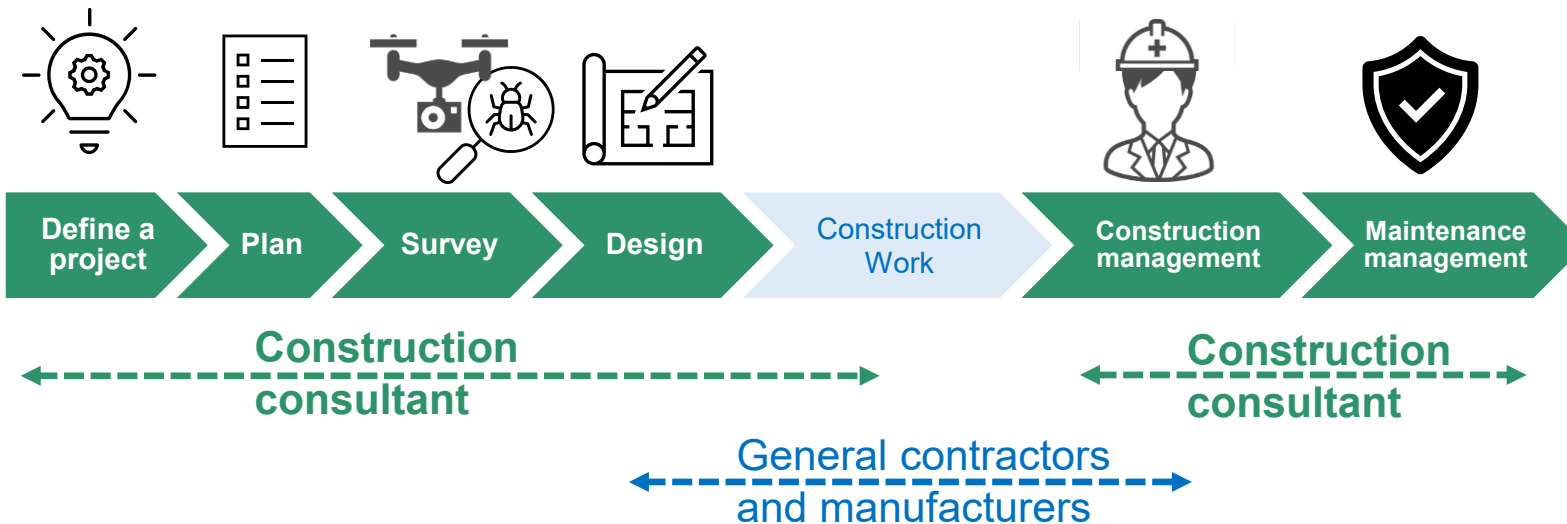


The role of civil engineering consultants is to provide consulting on specific surveys, plans, designs, etc. to national and local governments, which make decisions on projects and make plans.

We undertake almost all the work flow, but in accordance with the "principle of separation of design and construction," the construction company is responsible for the construction part.

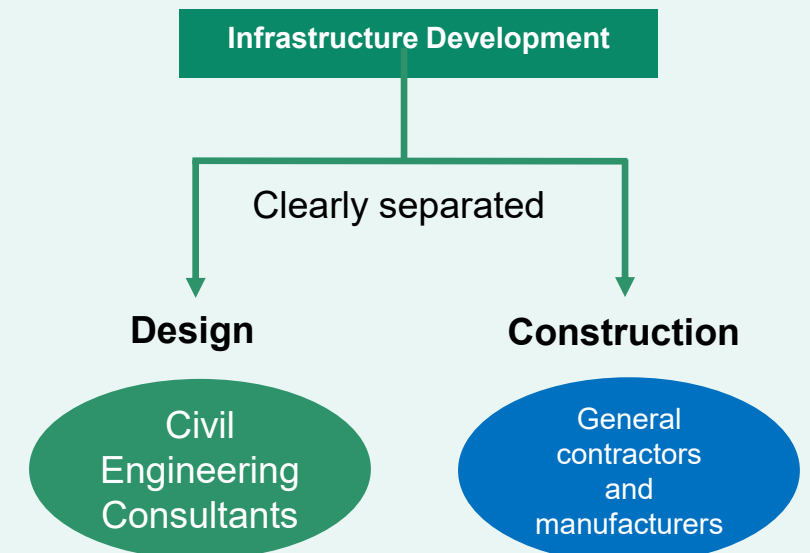
## Flow of infrastructure development

Construction consultants are involved in all stages of a project, from the initial planning by the national and local governments to planning, design, construction management, and maintenance and management after completion.



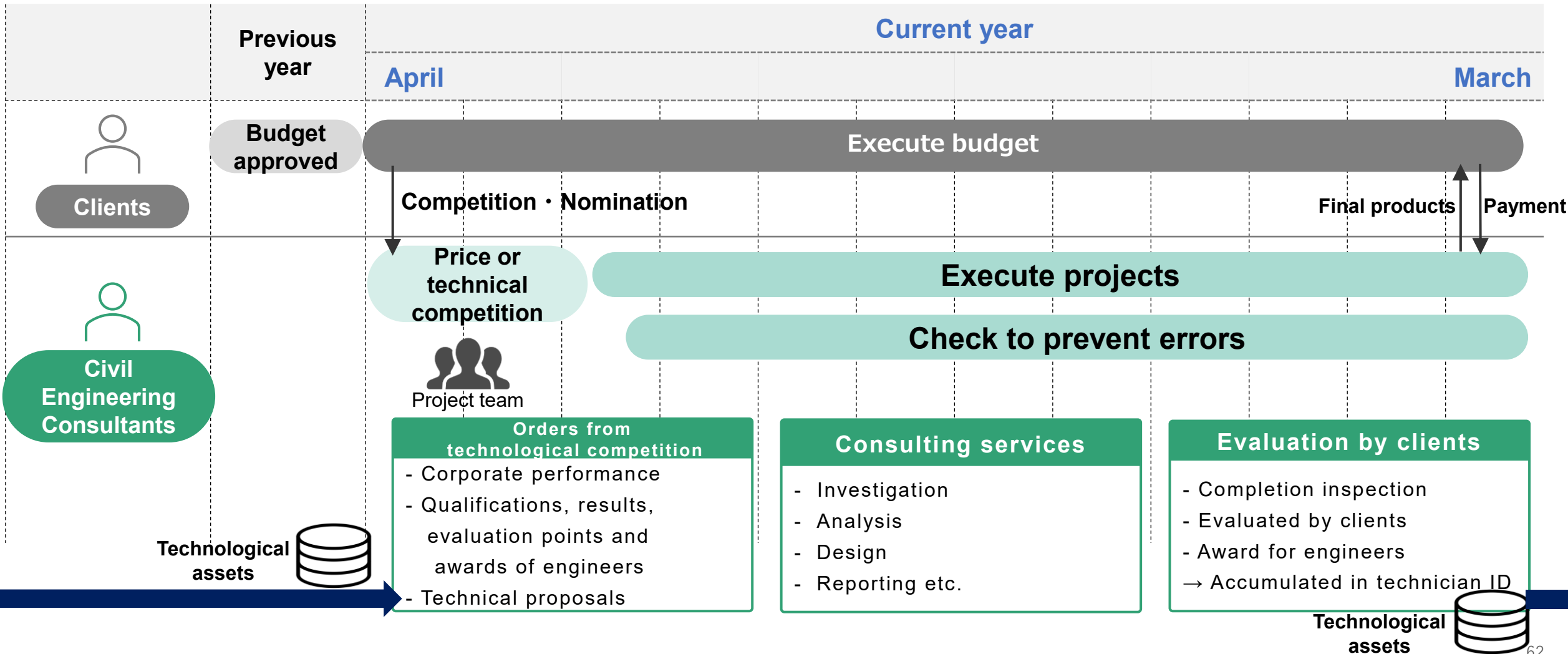
## Principle of separation of design and construction

