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

Feb 14, 2025

Tokyo Stock Exchange / Code number : 9621

CTI Engineering Co., Ltd.

Enriching life through engineering

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62nd Term-Financial Highlight（Consolidated）

Enriching life through engineering

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.

Orders Received

JPY **94,400** million

YoY JPY 92,473 million
Rate of change +2.1%

Sales

JPY **97,678** million

YoY JPY 93,057 million
Rate of change +5.0%

Operating Income

JPY **9,396** million

YoY JPY 10,011 million
Rate of change -6.1%

Net Income Attributable to Owners of the Parent

JPY **6,746** million

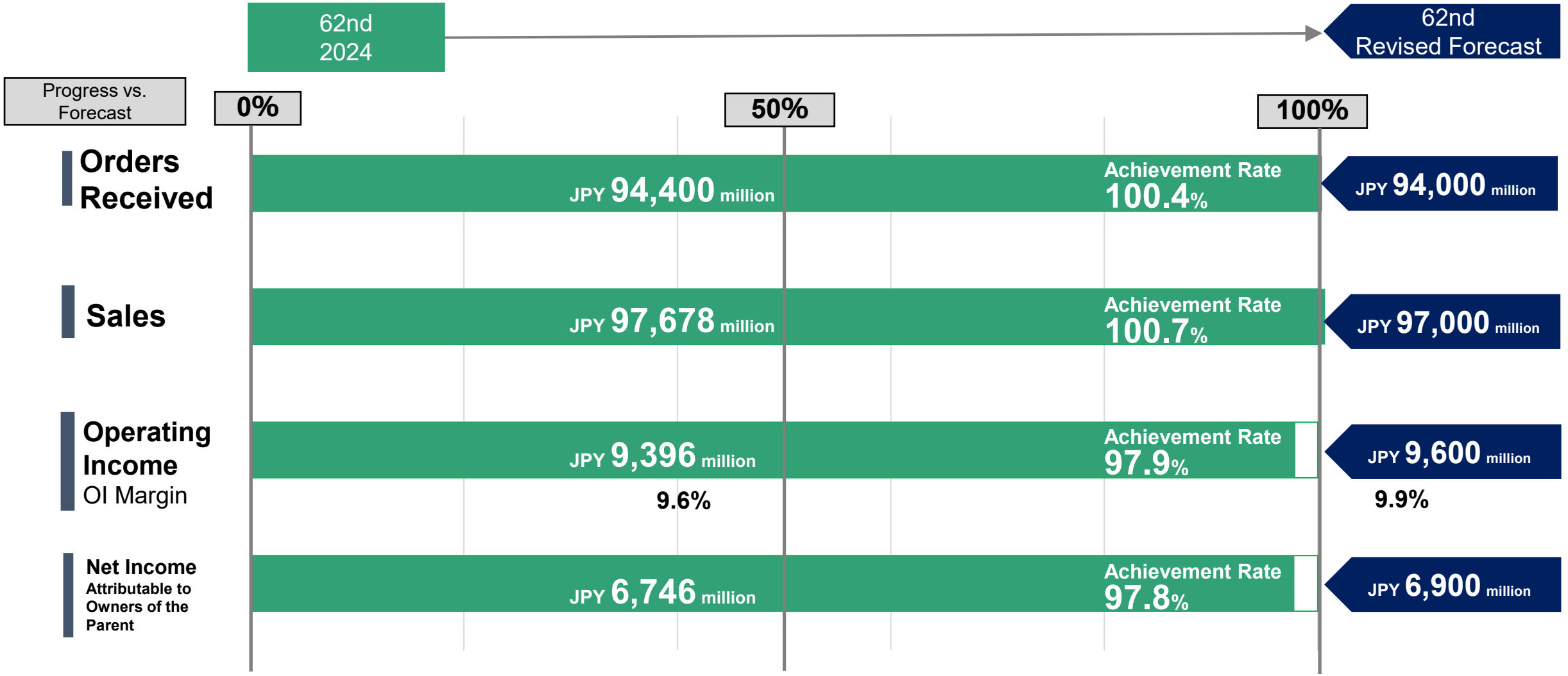
YoY JPY 7,534 million
Rate of change -10.5 %

Orders Received	Considering the workload of engineers as initial policy, exceeded the revised full fiscal year forecast and YoY.
Sales	Based on the progress up to 3Q, Sales Continued to be strong and achieved YoY growth.
Operating Income	Achieved results in line with the initial profit reduction plan, aimed at preventing errors and strengthening investment.

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62nd Term-Financial Highlight （Achievement vs. 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 almost as planned.



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62nd Term-Results Outline（Consolidated）

（JPY million）

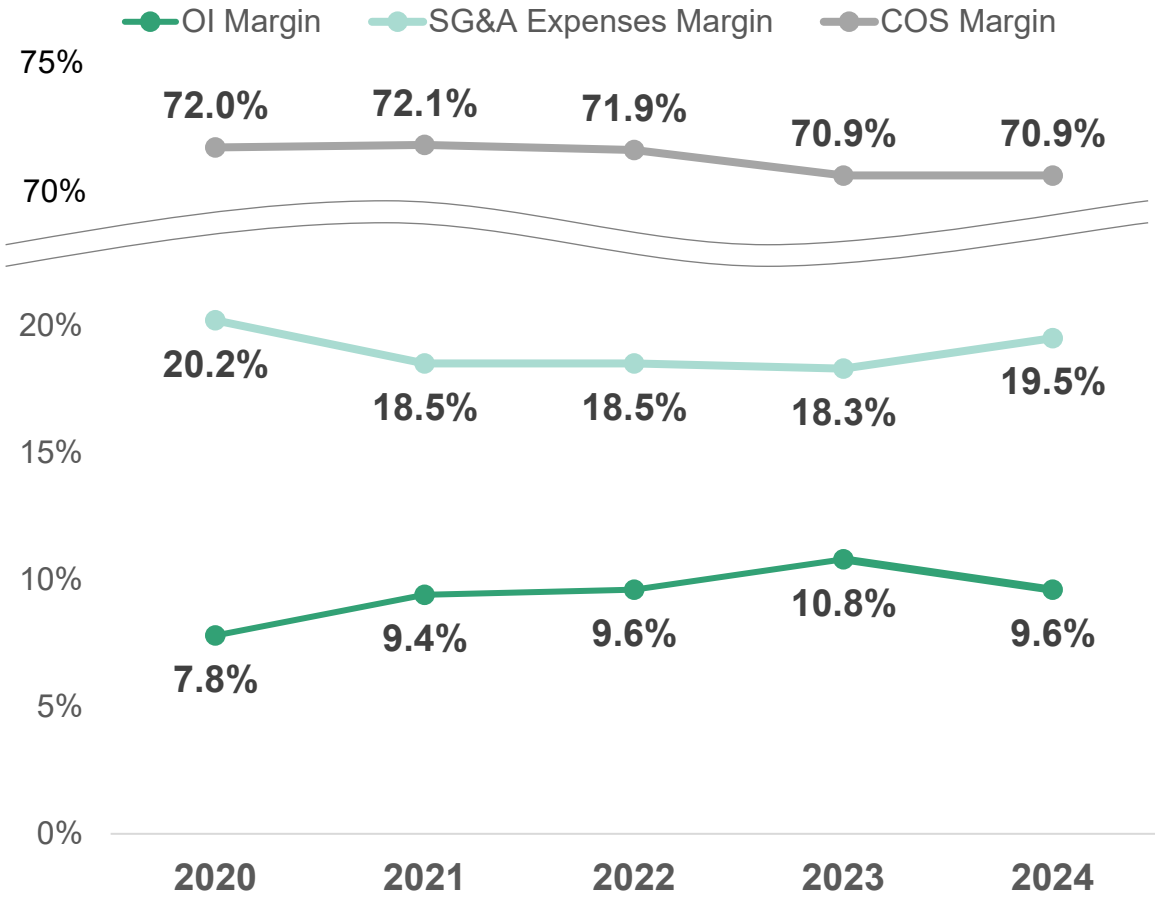
Item	61st Term 2023	62nd Term 2024			62nd Term 2024 (Revised FY Forecast)	
			Change(¥) (YoY)	Change(%) (YoY)		Achievement vs. Forecast (%)
Orders Received	92,473	**94,400**	+1,926	+2.1%	94,000	100.4%
Sales	93,057	**97,678**	+4,621	+5.0%	97,000	100.7%
Operating Income	10,011	**9,396**	-614	-6.1%	9,600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

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Income Statement（Consolidated） - 5 year Trend -

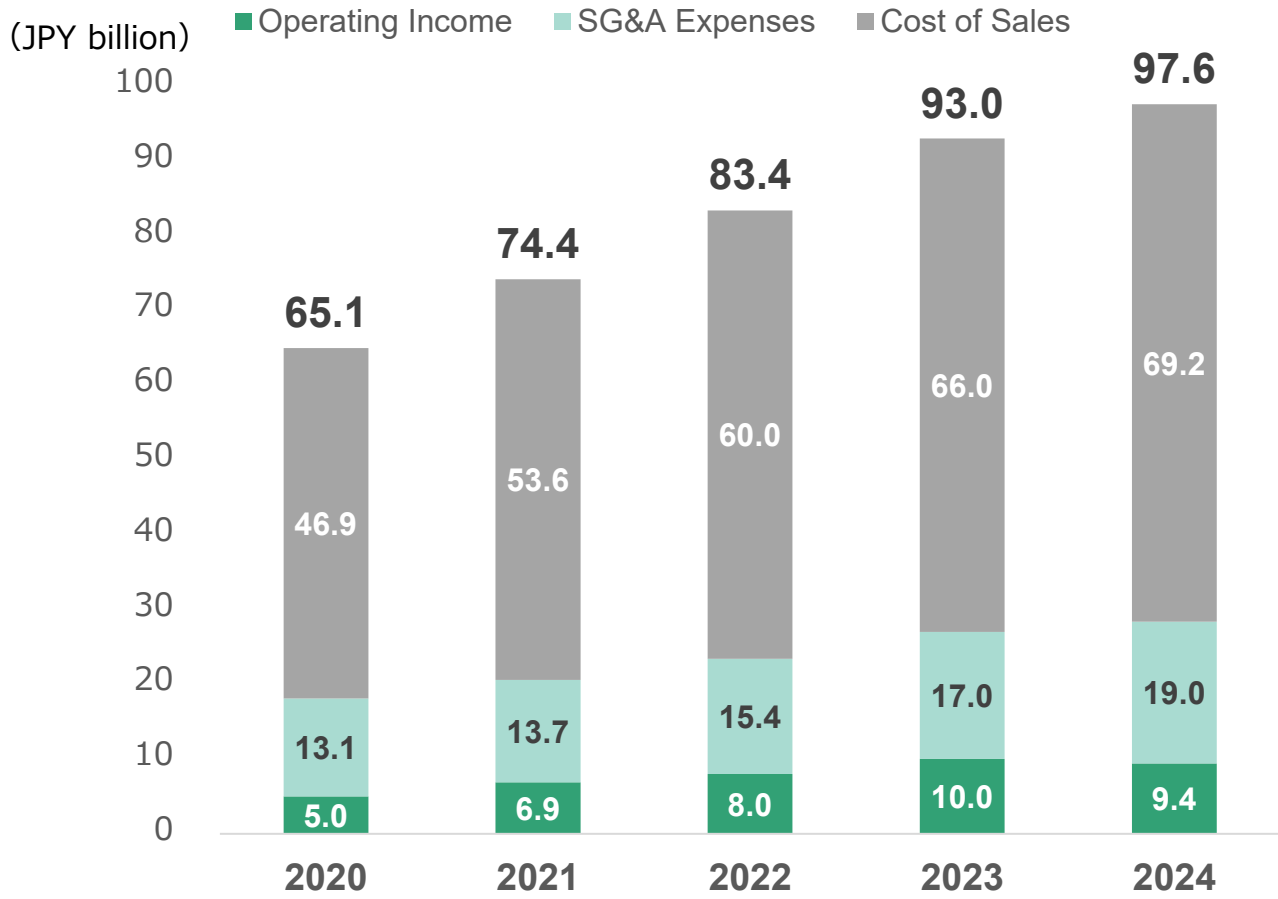
Operating Income Margin, etc. - 5 year Trend -

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



Sales Composition - 5 year Trend -

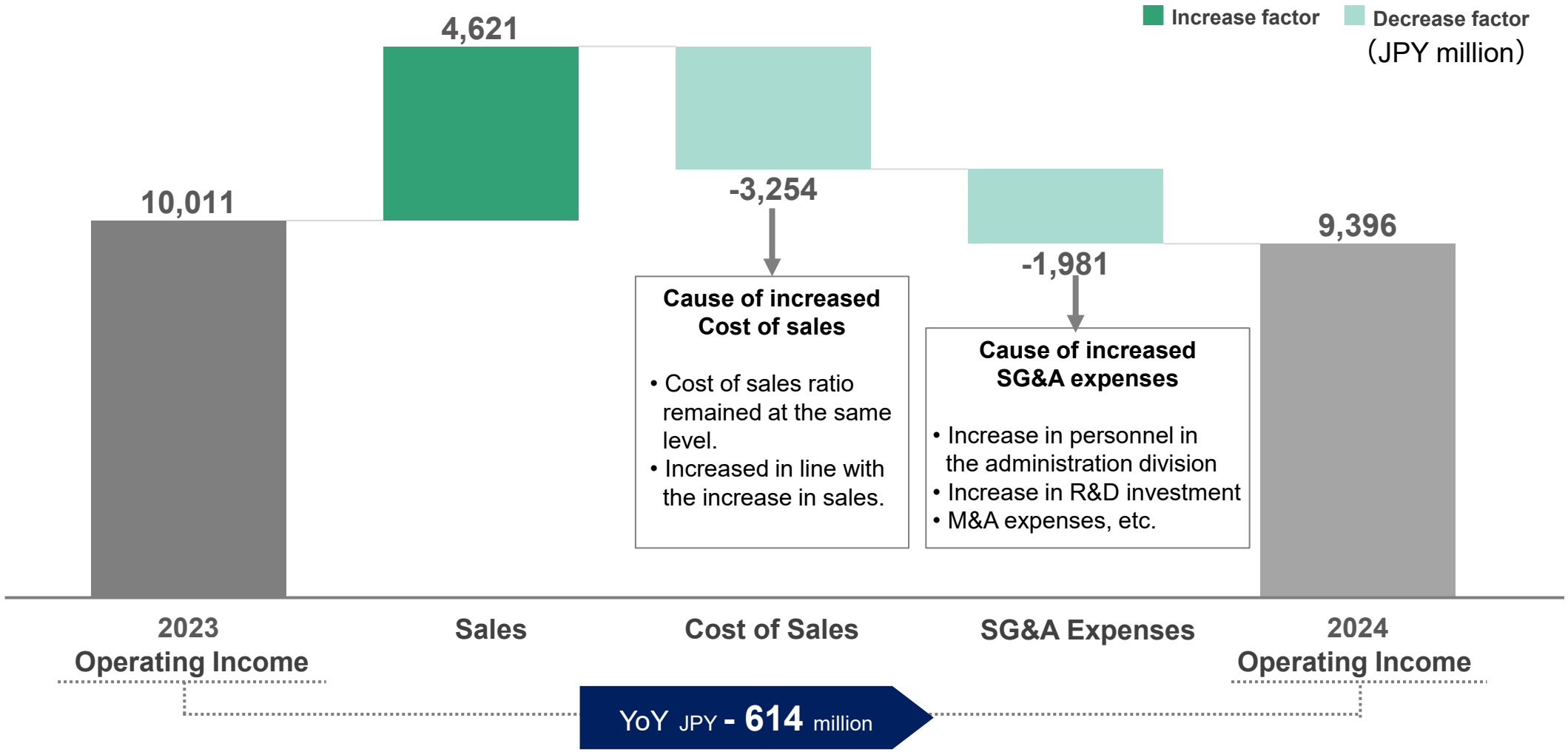
- Sales exceeded the revised full fiscal year forecast and delivered a new record performance.
- SG&A Expenses increased due to increase in personnel in the administration division and increase in R&D investment etc.
- Operating Income ended up almost as revised forecast.



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Analysis of Changes in Operating Income

- 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.

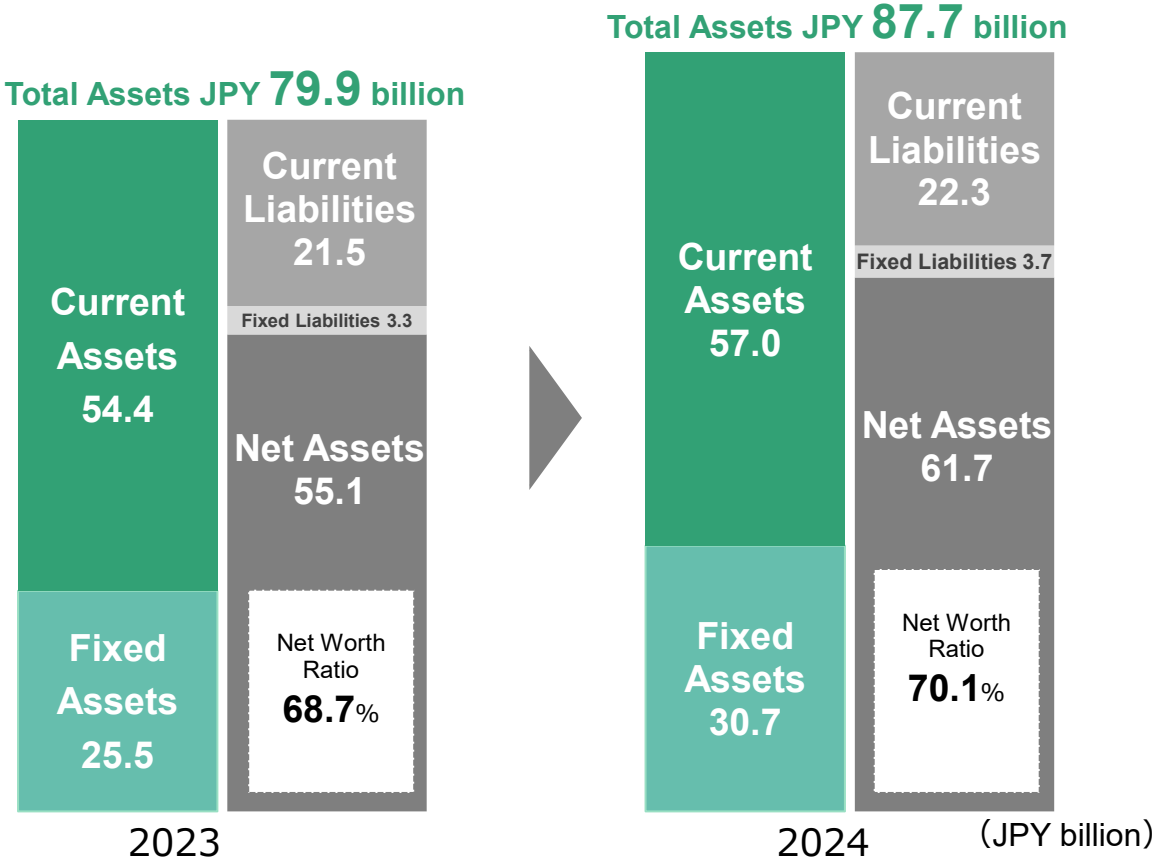


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Balance Sheet／Cash Flow（Consolidated）

Balance Sheet

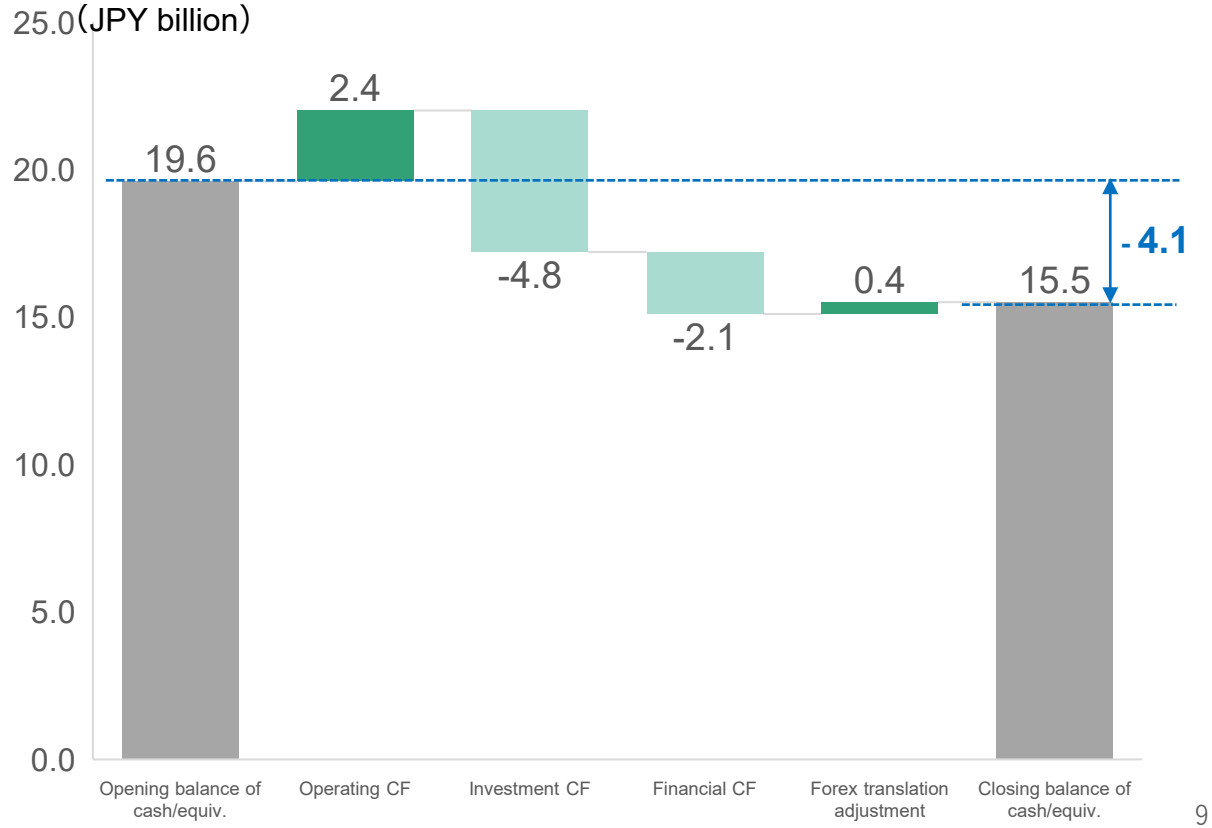
- Assets increased JPY 7.8 billion due to an increase in accounts receivable(＋JPY 6.2 billion), goodwill(＋JPY 2.6 billion), etc.
- Liabilities increased JPY 1.2 billion due to an increase in contract liabilities(＋JPY 0.3 billion), etc.
- Net worth ratio 70.1%（＋1.4pt）



