

External Environment & Risks and Opportunities

ID&E Group identifies its materialities based on an understanding of changes in the external environment as well as opportunities and risks, and implements initiatives to continue sustainable growth over the long term.

Megatrends	Examples of risks
<p>Rapid urbanization</p> <p>Climate change and lack of resources</p> <p>Intensification of disasters</p> <p>Changes in demographic structure</p> <p>Shift in global economic power</p> <p>Technological advancement</p> <p>Changing work styles</p>	Impacts on the Company from society
	<ul style="list-style-type: none"> • Delayed response to changes in urban and regional structure and climate change needs • More disasters and supply chain disruptions due to increased severity and frequency of disasters and extreme weather • Threats to the safety/security of society and local partners • Decrease in land for infrastructure projects due to resource depletion • Tougher competition for talent, loss of trust from stakeholders, and loss of investment and business opportunities
	Impacts on society from the Company
	<ul style="list-style-type: none"> • Risks (environmental impacts) and triggering of environmental problems through infrastructure development projects • Opposition from local residents and civil society, damage to reputation resulting from involuntary relocation, and triggering of human rights issues • Losses and reputational damage due to non-compliance • Decline in quality due to the decline in technology and know-how caused by insufficient transfers of technology • Infringement of intellectual property rights • Decline in staff engagement • Occurrence of rework costs due to defects or safety issues

Examples of opportunities

- Changing needs in urban and regional development (e.g. zero carbon cities)
- Emergence of new market opportunities from rapid technological advances (metaverse, GX technology, etc.)
- Growing need for disaster prevention measures (infrastructure resilience, national defense, defense)
- Post-disaster recovery and reconstruction projects
- Growing need for energy efficiency and distributed renewable energy
- Growing need for sustainable solutions (smart agriculture, businesses that contribute to creating a carbon-free society)
- Acquisition of opportunities to provide solutions to various social issues through collaboration between companies
- Creation of innovation driven by diverse workforce
- Trust from customers and society earned through staff training, effective governance structures and internal control
- Effective enhancement in corporate value through ongoing efforts to address climate change risks, ecosystems, and human rights impacts

Materiality

An IDEAL world, built with integrity

1. Building a more equitable society

- 1-1 Contributing to society's sustainable development through all our global activities
- 1-2 Building a disaster-resilient future through integrated technologies and expertise

2. Cultivating a beautiful and habitable planet

- 2-1 Building a sustainable society through safe and stable energy supply
- 2-2 Creating places where people and nature thrive together in harmony and happiness
- 2-3 Addressing climate change and ecosystem recovery through smart solutions

3. Innovating to address the challenges of the modern world

- 3-1 Creating value for our clients through our Group's unique integrated capabilities
- 3-2 Building value through cross-industry collaboration
- 3-3 Accelerating value through our market-leading research and development

4. Building a global team with diverse perspectives

- 4-1 Promoting a culture of well-being for our people
- 4-2 Creating opportunities for growth and career development of our people

5. Leadership based on integrity & technology

- 5-1 Fostering trust with society through our organizational culture of 'acting with integrity'
- 5-2 Trusted quality, though innovative technology and a respect for the planet
- 5-3 Actively engaging with society and stakeholders to respond to their needs

Long-Term Management Strategy

ID&E Global Strategy 2030

Concept behind our Long-Term Management Strategy

Working together toward a future without boundaries

In order to respond to increasingly complex social issues and accelerating innovation, it is necessary not only to enhance the power of each staff and mobilize internal capabilities but also to collaborate with external partners who possess advanced technologies and unique know-how and to work together with local people to solve problems. The concept that emerged from this is "Working together."

Within the ID&E Group, each company will use its own discretion to grow by making the most of its own individuality, wisdom, and technologies. We will implement measures with the aim of becoming a group that is an aggregate of such companies. Furthermore, we will aim to create and develop new strengths together with new colleagues.

Three Long-Term Management Strategy co-creation measures

In our Long-Term Management Strategy, we have positioned "Consulting," "Urban & Spatial Development," and "Energy" as the three core businesses of the Group and are aiming for their further growth. To promote autonomy and collaboration, we are transitioning to a new group management structure. By further strengthening group governance and deepening group management from a medium- to long-term perspective, we will further ensure future growth.

Co-creation Measure 1 Reorganization of business segments

■ New development of three business domains

In order to respond to a wide range of social needs, we will establish a structure based on three business domains: Consulting, Urban & Spatial Development, and Energy. Through seamless integration and collaboration without segmenting by region or company, we aim to create a business structure that can provide a one-stop shop for services in each domain across the board.

■ Full-scale expansion into the business management field

By maximizing and integrating the technologies developed by each of the three domains, we will make a full-scale entry into the business management field, including infrastructure management, urban management, the energy business, and data business.

Co-creation Measure 2 Promote autonomy and collaboration and build a one-stop system

■ Transition to a holding company

Group companies formed by business domain and region will manage autonomously while building an organization with a strong centripetal force based on the mission, technology, and governance of ID&E Group.

We will build a flexible and robust governance system by improving the profitability of each business, expediting decision-making, and strengthening our risk structure.

■ Build a one-stop system through collaboration with other business segments

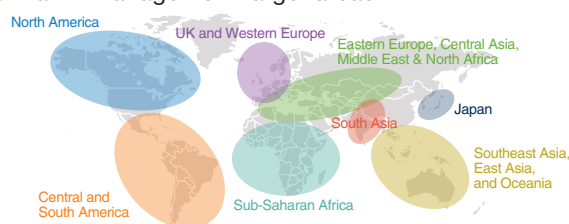
Through seamless integration and collaboration without segmenting by region or company, we aim to create a business structure that can provide a one-stop shop for services in each domain across the board.

■ Implementation of matrix management based on both business and geographic regions

We will realize a matrix management system that operates and manages the businesses of our three domains and the businesses of each region.

The Company will address global and regional social issues as well as propose optimal solutions to diverse needs with a sense of urgency.

▼ Matrix management target areas



Co-creation Measure 3 Establish the ID&E brand and ID&E Group quality

■ Developing world-class human resources in coordination with our technology strategy

Human resources are the most important management resource of ID&E Group. In addition to expanding educational opportunities and programs that are closely aligned with our technology strategy, we will actively hire local human resources and promote diversity at our bases in each country to develop excellent human resources.

■ Realization of digital transformation (DX)

We will provide optimal solutions using DX technology. The

Company will develop promising technologies in-house as well as through alliances with external companies, and apply them to our businesses.

■ ID&E Global Academy

By establishing the ID&E Global Academy to cultivate world-class human resources throughout the Group, we will foster human resources who embody the ID&E brand at each of our bases in various countries where we do business.

