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## Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Japanese GAAP]



February 14, 2025

Company name: CTI Engineering Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 9621  
 URL: <https://www.ctie.co.jp/>  
 Representative: Tatsuya Nishimura, Representative Director and President, CEO  
 Contact: Toshikazu Matsuoka, Director, Managing Executive Officer, serving as the Chief of Administration  
 Headquarters  
 Phone: +81-3-3668-4125  
 Scheduled date of annual general meeting of shareholders: March 25, 2025  
 Scheduled date of commencing dividend payments: March 26, 2025  
 Scheduled date of filing annual securities report: March 26, 2025  
 Availability of supplementary explanatory materials on financial results: Available  
 Schedule of financial results briefing session: Scheduled (for analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(1) Consolidated Operating Results (% indicates year-on-year changes)

	Sales		Operating income		Ordinary profit		Net income attributable to owners of the parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended								
December 31, 2024	97,678	5.0	9,396	(6.1)	9,535	(6.1)	6,746	(10.5)
December 31, 2023	93,057	11.5	10,011	24.9	10,153	23.3	7,534	28.2

(Note) Comprehensive income: Fiscal year ended December 31, 2024: 8,595 million yen [(11.1)%]

Fiscal year ended December 31, 2023: 9,667 million yen [56.0%]

	Net income per share	Net income per share after adjustment of potential shares	Ratio of net income to net worth	Ratio of ordinary profit to total assets	Ratio of operating income to net sales
Fiscal year ended	yen	yen	%	%	%
December 31, 2024	243.10	–	11.6	11.4	9.6
December 31, 2023	271.06	–	14.7	13.3	10.8

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended December 31, 2024: –

Fiscal year ended December 31, 2023: –

(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	Net assets per share
	million yen	million yen	%	yen
As of December 31, 2024	87,694	61,674	70.1	2,213.71
As of December 31, 2023	79,914	55,093	68.7	1,979.45

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

As of December 31, 2023: 54,887 million yen

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

## (3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financial activities	Closing balance of cash and cash equivalents
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2024	2,410	(4,805)	(2,111)	15,523
December 31, 2023	874	(912)	(3,291)	19,654

## 2. Dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended December 31, 2023	yen	yen	yen	yen	yen	million yen	%	%
	–	0.00	–	150.00	150.00	2,079	27.7	4.1
Fiscal year ended December 31, 2024	–	0.00	–	150.00	150.00	2,082	30.9	3.6
Fiscal year ending December 31, 2025 (Forecast)	–	0.00	–	75.00	75.00		30.2	

(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. The forecast dividends for the fiscal year ending December 31, 2025 are presented at post-stock-split amounts.

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

(% indicates year-on-year changes)

	Sales		Operating income		Ordinary profit		Net income attributable to owners of the parent		Net income per share
Full year	million yen	%	million yen	%	million yen	%	million yen	%	yen
	100,000	2.4	10,000	6.4	10,000	4.9	6,900	2.3	248.55

(Note) The Company has conducted a 2-for-1 stock split of its common shares as of January 1, 2025. Net income per share presented in the consolidated financial results forecast for the fiscal year ending December 31, 2025 reflects the impact of the stock split.

**\* Notes:**

- (1) Significant changes in the scope of consolidation during the period: Yes  
Newly included: 1 (HIROKEN CONSULTANTS Co., LTD.), Excluded: – ( )
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement  
1) Changes in accounting policies due to the revision of accounting standards: None  
2) Changes in accounting policies other than 1) above: None  
3) Changes in accounting estimates: None  
4) Retrospective restatement: None
- (3) 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):  
December 31, 2024: 28,318,172 shares  
December 31, 2023: 28,318,172 shares  
2) Total number of treasury shares at the end of the period:  
December 31, 2024: 557,716 shares  
December 31, 2023: 589,404 shares  
3) Average number of shares during the period:  
Fiscal year ended December 31, 2024: 27,749,982 shares  
Fiscal year ended December 31, 2023: 27,796,120 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 (common shares) has been calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year.

**[Reference] Overview of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)**

(1) Non-consolidated Operating Results (% indicates year-on-year changes.)

	Sales		Operating income		Ordinary profit		Net income	
Fiscal year ended	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2024	59,405	3.4	8,499	(0.7)	8,932	0.2	6,532	(1.8)
December 31, 2023	57,439	11.8	8,563	27.7	8,912	26.9	6,652	28.7

	Net income per share	Net income per share after adjustment of potential shares
Fiscal year ended	yen	yen
December 31, 2024	235.41	–
December 31, 2023	239.33	–

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

(2) Non-consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	million yen	million yen	%	yen
As of December 31, 2024	67,383	53,720	79.7	1,935.13
As of December 31, 2023	62,979	48,924	77.7	1,764.39

(Reference) Net worth: As of December 31, 2024: 53,720 million yen

As of December 31, 2023: 48,924 million yen

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

**2. Non-consolidated Financial Results Forecast for Fiscal Year Ending December 31, 2025 (January 1, 2025 – December 31, 2025)**

(% indicates year-on-year changes)

	Sales		Ordinary profit		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	yen
Full year	60,000	1.0	9,000	0.8	6,600	1.0	237.75

(Note) The Company has conducted a 2-for-1 stock split of its common shares as of January 1, 2025. Net income per share presented in the non-consolidated financial results forecast for the fiscal year ending December 31, 2025 reflects the impact of the stock split.

\* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

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

Financial results forecast and other forward-looking statements made in this document are based on the information currently available to the Company and certain assumptions deemed reasonable. As such, various factors could cause actual results to differ materially from those discussed in the forward-looking statements. For the assumptions underlying the financial results forecast and notes on the use of financial results forecast, please refer to the Attachments.

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## 1. Overview of Operating Results, Etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, the Japanese economy recovered moderately, despite some stagnation remaining. The moderate recovery is expected to continue going forward against the backdrop of an improving employment and income environment and with the effects of various policies. However, there is a risk that a downturn in overseas economies, such as the continuation of high interest-rate levels in Europe and the United States and the impact of the stagnation in China's real estate market, could put downward pressure on the Japanese economy. In addition, it will be necessary to pay close attention to the impact of various factors, including rising prices, future policy trends in the United States, the situation in the Middle East, and fluctuations in financial and capital markets.

With regard to the business environment surrounding the CTI Group, the domestic consulting engineering business remains robust, on the back of the bolstering of government-led projects for disaster prevention/mitigation and the promotion of measures to build national resilience for the maintenance of aging infrastructure. In the overseas consulting engineering business, events worthy of concern, including the prolonged uncertainty caused by the situations in Ukraine and the Middle East, the global progression of inflation, and monetary tightening, have emerged.

Under this business environment, in 2024, the final year of the Medium-term Business Plan 2024, the Group as a whole implemented many measures as it worked on the following four initiatives: 1) Promote business structure transformation, 2) Promote production system reform, 3) Enhance risk management and governance, and 4) Promote sustainability management.

As a result of these initiatives, orders received by the Group during the fiscal year under review increased by 2.1% year-on-year to 94,400 million yen. Meanwhile, sales increased by 5.0% year-on-year to 97,678 million yen. Ordinary profit decreased by 6.1% year-on-year to 9,535 million yen, and net income attributable to owners of the parent decreased by 10.5% year-on-year to 6,746 million yen.

Results by reportable segment of the Group were as follows.

#### 1. Domestic consulting engineering business

Sales exceeded the plan due to orders received remaining strong due to the Five-Year Road Program for disaster prevention, disaster mitigation, and building national resilience, as well as increased orders in business fields such as energy, urban communities and architecture, environmental analysis, and PPP. Profits were generally in line with our plan of reduced profits focusing on preventing mistakes and strengthening investments, which were initial policies. Accordingly, orders received for the domestic consulting engineering business increased by 5.7% year-on-year to 65,724 million yen, sales increased by 3.8% year-on-year to 66,945 million yen, and segment income decreased by 3.7% year-on-year to 8,610 million yen.

#### 2. Overseas consulting engineering business

Although the public works division of Waterman Group Plc, which operates mainly in the UK, remained strong, the private sector division faced some struggles. CTI Engineering International Co., Ltd. based in Southeast Asia experienced delays in receiving orders for large-scale projects. Furthermore, profit margin decreased as a result of sharp rises in overseas labor costs. Accordingly, orders received for the overseas consulting engineering business decreased by 5.4% year-on-year to 28,676 million yen, sales increased by 7.5% year-on-year to 30,733 million yen, and segment income decreased by 27.9% year-on-year to 773 million yen.

### (2) Overview of Financial Position for the Fiscal Year under Review

#### (Assets)

At the end of the fiscal year under review, the Group's total assets totaled 87,694 million yen, an increase of 9.7% compared to the end of the previous fiscal year. This was mainly due to an increase in "net defined benefit asset," in addition to "notes receivable, completed work receivables and contract assets," while "cash and bank deposits" decreased.

(Liabilities)

Total liabilities at the end of the fiscal year under review were 26,019 million yen, an increase of 4.8% compared to the end of the previous fiscal year. This was mainly due to increases in “accounts payable” and “short-term borrowings,” while “reserve for bonuses” decreased.

(Net assets)

Net assets at the end of the fiscal year under review totaled 61,674 million yen, an increase of 11.9% compared to the end of the previous fiscal year. This was mainly due to an increase in “profit surplus” due to the posting of “net income attributable to owners of the parent” and an increase in “foreign currency translation adjustment” due to exchange rate fluctuation.

(3) Overview of Cash Flows for the Fiscal Year under Review

At the end of the fiscal year under review, cash and cash equivalents (funds) decreased by 4,131 million yen year-on-year to 15,523 million yen.

Net cash provided by operating activities was 2,410 million yen, a year-on-year increase of 175.8%. This was mainly due to proceeds from “net income before income tax” of 9,489 million yen and “depreciation and amortization” of 1,609 million yen, which was partially offset by an “increase in trade receivables and contract assets” of 4,822 million yen and “payment of corporation income tax, etc.” of 2,357 million yen.

