

Message from the President

By working together with stakeholders, we will achieve
our mission of Make the World a Better Place.



Hiroaki Shinya

Director and Representative Executive
President

Integrated Design &
Engineering Holdings Co., Ltd.

Introduction

ID&E Holdings has agreed to a tender offer put forward by Tokio Marine Holdings, Inc. and is scheduled to be delisted of Tokyo Stock Exchange, Inc. (the “TSE”). I would like to once again express gratitude to all our stakeholders for their support over the years since our IPO on the TSE in April 1963.

Through the provision of new services and value to society, the Group aims to become a top-tier consulting and engineering company around the world and to create the foundation as a 100-year-old company.

Redefining our purpose 18 months after the launch of ID&E Holdings

Around 18 months have passed since ID&E Holdings was established in July 2023. The name “ID&E Holdings” is an acronym that stands for Integrated Design & Engineering Holdings Co., Ltd. After we first announced the new company name, many people asked us: “Why did you choose ID&E?” To fulfill our mission of Make the World a Better Place, we are committed to improving the Group’s corporate value so that we can provide one-stop solutions to complex social issues by utilizing the extensive, advanced technologies we have cultivated in the fields of civil engineering, architecture, and energy. In this way, we have been able to communicate our aspirations and commitment through the name “ID&E.”

In recent years, the world has seen a number of crises, from natural disasters to armed conflicts. We also face a significant number of social issues that need to be resolved, such as disaster prevention, disaster recovery, and urban development for a decarbonized society. The Group has expanded its business reach to address these social issues.

In September 2024, the Noto region — still recovering from the Noto Peninsula earthquake that struck in January 2024 — was hit by record-breaking rainfall. The Group has experience working at many disaster sites, including earthquakes and torrential rain. Thus, we understand that responding to a multi-hazard situation where multiple disasters have occurred poses great challenges. At these sites, clients tell us that they can trust ID&E because of our wealth of experience,



Visit to a recovery and reconstruction site in the Noto region

which shows the high level of trust placed in the Group. Meanwhile, overseas, amid Russia’s ongoing invasion of Ukraine, we opened an office in Kyiv in 2023 and are working to support recovery and reconstruction efforts locally. While I am concerned about my colleagues working in dangerous locations all over the world, I am also hopeful and proud of their strong sense of mission.

Identified new materiality for an IDEAL world, built with integrity

Clearly defining Group Management Policy as the business environment undergoes major changes

The infrastructure supply-demand gap by 2040 is estimated to be around 15 trillion US dollars*. Demand for infrastructure investment is increasing, driven by such factors as the higher frequency of disasters due to climate change and the growth of emerging countries.

In 2021, we launched our Long-Term Management Strategy through to 2030, called Global Strategy 2030 - Working Together Toward A Future Without Boundaries. Our numerical targets include revenue of 250 billion yen, operating profit of 25 billion yen, and ROE of 15%, with the eventual goal of becoming overwhelmingly No.1 in Japan and becoming a top-tier company worldwide.

The new Medium-Term Management Plan that kicked off in July 2024 represents the second step of three Medium-Term Management Plans that will be implemented during the period of the Long-Term Management Strategy. The goals themselves remain unchanged since we first formulated the Long-Term Management Strategy. Especially now, however, when the business environment is undergoing major changes, we felt it was necessary to once again clearly state the ideas that underpin our management policies and measures. These are the three-pronged Group Management Policy of manifestation of the ID&E brand based on the management policy, further development of sustainability management, and full-scale entry into the private market.

Group Management Policy

Manifestation of the ID&E brand based on the management policy

Continue efforts to maintain/improve the ID&E Group brand and quality, based on the management philosophy of “acting with integrity.”

Further development of sustainability management

For the ID&E Group, which has been dedicated to addressing social issues, sustainability is essential for its corporate management and business operations.