Targets for FYE June 2030

Revenue **¥250 billion**

Operating profit **¥25 billion**

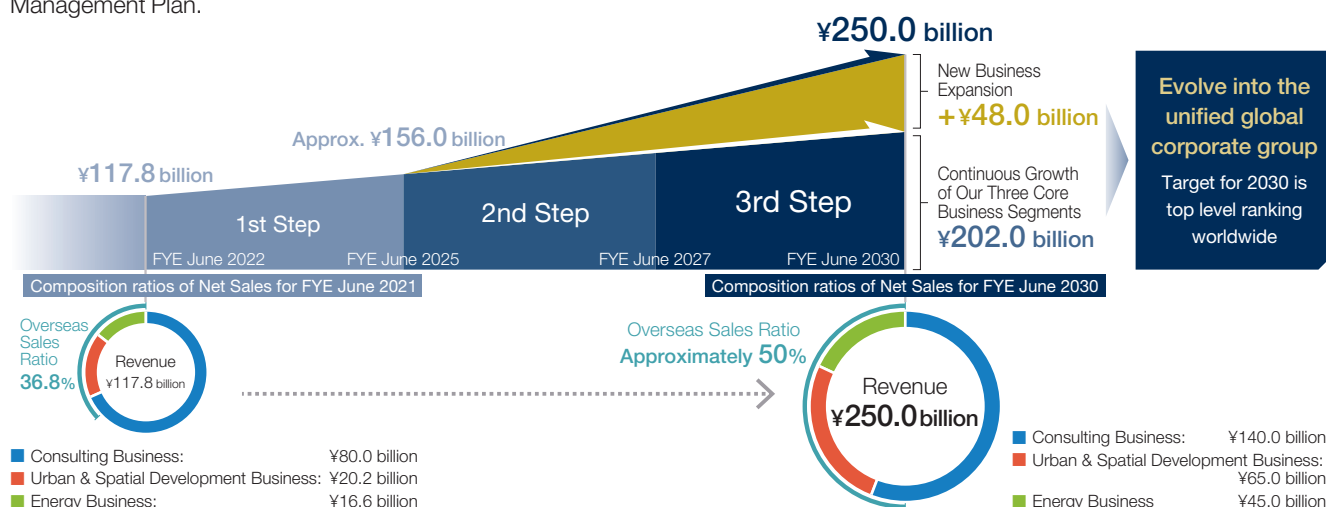
Operating Margin **10%**

ROE **15%**

Long-term Growth Graph and Positioning of the Medium-Term Management Plan

Under the Long-Term Management Strategy, we aim to increase revenue by around 1.7 times through sustainable growth in our three core businesses and growth from new businesses, and to increase revenue in overseas markets from approximately one-third in 2021 to approximately half, thereby making a leap forward to becoming a global, highly profitable company.

To achieve this, we have established medium-term management plans in three-year steps. The first three years were positioned as “Transformation” to solidify our foundation for growth, the next three years as “Expansion” to accelerate the development of new businesses and new markets, and the final three years as “Breakthrough” to build the foundation for a 100-year-old company. For “Expansion” from FYE June 2025 to FYE June 2027, we have formulated the new “Building Growth 2027” Medium-Term Management Plan.



Business strategy by segment

Consulting Business

Becoming a world-class consulting firm handling everything from consulting to management

2030 Revenue Target
¥140.0 billion

- ▶ **Market Strategy:** In the Japanese market, we aim to expand into the private sector and management field with a focus on public works projects. In the international market, we aim for non-ODA-oriented growth at Group companies with a focus on Japanese ODA projects. In regard to regions, we will promote entry into new market areas (Middle East, North America, etc.) while securing stable earnings in Asia as a region of particular importance.
- ▶ **Technology Strategy:** Accelerate the development of next-generation core technologies and needs-driven technology.
- ▶ **Human resources/organizational strategy:** We will develop hybrid human resources who can play an active role both in Japan and overseas based on flexible responses to changes in the market environment and staff work-life balance. At our companies overseas, we will promote the training of regional engineers that can be active in third countries.

Urban & Spatial Development Business

Comprehensive operations in urban land development, public-private partnerships for urban and regional revitalization, smart city development, etc.

2030 Revenue Target
¥65.0 billion

- ▶ **Market Strategy:** In the Japanese market, we will focus on architecture, urban redevelopment, public-private partnerships, smart cities, etc. Overseas, we will actively advance large-scale development around transportation hubs in Asia and urban development and redevelopment in Europe, the United States, and Oceania.
- ▶ **Technology Strategy:** We aim to utilize BIM and Smallworld (an integrated tool for map information and asset management) to use Nippon Koei Urban Space's technologies overseas.
- ▶ **Human resources/organizational strategy:** We will address environmental improvement and human resources exchange to improve technological capabilities within the segment, and establish a comprehensive production organization for urban redevelopment.

Energy Business

Providing one-stop services for power systems associated with stable energy supply

2030 Revenue Target
¥45.0 billion

- ▶ **Market Strategy:** In addition to developing and operating new businesses in line with the deregulation of electric power, we will focus on the international standardization and sophistication of our core products. Overseas, we plan to establish our energy management business in Europe. In addition, we will promote the development and operation of microgrids, smart city, and renewable energy power generation businesses in Asia.
- ▶ **Technology Strategy:** We will improve the performance of our main products, strengthen our competitiveness by reducing costs, and develop systems that support DX. In addition, we will develop one-stop solutions integrating core technologies with storage battery and aggregation technologies.
- ▶ **Human resources/organizational strategy:** We will build a base for strengthening the production structure of manufacturing divisions, building supply chains, and promoting exchanges and collaboration between human resources and departments to provide one-stop solutions.

