

61st Term (2023) Financial Results

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CTI Engineering Co., Ltd.

Agenda

1. 61st Term (2023) Financial Results

2. 62nd Term (2024) Management Plan

[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.

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61st Term (2023) Financial Results

61st Term – Results Outline (Consolidated)

- **Orders Received amount increased** 7.7% YoY to 92,400 million yen - **a new record.**
- **Sales amount** increased 11.5% YoY to 93,000 million yen -**a sales increase for the 11th consecutive fiscal year.**
- **Operating Income increased** 24.9% YoY to 10,000 million yen – an operating income **increase for the 7th consecutive**

Delivered a new record performance

- Strong performance in the Domestic and Overseas businesses.
- Progress made in the Domestic business exceeded Company expectations and translated into a significant results increase.
- Record numbers for orders, sales, and each income line item.
- ROE 14.7% (+1.6pt vs. 13.1% LFY)

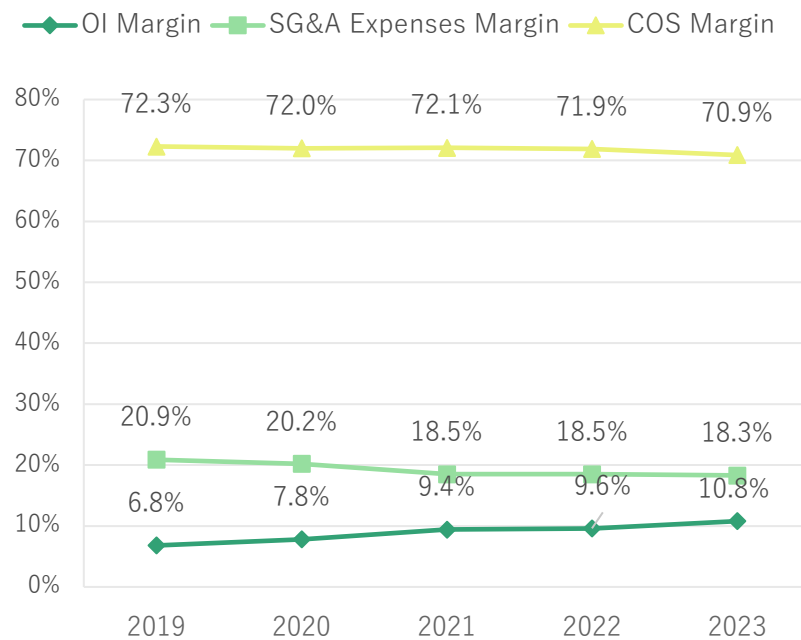
(JPY Million)

	60th Term 2022 (Realized)	61st Term 2023 (Initial Forecast)	61st Term 2023 (Realized)	Change (%) (YoY)	Change (%) vs. Initial Forecast
Orders Received	85,887	84,000	92,473	+ 7.7%	+ 10.1%
Sales Amount	83,485	84,000	93,057	+ 11.5%	+ 10.8%
Operating Income	8,017	7,200	10,011	+ 24.9%	+ 39.0%
OI Margin	9.6%	8.6%	10.8%	+1.2pt	+2.2pt
Ordinary Profit	8,235	7,300	10,153	+ 23.3%	+ 39.1%
Net Income Attributable to Owners of the Parent	5,874	4,900	7,534	+ 28.2%	+ 53.8%

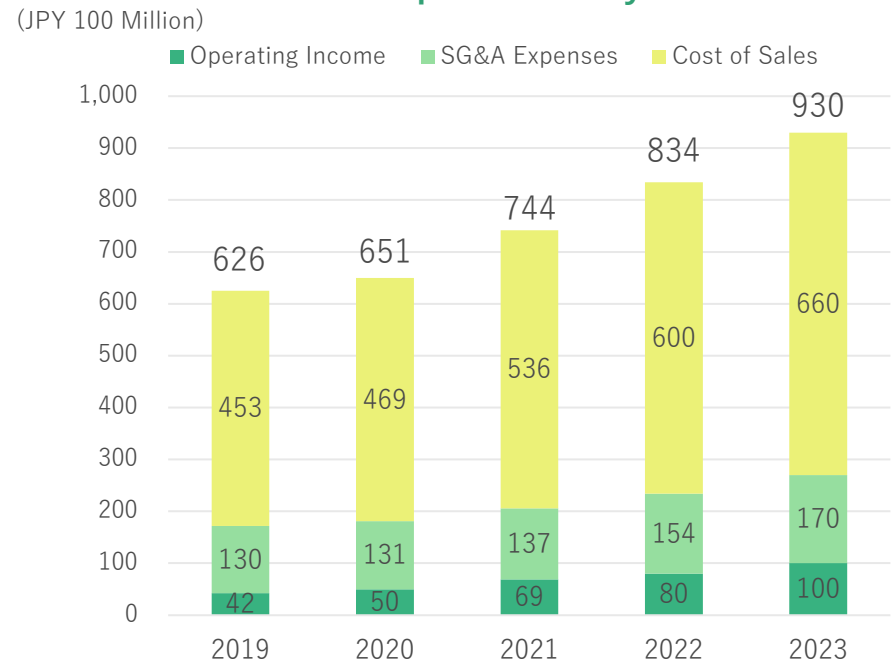
Income Statement (Consolidated) – 5-year Trend

- Sales Amount 93,000 million yen
- Operating Income 10,000 million yen
- Cost of Sales Margin 70.9% (-1.0pt YoY)
- SG&A Expenses Margin 18.3% (-0.2pt YoY)
- Operating Income Margin 10.8% (+1.2pt YoY)

Operating Income Margin, etc. – 5-year Trend



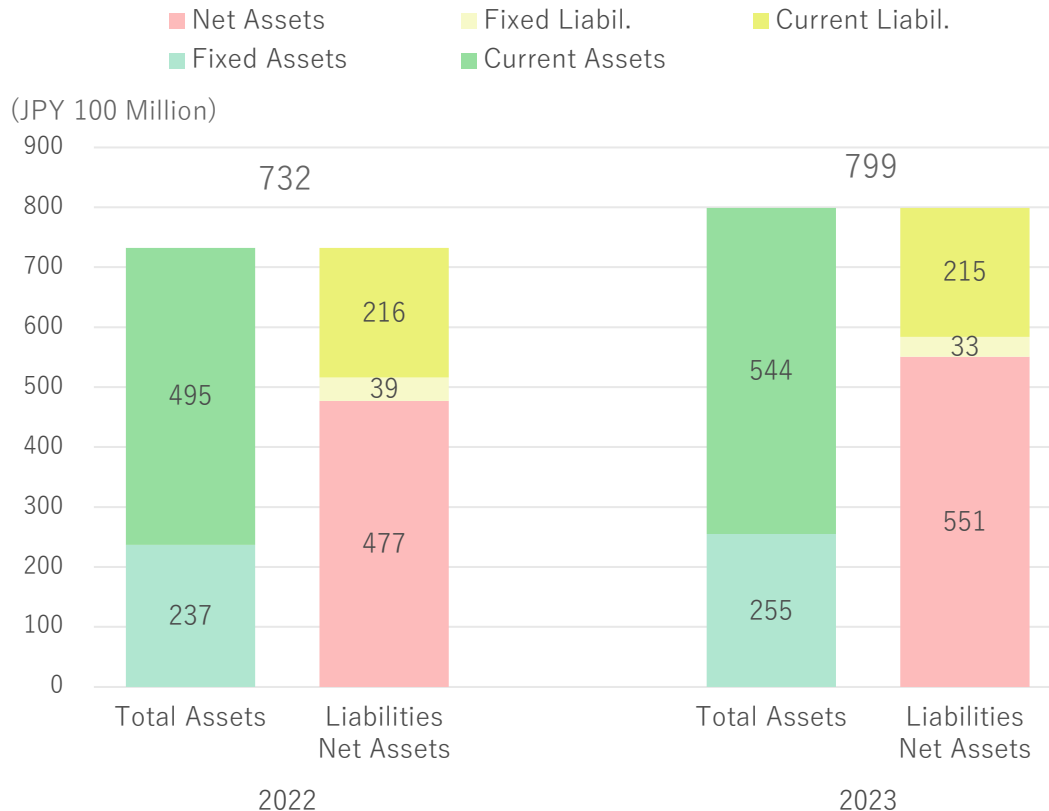
Sales Composition – 5-year Trend



Balance Sheet (Consolidated) – YoY Comparison

- Consolidated total assets increased 6,700 million yen YoY to 79,900 million yen.
Net worth ratio: 68.7% (+3.9 points)

Balance Sheet (Consolidated)



Total Assets

79,900 M yen (+6,700 M Yen)

- Cash & bank deposits:
19,600 M yen (-2,900 M yen)
- Accounts receivable - trade:
33,800 M yen (+7,800 M yen)

Liabilities

24,800 M yen (-700 M yen)

- Contract liabilities:**
3,600 M yen (-800 M yen)
- Accrued income taxes:**
1,100 M yen (-1,700 M yen)
- Reserve for bonuses:**
3,900 M yen (+700 M yen)

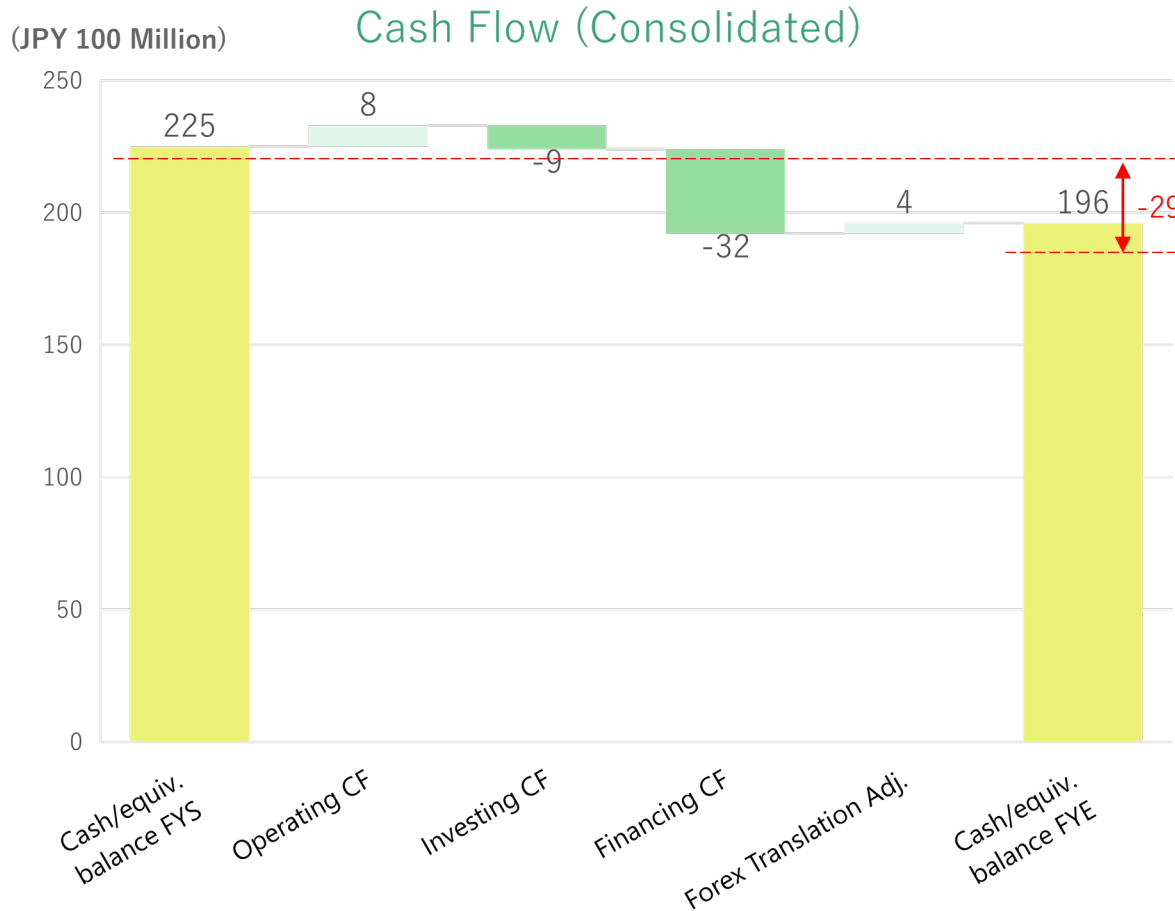
Net Assets

55,100 M yen (+7,400 M yen)

- Increase in profit surplus:**
(+6,100 M yen)
- Increase from comprehensive income:**
(+2,100 M yen)
- Increase in treasury shares:**
(-900 M yen)

Cash Flow (Consolidated)

Operating CF decreased while CF used in Financing activities increased.



Cash & cash equivalents closing balance

19,600 M yen (-2,900 M yen)

Operating CF +800 M yen

- Earnings before tax: (+10,100 M yen)
- Depreciation expenses: (+1,400 M yen)
- Increase in accounts receivable: (-7,000 M yen)
- Corporate taxes, etc. (-4,500 M yen)

Investing CF -900 M yen

- Acquisition of PPE: (-800 M yen)
- Acquisition of intangible assets: (-100 M yen)

Financing CF -3,200 M yen

- Dividends paid: (-1,400 M yen)
- Acquisition of treasury shares: (-1,000 M yen)

61st Term Results Outline (by Segment)

Strong order results in the Domestic & Overseas segments;
Sales and income growth in the Domestic Segment.

(JPY Million)

Segment	Item	60th term 2022 (Realized)	61st Term 2023 (Realized)	Change (YoY)	Change (%) (YoY)
Domestic Business	Orders Received	58,191	62,161	+3,969	+6.8%
	Sales Amount	58,160	64,473	+6,313	+10.9%
	Operating Income	6,885	8,943	+2,058	+29.9%
	OI Margin	11.8%	13.9%	—	+2.1pt
Overseas Business	Orders Received	27,696	30,312	+2,616	+9.4%
	Sales Amount	25,325	28,583	+3,257	+12.9%
	Operating Income	1,131	1,073	-58	-5.2%
	OI Margin	4.5%	3.8%	—	-0.7pt
Total	Orders Received	85,887	92,473	+6,586	+7.7%
	Sales Amount	83,485	93,057	+9,571	+11.5%
	Operating Income*	8,017	10,011	+1,993	+24.9%
	OI Margin	9.6%	10.8%	—	+1.2pt

*Operating income total figures presented following inter-segment adjustments

Domestic Consulting Engineering Business

- **Orders Received** amount **increased** 6.8% YoY to 62,100 million yen.
- **Sales Amount increased** 10.9% YoY to 64,400 million yen.
- **Operating Income increased** 29.9% YoY to 8,900 million yen.

Strong orders; Sales & profit growth

- The Construction Management Sector succeeded in growing CM projects from local Government, registering a surge in orders received.
- Better than expected progress in the Water & Land and Construction Management Sectors, leading to increases in sales and income, and a higher operating income margin.

