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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]



May 13, 2025

Company name: CTI Engineering Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9621
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 Scheduled date of commencing dividend payments: —
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 – March 31, 2025)

(1) Consolidated Operating Results (Cumulative) (% indicates changes from the previous corresponding period.)

	Sales		Operating income		Ordinary profit		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended March 31, 2025	30,110	3.2	5,859	(4.1)	5,837	(4.4)	3,891	(12.3)
March 31, 2024	29,189	17.9	6,107	63.2	6,104	61.5	4,437	60.1

(Note) Comprehensive income: Three months ended March 31, 2025: 3,584 million yen [(30.9)%]
 Three months ended March 31, 2024: 5,186 million yen [69.9%]

	Net income per share	Net income per share after adjustment of potential shares
	yen	yen
Three months ended March 31, 2025	140.18	—
March 31, 2024	160.04	—

(Note) The Company has conducted a 2-for-1 stock split of its common shares as of January 1, 2025. Net income per share was calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
As of March 31, 2025	99,217	63,166	63.5
As of December 31, 2024	87,694	61,674	70.1

(Reference) Net worth: As of March 31, 2025: 62,963 million yen
 As of December 31, 2024: 61,453 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2024	yen —	yen 0.00	yen —	yen 150.00	yen 150.00
Fiscal year ending December 31, 2025	—				
Fiscal year ending December 31, 2025 (Forecast)		0.00	—	75.00	75.00

(Note) Revision to the forecast for dividends announced most recently: None

(Note) The Company has conducted a 2-for-1 stock split of its common shares as of January 1, 2025. Dividends for the fiscal year ended December 31, 2024 are presented at pre-stock-split amounts actually paid.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 - December 31, 2025)

(% indicates changes from the previous corresponding period.)

	Sales		Operating income		Ordinary profit		Net income attributable to owners of the parent	Net income per share
Full year	million yen 100,000	% 2.4	million yen 10,000	% 6.4	million yen 10,000	% 4.9	million yen 6,900	yen 248.55

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – (), Excluded: – ()

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued and outstanding shares (common shares)

1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

March 31, 2025: 28,318,172 shares

December 31, 2024: 28,318,172 shares

2) Total number of treasury shares at the end of the period:

March 31, 2025: 557,808 shares

December 31, 2024: 557,716 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended March 31, 2025: 27,760,395 shares

Three months ended March 31, 2024: 27,728,594 shares

(Note) The Company has conducted a 2-for-1 stock split of its common shares as of January 1, 2025. The total number of issued and outstanding shares at the end of the period, the total number of treasury shares at the end of the period, and the average number of shares during the period were calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation of the proper use of financial results forecast and other notes

Consolidated financial results forecast made in this document contains forward-looking statements about the future performance of the Company, which are based on the information available to the Company as of the date of release of this document. As such, various factors could cause actual results to differ materially from those discussed in the forward-looking statements.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended March 31, 2025, the Japanese economy had been recovering moderately, although some areas remain stagnant. Looking ahead, the economy is expected to continue its gradual recovery, backed by improvements in the employment and income environment and the effects of various policies. However, the impact that continued price hikes have exerted on personal consumption through a downturn in consumer confidence and other factors, and the effects of U.S. trade and other policy trends have led to the risk of downward pressure on the Japanese economy. Furthermore, sufficient care will be required with regard to the effects of fluctuations in financial and capital markets and other factors.

With regard to the business environment surrounding the CTI Group, in the Domestic Business, in June 2025 we plan to formulate the implementation of our Medium-term Business Plan based on the Revised Basic Act for National Resilience Contributing to Preventing and Mitigating Disasters for Developing Resilience in the Lives of the Citizenry, and also the “Comprehensive Economic Measures to Foster the Safety and Security of Citizens and Sustained Growth,” which, approved by the Diet in November 2024, includes “Recovery and Reconstruction from Natural Disasters” and “Promotion of Disaster Prevention and Mitigation and National Resilience.” The fiscal 2025 national budget for public works for disaster prevention/mitigation and national land resilience is set to remain at the same level as in the previous fiscal year, and accordingly, the promotion of disaster prevention/mitigation measures such as river basin flood control and climate change adaption as well as of measures against aging infrastructure such as river and road maintenance projects is forecast to continue. Furthermore, social demands for construction, including the recovery and reconstruction after the Noto Peninsula Earthquake, regional revitalization, national defense, promotion of DX (digital transformation), and carbon neutrality will further increase, but it will also be necessary to keep a close eye on the future direction in light of the political instability.

In the Overseas Business, in the main area where CTI Engineering International Co., Ltd. conducts its business activities, Southeast Asia, expectations are for generally solid growth, although in the UK, the primary business activity area for Waterman Group Plc, the business environment is uncertain due to the impact of the situations in Ukraine and the Middle East, with the rate of economic growth expected to decline and the inflation rate projected to remain high for a prolonged period. Furthermore, expenses are expected to rise due to the increased corporate burden of national health insurance under the Labour Party administration.