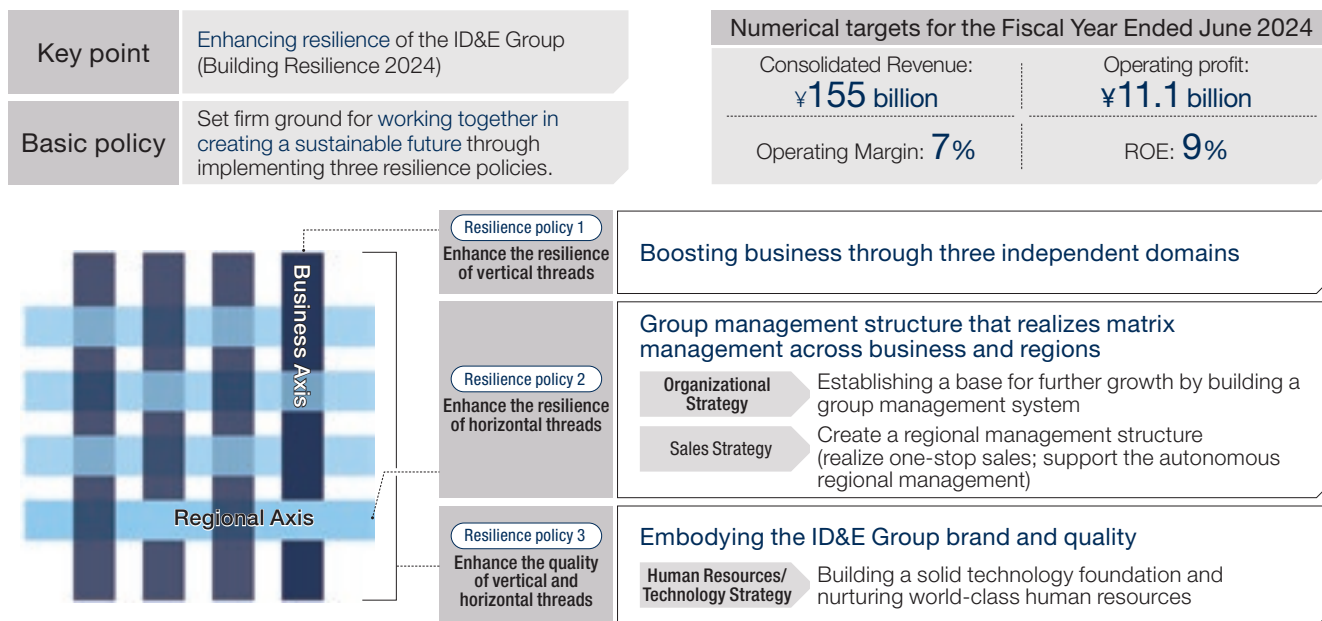
New Medium-Term Management Plan

Building Growth 2027

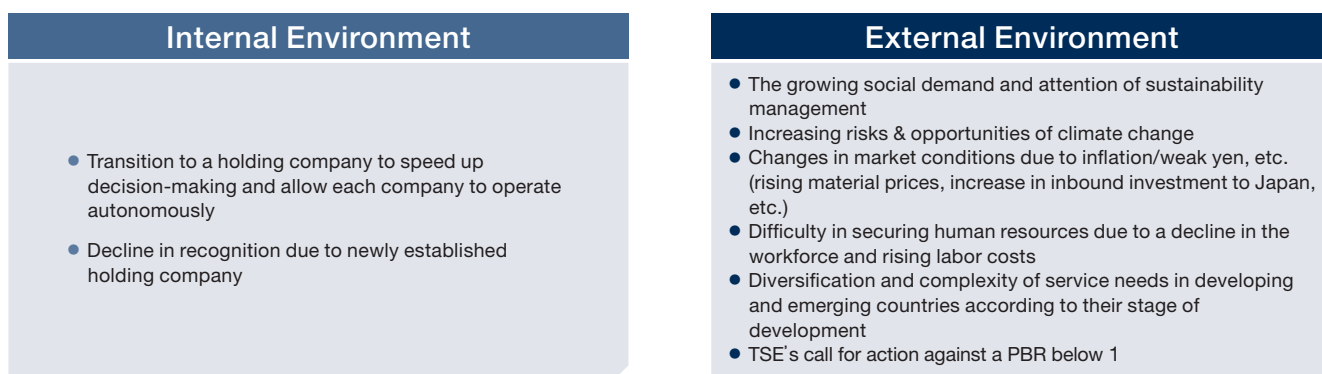
Review of the previous Medium-Term Management Plan

Our previous Medium-Term Management Plan called Building Resilience 2024 was positioned as “Transformation” and the first step in our Long-Term Management Strategy. During this plan, we promoted the greater resilience of the Group and established the foundation for working together toward a sustainable future.

We have achieved positive outcomes in the strategies we set out at the beginning. This includes establishing a new structure through organizational restructuring, growing our three core businesses, appointing chief regional officers as the foundation of our matrix management, and establishing the Global Academy as the foundation for human resource development.



Changes in the internal and external business environment and Group management policy used for the New Medium-Term Management Plan



Group Management Policy



Overview of the New Medium-Term Management Plan

The new Medium-Term Management Plan (spanning from FYE June 2025 to FYE June 2027) is positioned as the "Expansion" period and the second step of our Long-Term Management Strategy. We decided to name this plan "Building Growth 2027." The plan's basic policy is defined as "Sustainable growth in three core businesses and expansion of business fields through working together."

Name	Medium-Term Management Plan (July 2024–June 2027) Building Growth 2027				
Basic policy	Sustainable growth in three core businesses and expansion of business fields through working together				
Numerical targets	Targets for FYE 2027/6	Consolidated revenue ¥198 billion	Operating profit: ¥18 billion	Operating Margin 9%	ROE 12%
Growth Policy	<div> <div> ① Reforms for growth Active portfolio management in the three businesses to increase profitability </div> <div> ② Deployment of matrix management Expansion of business fields through working together in the three core businesses in each region </div> <div> ③ Advancements in human resources and technology Leveraging the strong ID&E brand through development of human resources, development of leading-edge technologies and strengthening of quality control </div> </div> <div> Sustainability management strategy Governance Financial Strategy </div>				

Basic strategy

Aiming for sustainable growth in our three core business segments, we have established segment-specific strategies in our growth policy ① Reforms for growth.

Consulting Business	
Key Strategies	Initiatives
① Entry into new private sector businesses	Actively develop private business, public-private partnership business, digital business, and management business in Japan and abroad.
② Promotion of technological development related to automated design	Radically reform the production structure and increase productivity through the development and implementation of advanced digital technology. (Target: 800 BIM/CIM* operations/year)
③ Improve profitability of overseas businesses, including Group Companies	Improve profitability by eliminating contract/payment currency mismatches, enforcing accounts receivable monitoring, and shortening CCCs, etc.

* BIM (Building Information Modeling): A method of performing virtual construction work on a computer by combining a 3D model of the project and a design information database
 CIM (Construction Information Modeling): A method of managing the construction, maintenance, and production processes of civil infrastructure

Urban & Spatial Development Business	
Key Strategies	Initiatives
① Clarification of focus markets and businesses	Strengthen market development capability, increase productivity, and add value by leveraging its advantageous technology in large-scale development businesses.
② Expanding business in APAC and North America	Strengthen the APAC development by leveraging the regional design and hub functions in India and collaborating with ID&E Group companies. (Sales in North America: 4.7 billion yen → 6.0 billion yen)
③ Strength financial management and profitability	Thoroughly review cost structure to improve productivity.

Energy Business	
Key Strategies	Initiatives
① Normalization of hydroelectric power business in manufacturing sector	Increase the value added of the manufacturing business by changing the organizational structure (integration of hydroelectric power related functions.)
② Full-scale energy management business	Expand the battery storage EPC-based business and establish a management system according to the business form. (Sales of renewable energy EPC division: 1.37 billion yen → 4.0 billion yen)
③ Expanding knowledge of European business to Asia	Apply expertise gained in European business to Japan, and accelerate application and technology transfer to Southeast Asia by assigning personnel to the Asia energy team.

New Medium-Term Management Plan

Building Growth 2027

Reforms for growth

We will invest management resources in more promising growth domains and work to improve capital efficiency. In July 2024, ID&E Holdings established the new Corporate Strategy Operations team, which has begun considering how to implement portfolio management.

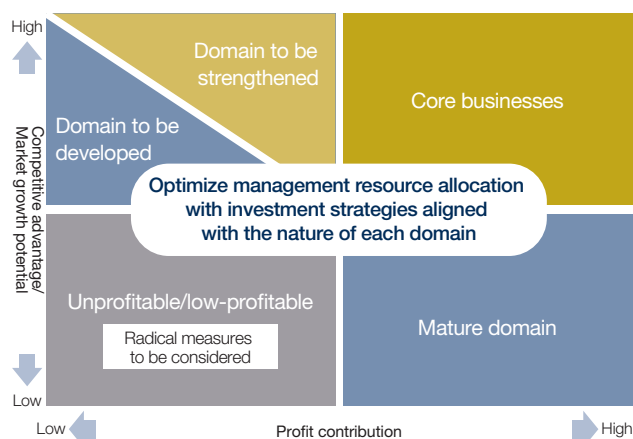
Promotion of portfolio management

As ID&E Group's approach to management, we will strengthen business portfolio management and optimize our "business mix" and "balance" to achieve sustainable value creation and improve corporate value.



The new Corporate Strategy Operations team was established within ID&E Holdings to promote portfolio management in each of the three core segments and maximize the efficiency and effectiveness of ID&E's businesses.