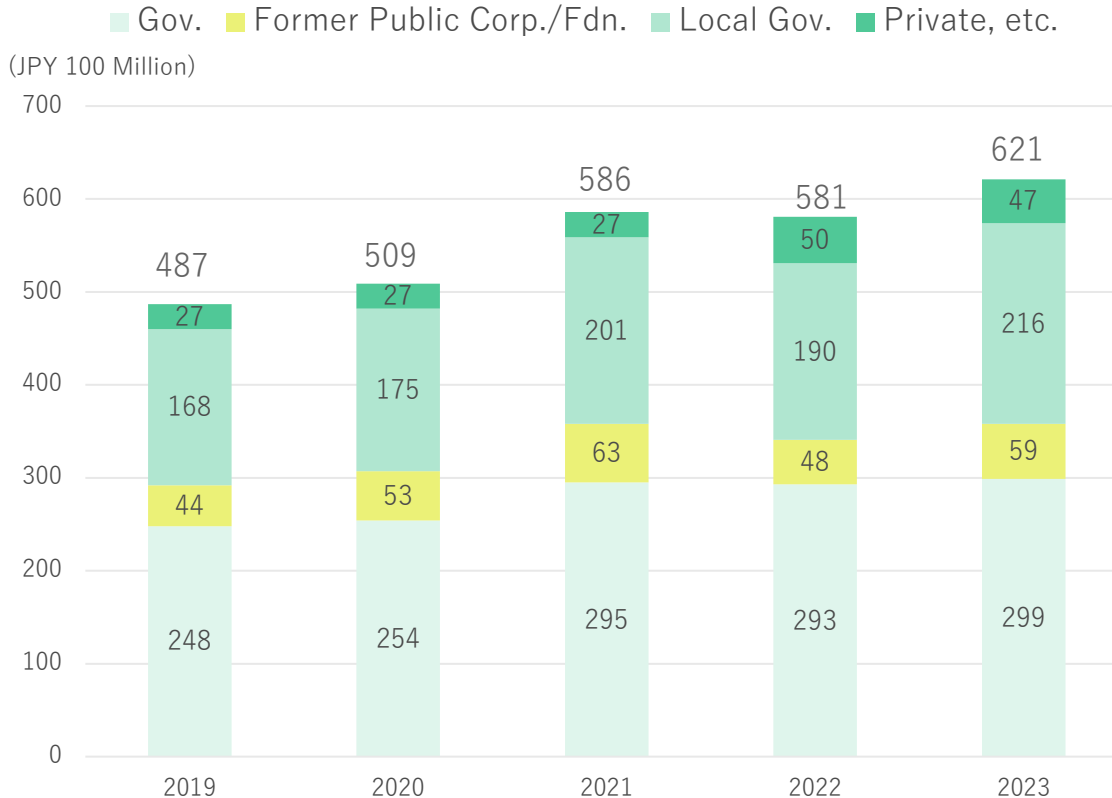
(JPY Million)

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Sales Amount	58,160	59,000	64,473	+10.9%	+9.3%
Operating Income	6,885	6,500	8,943	+29.9%	+37.6%
OI Margin	11.8%	11.0%	13.9%	+2.1pt	+2.9pt

Orders Received Amount by Source – Trend (Domestic)

Increase in orders from local Government for CM projects (Construction Management Sector) and urban construction (Transportation and Urban Sector); Slight decrease in orders from the private sector.

Orders Received Amount By Source

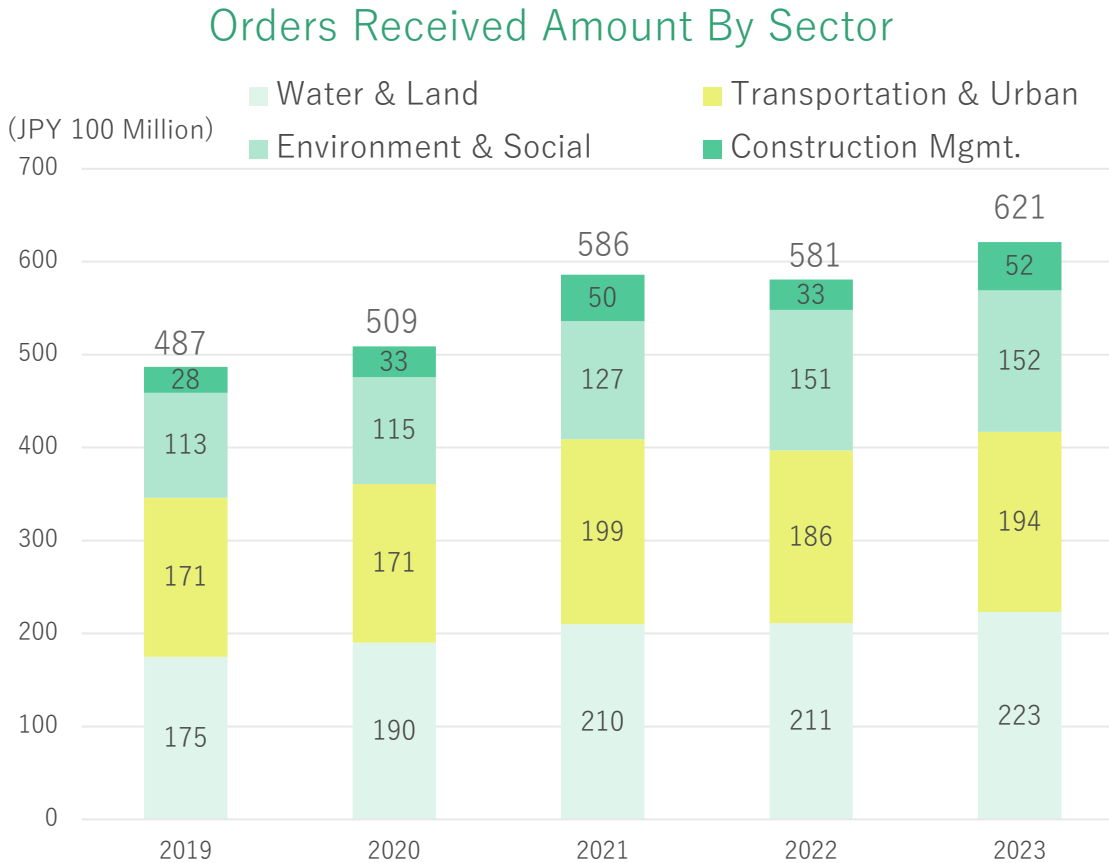


Status by Source

- Increase of 600 million yen from Government institutions.
- Increase of 1,100 million yen from former public corporations and foundations.
- Increase of 2,600 million yen from Local Government. (YoY+14.0%)
- Decrease of 300 million yen from the Private Sector.

Orders Received Amount by Sector – Trend (Domestic)

Strong performance from the Construction Management Sector.



Status by Sector

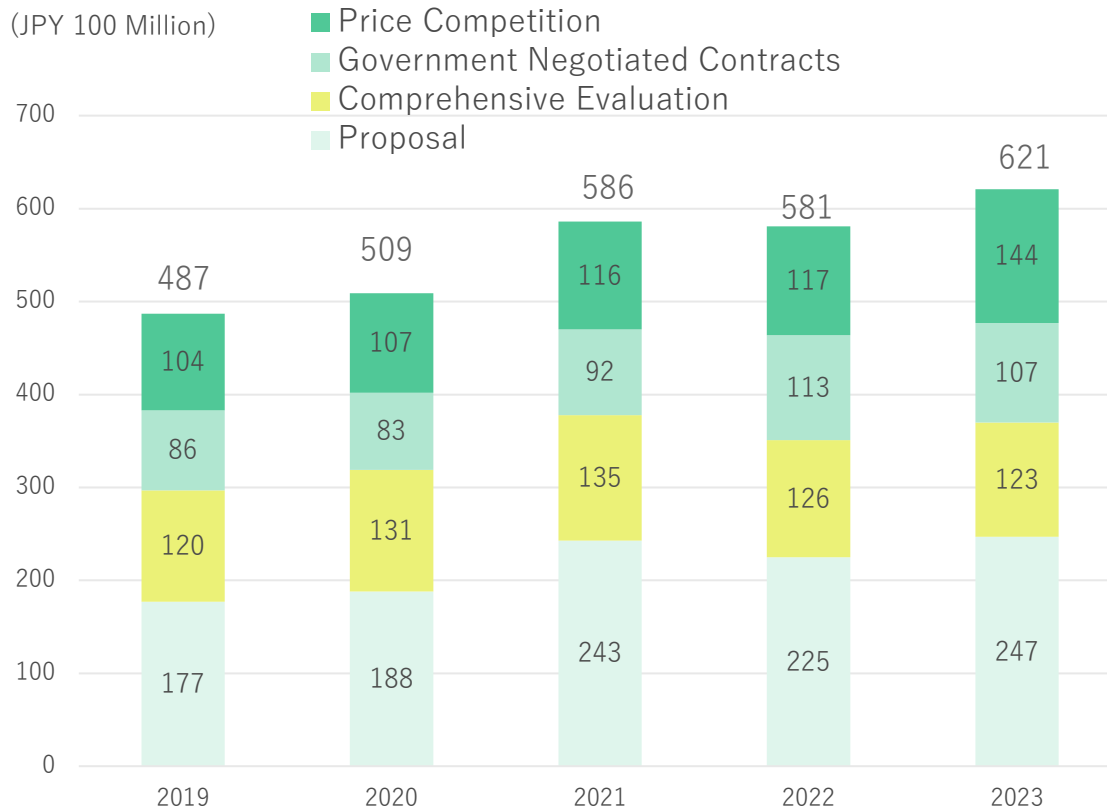
- Increase of 1,200 million yen in the Water & Land Sector.
- Increase of 800 million yen in the Transportation & Urban Sector.
- Increase of 100 million yen in the Environmental & Social Sector.
- Increase of 1,900 million yen in the Construction Management Sector. (YoY +54.1%)

Orders Received by Contract Method (Domestic)

Engineering Competitiveness (Proposal & Comprehensive Evaluation) account for a large share of orders received.

Orders received from local Government also grew through price competition.

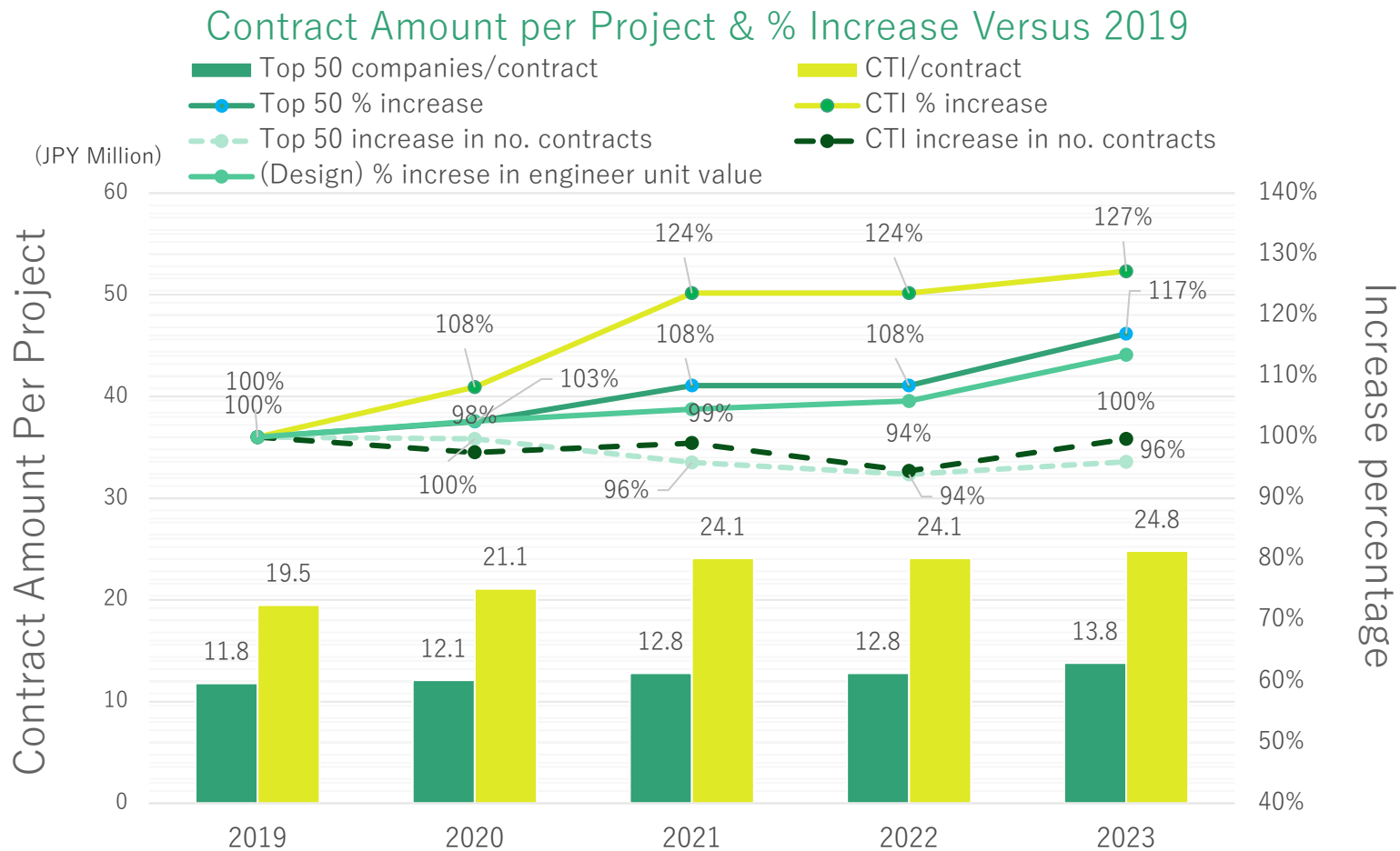
Orders Received Amount by Contract Method



Status by Contract Method

- Increase of 2,200 million yen in orders received for the Proposal contract method.
- Decrease of 300 million yen in orders received for the Comprehensive Evaluation contract method.
- Decrease of 600 million yen in orders received for Government Negotiated contracts.
- Increase of 2,700 million yen in orders received for the Price Competition contract method. (YoY+23.1%)

Contract Amount per Project (Non-Consolidated)



Source: Ministry of Land, Infrastructure, Transport and Tourism Policy Bureau Information Policy Division Office for Statistical Research and Analysis on Economy in Construction Market - Official Documents "Survey of Construction-related Industries"; "Survey of Table 2 Construction-related Industries" (50 engineering consulting companies)

Ministry of Land, Infrastructure, Transport and Tourism, Engineer unit value in engineering design contracting work - Official Documents

Contract amount per project for the top 50 companies uses data from 2019 - 2023 (Month of December data)

Overseas Consulting Engineering Business

- **Orders Received increased 9.4%** YoY to 30,300 million yen.
- **Sales Amount increased 12.9%** YoY to 28,500 million yen.
- **Operating Income decreased 5.2%** YoY to 1,000 million yen.

Strong order performance; Increase in sales

- Both Waterman's Public and Private-sector related businesses delivered a strong order performance & an increase in sales.
- While orders received and sales amount partly benefited from foreign exchange, income was lower due to salary increases, etc.

