



Financial Report

Year ended June 30, 2024

Integrated Design & Engineering Holdings CO.,LTD.



Company Profile

Integrated Design & Engineering Holdings Co., Ltd. is established on July 3, 2023 by transitioning Nippon Koei Co., Ltd. and its subsidiaries to a holding company structure. The holding company is responsible for formulating overall group strategy and governance, while each group company pursues its business in an autonomous and dynamic fashion, making the organization capable of quickly responding to various changes and demands.

In order to realize the Group mission “Make the world a better place,” our group is structured to provide sustainable solutions for the most sophisticated and complex issues through three business segments: Consulting, Urban & Spatial Development, and Energy by collaboration among those segments.

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【Financial Highlights】

Consolidated

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Revenue	¥158,983	\$988,982
Profit attributable to owner of parent	9,677	60,199
	Yen	U.S. Dollars
Earning per share:		
Basic earnings per share	¥641.83	\$3.99
Diluted earnings per share	641.83	3.99
	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Total assets	¥206,386	\$1,283,855
Total equity	94,097	585,346

(Notes)

1. In Japan, a company can establish its fiscal year in accordance with the Companies Act and other related laws and regulations. The fiscal year of Integrated Design & Engineering Holdings Co., Ltd., has been established as July 1 to June 30.
2. The Group applies International Financial Reporting Standards (IFRS).
3. The U.S. dollars amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥160.755 to \$1, the approximate rate of exchange as of June 30, 2024.
4. Per share amounts are based on the weighted average number of shares outstanding during each year.

【Financial Information】

1. Basis of Presentation for the Consolidated Financial Statements

- (1) The Company's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (hereinafter referred to as the "IFRS") pursuant to the provisions of Article 93 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28, 1976).
- (2) Since the Company was established on July 3, 2023 and this financial report is submitted as the first fiscal year of its establishment, no comparison with the previous fiscal year is presented.
The consolidated financial statements for the year ended June 30, 2024 have been prepared by succeeding to the consolidated financial statements of Nippon Koei, which became a wholly owned subsidiary through a sole share transfer.

2. Audit Certification

The Company has undergone an audit by PricewaterhouseCoopers Japan LLC on the consolidated financial statements for the consolidated fiscal year (from July 3, 2023 to June 30, 2024) in accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.
PricewaterhouseCoopers Aarata LLC, from which the Company has received audit certification, merged with PricewaterhouseCoopers Kyoto and changed its name to PricewaterhouseCoopers Japan LLC on December 1, 2023.

3. Special Efforts for Ensuring Appropriateness of Consolidated Financial Statements and the Establishment of a System to Appropriately Prepare Consolidated Financial Statements in Accordance with IFRS

The Company makes special efforts to ensure appropriateness of consolidated financial statements and establishes a system to appropriately prepare consolidated financial statements in accordance with IFRS. The details are as follows:

- (1) The Company is a member of the Financial Accounting Standards Foundation and participates in seminars held by the Foundation or the audit firm in order to appropriately grasp the details of accounting standards or to establish a system capable of accurately responding to changes in accounting standards.
- (2) Regarding the application of the IFRS, the Company reviews press releases and standards published by the International Accounting Standards Board as necessary to understand and apply the standards completely and appropriately. Moreover, the Company establishes group accounting policies in accordance with the IFRS and has arranged its processes and controls based on accounting for those standards in order to prepare consolidated financial statements in accordance with IFRS.

【Consolidated Financial Statements and Others】
I. Consolidated Financial Statements
Consolidated Statement of Financial Position

Integrated Design & Engineering Holdings Co., Ltd.
June 30, 2024

		Millions of Yen	Thousands of U.S. Dollars (Note 2)
		As of June 30, 2024	As of June 30, 2024
Assets	Notes		
Current assets:			
Cash and cash equivalents	8	¥25,242	\$157,024
Trade and other receivables	9, 27, 35	27,302	169,841
Contract assets	27	39,918	248,317
Other financial assets	10, 35	2,908	18,095
Other current assets	11	6,593	41,013
Total current assets		101,965	634,293
Non-current assets:			
Property, plant and equipment	12, 15	54,759	340,640
Right-of-use assets	19	11,433	71,125
Goodwill	13, 15	7,475	46,504
Intangible assets	13	7,830	48,707
Investment property	14	4,987	31,028
Investments accounted for using equity method	6, 16	2,209	13,743
Retirement benefit asset	22	1,739	10,821
Other financial assets	10, 35	7,835	48,743
Deferred tax assets	17	5,511	34,282
Other non-current assets	11	637	3,964
Total non-current assets		104,420	649,561
Total assets	6	¥206,386	\$1,283,855

		Millions of Yen	Thousands of U.S. Dollars (Note 2)
		As of June 30, 2024	As of June 30, 2024
Liabilities and equity	Notes		
Liabilities:			
Current liabilities:			
Borrowings	18, 35	¥23,723	\$147,576
Lease liabilities	19, 35	3,443	21,418
Trade and other payables	20, 35	12,108	75,324
Contract liabilities	27	10,649	66,245
Other financial liabilities	21, 35	3,641	22,649
Income taxes payable		2,821	17,554
Provisions	23	1,190	7,402
Other current liabilities	24	15,314	95,264
Total current liabilities		72,892	453,436
Non-current liabilities:			
Borrowings	18, 35	19,588	121,852
Lease liabilities	19, 35	8,438	52,495
Other financial liabilities	21, 35	460	2,864
Retirement benefit liability	22	3,535	21,995
Provisions	23	150	936
Deferred tax liabilities	17	6,837	42,535
Other non-current liabilities	24	384	2,392
Total non-current liabilities		39,396	245,072
Total liabilities		112,288	698,508
Equity:			
Share capital	25	7,522	46,796
Capital surplus	25	6,510	40,499
Treasury shares	25	(4)	(27)
Other components of equity		9,702	60,354
Retained earnings	25	67,224	418,178
Total equity attributable to owners of parent		90,955	565,801
Non-controlling interests		3,141	19,544
Total equity		94,097	585,346
Total liabilities and equity		¥206,386	\$1,283,855

Consolidated Statement of Profit or Loss and
Consolidated Statement of Comprehensive Income

Integrated Design & Engineering Holdings Co., Ltd.
Year ended June 30, 2024

(Consolidated Statement of Profit or Loss)