▼ Assessment of business domains



Deployment of matrix management

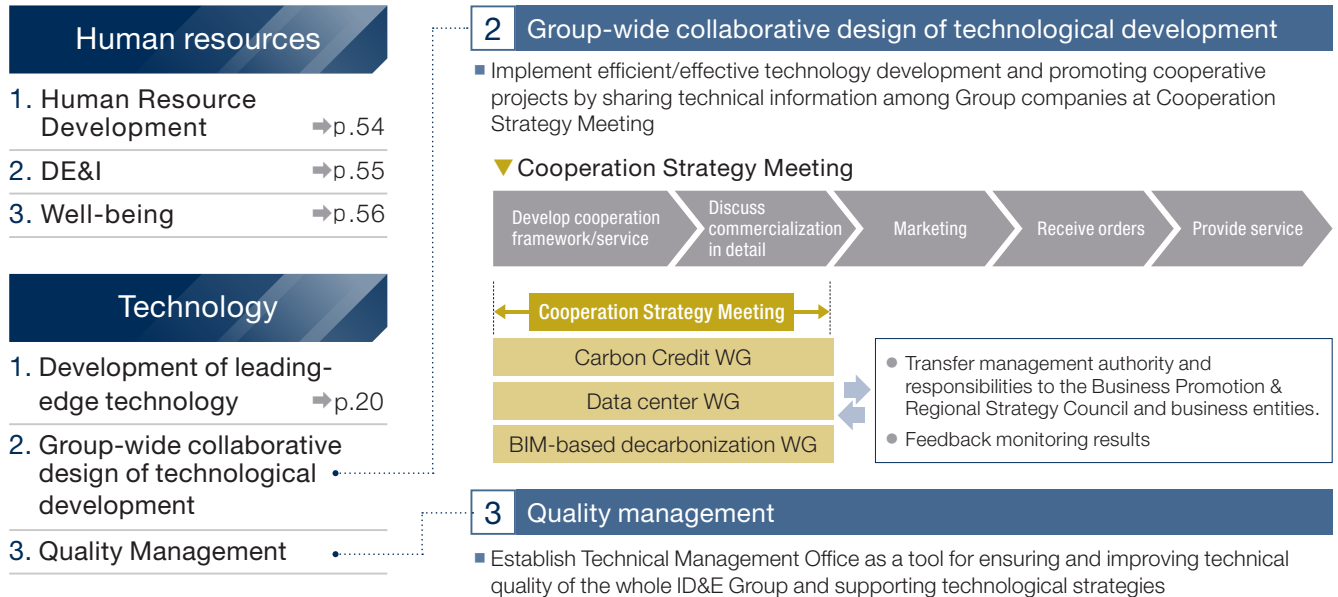
We have formulated regional strategies in line with market needs and the status of establishment of business structures in the three segments. We have also set ourselves apart by forming projects and businesses through segment cooperation and collaboration in rapidly growing markets.

Regional strategies

Create added value by leveraging integrated capabilities	Region	FY2024 orders	FY2027 target orders (growth rate)	Key actions for the Medium-Term Management Plan period
Group3 Integrated capabilities with a 3-segment business structure	Japan	¥93.8 billion	¥110.0 billion (+17.2%)	<ul style="list-style-type: none"> Establish a system to respond to inbound investment needs (renewable energy, resorts, data centers). Promote energy management business in response to increased public and private investment in GX. Increase defense orders through cross-segment project proposals and market development.
Group2 Multi-segment business opportunities	Southeast Asia, East Asia, and Oceania	¥23.4 billion	¥36.0 billion (+53.8%)	<ul style="list-style-type: none"> Develop a system to implement urban development/renovation (infrastructure x buildings) mainly in Indonesia and India, which are growing rapidly. Promote renewable energy consulting business, including hydropower investment and eco-industrial parks, to meet decarbonization needs. Strengthen its marketing and production capabilities for the Consulting Business including those of local companies.
	South Asia			
	UK and Western Europe	¥25.5 billion	¥27.0 billion (+5.6%)	<ul style="list-style-type: none"> Propose decarbonization/renewable energy utilization business leveraging NKEE expertise to existing BDP customers. Create projects to support Ukraine for recovery (rebuilding of infrastructure and energy facilities, reconstruction of buildings) Participate in the urban development project in Saudi Arabia with BDP, which has a proven track record in the Middle East, as the core operator.
Group1 Single-segment business development	EECAMENA (Eastern Europe, Central Asia, Middle East & North Africa)			
	Sub-Saharan Africa	¥17.7 billion	¥21.0 billion (+18.0%)	<ul style="list-style-type: none"> Expand the BDP Group in North America (with more fields to respond to and expanded areas in the U.S. and other countries). Deepen the consulting business in Central and South America (disaster prevention & management and digital-related business).
	North America			
	Central and South America			

Advancements in human resources and technology

The ID&E Group's strength is that we possess advanced technological capabilities in the fields of consulting, urban & spatial development, and energy, and combine them to provide one-stop solutions that meet the needs of global social development. To that end, individuals and organizations must continue to change in order for all staff to grow autonomously and become human resources that can play an active role in the world. The ID&E Group aims to cultivate top consultants who can play an active role on a global scale and "strengthening our foundation through the integration of human resources and technology."



Sustainability management strategy

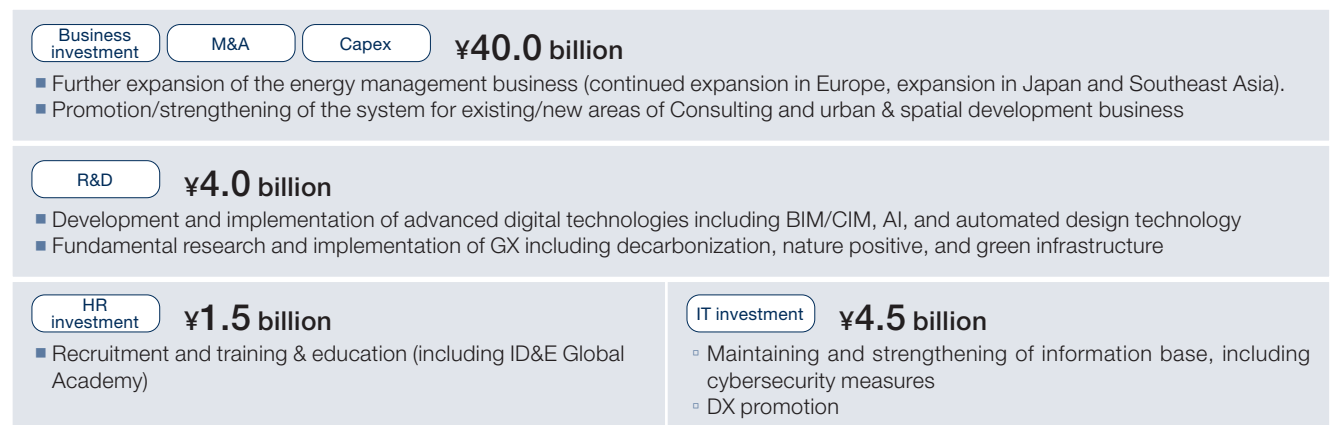
For the ID&E Group, which has been dedicated to addressing social issues, sustainability is essential for its corporate management. The Group will implement the key business and management strategies to achieve its mission.



Financial strategy

We aim to grow our business and improve return on capital by strategically allocating cash obtained from operating activities, asset sales, and other sources to growth investments.