(JPY Million)

	60th Term 2022 (Realized)	61st Term 2023 (Initial Forecast)	61st Term 2023 (Realized)	Change (%) (YoY)	Change (%) Vs. Initial Forecast
Orders Received	27,696	25,000	30,312	+9.4% (+2.5%)	+21.3%
Sales Amount	25,325	25,000	28,583	+12.9% (+6.0%)	+14.3%
Operating Income	1,131	700	1,073	-5.2% (-11.4%)	+53.3%
OI Margin	4.5%	2.8%	3.8%	-0.7pt	+1.0pt

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

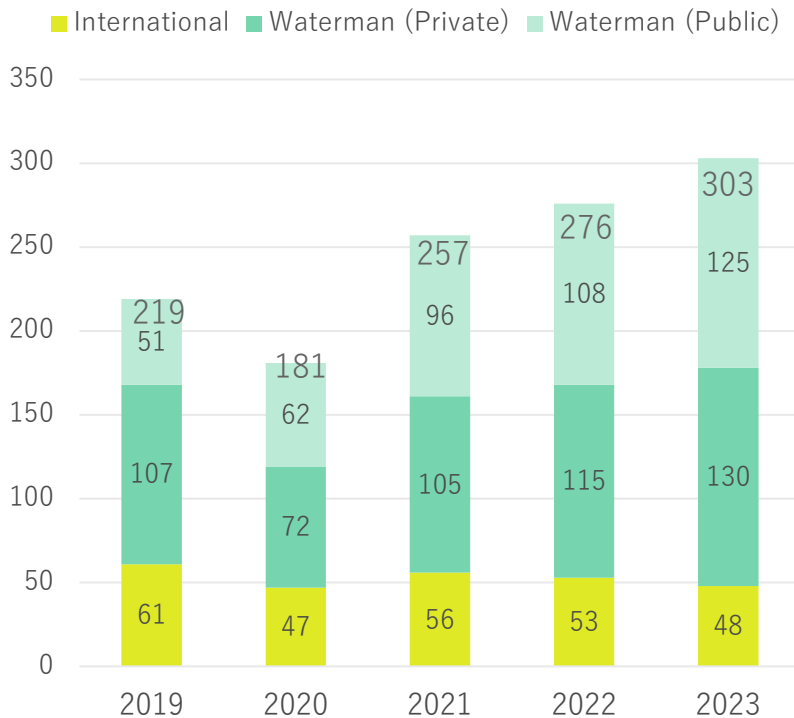
The figures in parenthesis represent the change percentage excluding the foreign currency adjustment of our overseas subsidiaries.

Orders Received Amount Trend (Overseas)

Waterman's Public and Private-sector related businesses both delivered a strong order performance.

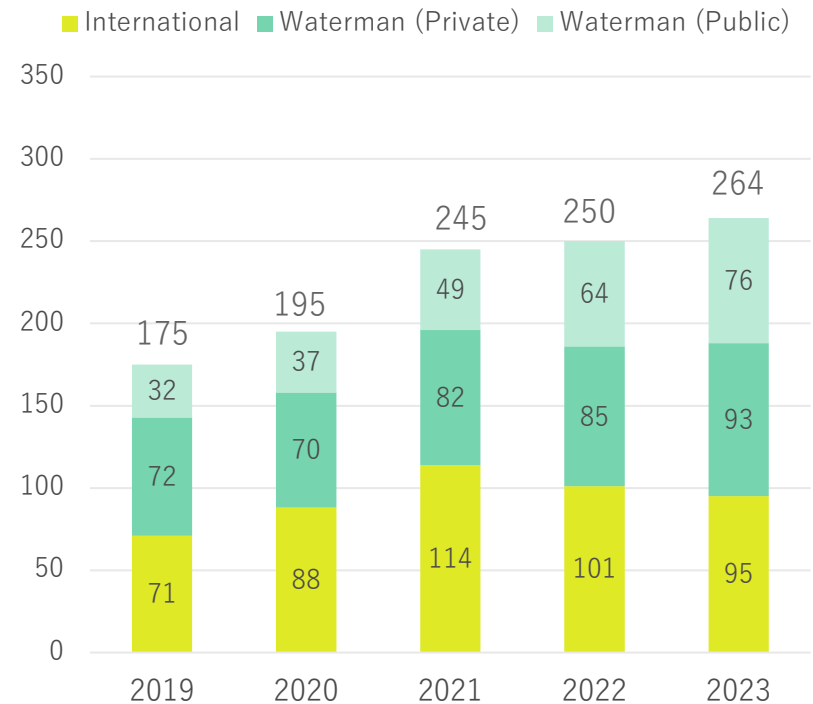
Trend in Orders Received Amount

(JPY 100 Million)



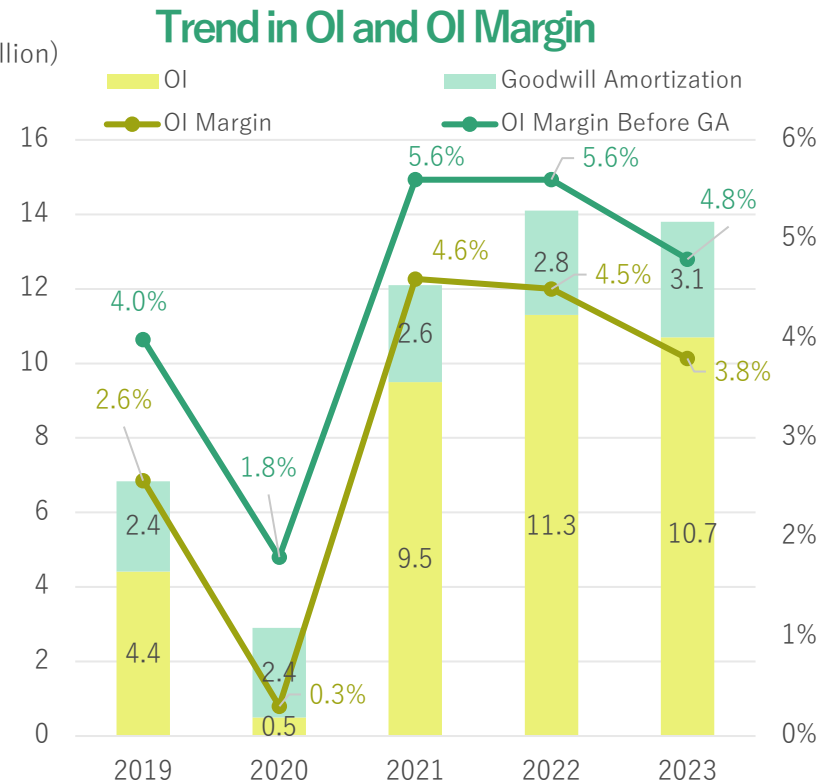
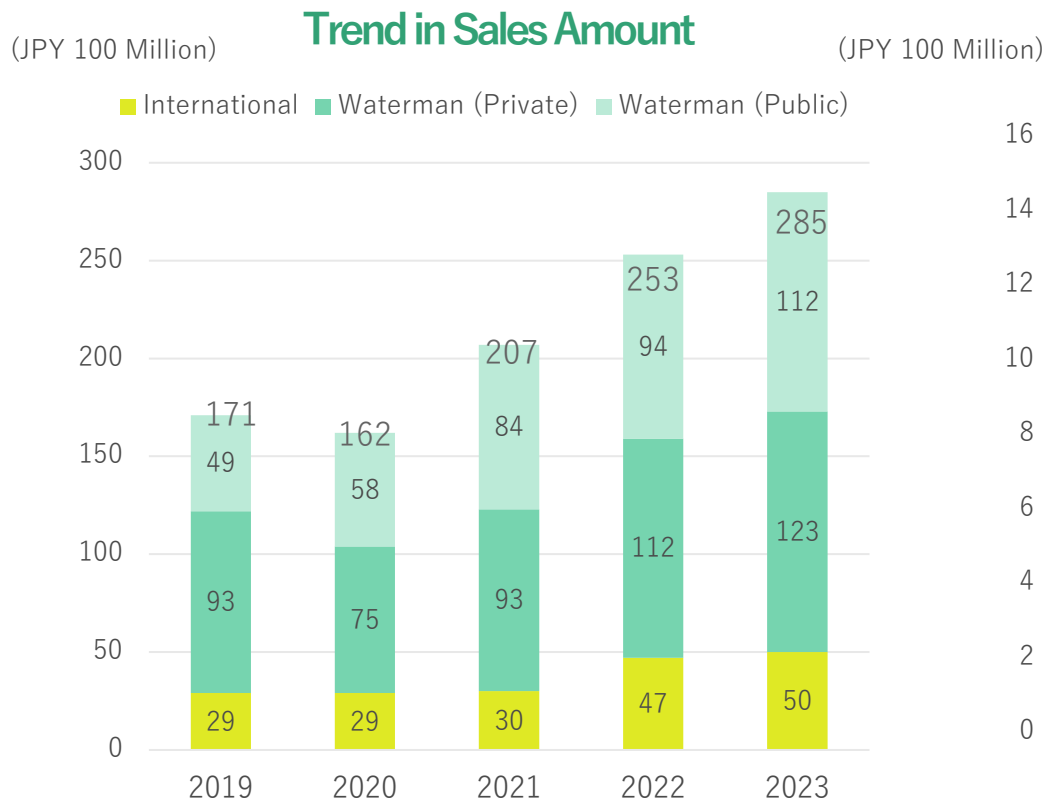
Trend in Order Balance

(JPY 100 Million)



Sales Amount & Profit Trend (Overseas)

Both Waterman and CTI Engineering International delivered an increase in sales; Profit margin was lower due to salary increases, etc., while operating income remained flat.



Overseas Business: CTI Engineering International



Completed sewage treatment plant (Nov. 30, 2023)



Exterior of the PTF treatment facility (Nov. 30, 2023)

- Name: The Project for Sewerage System Development in Phnom Penh
- Country / region: Phnom Penh, Kingdom of Cambodia
- Construction: 2019 ~ 2023 (Survey, design, construction management. Completed in November 2023)
- Description:
 - **This is Cambodia's first mechanical sewage water treatment plant** and is an offshoot of CTI Engineering International's project to address environmental issues with wastewater, within its flood prevention and sewage improvement business, which the company has been operating in an integrated manner since 1998.
 - This project makes use of **energy-saving technology developed in Japan and employs a treatment system streamlining maintenance.**
 - The operation of this facility is expected to improve the quality of local water resources and residents' quality of life.

Construction: KUBOTA-METAWATER JV

Overseas Business: Waterman Group Plc



Portsmouth City Centre North – Artistic rendering



- Name: Portsmouth City Centre North Scheme
- Country / region: Portsmouth, United Kingdom
- Description:

- Portsmouth City Council has resolved to grant planning permission for the major **Portsmouth City Centre North scheme** by Waterman Group Plc, that will include up to 2,300 new homes, a public park and up to 10,000 m² of commercial space.
- This project aims toward the creation of sustainable communities with better connectivity, and toward greener travel. The development of new residential homes, park areas, and commercial spaces will support the revitalization of the whole city center and provide substantial green open space for all.
- Additionally, this project also aims to improve habitats and achieve **biodiversity net gain** status.

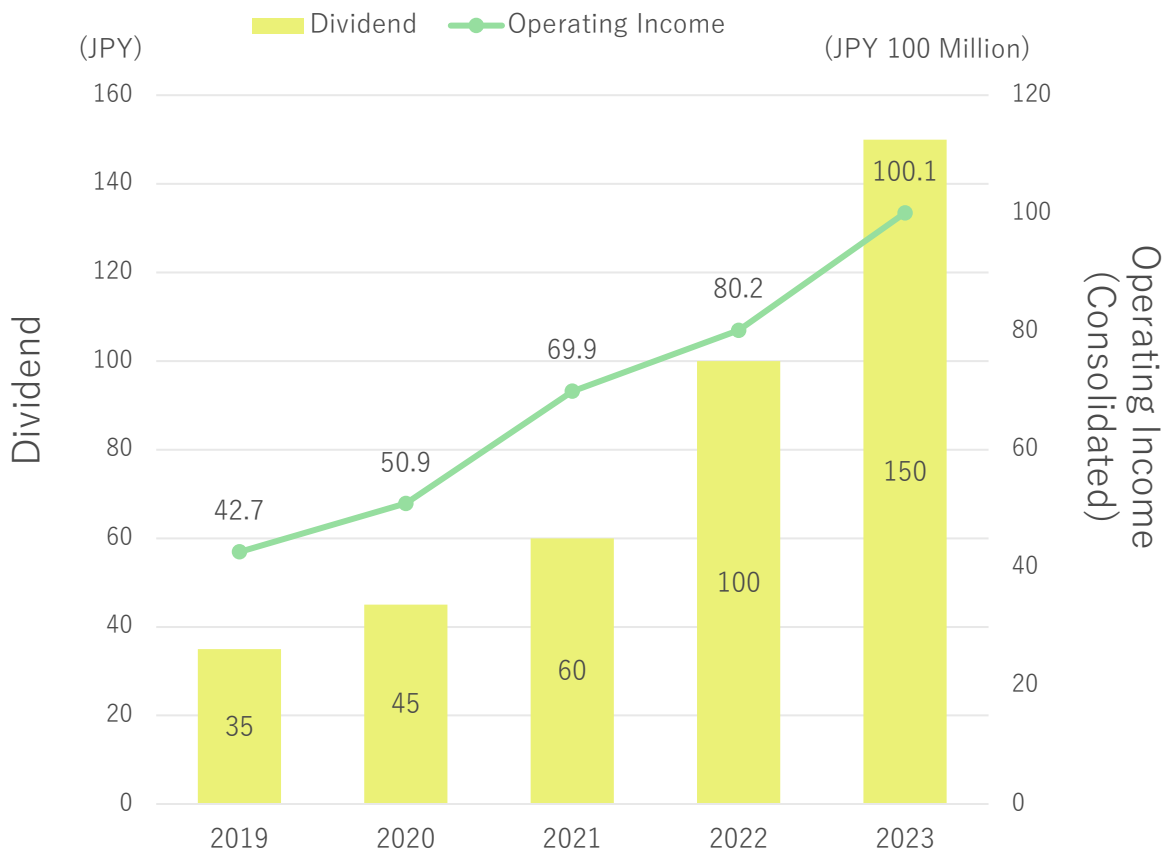
Dividend Policy

Expect to raise dividends for the 7th consecutive FY thanks to a sustained profit increase.

Approach to Shareholder Returns

- Secure attractive shareholder returns and also retained earnings for use toward future investment.
- Fundamental principle of offering stable dividends.
- Aim for a dividend payout ratio of 30%+ over the mid-to-long term.
- Current FY's dividend payout ratio 27.7%. (Consolidated basis)

Operating Income & Dividends - Trend



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62nd Term (2024) Management Plan

62nd Term (2024) Management Plan

62nd Term Management Plan (Consolidated/Non-Consolidated)

- We forecast a decrease in sales and income on a consolidated and non-consolidated basis (JPY Million)

		61st Term 2023 (Realized)	62nd Term 2024 (Initial Forecast)	Change (%) (YoY)	MTMP 2024 (2024)
Consolidated	Orders Received	92,473	86,000	-7.0%	85,000
	Sales Amount	93,057	89,000	-4.4%	85,000
	Operating Income (OI Margin)	10,011 (10.8%)	8,400 (9.4%)	-16.1% (-1.4pt)	7,700 (9.1%)
	Ordinary Profit	10,153	8,500	-16.3%	—
	Net Income	7,534	6,100	-19.0%	—
Non-consolidated	Orders Received	54,930	54,000	-1.7%	55,000
	Sales Amount	57,439	56,000	-2.5%	55,000
	Operating Income (OI Margin)	8,563 (14.9%)	7,500 (13.4%)	-12.4% (-1.5pt)	6,400 (11.6%)
	Ordinary Profit	8,912	7,800	-12.5%	—
	Net Income	6,652	5,700	-14.3%	—
	Dividends	150 yen	150 yen	—	—

62nd Term (2024) – Management Plan: Salient Points

Point ①: Advance structural transformation and prevent errors

Advance structural transformation

- Maintain share of orders from MLIT.
- Expand orders from local Government and the private sector.
- Expand range of services & domains.