	Notes	Millions of Yen	Thousands of U.S. Dollars (Note 2)
		Year ended June 30, 2024	Year ended June 30, 2024
Revenue	6, 27	¥158,983	\$988,982
Cost of sales	28	(108,567)	(675,362)
Gross profit		50,415	313,620
Selling, general and administrative expenses	28	(38,644)	(240,390)
Share of profit of investments accounted for using equity method	6, 16	259	1,613
Other income	29	3,656	22,747
Other expenses	15, 29	(1,563)	(9,726)
Operating profit	6	14,124	87,864
Finance income	6, 10, 30	2,157	13,421
Finance costs	6, 30	(1,018)	(6,333)
Profit before tax	6	15,264	94,952
Income tax expense	17	(5,252)	(32,673)
Profit		10,011	62,278
Profit attributable to:			
Owners of parent		9,677	60,199
Non-controlling interests		334	2,078
Profit		¥10,011	\$62,278
		Yen	U.S. Dollars (Note 2)
Earnings per share:			
Basic earnings per share	32	¥641.83	\$3.99
Diluted earnings per share		641.83	3.99

(Consolidated Statement of Comprehensive Income)

	Notes	Millions of Yen	Thousands of U.S. Dollars (Note 2)
		Year ended June 30, 2024	Year ended June 30, 2024
Profit		¥10,011	\$62,278
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Equity financial assets measured at fair value through other comprehensive income	31, 35	627	3,902
Remeasurements of defined benefit plans	22, 31	(977)	(6,078)
Share of other comprehensive income of investments accounted for using equity method	16, 31	—	—
Total of items that will not be reclassified to profit or loss		(349)	(2,175)
Items that may be reclassified to profit or loss:			
Cash flow hedges	31	6	37
Exchange differences on translation of foreign operations	31	2,614	16,263
Share of other comprehensive income of investments accounted for using equity method	16, 31	81	508
Total of items that may be reclassified to profit or loss		2,702	16,809
Other comprehensive income		2,352	14,633
Comprehensive income		¥12,364	\$76,912
Comprehensive income attributable to:			
Owners of parent		¥11,924	\$74,175
Non-controlling interests		439	2,736
Comprehensive income		¥12,364	\$76,912

Consolidated Statement of Changes in Equity

Integrated Design & Engineering Holdings Co., Ltd.
Year ended June 30, 2024

Millions of Yen													
Equity attributable to owners of parent													
Other components of equity													
	Notes	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
Balance as of July 1, 2023		¥7,517	¥6,470	¥ —	¥6,039	¥(18)	¥457	¥ —	¥6,478	¥60,407	¥80,873	¥2,910	¥83,784
Profit		—	—	—	—	—	—	—	—	9,677	9,677	334	10,011
Other comprehensive income		—	—	—	2,590	6	627	(977)	2,246	—	2,246	105	2,352
Total comprehensive income		—	—	—	2,590	6	627	(977)	2,246	9,677	11,924	439	12,364
Issuance of new shares	25	22	22	—	—	—	—	—	—	—	45	—	45
Changes by share transfer		(17)	17	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	25	—	—	(4)	—	—	—	—	—	—	(4)	—	(4)
Dividends	26	—	—	—	—	—	—	—	—	(1,883)	(1,883)	(208)	(2,092)
Transfer to retained earnings		—	—	—	—	—	—	977	977	(977)	—	—	—
Total transactions with owners		5	39	(4)	—	—	—	977	977	(2,860)	(1,842)	(208)	(2,050)
Balance as of June 30, 2024		¥7,522	¥6,510	¥(4)	¥8,629	¥(12)	¥1,084	¥ —	¥9,702	¥67,224	¥90,955	¥3,141	¥94,097

Thousands of U.S. Dollars (Note 2)													
Equity attributable to owners of parent													
	Notes	Other components of equity							Retained earnings	Total	Non-controlling interests	Total	
		Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans					Total
Balance as of July 1, 2023		\$46,761	\$40,250	\$ —	\$37,567	\$(113)	\$2,847	\$ —	\$40,301	\$375,771	\$503,085	\$18,106	\$521,191
Profit		—	—	—	—	—	—	—	60,199	60,199	2,078	62,278	
Other comprehensive income		—	—	—	16,114	37	3,900	(6,077)	13,975	—	13,975	658	14,633
Total comprehensive income		—	—	—	16,114	37	3,900	(6,077)	13,975	60,199	74,175	2,736	76,912
Issuance of new shares	25	142	142	—	—	—	—	—	—	—	284	—	284
Changes by share transfer		(106)	106	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	25	—	—	(27)	—	—	—	—	—	—	(27)	—	(27)
Dividends	26	—	—	—	—	—	—	—	—	(11,715)	(11,715)	(1,298)	(13,013)
Transfer to retained earnings		—	—	—	—	—	—	6,077	6,077	(6,077)	—	—	—
Total transactions with owners		35	248	(27)	—	—	—	6,077	6,077	(17,792)	(11,458)	(1,298)	(12,757)
Balance as of June 30, 2024		\$46,796	\$40,499	\$(27)	\$53,682	\$(75)	\$6,748	\$ —	\$60,354	\$418,178	\$565,801	\$19,544	\$585,346

Consolidated Statement of Cash Flows

Integrated Design & Engineering Holdings Co., Ltd.
Year ended June 30, 2024

		Millions of Yen	Thousands of U.S. Dollars (Note 2)
		Year ended June 30, 2024	Year ended June 30, 2024
Cash flows from operating activities:	Notes		
Profit before tax		¥15,264	\$94,952
Depreciation and amortization		6,230	38,759
Impairment losses		585	3,644
Loss (gain) on financial assets measured at fair value through profit or loss		(1,762)	(10,966)
Interest and dividend income		(471)	(2,932)
Interest expenses		1,014	6,312
Share of loss (profit) of investments accounted for using equity method		(259)	(1,613)
Loss (gain) on derivatives		(341)	(2,125)
Loss (gain) on sale of property, plant and equipment, intangible assets, and investment property		(436)	(2,717)
Decrease (increase) in trade and other receivables		536	3,336
Decrease (increase) in contract assets		(7,252)	(45,112)
Increase (decrease) in trade and other payables		(319)	(1,984)
Increase (decrease) in contract liabilities		(686)	(4,272)
Increase (decrease) in consumption taxes payable		153	952
Increase (decrease) in deposits received		146	910
Increase (decrease) in accrued expenses		(190)	(1,182)
Increase (decrease) in accrued bonus		129	803
Increase (decrease) in provisions		(34)	(212)
Other		194	1,211
Sub total		12,500	77,760
Dividends received		130	814
Interest received		311	1,939
Proceeds from insurance income		88	550
Interest paid		(1,137)	(7,078)
Income taxes paid		(4,101)	(25,512)
Net cash provided by (used in) operating activities		7,792	48,473