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



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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)

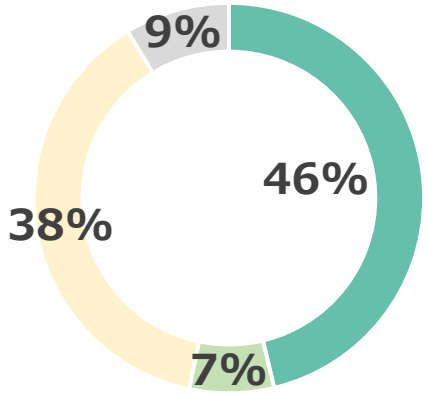
（JPY million）

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

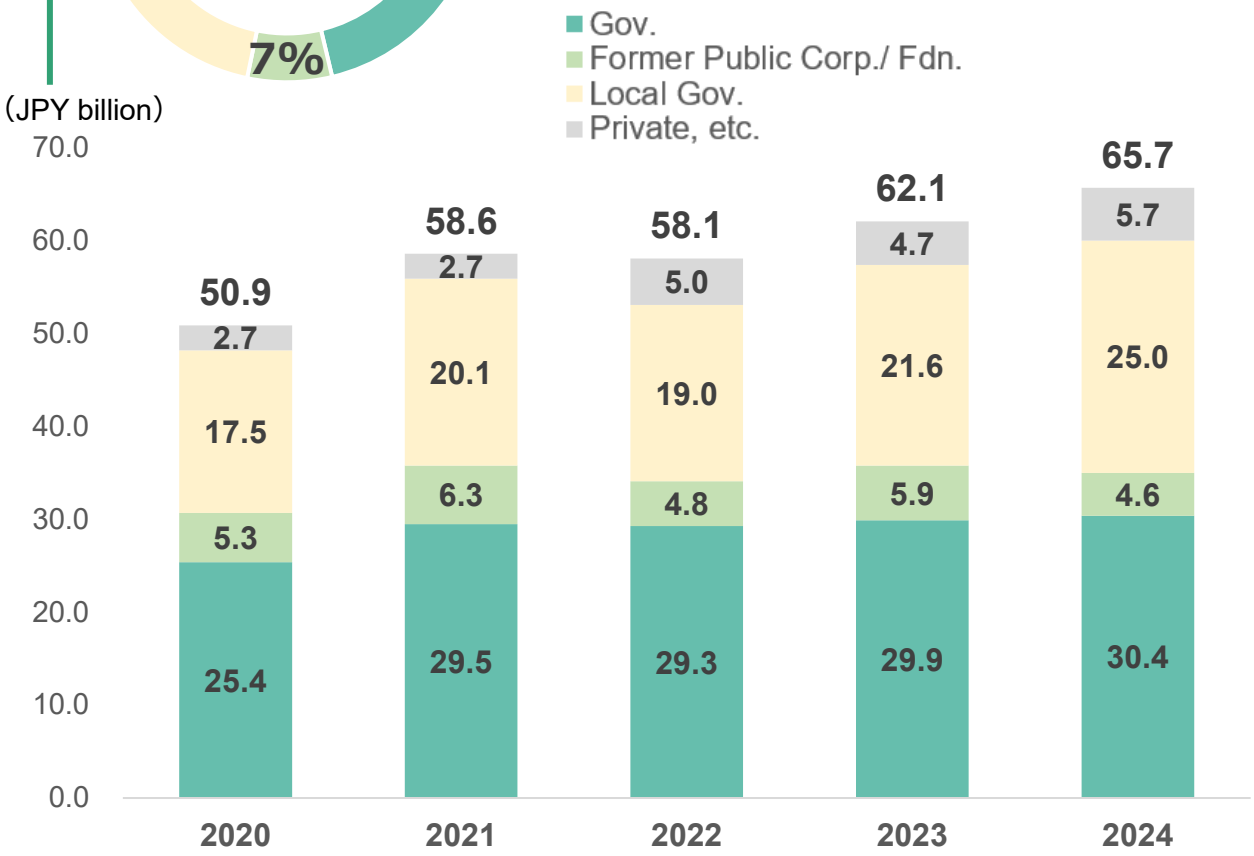
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Orders Received Amount Trend (Domestic)

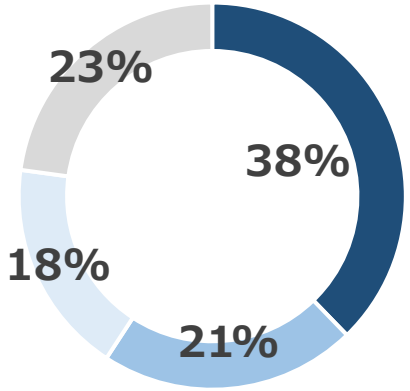
Orders Received Amount by Clients



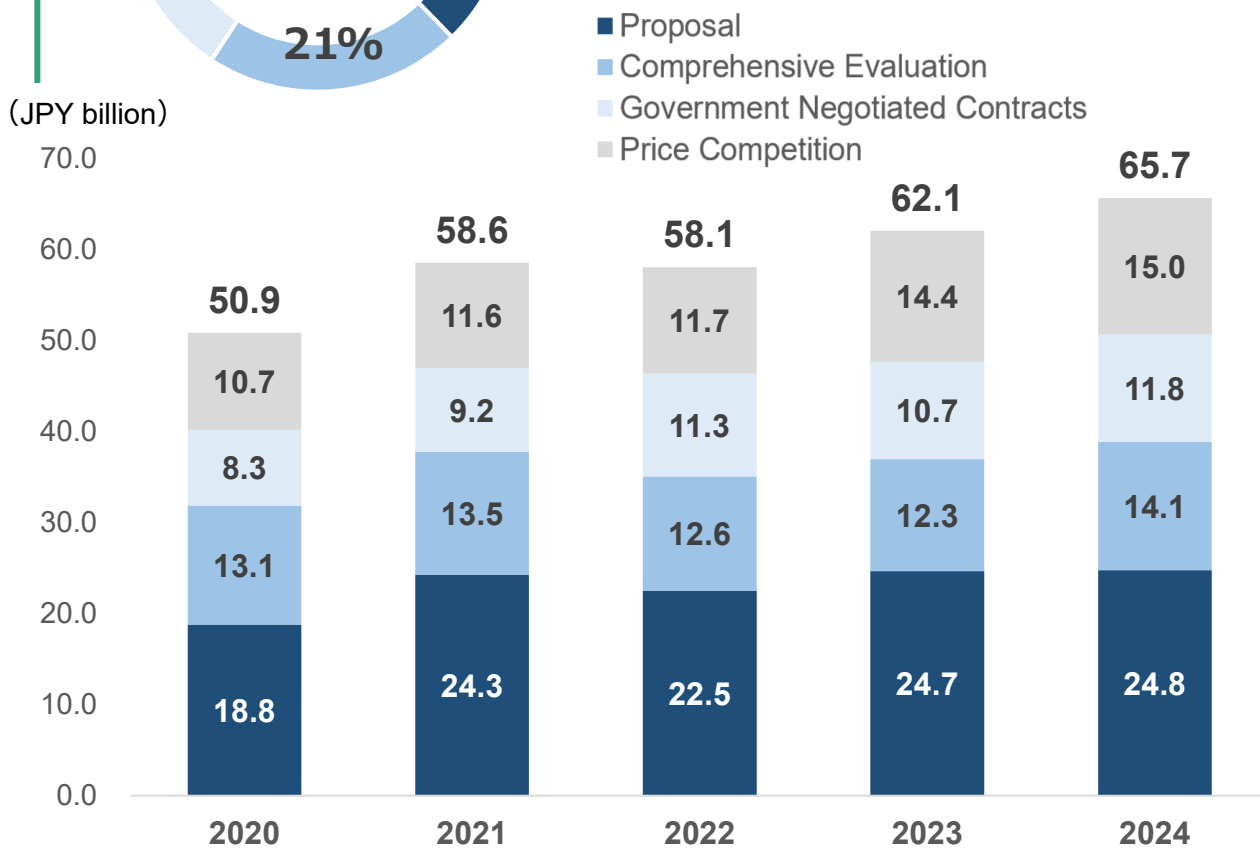
- Slight increase from Government.
- Slight decrease from Former Public Corporations and Foundations.
- Increase from Local Government and Private, etc.
  Local Government ratio: +3pt



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.



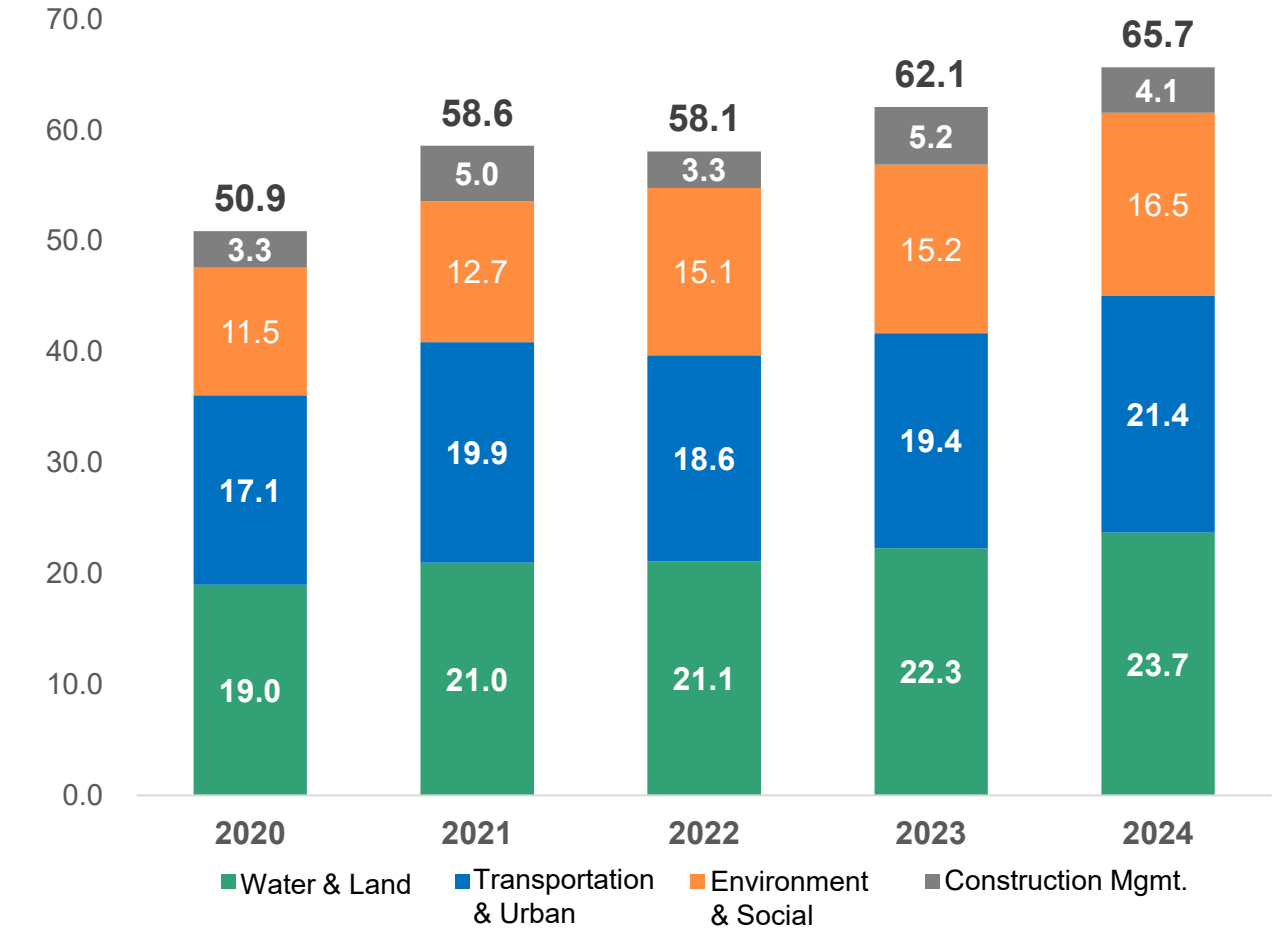
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Orders Received Amount Trend (Domestic)

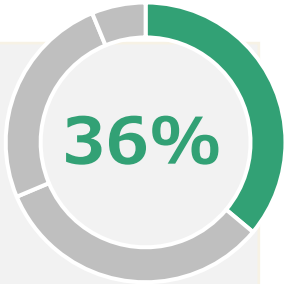
Orders Received Amount by Sector

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

(JPY billion)



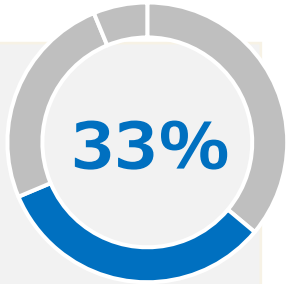
Water & Land Sector



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**%

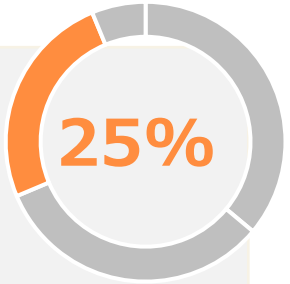
Transportation & Urban Sector



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

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

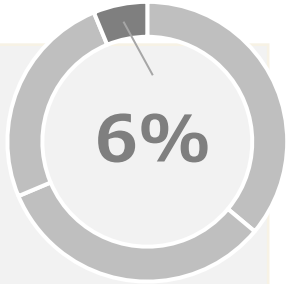
Environment & Social Sector



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**%

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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)

	61st Term 2023	62nd Term 2024	Change(¥) (YoY)	Change(%) (YoY)	62nd Term 2024 (Revised FY Forecast)	Achievement vs. Forecast (%)
Orders Received	30,312	**28,676**	-1,636	-5.4% (-13.4%)	31,500	91.0%
Sales	28,583	**30,733**	+2,150	+7.5% (-0.9%)	31,000	99.1%
Operating Income	1,073	**773**	-299	-27.9% (-33.6%)	900	85.9%
OI Margin	3.8%	**2.5%**	-	-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.

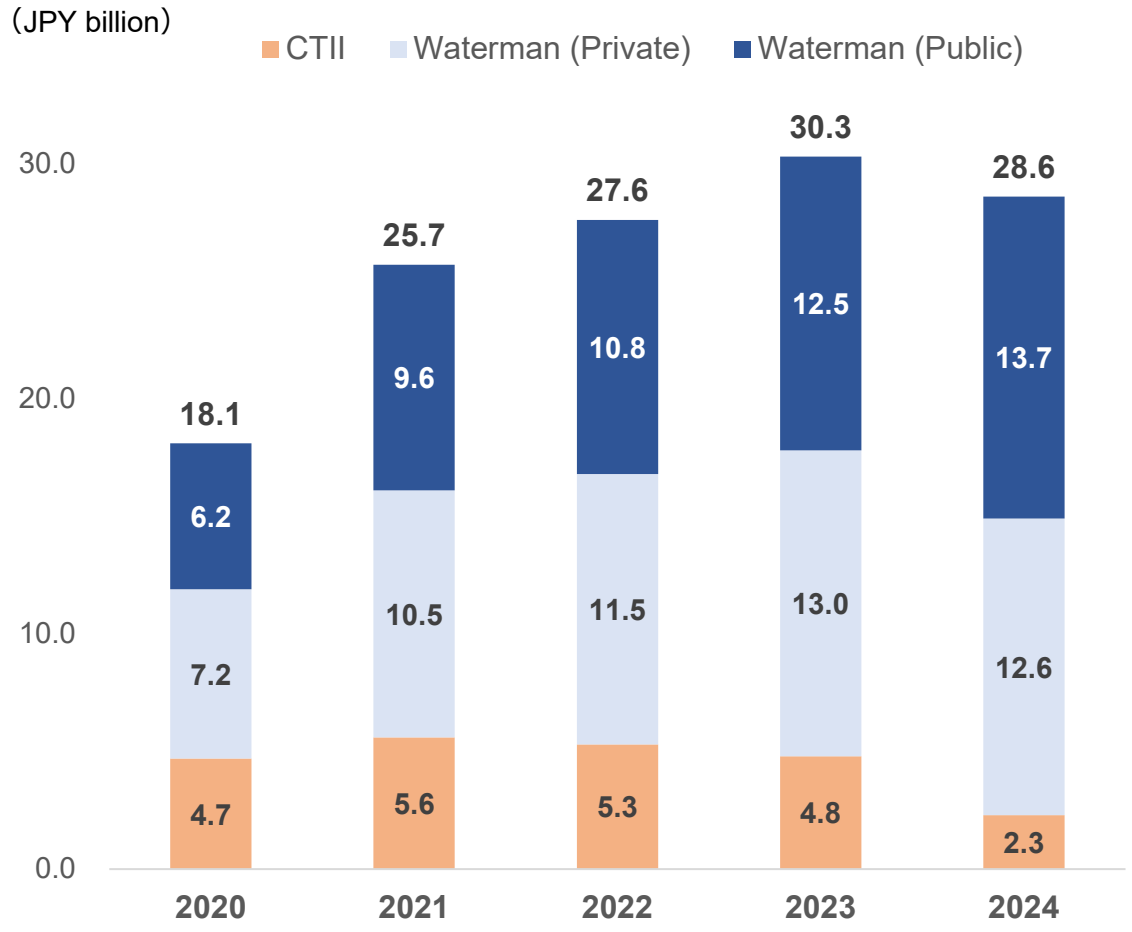
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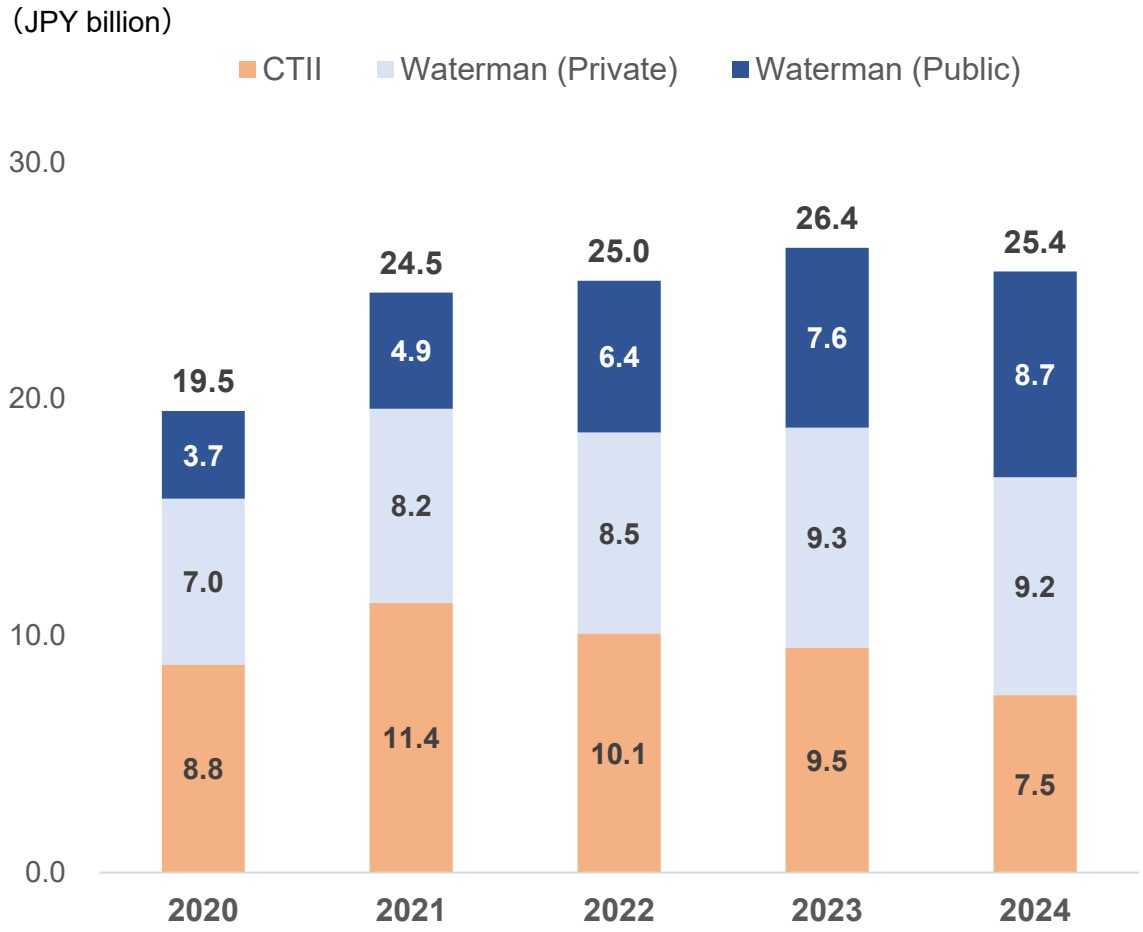
Orders Received Amount Trend (Overseas)