▼ Growth investment plan for the MTMP period



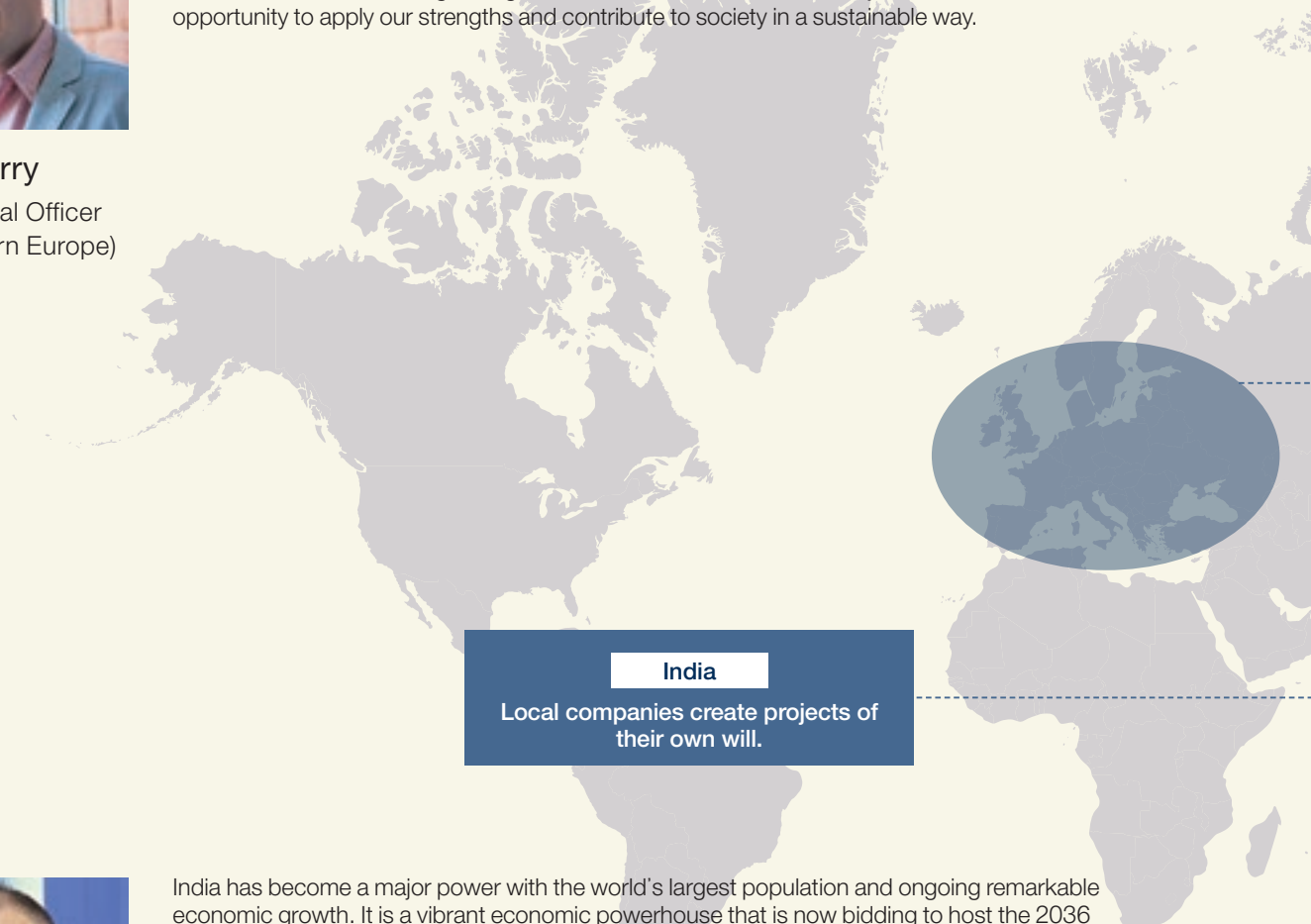
Special Feature: Matrix Management

Under the leadership of the chief regional officers, we analyze and forecast market trends in each region and, taking into account the scale of our operations, determine priority regions for the ID&E Group.



Robert Ferry
Chief Regional Officer
(UK & Western Europe)

The continued drive towards Net Zero Carbon, the UK government's commitment to build 1.5m new homes in "towns of the future" and the need for new infrastructure in war-torn Ukraine and earthquake-hit Turkey, provides us with considerable opportunity to bring together our design and advisory services from within the region to address these issues. Our successful launch of "The Good City" initiative demonstrates how our diverse expertise can meet these challenges and create the cities of the future. A signed agreement with the leaders of Lviv City in Ukraine is one such opportunity to apply our strengths and contribute to society in a sustainable way.



Naoki Kudo
Chief Regional Officer
(South Asia)

India has become a major power with the world's largest population and ongoing remarkable economic growth. It is a vibrant economic powerhouse that is now bidding to host the 2036 Summer Olympics, which would serve to boost its national prestige.

The ID&E Group has four offices in the country—Nippon Koei (New Delhi Office), Nippon Koei India, BDP/BDP India, and Nippon Koei Mobility India—through which it is actively and boldly expanding operations.

Based on our track record and technology in freight, high-speed and urban railways, we have expanded our coverage over the past several years to include urban development, airports, seaports, water supply and sewerage, and irrigation. We are also venturing into the O&M (operation and maintenance) field in the transportation sector, and steadily building up a track record.

In particular, the Mumbai and Ahmedabad area is positioned as our most important region. In Mumbai, we have received orders for multiple bridge and road projects, and are supporting large-scale urban redevelopment projects being carried out by Japanese developers. In Ahmedabad, BDP has been awarded the contract to design the Summer Olympics Stadium, which it is currently working on.

Currently, in addition to the four companies above, we are also collaborating with Koei Research & Consulting Inc., Nippon Koei Urban Space Co., Ltd., and Nippon Koei Energy Solutions Co., Ltd. on integrated urban development and energy, with plans to strengthen and accelerate this collaboration moving forward.



Hideo Tamura
Chief Regional Officer
(Japan)

In terms of market trends in Japan, public works spending has remained stable in recent years. Following the enactment of legislation in June 2023 for the formulation of a medium-term implementation plan for national resilience, full-scale consideration began for this plan in 2024. In addition, related budgets have been significantly shored up in order to strengthen defense capabilities, with priority given to the seismic-retrofitting and updating of aging Self-Defense Forces' infrastructure. Japan has no time to waste in responding to climate change and implementing measures to prepare for major disasters, such as the impending Nankai Trough earthquake. On the other hand, in order to achieve carbon neutrality, the public and private sectors in Japan are planning to invest 150 trillion yen in the green transformation (GX) over the next decade. There is also a growing demand for data centers for AI. Accordingly, the private sector market is expected to expand significantly. There is an increasing need for integrated approaches to solving these issues. This includes promoting watershed flood control in response to climate change and achieving carbon neutrality. We will further promote efforts to strengthen collaboration among the Group companies in Japan with its technological resources in a wide range of fields.

UK & Europe

Japan

Create high-value projects with three-segment collaboration and co-creation.

Indonesia

Promotes non-ODA/private projects in the rapidly growing market.



Yasusuke Kurosaki
Chief Regional Officer
(Southeast Asia and
Oceania)

Indonesia is a regional power with a population of 270 million, the fourth largest in the world, with an economy that accounts for 36% of ASEAN's total GDP, equivalent to the combined economies of Thailand, Singapore, and Vietnam. Indonesia is politically stable and has a huge domestic market that is less susceptible to the effects of the external environment, which has resulted in remarkable economic growth in recent years. Further growth and associated infrastructure investment are expected in the future, with particularly active investment by private capital anticipated.

Nippon Koei, the founding company of the ID&E Group, has been involved in many projects in Indonesia since the time of Japan's postwar reparations in the 1950s. The company is highly recognized in Indonesia and receives many inquiries related to development projects. To act on this robust demand, we are taking steps to utilize the technologies and personnel of our Group companies in Southeast Asia and venture further into this dynamic market. Furthermore, we will expand our human resources in Indonesia and work to develop new businesses in urban development, renewable energy, and new technologies.

Materiality

Modified materiality following the establishment of the Medium-Term Management Plan

The ID&E Group has established a Mission, Vision, and Values to grow sustainably and to share its desired direction broadly with all stakeholders in light of the management environment surrounding us. To accomplish our Mission, we have identified five key issues as our materiality that should be prioritized by leveraging our strengths. We have also defined a theme that represents all five key issues as “An Ideal world, built with integrity.”

By addressing these key issues while deepening cooperation with our stakeholders, we will create an ideal future through the resolution of various social issues.

The Group first announced its materiality in 2021. We then transitioned to a holding company structure in 2023. In 2024, we revised our materiality in line with the establishment of our Medium-Term Management Plan in order to show that we will contribute more than ever before through our businesses amid a rapidly changing external environment.