		Millions of Yen	Thousands of U.S. Dollars (Note 2)
		Year ended June 30, 2024	Year ended June 30, 2024
Cash flows from investing activities:	Notes		
Payments into time deposits		¥(1,334)	\$(8,301)
Proceeds from withdrawal of time deposits		1,492	9,282
Purchase of property, plant and equipment, and investment property		(5,339)	(33,213)
Proceeds from sale of property, plant and equipment, and investment property		603	3,751
Purchase of intangible assets		(272)	(1,693)
Purchase of other financial assets		(105)	(655)
Purchase of investments in associates		(84)	(524)
Other		(24)	(149)
Net cash provided by (used in) investing activities		(5,064)	(31,503)
Cash flows from financing activities:			
Proceeds from short-term borrowings	33	¥972,002	\$6,046,480
Repayments of short-term borrowings	33	(978,025)	(6,083,950)
Proceeds from long-term borrowings	33	8,032	49,964
Repayments of long-term borrowings	33	(5,415)	(33,689)
Repayments of lease liabilities	33	(3,362)	(20,914)
Dividends paid	26	(2,059)	(12,809)
Other		(4)	(27)
Net cash provided by (used in) financing activities		(8,832)	(54,946)
Net increase (decrease) in cash and cash equivalents		(6,104)	(37,976)
Cash and cash equivalents at beginning of period	8	31,679	197,064
Effect of exchange rate changes on cash and cash equivalents		(331)	(2,063)
Cash and cash equivalents at end of period	8	¥25,242	\$157,024

Notes to Consolidated Financial Statements

Integrated Design & Engineering Holdings Co., Ltd.
Year ended June 30, 2024

1. Reporting Entity

Integrated Design & Engineering Holdings Co., Ltd. (hereinafter referred to as the “Company”) is a stock company located in Japan. Addresses of the registered head office and major offices are disclosed on the Company website (<https://www.id-and-e-hd.co.jp/english/>). The Company’s consolidated financial statements consist of accounts of the Company and its subsidiaries (hereinafter referred to as the “Group”), as well as the Group’s interests in its associates and joint ventures. The Group’s fiscal year end is June 30, 2024.

The Group’s businesses are Consulting, Urban & Spatial Development, and Energy. Details of each business are described in note “6. Segment Information.”

2. Basis of Preparation

(1) In Accordance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (“Ordinance of the Ministry of Finance No. 28 of 1976”) as all the requirements of the “Specified Company for Designated IFRSs” set forth in Article 1-2 of said Ordinance have been fulfilled.

The consolidated financial statements were approved by Hiroaki Shinya, Director and Representative Executive President, on September 26, 2024.

(2) Basis of Measurements

As described in note “3. Material Accounting Policies,” the Group’s consolidated financial statements are prepared based on the historical cost, excluding certain financial instruments which are measured at fair value.

(3) Functional Currency and Presentation Currency

The financial statements of Group companies are prepared using their respective functional currency. While Group companies mainly use the local currency as their functional currency, the companies designate another currency as the functional currency if the currency for the main economic environment in which they engage in business activities differs from the local currency.

The Group’s consolidated financial statements are reported in Japanese yen in units of one million yen. Fractions less than one million yen are rounded down.

The translations of Japanese yen amounts into U.S. dollars amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥160.755 to \$1, the approximate rate of exchange on June 30, 2024.

Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. Material Accounting Policies

For the material accounting policies applied to consolidated financial statements, the same accounting policies are applied to all the periods described in the consolidated financial statements, unless otherwise noted.

(1) Basis of Consolidation

a. Subsidiaries

Subsidiaries refer to companies that are controlled by the Group. The Group is deemed to control the company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

Financial statements of subsidiaries are accounted for on a consolidated basis from the date when the Group obtains control to the date when it loses control.

If the accounting policies applied to a subsidiary differ from those applied to the Group, adjustments are made to the financial statements of the subsidiary as necessary. Intra-Group balances of receivables/payables and internal transactions, as well as unrealized gains and losses arising from intra-Group transactions are eliminated when preparing consolidated financial statements.

Comprehensive income of subsidiaries is recorded in profit attributable to owners of parent and non-controlling interests, even if non-controlling interests become a negative balance.

On the disposal of interests in subsidiaries, if the Group retains control over the subsidiaries, they are accounted for as equity transactions. The difference between the adjusted amount of non-controlling interests and the fair value of the consideration is directly recognized in equity as equity attributable to owners of parent.

When control is lost, a gain or loss arising from the loss of control is recognized as a profit or loss in the current period.

The closing date of some subsidiaries differs from that of the Group. For subsidiaries with a different closing date, the accounts are settled provisionally as of the closing date of the Group.

b. Associates

Associates refer to companies that the Group does not control nor jointly control, while it has significant influence over their finance and business policies. If the Group has voting rights greater than 20% but less than 50%, the Group is presumed to have significant influence over such other companies.

Associates are accounted for under the equity method, from the date when the Group obtains significant influence until the date when it loses significant influence. Investments in associates include goodwill recognized at the time of acquisition (after the deduction of the accumulated amount of impairment losses).

If the accounting policies applied to an associate differ from those applied to the Group, adjustments are made to the financial statements of the associates as necessary.

The closing date of some associates differs from that of the Group. For associates with a different closing date, the accounts are settled provisionally as of the closing date of the Group.

c. Joint Ventures

Joint ventures refer to companies whose contractually-agreed control over economic activities is shared by multiple parties including the Group, and which require the agreement of all parties sharing control when making strategic decisions on finance and businesses related to their activities.

The joint ventures under the Group are accounted for using the equity method.

(2) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured as the total of the assets transferred in exchange for the control of the acquiree, the liabilities incurred by the Company to former owners of the acquiree, and the fair value of equity instruments issued by the Company on the acquisition date. If the consideration for acquisition exceeds the fair value of identifiable assets and liabilities, it is recorded as goodwill in the consolidated statement of financial position. Conversely, if it falls short, it is recorded as profit or loss in the consolidated statement of profit or loss.

The Company determines on an acquisition-by-acquisition basis whether to be accounted for non-controlling interests at fair value or by the proportionate share of the recognized amount of identifiable assets if non-controlling interests in the acquired business exist.

Transaction costs that are incurred in relation to business combinations, including brokerage fees, legal fees, and due diligence expenses, are expensed as they are incurred.

If the initial accounting for a business combination is not completed by the end of the consolidated fiscal year in which the business combination has occurred, accounts are reported provisionally. If the facts and circumstances that existed as of the acquisition date are obtained during the period that was deemed to have affected the measurement of the recognized amount (hereinafter referred to as the "Measurement Period") if grasped initially on the acquisition date, the provisional amount recognized on the acquisition date is retroactively corrected by reflecting such information. If newly obtained information brings new recognition of assets and liabilities, additional assets and liabilities are recognized. The Measurement Period is one year at the longest.

Since additional acquisitions of non-controlling interests after obtaining control are accounted for as equity transactions, goodwill is not recognized from such transactions.

Acquiree's identifiable assets and liabilities are measured at fair value on the acquisition date, except for the following:

- Deferred tax assets and liabilities as well as assets and liabilities related to employee benefit arrangements;
- Acquiree's share-based payment agreements; and
- Assets or disposal groups classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations."