- 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



Trend in Order Balance

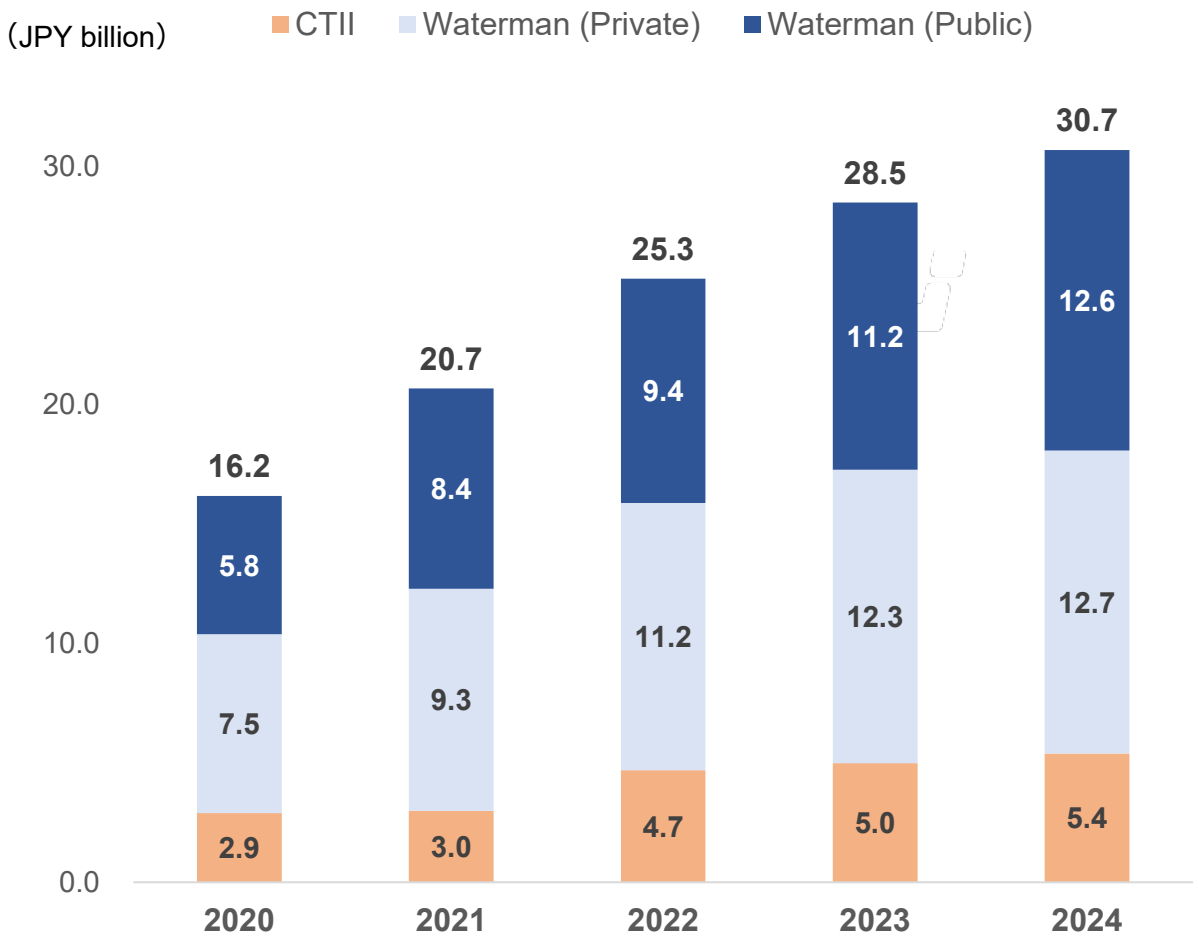


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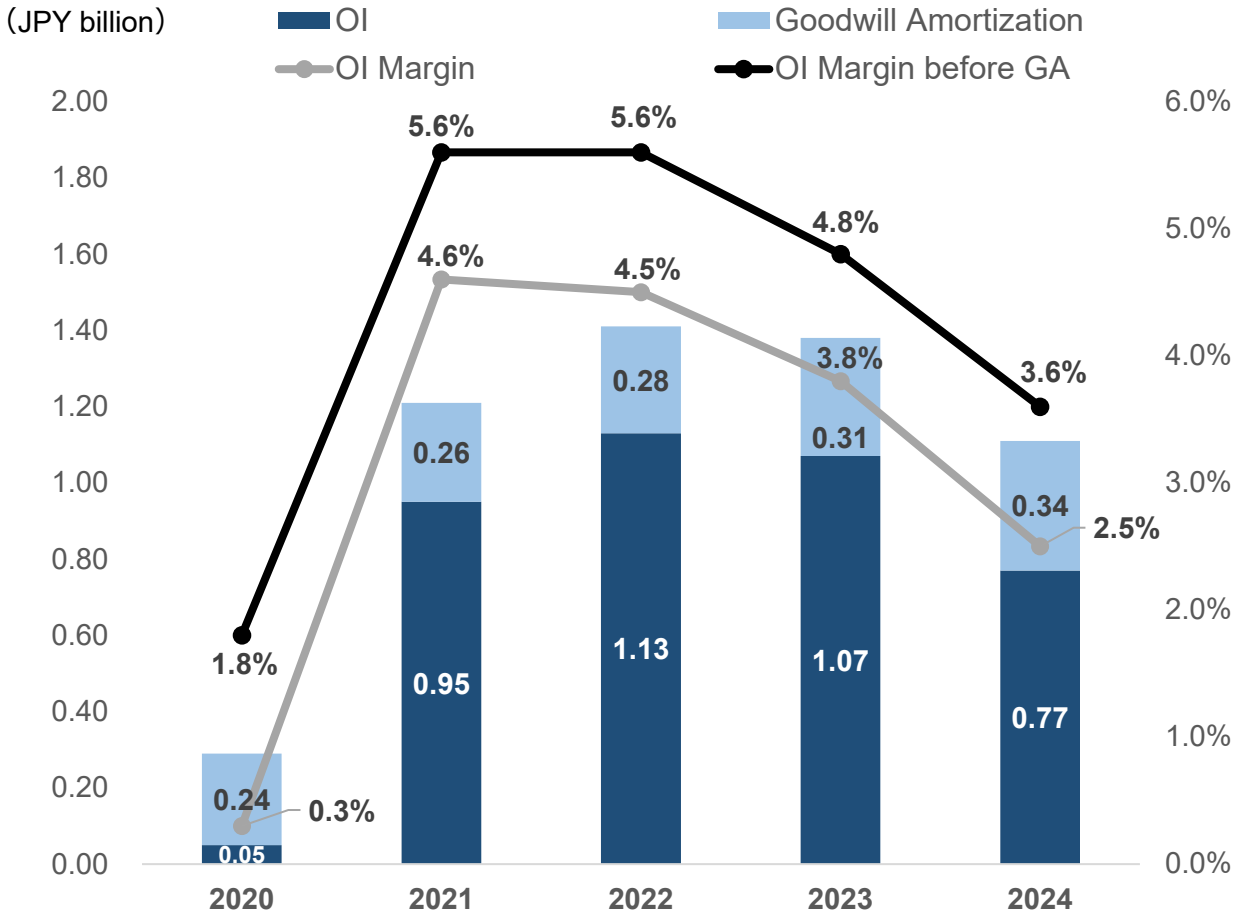
Sales and Profit Trend (Overseas)

- 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



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Aim of 62nd FY Forecast and Achievement（Non-Consolidated）

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

Prevent errors

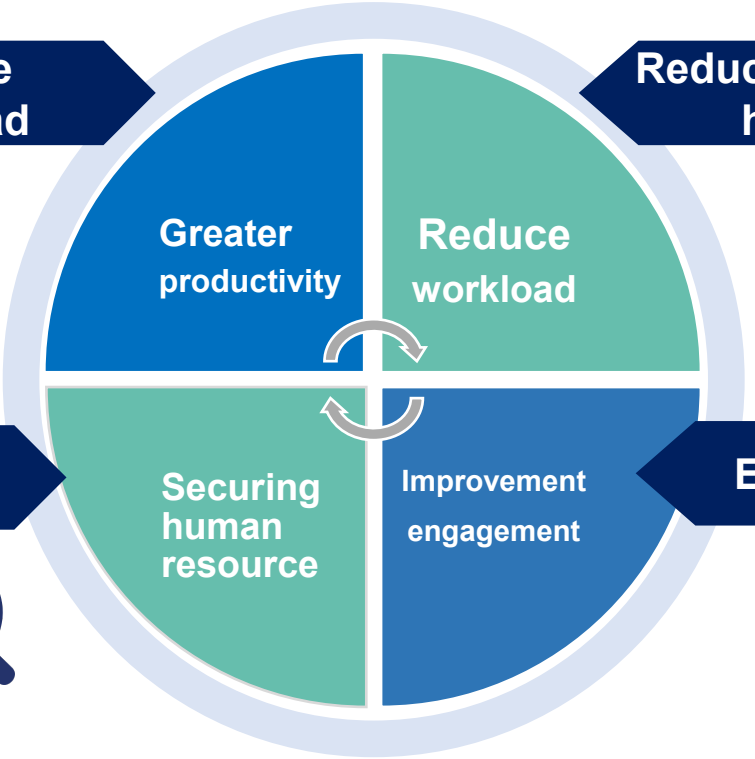
By utilizing a dedicated checking organization and promoting the use of tools to support checking and self-checking.
The number of complaints caused by errors decreased by about 40% compared to the same period of FY2023.

Reduce workload

Reduce Sales per employee after revision 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
No. of engineer 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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Review of Mid-Term Management Plan 2024

Enriching life through engineering

- [x] 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 [x]	**Improve 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

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Review of the Mid-Term Management Plan 2024 (Group Overview)

- 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. 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. 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 Promotion of diverse working styles and improvement of the workplace environment are still in developing stages.

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Toward Revision of Mid- to Long-Term Vision 2030

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

Internal environment

Our Strengths

- Strong Client Base
- Technical Skills of 70 years since Est.
- Professional Engineers With advanced technical skills

→ Source Of Competitive Advantage

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

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.

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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Revision of CTI Engineering Group's Mid - to Long -Term Vision " SPRONG 2030 "

- 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	JYP **130** billion Domestic sales: **No.1** in Japan (JPY 94 billion) Overseas sales: about 30% of whole sales (JPY 36 billion)
Operating Income	JPY **15** billion (OI Margin **11**% or more)
ROE	**12**% 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

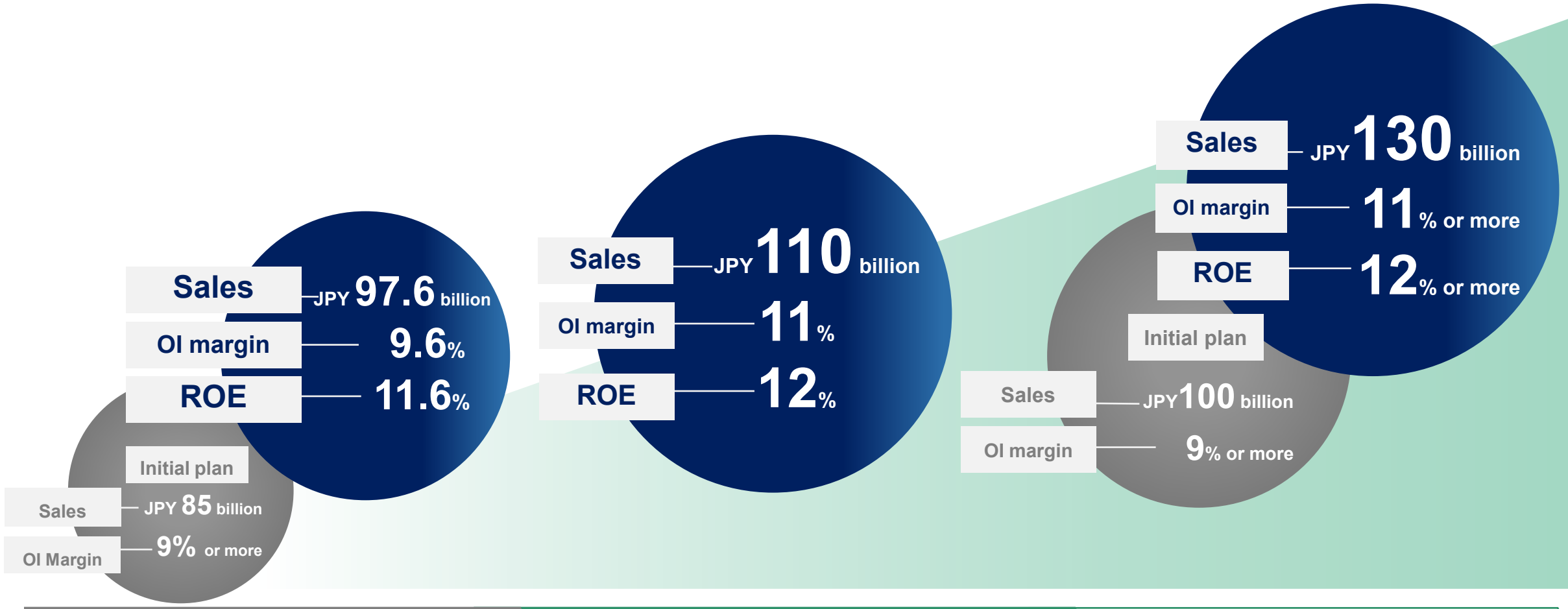
Private market

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

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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.



Mid-Term Management Plan 2024 [Growing]	Mid-Term Management Plan 2027 [Breakthrough]	Mid- to Long-Term Vision 2030 [Leaps Forward]

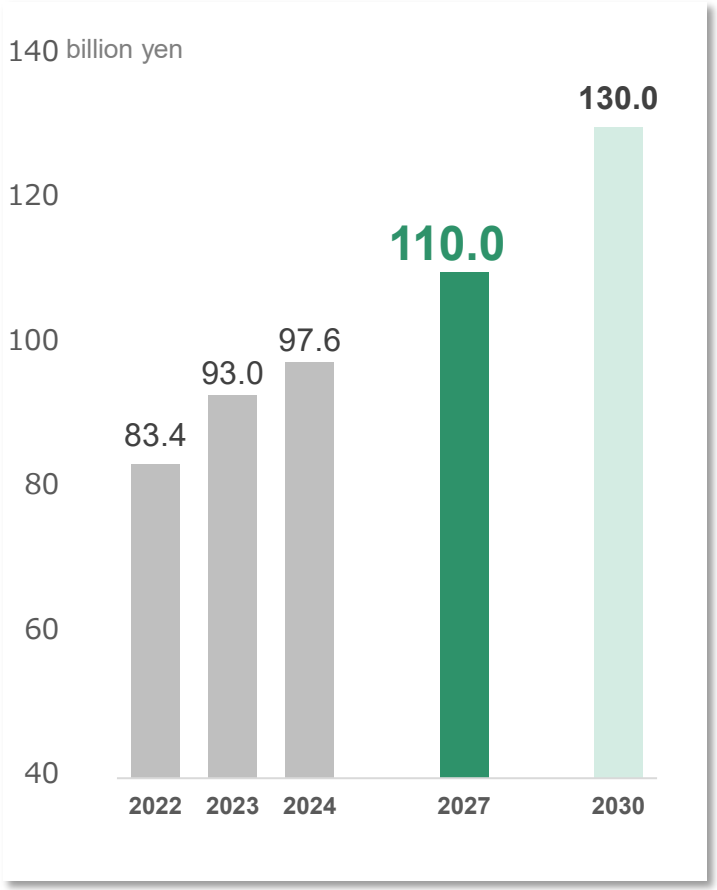
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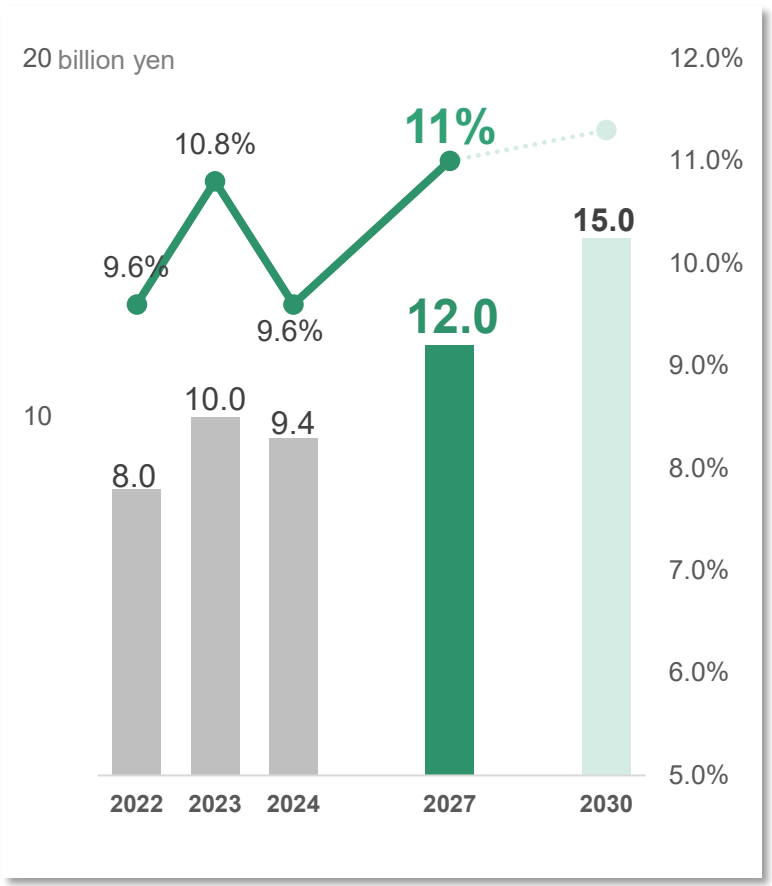
Target of Mid-Term Management Plan 2027

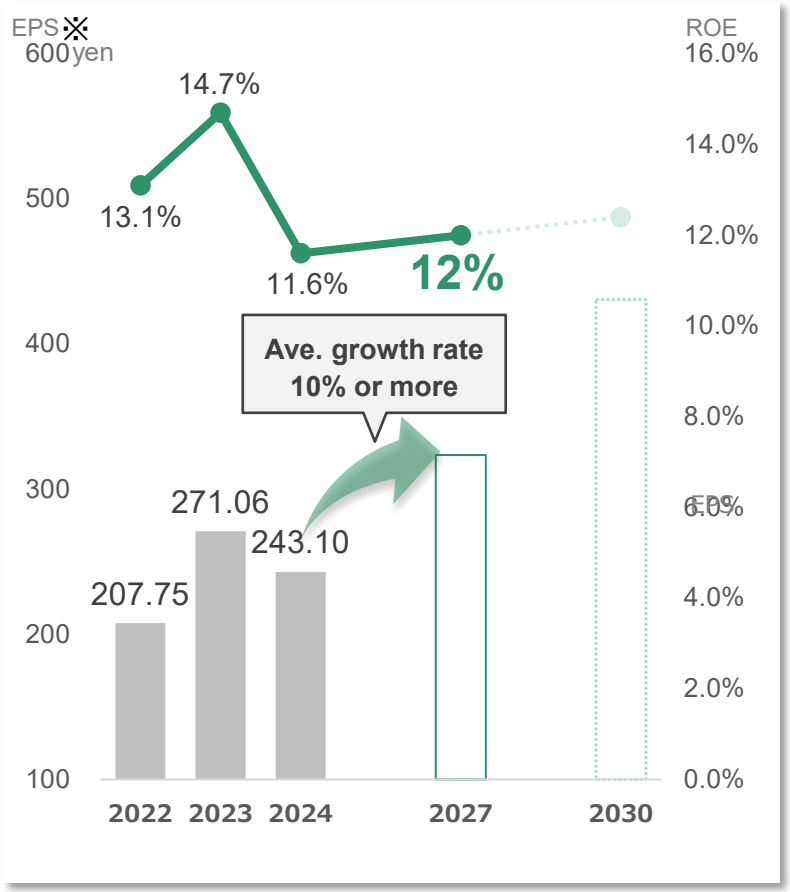
- Set the target of Mid-Term Management Plan 2027 based on the revised CTI Engineering Group's Mid- to Long-Term Vision - SPRONG 2030.

2027 Targets

Sales	Operating Income	OI margin	ROE	CAGR 2024-2027 Ave. EPS growth rate
JPY 110 billion	JPY 12 billion	11%	12%	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

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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

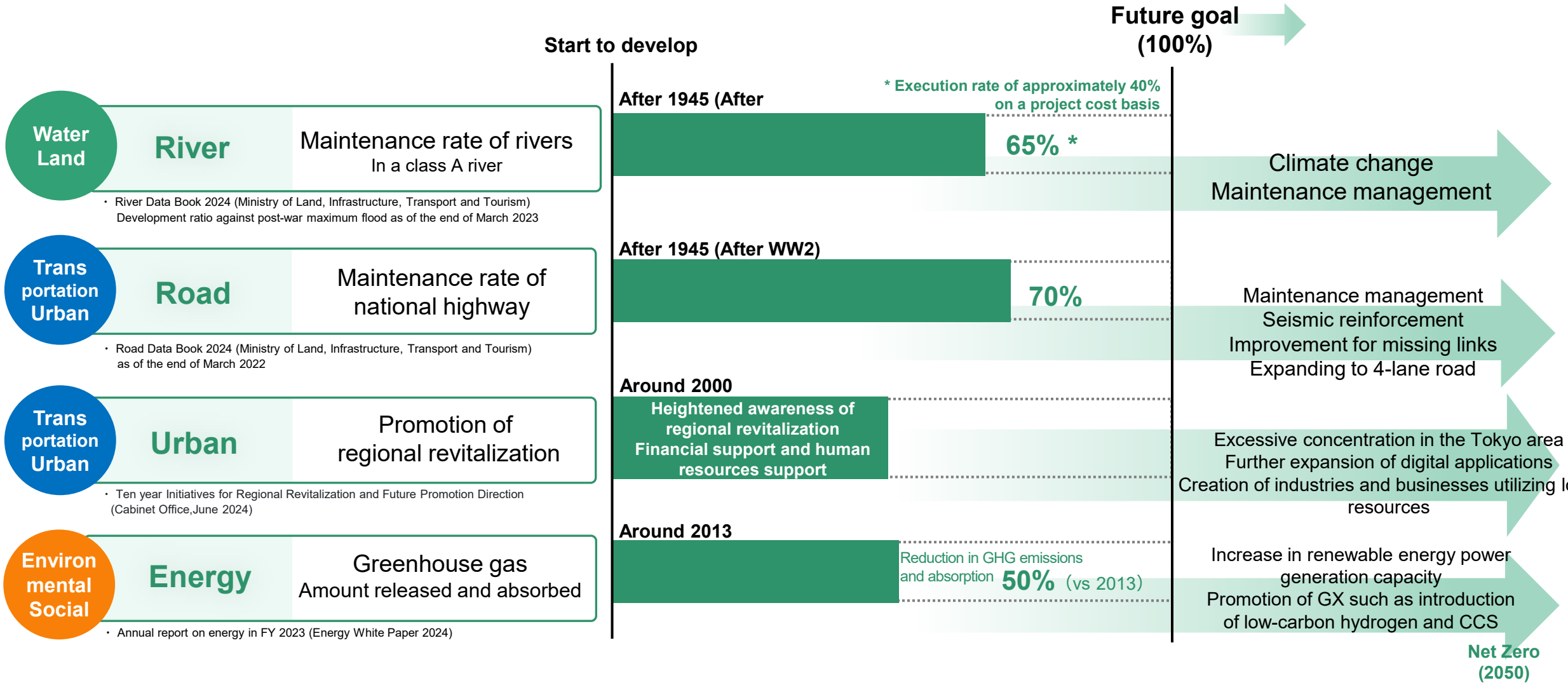
Overseas Business Development

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

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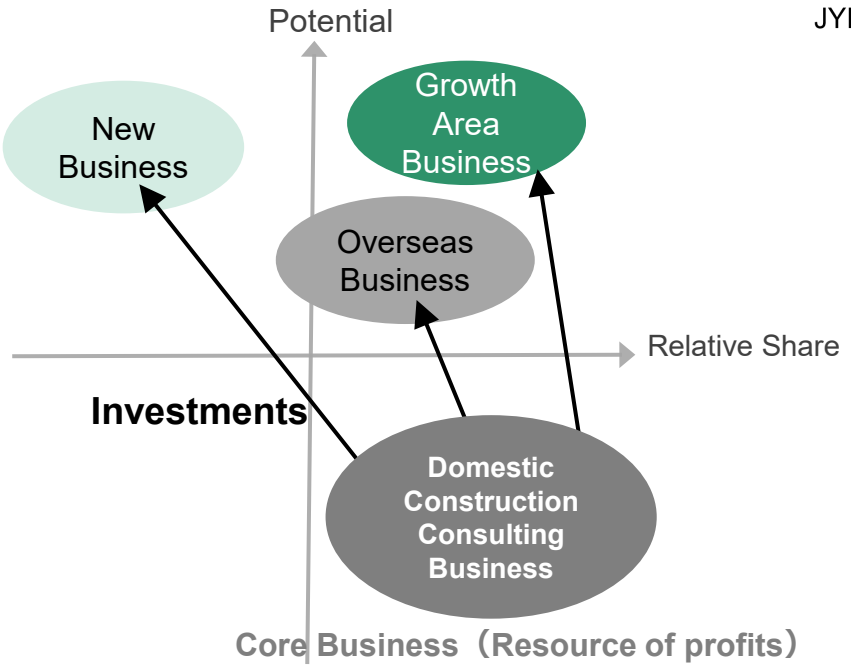
Domestic Market Environment (Infrastructure Development)