Full-scale entry into the private market

Start preparing for full-scale entry into the private market, where further growth is expected, now that the public market is solid.

*G20 Global Infrastructure Hub (GIH)

Message from the President

New materiality: An IDEAL world, built with integrity

In order to advance our business in an even more sustainable manner under the Group Management Policy, we believe it is important to define new materiality as key issues that we must address in achieving the Group's mission. We believe that by combining the capabilities of each Group company's business and all staff around our new materiality, we will be able to provide the unique value that we aim for.

Regarding our previous materiality, although we had identified key issues, we received feedback from institutional investors and other stakeholders that they did not convey the Group's unique character.

Nippon Koei's founder, Yutaka Kubota, established the company to support post-war reconstruction both in Japan and abroad. Since then, the company has worked on numerous infrastructure development projects that support the development of countries and regions. This is the origin of the Group. Today, in a world where social capital is being destroyed by conflicts and disasters and many face humanitarian crises, we felt it was time to redefine our materiality for realizing an ideal world. In examining this, we sought opinions from a wide range of stakeholders both inside and outside the company, including clients, staff, and investors.

The new materiality and its theme, "An IDEAL world, built with integrity," were highly praised by those who had provided various opinions on the previous materiality, for being consistent with ID&E's strategy, including its corporate philosophy, vision, and mission, as well as for matching the medium- to long-term perspectives and interests of stakeholders. I am confident that with these revisions, our message is being conveyed more clearly than ever before.

We have established monitoring indicators that capture the Group's uniqueness as a company whose business is solving social issues, such as disaster prevention and mitigation-related net sales and the amount of GHG reduction contribution made through our business.

By managing our business with a long-term perspective, we will strive to strengthen initiatives that will steadily lead to sustainable growth and greater corporate value.

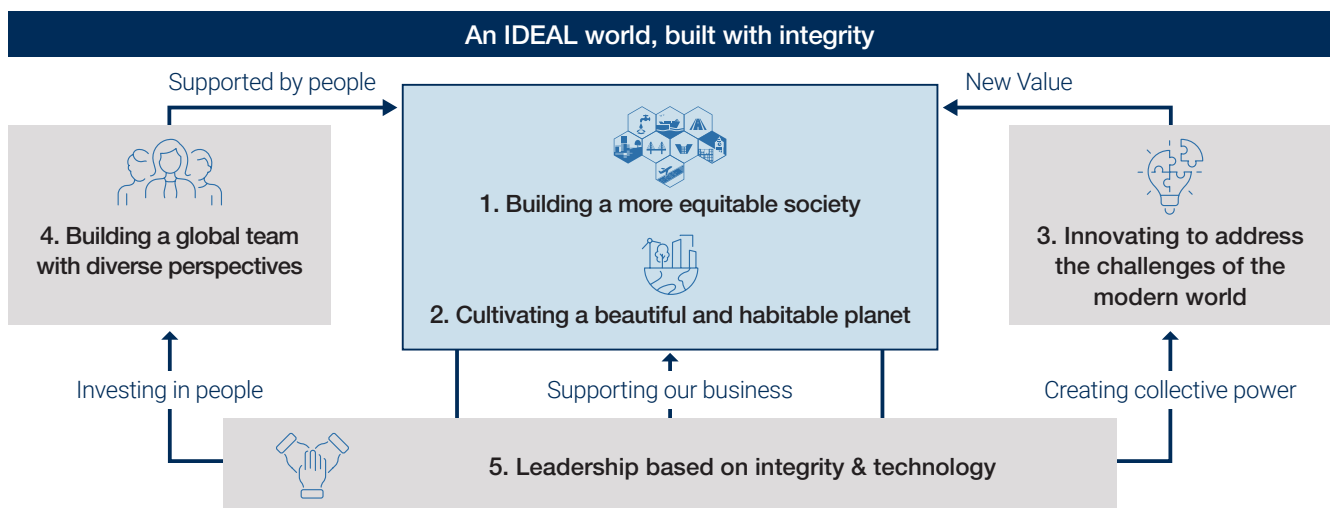
New Medium-Term Management Plan Building Growth 2027