In the case of a business combination achieved in stages, interests in the acquiree previously held by the Group are remeasured at fair value on the date when control is obtained, while any gain or loss incurred is recognized as profit or loss.

(3) Foreign Currency Translation

a. Functional Currency and Presentation Currency

The consolidated financial statements of the Group are prepared using the yen, the functional currency of the Company. Moreover, individual companies in the Group determine functional currencies based on the primary currency in which operations occur, and the transactions of individual companies are measured accordingly.

b. Translation of Foreign Currency Transactions

Transactions in foreign currency are translated into the functional currency, by the spot exchange rate on the transaction date or a rate that approximates it.

Monetary assets and liabilities in foreign currency are translated into the functional currency by the spot exchange rate on the consolidated closing date. Exchange differences arising from such translation and closing of accounts are recognized as profit or loss. However, financial assets measured through other comprehensive income and exchange differences arising from cash flow hedges are recognized as other comprehensive income.

c. Translation of Foreign Operations

Assets and liabilities of foreign operations are translated into yen based on the spot rate as of the closing date, and income and expenses are by the spot rate on the transaction date or a rate that approximates it, and their exchange differences are recognized in other comprehensive income.

If a foreign operation is disposed of, this accumulated translation difference is recognized as a profit or loss during the period in which the disposition occurs.

(4) Financial Instruments

a. Financial Assets

(i) Initial Recognition and Measurement

The Group classifies its financial assets as those measured at fair value through profit or loss or other comprehensive income and those measured at amortized cost. This classification is determined at the time of initial recognition.

The Group recognizes financial instruments on the date of transaction in which it becomes a party to an agreement for the financial assets.

Financial assets are measured at amortized cost if they meet both of the following requirements:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets, other than those measured at amortized cost, are classified as financial assets which are measured at fair value.

For investments in some equity instruments, the Group has made an irrevocable choice to recognize fluctuations in the fair value not as profit or loss but through other comprehensive income.

All financial assets are measured at fair value plus transaction costs, except for those classified into the categories that are measured at fair value through profit or loss.

(ii) Subsequent Measurement

Measurement after the initial recognition of financial assets is conducted as follows according to their classification:

(a) Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost are measured at amortized cost by the effective interest method.

Amortization by the effective interest method and gain and loss on derecognition are recognized as profit or loss.

(b) Financial Assets Measured at Fair Value

Financial assets measured at fair value are in principle measured at fair value through profit or loss. However, for those, among equity financial assets, designated as measured at fair value through other comprehensive income, fluctuations in the fair value are recognized as other comprehensive income. When an investment is disposed of, the accumulated amount of gains or losses recognized through other comprehensive income is transferred from Other components of equity to Retained earnings.

Dividends are recognized as profit.

(iii) Derecognition of Financial Assets

The Group derecognizes financial assets if the contractual rights to cash flows from financial assets expire or if the Group transfers substantially all the risks and rewards of ownership of the financial assets when transferring financial assets. If the Group retains control of the transferred financial assets, the Group recognizes assets and related liabilities to the extent of its continuing involvement in the financial assets.

(iv) Impairment of Financial Assets

For financial assets measured at amortized cost, an allowance is recognized for the expected credit losses.

The Group evaluates at every end of the period whether the credit risk associated with each financial asset has significantly increased since the time of initial recognition. If credit risk has not significantly increased since the time of initial recognition, the Group recognizes the expected credit losses arising from possible events of default within 12 months from the end of the period as allowance for expected credit losses. On the other hand, if credit risk has significantly increased since the time of initial recognition, the Group recognizes the amount equivalent to the lifetime expected credit losses as allowance for expected credit losses.

When evaluating whether credit risk has significantly increased, the Group considers information that is reasonably available and supportable (such as internal or external ratings), in addition to past-due information.

The Group also ensures that no lifetime expected credit losses are recognized if the credit risk of financial assets is deemed to be low at the end of the period.

However, for trade receivables and contract assets, the amount equivalent to the lifetime expected credit losses is always recognized as an allowance for expected credit losses, regardless of whether the credit risk has significantly increased since the time of initial recognition or not.

Expected credit losses are measured as the present value of the difference between all contractual cash flows to be paid to the Group in accordance with the contract and all cash flows expected to be received by the Group.

The Group estimates the expected credit losses of financial assets by a method that reflects the following:

- An unbiased, probability-weighted amount that is determined by evaluating a range of possible outcomes;
- Time value of money;
- Reasonable and supportable information on past events, present circumstances, and forecasts of future economic circumstances that are available without excess costs and labor at the end of the period.

In the event of significant economic fluctuations, the Group will make necessary judgmental adjustments to the expected credit losses measured above.

If there is no reasonable forecast to recover all or part of a financial asset, the Group will directly decrease the book value for the total amount of financial assets.

Allowance for expected credit losses on financial assets is recognized as profit or loss. If there is an event to decrease allowance for expected credit losses, a reversal of allowance for expected credit losses is recognized as profit or loss.

b. Financial Liabilities

(i) Initial Recognition and Measurement

The Group classifies financial liabilities either as financial liabilities measured at fair value through profit or loss, or those measured at amortized cost. This classification is determined at the time of initial recognition.

The Group recognizes financial instruments on the date of transaction in which it becomes a party to an agreement for the financial liabilities.

All financial liabilities are measured at the amount of fair value without transaction costs, except for those classified into categories that are measured at fair value through profit or loss.

(ii) Subsequent Measurement

Measurement after the initial recognition of financial liabilities is conducted as follows according to their classification:

(a) Financial Liabilities Measured at Fair Value through Profit or Loss

Financial liabilities measured at fair value through profit or loss are measured at fair value after the initial recognition, with its fluctuation recognized as profit or loss.

(b) Financial Liabilities Measured at Amortized Cost

Financial liabilities measured at amortized cost are measured at amortized cost by the effective interest method.

Amortization by the effective interest method and gain and loss on derecognition are recognized as profit or loss.

(iii) Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when only it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

c. *Presentation of Financial Assets and Liabilities*

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position, only when the Group has the legal right to set off balances and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d. *Derivatives*

The Group uses derivatives including interest rate and currency swap agreements in order to hedge foreign currency exchange risk and interest rate risk, respectively. These derivatives are initially recognized at fair value when the contracts are entered into and are remeasured in each reporting period. Changes in the fair value of derivatives are recognized as profit or loss in the consolidated statement of profit or loss.

(5) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on-hand, deposits that can be withdrawn at any time, and short-term investments with contractual settlement dates within three months from the initial transaction date, which are readily convertible to the amount and which bear minimal risk of change in value.

(6) Property, Plant and Equipment

Property, plant and equipment is accounted for at acquisition cost less accumulated depreciation and impairment, using the cost model.