During the postwar period, the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism) clarified the principle of separation of design and construction.



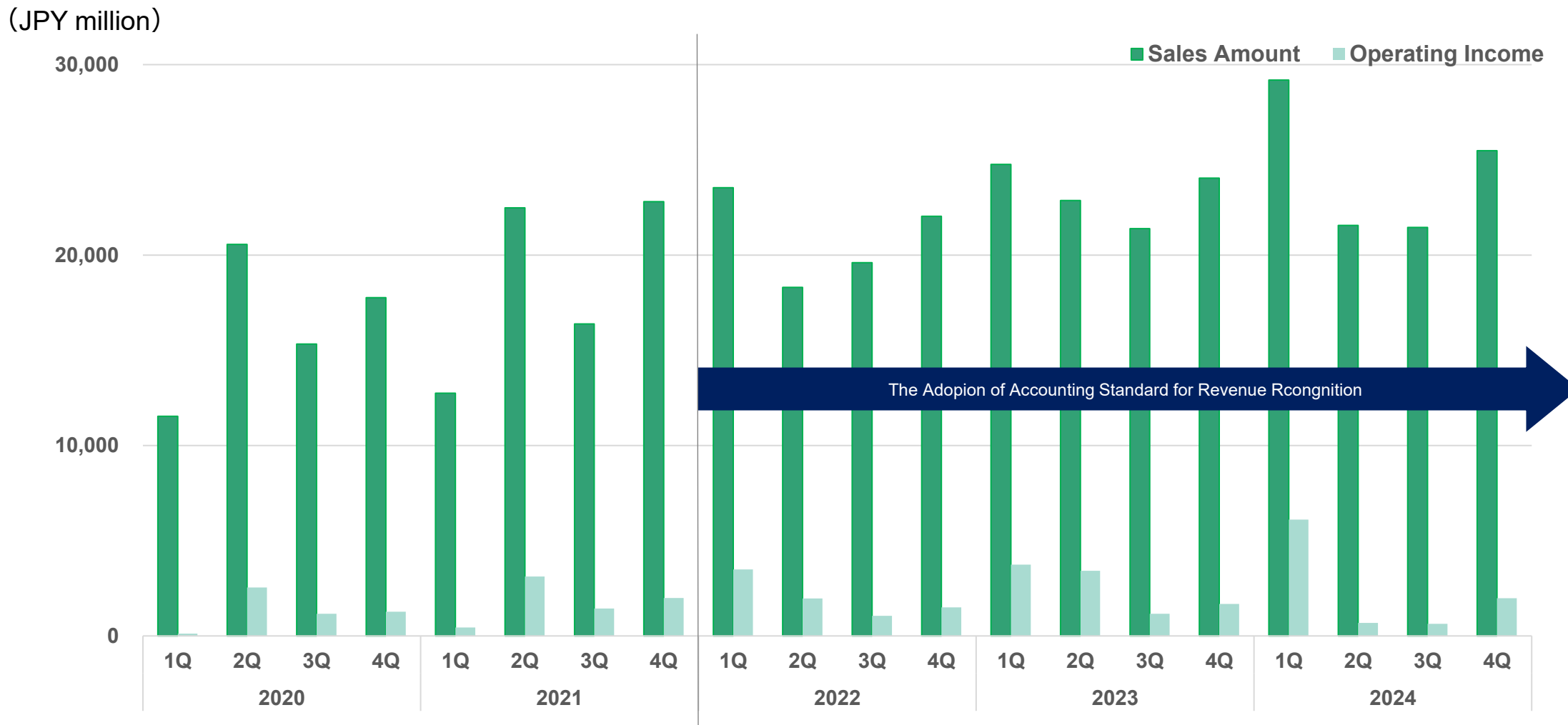
# Basic flow of Civil Engineering Consultants

- 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. The ends of projects period tends to concentrate at the end of the fiscal year (March)
- Project teams: Consists of 5-6 engineers. As a team leader, Professional Engineer certification is required



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

CTI Group has a large number of public projects, leading work progress clustering toward the end of the fiscal year. This, in turn, leads sales and income to cluster in 1Q. (after the adoption of Accounting Standard of Revenue Recognition in 2022)



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.

To catch up to the United States, the board of directors of the Japan Civil Engineering and Construction Control Association approved a proposal to establish an incorporated foundation (zaidan hojin) on August 1, 1945.

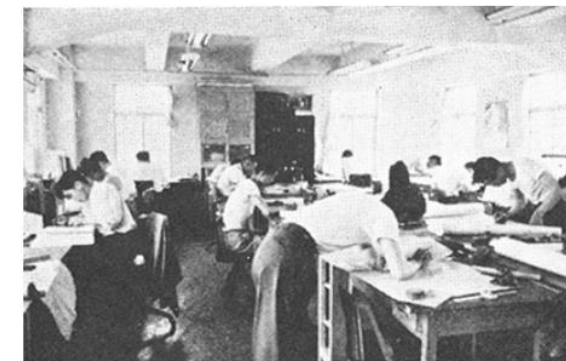


Office at the time of establishment

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.