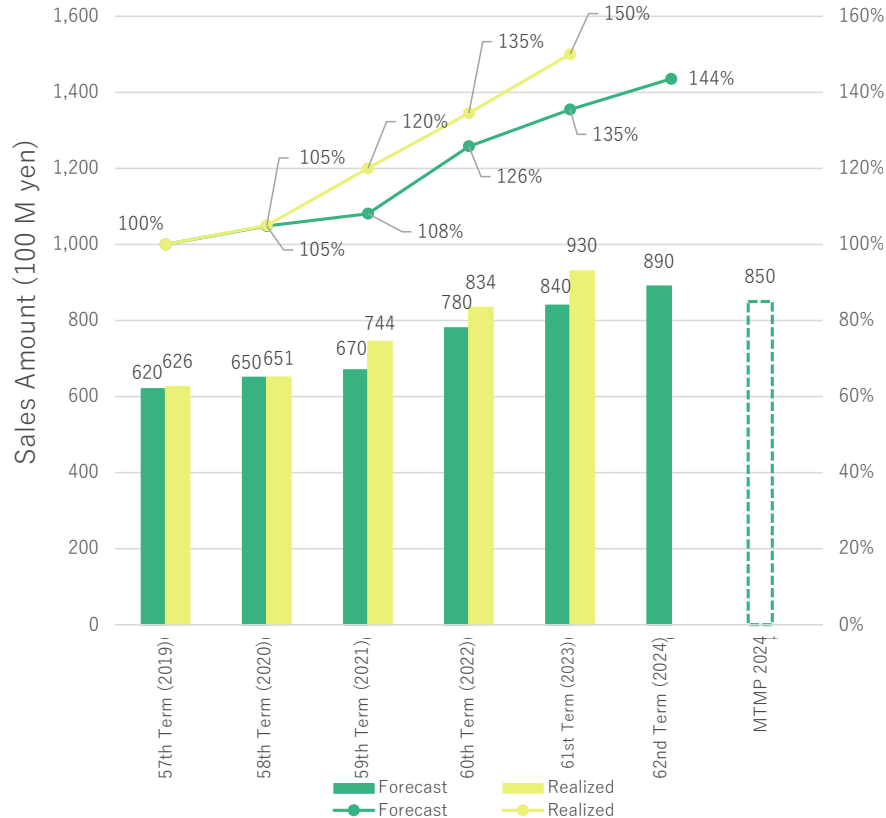
Prevent errors

- Deploy dedicated, full-time inspectors.

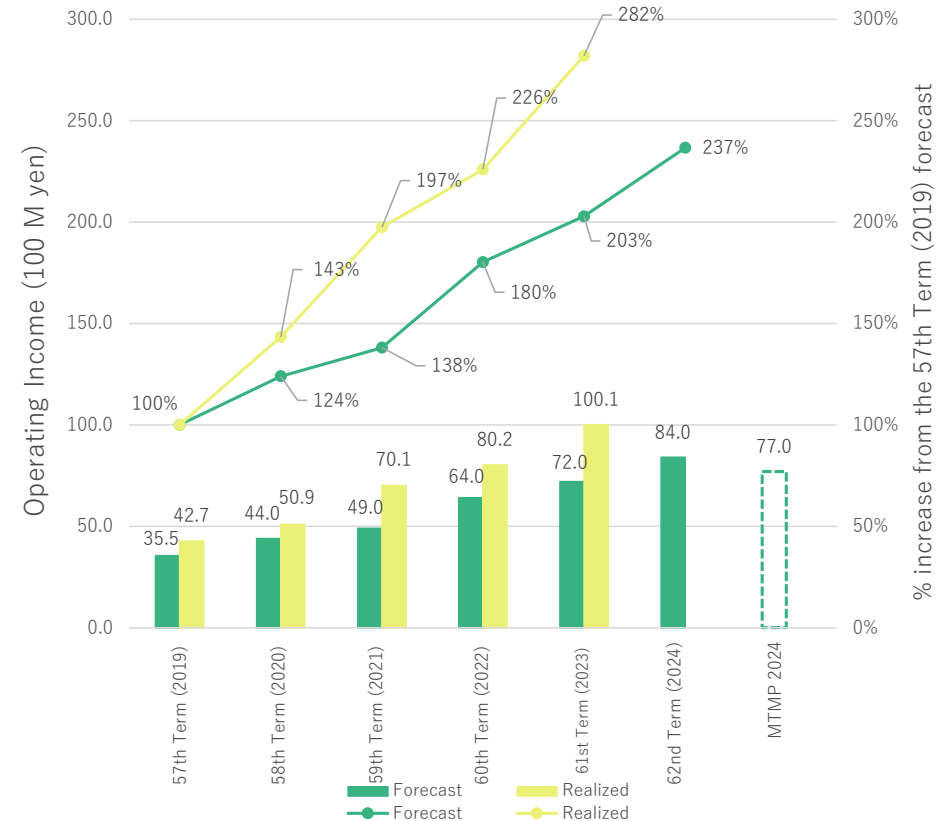
Point ②: Enhance Investment

- Enhance investment in human capital, **strengthening talent acquisition**/training, and revamping employee benefits.
- Enhance investment in development to **improve engineering competitiveness.**
- Enhance investment in R&D toward **business expansion and greater productivity.**
- Enhance investment to **prevent errors.**

Sales Amount Trend (Consolidated)



Operating Income Trend (Consolidated)



62nd Term (2024) Management Plan

Concept of the Management Plan (Domestic Consulting Engineering Business)

■ Status and challenges

- There is a need for continued active investment in the business of public sector projects, and to promote structural transformation and production system reform, allowing us to continue business expansion, even in the face of changes in the market environment.
 - Further enhance market and business expansion into the domains of projects related to Local Government and the private sector; Further enhance engineering competitiveness.
 - Accelerate the promotion of DX and achieve productivity improvements and reduce errors through project management.
- Execute thorough compliance measures.
- Promote sustainability management initiatives (Train & leverage talent, improve employee engagement, etc.)

■ 62nd Term (2024) Business Plan – Concept

- We expect orders received to decrease by 1.9% YoY, taking into account the need to alleviate employee workloads.
- We expect operating income to decrease, taking into account pro-active investment to be undertaken in the execution of business expansion.
 - Enhance investment in human resources, by enhancing personnel and employee training, as well as through revisions to the remuneration system.
 - Enhance investment related to technical development and quality assurance/improvements, with an eye toward strengthening our engineering competitiveness capabilities.
 - Enhance investment in R&D in order to realize business expansion and improvements in productivity.

(JPY Million)

		61st Term (2023)			62nd Term (2024)	YoY Change (%)
		Initial Forecast	Realized	Achievement (%)	Forecast	
Domestic Consulting Engineering Business	Orders Received	59,000	62,161	105.4%	61,000	-1.9%
	Sales Amount	59,000	64,473	109.3%	63,000	-2.3%
	Operating Income (OI Margin)	6,500 (11.0%)	8,943 (13.9%)	137.6% (+2.9pt)	7,700 (12.2%)	-13.9% (-1.7pt)

62nd Term (2024) Management Plan

Concept of the Management Plan (Overseas Consulting Engineering Business)

■ Status and challenges

- While this business has for the most part recovered from the impact of COVID-19, greater uncertainty resulting from geopolitical instability and inflation on a global scale have emerged as a factor weighing down on results.
- Strong sales and income performance in the 61st Term (2023), also thanks to a weaker yen.
- Continue active initiatives to enhance intra-Group coordination, such as the secondment of engineers to Waterman and the holding of regular meetings.

■ 62nd Term (2024) Business Plan – Concept

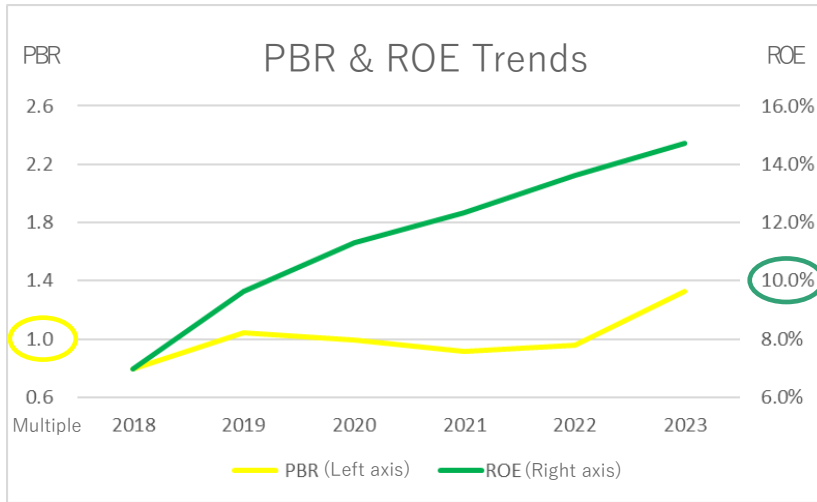
- Orders received, sales amount, and operating income targets formulated taking into account an environment of economic uncertainty against the backdrop of geopolitical instability, inflation, and changes in the forex market.
- Incentivize intra-Group coordination as outlined in our Roadmap Toward Global Expansion, formulated during the 2023 fiscal year.

(JPY Million)

		61st Term (2023)			62nd Term (2024) Forecast	YoY Change (%)
		Initial Forecast	Realized	Achievement (%)		
Overseas Consulting Engineering Business	Orders Received	25,000	30,312	+121.3%	25,000	-17.5%
	Sales Amount	25,000	28,583	+114.3%	26,000	-9.0%
	Operating Income (OI Margin)	700 (2.8%)	1,073 (3.8%)	+153.3% (+1.0pt)	700 (2.7%)	-34.8% (-1.1pt)

Toward Management Optimized for Cost of Capital and the Company's Stock Price

■ Analysis of capital profitability & the current market valuation



- Exceeded our ROE target of 10%.
- PBR had stayed at around the 1x mark and rose to around 1.3x in FY 2023.
- PER (*) lower than the average for companies listed on TSE Prime Market.
- Investors and shareholders are not yet fully on board with our company's mid-to-long-term growth and capital strategies.

(*) FY 12/2023 (Realized): 9.7x

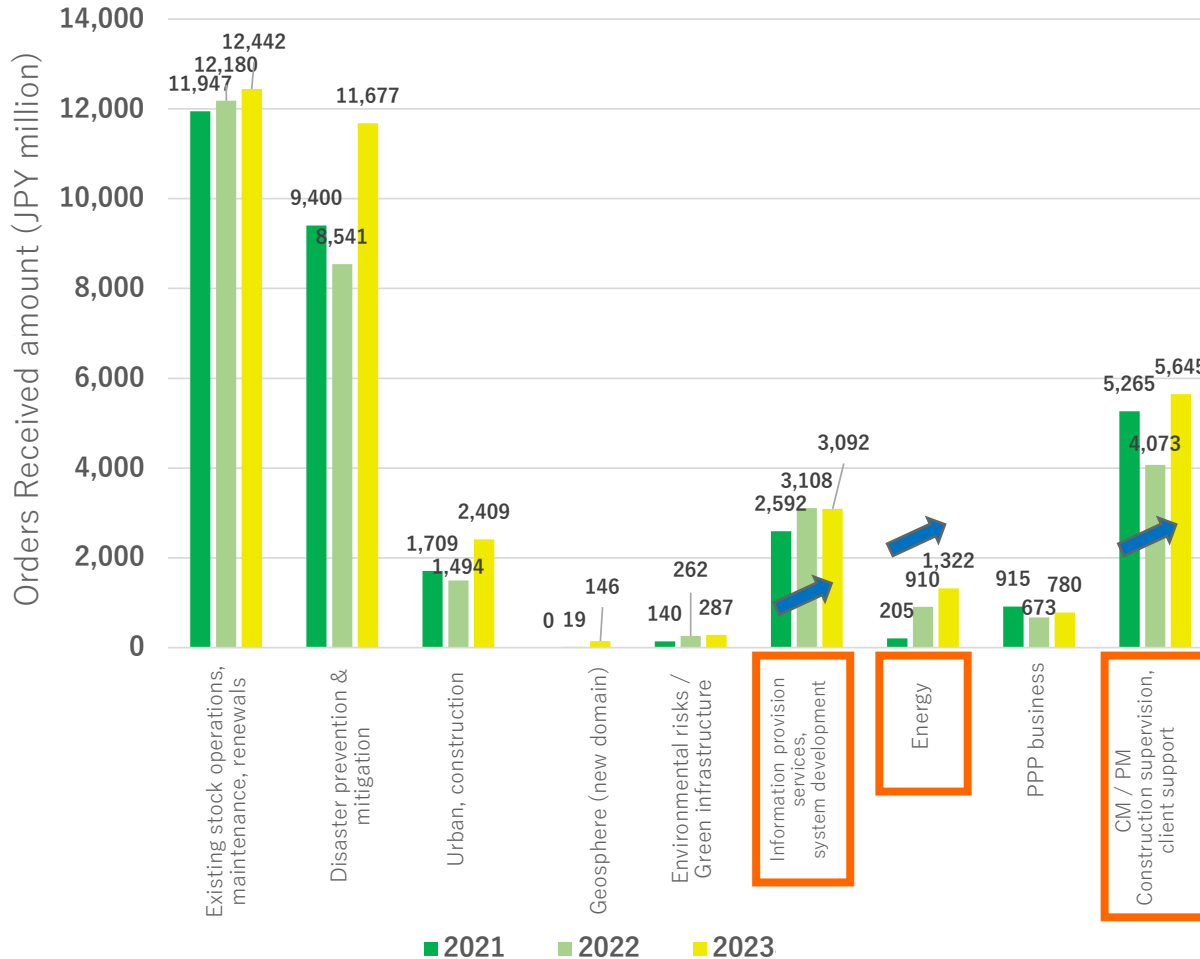
■ Policy & initiatives to improve market valuation

<p>Achieve profit growth through the promotion of our mid-to-long term growth strategy</p>	<ul style="list-style-type: none"> ● Execution of 62nd Term's Management Plan & MTMP 2024, achieving management targets (ROE of 10% or greater), execution of our mid-to-long-term vision, and achieving management targets. ● Invest in talent, DX promotion, and R&D to achieve business expansion and improve productivity. ● Formulate and announce the next MTMP (2027).
<p>Strike the right balance between growth investment and shareholder returns</p>	<ul style="list-style-type: none"> ● Take a holistic approach encompassing the business climate and financial standing, distributing profits in accordance with consolidated performance. ● Over the mid-to-long term, we will aim to return value to shareholders along the lines of a dividend payout ratio of around 30%+.
<p>Enhance IR & SR efforts directed toward shareholders, and retail/institutional investors</p>	<ul style="list-style-type: none"> ● Transparently disclose our business strategy and financial/non-financial information. ● Active discussions in order to expand our base of retail/institutional investors.

62nd Term (2024) – Management Plan: Salient Points

Point ① Promote further structural transformation

Trend in orders within key domains



- ✓ Grow orders in many key domains
- ✓ Strong performance from our core businesses (disaster prevention/mitigation, existing stock operations, maintenance)
- ✓ Expect further growth from information services & energy

Business orders related to AI

2023: 40

The number of AI-related civil engineering projects stood at 178

*Estimated by CTI based on the presence of AI keywords within project specifications

Domains of Information Provision Service & System Development

Grew orders in the domains of Information Provision & System Development, thanks to pro-active initiatives in infrastructure DX, which continues to evolve at breakneck speeds.