Net cash used for investment activities was 4,805 million yen, a year-on-year increase of 426.4%. This was mainly due to “purchase of shares of subsidiaries resulting in change in scope of consolidation” of 3,340 million yen and “payments for acquisition of tangible fixed assets” of 850 million yen, despite “income from loan collection” of 209 million yen.

Net cash used for financial activities was 2,111 million yen, a year-on-year decrease of 35.9%. This was mainly due to “dividend payments” of 2,072 million yen.

(Reference) Indicators related to cash flows

Indicator	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net worth ratio (%)	53.8	64.8	68.7	70.1
Net worth ratio based on fair value (%)	49.1	61.9	91.3	77.9
Ratio of interest- bearing debt to cash flows (years)	0.2	0.4	1.5	0.9
Interest coverage ratio (times)	105.2	70.2	15.8	33.2

(Note) Each indicator was calculated as follows:

- Net worth ratio: Net worth / Total assets
- Net worth ratio based on fair value: Total market value of shares / Total assets  
Total market value of shares was calculated by multiplying the year-end share price (closing price) by the total number of issued and outstanding shares (less treasury shares) at the end of the period.
- Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows from operating activities  
Interest-bearing debt includes all liabilities recorded on the Consolidated Balance Sheet for which interest is paid.
- Interest coverage ratio: Cash flows from operating activities / Interest paid  
Interest paid is the amount of “interest payment” recorded in the Consolidated Cash Flow Statement.

#### (4) Future Outlook

##### i. The Company's medium-to long-term strategy

In the domestic consulting engineering business, with the enforcement of the Revised Basic Act for National Resilience Contributing to Preventing and Mitigating Disasters for Developing Resilience in the Lives of the Citizenry in June 2023, the national budget for public works for disaster prevention/mitigation and national land resilience are expected to remain at the same level in 2025 as in the previous fiscal year. 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 consulting engineering business, although the business in Southeast Asia overseen by CTI Engineering International Co., Ltd. is recovering, in the UK, where Waterman Group Plc oversees business, higher costs are expected than before due to factors including a concern about the new Labour Party increasing tax burdens, and the business environment remains uncertain.

Based on the review of the Medium-term Business Plan 2024 and the business plan for the fiscal year under review, the Group has set the basic policy for the 63rd term (2025), the initial year of Medium-term Business Plan 2027, as follows. We aim to advance as a “Global Infrastructure Solution Group” that contributes to the sustainable development of society.

##### 1) Business portfolio reform

We aim to strengthen the profit structure of the Group's core businesses and focus investments on growth areas. In doing so, we will work to adapt to changes in the business environment by reforming our business portfolio.

##### 2) Rebuilding of foundation for growth

###### (a) Strengthening human capital

We aim to create an organization where diverse human resources fulfill their responsibilities and show their strength in teamwork while promoting the development, strengthening, and activation of human resources who can lead the industry.

###### (b) Promotion of DX/production system reform

We will engage in productivity reforms including workload reduction through digitization and process standardization, and quality assurance and improvement through the use of quality activity support tools.

###### (c) Challenges for sustainability

Based on the CTI Group Challenges for Sustainability Promotion Plan, we will contribute to the creation of a sustainable society and reduction of environmental impact through our business and corporate activities.

###### (d) Strengthening group governance

By thoroughly enforcing risk management and compliance and strengthening internal control processes, we aim to build a strong corporate governance of both offensive and defensive aspects, and ensure that our management is trusted by the market.

##### ii Preventing recurrence of inappropriate cost management

As stated in “1. Overview of Operating Results, etc., (4) Future Outlook” of the Consolidated Financial Results for the Fiscal Year ended December 31, 2023 announced on March 26, 2024, unauthorized cost recordings came to light in February 2024, prompting the establishment of the Internal Investigating Committee to conduct an investigation. Based on the Investigating Committee's recommendations, as measures to prevent recurrence, the Company is working on strengthening the monthly approval process, enhancing the execution budget approval and monitoring process, implementing compliance education that includes Group companies, and fostering a

corporate culture that avoids inappropriate cost management. We will continue to monitor whether these preventive measures are functioning effectively as we work to strengthen our governance.

For the fiscal year ending December 31, 2025, the Company forecasts orders received of 100,000 million yen, up 5.9% year-on-year, sales of 100,000 million yen, operating income of 10,000 million yen, ordinary profit of 10,000 million yen, and net income attributable to owners of the parent of 6,900 million yen.