Transformation in the face of changing times

In 1960s, 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 expansion 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

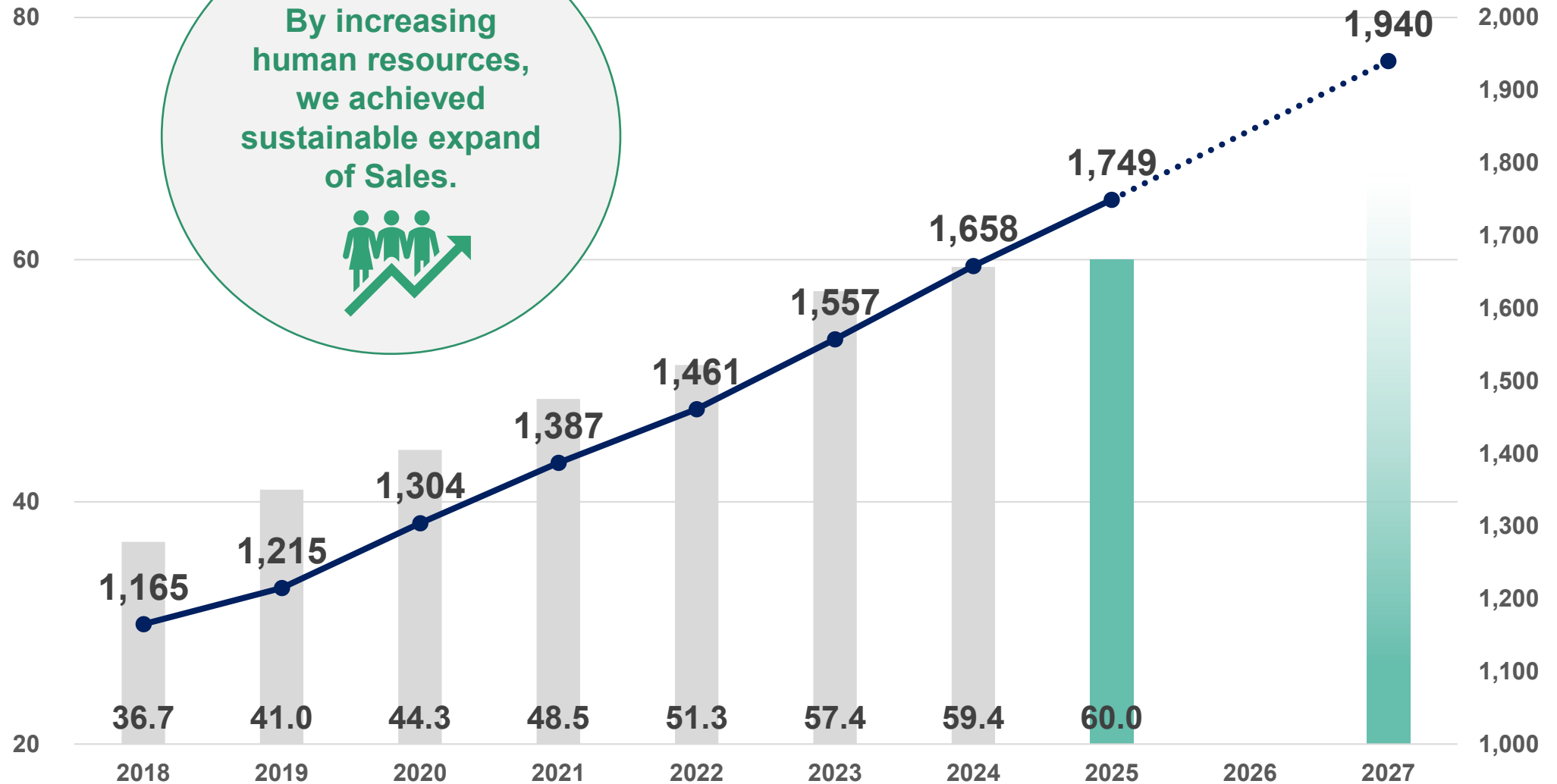


Postwar reconstruction    Pollution problem High economic growth    From quantity to quality    Global environmental problems    Reconstruction after the earthquake National Resilience

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

Sales(Non-Consolidated)  
(JPY billion)

Number of  
Engineers



By increasing human resources, we achieved sustainable expand of Sales.



## Japan Urban Engineering Co., Ltd.

### Services

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.

Trans  
portation  
Urban

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

### Services

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.

Environ  
mental  
Social

## NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.

### Services

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.

Trans  
portation  
Urban

## Environmental Research & Solutions Co., Ltd.

### Services

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).

Environ  
mental  
Social

## HIROKEN CONSULTANTS Co., LTD.

### Services

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.)

Water  
Land

Trans  
portation  
Urban

Environ  
mental  
Social

Ranked 2nd in Sales and Net Income in FY 2023

(JPY Million)

	Company Name	Construction Consulting Division Net Sales	Current term Profit
1	Integrated Design & Engineering Holdings(ID&E) * 1	63,895	7,538
2	<b>CTI Engineering (CTIE)</b>	<b>54,003</b>	<b>6,652</b>
3	Pacific Consultants (PCKK) (Unlisted)	51,292	2,224
4	Oriental Consultants (OC)	30,856	815
5	Dia Nippon Engineering Consultants * 2	28,149	1,823
6	Oriental Consultants Global(OC Global)	27,358	1,209
7	Yachiyo Engineering (Yachiyo) (Unlisted)	26,186	1,109
8	Eight-Japan Engineering Consultants (Eight JP)	23,837	1,944
9	Pasco	22,069	3,744
10	IDEA Consultants	20,995	1,925

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.

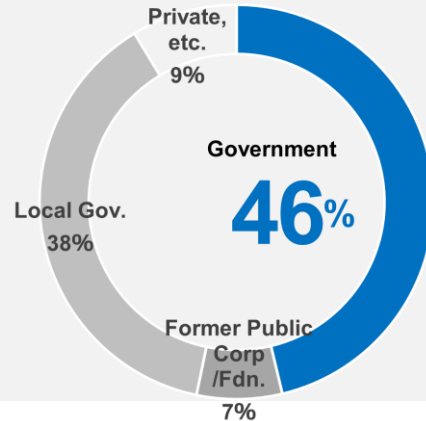
Japan's  
**first**  
consulting  
engineer

Since the founding of the Construction Technology Institute (our predecessor) in 1945, we have been "Japan's first consulting engineer" and have cultivated high-level technical expertise as our core strength.

Stable  
earning  
structure

As we receive a large number of orders from the government, we are able to secure profitability.

Order Received Amount by Source(FY2024)



**No. 1** in the  
industry  
in terms of orders  
received for  
river-related  
consulting

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.

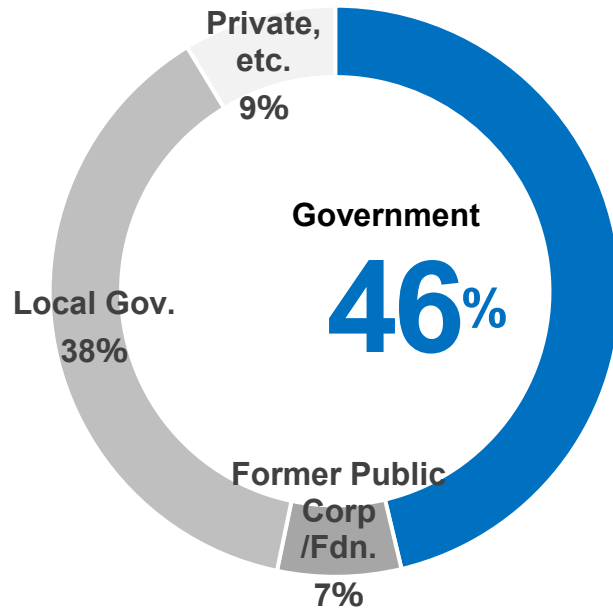
Professional  
Engineers  
With  
advanced  
technical  
skills

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

We believe that our people are our greatest resource, and we actively invest in training through programs such as the Professional Engineer Qualification Support Program and university-level continuing education for working adults.