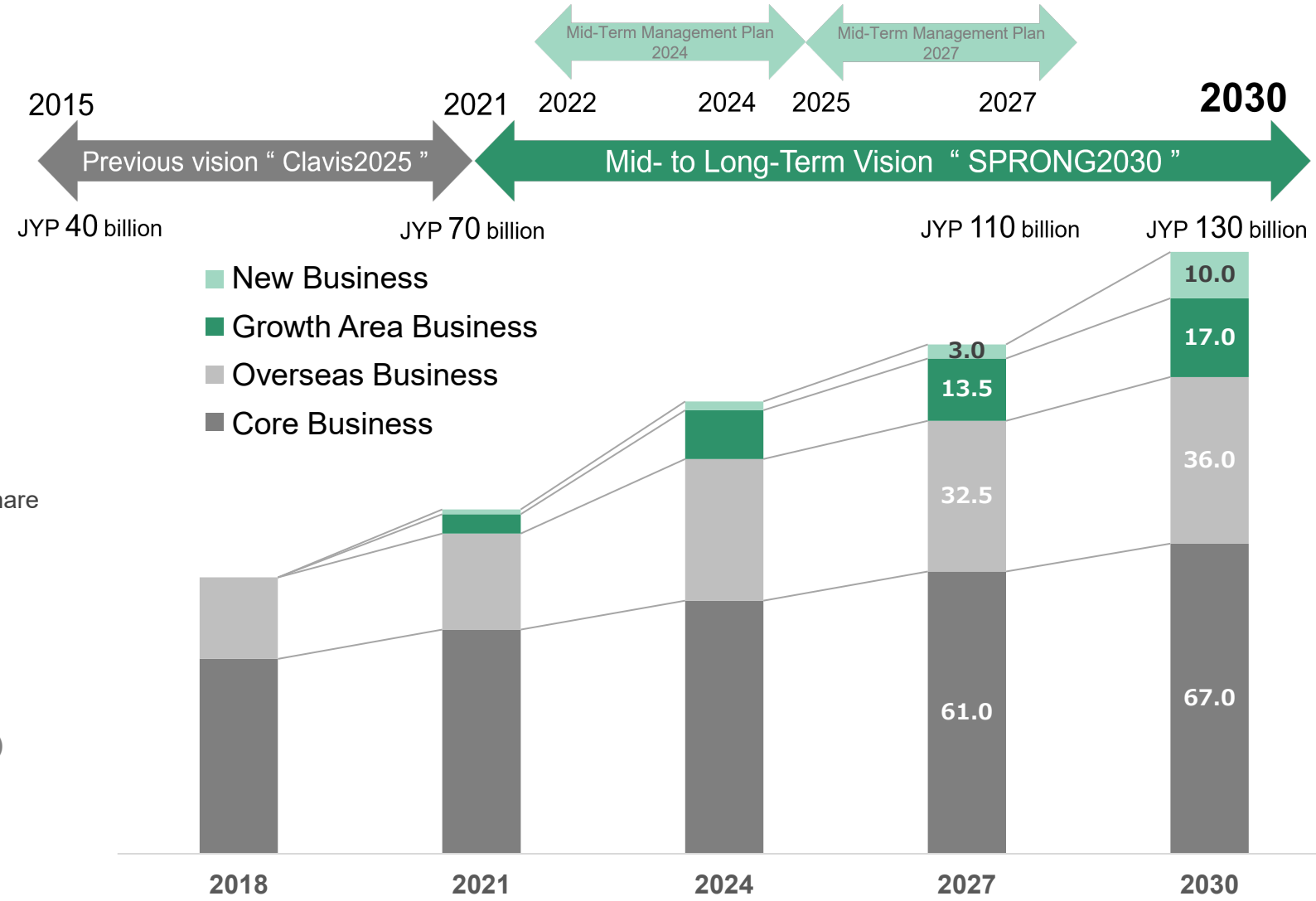
- The maintenance rate of rivers and roads, which are the main areas of infrastructure, is about 65-70%. Considering future climate change and maintenance management, the markets remain still large.
- In the future, there will be many opportunities to win orders such as further promotion of regional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



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- 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.





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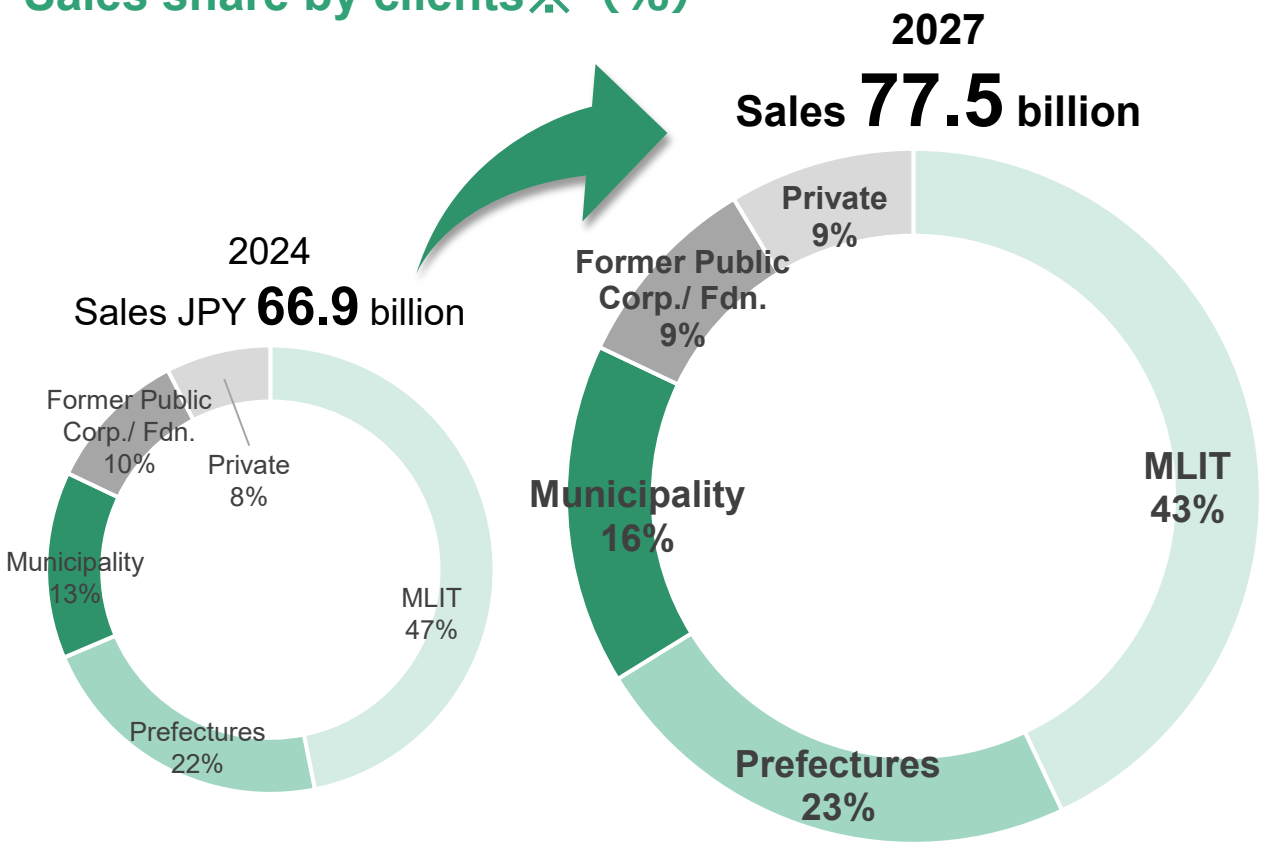
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- Overview of business portfolio transformation by source

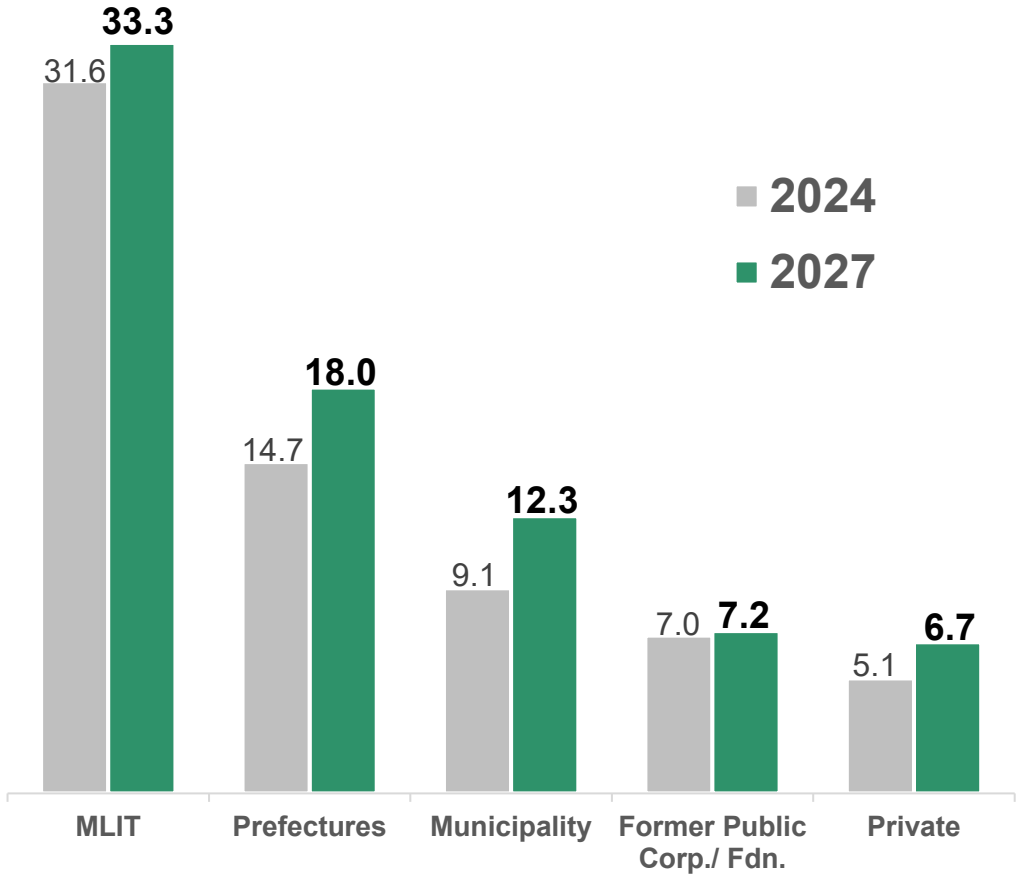
※Sales figures are for the whole of domestic segment

Water Land | Transportation Urban | Environmental Social | Construction Mgmt

Sales share by clients※ (%)



Sales by clients※ (JPY billion)



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- 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.）

Water Land | Transportation Urban | Environmental Social | Construction Mgmt

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

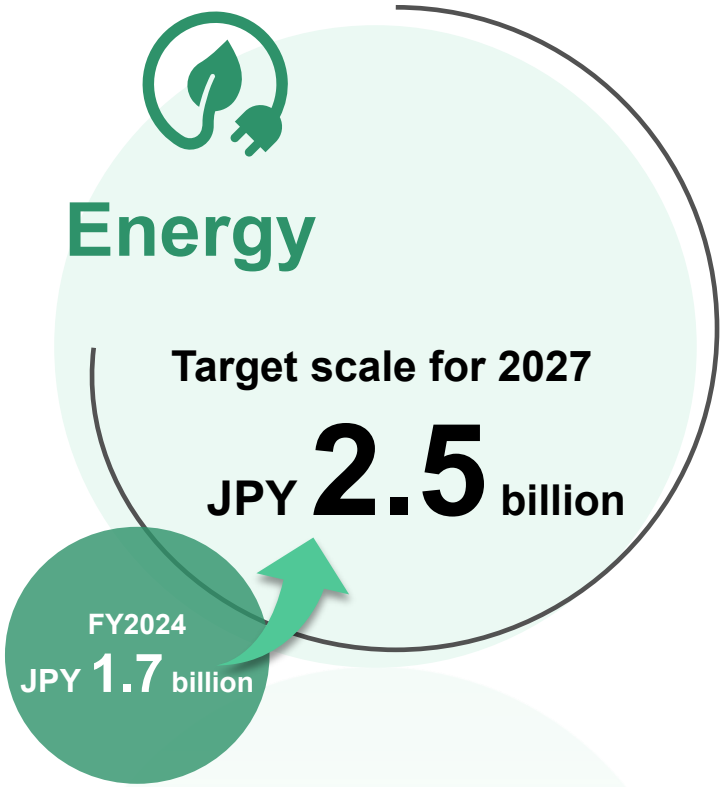
Train advanced engineers

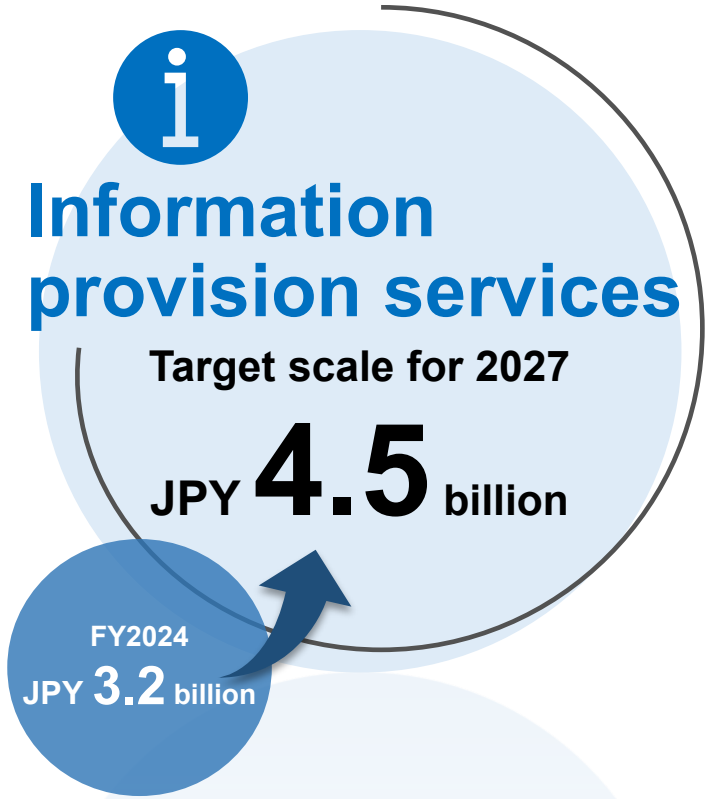
Development of engineers to win technological competitions

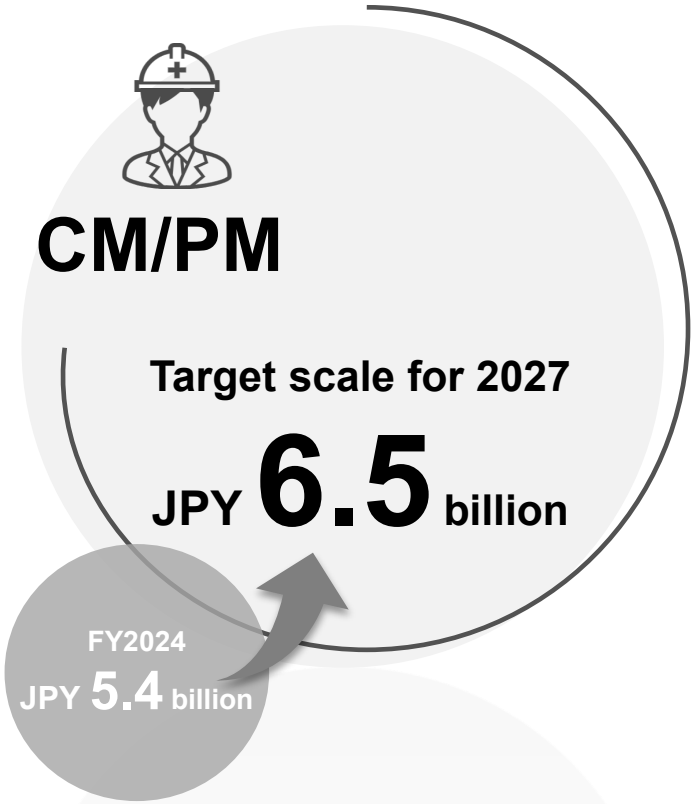
Building an advantage in high profitability markets

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- 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.







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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.

Environmental Social

Business Description

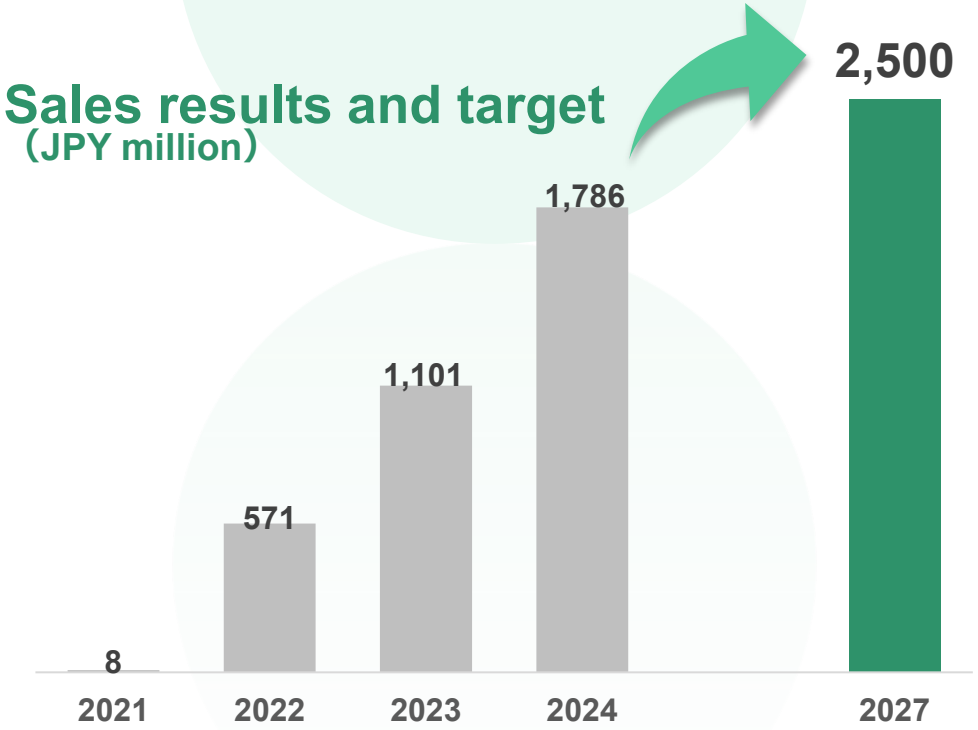
- Assessment and project support in the implementation of offshore and onshore wind projects
- Introduction of local renewable energy
- Zero carbon public facilities
- Development and utilization of energy storage technology
- Power generation and substation design, etc.

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

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Information provision services

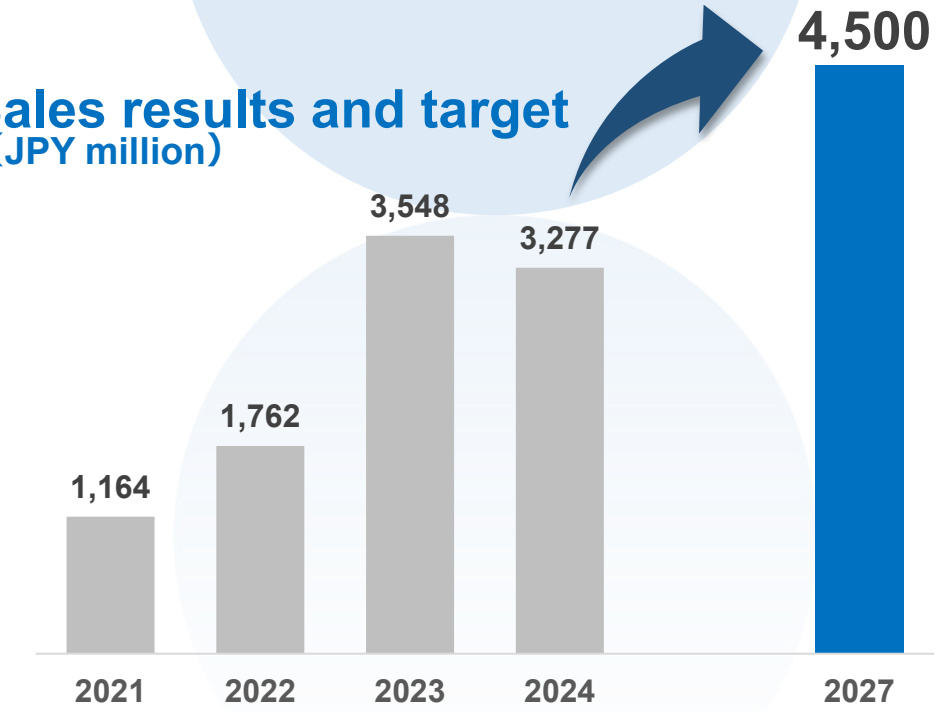
We will actively engage in infrastructure DX, which is making remarkable progress.
Build a competitive edge in the expanding information services and systems development market.