## 2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Generally Accepted Accounting Principles in Japan (JGAAP), taking into account comparability of consolidated financial statements between different accounting periods and companies. Concerning future adoption of the International Financial Reporting Standards (IFRS), the Group intends to take appropriate response with due consideration to various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes  
(1) Consolidated Balance Sheet

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2023)	Current Consolidated Fiscal Year (as of December 31, 2024)
<b>Assets</b>		
Current assets		
Cash and bank deposits	19,654	15,523
Notes receivable, completed work receivables and contract assets	33,814	40,053
Prepaid expenses for uncompleted services	107	97
Other	1,434	1,809
Allowance for doubtful accounts	-624	-516
Total current assets	54,387	56,967
Fixed assets		
Tangible fixed assets		
Buildings and structures	6,700	7,542
Accumulated depreciation	-3,750	-4,360
Buildings and structures, net	2,949	3,181
Machinery and transportation equipment	1,316	1,344
Accumulated depreciation	-1,065	-1,075
Machinery and transportation equipment, net	250	268
Land	4,787	4,903
Lease assets	372	493
Accumulated depreciation	-234	-275
Lease assets, net	137	217
Right-of-use assets	3,020	3,699
Accumulated depreciation	-1,737	-2,084
Right-of-use assets, net	1,282	1,614
Construction in progress	-	24
Other	3,391	3,887
Accumulated depreciation	-2,577	-2,919
Other, net	813	967
Total tangible fixed assets	10,222	11,178
Intangible fixed assets		
Lease assets	12	9
Goodwill	4,266	6,874
Other	462	363
Total intangible fixed assets	4,741	7,246
Investments and other assets		
Investment securities	4,460	5,029
Long-term loans receivable from subsidiaries and affiliates	639	711
Deferred tax assets	876	222
Net defined benefit asset	2,961	4,468
Other	1,744	2,000
Allowance for doubtful accounts	-119	-131
Total investments and other assets	10,563	12,301
Total fixed assets	25,526	30,726
Total assets	79,914	87,694

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2023)	Current Consolidated Fiscal Year (as of December 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	3,018	3,609
Short-term borrowings	1,190	1,990
Lease obligations	641	780
Accrued income taxes	1,123	1,144
Contract liabilities	3,690	4,048
Reserve for bonuses	3,946	3,490
Reserve for bonuses to directors	272	219
Allowance for losses in operations	111	90
Other	7,540	6,958
Total current liabilities	21,536	22,333
Fixed liabilities		
Long-term borrowings	160	119
Lease obligations	887	1,137
Provision for warranties for completed operation	411	452
Deferred tax liabilities	111	169
Net defined benefit liability	867	898
Provision for loss on guarantees	-	27
Asset retirement obligations	268	302
Other	575	577
Total fixed liabilities	3,283	3,686
Total liabilities	24,820	26,019
Net assets		
Shareholders' equity		
Capital	3,025	3,025
Capital surplus	3,616	3,650
Profit surplus	44,652	49,318
Treasury stock	-939	-890
Total shareholders' equity	50,354	55,104
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities	1,513	1,781
Foreign currency translation adjustment	1,593	2,549
Remeasurements of defined benefit plans	1,425	2,017
Total accumulated other comprehensive income	4,532	6,348
Non-controlling interests	206	221
Total net assets	55,093	61,674
Total liabilities and net assets	79,914	87,694

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

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)	Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)
Sales	93,057	97,678
Cost of sales	65,996	69,251
Gross profit	27,060	28,427
Selling, general and administrative expenses	17,049	19,030
Operating income	10,011	9,396
Non-operating revenues		
Interest earned	39	76
Dividend earned	100	126
Insurance dividend earned	28	29
Foreign exchange gains	14	-
House rent earned	38	38
Other	57	46
Total non-operating revenues	279	317
Non-operating expenses		
Interest expense	54	72
Commission paid	2	16
Loss on investments in investment partnerships	13	27
Foreign exchange losses	-	58
Commission for acquisition of treasury stock	24	-
Expenses for the Company's 60th anniversary project	30	-
Other	12	4
Total non-operating expenses	137	178
Ordinary profit	10,153	9,535
Extraordinary gain		
Gain on sale of non-current assets	29	2
Gain on sale of investment securities	59	46
Gain on liquidation of subsidiaries and associates	-	9
Other	0	-
Total extraordinary gain	89	58
Extraordinary loss		
Loss from fixed assets disposal	37	63
Allowance for doubtful accounts	13	11
Provision for loss on guarantees	-	27
Unrealized loss on investment securities	46	-
Other	4	-
Total extraordinary loss	102	103
Net income before income tax	10,140	9,489
Corporation tax, inhabitants taxes and enterprise tax	2,813	2,436
Deferred income taxes etc.	-242	267
Total income taxes	2,571	2,704
Net income	7,569	6,785
Net income attributable to non-controlling interests	34	39
Net income attributable to owners of the parent	7,534	6,746

## Consolidated Statements of Comprehensive Income

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)	Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)
Net income	7,569	6,785
Other comprehensive income		
Other valuation difference on available-for-sale securities	174	267
Foreign currency translation adjustment	994	950
Remeasurements of defined benefit plans, net of tax	929	591
Total other comprehensive income	2,097	1,809
Comprehensive income	9,667	8,595
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	9,625	8,562
Comprehensive income attributable to non-controlling interests	41	33

(3) Statement of Fluctuations in Consolidated Shareholders' Equity  
Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)

(million yen)