**1**  
Orders Received from National government

Order Received Amount by Source(FY2024)



Half of all orders received are from the National government. While national projects are stable and highly profitable It requires advanced technology.

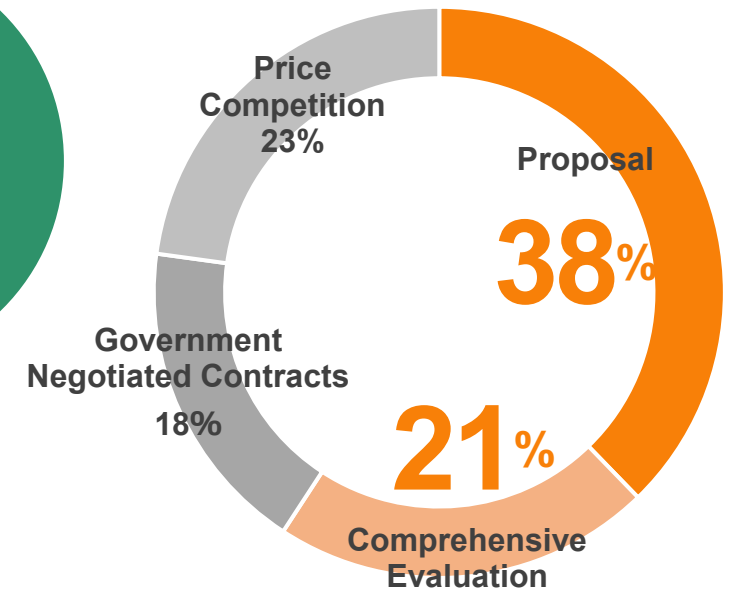
As we receive a large number of orders from the government, we are able to secure profitability and build up a track record of engineers through the implementation of projects, which will lead to orders in the next fiscal year.

This cycle has resulted in our technological superiority

In the future, we will strive to expand our top-line and transform our client structure into a well-balanced by expanding sales to prefectural and municipal governments and primary government agencies while maintaining MLIT sales.

**2**  
Strength in technical competition

Order Received Amount by Contract Method(FY2024)



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 complete technical proposal capability

**Comprehensive Evaluation**

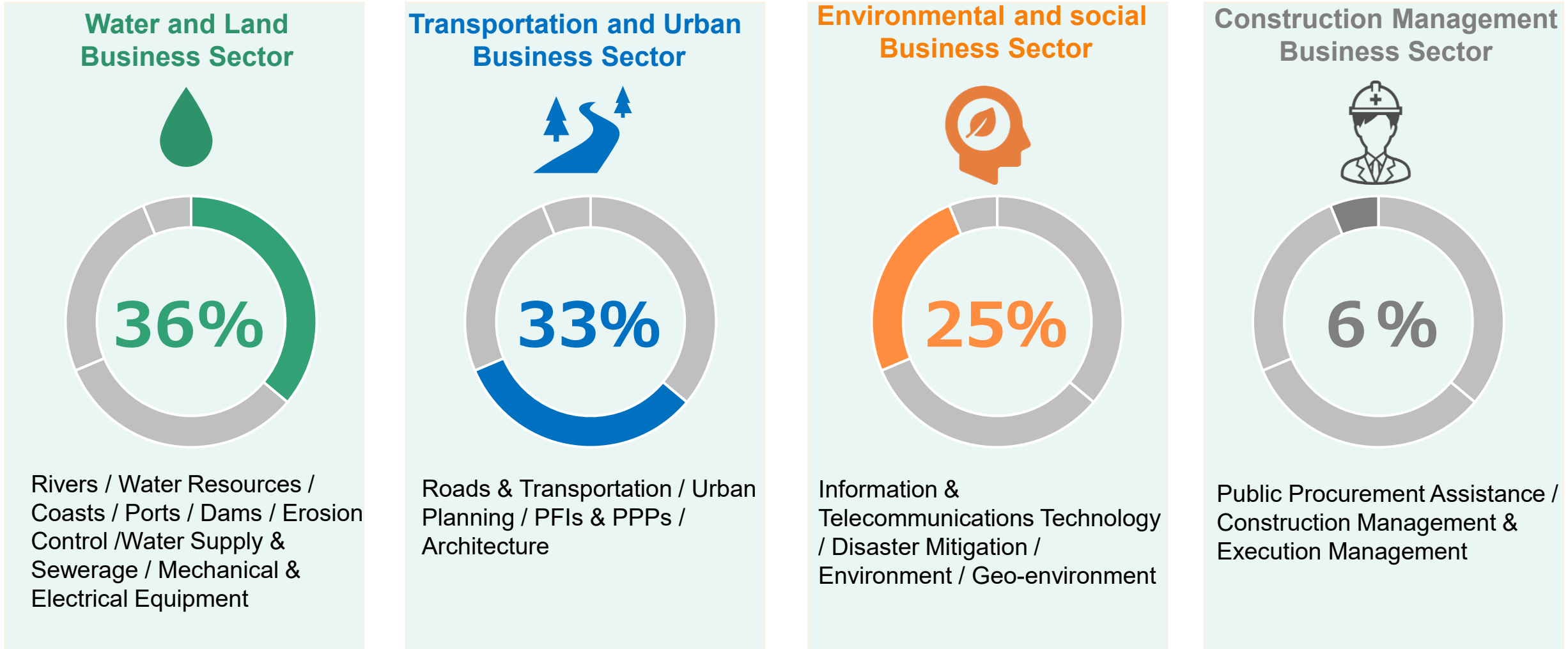
: Competition based on ability to propose both technology and price

**Price Competition**

: Competition based on complete price

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: million yen

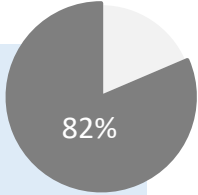
Our company Business Unit	Watershed and Land Business Sector	Transportation and Urban Business Sector		Environmental and Social Business Sector		Construction management Business Sector
Sales Rank	Rivers, erosion control, coasts and oceans	Road	City planning and regional planning	Construction environment	Electricity and electronics	Construction plan and construction equipment
1	<b>CTIE</b> 22,191	PCKK 8,640	Oba 7,825	IDEA 11,517	<b>CTIE</b> 3,860	Tenet Japan 4,509
2	ID&E 13,769	OC 7,419	NK Urban Space 6,463	Kenkan Consultants 5,105	Nihon Koei 3,108	Yokohama Consulting Center 2,821
3	Yachiyo 7,529	<b>CTIE</b> 7,179	Total Daily Construction 5,745	ID&E 4,173	Electrical technology development 1,998	Taisei Engineering 2,819
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 International.