Example of soil erosion inspection using an AEROBO Wing (for which we received the Infrastructure Maintenance Award)

Results in the relevant domains

Demand-responsive transport system / AI & IoT tech / flood forecasting system / flood damage risk matrix / operational support systems for things like special vehicle permits / promotion of DX within the domain of infrastructure / leverage BIM/CIM / maintenance 3D data, etc.

Energy Domain

Greater demand for feasibility studies and environmental plans for the creation of offshore winds power and solar energy facilities, from private energy producers and local Government, against the backdrop of efforts to achieve carbon neutrality by 2050.



Offshore wind power generation business

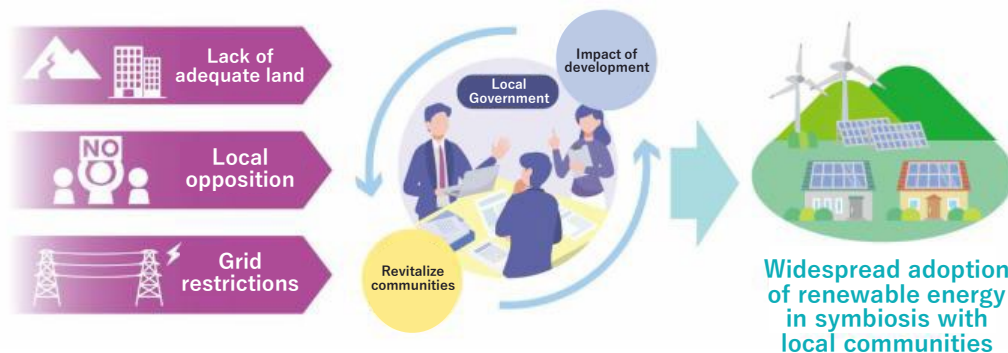


Solar power business

Results in the relevant domains

【Private sector】 Offshore wind power generation / solar power generation / onshore wind power, etc.

【Local Government】 Plans to tackle global warming / environmental ground plan, etc.



CM (Construction Management) Domain

There has been an increase in orders received in the CM domain, as we pro-actively take on work from clients with manpower shortages due to ever-expanding workloads resulting from discussions & adjustments between designers and contractors.



CM of a road construction project with integrated embankment



CM of parking lot construction work at the Japan Expo

Results in relevant domains

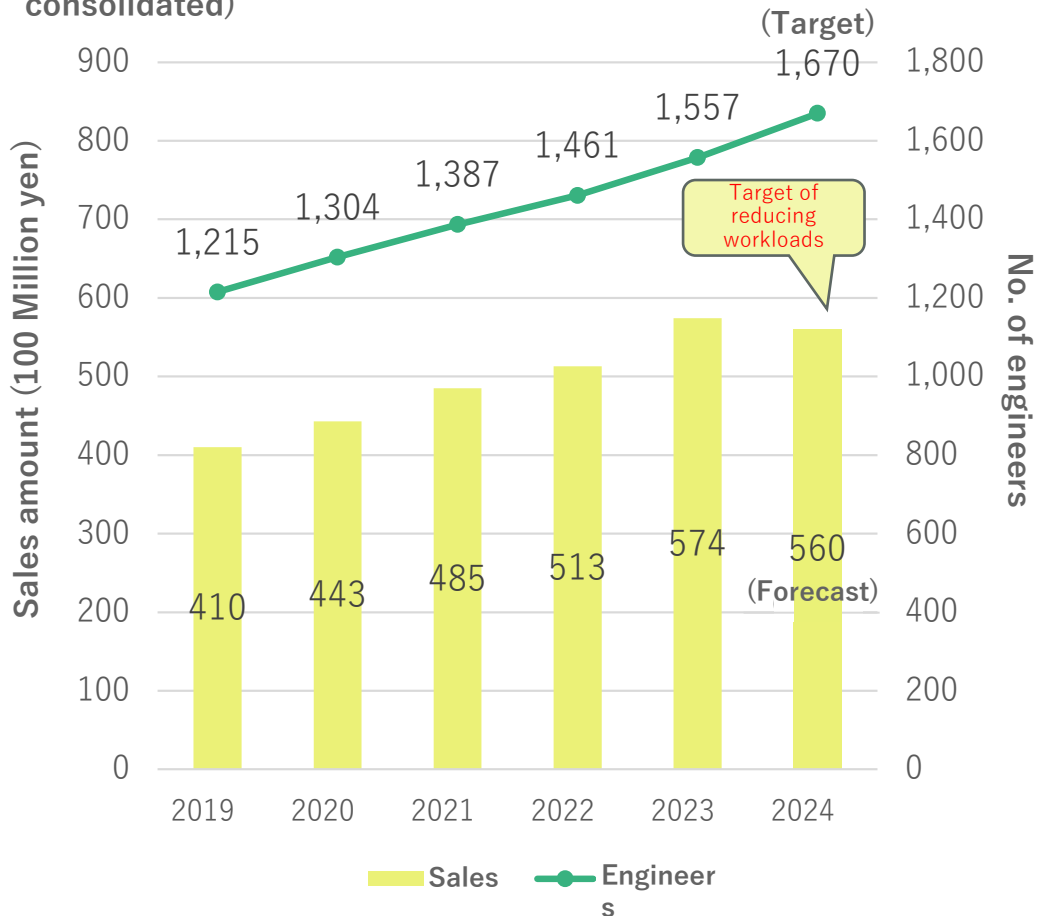
Supervision of large-scale projects and disaster recovery projects, PM/CM, etc.

62nd Term (2024) Management Plan: Salient Points

Point ② Enhance investment

- Enhance investment in human capital

Trend in sales amount & no. of engineers (Non-consolidated)



Concrete Initiatives

Pro-active recruiting

- Increase the number of engineers to expand our business, as well as to reduce working hours by distributing workloads. (Net increase of around 110 engineers)

Systematic training

- Offer basic engineering training to new hires.
- Training young engineers through an IPD system.

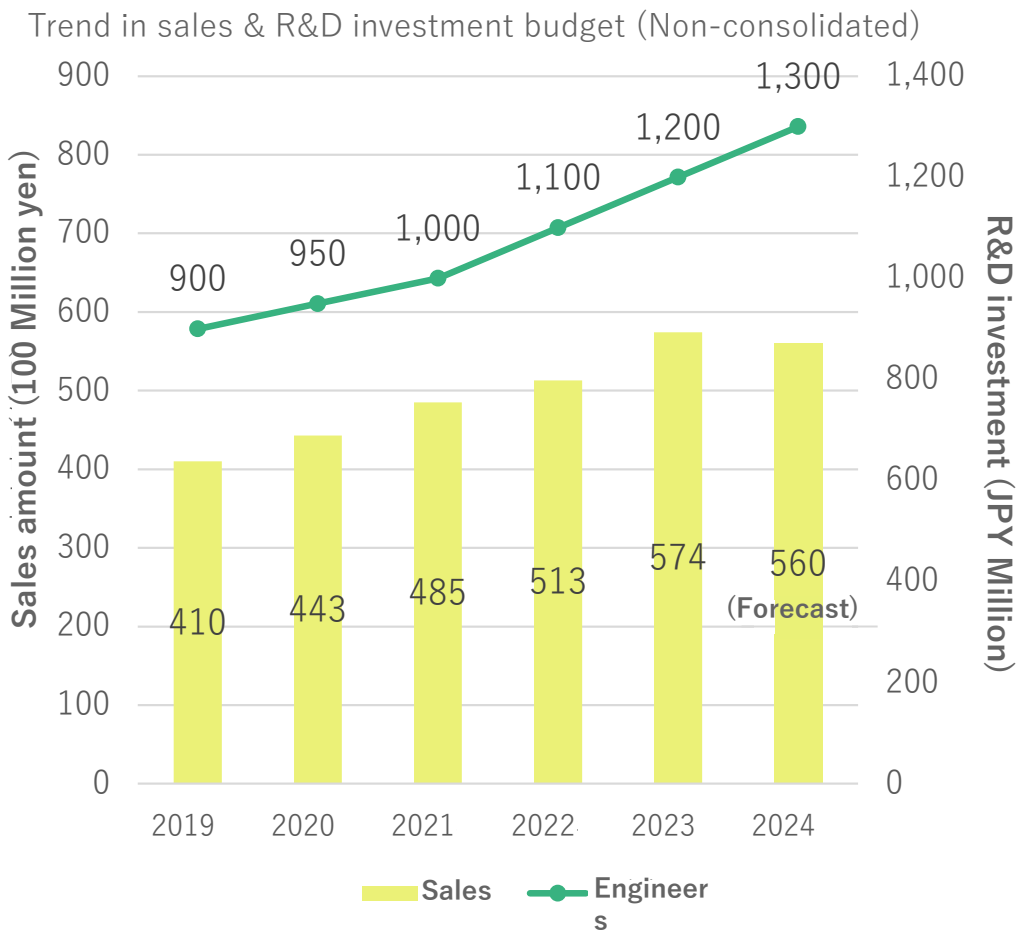
Promote diverse workstyles

- Leverage senior engineers. (Revise the remuneration system)
- Put in place/improve support systems.

62nd Term (2024) Management Plan: Salient Points

Point ② Enhance Investment

Achieve differentiation and improve our engineering competitiveness



Concrete Initiatives

Improve productivity

- Build a generative AI system for CTI.
- Build a system that automatically detects errors in the design process.
- Develop structural design methods through 3D data, etc.

Improve competitiveness

- Expand R&D domains to include development of digital technologies like AI and IoT: development of basin flood control DX, development of laser sound inspection robot for use in tunnels, etc.

Sustainable investment

- Invest 350 M yen out of a total of 1.3 B yen.
- Develop technologies toward carbon neutral goals: Design ZEB-ready refurbishment technologies, develop quantitative carbon emission measurement methods, etc.

■ 62nd Term Management Plan - Slogan

Carry out the steady execution of business structure transformation and production system reform to advance sustainability management

■ 62nd Term Management Plan – Key Themes

- Promote business structure transformation.
- Promote production system reform.
- Enhance risk management and governance.
- Promote sustainability management.

Recovery Efforts Following the 2024 Noto Earthquake

- Partnered with the Japan Association of Asset Management (JAAM) to help the recovery efforts in Noto, Ishikawa.

~9 eng. consulting firms took turns in accessing the damage~

【Survey period: 1/16 (Tue.) ~ 1/19 (Fri.)】



3 engineers dispatched by CTI assess damage to the roads

Our efforts were picked up by several media outlets and we reported on the progress made at a debriefing conference

- ◆ The Kensetsushin Shimbun, Feb. 8, 2024 – 2 pages
- ◆ Nikkei Construction, Issue 803, pages 83 and 84
- ◆ JAAM Survey Team – emergency debriefing conference held on Feb. 15, 2024

- Worked together with related entities* to aid in recovery efforts

Business sector	#	Main activities
Water & Land	2	<ul style="list-style-type: none"> • Damage assessment, detailed design (Rivers: 13 locations, Coastline: 8 locations)
Transportation & Urban	5	<ul style="list-style-type: none"> • Damage assessment (2) • Damage appraised, detailed design (14 locations) • Worked with Recovery Committee • Discussions regarding recovery efforts
Environmental & Social	1	<ul style="list-style-type: none"> • Helped remove debris

* Ishikawa Prefecture, Japan Civil Engineering Consultants Association; Sustainable Society Promotion Consultant Association

- Set up disaster relief bases

During the month of April, we expect to set up bases in Kanazawa City and Nanao City (both in Ishikawa Prefecture) to help with recovery/reconstruction efforts:

- Noto Region Reconstruction Promotion Office (Open slated for April)
- Noto Region Reconstruction Promotion Nanao Office (Opened March 20)

Appendix

Company Profile

Company	CTI Engineering Co., Ltd.
Founded	August 1945
Established	April 1963
Headquarters	3-21-1 Nihonbashi-hamacho, Chuo-ku, Tokyo
Capital	3,025 million yen
EoFY	December 31
Sales Amount	92,982 million yen (FY 12/2023)
Employees	Consolidated: 3,830 / Non-consolidated: 2,023 (As of 12/31/2023)
Subsidiaries	34
Listed On	Tokyo Stock Exchange Prime Market
Ticker	9621
Total shares outstanding	14,159,086

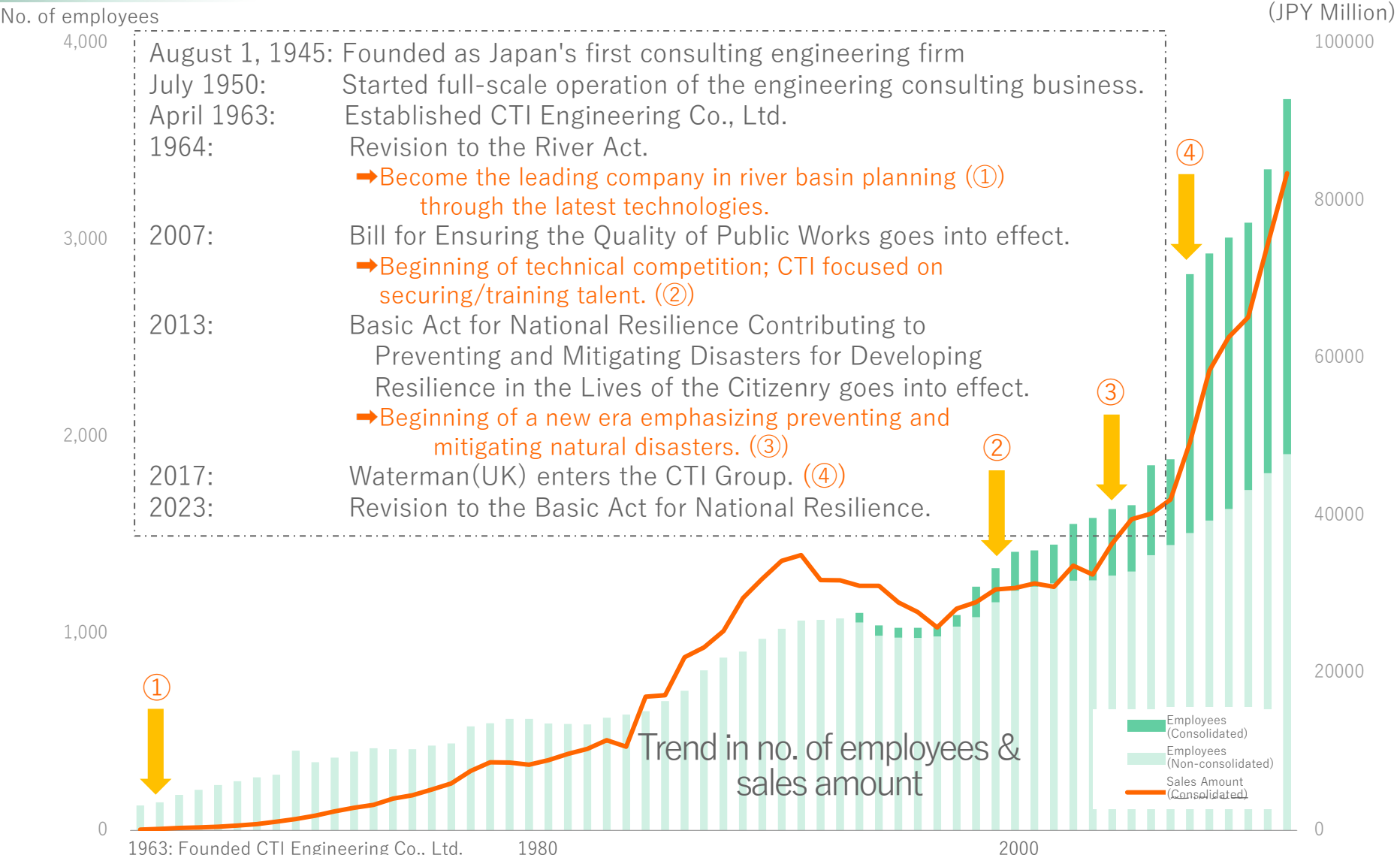
CTI Engineering Co., Ltd. is Japan's first consulting engineering firm.. Our company dates back to the founding of our predecessor, the Construction Technology Institute, in the final year of WWII.