Within this business environment, the Group formulated its Mid-Term Management Plan 2027 in light of a review of the Med-Term Management Plan 2024 and the business plan for the fiscal year under review. In the 63rd term (2025), the initial year of Med-Term Management Plan 2027, the Group has set forth the following priority agenda items: 1) Business Portfolio Transformation (a. Deepening of Core Businesses; b. Acceleration of Growth Areas ; c. Exploration of New Businesses; and d. Overseas Business Development); and 2) Rebuild of Foundation for Growth (a. Strengthening Investment in Human Capital; b. DX/Production system Reform; c. Challenges for Sustainability; and d. Strengthening Group Governance). Through steady implementation of these initiatives, the Group aims to make great strides forward as a “Global Infrastructure Solutions Group” that contributes to the development of a sustainable society.

Orders Received by the Group during the period under review decreased by 1.9% YoY to 24,016 million yen (24,479 million yen for the corresponding period of the previous year). Meanwhile, Sales to 30,110 million yen (29,189 million yen for the corresponding period of the previous year), which is equivalent to 30.1% of the sales forecast for the fiscal year ending December 31, 2025. Ordinary Profit to 5,837 million yen (6,104 million yen for the corresponding period of the previous year), or 58.4% of the full-year forecast for Ordinary Profit, and Net Income Attributable to Owners of the Parent was 3,891 million yen (4,437 million yen for the corresponding period of the previous year), or 56.4% of the full-year forecast for Net Income Attributable to Owners of the Parent. Since most of the engineering consulting services performed by the Group involve public works, which generally make progress at fiscal year-ends, Sales and Profits tend to concentrate in the first three months of a fiscal year.

(2) Explanation of Financial Position

(Assets)

At the end of the period under review, the Group's total assets totaled 99,217 million yen, an increase of 11,523 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in "notes receivable, completed work receivables and contract assets."

(Liabilities)

Total liabilities at the end of the period under review were 36,051 million yen, an increase of 10,031million yen compared to the end of the previous fiscal year. This was mainly due to increases in "accounts payable" and "short-term borrowings," as well as "accrued income taxes," while "reserve for bonuses" decreased.

(Net assets)

Net assets at the end of the period under review totaled 63,166 million yen, an increase of 1,491 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in "profit surplus" resulting from the posting of "net income attributable to owners of the parent," while "foreign currency translation adjustment" decreased due to fluctuation of exchange rates.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

The Company has not revised its consolidated financial results forecast released on February 14, 2025.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2024)	Three Months Ended March 31, 2025 (as of March 31, 2025)
Assets		
Current assets		
Cash and bank deposits	15,523	16,447
Notes receivable, completed work receivables and contract assets	40,053	50,559
Prepaid expenses for uncompleted services	97	65
Other	1,809	1,525
Allowance for doubtful accounts	-516	-506
Total current assets	56,967	68,091
Fixed assets		
Tangible fixed assets		
Land	4,903	4,988
Other, net	6,274	6,995
Total tangible fixed assets	11,178	11,984
Intangible fixed assets		
Goodwill	6,874	6,633
Other	372	354
Total intangible fixed assets	7,246	6,988
Investments and other assets		
Other	12,432	12,284
Allowance for doubtful accounts	-131	-131
Total investments and other assets	12,301	12,153
Total fixed assets	30,726	31,126
Total assets	87,694	99,217
Liabilities		
Current liabilities		
Accounts payable	3,609	5,269
Short-term borrowings	1,990	9,190
Accrued income taxes	1,144	2,051
Contract liabilities	4,048	3,536
Reserve for bonuses	3,490	1,698
Reserve for bonuses to directors	219	55
Allowance for losses in operations	90	107
Other	7,739	9,894
Total current liabilities	22,333	31,804
Fixed liabilities		
Long-term borrowings	119	109
Provision for warranties for completed operation	452	479
Net defined benefit liability	898	879
Provision for loss on guarantees	27	33
Asset retirement obligations	302	811
Other	1,884	1,934
Total fixed liabilities	3,686	4,246
Total liabilities	26,019	36,051

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2024)	Three Months Ended March 31, 2025 (as of March 31, 2025)
Net assets		
Shareholders' equity		
Capital	3,025	3,025
Capital surplus	3,650	3,648
Profit surplus	49,318	51,128
Treasury stock	-890	-890
Total shareholders' equity	55,104	56,911
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities	1,781	1,895
Foreign currency translation adjustment	2,549	2,293
Remeasurements of defined benefit plans	2,017	1,862
Total accumulated other comprehensive income	6,348	6,051
Non-controlling interests	221	202
Total net assets	61,674	63,166
Total liabilities and net assets	87,694	99,217

(2) Quarterly Consolidated Profit and Loss Account and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Profit and Loss Account
Three Months Ended March 31, 2025

(million yen)