## Waterman Group

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



### Creeping

June 2017 Joined the Group

### Business Outline

Mainly for private companies  
➔ Architecture Structural design,  
Equipment design

Mainly for public works  
➔ Civil Engineering Field

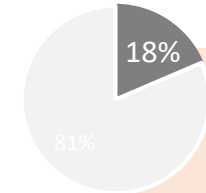
- Construction consultant
- Dispatch of engineers

### Business Area

United Kingdom, Ireland, Australia



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



## CTI International

### Creeping

1999 March Established as a wholly owned subsidiary of the Company, following the separation of the Company's overseas operations.

### Business Outline

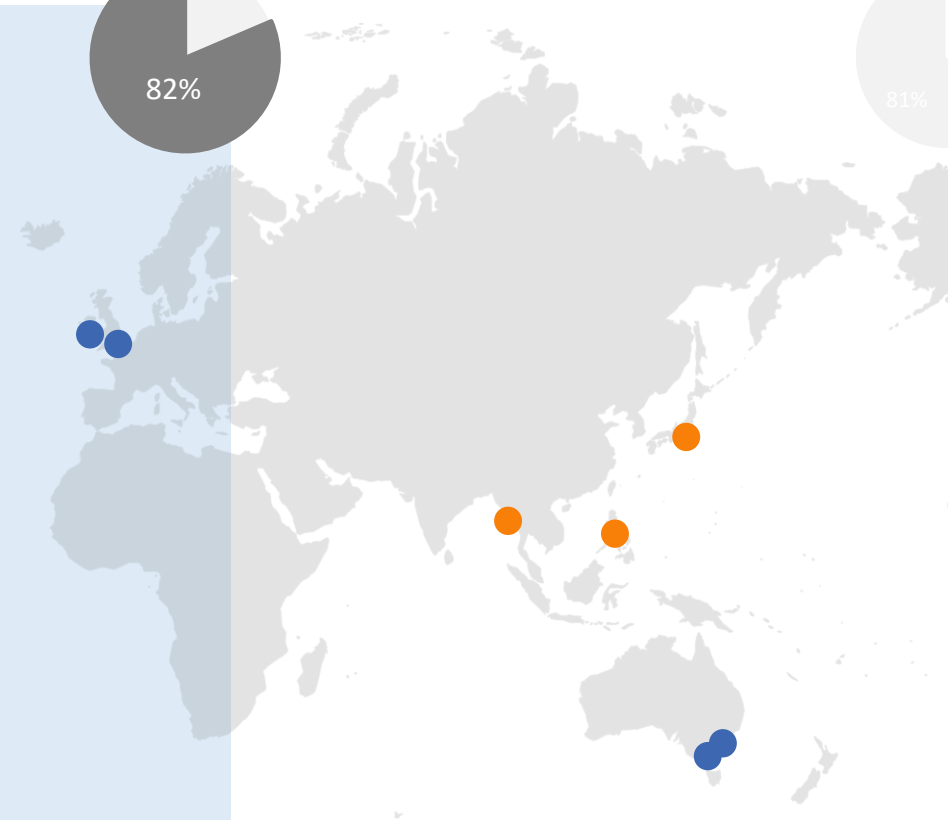
Construction consulting business mainly through ODA in semi-developed and developing countries

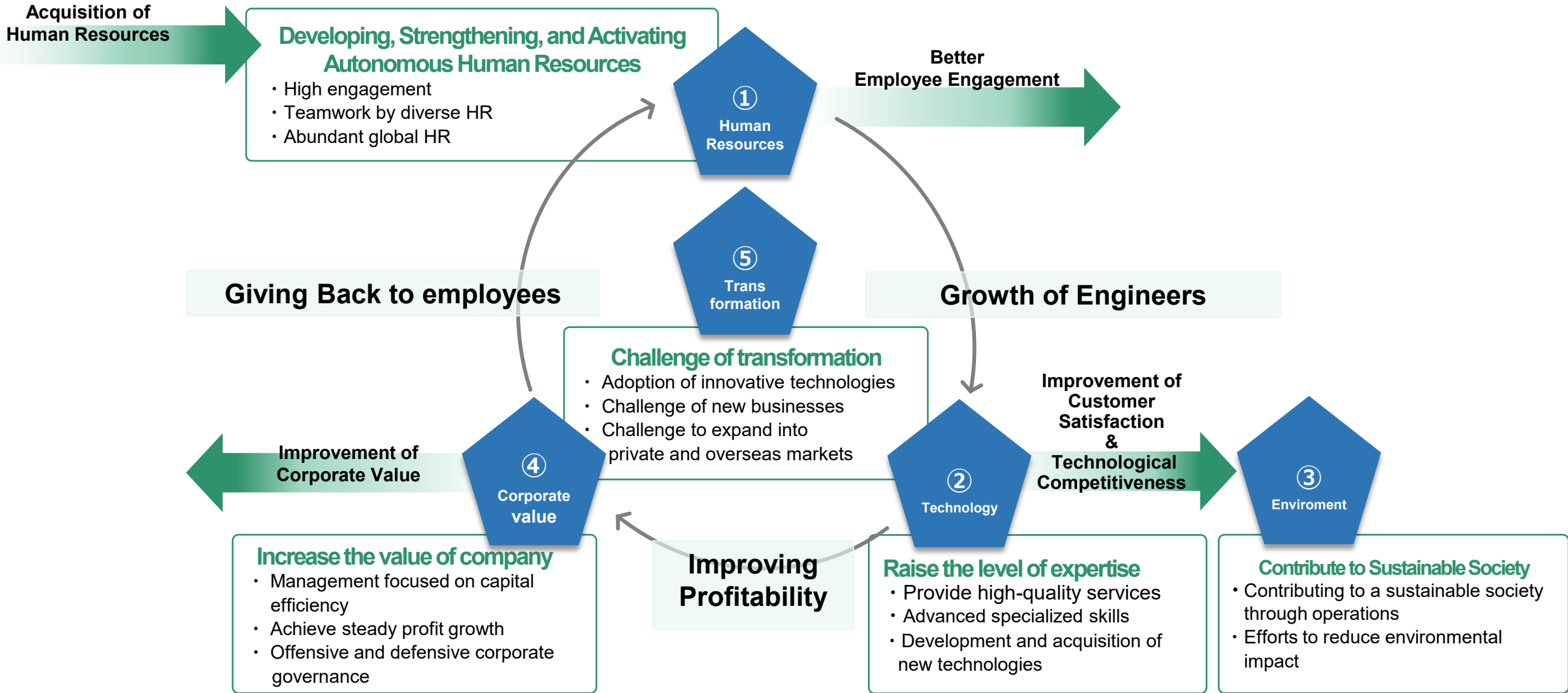
### Major Business Partners

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.