With "integrity and technology" as our business creed, we have contributed to the development of infrastructure in Japan, applying our technical expertise to the social challenges of the times—rebuilding Japan after the war, supporting it through its high growth period, and tackling environmental issues.

Our Management Policy is: “challenging to create a safe, comfortable, and enriching society using world-class technology and expertise.”

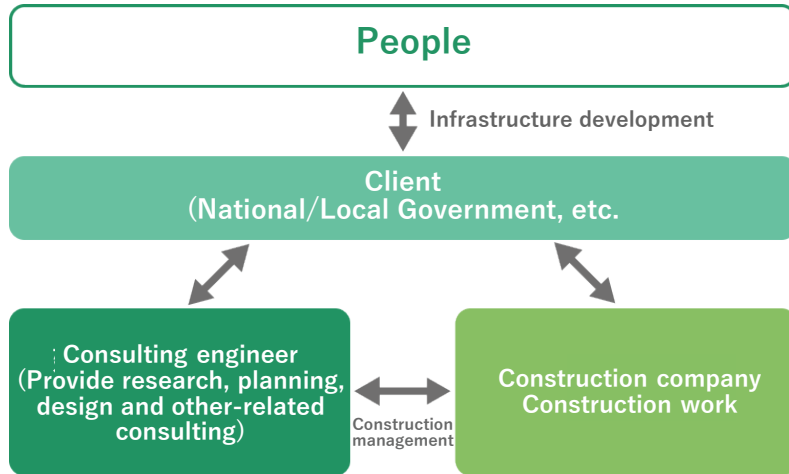
The CTI Group and its employees will continue growing alongside society, driven by this spirit.

CTI Group's Growth Trajectory Over Time

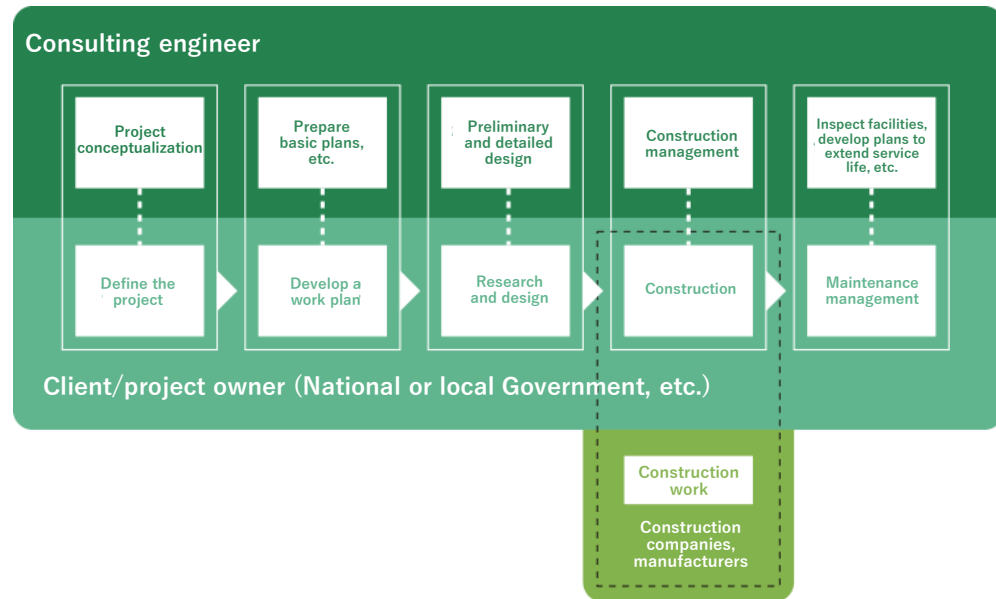


The Role of Engineering Consultants

- Oversee and provide comprehensive advice regarding a wide array of infrastructure projects.
- Offer support to our clients, which include the National and Local Governments, etc.
- Separation from the construction industry, as per the principle(*) of the separation of design and construction work.

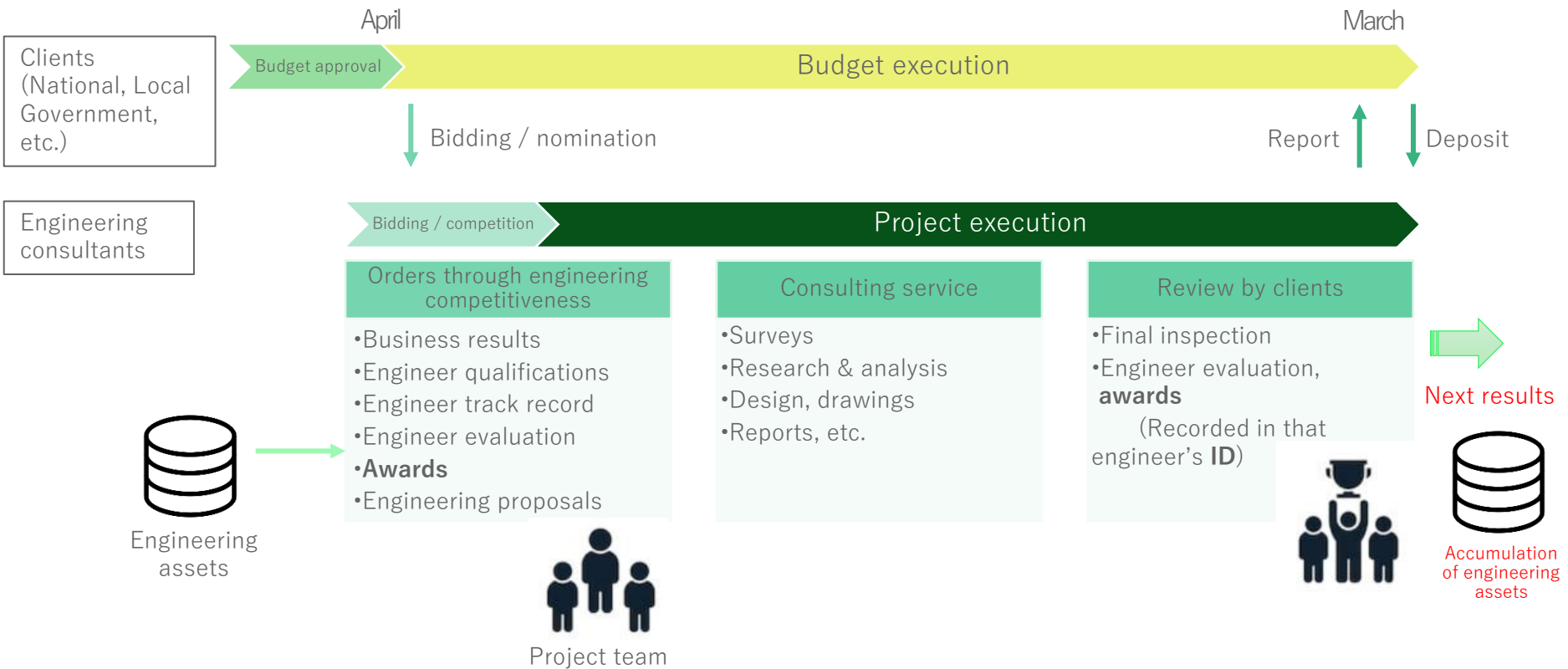


Consulting engineers must maintain a high level of technical expertise in order to perform their jobs, as their work significantly impacts the quality and cost of the facilities to be built. Consulting engineers play a key role in helping to resolve the growing number of problems we face in society today,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



*Principle of the separation of design and construction work: January 1959: Notification from the Ministry of Construction Undersecretary, titled "Regarding contract methods when contracting design and other civil engineering work" made clear the prohibition, under most situations, of requesting construction work from entities performing design work.

Characteristics of the Engineering Consulting Business

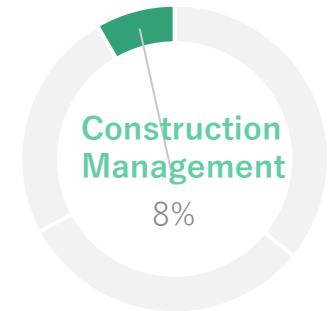
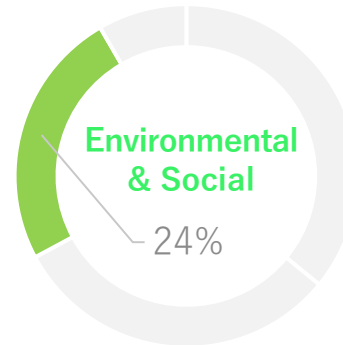
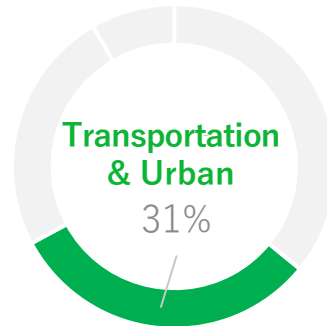
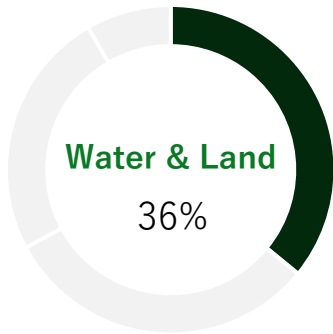


- Project scale: Primarily projects around several tens of millions of yen. In recent years, we have also seen an increase in large projects around the 100-million-yen mark.
- Number of projects: several thousand/FY.
- Execution period: Usually a period of 1 year. In recent years we have seen an increase in multi-year projects.
- Project structure: Teams of 5 ~ 6 people, with the team leader being a professional engineer.

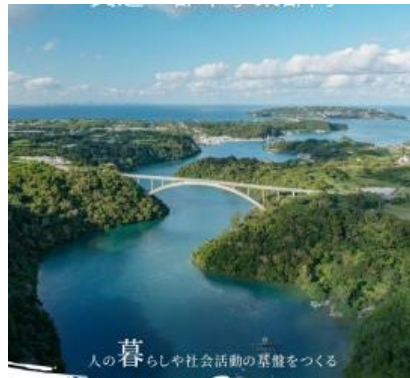
CTI's Business Domains (Domestic Business)

➤ We operate in the following 4 business sectors (Non-consolidated)

【61st Term – Share of orders received】



【Main Activities】
Disaster prevention for rivers and shores;
Building new dams / revival plans;
Survey / prediction of landslides;
Design of waterway and sewage systems; anti-earthquake design, etc.



【Main Activities】
Planning / design of roads / overhead lines (bridges);
Urban development;
Urban transportation support, etc.



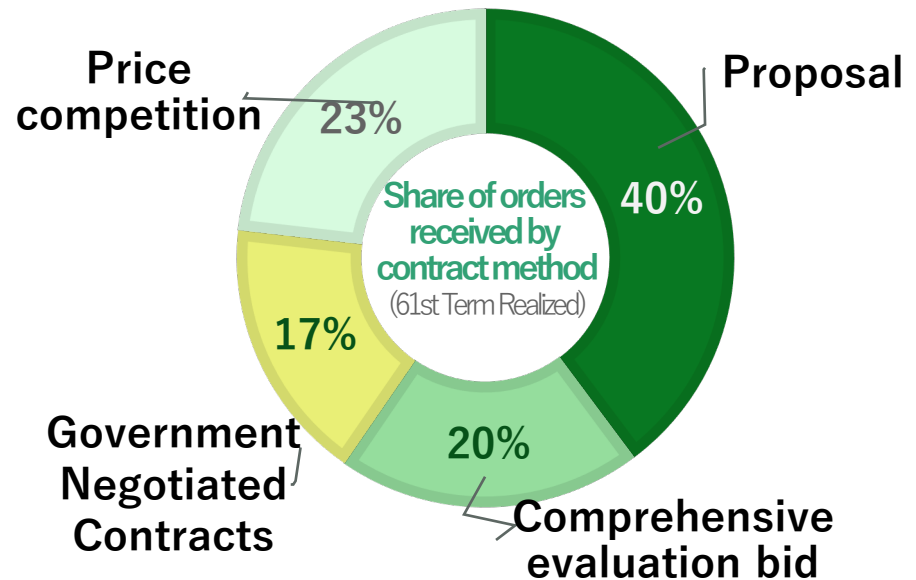
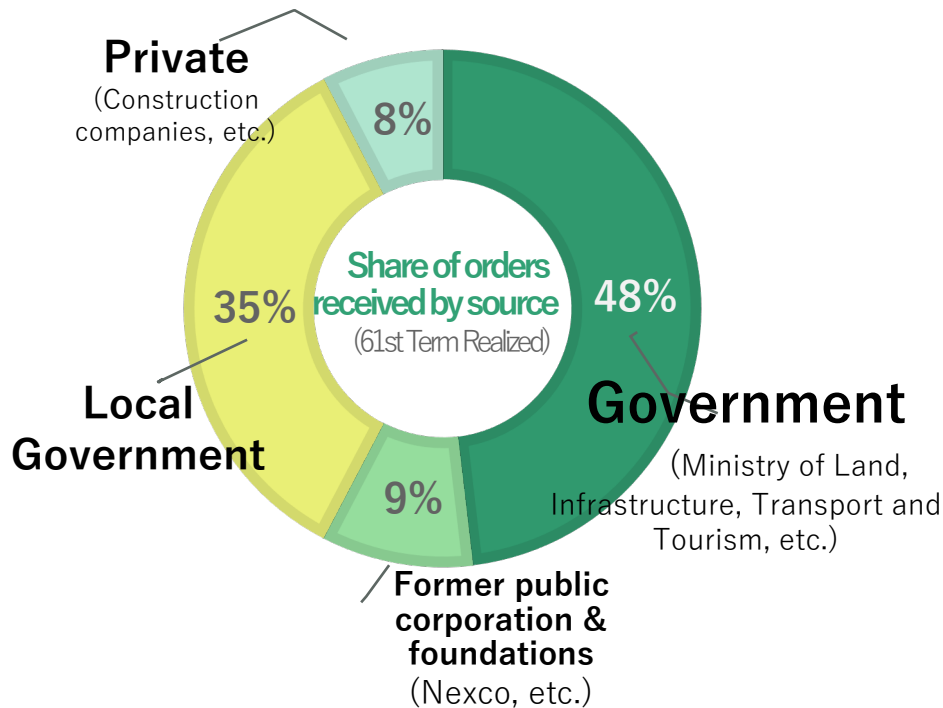
【Main Activities】
Design of infrastructure systems and facilities; Wide-area disaster & urban disaster prevention planning; Environmental surveys; Structural planning for a decarbonized / circular society, etc.