	Shareholders' equity				
	Capital	Capital surplus	Profit surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,025	3,535	38,531	-14	45,079
Changes of items during the period					
Dividends from surplus			-1,413		-1,413
Net income attributable to owners of the parent			7,534		7,534
Acquisition of treasury stock				-1,000	-1,000
Disposal of treasury stock		0		75	75
Changes in liabilities for written put options over non-controlling interests		80			80
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)					
Total changes of items during the period	-	80	6,120	-925	5,275
Balance at the end of current period	3,025	3,616	44,652	-939	50,354

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Other valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,338	606	496	2,441	198	47,719
Changes of items during the period						
Dividends from surplus						-1,413
Net income attributable to owners of the parent						7,534
Acquisition of treasury stock						-1,000
Disposal of treasury stock						75
Changes in liabilities for written put options over non-controlling interests						80
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	174	987	929	2,090	7	2,098
Total changes of items during the period	174	987	929	2,090	7	7,374
Balance at the end of current period	1,513	1,593	1,425	4,532	206	55,093

Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)

(million yen)

	Shareholders' equity				
	Capital	Capital surplus	Profit surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,025	3,616	44,652	-939	50,354
Changes of items during the period					
Dividends from surplus			-2,079		-2,079
Net income attributable to owners of the parent			6,746		6,746
Acquisition of treasury stock				-2	-2
Disposal of treasury stock		25		52	77
Changes in liabilities for written put options over non-controlling interests		8			8
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)					
Total changes of items during the period	-	33	4,666	49	4,749
Balance at the end of current period	3,025	3,650	49,318	-890	55,104

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Other valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	1,513	1,593	1,425	4,532	206	55,093
Changes of items during the period						
Dividends from surplus						-2,079
Net income attributable to owners of the parent						6,746
Acquisition of treasury stock						-2
Disposal of treasury stock						77
Changes in liabilities for written put options over non-controlling interests						8
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	267	956	591	1,815	14	1,830
Total changes of items during the period	267	956	591	1,815	14	6,580
Balance at the end of current period	1,781	2,549	2,017	6,348	221	61,674

#### (4) Consolidated Cash Flow Statement

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)	Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)
<b>Cash flow from operating activities</b>		
Net income before income tax	10,140	9,489
Depreciation and amortization	1,401	1,609
Amortization of goodwill	305	338
Increase (decrease) in allowance for doubtful accounts	39	-153
Increase (decrease) in net defined benefit liability	101	-52
Decrease (increase) in net defined benefit asset	-218	-509
Increase (decrease) in reserve for bonuses	682	-495
Increase (decrease) in reserve for bonuses to directors	14	-72
Increase (decrease) in allowance for losses in operations	58	-47
Increase (decrease) in provision for loss on guarantees	-	27
Increase (decrease) in provision for warranties for completed operation	-312	-0
Interest and dividend earned	-140	-202
Interest payable	54	72
Foreign exchange loss (gain)	-24	-51
Commission for purchase of treasury shares	24	-
Unrealized loss (gain) on investment securities	46	-
Loss (gain) from fixed assets disposal	12	61
Loss (gain) on sale of investment securities	-59	-46
Loss (gain) on liquidation of subsidiaries and associates	-	-9
Decrease (increase) in trade receivables and contract assets	-7,027	-4,822
Decrease (increase) in prepaid expenses for uncompleted services	58	10
Decrease (increase) in other current assets	11	36
Increase (decrease) in account payable	-8	338
Increase (decrease) in contract liabilities	-1,102	85
Increase (decrease) in accrued consumption taxes	1,130	-494
Increase (decrease) in other current liabilities	136	-503
Other	10	29
<b>Subtotal</b>	<b>5,334</b>	<b>4,639</b>
Received interest and dividend	142	201
Interest payment	-55	-72
Payment of corporation income tax etc.	-4,547	-2,357
<b>Cash flow provided by operating activities</b>	<b>874</b>	<b>2,410</b>

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)	Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)
<b>Cash flow from investment activities</b>		
Payments for acquisition of tangible fixed assets	-843	-850
Proceeds from sale of property, plant and equipment	143	2
Payments for acquisition of intangible fixed assets	-127	-102
Payments for acquisition of investment securities	-5	-225
Proceeds from sales of investment securities	111	94
Repayments for loans	-350	-389
Income from loan collection	255	209
Payments for investments in capital	-50	-75
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-3,340
Proceeds from liquidation of associates	-	67
Other payments	-58	-205
Other proceeds	13	10
Cash flow used for investment activities	-912	-4,805
<b>Cash flow from financial activities</b>		
Net increase (decrease) in short-term borrowings	-	800
Repayments of long-term borrowings	-40	-40
Acquisition of treasury stock	-1,025	-2
Repayments of lease obligations	-662	-727
Dividend payments	-1,408	-2,072
Dividends paid to non-controlling interests	-33	-18
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	-120	-50
Cash flow used for financial activities	-3,291	-2,111
Effect in fluctuation of exchange rate for cash and cash equivalents	395	374
Increase (decrease) in cash and cash equivalents	-2,934	-4,131
Opening balance of cash and cash equivalents	22,589	19,654
Closing balance of cash and cash equivalents	19,654	15,523

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment Information]

1. Outline of reportable segments

The reportable segments of the Group are defined as operating segments within the Group whose discrete financial information is available and is reviewed by the Board of Directors regularly in order to decide the allocation of management resources and assess results.