Acquisition cost includes expenses directly related to the acquisition of assets, expenses for demolition, removal and restoration costs of land, and capitalizable borrowing costs.

Depreciation for assets other than land or construction in progress is recorded by the straight-line method over their respective estimated useful life. The estimated useful lives for each major asset class are as follows:

- Buildings and structures: 2~50 years
- Machinery, equipment, and vehicles: 2~20 years
- Tools, furniture, and fixtures: 2~20 years

The estimated useful life, residual value, and depreciation method are reviewed at the end of each fiscal year, and if there are changes, they will be applied as changes in accounting estimates prospectively.

(7) Goodwill

Goodwill is presented in the consolidated statement of financial position based on initial recognition less accumulated impairment losses.

The measurement of goodwill at the time of initial recognition is described in “(2) Business Combinations.” Goodwill is not amortized, but undergoes an impairment test annually and whenever indications of impairment exist.

Impairment losses are recognized in the consolidated statement of profit or loss, and are not subject to reversal.

(8) Intangible Assets

For individually acquired intangible assets, they are recorded at the acquisition cost at the time of initial recognition, using the cost model.

Except for those with indefinite useful lives and those not yet available for use, intangible assets other than goodwill are amortized by the straight-line method over their respective estimated useful life, and presented as the acquisition cost less the accumulated amortization and impairment.

The estimated useful life, residual value, and amortization method are reviewed at the end of each fiscal year, and if there are changes, they will be applied as changes in accounting estimates prospectively.

For intangible assets with indefinite useful lives and those not yet available for use, they are not amortized but undergo an impairment test individually or by cash generating unit annually and whenever indications

of impairment exist.

Intangible assets with indefinite useful lives and those not yet available for use are measured at the acquisition cost less accumulated impairment losses.

(9) Investment Property

Investment property is the property held with intentions to generate leasing revenue or capital gains, or both. Investment property is presented as the acquisition cost less accumulated depreciation and impairment, using the cost model.

Depreciation for assets other than land is calculated by the straight-line method over their respective estimated useful life (2~50 years).

The estimated useful life, residual value, and depreciation method are reviewed at the end of each fiscal year, and if there are changes, they will be applied as changes in accounting estimates prospectively.

(10) Leases

a. Lessee

Even if an agreement is not in the form of a lease legally, it is determined based on the substance of the agreement, whether the agreement is a lease or not, or whether the agreement includes a lease or not. If an agreement transfers the right to control the use of a specified asset in exchange for consideration for a certain period of time, the transaction is deemed to be a lease.

The Group has chosen not to distinguish the non-lease component from the lease component to account for them as a single lease component.

Lease liabilities in lease transactions are measured at the discounted present value by discounting the unsettled amount of the total lease payments on the lease commencement date, using the interest rate implicit in the lease or the lessee's incremental borrowing rate of interest. The total lease payments include the following:

- Amounts of fixed lease payments less lease incentives receivable;
- Amounts of variable lease payments that depend on an index or a rate;
- Amounts expected to be paid by the lessee under residual value guarantees;
- Exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Right-of-use assets are initially measured at the amount of the initial measurement of lease liabilities by adjusting initial direct costs and prepaid lease payments and adding the costs for restoration obligations based on lease agreements.

Right-of-use assets are depreciated over the shorter of either the useful life of the right-of-use assets or the lease period.

Lease payments are apportioned between a finance cost and a repayment portion of the outstanding lease liability so that the interest rate is constant on the outstanding lease liability. Finance costs are presented separately from depreciation for the right-of-use assets in the consolidated statement of profit or loss.

Lease liabilities are remeasured when there are changes in the assessment of the exercisability of extension or termination options. When lease liabilities are remeasured, the remeasurement is recognized as an adjustment to right-of-use assets. However, if the decreased amount of liabilities by the remeasurement is greater than the book value of right-of-use assets, the amount after reducing the amount of right-of-use assets to zero is recognized as profit or loss.

For leases with a lease term of 12 months or less and those with low value of underlying assets, lease payments related to the leases are recognized as expenses over the lease period either by the straight-line method or other regular basis.

b. Lessor

Leases for which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. For operating lease transactions, target assets are recorded in the consolidated statement of financial position, while lease payments received are recognized as revenue in the consolidated statement of profit or loss under the straight-line method over the lease period, including any free rent period.

(11) Impairment of Non-Financial Assets

For the carrying amounts of the Group's non-financial assets, excluding deferred tax assets, the Group determines at the end of each period whether there is an indication of impairment. When there is an indication of impairment, the recoverable amount of the related assets is estimated. Goodwill, intangible assets with indefinite useful lives, and those not yet available for use are tested for impairment annually, regardless of whether there is an indication of impairment.

The recoverable amount of assets or cash generating unit is the larger of the value in use or the fair value less costs to dispose of. In calculating value in use, the estimated future cash flows are discounted to the present value using the time value of money and the pretax discount rate reflecting risks specific to the assets. Assets that are not individually tested in an impairment test are tested as part of the minimum cash generating unit which, through continued use, generates cash inflows that are largely independent of cash inflows generated by other assets or asset groups. In testing goodwill for impairment, the cash generating units to which goodwill is allocated are integrated so that the impairment test reflects the smallest unit to which the goodwill relates. Goodwill acquired in a business combination is allocated to the cash generating units that are expected to benefit from the synergies of the combination.

Corporate assets of the Group do not generate independent cash inflows. When there is an indication of impairment for corporate assets, the recoverable amount of the cash generating unit to which corporate assets belong is estimated.

An impairment loss is recognized as profit or loss when the book value of assets or cash generating unit exceeds the recoverable amount. The impairment loss recognized in relation to a cash generating unit first reduces the book value of goodwill which is allocated to the unit, and then, if goodwill is written off entirely, reduces the book value of other assets in the cash generating unit proportionally.

Goodwill-related impairment loss is not reversed. For other assets, any impairment loss recognized in the past is assessed whether there is an indication of a decrease or extinction of impairment loss at every end of the period. Impairment loss is reversed when there is a change in the estimate used for deciding the recoverable amount. Impairment loss is reversed to the extent of book value after deducting depreciation and amortization from the book value as if there had been no impairment loss.

(12) Employee Benefits

a. Short-term Employee Benefits

Short-term employee benefits are recorded as expenses without discounting when a related service is provided. For bonuses and paid leave expenses, there are legal or constructive obligations to pay them, and when reliable estimates are possible, the amounts estimated to be paid based on such programs are recognized as liabilities.

b. Post-Employment Benefits

The Group has established a defined benefit corporate pension plan and a lump sum retirement payment plan as employees' retirement benefit plans.

The Group calculates the present value of the defined benefit obligations, and related current and past service costs, using the projected unit credit method.