Water Land | Trans portation Urban | Environ mental Social

Business Description

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

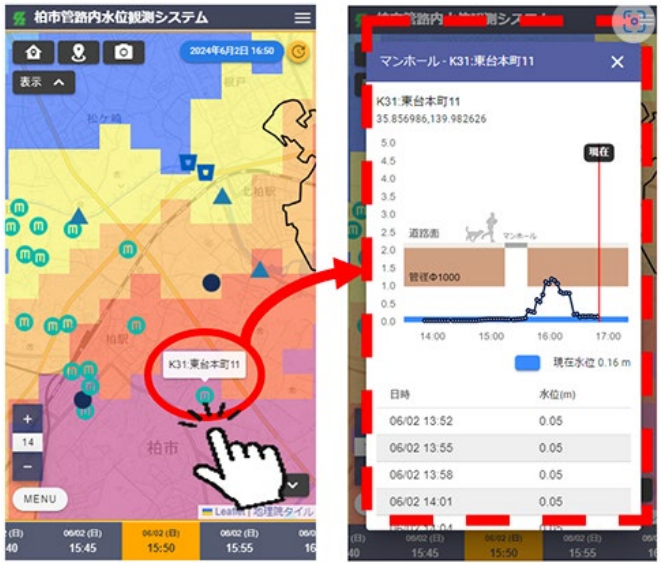
Sales results and target
(JPY million)



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



Water level observation system in Kashiwa City

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CM/PM

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

Construction Mgmt

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

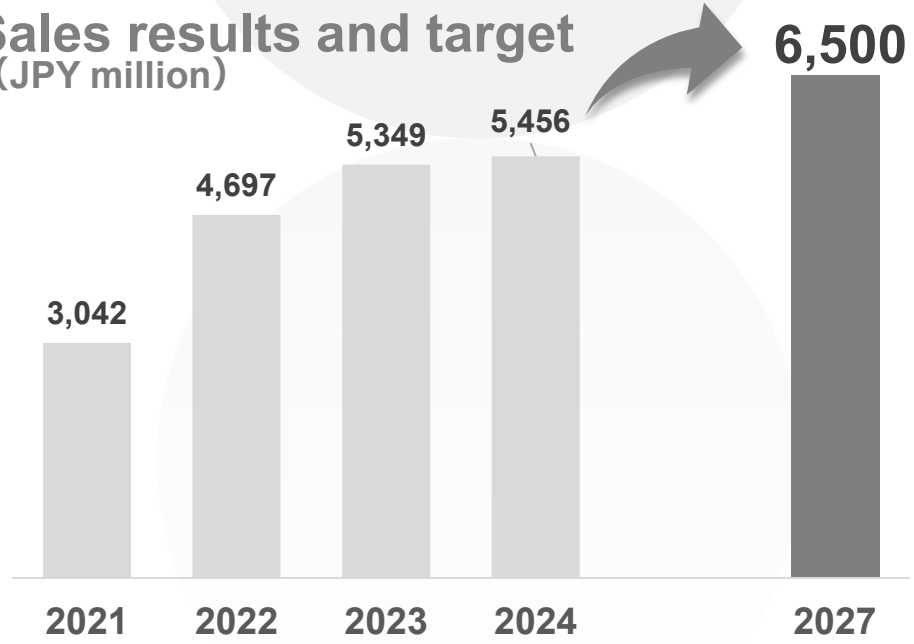
Strength 01 Various technical human resources in all 21 technical disciplines

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

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- 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

- Energy
- Information Provision Services
- CM PM
- **Core business**

Environmental DNA DNA analysis technology

Environmental Social

CCS and geological disposal CO_2

Environmental Social

Utilisation of advanced AI and IoT

PPP

Water Land

Transportation Urban

Mobility

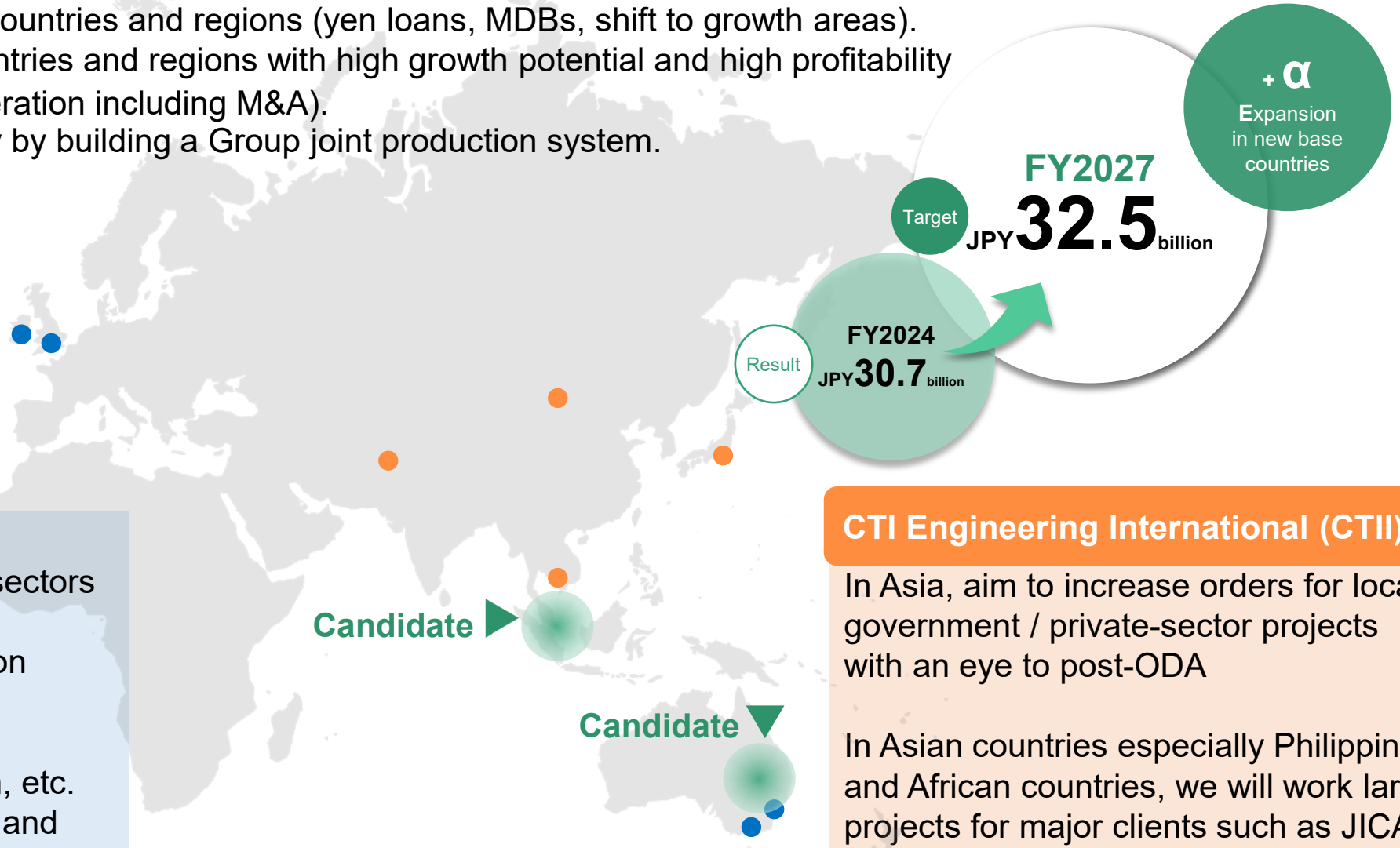
Transportation Urban

Urban development

Transportation Urban

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- 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

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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 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	● 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)

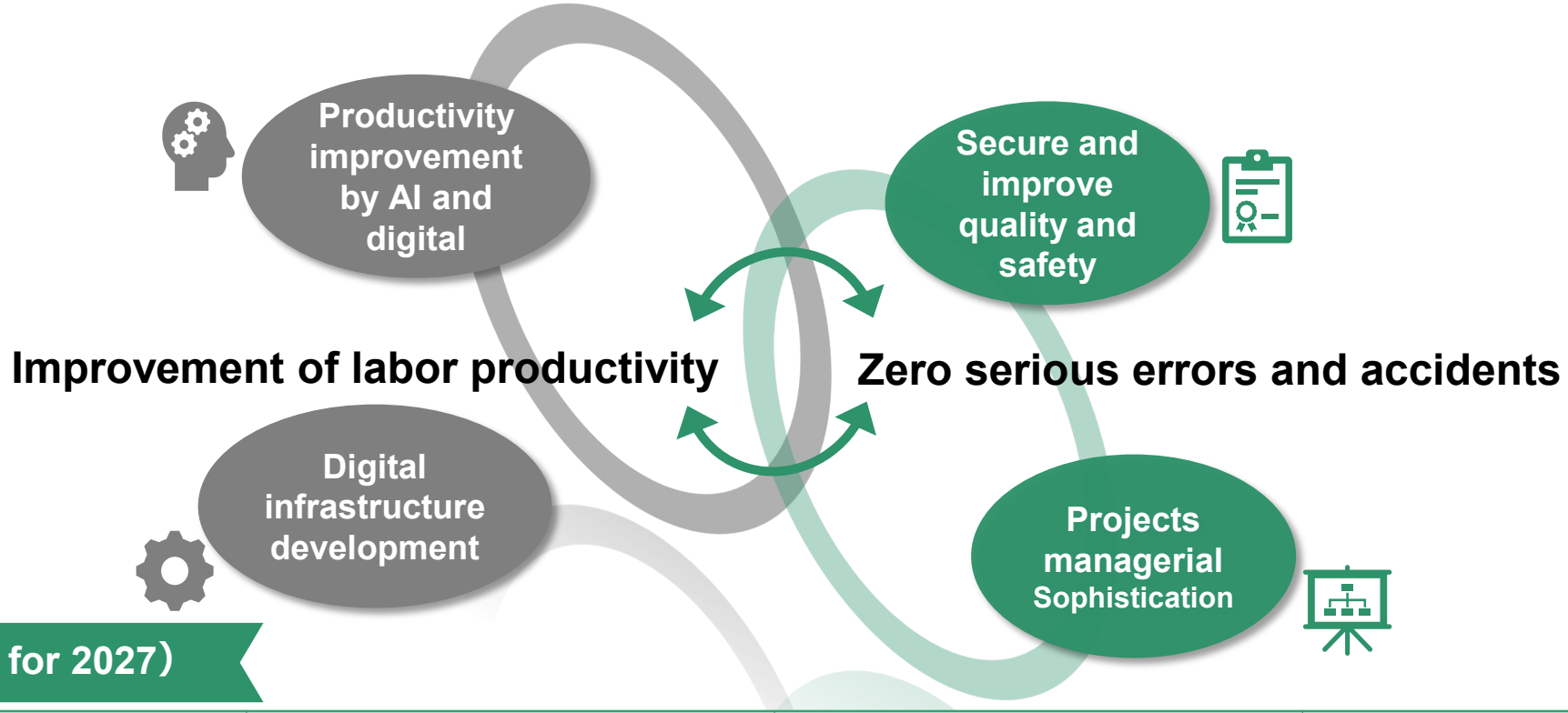
4,300 engineers CTI Engineering: 1940 Group companies: 2360	Percentage of employee using diverse employee system ※ : **20**% Percentage of female managers : **6**%	Engagement Score Rank **A** (Overall) Turnover rate of less than **3**%

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

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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 supervising engineer increase **5**% / year	Annual working hours **2,000**h Hourly output **10**% improvement	**3.5**pt ※ or higher IT environment satisfaction level	Number of work awards: **80** awards / year **Zero** serious errors and accidents

※"IT environment satisfaction" in Employee' Satisfaction Score

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Basic Policy

Based on the CTI Engineering Group Challenges for Sustainability Promotion Plan, we will implement measures to reduce CO_2 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

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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

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Analysis of the current situation

Cost of equity

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

ROE

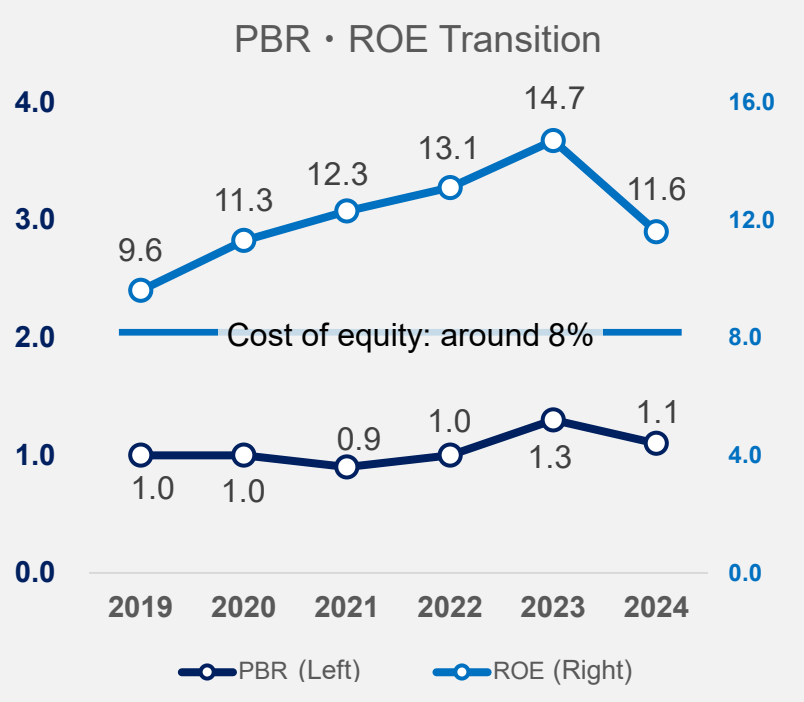
Exceeded the Cost of equity, **11.6**% in 2024.

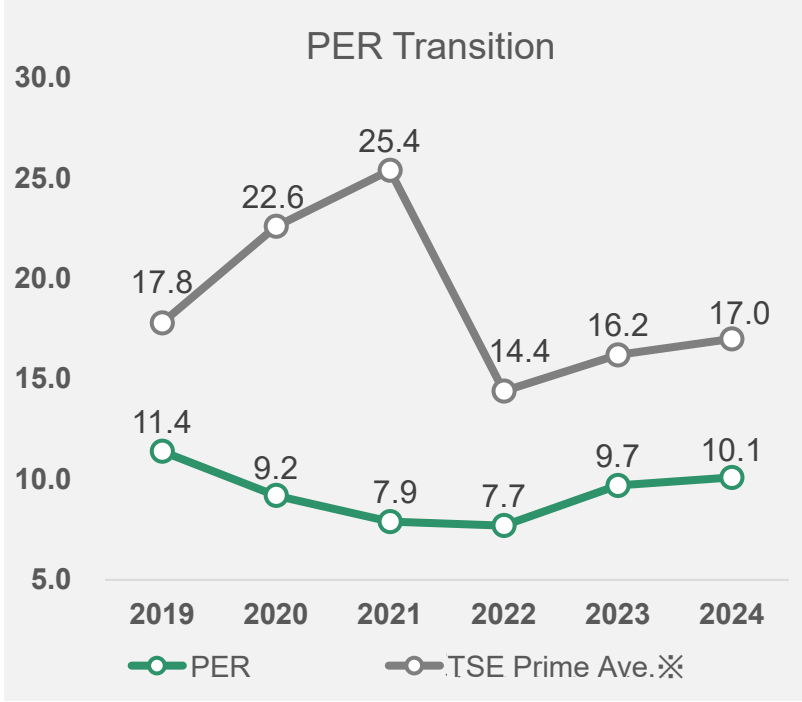
PBR

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

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- 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.

PBR improvement

Improve ROE

ROE target of 12% or more

Increase in PER

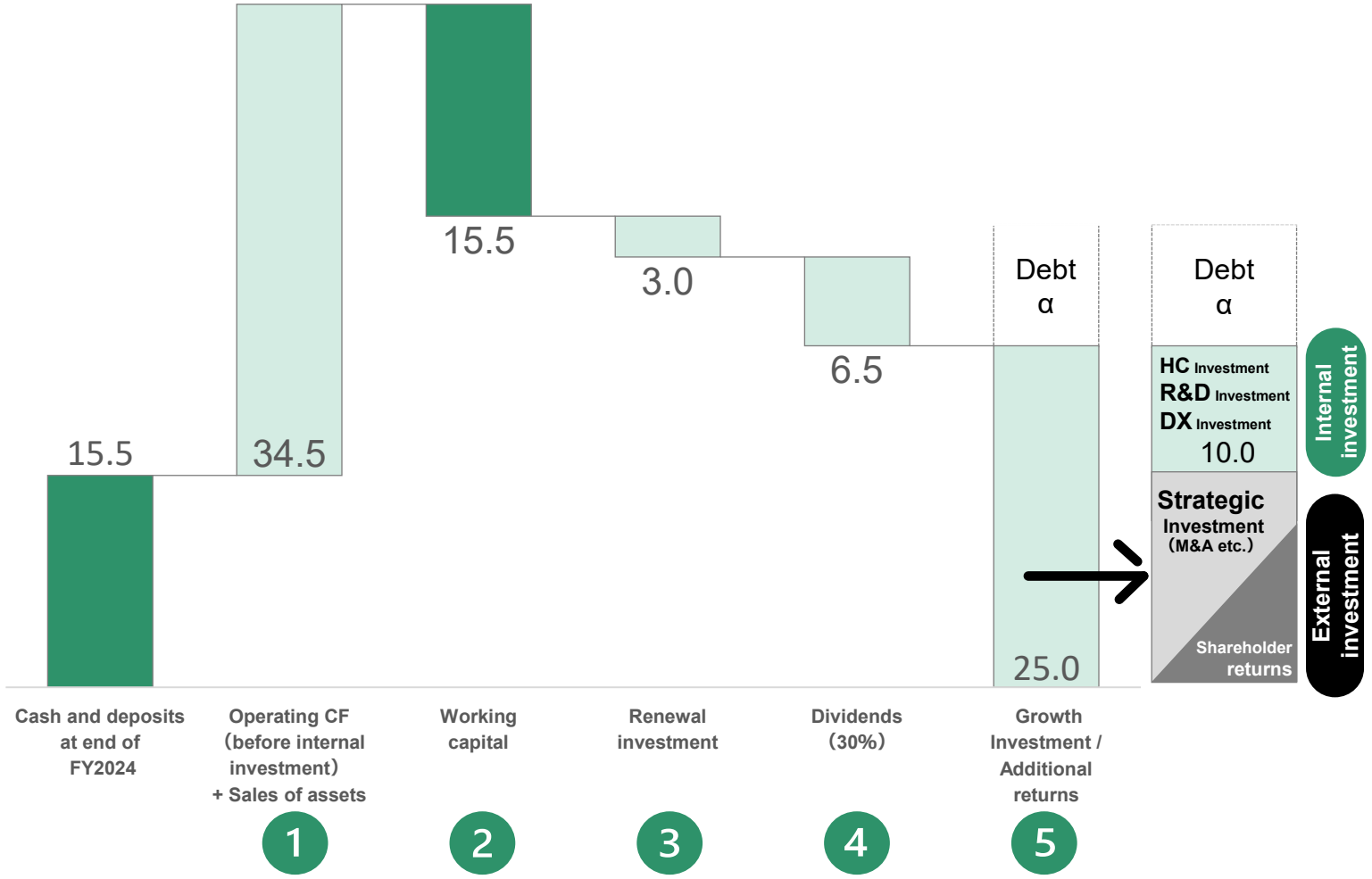
Increase in expected growth rate
Cost of capital reduction
→ Reduce the cost of equity

Realization of Profit Growth	・Aim for **EPS growth of 10% or more** through business portfolio transformation and growth investment
Improving Capital Efficiency	・**Reduction of cross-shareholdings** (aim 1/2 by 2027 and zero by 2030) ・**Investment management** applying hurdle rates based on the cost of capital ・Use of financial liabilities with financial discipline in mind
Return to Shareholders	・**Consolidated dividend payout ratio of 30% or more** ・Stable dividend (basic policy of **3% DOE** for mid-term plan 2027) ・Based on the progress of growth investment, aim for a total return ratio of around 35-50%
Sustainability Management Governance	・**Build a strong corporate governance structure** that is both proactive and defensive ・**Strengthen human capital initiatives and enhance disclosure** ・Promoting the CTI Engineering Group Challenges for Sustainability Plan
Communication With Shareholders and Other Investors	・**Enhance disclosure of financial and non-financial information** to highlight the features and appeal of the Company ・Analyze the content of dialogues, grasp the market evaluation, and give feedback to management

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- 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

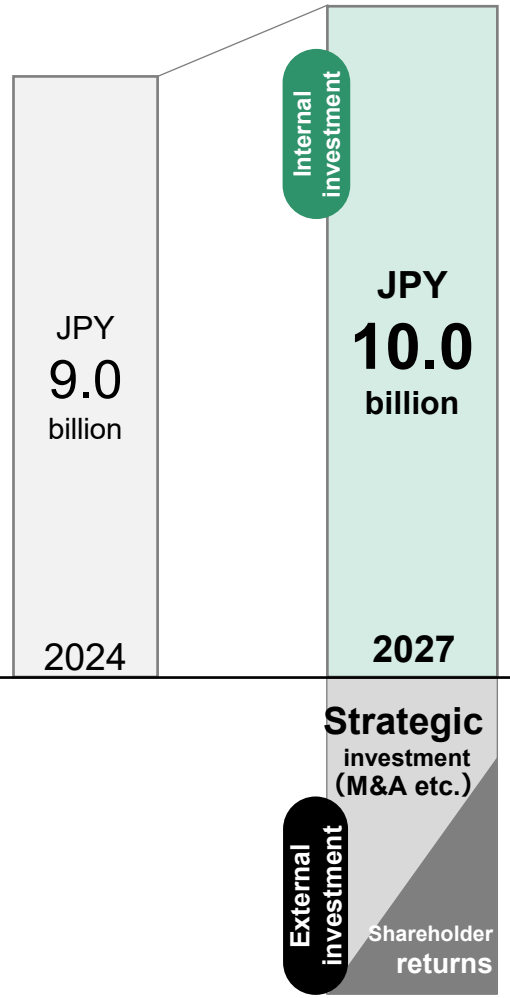


1. Operating cash flow (before deduction of internal investments : JPY 33 billion)
   Sale of assets (approx. JPY 1.5 billion)
   Total JPY 34.5 billion
2. As a necessary working capital,
   JPY 15.5 billion
   (Sales amount for about 2 months)
3. Renewal investment of JPY 3 billion
4. Dividends of JPY 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.