ID&E Group Materiality - An IDEAL world, built with integrity -

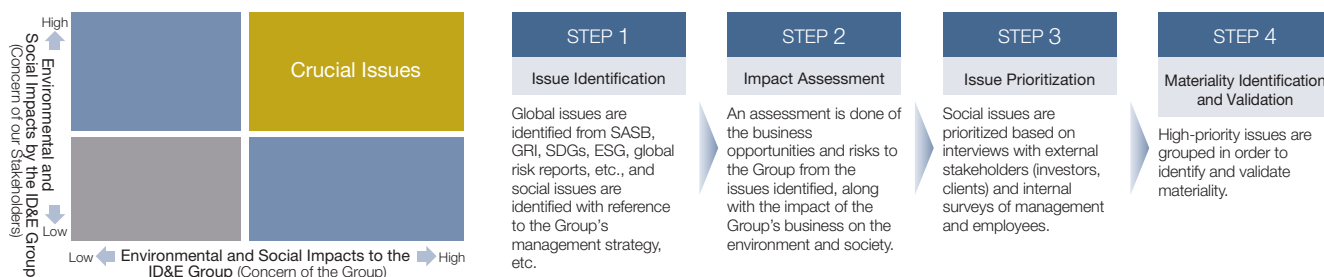
	Materiality	Main Initiatives	Indicators	Target*1 (FYE 2030/6)	Related SDGs
1	1-1 Contributing to society's sustainable development through all our global activities	① Business growth driven by the needs of each global region	Revenue (Total)	¥250 billion	
			Japan	¥125 billion	
			Asia	¥65 billion	
			UK, Europe, Middle East, Africa	¥45 billion	
			Americas	¥15 billion	
		② Consideration for human rights in the Group's business activities (infrastructure development, human resource development, etc.)	Status of Human Rights Impact Assessment Study	Solid implementation	
	1-2 Building a disaster-resilient future through integrated technologies and expertise	① Engagement in disaster-resilient community building, recovery, and reconstruction projects	Status of response to identified risks	Solid implementation	
			Disaster prevention and mitigation related revenue*2	¥16 billion	
			② Technological development related to disaster prevention and mitigation	R&D expenditures and investments	
				3.2% of related revenue	
2	2-1 Building a sustainable society through safe and stable energy supply	① Promotion of renewable energy use*3	Revenue related to the promotion of renewable energy	¥43 billion	
			RE100 power supply business Electricity sales volume	100GWh per year	
			② R&D and investment in renewable energy and next-generation energy	R&D expenditures and investments	
				15% of related revenue	
	2-2 Creating places where people and nature thrive together in harmony and happiness	① Promotion of The Good City Project*4	Revenue related to the Good City Project	¥42 billion	
			② R&D related to habitable spaces	R&D expenditures and investments	
				0.9% of related revenue	
			① Full-scale entry into sustainability-related businesses*5	Net sales for businesses that aim to address sustainability issues	
	2-3 Addressing climate change and ecosystem recovery through smart solutions	② Nature-positive contributions (ecosystem maintenance and restoration projects, etc.)	Total area of ecosystems benefiting from maintenance and restoration	Direct contribution: 5 ha Indirect contribution: 100,000 ha	
			Status of response to TNFD recommendations for ID&E Group business operations	Quantitative information disclosure for five major operating companies that account for more than 70% of sales	
			Status of response to identified impacts	Ensuring Responses to Identified Risks and Opportunities	
			③ Carbon-positive contributions (GHG reductions, carbon credit and offsetting-related businesses, etc.)	Contribution to GHG reduction through business activities	
				Direct Contribution: 36,000 (tCo ₂) Indirect Contribution: 1,000,000 (tCo ₂)	
			④ Reduction of GHG emissions of the ID&E Group (TCFD compliant)	GHG (Scope 1 and 2) emissions of the ID&E Group (five major operating companies accounting for more than 70% of sales)	
				42% decrease compared to FYE 2023/6	
3	3-1 Creating value for our clients through our Group's unique integrated capabilities	① Entry into new markets and creation of new businesses through segment cooperation	Related revenue	¥10 billion	
	3-2 Building value through cross-industry collaboration	① Entry into new markets and creation of new businesses through cooperation, alliances and group inclusion of companies from different industries			
	3-3 Accelerating value through our market-leading research and development	① Group-wide development and utilization of AI and other cutting-edge technologies	R&D expenditures and investments	¥1 billion	

*1 Targets were set mainly for five major group companies that account for more than 70% of the ID&E Group's revenue (Nippon Koei Co., Ltd, Nippon Koei Urban Space Co., Ltd, BDP Holdings Limited, Nippon Koei Energy Solutions Co., Ltd and Nippon Koei Business Partners Co., Ltd). (Targets of Materiality 4 were set mainly for four companies (Nippon Koei Co., Ltd, Nippon Koei Urban Space Co., Ltd, Nippon Koei Energy Solutions Co., Ltd and Nippon Koei Business Partners Co., Ltd).)

*2 Includes revenue of recovery and reconstruction-related businesses.

Materiality identification process

In identifying materiality issues, we incorporated perspectives on the external environment surrounding the company and on future trends, while extracting key issues to achieve our "Mission." In determining the key themes, we applied the concept of double materiality, evaluating issues based on two axes: "Impact on the environment and society (stakeholder relevance interest level)" and "Impact of the environment and society on our Group (relevance interest level to our Group)." We then consolidated and reorganized high-priority items into five categories, which represent our Group's materiality issues.



Materiality		Main Initiatives	Indicators	Target*1 (FYE 2030/6)	Related SDGs
4	4-1 Promoting a culture of well-being for our people	① Realization of DE&I focused management	Ratio of female managers	15%	
			Gender wage gap	80%	
			Highly-skilled foreign professionals	3.5%	
			Percentage of employee with disabilities	3.0%	
			Percentage of male employee taking childcare leave	85%	
		② Promotion of well-being focused management	Findings of health checkups	58%	
			Absenteeism	2.3 days	
			Presenteeism	85%	
	4-2 Creating opportunities for growth and career development of our people	① Developing talents who embody the ID&E group's corporate philosophy	Work engagement	3.3	
			Total number of participants in training for executive leadership development	Increase of 360 people from the end of FY2024/6	
			Total number of participants in training for global talent development	Increase of 600 people from the end of FY2024/6	
		② Monitoring and data-utilization of various indicators aimed at improving employee engagement	Total number of participants in training for DX (digital transformation) talent development	Increase of 600 people from the end of FY2024/6	
			Number of surveys on engagement index	1 time/year	
		③ Exchange and collaboration beyond company limits	Number of surveys conducted to support career development	1 time/year	
			Number of exchange and collaboration measures implemented, such as: · Dispatch of employees between Group companies · Support for personnel exchange such as secondment and training · Support for collaborative research and co-creation projects with other companies or research institutions · Support for studying abroad at domestic and international universities · Encouragement of participation in academic societies and similar organizations	5 measures/year	
5				5-1 Fostering trust with society through our organizational culture of 'acting with integrity'	① Permeation of corporate philosophy and thorough compliance
	Awareness of internal consultation channels for compliance	100%			
	Dissemination of Code of Conduct for ID&E Group to new hires	100%			
	② Ensuring information security	Status of ongoing NIST SP 800 compliance	Solid implementation		
		5-2 Trusted quality, though innovative technology and a respect for the planet	① Providing high-quality services	Number of customer awards	—
	Number of professional engineers			2,400 people	
	Number of new PhDs obtained*6			Increase of 5 people from the end of FY2024/6	
	5-3 Actively engaging with society and stakeholders to respond to their needs	① Promoting mutual understanding with external stakeholders	Number of dialogues with external stakeholders	Solid implementation	
			② Implementation of the Action Guidelines for Stakeholder Engagement	Number of Group companies preparing and implementing action plans based on the Action Guidelines	All consolidated Group companies

*3 Expansion of RE100 power supply business, expansion of storage battery business in Japan and Asia, promotion of regional microgrids, and renewal and augmentation of the power system, etc.

*4 Improvement to urban living environments, redevelopment of cities and local areas, introduction of sustainable design for public buildings, etc.