Discount rates are calculated based on market yields on prime corporate bonds at the end of the period corresponding to the period of the estimated date of benefit payments for every future fiscal year.

Liabilities or assets for the defined benefit plans are calculated by deducting the fair value of plan assets from the present value of the defined benefit obligations. However, if the defined benefit plan is more than fully funded, the net amount of defined benefit assets is recorded up to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. Moreover, the amount of net interest on the net defined benefit liability (asset) is recognized as operating expense (Cost of sales, Selling, general and administrative expenses) in profit or loss.

The remeasured amounts of the defined benefit plan are recognized collectively as other comprehensive income in the accrual period, to be immediately transferred from Other components of equity to Retained earnings.

Past service cost is accounted for as profit or loss in the accrual period.

The Company and its domestic subsidiaries are members of the Engineering Consultants Company Pension Fund (multi-companies fund) as a defined benefit plan. Since it is a plan that cannot reasonably calculate the amount of pension assets corresponding to any single participant's contributions, as with the defined contribution plan, the amount to be paid in exchange of services provided by employees to companies in the corresponding period is recognized as an expense.

The Group makes contributions to the public pension system in Japan. The contributions to the public pension system (defined contribution plan) are expensed at the time of accrual, and accounted for as employee benefits.

(13) Share-based Payments

The Company has adopted equity-settled and cash-settled share-based compensation systems for directors and executive officers.

Equity-settled share-based compensation is estimated at fair value on the grant date, and recorded as selling, general and administrative expenses over the vesting period, while a corresponding amount is recognized as equity in the consolidated statement of financial position.

Cash-settled share-based compensation is estimated at fair value on the grant date, and recorded as selling, general and administrative expenses over the vesting period, while a corresponding amount is recognized as a liability in the consolidated statement of financial position. This liability is remeasured at fair value at the end of each period and on the settlement date, and the changes in the fair value of the liability are recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. When the time value of money is material, the estimated future cash flows are discounted to the present value using the time value of money and the pretax interest rate reflecting risks specific to the liabilities. Any rebate of discount on a time basis is recognized as finance costs.

(15) Revenue

For agreements with customers, excluding rental income from real estate based on IFRS 16 “Leases,” the Group recognizes revenue by applying the following steps:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction prices to performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

“Consulting Business,” “Urban & Spatial Development Business,” and “Energy Business” provide such services as planning, designing, and supervision mainly for civil engineering, architecture and electric power.

The Group’s businesses are performance obligations to be satisfied over time, because they fall under either of the following cases where: (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; (b) the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognized based on progress toward complete satisfaction of the obligation and, if progress cannot be reliably measured, revenue is recognized to the extent of costs incurred until such time as progress of performance obligations can be reliably measured.

For the measurement of progress, costs include personnel expenses and outsourcing expenses that are in principle based on the cost budget and actual accrued costs.

The large-scale vertical axis hydroelectric power projects, with which the Group has limited prior experience, are subject to limited information, such as similar projects completed previously when estimating total costs, and include significant assumptions, such as outsourcing costs. Therefore, estimates of total costs are likely to change due to revisions of the estimate.

To ensure the accuracy of the estimate of total costs, the Group manages budgets by type of work and confirms the appropriateness of the estimated total costs for each accounting period, to identify outliers of costs at an early stage and to review the cost budget in a timely manner.

Moreover, the measurement of progress in some large projects is based on output measures. When recording sales by expected billings, progress is recognized based on incurred expense and other output measures used to measure progress after approval by the project manager.

Contract assets are the Group’s rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. Contract liabilities are the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration or the amount is due from the customer.

Consideration is received by contractual milestones generally in line with the progress in satisfying performance obligations, with settlement generally occurring within 60 days from the complete satisfaction of performance obligations. Consideration generally does not include significant financing components.

(16) Government Subsidies

Government subsidies are recognized at fair value when incidental conditions for granting subsidies are satisfied and reasonable assurance for receiving subsidies is obtained.

When government subsidies are related to expense items, they are recognized as other income in the period in which related costs to be reimbursed by subsidies are recognized as expenses. Regarding subsidies for assets, the amount of the subsidies is deducted from the acquisition cost of assets.

(17) Income Tax

Income tax expenses consist of current tax and deferred tax. These are recognized as profit or loss, except for cases where they arise from items recognized as other comprehensive income or equity, and where they arise from business combinations.

Current tax is measured at the amount for which a payment to or refund from the tax authorities is expected. Tax rates and tax laws to be used for the calculation of tax amounts are those enacted, or passed as law but not yet effective, as of the end of the period.

Deferred tax is recognized for a temporary difference that is a difference between the tax base and the carrying amount of assets and liabilities, unused tax losses and unused tax credits.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized for all deductible temporary differences to the extent where it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses carryforward and unused tax credits carryforward can be utilized.

Deferred tax assets and liabilities are not recorded for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising from the initial recognition of assets and liabilities in transactions which, except business combination transactions, affect neither accounting profit nor taxable profit at the time of the transaction, and do not give rise to an equal amount of taxable temporary differences and deductible temporary differences at the time of the transaction;
- Regarding deductible temporary differences arising from investments in subsidiaries and associates and interests in joint arrangements, cases where it is not probable that the temporary difference will reverse in the foreseeable future, or where it is not probable that taxable profit will be available against which the temporary difference can be utilized; and
- Regarding taxable temporary differences arising from investments in subsidiaries and associates and interests in joint agreements, cases where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed every period to reduce the carrying amount of the part for which it is no longer probable that sufficient taxable profit will be available to utilize all or some of the deferred tax assets. Unrecognized deferred tax assets are reviewed every period to recognize them to the extent where it is probable that deferred tax assets will be recovered by future taxable income.

Based on tax rates and tax laws enacted or substantially enacted by the end of the period, deferred tax assets and liabilities are measured by the tax rates and tax laws expected to be applied for the period to realize assets or to settle liabilities.

Deferred tax assets and liabilities are offset when there are legally enforceable rights to offset the current tax assets and liabilities and they are attributable to the same taxable entity subject to the same tax authority.

(18) Earnings per Share

Basic earnings per share is calculated by dividing profit or loss belonging to owners of the parent by the weighted average number of outstanding ordinary shares adjusted by treasury shares for the period. Diluted earnings per share is calculated by adjusting for the effect of all potential ordinary shares that have dilutive effects.

(19) Segment Information

A business segment is a constituent unit of business activities that earn revenue and accrue expenses, including transactions with other business segments. A business segment has operations for which financial information is separately available and the Company's Board of Directors regularly reviews them to allocate management resources to each segment and evaluate results.

(20) Treasury Shares

Treasury shares are recorded at acquisition cost and are accounted for as a reduction from equity. Profit or loss is not recognized for the purchase, sale, or cancellation of Company treasury shares. Rather, the difference between the book value and consideration paid to acquire the treasury shares is recognized in equity.