The Group assesses results by each company constituting the Group, and the Group companies are classified into those that mainly engage in operations in Japan and those that mainly engage in operations overseas.

Accordingly, the two reportable segments of the Group are “Domestic consulting engineering business” and “Overseas consulting engineering business.”

2. Method for computing the amounts of sales, profit (loss), assets and other items by reportable segment

The accounting method for the reported business segments conforms to the accounting policies applied for preparation of the consolidated financial statements.

Income by reportable segment is based on operating income. Inter-segment revenue and transfers are based on prevailing market prices.

In the fiscal year under review, the Company acquired shares of HIROKEN CONSULTS Co., LTD., added the company to the scope of consolidation and included it in the reportable segment of “Domestic consulting engineering business.”

3. Information on the amounts of sales, profit (loss), assets and other items by reportable segment  
Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)

(million yen)

	Domestic consulting engineering business	Overseas consulting engineering business	Total	Adjustments (Note 1)	Book value on the consolidated financial statements (Note 2)
Sales					
Sales to outside customers	64,473	28,583	93,057	–	93,057
Inter-segment sales or transfers	130	17	147	-147	–
Total	64,604	28,600	93,204	-147	93,057
Segment income	8,943	1,073	10,016	-5	10,011
Segment assets	60,020	20,732	80,752	-838	79,914
Other items					
Depreciation	793	607	1,401	–	1,401
Amortization of goodwill	–	305	305	–	305

(Notes) 1. Adjustments to inter-segment sales or transfers (-147 million yen), adjustments to segment income (-5 million yen), and adjustments to segment assets (-838 million yen) are attributable to inter-segment eliminations.

2. Segment income is reconciled with operating income in the Consolidated Profit and Loss Account.

Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)

(million yen)

	Domestic consulting engineering business	Overseas consulting engineering business	Total	Adjustments (Note 1)	Book value on the consolidated financial statements (Note 2)
Sales					
Sales to outside customers	66,945	30,733	97,678	–	97,678
Inter-segment sales or transfers	55	16	71	-71	–
Total	67,000	30,749	97,750	-71	97,678
Segment income	8,610	773	9,383	13	9,396
Segment assets	65,634	23,446	89,080	-1,386	87,694
Other items					
Depreciation	844	765	1,609	–	1,609
Amortization of goodwill	–	338	338	–	338

(Notes) 1. Adjustments to inter-segment sales or transfers (-71 million yen), adjustments to segment income (13 million yen), and adjustments to segment assets (-1,386 million yen) are attributable to inter-segment eliminations.

2. Segment income is reconciled with operating income in the Consolidated Profit and Loss Account.

3. As the deemed acquisition date of HIROKEN CONSULTS Co., LTD., which was included in the scope of consolidation in the fiscal year under review, is set at the end of the fiscal year under review, the company's financial results are not included in sales, segment income, and other items of the domestic consulting engineering business for the fiscal year under review.

[Relevant Information]

Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)

1. Information by products and services

The same information is disclosed in Segment Information, and is omitted here.

2. Information by areas

(1) Sales

(million yen)

Japan	Asia	Europe		Other	Total
		UK	Other than UK		
64,566	3,802	20,804	1,884	1,999	93,057

- (Notes)
- Sales are classified based on areas in which the Group renders its services.
  - Method of classification of country or region, and major countries or regions that belong to each region
    - Method of classification of country or region: based on geographic proximity
    - Countries or regions that belong to classifications other than Japan
      - Asia: Philippines, etc.
      - Europe other than UK: Ireland, etc.
      - Other: Australia, etc.

(2) Tangible fixed assets

(million yen)

Japan	Asia	Europe		Other	Total
		UK	Other than UK		
8,651	0	1,408	119	42	10,222

- (Notes)
- Tangible fixed assets are classified based on the locations of the assets.
  - Method of classification of country or region, and major countries or regions that belong to each region
    - Method of classification of country or region: based on geographic proximity
    - Countries or regions that belong to classifications other than Japan
      - Asia: Philippines, etc.
      - Europe other than UK: Ireland, etc.
      - Other: Australia, etc.

3. Information by major customer

(million yen)

Name of customer	Sales	Name of the relevant segment
National government of Japan	32,125	Domestic consulting engineering business

Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)

1. Information by products and services

The same information is disclosed in Segment Information, and is omitted here.

2. Information by areas

(1) Sales

(million yen)

Japan	Asia	Europe		Other	Total
		UK	Other than UK		
67,042	4,156	22,362	1,986	2,129	97,678

- (Notes)
1. Sales are classified based on areas in which the Group renders its services.
  2. Method of classification of country or region, and major countries or regions that belong to each region
    - 1) Method of classification of country or region: based on geographic proximity
    - 2) Countries or regions that belong to classifications other than Japan
      - Asia: Philippines, etc.
      - Europe other than UK: Ireland, etc.
      - Other: Australia, etc.