【Main Activities】
Support public works; PM & CM*; Construction supervision, etc.
* Ensuring neutrality and building upon our engineering expertise to carry out management for each of the process of design, ordering, and construction on behalf of contractors.

CTI's Features (Domestic Business)

- Our business is stable, with Government accounting for approximately half of orders received.
- We have an advantage in terms of engineering competitiveness.



- **Proposal :**
Competition purely on the basis of our engineering proposal capabilities (no price competition) Point system based on the proposal and also not just on company results, but also engineer results.
- **Comprehensive Evaluation bid :**
Engineering proposal capabilities + price competition.
- **Price Competition :**
Competition purely on price.
- **Government Negotiated Contracts :**
Contracts awarded at the client's discretion.
Examples: post-disaster recovery, specialized projects, etc.

CTI's Positioning in the Engineering Industry

(Non-consolidated)

Industry No. 3 in sales amount; No. 2 in net income (2022 results)

(JPY Million)

Company	Engineering Consulting Dpt. Sales Amount	Net Income
ID & E Holdings (Nippon Koei)	61,058	5,236
Pacific Consultants *Not publicly listed	51,218	2,149
CTI Engineering	48,696	5,167
ORIENTAL CONSULTANTS	30,438	998
Oriental Consultants Global	28,884	983
Eight-Japan Engineering Consultants	23,641	1,952
Yachiyo Engineering	23,329	891
IDEA Consultants	21,521	2,021
Nihon Suido Consultants	19,652	1,646
CHODAI	18,836	2,046

Source: "Nikkei Construction" April 2023 issue - Top 10 companies excerpted from engineering consulting financial results ranking 2023

CTI's Strengths: A Virtuous Cycle of Engineering Competitiveness and Profit Generation

Secure talent
(2023: 108 new graduates)

Enhance
human
resources

**Improve employee
engagement**

(Employee turnover: 3%)

Reward employees
(Average salary: 9 M yen)

Engineer growth (70% are professional engineers)

Further
improve
retention &
productivity

Further improve
engineering
quality

**Improve customer satisfaction &
engineering competitiveness**

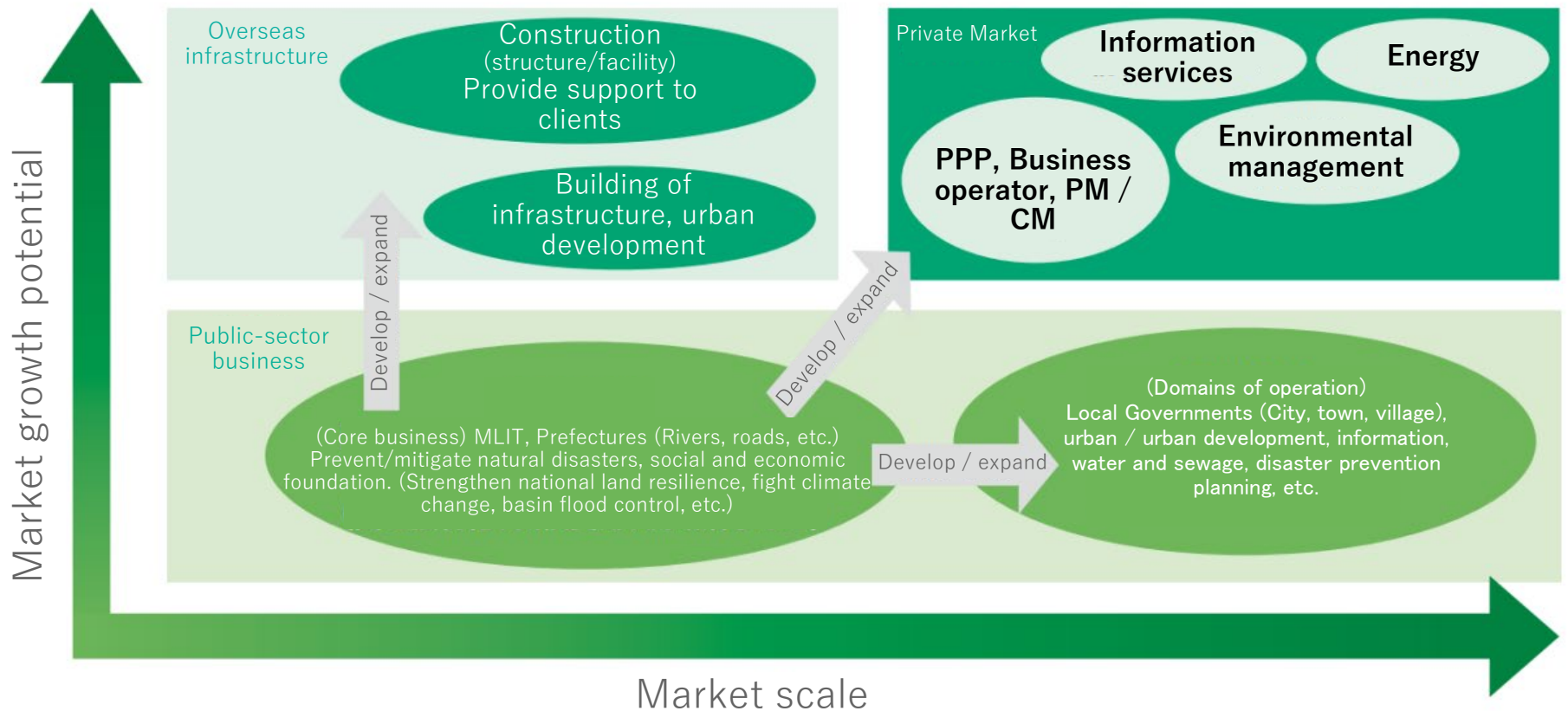
(Engineering competitiveness accounts for 60% of orders received)

Improve profitability
(60th Term standalone OI Margin: 13%)

Higher order
unit value

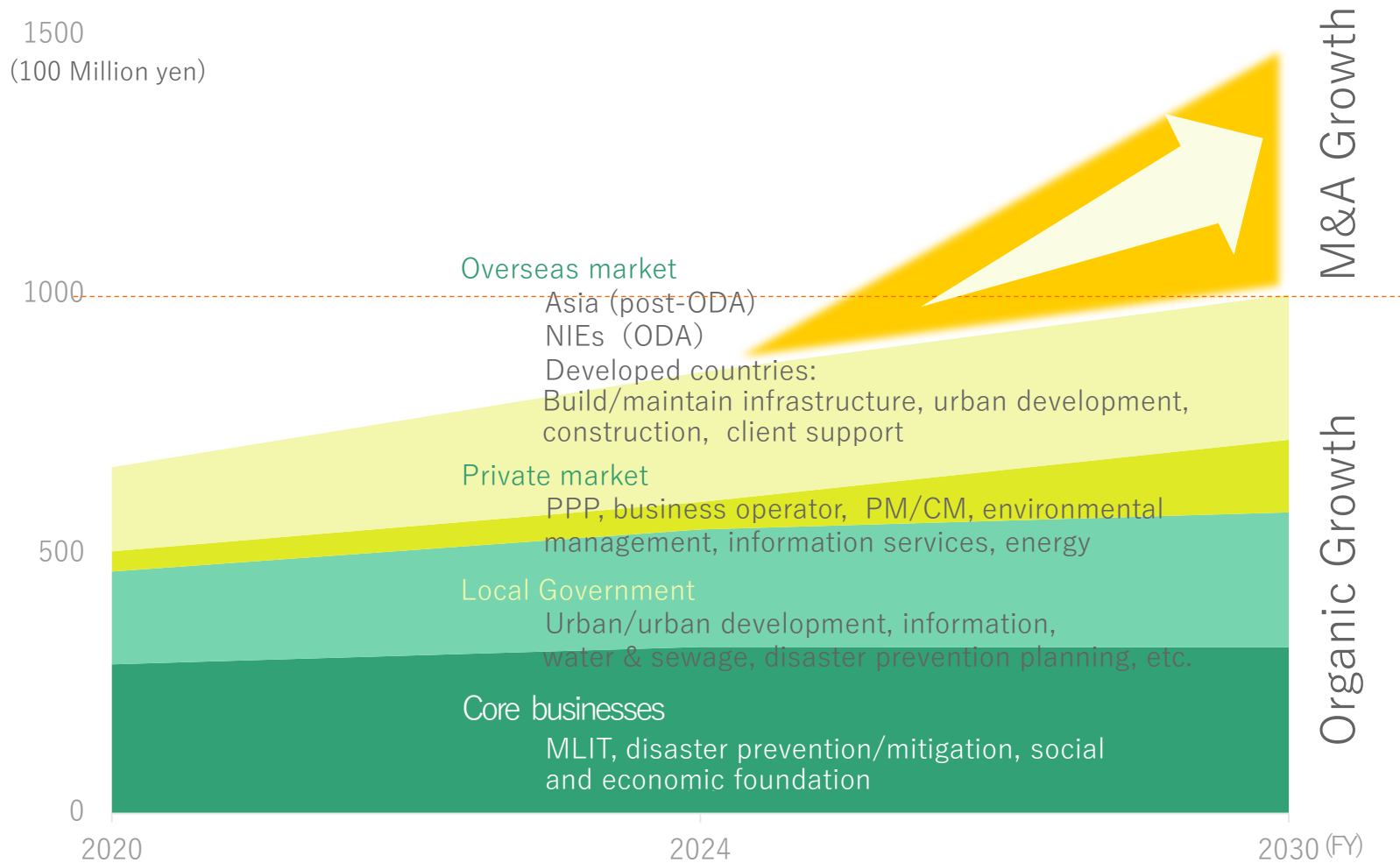
Business Portfolio

Work to expand into new markets and businesses, with our core businesses (MLIT, disaster prevention/mitigation, social and economic foundation, etc.) as the main pillar.

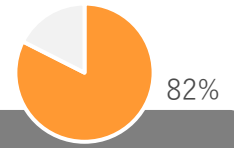


Business Outlook

Deliver organic growth as outlined in our Group's Mid-to-long-term vision for 2030 and aim for further growth through M&A



Consolidated Group Operations (Overseas Segment 1)



Waterman Group Plc (UK)

61st Term
Overseas segment – Sales amount composition

History Entered the CTI Group in June 2017.

Outline Developed countries: planning/design and consulting in domains of architecture and civil engineering. Also engineer seconding.

Domains Primarily targeting the private sector:

- Structural design
- Building service

Primarily targeting the public sector:

- Engineering consultants
- Seconding of engineers

Regions United Kingdom
Ireland
Australia



We designed the new company HQ for premium lifestyle brand Joules (Received BCO Regional Award)



International Financial Center - In addition to structural, building services, and environmental design, we offered proposals on sustainability, acoustics, and transportation.



Badenoch and Strathspey Community Hospital - did civil engineering and structural design work. (Received Scottish Property Award)



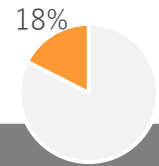
Pioneered the trial of Materials Passports* within the development of the "Edenica" commercial building.

*Digital dataset registering the materials used in products and systems, and the main characteristics of components, with the objective of promoting a circular economy.



Provided environmental consulting for the St. James Quarter Project. (Received Scottish Property Award)

Consolidated Group Operations (Overseas Segment 2)



CTI Engineering International Co., Ltd. (Japan)

61st Term
Overseas segment – Sales amount composition

History Established March 1999.

Outline Engineering consulting business centered on ODA in NIEs and developing countries.

Domains Survey, planning, design, construction supervision and project management of infrastructure and communities overseas. (Planning regarding flood control, municipal wastewater, the management of water resources, sewage, roads, water quality, waste management, river structure, dam, road, and bridge structure, participatory development, workplace and socioeconomic surveys, environmental assessments, etc.)

Key Clients Japan International Cooperation Agency (JICA), World Bank, Asia Development Bank, Governments around the world, etc.

Regions Philippines, Indonesia, Pakistan, Mongolia, Kenya, etc.



Republic of Kenya – The Project for Rural Water Supply in Baringo County



Mongolia – Narnii Zam ("Sun Road"), built within the scope of the Project for Railway Flyover Construction in Ulaanbaatar City



Philippines – detailed planning of the LAGUNA LAKESHORE ROAD NETWORK PROJECT (Artist rendering)



Indonesia – Jatibarang Dam, completed within the Integrated Water Resources and Flood Management Project for Semarang City



Pakistan – N-70 East-West Road Improvement Project

Consolidated Group Operations (Domestic Segment)

Japan Urban Engineering Co., Ltd.

Transportation & Urban

Business outline

- Urban planning & community development.
- Land re-zoning.
- Urban re-development.
- Civil engineering design/development permits.
- Assess damages and compensation.
- Post disaster reconstruction, etc.



Chi-ken Sogo Consultants Co., Ltd.

Environmental & Social

Business outline

- Geological surveys/analysis.
- Groundwater/soil pollution surveys.
- Planning/design of roads, rivers, underground facilities.
- Planning and design for erosion control disaster prevention.
- Disaster prevention: volcanos, slope failures, landslides.
Survey and formulation of countermeasures.



NISSOKEN ARCHITECTS ENGINEERS

Transportation & Urban

Business outline

- Survey, planning, design, supervision of architectural construction and architectural construction equipment.
- All-purpose PM & CM in architectural construction.
- Survey/appraisal of structures.
- Increasing lifespan of structures.
- Formulation of long-term maintenance plans, etc.

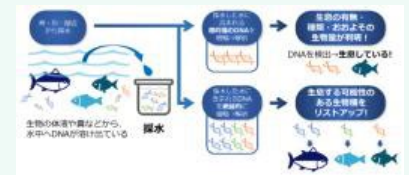


Environmental Research & Solutions Co., Ltd.

Environmental & Social

Business outline

- Environmental surveys / analysis.
(Soil, groundwater, waste, exhaust gases, water quality, sediments, bad odors, dioxins, PCB, asbestos, radiation)
- Work environment measurements.
- Genetic analysis (environmental DNA, etc.)
- Consulting on soil pollution, wastewater discharge, environmental assessments, etc.