## ● 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 110 billion yen 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 appropriately returning profits to shareholders

### Labor productivity

Increase labor 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 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

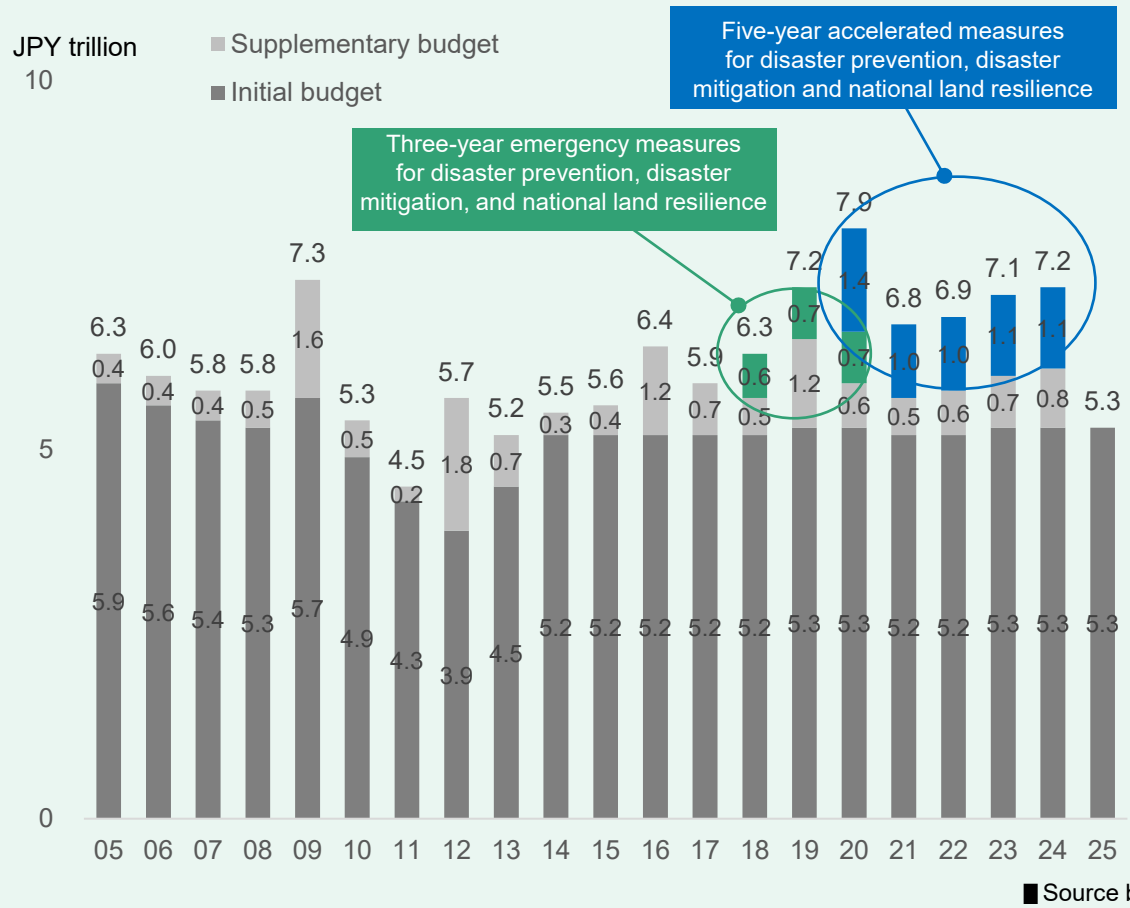
- Improve ROE and EPS by combining steady growth in operating income, flexible shareholder returns such as dividends, and external growth such as M&A

The market for construction consulting business is strongly influenced by government budget allocations and construction investment. Public works expenses (Ministry of Land, Infrastructure, Transport and Tourism) has been steady due to the “Five-year accelerated measures for disaster prevention, disaster mitigation and national land resilience” until 2024.

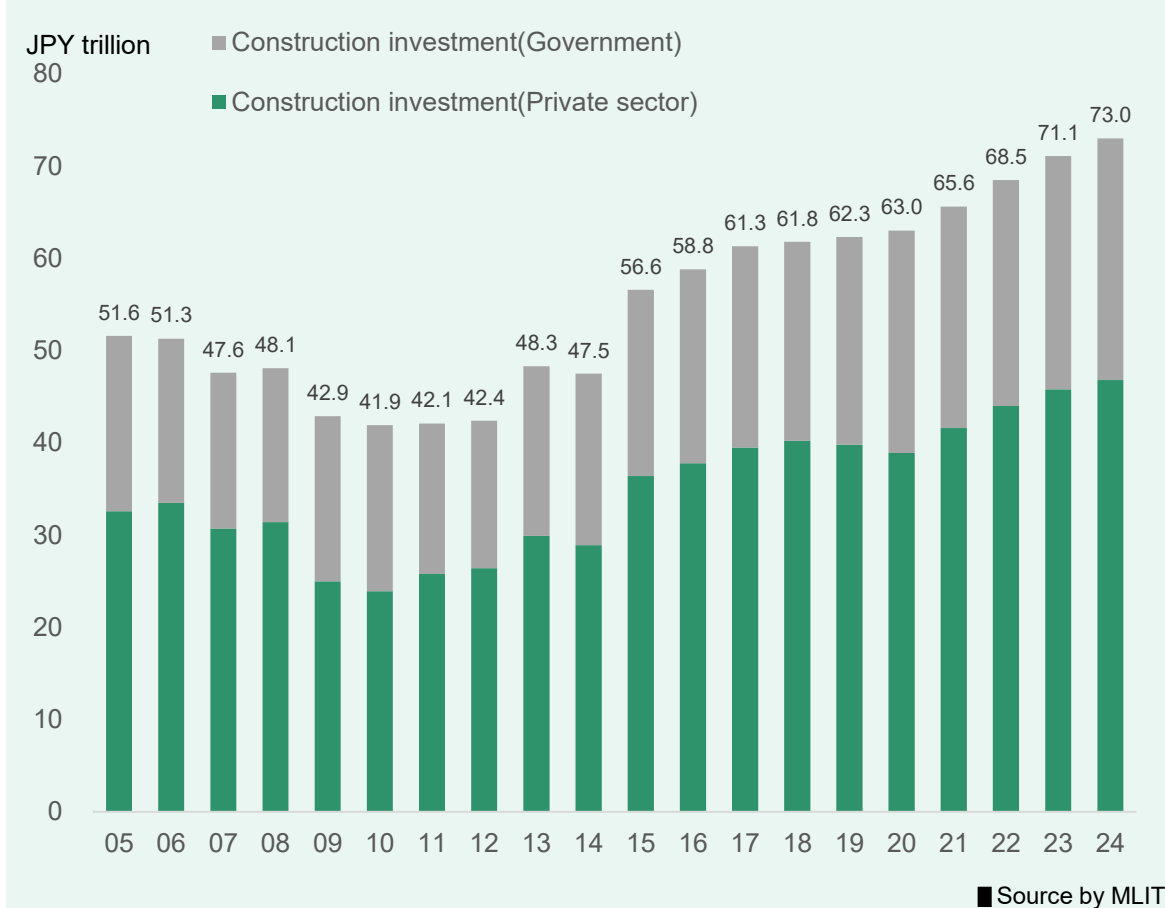
Overall construction investment (public and private) has been increasing continuously since 2014.