(21) Borrowing Cost

For assets that require a considerable period to enable the intended use or sale, borrowing costs directly arising from their acquisition, construction, and production are capitalized as part of the assets' acquisition costs.

Other borrowing costs are recognized as expenses in the period of their accrual.

4. Significant Accounting Estimates and Judgement with Estimates

In preparation of consolidated financial statements in accordance with IFRS, management is required to make judgements, estimates and assumptions that will affect the application of accounting policies and the amount of assets, liabilities, revenue, and expenses. Actual earnings may differ from these estimates.

Estimates and their underlying assumptions will continue to be revised. Any impact of a revision to accounting estimates will be recognized in the accounting period in which the estimates are revised and applied prospectively to future accounting periods.

The judgements and estimates made by management that could have significant effects on the amounts in the consolidated financial statements are as follows:

- Revenue recognition (Note “**3. Material Accounting Policies** (15) Revenue,” and “**27. Revenue**”)
- Impairment of non-financial assets (Note “**3. Material Accounting Policies** (11) Impairment of Non-Financial Assets,” and “**15. Impairment of Non-Financial Assets**”)

5. New Accounting Standards Not Yet Applied

The below are major new or amended standards that have been issued as of the date of approval of the consolidated financial statements which are not effective and have not yet been applied by the Group as of June 30, 2024. The Group is looking into the impact of applying the new IFRS and is in no position to make estimates at the moment.

Standard	Standard name	Effective date (Annual periods beginning on or after)	The Group's application schedule	Overview of newly established and revised standards
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Disclosures	January 1, 2026	Fiscal year ending June 30, 2027	Clarified the classification of financial assets containing ESG-linked elements, and clarified the date of derecognition in the settlement of financial instruments through electronic payment systems.
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending June 30, 2028	Introduced new requirements, including points related to the following, to improve reporting of companies' financial performance and provide investors with a better basis for company analysis and comparison. <ul style="list-style-type: none">- Introduction of three defined categories (operating, investing, and financing) in the statement of profit or loss- Disclosure of explanations about company-specific indicators related to the statement of profit or loss- Useful grouping of information in financial statements

6. Segment Information

(1) Outline of Reportable Segments

a. Method of Determination of Reportable Segments

The Group's reportable segments are component units of the Company for which separate financial information is available and that are subject to regular review by the Board of Directors for the purpose of making decisions regarding the allocation of management resources and evaluating business performance.

The Group's main companies are organized by products and services, and each main company formulates a comprehensive strategy and engage in business activities. Based on the above, the Group is composed of three reportable segments classified by products and services; namely, "Consulting," "Urban & Spatial Development" and "Energy."

b. Types of Products and Services by Reportable Segments

"Consulting" engages in business within and outside Japan such as site surveying, planning, evaluation/assessment, designing, and construction management. It mainly operates in the fields of rivers and water resources, water and sewage, agricultural and rural development, dams and power generation, transportation (roads, railroads, ports and airports), urban and regional development, geology, disaster prevention, sand control, environment and information systems.

"Urban & Spatial Development" engages in the structuring, planning, design, and operation of urban and spatial development business.

"Energy" engages in manufacturing and sale of electric power equipment and control devices, planning, design, construction and construction management of mechanical, electrical and communication facilities as well as the energy management business utilizing distributed energy resources.

(2) Calculation Methods for Revenue, Profit or Loss, Assets, and Other Items by Reportable Segment

The accounting method for reportable segments is disclosed in "**3. Material Accounting Policies.**" The internal intersegment revenue or transfers are based on the transaction price determined after price negotiations taking into consideration the market price.

(3) Revenue, Performance, and Other Items by Reportable Segment

Revenues and performance by reportable segments of the Group are as follows:

Millions of Yen

Year ended June 30, 2024								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Consulting	Urban & Spatial Development	Energy	Subtotal				
Revenue:								
Revenue from external customers	¥85,488	¥44,460	¥27,925	¥157,874	¥1,109	¥158,983	¥ —	¥158,983
Intersegment revenue and transfers	411	402	926	1,740	2,133	3,873	(3,873)	—
Total	¥85,899	¥44,862	¥28,851	¥159,614	¥3,242	¥162,856	¥(3,873)	¥158,983
Segment profit (loss)	10,647	1,968	2,470	15,085	673	15,759	(1,634)	14,124
Finance income								2,157
Finance costs								(1,018)
Profit before tax								15,264
Other items:								
Depreciation and amortization	(1,750)	(2,409)	(1,252)	(5,412)	(160)	(5,573)	(657)	(6,230)
Impairment losses	—	(585)	—	(585)	—	(585)	—	(585)
Share of profit (loss) of investments accounted for using equity method	43	—	216	259	—	259	—	259
Segment assets	71,504	46,454	44,221	162,179	8,432	170,612	35,773	206,386
Increase in property, plant and equipment, and intangible assets (Note 2)	2,750	2,349	2,133	7,233	5	7,238	313	7,552
Investments accounted for using equity method	110	—	2,028	2,139	—	2,139	69	2,209

Thousands of U.S. Dollars

Year ended June 30, 2024								
	Reportable Segments				Others (Note 1)	Total	Adjustments (Note 3)	Consolidated
	Consulting	Urban & Spatial Development	Energy	Subtotal				
Revenue:								
Revenue from external customers	\$531,791	\$276,572	\$173,717	\$982,080	\$6,901	\$988,982	\$ —	\$988,982
Intersegment revenue and transfers	2,560	2,503	5,760	10,824	13,269	24,093	(24,093)	—
Total	\$534,351	\$279,075	\$179,477	\$992,904	\$20,170	\$1,013,075	\$(24,093)	\$988,982
Segment profit (loss)	66,232	12,244	15,366	93,843	4,191	98,035	(10,170)	87,864
Finance income								13,421
Finance costs								(6,333)
Profit before tax								94,952
Other items:								
Depreciation and amortization	(10,891)	(14,990)	(7,788)	(33,670)	(1,000)	(34,670)	(4,088)	(38,759)
Impairment losses	—	(3,644)	—	(3,644)	—	(3,644)	—	(3,644)
Share of profit (loss) of investments accounted for using equity method	269	—	1,344	1,613	—	1,613	—	1,613
Segment assets	444,804	288,974	275,083	1,008,862	52,457	1,061,319	222,535	1,283,855
Increase in property, plant and equipment, and intangible assets (Note 2)	17,107	14,617	13,272	44,997	32	45,030	1,950	46,980
Investments accounted for using equity method	688	—	12,620	13,309	—	13,309	434	13,743

(Notes)

1. The category of “Others” includes incidental revenues and expenses that do not belong to any reportable segments, right-of-use assets, and investment property.
2. The increase in property, plant and equipment, and intangible assets includes increase in right-of-use assets and investment property, but does not include increase associated with the consolidation.
3. “Adjustments” is a recognition of expense, income, and assets in relation to the operation of the Group and an elimination of transactions between segments.