61th term (2023) 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						Engineering Consultants (50 companies) (Note 1)					
	2021		2022		2023		2021		2022		2023	
	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)
Jan.	1,751	(11.5)	2,601	48.5	2,468	(5.1)	23,114	(26.4)	22,956	(0.7)	22,746	(0.9)
Feb.	3,040	25.8	3,489	14.8	3,166	(9.3)	31,677	(0.3)	32,633	3.0	38,771	18.8
Mar.	8,217	17.1	9,676	17.7	11,106	14.8	73,620	22.2	75,636	2.7	81,481	7.7
Apr.	8,519	10.4	8,931	4.8	9,851	10.3	105,784	8.1	86,832	(17.9)	89,173	2.7
May	4,980	72.0	4,927	(1.1)	4,571	(7.2)	46,104	(1.8)	49,640	7.7	54,842	10.5
Jun.	6,182	7.3	5,118	(17.2)	5,562	8.7	79,311	4.5	74,485	(6.1)	77,547	4.1
Jul.	5,394	16.6	4,287	(20.5)	4,279	(0.2)	63,279	(6.9)	63,407	0.2	70,025	10.4
Aug.	3,620	(11.7)	3,476	(4.0)	3,615	4.0	53,518	0.0	51,127	(4.5)	62,736	22.7
Sept.	4,134	15.3	2,892	(30.0)	3,603	24.6	51,477	(7.5)	52,860	2.7	54,777	3.6
Oct.	2,566	(23.3)	1,970	(23.2)	3,431	74.1	37,358	(20.0)	40,218	7.7	46,626	15.9
Nov.	1,900	6.8	1,631	(14.2)	1,823	11.7	30,885	(1.2)	31,772	2.9	33,962	6.9
Dec.	3,123	172.1	2,222	(28.8)	1,451	(34.7)	33,924	7.0	35,675	5.2	36,562	2.5

(Note 1) Source: "Dynamic Survey of Construction-Related Industries, etc. (50 engineering consultants companies)" published Ministry of Land, Infrastructure, Transport and Tourism

January 2024, Table 2 Dynamic Survey of Construction Related Industries, etc. (50 construction engineering companies)

(2) Cumulative Orders Received

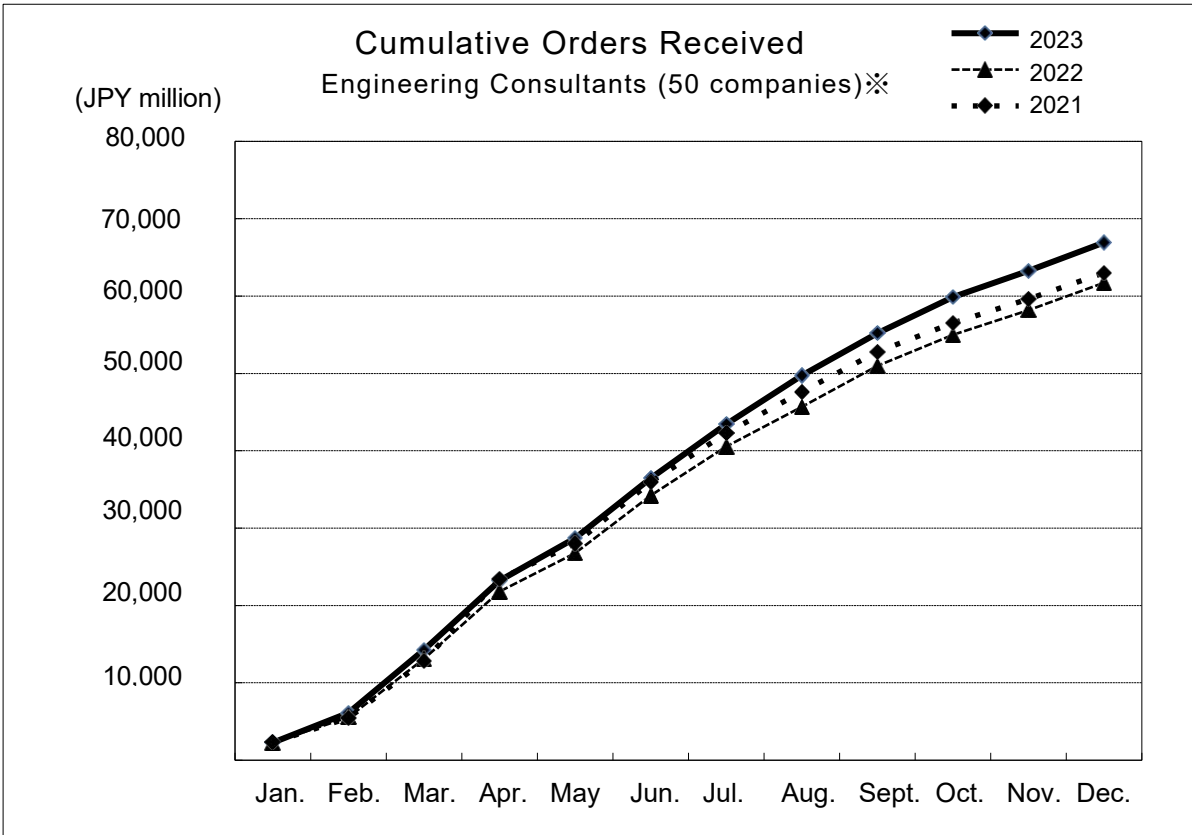
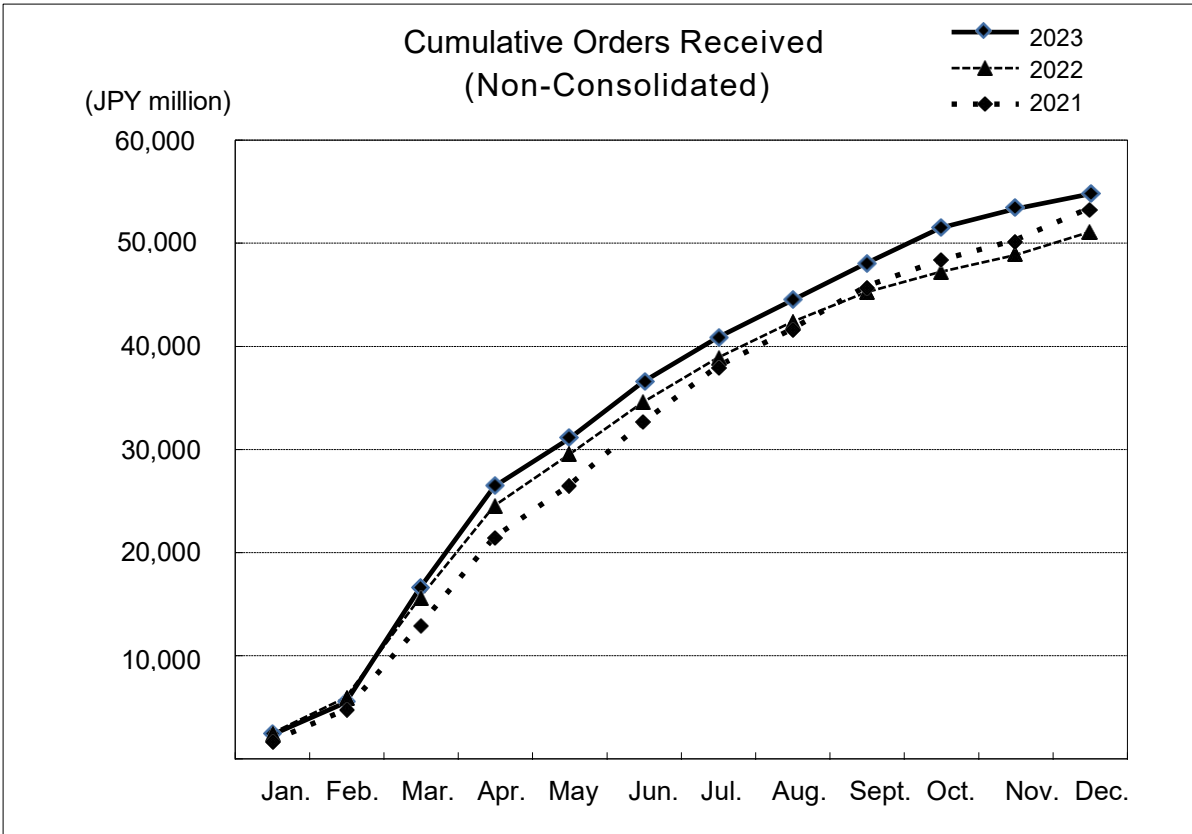
(JPY million, rounded down to the nearest million, %)

Item Month	Our company						Engineering Consultants (50 companies) (Note 1)					
	2021		2022		2023		2021		2022		2023	
	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)
Jan.	1,751	(11.5)	2,601	48.5	2,468	(5.1)	23,114	(26.4)	22,956	(0.7)	22,746	(0.9)
Feb.	4,792	9.0	6,091	27.1	5,635	(7.5)	54,791	(13.3)	55,589	1.5	61,517	10.7
Mar.	13,010	14.0	15,767	21.2	16,741	6.2	128,411	4.0	131,225	2.2	142,998	9.0
Apr.	21,529	12.6	24,699	14.7	26,592	7.7	234,195	5.8	218,057	(6.9)	232,171	6.5
May	26,509	20.4	29,627	11.8	31,164	5.2	280,299	4.5	267,697	(4.5)	287,013	7.2
Jun.	32,692	17.7	34,745	6.3	36,726	5.7	359,610	4.5	342,182	(4.8)	364,560	6.5
Jul.	38,087	17.5	39,032	2.5	41,005	5.1	422,889	2.6	405,589	(4.1)	434,585	7.1
Aug.	41,708	14.2	42,509	1.9	44,621	5.0	476,407	2.3	456,716	(4.1)	497,321	8.9
Sept.	45,843	14.3	45,401	(1.0)	48,224	6.2	527,884	1.3	509,576	(3.5)	552,098	8.3
Oct.	48,409	11.4	47,372	(2.1)	51,656	9.0	565,242	(0.5)	549,794	(2.7)	598,724	8.9
Nov.	50,310	11.2	49,003	(2.6)	53,479	9.1	596,127	(0.5)	581,566	(2.4)	632,686	8.8
Dec.	53,433	15.2	51,226	(4.1)	54,930	7.2	630,051	(0.1)	617,241	(2.0)	669,248	8.4

* Reference data: Consolidated Orders Received

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

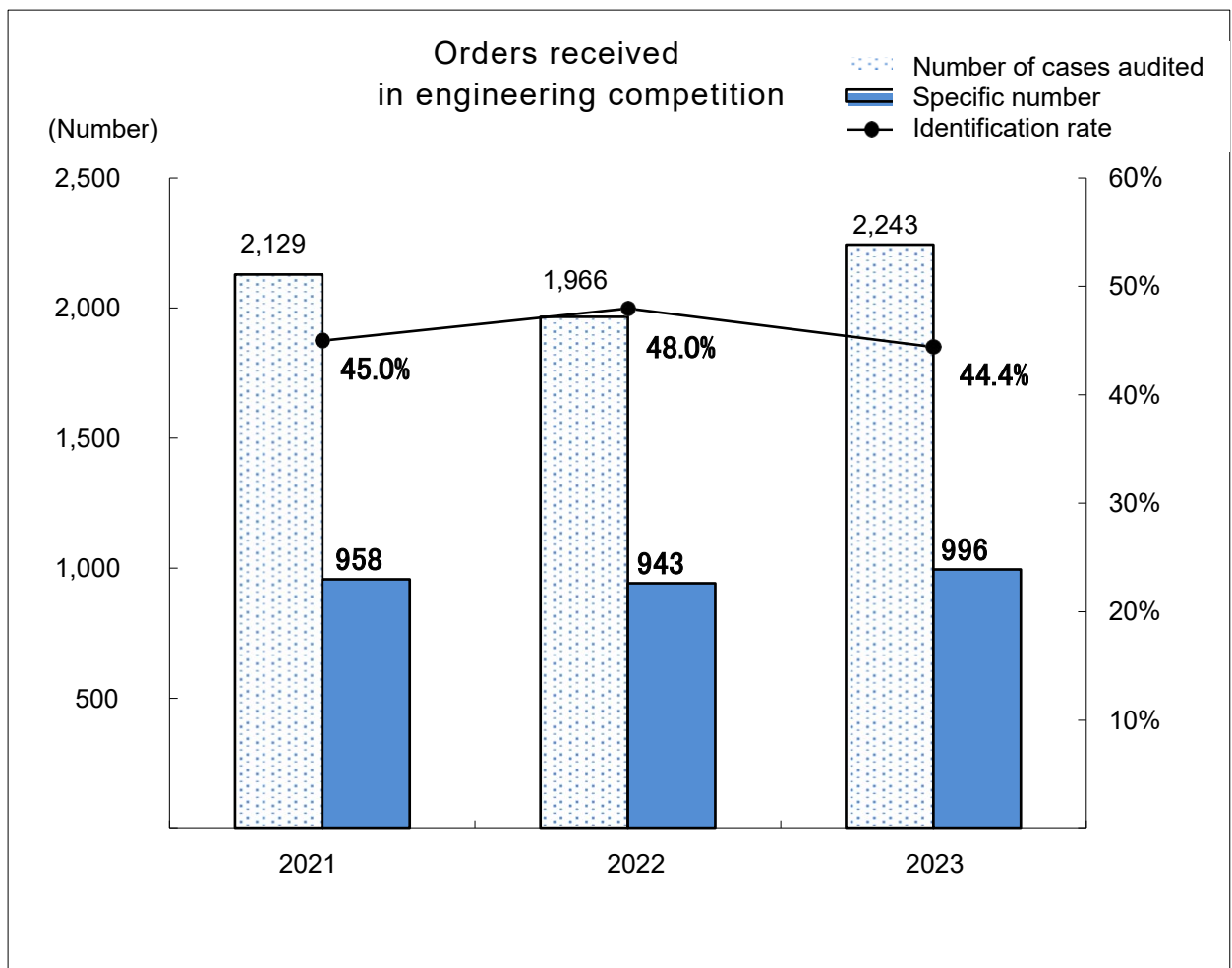
	2021		2022		2023	
	Amount	change (YoY)	Amount	change (YoY)	Amount	change (YoY)
Full Year (January to December)	84,448	22.2	85,887	1.7	92,473	7.7



Source: "Report on Survey of Trends in Construction-Related Industries, etc." published by "Construction Economic Statistics Research Office, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism
January 2024, Table 2 Dynamic Survey of Construction Related Industries, etc. (50 construction consulting companies)

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

Year	2021 (2021.1 to 12)	2022 (2022.1 to 12)	2023 (2023.1 to 12)
Number of cases audited	2,129	1,966	2,243
Number of orders received	958	943	996
orders received rate	45.0%	48.0%	44.4%



2. Results by Business Sector (Consolidated)

(Actual)

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

Year	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
2021	Water & Land	18,461	20,998	10.4	18,796	25.3	2.4	5,990	31.9	20,663
	Transportation & Urban	19,190	19,863	15.9	19,059	25.6	17.9	5,431	28.5	19,995
	Environmental & Social	11,636	12,741	11.0	12,102	16.3	5.7	3,469	28.7	12,275
	Construction Mgmt.	2,420	5,056	51.6	3,738	5.0	24.5	1,431	38.3	3,738
	Overseas	19,513	25,787	42.1	20,713	27.8	27.8	4,408	21.3	24,587
	Total	71,222	84,448	22.2	74,409	100.0	14.1	20,731	27.9	81,260
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

"(Note 1) The Company has applied the "Accounting Standards for Revenue Recognition" "(ASBJ Statement No. 29), etc. from the beginning of the fiscal year ended December 31, 2022. The figures excluding the amount of orders received are the amounts after the application of these accounting standards, etc., and the changes from the previous fiscal year are shown as reference values."

(Note 2) From the beginning of the fiscal year ended December 31, 2022, Sogo Kankyo Research Co., Ltd. has been consolidated, and the business results of the company are included in the Environmental and Social Affairs Division.

(Plan for the next term)

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

Year	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
2024	Water & Land	14,644	21,800	(2.3)	22,000	24.7	(6.6)	7,950	36.1	14,444
	Transportation & Urban	13,568	20,500	5.5	20,900	23.6	4.6	5,970	28.6	13,168
	Environmental & Social	7,689	15,300	0.4	15,800	17.7	(2.6)	4,830	30.6	7,189
	Construction Mgmt.	2,953	3,400	(34.2)	4,300	4.8	(9.0)	1,350	31.4	2,053
	Overseas	26,497	25,000	(17.5)	26,000	29.2	(9.0)	5,400	20.8	25,497
	Total	65,353	86,000	(7.0)	89,000	100.0	(4.4)	25,500	28.7	62,353

[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.