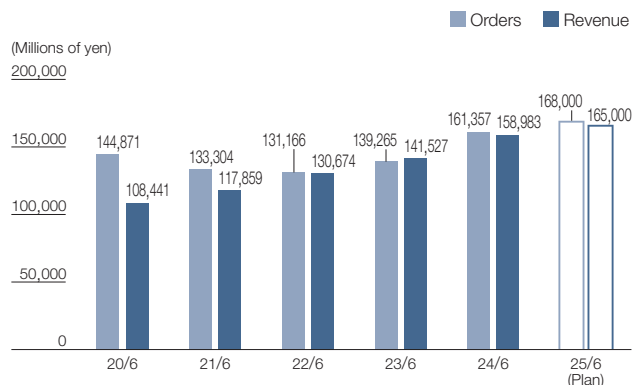
*5 Decarbonization, biodiversity, waste, human rights, well-being, etc.

*6 Number of people who obtained their degrees through in-house programs

Financial and Non-Financial Highlights

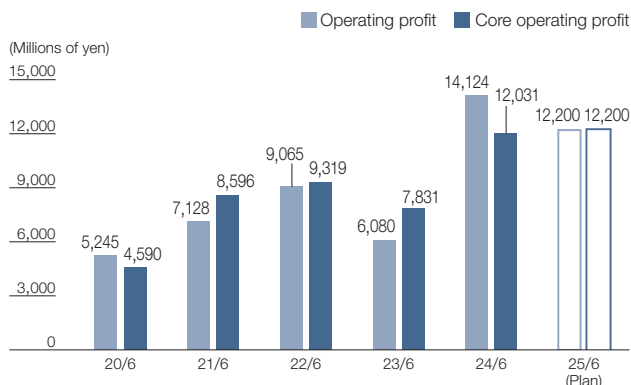
Orders and revenue

For the fiscal year ended June 30, 2024, we achieved the forecasts for orders, revenue, and each profit indicator, all of which reached record highs. We continue to see sustained growth in our three core business segments.



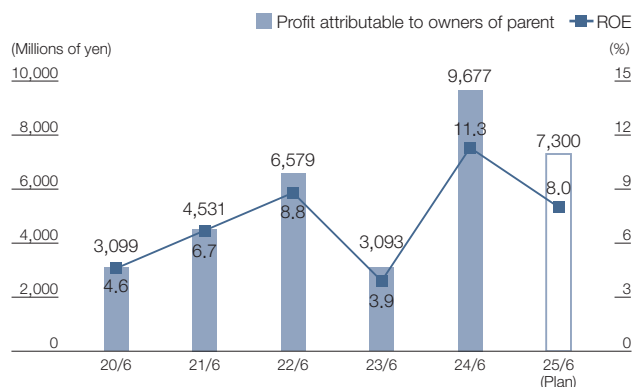
Operating profit and core operating profit

We are also working on measures to improve productivity in order to promote our business efficiently. In the fiscal year ended June 30, 2024, the earnings power of our core Consulting and Energy businesses contributed to our performance.



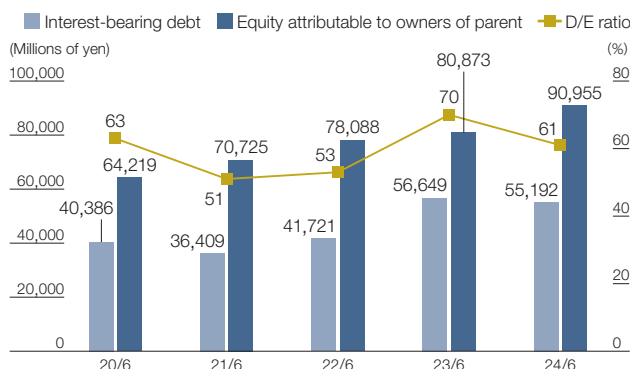
Profit attributable to owners of parent/ROE

We are generating stable profits. For the fiscal year ended June 30, 2024, profit attributable to owners of parent rose in line with the increase in operating profit.



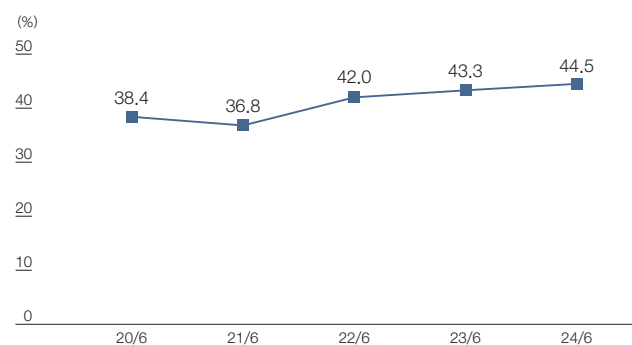
Debt-to-equity ratio (D/E ratio)

We will continue to measure the health of our financial condition.
D/E ratio = Interest-bearing debt / Equity attributable to owners of parent



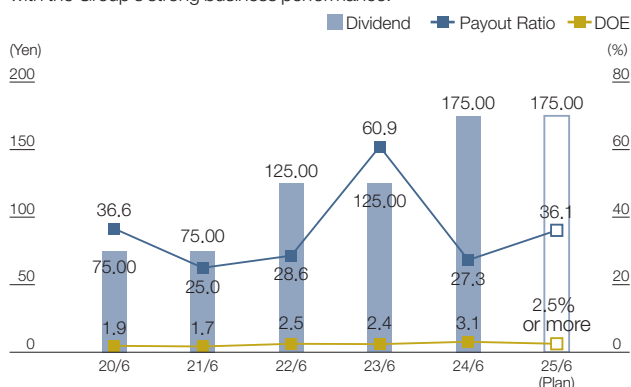
Overseas sales ratio

We will work to strengthen collaboration with major overseas Group companies.



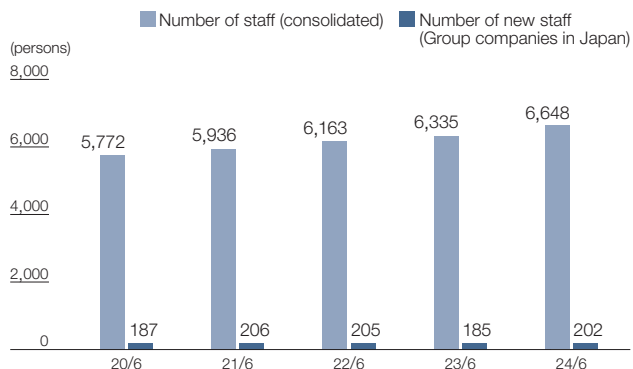
Annual dividend/Dividend payout ratio/DOE

The basic objective of our dividend policy is to provide stable dividends and provide shareholder returns in line with rising profit levels, with a target dividend payout ratio of 30% and target DOE of 2.5% or more over the medium to long term. Most recently, the dividend per share increased in line with the Group's strong business performance.



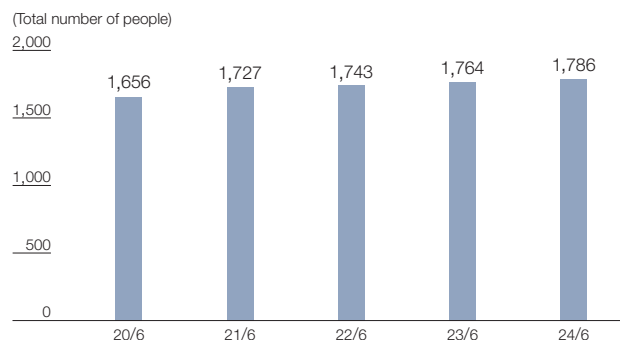
Number of ID&E Group staff

The Group's headcount is increasing due to business expansion. We hire about 150 to 200 new staff every year, including those hired at Group companies in Japan.



Number of certified professional engineers

The number of the certified professional engineers is increasing year by year due to the enhancement of measures to acquire qualifications such as seminars.



Recognition as an Outstanding Health and Productivity Management Organization for six consecutive years

In order to put ID&E Group's Management Philosophy into practice, we believe that the first priority is the health of staff and their families, both physically and mentally. This is the reason why we promote health management.