(2) Tangible fixed assets

(million yen)

Japan	Asia	Europe		Other	Total
		UK	Other than UK		
9,245	5	1,643	93	190	11,178

- (Notes)
1. Tangible fixed assets are classified based on the locations of the assets.
  2. Method of classification of country or region, and major countries or regions that belong to each region
    - 1) Method of classification of country or region: based on geographic proximity
    - 2) Countries or regions that belong to classifications other than Japan
      - Asia: Philippines, etc.
      - Europe other than UK: Ireland, etc.
      - Other: Australia, etc.

3. Information by major customer

(million yen)

Name of customer	Sales	Name of the relevant segment
National government of Japan	32,052	Domestic consulting engineering business

[Impairment losses on fixed assets by reportable segment]

Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)

Not applicable.

Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)

Not applicable.

[Amortized amount and unamortized balance of goodwill by reportable segment]

Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)

(million yen)

	Domestic consulting engineering business	Overseas consulting engineering business	Corporate/elimination	Total
Amortization of goodwill in the current period	–	305	–	305
Balance at the end of the current period	–	4,266	–	4,266

Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)

(million yen)

	Domestic consulting engineering business	Overseas consulting engineering business	Corporate/elimination	Total
Amortization of goodwill in the current period	–	338	–	338
Balance at the end of the current period	2,523	4,351	–	6,874

(Significant changes in amount of goodwill)

Goodwill has arisen in the “domestic consulting engineering business” as the Company acquired shares of HIROKEN CONSULTS Co., LTD. and made it a consolidated subsidiary in the fiscal year under review.

The increase in the amount of goodwill associated with this event is 2,523 million yen.

As the deemed acquisition date is set at the end of the fiscal year under review, the Company has not recorded amortization of goodwill for the fiscal year under review.

[Gain on negative goodwill by reportable segment]

Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)

Not applicable.

Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)

Not applicable.

(Business combination, etc.)

(Business combination through acquisition)

1. Outline of business combination

(1) Name of the acquired company and description and scale of its business

Name of the acquired company: HIROKEN CONSULTANTS Co., LTD.

Description of business: Engineering consulting business

(2) Primary reason for the business combination

Since established in 1978, the company has been engaged in businesses of engineering consulting, land surveying, and geological survey sector, centered in Hiroshima Prefecture. Adding the company to the Group is expected to accelerate the business to local governments.

(3) Date of business combination

November 12, 2024 (The deemed acquisition date is December 31, 2024.)

(4) Legal form of the business combination

Share acquisition with cash consideration

(5) Company name after the business combination

HIROKEN CONSULTANTS Co., LTD.

(6) Number of shares acquired and the percentage of voting rights

Number of shares: 8,400 shares

Percentage of voting rights: 100%

(7) Main basis for determining the acquired company

The Company acquired the shares in exchange for cash.

2. Period of the acquired company's financial results included in the consolidated financial statements  
Financial results of the acquired company are not included in the fiscal year under review.

3. Acquisition cost of the acquired company and its breakdown by type of consideration

Consideration for acquisition (cash) 5,470 million yen

Acquisition cost 5,470 million yen

4. Major acquisition-related expenses and their amounts

Compensation and fees for advisers, etc. 188 million yen

5. Amount of goodwill incurred, its reason, and method and period of amortization

(1) Amount of goodwill incurred

2,523 million yen

The amount of goodwill is calculated on a tentative basis as the allocation of the acquisition cost has not yet completed in the fiscal year under review.

(2) Reason of incurrence

Goodwill has incurred mainly due to the anticipated excess earning power from future business developments.

(3) Method and period of amortization

Evenly amortized over 15 years

6. Breakdown of assets acquired and liabilities assumed on the date of business combination

Current assets 3,025 million yen

Fixed assets 473 million yen

Total assets 3,499 million yen

Current liabilities 477 million yen

Fixed liabilities 75 million yen

Total liabilities 552 million yen

(Per share information)

	Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)	Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)
Net assets per share	1,979.45 yen	2,213.71 yen
Net income per share	271.06 yen	243.10 yen

(Notes) 1. Net income per share after adjustment of potential shares is not stated because the Company has issued no potential shares.

2. The Company has conducted a 2-for-1 stock split of its common shares as of January 1, 2025.

Net assets per share and net income per share were calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year.

3. Basis of calculation of net income per share:

Item	Previous Consolidated Fiscal Year (from January 1, 2023 to December 31, 2023)	Current Consolidated Fiscal Year (from January 1, 2024 to December 31, 2024)
Net income attributable to owners of the parent (million yen)	7,534	6,746
Amounts not belonging to ordinary shareholders (million yen)	-	-
Net income attributable to owners of the parent related to common shares (million yen)	7,534	6,746
Average number of common shares for the entire fiscal year (shares)	27,796,120	27,749,982

(Significant subsequent events)

(Stock split and partial amendments to the Articles of Incorporation associated with the stock split)

The Company made partial amendments to its Articles of Incorporation with January 1, 2025 as the effective date, in accordance with a resolution at a meeting of the Board of Directors held on November 12, 2024.