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- 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



Scale of Investment	Content of Investment	Investment Effect
Human Capital : JPY **3.0** billion	• Continue to strengthen recruitment • Development of human resources and improvement of working conditions	• Increase sales • Improvement of technological capabilities • Improvement of personnel retention rate • Increase engagement • Improvement of customer satisfaction • Increase productivity
R&D : JPY **3.5** billion	• Development of new technologies and businesses • Improving quality and productivity • Venture investment	• Acquisition of orders through new businesses and increased added value • Improvement of business productivity
DX : JPY **3.5** billion	• Development of digital infrastructure	• Improvement of business productivity by AI and digitization
Strategic investment : JPY **10** to **15** billion + α	Refer to the next slide "M&A Basic Policy"	

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- 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.

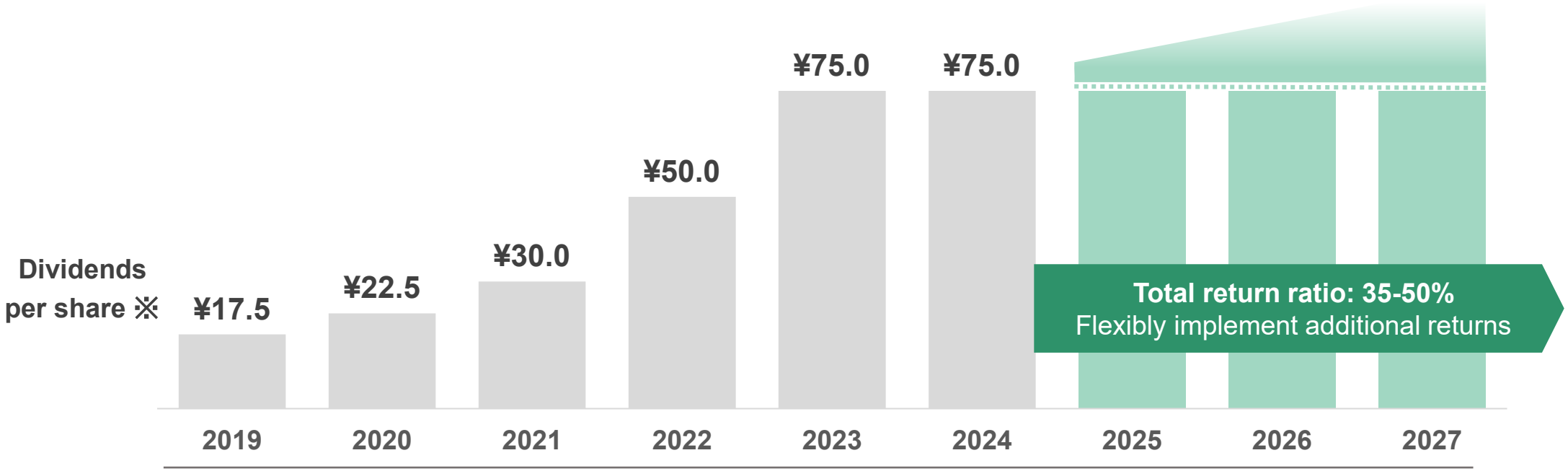
M&A Basic Policy

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

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- 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)



	2019	2020	2021	2022	2023	2024	2025	2026	2027
ROE	9.6%	11.3%	12.3%	13.1%	14.7%	11.6%	→ 12% or more		
EPS (Yen) ※	99.30	129.08	158.13	207.75	271.06	243.10	CAGR2024-2027 Average growth rate 10% or more		
Payout ratio	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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63rd 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
Consolidated				
Orders Received	94,400	**100,000**	+5.9%	-
Sales	97,678	**100,000**	+2.4%	110,000
Operating Income	9,396	**10,000**	+6.4%	12,000
OI Margin	9.6%	**10.0%**	+0.4pt	11%
Ordinary Profit	9,535	**10,000**	+4.9%	-
Net Income Attributable to Owners of the Parent	6,746	**6,900**	+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)
Non-Consolidated				
Orders Received	57,949	**58,000**	+0.1%	-
Sales	59,405	**60,000**	+1.0%	
Ordinary Profit	8,932	**9,000**	+0.8%	-
Net Income	6,532	**6,600**	+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.

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63rd Term（2025）Management Target Figures (Consolidated)

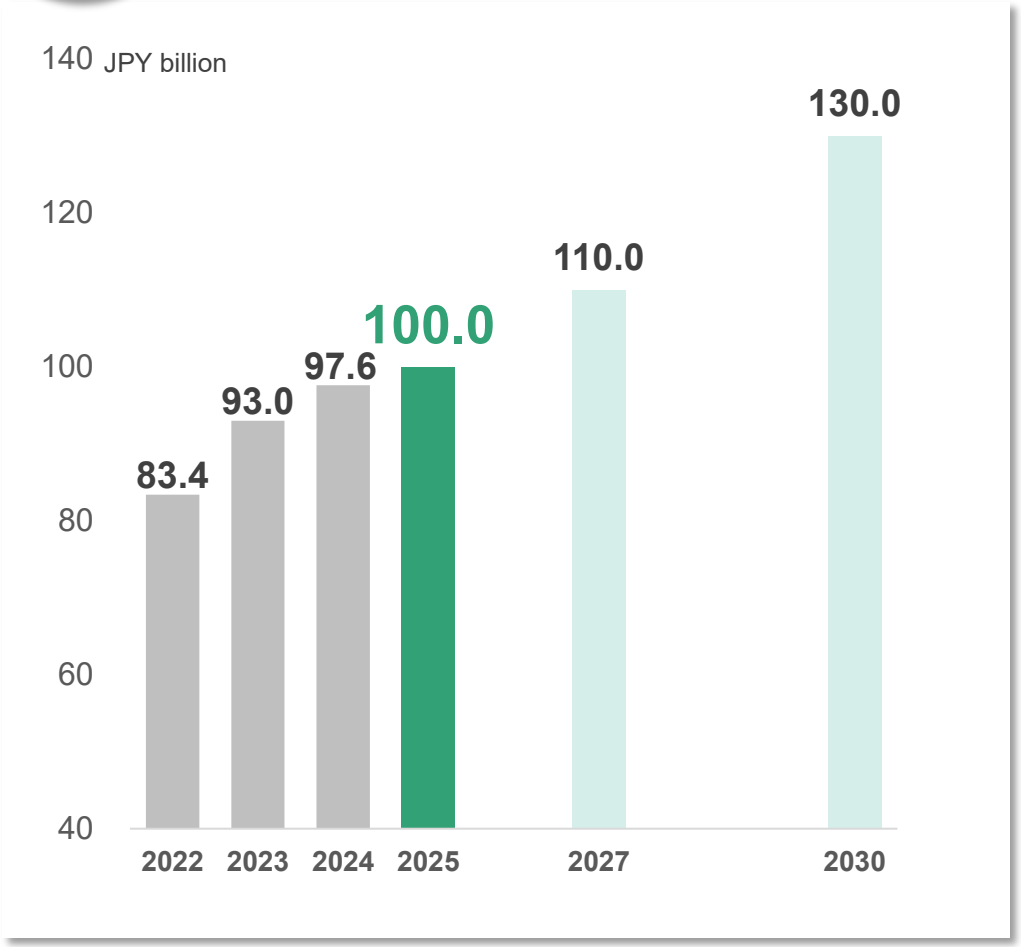
Forecast increases in Sales and Income on both consolidated and non-consolidated basis as first step of Mid-Term Management Plan 2027.

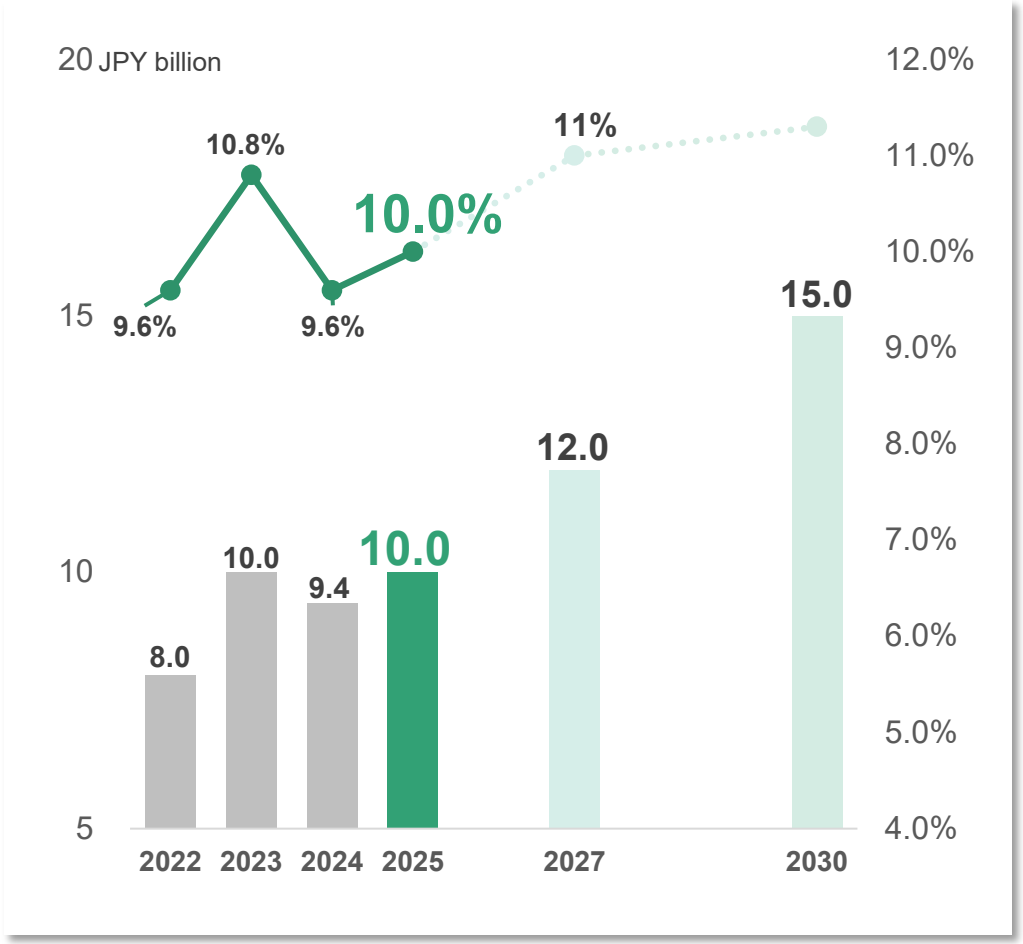
2025 Targets

Sales JPY **100** billion

Operating Margin JPY **10** billion

OI Margin **10.0%**





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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 63rd 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）

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

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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 63rd 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）

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

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63rd 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

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Business Philosophy

We strive to create a safe,

Comfortable and enriching society

Using world-class technology and expertise.

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.

Disclaimer

- 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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- 62nd (2024) Term Financial Results
- Revision of Mid-to Long-Term Vision2030 and Mid-Term Management Plan 2027
  - ✓Review of Mid-Term Management Plan 2024
  - ✓ Revision of Mid-to Long-Term Vision2030 and Mid-Term Management Plan 2027
  - ✓ Mid-Term Management Plan 2027
    1. Business Portfolio Transformation
    2. Rebuild of Foundation for Growth
- 63rd (2025) Management Plan
- **Appendix**

Enriching life through engineering

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

1. Sustainability
Contribute to the creation of a sustainable society

2. People First
Promote corporate activities with a culture of putting people first

3. Social Commitment
Commit to solving social issues

4. Trust
Build relationships of trust with our stakeholders

5. Integrity and Fairness
Act with integrity, fairness, and responsibility

6. Risk Management
Ensure risk management at the highest standards

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)
Listing market	Tokyo Stock Exchange Prime Market
Total number of issued shares	28,318,172 shares

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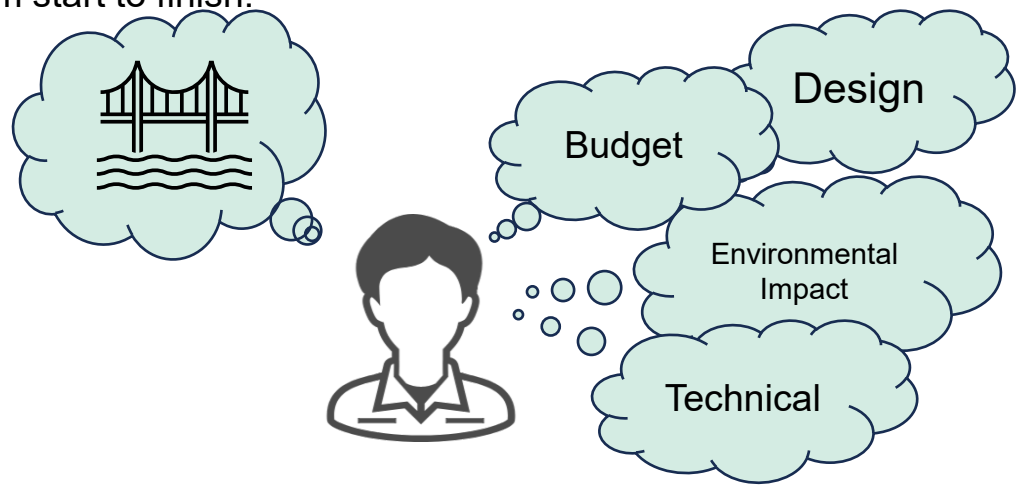
Role of Civil Engineering Consultants

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.

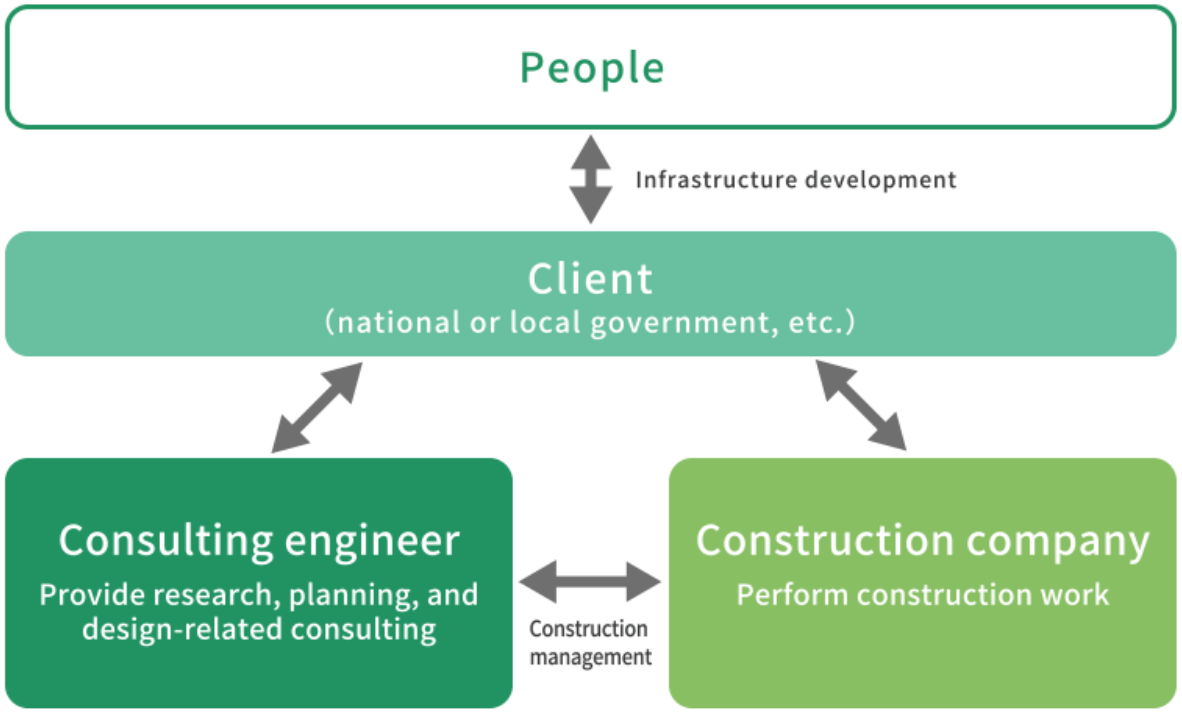
Specialists about Infrastructure

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



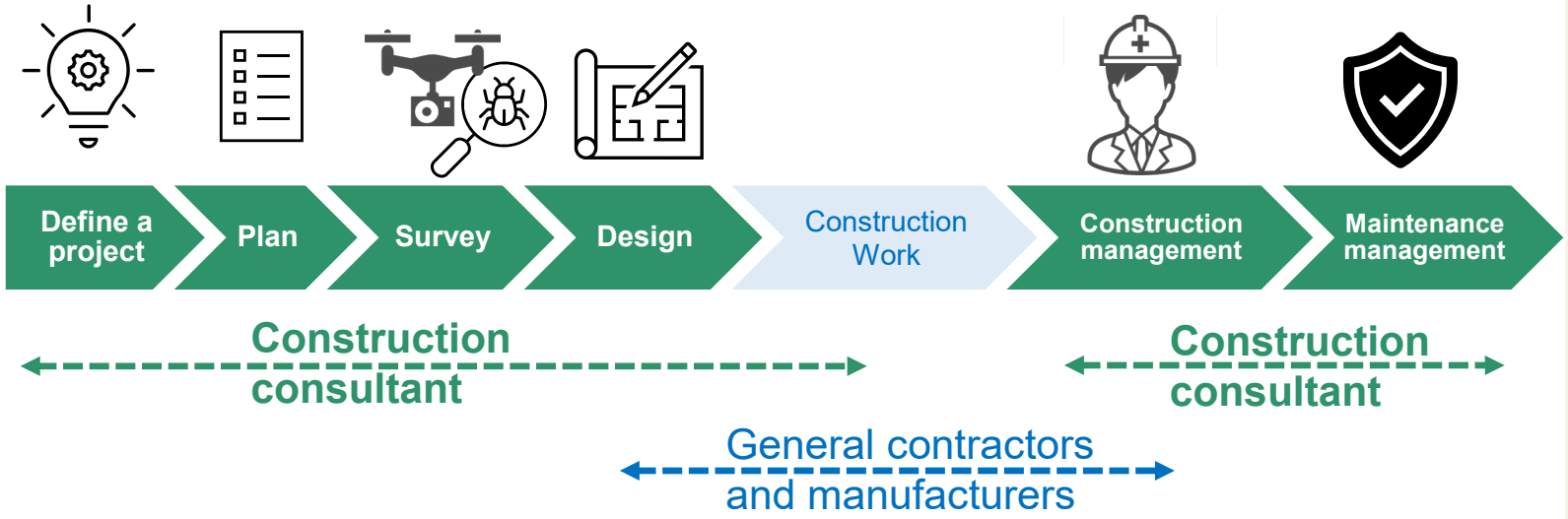
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Business process of Civil Engineering Consultants

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.

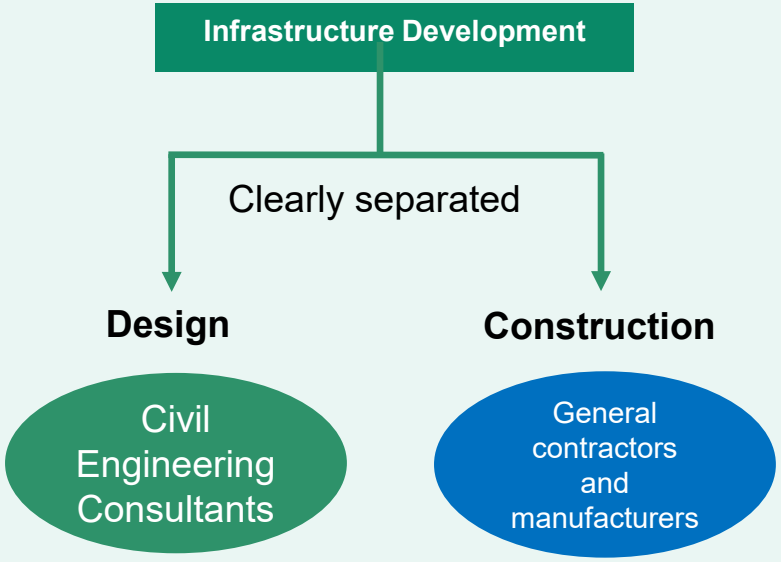
Flow of infrastructure development

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

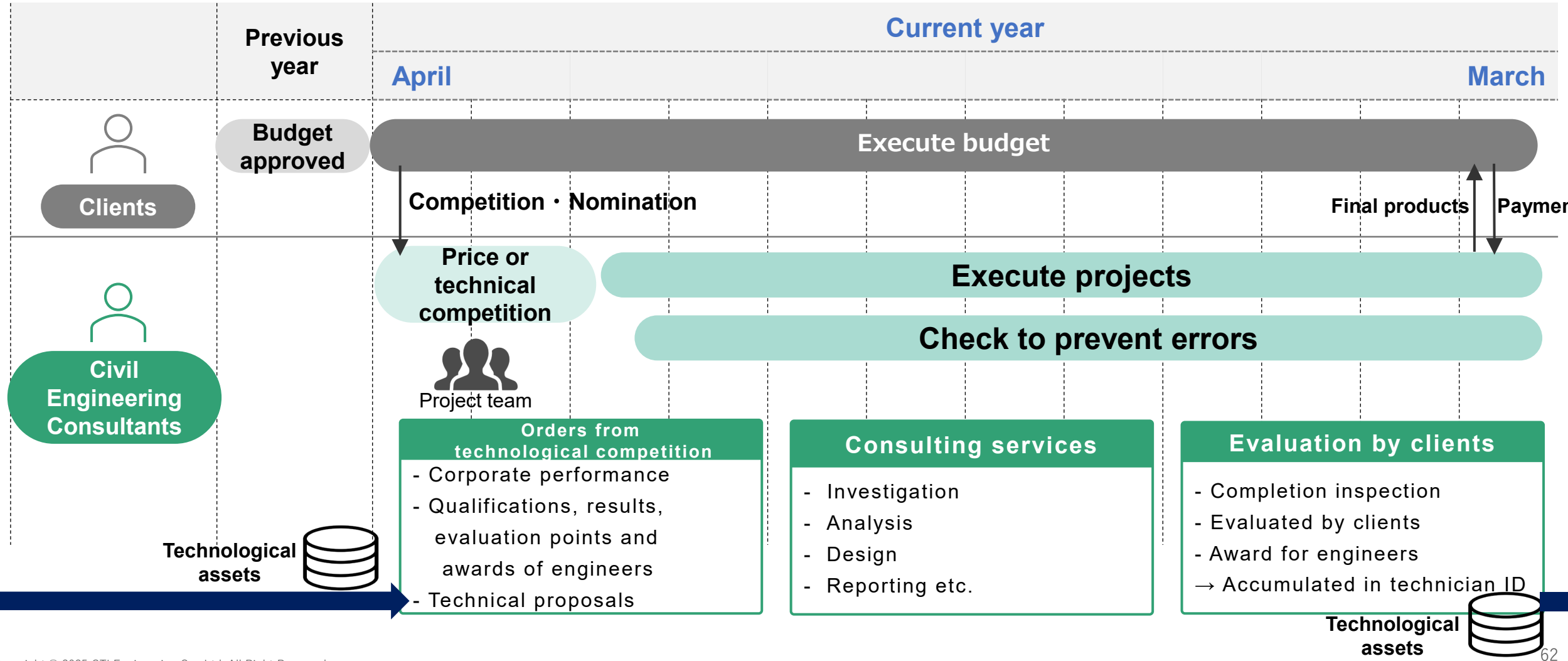
During the postwar period, the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport and Tourism) clarified the principle of separation of design and construction.