Construction investment by the government and the private sector is expected to stabilize to a certain extent in the future, and the potential market is also large due to the state of undeveloped infrastructure.

### Public works related expenses



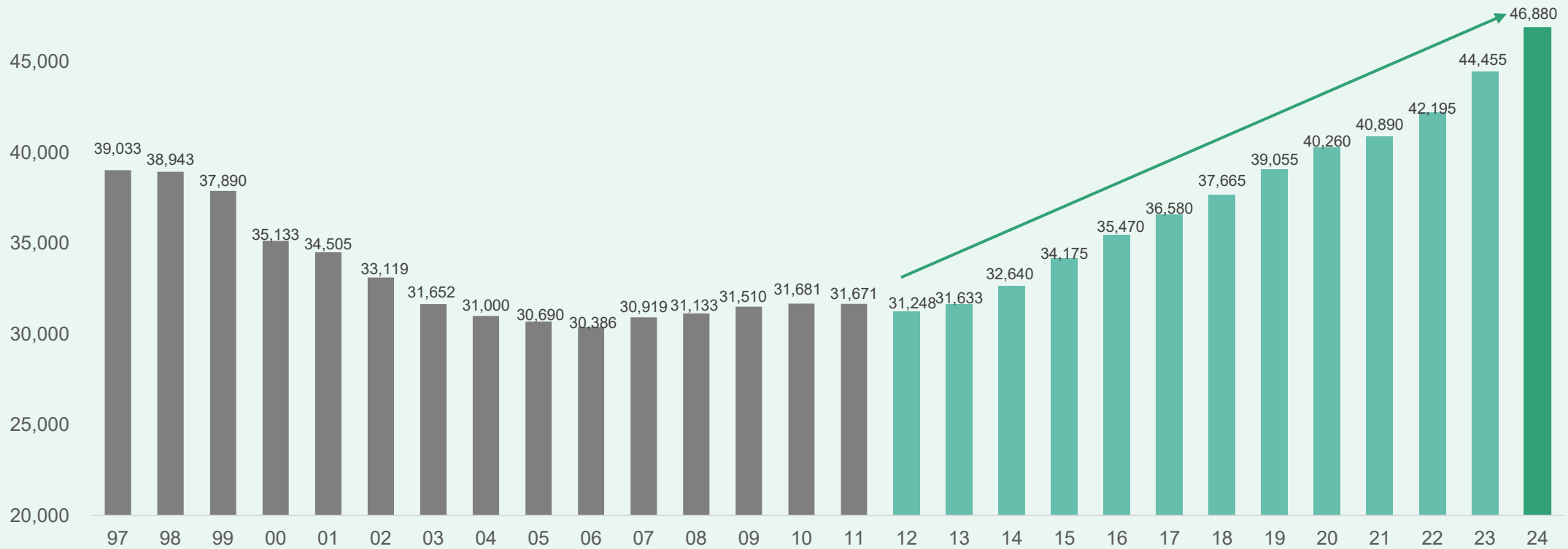
### Increase in construction investment



- **Unit price for design engineers:** A unit price used for the estimation of design outsourcing (design, survey, geology, etc.) ordered by the Ministry of Land, Infrastructure, Transport and Tourism. Set unit prices based on annual salary surveys
- In FY 2024, the average of all job categories was 46,880 yen, up 5.5% from the previous year, reflecting the reality of recent wage increases, etc.

### Increase in unit price for design engineers

50,000 JPY



■ 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 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