(1) Purpose of the stock split

By reducing the investment unit price of the Company's shares, the stock split is intended to create an environment where it is easier to invest for investors, expand its investor base, and increase the liquidity of its shares.

(2) Outline of the stock split

1) Method

The Company conducted a 2-for-1 stock split of its common shares owned by shareholders listed or recorded in the shareholder registry at the closing on the record date of December 31, 2024 (Since the shareholder registry administrator was closed on the record date, the practical record date was December 30, 2024).

2) Increase in the number of shares due to the stock split

Total number of issued shares before the stock split	14,159,086 shares
Number of shares increased by the stock split	14,159,086 shares
Total number of issued shares after the stock split	28,318,172 shares
Total number of authorized shares after the stock split	80,000,000 shares

3) Schedule of the stock split

Date of public notice of the record date	December 13, 2024
Record date	December 31, 2024
Effective date	January 1, 2025

(3) Partial amendments to the Articles of Incorporation

1) Reason for amendments to the Articles of Incorporation

In conjunction with the stock split, the Company's Articles of Incorporation was partially amended effective January 1, 2025 to change the total number of authorized shares in Article 5, in accordance with the provisions in Article 184, Paragraph 2 of the Companies Act.

2) Details of the amendments to the Articles of Incorporation

The details of the amendments are as follows. (Amended parts are underlined.)

Before amendments	After amendments
Article 5. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>forty</u> million (40,000,000) shares.	Article 5. (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be <u>eighty</u> million (80,000,000) shares.

3) Schedule of the amendments to the Articles of Incorporation

Date of resolution by the Board of Directors	November 12, 2024
Effective date	January 1, 2025

(4) Other

1) Change in the amount of capital

The amount of capital did not change as a result of the stock split.

2) Year-end dividend for the fiscal year ended December 31, 2024

Since the effective date of the stock split is January 1, 2025, the year-end dividend for the fiscal year

ended December 31, 2024 with a record date of December 31, 2024 is based on the number of shares before the stock split.

The impact of the stock split on per share information is presented in (Per share information).

#### 4. Other

##### (1) Changes in Officers

The Company unofficially decided on changes in officers at a meeting of the Board of Directors held on February 14, 2025 as follows.

##### 1) New officers (As of March 25, 2025)

Name	New position	Current position
Masahiro Emori	Director, Managing Executive Officer Managing Principal, Tokyo Main Office (as of April 1, 2025)	Managing Executive Officer Managing Principal, Osaka Main Office
Mitsuho Amano	Director, Managing Executive Officer Chief, Engineering Headquarters	Managing Executive Officer Managing Principal, Tokyo Main Office
Toru Kuwano	External Director	–
Akira Tateyama	Auditor	Deputy Chief, Engineering Headquarters

##### 2) Retired officers (As of March 25, 2025)

Name	New position	Current position
Nobuyuki Maeda	Adviser	Director, Managing Executive Officer Chief, Engineering Headquarters
Toshihide Uemura	Adviser	Director, Managing Executive Officer Managing Principal, Kyushu Office
Shuichi Ikebuchi	–	External Director

##### 3) Changes in Executive Officers (As of March 25, 2025)

Name	New position	Current position
Shigeo Nakashita	Managing Executive Officer General Manager, Legal and Compliance Division (as of April, 1 2025)	Auditor
Koichi Obata	Adviser	Managing Executive Officer Principal Chief Engineer, Engineering Headquarters
Hirofumi Kanai	Managing Executive Officer Deputy Chief, Planning & Business Development Headquarters General Manager, International Business Division	Executive Officer Deputy Chief, Planning & Business Development Headquarters General Manager, International Business Division
Toshikazu Morito	Managing Executive Officer Managing Principal, Kyushu Office	Executive Officer Managing Principal, Tohoku Office
Hideaki Sekine	Managing Executive Officer Managing Principal, Chubu Office	Executive Officer Managing Principal, Chubu Office
Tomoyoshi Mizuma	Managing Executive Officer Managing Principal, Osaka Main Office (as of April, 1 2025)	Executive Officer Deputy Managing Principal, Osaka Main Office General Manager, General Affairs Division
Jotaro Matsuura	Executive Officer Deputy Chief, Engineering Headquarters (as of April, 1 2025)	Assistant Managing Principal, Tohoku Office
Joji Nakano	Executive Officer Deputy Chief, Engineering Headquarters	–
Hisashi Nomiyama	Executive Officer Deputy Chief, Planning & Business Development Headquarters General Manager, Corporate Planning Division (as of April, 1 2025)	Assistant Managing Principal, Tokyo Main Office
Takayuki Nagaya	Executive Officer Managing Principal, Tohoku Office	Deputy Chief, Planning & Business Development Headquarters General Manager, Corporate Planning Division