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Basic flow of Civil Engineering Consultants

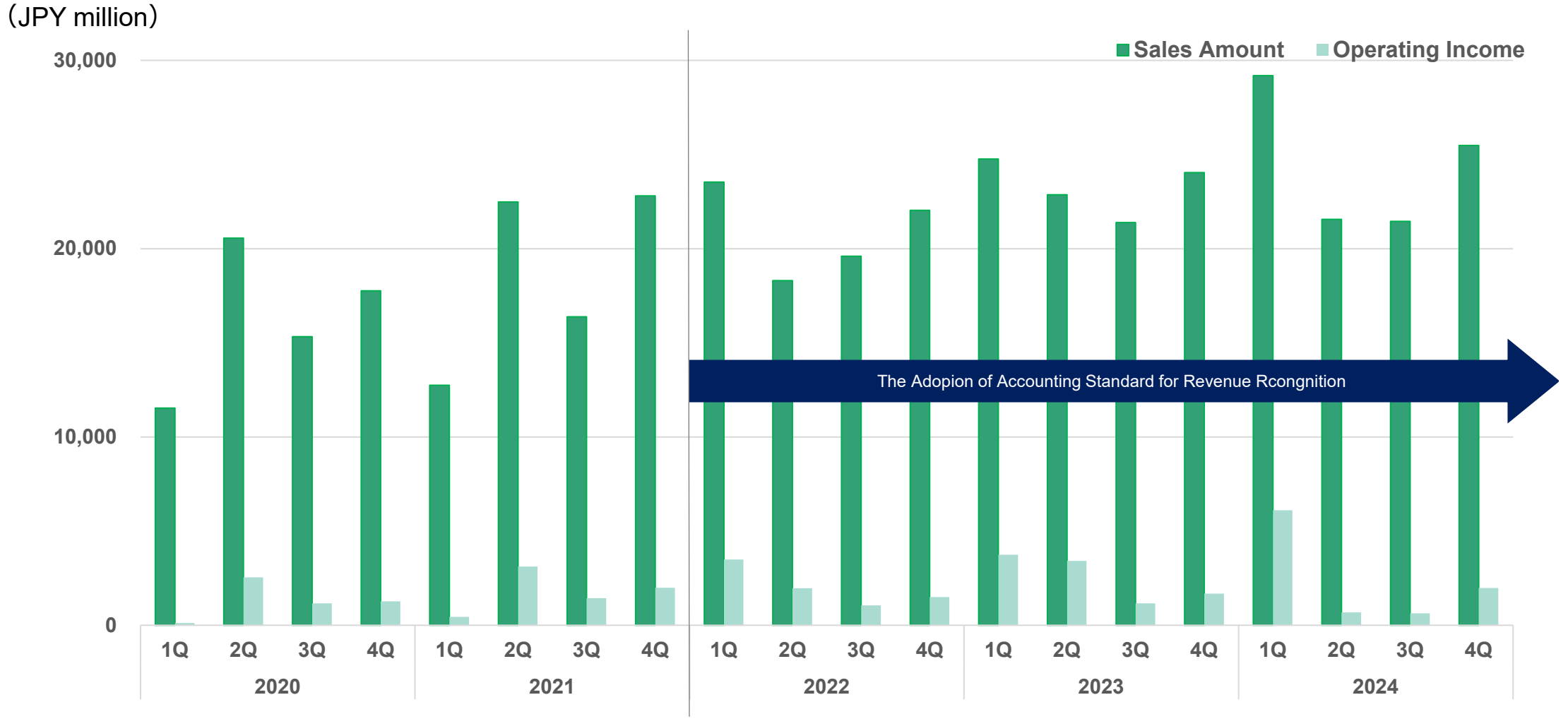
- Project size: Mostly tens of millions of yen. In recent years, the number of large-scale projects is increasing by several hundred million.
- Number of projects :Thousands per year
- Project period : Basically 1 year. The ends of projects period tends to concentrate at the end of the fiscal year (March)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



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(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)



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The History of CTI Engineering Co., Ltd.

Enriching life through engineering

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 196s, 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.

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The History of CTI Engineering Co., Ltd.

Enriching life through engineering

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

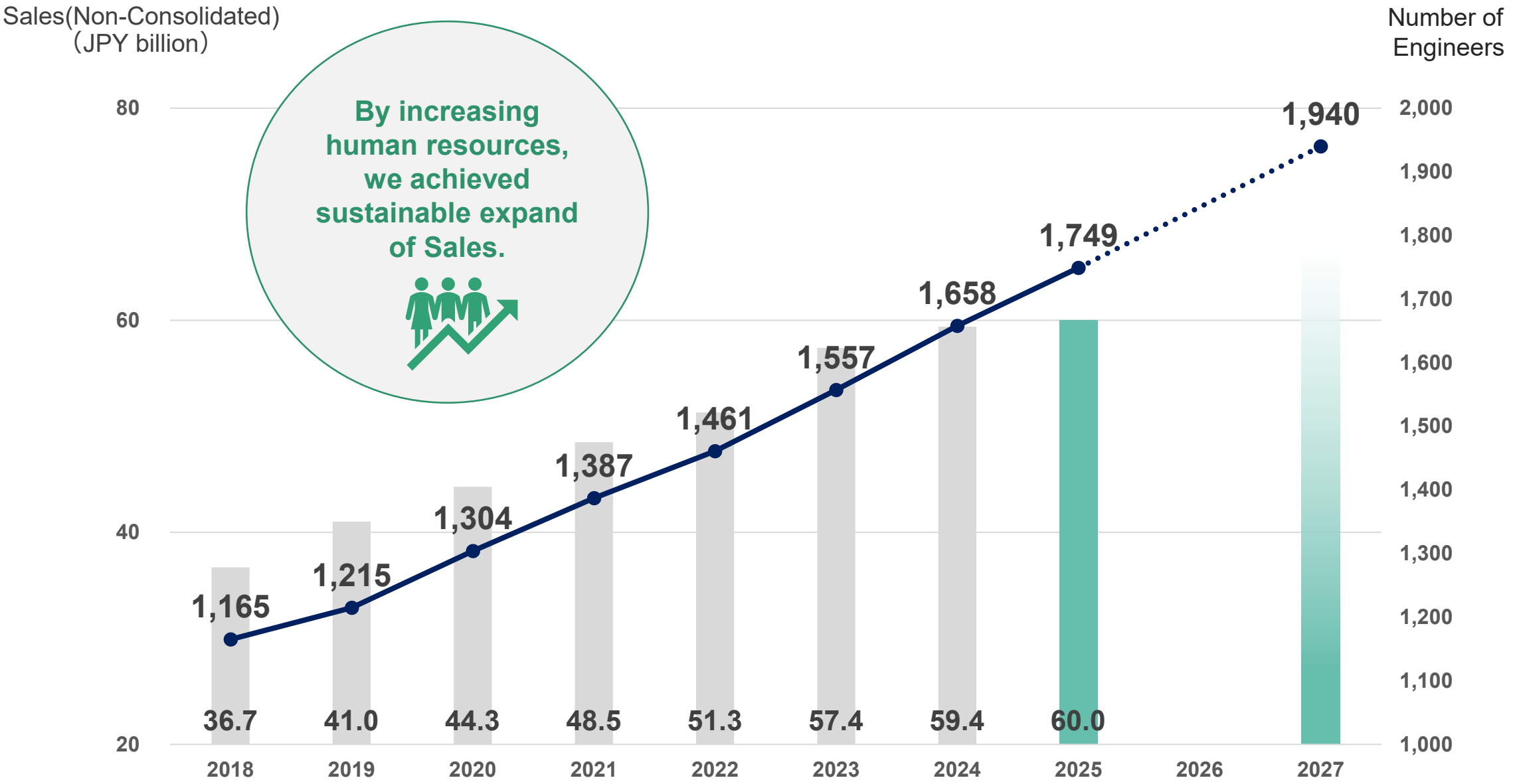
waterman

2017
Waterman joined
CTI group

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

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



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Consolidated Group Company (Domestic)

Enriching life through engineering

Japan Urban Engineering Co., Ltd.

Trans portation Urban

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.

Chi-ken Sogo Consultants Co., Ltd.

Environ mental Social

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.

NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.

Trans portation Urban

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.

Environmental Research & Solutions Co., Ltd.

Environ mental Social

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).

HIROKEN CONSULTANTS Co., LTD.

Water Land

Trans portation Urban

Environ mental Social

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.)

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Our Position in the Construction Consulting Industry (Non-consolidated)

Enriching life through engineering

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	CTI Engineering (CTIE)	**54,003**	**6,652**
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.

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Our Strength

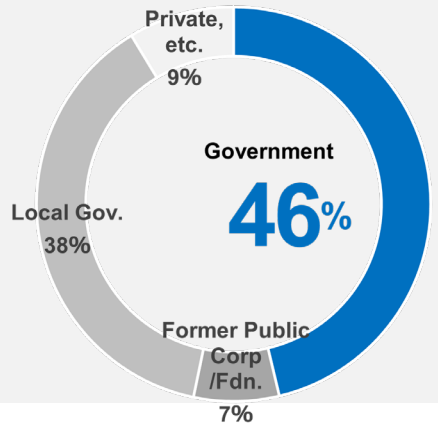
Japan's first consulting engineer

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).**

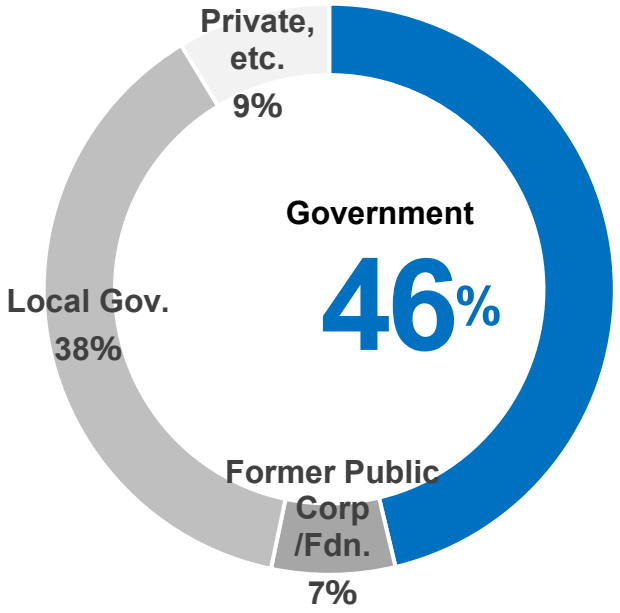
We believe that our people are our greatest resource, and we actively invest in training through programs such as the Professional Engineer Qualification Support Program and university-level continuing education for working adults.

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Our Strength

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.

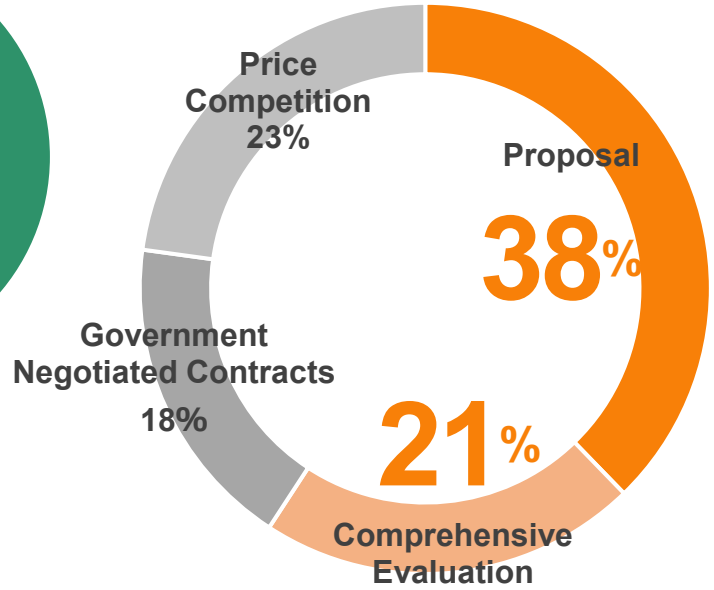
As we receive a large number of orders from the government, we are able to secure profitability and build up a track record of engineers through the implementation of projects, which will lead to orders in the next fiscal year.

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

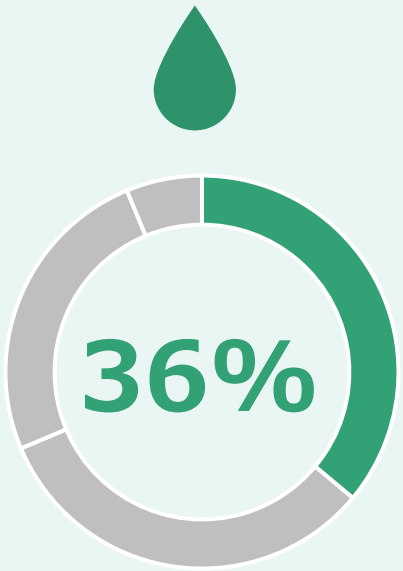
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Business fields of Domestic Segment

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

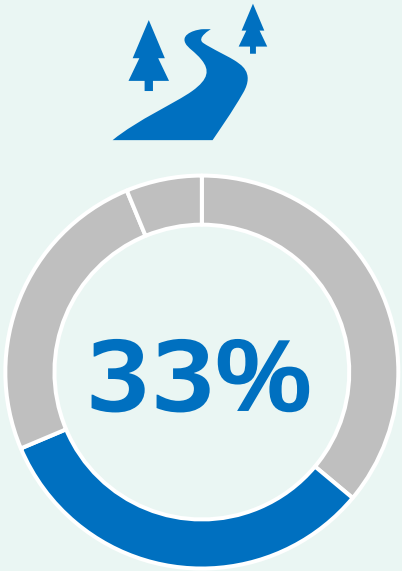
62nd (2024) Period Orders Composition Ratio (Domestic)

Water and Land Business Sector



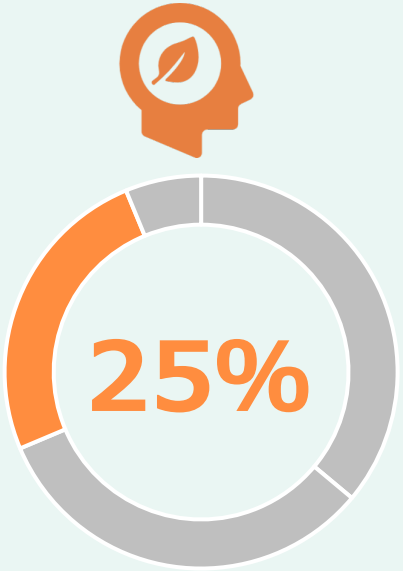
Rivers / Water Resources / Coasts / Ports / Dams / Erosion Control /Water Supply & Sewerage / Mechanical & Electrical Equipment

Transportation and Urban Business Sector



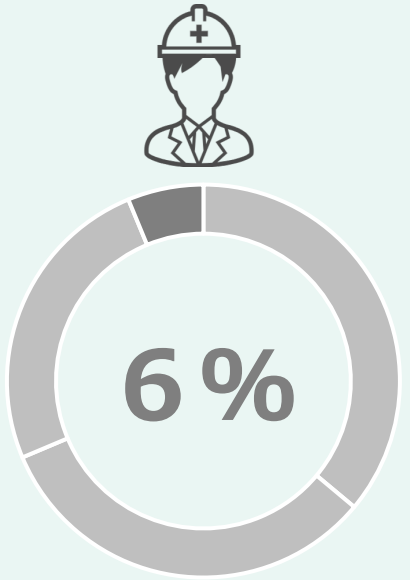
Roads & Transportation / Urban Planning / PFIs & PPPs / Architecture

Environmental and social Business Sector



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

Construction Management Business Sector



Public Procurement Assistance / Construction Management & Execution Management

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Our Position in the Industry (Results in 2023)

Enriching life through engineering

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	**CTIE 22,191**	PCKK **8,640**	Oba 7,825	IDEA 11,517	**CTIE 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**	**CTIE 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	**CTIE**	Yachiyo	**CTIE**
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	**CTIE**	OC		PCKK

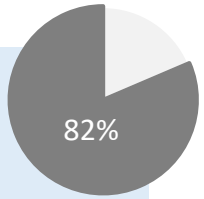
Source: Top 10 companies extracted from "Nikkei Construction" April 2024 Construction Consultant Financial Ranking 2024 ("Nikkei Construction")

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Consolidated Group Company (Overseas)

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

62nd Term
Composition of Overseas
Segment Sales



Waterman Group

Creeping

June 2017 Joined the Group

Business Outline

Mainly for private companies
➡ Architecture Structural design, Equipment design

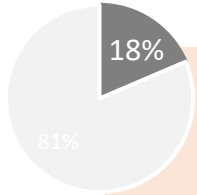
Mainly for public works
➡ Civil Engineering Field
- Construction consultant
- Dispatch of engineers

Business Area

United Kingdom, Ireland, Australia

waterman

62nd 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.

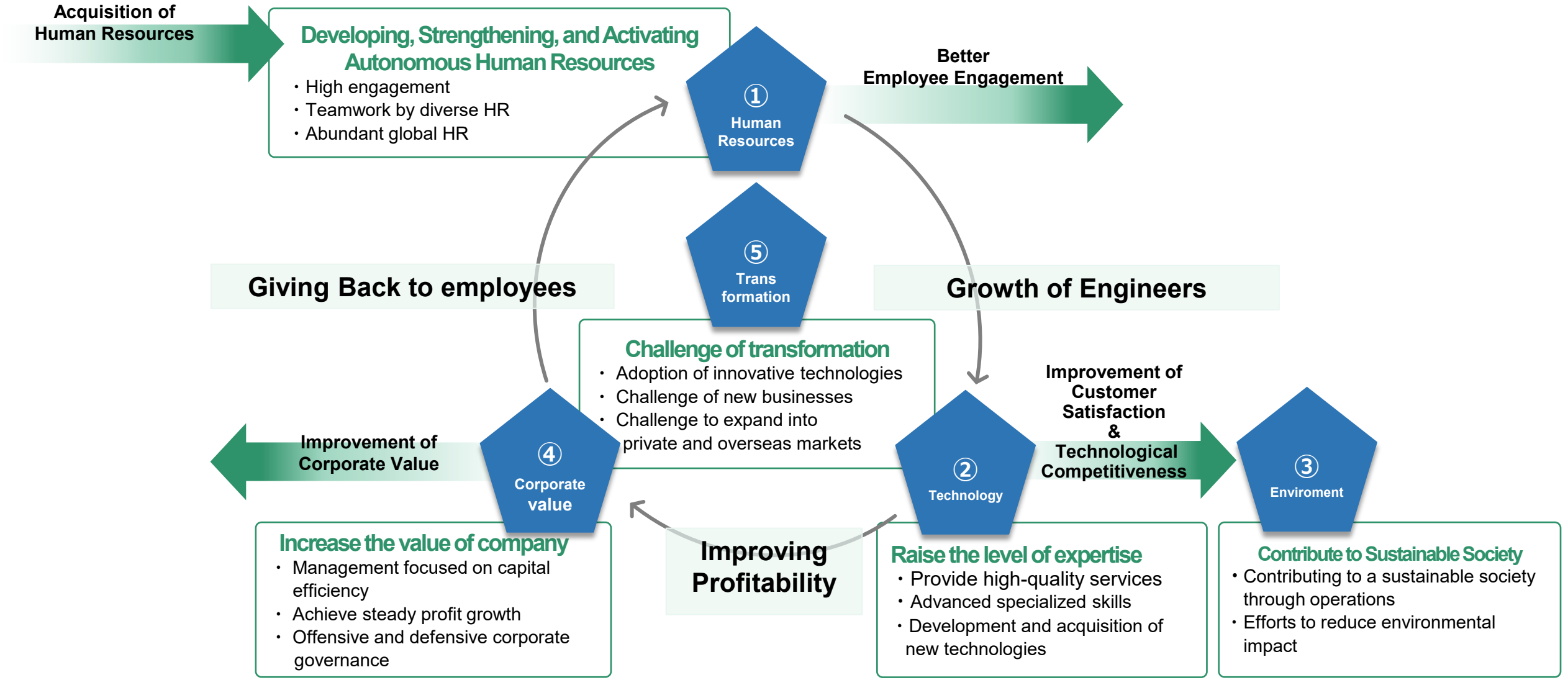
Business Area

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

CTI Engineering International Co., Ltd.

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Starting with the five key factors that express "What We Want to Be", consolidated the measures in the Mid-Term Management into two pillars.