	Three Months Ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three Months Ended March 31, 2025 (from January 1, 2025 To March 31, 2025)
Sales	29,189	30,110
Cost of sales	18,894	19,533
Gross profit	10,295	10,577
Selling, general and administrative expenses	4,187	4,717
Operating income	6,107	5,859
Non-operating revenues		
Interest earned	16	20
Dividend earned	16	26
House rent earned	9	9
Other	5	18
Total non-operating revenues	48	74
Non-operating expenses		
Interest expense	15	26
Foreign exchange losses	31	50
Other	5	20
Total non-operating expenses	51	97
Ordinary profit	6,104	5,837
Extraordinary gain		
Gain on sale of investment securities	-	156
Gain on liquidation of subsidiaries and associates	9	-
Other	0	-
Total extraordinary gain	9	156
Extraordinary loss		
Unrealized loss on investment securities	-	158
Other	-	6
Total extraordinary loss	-	165
Net income before income tax	6,114	5,828
Income taxes	1,663	1,933
Net income	4,450	3,894
Net income attributable to non-controlling interests	13	3
Net income attributable to owners of the parent	4,437	3,891

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended March 31, 2025

(million yen)

	Three Months Ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three Months Ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Net income	4,450	3,894
Other comprehensive income		
Other valuation difference on available-for-sale securities	265	114
Foreign currency translation adjustment	548	-269
Remeasurements of defined benefit plans, net of tax	-78	-154
Total other comprehensive income	736	-310
Comprehensive income	5,186	3,584
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,173	3,594
Comprehensive income attributable to non-controlling interests	13	-9

(3) Notes to Quarterly Consolidated Financial Statements

(Basic important matters for preparation of quarterly consolidated financial statements)

The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Standards for the Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. as well as the accounting standards for quarterly financial statements generally accepted as fair and appropriate in Japan (however, the omission of descriptions applies, as prescribed in Article 4, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc.).

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by multiplying net income before income tax for the period under review by a reasonably estimated effective tax rate for net income before income tax for the fiscal year ending December 31, 2025 after the application of tax effect accounting.

(Changes in accounting policies)

(Application of Accounting Standard for Corporate Tax, Inhabitant Tax and Enterprise Tax, etc.)

The "Accounting Standard for Corporate, Inhabitant and Enterprise Taxes" (ASBJ Statement No. 27, October 28, 2022. Hereinafter referred to as the "Revised Accounting Standard 2022") The "Accounting Standard for Income Taxes" (ASBJ Statement No. 27, October 28, 2022) is applied from the beginning of the first quarter of the current fiscal year.

With respect to the revision regarding the classification of income taxes (taxation on other comprehensive income), the transitional treatment stipulated in the proviso of paragraph 20-3 of the Revised Accounting Standard for 2022 and the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, hereinafter referred to as the "Guidance on the Revised 2022 Accounting Standard") have been applied. The "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance") The transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022) is followed. This change has no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the 2022 Revised Guidance on Accounting Standard for Taxation of Sales of Subsidiaries' Stock, etc. between Consolidated Companies, effective as of the beginning of the first quarter of the current fiscal year. The change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous year's quarter and the previous fiscal year have been prepared on a retrospective basis. There is no effect of this change on the quarterly consolidated financial statements for the previous year's first quarter and the consolidated financial statements for the previous fiscal year.

(Notes on segment information, etc.)

[Segment Information]

Three Months Ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

1. Information on the amounts of sales and profit (loss) by reportable segment

(million yen)

	Reporting segments			Adjustments (Note 1)	Book value on the Quarterly Consolidated Profit and Loss Account (Note 2)
	Domestic consulting engineering business	Overseas consulting engineering business	Total		
Sales					
Sales to outside customers	21,809	7,380	29,189	-	29,189
Inter-segment sales or transfers	21	0	21	-21	-
Total	21,830	7,381	29,211	-21	29,189
Segment income	5,989	120	6,109	-2	6,107

- (Notes) 1. Inter-segment sales or transfers (-21 million yen) and adjustments to segment income (-2 million yen) are attributable to inter-segment eliminations.
2. Segment income is reconciled with operating income in the Quarterly Consolidated Profit and Loss Account.

Three Months Ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

1. Information on the amounts of sales and profit (loss) by reportable segment

(million yen)

	Reporting segments			Adjustments (Note 1)	Book value on the Quarterly Consolidated Profit and Loss Account (Note 2)
	Domestic consulting engineering business	Overseas consulting engineering business	Total		
Sales					
Sales to outside customers	22,640	7,469	30,110	-	30,110
Inter-segment sales or transfers	16	13	30	-30	-
Total	22,657	7,483	30,140	-30	30,110
Segment income (loss)	5,889	-29	5,860	-0	5,859

- (Notes) 1. Inter-segment sales or transfers (-30 million yen) and adjustments to segment income (loss) (-0 million yen) are attributable to inter-segment eliminations.
2. Segment income (loss) is reconciled with operating income in the Quarterly Consolidated Profit and Loss Account.

(Notes on cash flow statement)

No quarterly consolidated cash flow statement is prepared for the three months ended March 31, 2025.

The depreciation and amortization (including amortization related to intangible fixed assets) and the amortization of goodwill in the three months ended March 31 are as follows.

	Three Months Ended March 31, 2024 (from January 1, 2024 to March 31, 2024)	Three Months Ended March 31, 2025 (from January 1, 2025 to March 31, 2025)
Depreciation and amortization	376 million yen	409 million yen
Amortization of goodwill	82 million yen	126 million yen