Improving the capabilities of our three core businesses and expansion of business fields through working together

Our previous Medium-Term Management Plan called Building Resilience 2024 was positioned as the first step in our Long-Term Management Strategy. It was undertaken as a period of transformation to realize the reforms necessary for future growth, including the transition to a holding company structure. We promoted the greater resilience of the Group and established the foundation for sustainable growth of business fields through working together. As a result of the three-pronged resilience policy: boosting business through three domains, establishing a matrix management system across business and regions, and embodying the ID&E Group brand and quality, we have been able to steadily improve our performance, achieving record highs of 158.9 billion yen in revenue and 14.1 billion yen in operating profit in the plan's final fiscal year.

Our new Medium-Term Management Plan, which will further expand on the results of the previous plan, is called Building Growth 2027. In the new Medium-Term Management Plan, under the holding company structure, the three businesses will hone their respective capabilities while aiming to foster further collaboration between them. The basic policy has been modified to: Sustainable growth in three core businesses and expansion of business fields through working together. The first key is portfolio management and matrix management.

▼ Five materialities and their correlation



■ Group business activities that contribute to solving global social issues
■ Capital and infrastructure that support business activities

Portfolio management and matrix management

Comparing our Medium-Term Management Plan to woven fabric, the business axis is the warp and the regional axis is the weft, with the pattern and quality of the fabric representing the brand and service quality. In our previous Medium-Term Management Plan, we considered the finishing touch as carefully weaving the warp and weft together with the aim of improving our brand and quality. This series of processes has led to greater resilience and laid the foundation for our business.

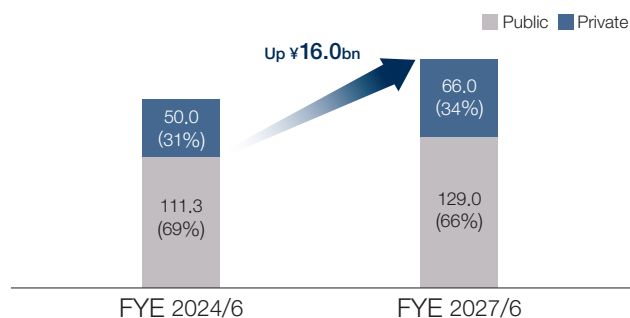
In our new Medium-Term Management Plan, the intersection of warp and weft will become new pivots. This lies in the leadership of our chief regional officers. In matrix management, the thick warp threads of the business axis are pulled again to check their strength, while at the same time the tension of the weft threads of the weaker regional axis is adjusted. We need to consider whether our business mix in each region is appropriate, and which businesses or projects to start from in areas with weaker tension. To achieve this, we must first thoroughly examine every aspect of the Group's business activities, similar to a medical checkup, and then allocate management resources optimally.

We are preparing to introduce portfolio management, led by Corporate Strategy Operations, a new organization established at ID&E Holdings in July 2024. During the period of the new Medium-Term Management Plan, we will formulate policies for the optimal allocation of management resources along with a new investment strategy based on the results of our extensive review process.

Expansion of business fields through working together

Under the new Medium-Term Management Plan, in addition to our current main focus on public works, we will focus on developing and expanding the large private market. As its population continues to decline, it is expected that Japan will find it difficult to provide infrastructure and disaster prevention functions using public works alone. It is not uncommon for projects that are handled by the public sector in Japan to be carried out by private companies overseas. The enormous demand for infrastructure cannot be met by government agencies and local governments alone, so private companies are also getting involved in various ways. In August 2024, the Group's UK-based architectural and design company, BDP, launched a Groupwide initiative called "The Good City." This initiative is an attempt to communicate to external stakeholders a vision for creating ideal urban and spatial development as well as ideas for solutions to 10 common issues faced by many cities. As we move forward with integrated proposals that bring together our civil engineering, architecture, and energy technologies for smart city development targeting major cities around the world and which involve the Group, we expect participation not only from the Group, but also from a variety of other companies.