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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

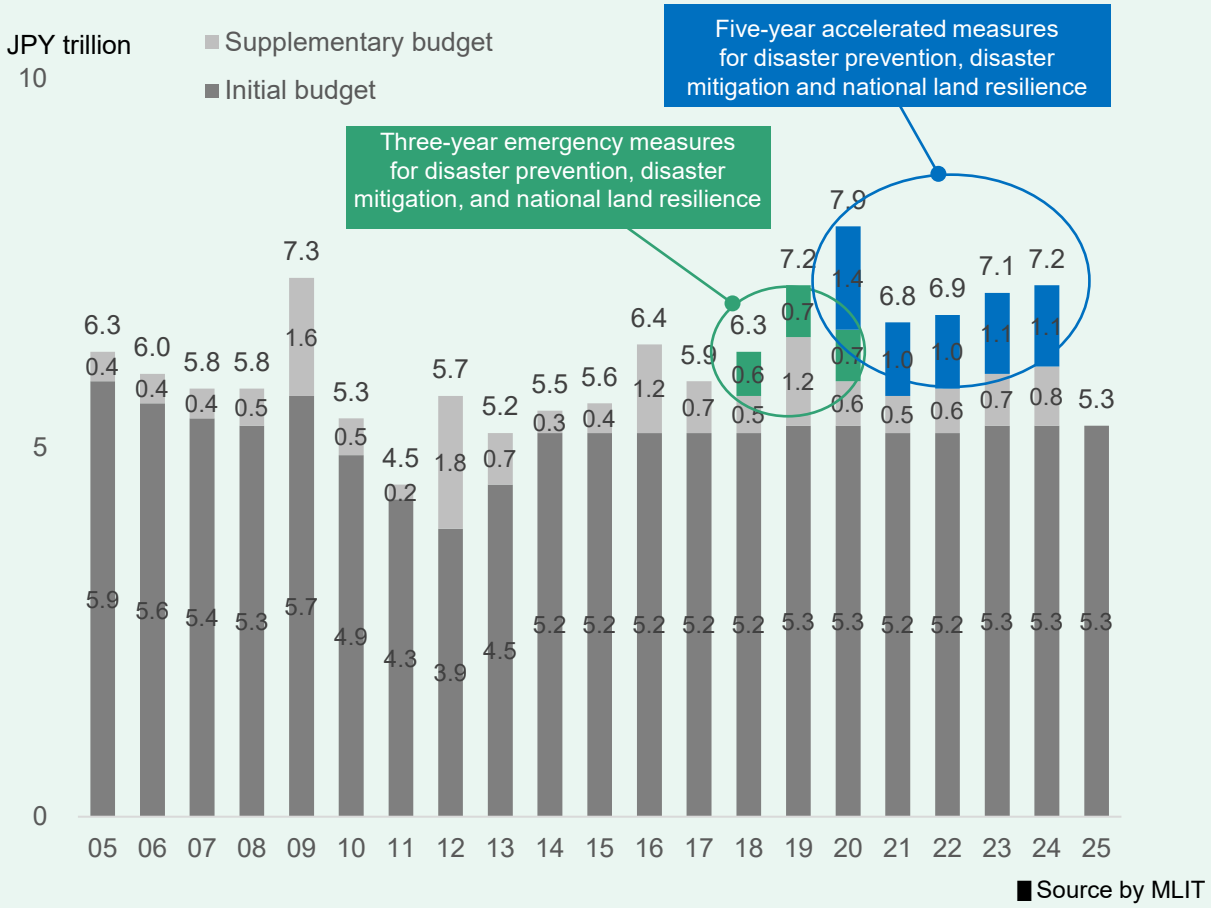
Financial Plan

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

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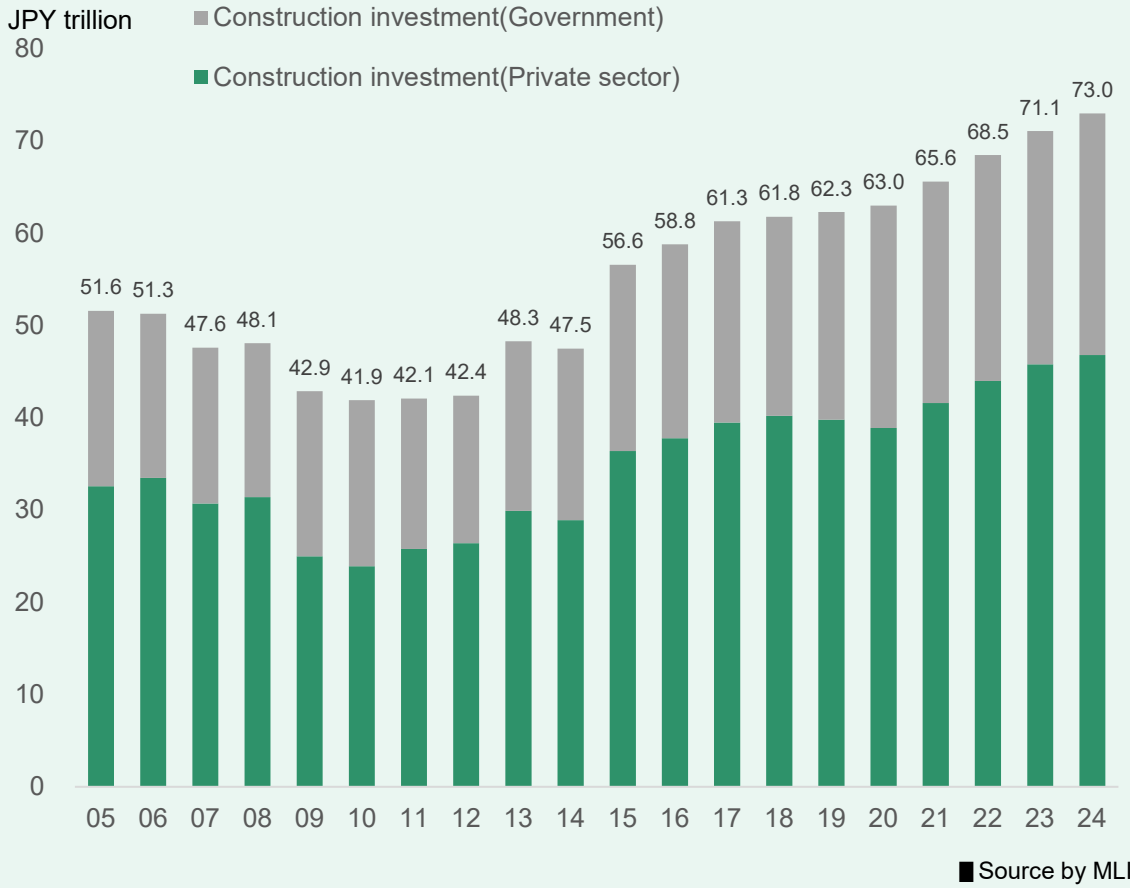
The market for construction consulting business is strongly influenced by government budget allocations and construction investment. Public works expenses (Ministry of Land, Infrastructure, Transport and Tourism) has been steady due to the “Five-year accelerated measures for disaster prevention, disaster mitigation and national land resilience" until 2024.
Overall construction investment (public and private) has been increasing continuously since 2014.

Public works related expenses



Source by MLIT

Increase in construction investment

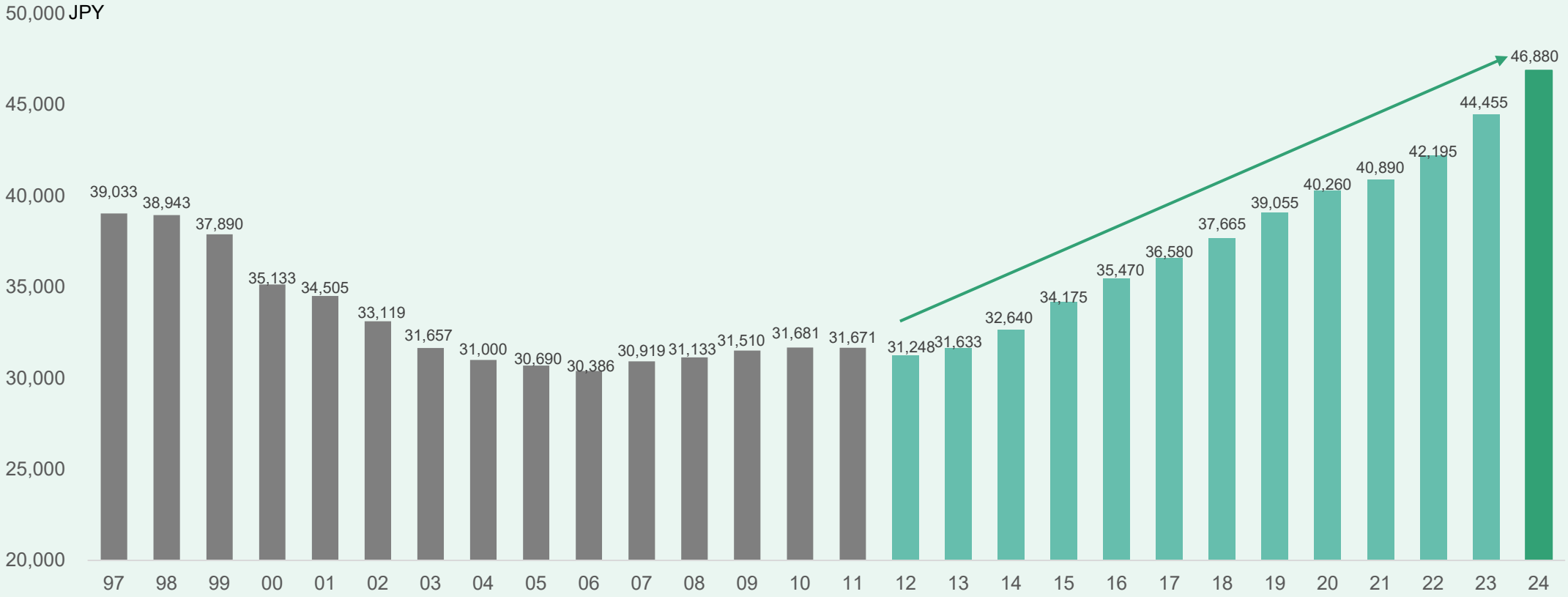


Source by MLIT

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- **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.

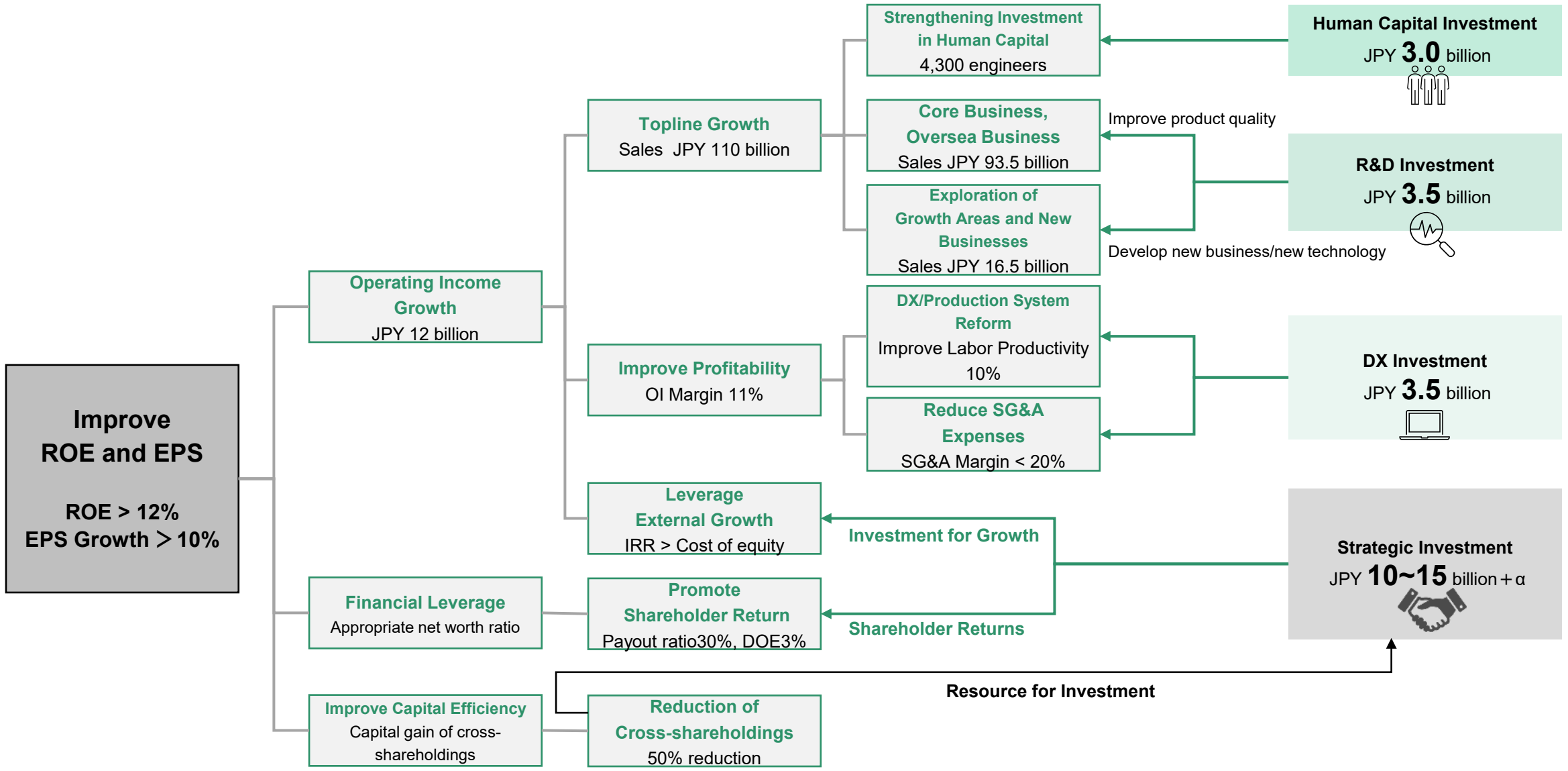
Increase in unit price for design engineers



■Source by MLIT

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Mid-Term Management Plan 2027 Appendix :Rogic Tree to achieve 2027 targets



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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

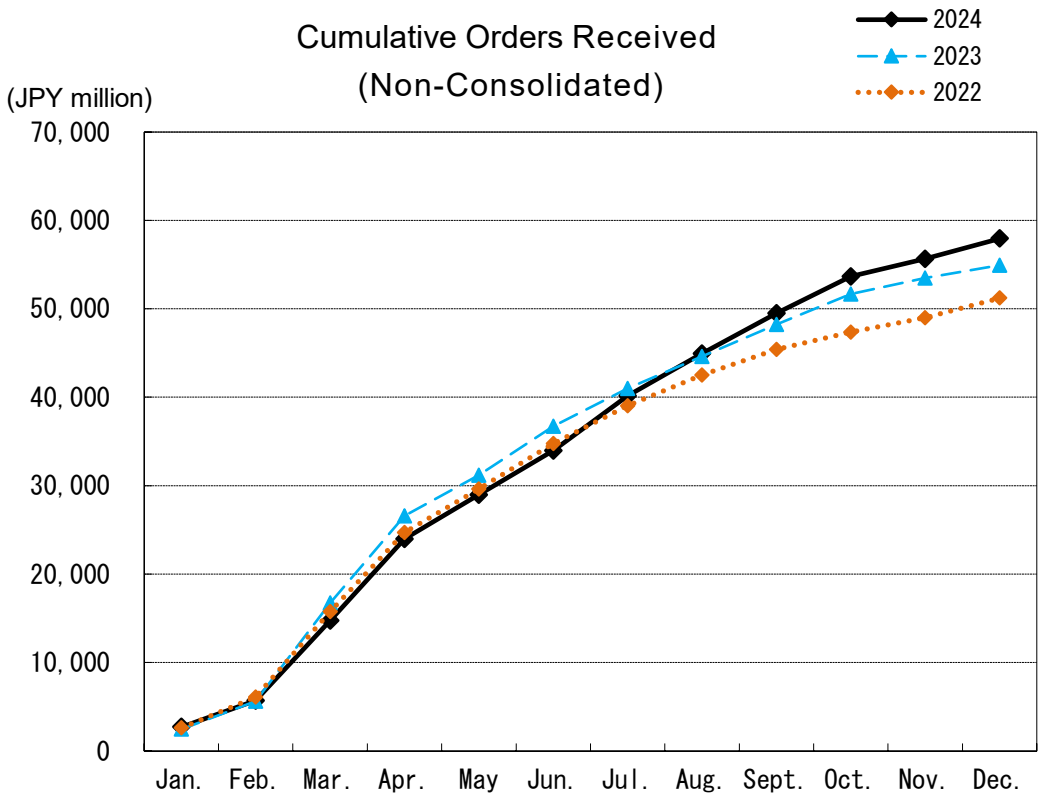
(JPY million, rounded down to the nearest million, %)

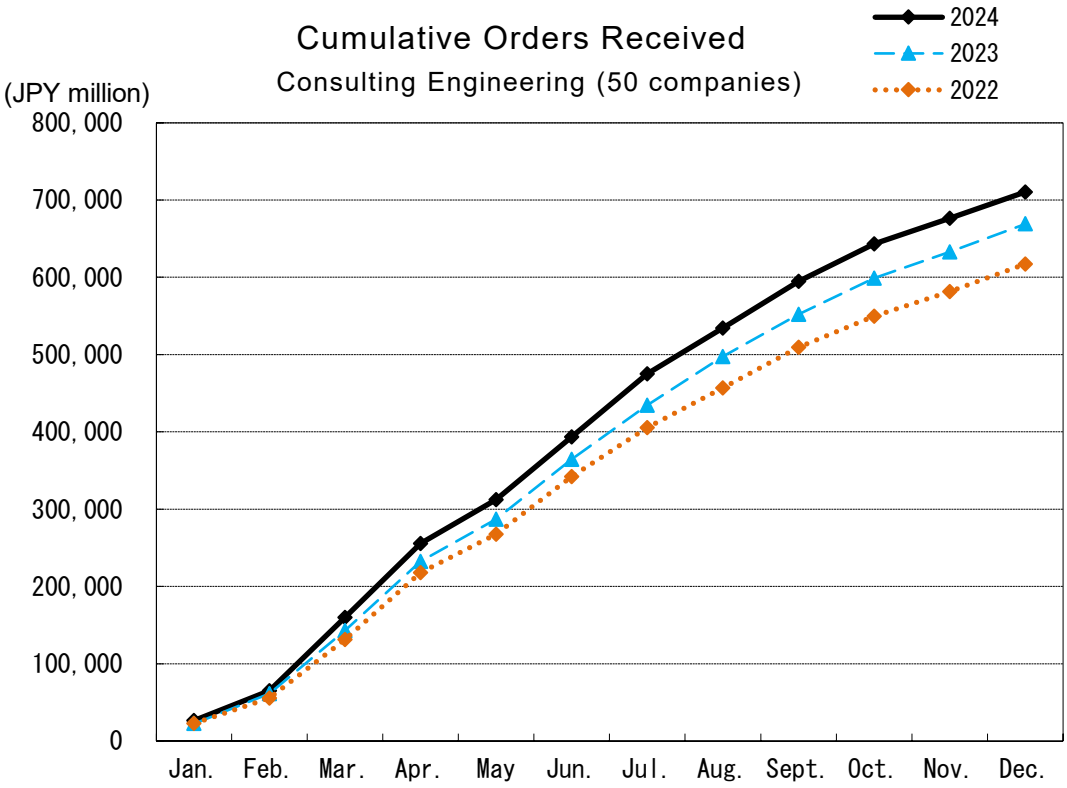
Item / Month	Our company						Consulting Engineering (50 companies) (Note)					
	2022		2023		2024		2022		2023		2024	
	Amount	Change (YoY)	Amount	Change (YoY)	Amount	Change (YoY)	Amount	Change (YoY)	Amount	Change (YoY)	Amount	Change (YoY)
Jan.	2,601	48.5	2,468	-5.1	2,725	10.4	22,956	-0.7	22,746	-0.9	26,720	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



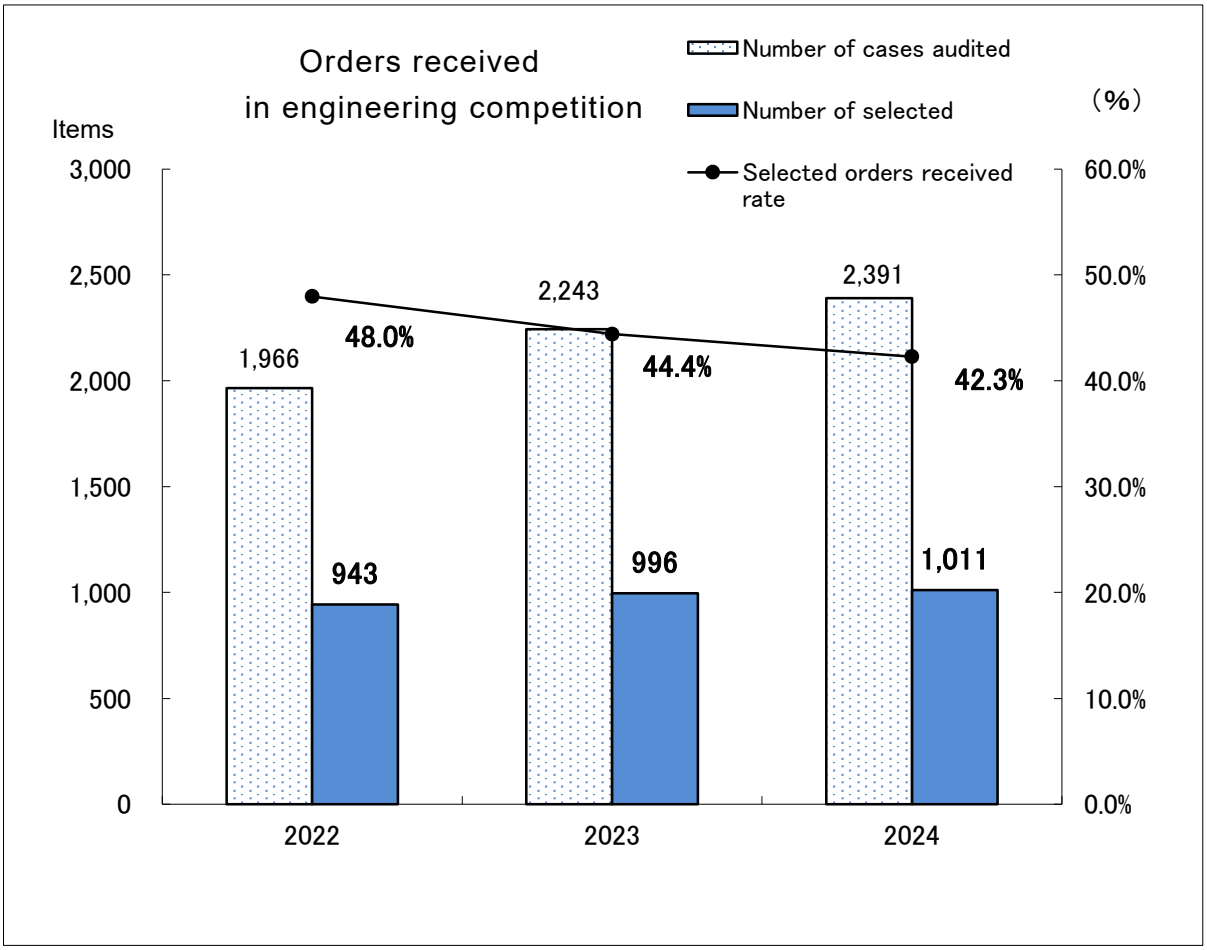


(Note) Source: "Dynamic Survey of Construction-Related Industries, etc. (50 consulting engineering companies)" published Ministry of Land, Infrastructure, Transport and Tourism, December 2024

(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]

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