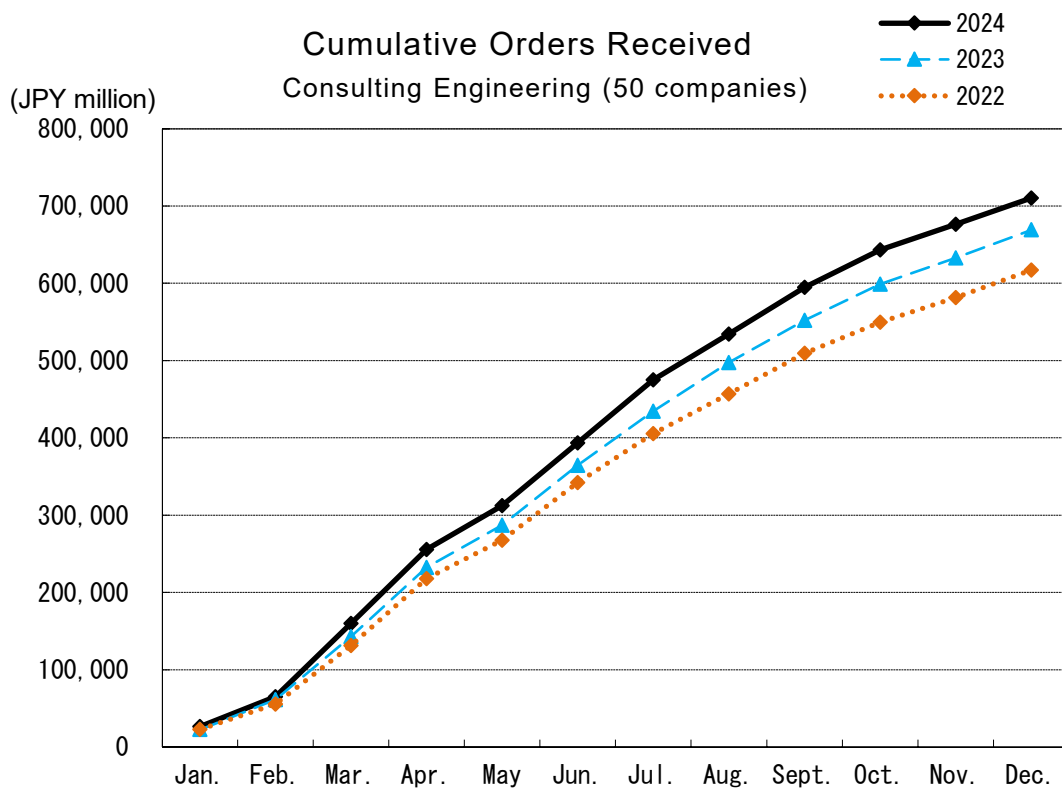
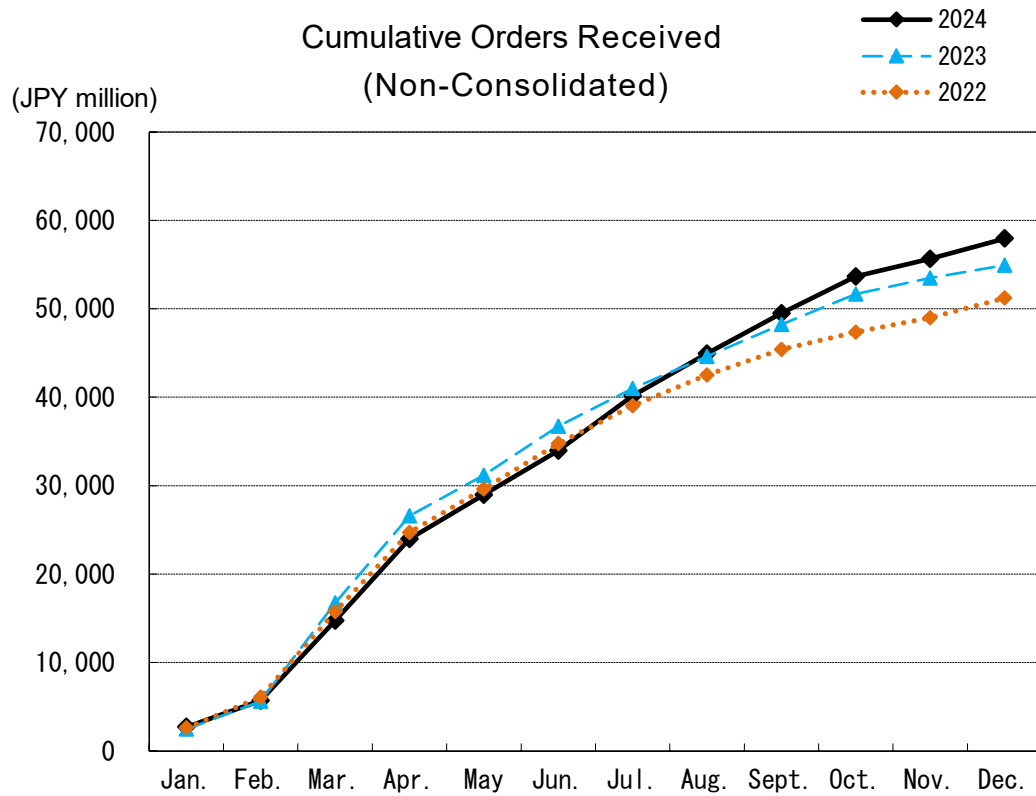
(JPY million, rounded down to the nearest million, %)

Item 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, %)

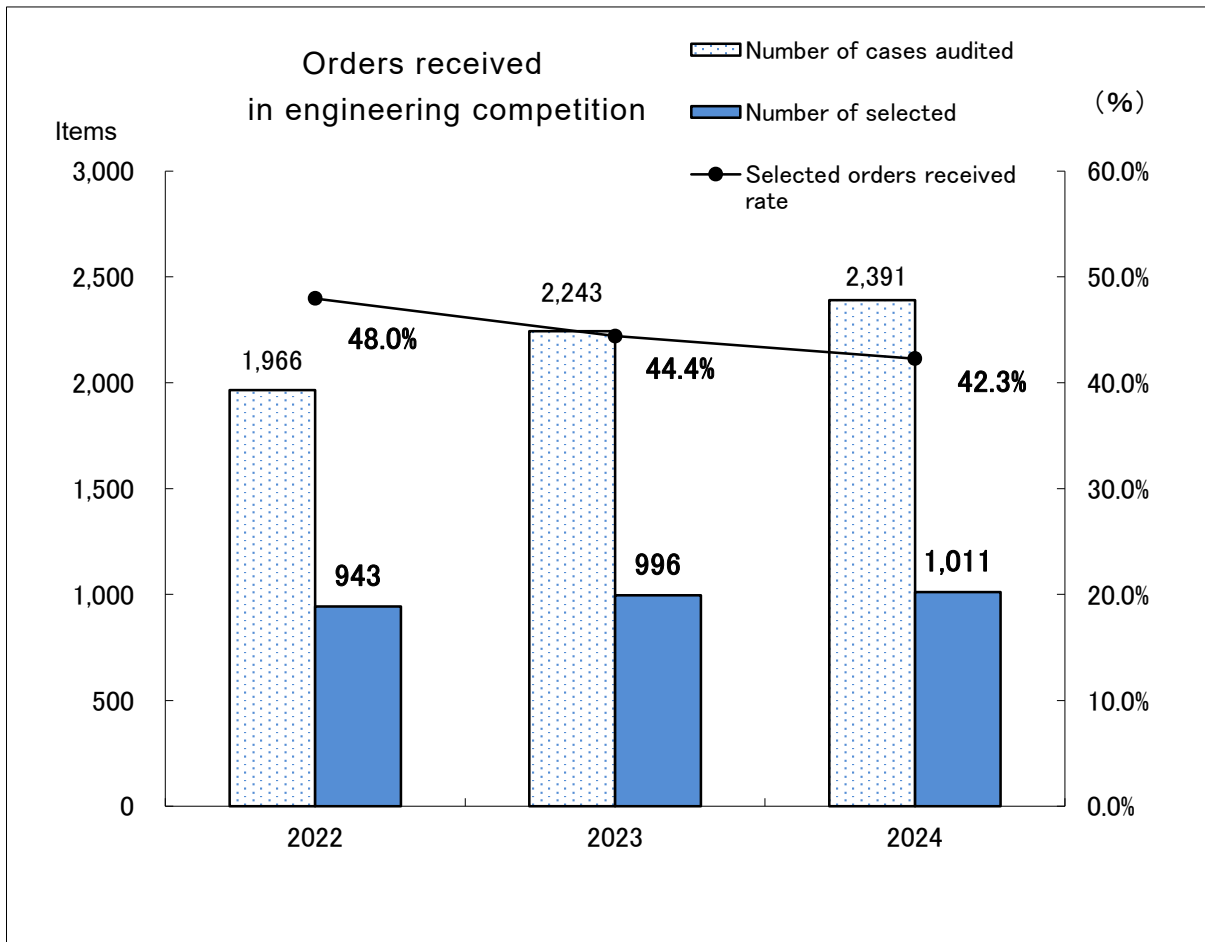
	2022		2023		2024	
	Amount	Change (YoY)	Amount	Change (YoY)	Amount	Change (YoY)
Full Year (January to December)	85,887	1.7	92,473	7.7	94,400	2.1



(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 (2022.1 to 12)	2023 (2023.1 to 12)	2024 (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 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.