▼ Orders by public-private composition ratio (Billion yen)



Initiatives to expand private market

- Enhance business proposals with keywords of "urban" and "decarbonization" that have high market demand.
- Leverage **high technical capabilities** honed in Japan and Europe, along with personal contacts and network with private clients through **overseas offices and local companies**.
- With the brisk inbound investment by foreign investors, ID&E Business Promotion & Regional Marketing Operations designates and notifies inbound client marketing managers to Group representatives and major Group companies, and sets up a negotiation team.

Building a talent development platform that impacts the entire industry

We established the ID&E Global Academy in July 2024 to enhance the development of human resources who embody the ID&E brand. In addition to gaining experience through their involvement in projects to Make the World a Better Place, staff also learn about the technology, knowledge, experiences, and values established throughout ID&E's history through their activities at the academy. The ID&E Global Academy provides a system that supports these independent efforts to maximize one's potential, grow, and achieve self-actualization.

The goal is to create a platform that allows staff to connect with a variety of people, not just others within the company, but also to build connections with external parties such as universities and stakeholders. As we promote working together, including through M&A, there are companies within the industry that embrace our idea of building a training platform that includes our partners, and we are considering contributing to the enhancement of human resources across the entire industry in the future.

Message from the President

Further strengthening our integrated capabilities, our greatest strength

The strengths of the Group are human resources, technology, and the integrated capabilities derived from them. Our integrated capabilities are specifically manifested as the combination of our three businesses. Just as a city built through civil engineering and architecture needs energy to function, we rely on all three of our businesses to achieve our mission of creating a habitable world and cities.

Regarding each business, our Consulting Business serves as a general engineering consultant and covers all areas that make up the civil engineering business. In our Urban & Spatial Development Business, we also integrate elements together such as urban and architectural designs. In the Energy Business, we are involved in a series of processes from power generation, substations, transmission and distribution to services for consumers. These integrated capabilities to provide one-stop services for supply chains provide reassurance that comes from ability to make various proposals from the concept stage to final solutions. This represents the Group's strength.

For future growth, we believe it is important to work together with more partners and pursue ID&E brand quality. If the Group's resources are insufficient to meet the various needs of customers in terms of business and regional strategies, we will consider increasing the number of partners we work together with, including through M&A. BDP joining the Group in 2016 is a prime example of this. BDP has expertise in the construction sector, including medical, education and stadiums. Combining the civil engineering track record of our Consulting Business with BDP's architectural expertise will empower us to actively

promote urban development. In proposing energy-saving buildings, we also utilize the knowledge we have acquired in the Energy Business, and with the three businesses complementing each other, we will continue providing maximum value to our customers.

Aiming to become a corporate Group chosen by stakeholders through sustainability management

We recognize that the Group plays an extremely important role in supporting people's safety and security both in Japan and abroad.

The Group's businesses begin with solving social issues. For this reason, we need to approach our business with a sense of responsibility, and to be considerate of the lives, livelihoods, and dignity of people living in difficult environments. Helping people in need through sincerity and technology—that is what makes the ID&E Group unique.

For the Group, sustainability stands at the core of our management, representing an inseparable component of our business activities. We believe that by increasing sustainability on both the business and corporate management fronts, we can achieve true sustainability management that ensures we will continue to be the choice of our stakeholders.

I will continue to explain in my own words what we aim for and the initiatives we are taking to achieve it. This will lead us to "work together" with all our stakeholders and bring us one step closer to realizing a livable world "Make the world a better place."



Message from the Director in Charge of Finance

ID&E will accelerate its growth, aiming to become a corporate group that stakeholders highly regarded.