Ranked No. 1 in sales in Japan's engineering consulting industry

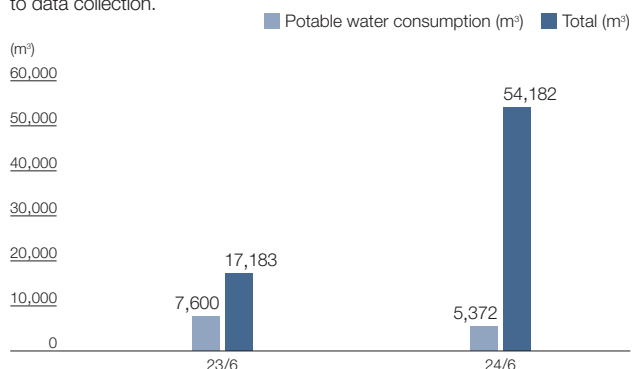
Nippon Koei has established a leading position as a engineering consulting firm in Japan that is ranked No.1 in sales.

* Source: Nikkei Construction
April 20, 2024 Number of overseas orders received by engineering consulting firms in Japan



Water consumption from all sources

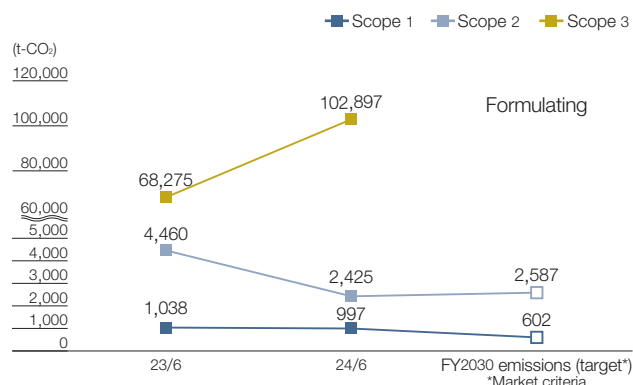
We are promoting the reduction of water usage not only at our own offices, research facilities and other locations, but also in the projects that we are involved in both domestic and overseas. In order to understand water consumption volumes, we are increasing the number of locations subject to data collection.



Greenhouse gases (GHG)

We will expand the number of sites with renewable energy generating systems and promote the reduction of Scope 2 emissions.

Scope: Five main group companies



Strategy by Business

Sustainable growth in three core businesses and expansion of business fields through working together

NIPPON KOEI

Establishment of global business operations that Make the World a Better Place

Haruhiko Kanai

Representative Director and President
Nippon Koei Co., Ltd.

The Consulting Business saw strong orders, sales, and profits in the fiscal year ended June 30, 2024. In Japan, the defense-related infrastructure business and national resilience-related business expanded against the backdrop of a favorable market environment. Overseas, market expansion strategies powered by collaboration with local subsidiaries have been a success.

As part of reforms aimed at growth from fiscal 2025 onwards, we will bolster our production system, including with M&A, create new businesses, enter the management business, and establish the foundations for global business expansion.

In the Japanese market, public works will remain our core business, while we also seek to enter public-private partnerships, leveraging our public works experience since our founding, and to expand into the private sector.

Overseas, we will work to expand yen loan and non-ODA projects as well as further strengthen cooperation with local subsidiaries.

To maintain and improve ID&E quality, we must develop and implement technologies for the times. During the current Medium-Term Management Plan, we will advance research and development related to climate change response, decarbonization, and AI, promote technological development related to automated design, and strive to ensure technical quality and improve productivity. The progress of automated design varies slightly depending on the field, but we are seeing great progress in rivers, disaster prevention and erosion control, and roadways.

Through these measures, we aim to provide unique value as a company with the mission of Make the World a Better Place.

**NIPPON KOEI
URBAN SPACE**

Comprehensive community, urban and regional revitalization through engineering and architecture

Noriaki Yoshida

Representative Director and President
Nippon Koei Urban Space Co., Ltd.

Nippon Koei Urban Space Co., Ltd. was established in 2022 to provide one-stop services combining civil engineering and architectural technologies in urban development projects. In the previous Medium-Term Management Plan, we worked to form an organizational foundation, and our three business divisions, "urban development consulting, civil engineering consulting, and comprehensive survey consulting," took action to participate in urban infrastructure development projects both in domestically and overseas. Development needs are high both in Japan and abroad, and yet, delays in shifting target markets are creating challenges in profitability.

To accomplish growth in fiscal 2025 and beyond, we need to transform our business model and strengthen our production system. Specifically, in Japan's public sector

market, we will increase orders based on technology proposals from price-competitive entities. Furthermore, in the private sector market, we will help form projects and secure orders through proposal-based sales. Toward this end, we made organizational changes in July 2024. In particular, to meet the domestic development needs of robust inbound tourism businesses, we will work with BDP and Kisho Kurokawa Architect & Associates to strengthen collaboration between segments and advance into the private sector.

Overseas, we are cooperating with the BDP Group to advance the "The Good City" initiative, providing one-stop services from concept to operational management.

Our goal is to become a comprehensive producer for the creation of sustainable cities.



Providing comprehensive services for projects of all sizes worldwide

Nicholas Fairham

Chief Executive
BDP Holdings Limited

BDP.

This year has been a pivotal one for BDP, marked by impressive growth and strong financial and operational achievements. Our UK operations delivered a solid 13.5% growth, while our global network of studios contributed to 38% of group sales from outside the UK. This success has driven our highest staff numbers and record turnover, powered by our exceptional teams.

Our sector-led approach continues to highlight our creative expertise, enabling us to secure and deliver groundbreaking projects worldwide. Notably, the GOlympics in Ahmedabad, in preparation for the 2036 Olympics, showcases the strength of collaboration between our London and Delhi studios, alongside Nippon Koei India.

As a resilient and diverse collective of 19 global studios, we have responded adeptly to the changing demands of the modern world. Our roots as the original multidisciplinary

practice, combined with ongoing investment in technology and AI, ensure that we will continue to lead in using “Design as a Power for Good.”

Financial success underpins our ability to realize our strategic goals, and our sales and profit growth reflect the impact of these efforts. With inflation easing and interest rates stabilizing in key markets, we are optimistic that our clients will increasingly look to us for support in navigating evolving commercial challenges. In response to growing global demand, we’ve expanded our offering through “The Good City,” integrating urbanism expertise with our colleagues at the ID&E Group. This initiative strengthens our commitment to improving quality of life and addressing climate change through thoughtful, integrated design.

We look forward to a prosperous and collaborative 2025 with the ID&E Group.



Providing one-stop services for clean energy

Hiroshi Yokota

Representative Director and President
Nippon Koei Energy Solutions Co., Ltd.

**NIPPON KOEI
ENERGY SOLUTIONS**

For the fiscal year ended June 30, 2024, we accomplished our forecast for both sales and profits. Under the previous Medium-Term Management Plan, we were able to build the foundations for accelerating future business development, including establishing a system for promoting our energy management business and starting operations in our European energy storage business.

The main customers of the energy segment are electric power companies, who demand high technical capabilities and reliability. Since our founding, we have built up a solid reputation and a stable business foundation. Another feature of Nippon Koei Energy Solutions is that we are undertaking new business ventures, such as the energy storage business in Europe, among others.

While preserving our existing technologies, we also want to invest in advanced technologies and new businesses in

response to the global trend toward decarbonization.

As part of our growth strategy for the fiscal years ending June 30, 2025 and beyond, we will expand our energy management business, with an emphasis on storage batteries. There are few Japanese companies that can cover everything from developing energy storage plants to operating them in the market, so we aim to utilize our advanced knowledge to expand our business footprint in Japan and Asia. Furthermore, our long history in the hydropower industry means we can offer one-stop services from investment to production, construction and maintenance. Through organizational changes implemented in our hydropower departments in July 2024, we will continue to augment our added value by taking advantage of our one-stop services.