Yasushi Hirusaki

Director, Representative Executive Officer,
In Charge of IR and Corporate Management



Basic approach to financial management

The ID&E Group's financial management is based on actions that improve return on capital and ensure financial stability while maintaining and improving corporate value for various stakeholders. These actions include maintaining and improving the Group's brand value and ability to attract talent. As expressed in our mission of "Make the World a Better Place," ID&E Group is a corporate group that supports safe and secure living for people around the world. To continue boldly tackling various social issues, we believe that while cooperation among staff members and Group companies is important, it is even more critical to work with a sense of working together with customers and partner companies, and even local communities and society as a whole. Based on this belief, the concept of our Long-Term Management Strategy is Working Together Toward A Future Without Boundaries. I believe that, in order to work together and earn the trust of our stakeholders over the long term, it is imperative that we consistently achieve our KPIs, continue investing for sustainable business growth, secure investment capacity, and maintain a strong financial base that enables us to achieve this.

Overview of financial management during the previous Medium-Term Management Plan

In the fiscal year ended June 30, 2024, the final year of our previous Medium-Term Management Plan, Building Resilience 2024, we achieved our targets for revenue, operating profit, and ROE. The three-year period of the previous Medium-Term Management Plan posed an extremely challenging business environment. We recorded goodwill impairment losses due to rapid inflation in the UK, BDP's main market, and experienced higher costs mainly due to inflation overseas. Nevertheless, efforts to increase profitability, i.e., growth in the national resilience and disaster prevention fields in the Consulting Business and the launch of the European energy storage business in the Energy Business, paid off, as core operating profit increased significantly by 40% compared to the fiscal year ended June 30, June 2021 (over the three years).

Financial strategy for the new Medium-Term Management Plan

Under the new Medium-Term Management Plan, Building Growth 2027, we aim to maintain a sound financial base by controlling interest-bearing debt balance and the D/E ratio through measures such as shortening the cash conversion cycle (CCC) while strategically allocating cash obtained from operating activities and asset sales to growth investments, thereby growing our businesses and improving return on capital.

As a measure to achieve the target financial KPI of ROE of 12%, we have begun efforts to increase profit margins by strengthening business portfolio management and optimizing the business mix and balance. Additionally, we will closely examine the utilization of the Group's assets, turning them over with assets directly related to our business and eliminating cross-shareholdings in an effort to reduce non-business assets. Through these efforts to optimize our asset mix and the steady execution of our business plan, we aim to achieve an ROE of 12%, our target for the final year of the new Medium-Term Management Plan.

Upgrading risk management

We will maintain our current approach to investment policies and risk management. Taking advantage of a holding company structure, ID&E Holdings is responsible for aggregating funds from each business and raising funds, with the policy of concentrating investments in areas that are considered to be most effective from the perspective of the entire Group. Investment decisions are made on the condition that they meet the standards acceptable to the Group in terms of net present value (NPV) and internal rate of return (IRR). Important matters are ultimately approved by the Board of Directors of ID&E Holdings. We regularly follow-up on the results of investments and M&A already completed. Each operating company also proactively and autonomously monitors and effectively checks both quantitative evaluation items, such as the return to the Company from the investee, cash flow comparison with the actual results, and balance sheet data, and qualitative evaluation items, such as changes in the investment environment.

Improving corporate value through stakeholder engagement

Following the announcement of Building Growth 2027, our recent investor relations activities have increased opportunities for dialogue, focusing not only on financial matters, such as specific initiatives toward achieving financial targets and drivers of profit growth but also issues related to our approach, such as how we are involved in solving social issues and how we use this to enhance corporate value. Although ID&E will be taken private following a tender offer by Tokio Marine Holdings, Inc., we will continue working to improve corporate value from a financial perspective through constructive dialogue so that we can continue to meet the expectations of our stakeholders over the long term.