(4) Information by Product and Service

Statement is omitted, as similar information is disclosed in “(3) Revenue, Performance, and Other Items by Reportable Segment.”

(5) Information by Region

The breakdown by region of revenue and non-current assets is as follows:

Revenue from external customers

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Japan	¥88,127	\$548,206
United Kingdom, North Europe, West Europe, South Europe	25,428	158,178
South Asia	15,003	93,328
Southeast Asia, East Asia, Oceania	11,964	74,425
South and Central America	6,113	38,032
Sub-Saharan Africa, Africa	4,785	29,768
Central Asia, Middle East, North Africa, East Europe	3,707	23,062
North America	3,480	21,652
Others	373	2,325
Total	¥158,983	\$988,982

United Kingdom included in United Kingdom, North Europe, West Europe, South Europe	¥21,601	\$134,378
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Non-current assets

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Japan	¥46,901	\$291,756
United Kingdom	26,644	165,743
Canada	4,552	28,320
Others	9,026	56,150
Total	¥87,124	\$541,971

(Notes)

1. “Revenue” and “Non-current assets” are classified based on service areas and their location, respectively.
2. “Non-current assets” do not include financial instruments, deferred tax assets and assets for retirement benefits.
3. Countries and regions are classified by geographical proximity.

(6) Information on Significant Customers

Customers that account for greater than 10% of revenue in the consolidated statement of profit or loss are as follows:

Name of Customers	Millions of Yen	
	Year ended June 30, 2024	
	Revenue	Related Segment Name
Ministry of Land, Infrastructure, Transport and Tourism	¥23,240	Consulting

Name of Customers	Thousands of U.S. Dollars	
	Year ended June 30, 2024	
	Revenue	Related Segment Name
Ministry of Land, Infrastructure, Transport and Tourism	\$144,572	Consulting

7. Business Combinations

For the year ended June 30, 2024.

Not applicable.

8. Cash and Cash Equivalents

The breakdown of cash and cash equivalents and relationship between them and consolidated statement of financial position are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Cash and bank deposits except for time deposits with original term of over three months	¥25,242	\$157,024
Cash and cash equivalents in the consolidated statement of financial position	25,242	157,024
Cash and cash equivalents in the consolidated statement of cash flows	25,242	157,024

9. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Notes and accounts receivable - trade	¥25,864	\$160,894
Others	2,711	16,869
Allowance for expected credit losses	(1,273)	(7,922)
Total	¥27,302	\$169,841

Trade and other receivables are classified as financial assets measured at amortized cost.

10. Other Financial Assets

(1) Breakdown of Other Financial Assets

The breakdown of other financial assets is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Financial assets measured at amortized cost:		
Time deposits with a deposit period of over three months and others	¥2,734	\$17,011
Allowance for expected credit losses	(57)	(357)
Financial assets measured at fair value through profit or loss:		
Interest rate and currency swaps	924	5,750
Stocks	3,744	23,293
Bonds	191	1,188
Financial assets measured at fair value through other comprehensive income:		
Stocks and contribution	3,207	19,951
Total	¥10,744	\$66,839
Current assets	¥2,908	\$18,095
Non-current assets	7,835	48,743
Total	¥10,744	\$66,839

(2) Equity Financial Assets Measured at Fair Value through Other Comprehensive Income

Fair values of significant equity financial assets measured at fair value through other comprehensive income are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Issue name:		
Mitsubishi UFJ Financial Group, Inc.	¥1,232	\$7,668
Sumitomo Realty & Development Co., Ltd.	708	4,405
OILES CORPORATION	556	3,464
Mizuho Financial Group, Inc.	145	903
JESK HORIUCHI CO., LTD.	129	805

As these investments are held for the purpose of strategic cross-shareholding, they are designated as equity financial assets measured at fair value through other comprehensive income.

- (3) Derecognition of Equity Financial Assets Measured at Fair Value through Other Comprehensive Income
For the purpose of streamlining assets and reviewing business relationships, the Group sells some equity financial assets measured at fair value through other comprehensive income and derecognizes them. There are no cumulative gains or losses recognized as fair value or other comprehensive income at the time of derecognition for the year ended June 30, 2024.

For equity financial assets measured at fair value through other comprehensive income, when derecognized, cumulative gains or losses recognized as other comprehensive income are transferred to retained earnings. There are no cumulative gains or losses (after tax) of other comprehensive income transferred to retained earnings for the year ended June 30, 2024.

The breakdown of dividend income recognized from equity instruments is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Derecognized investments during period	¥ —	\$ —
Investments held at end of period	99	618

11. Other Assets

The breakdown of other assets is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Other current assets:		
Advance payments to suppliers	¥1,263	\$7,856
Prepaid expenses	2,290	14,246
Consumption taxes refund receivable	709	4,412
Others	2,330	14,498
Total	¥6,593	\$41,013
Other non-current assets:		
Long-term prepaid expenses	¥200	\$1,249
Others	436	2,715
Total	¥637	\$3,964

12. Property, Plant and Equipment

(1) Schedule of Changes

The changes in acquisition cost, accumulated depreciation and impairment, and carrying amount of property, plant and equipment are as follows:

Acquisition Cost

	Millions of Yen		
	Land	Buildings and structures	Machinery and vehicles
Balance as of July 1, 2023	¥22,424	¥29,328	¥5,485
Acquisition	639	445	92
Acquisition through business combination	—	—	—
Sale or disposal	(25)	(489)	(49)
Account transfer	—	4,566	45
Exchange differences on translation of foreign operations	54	1,190	38
Others	—	192	5
Balance as of June 30, 2024	¥23,091	¥35,233	¥5,616

	Millions of Yen		
	Tools, furniture and fixtures	Construction in progress	Total property, plant and equipment
Balance as of July 1, 2023	¥7,404	¥8,966	¥73,607
Acquisition	550	850	2,578
Acquisition through business combination	—	—	—
Sale or disposal	(216)	—	(781)
Account transfer	2	(4,623)	(9)
Exchange differences on translation of foreign operations	443	620	2,347
Others	(30)	(389)	(222)
Balance as of June 30, 2024	¥8,153	¥5,424	¥77,520

	Thousands of U.S. Dollars		
	Land	Buildings and structures	Machinery and vehicles
Balance as of July 1, 2023	\$139,493	\$182,439	\$34,120
Acquisition	3,975	2,770	575
Acquisition through business combination	—	—	—
Sale or disposal	(159)	(3,046)	(306)
Account transfer	—	28,406	283
Exchange differences on translation of foreign operations	336	7,408	237
Others	—	1,194	31
Balance as of June 30, 2024	\$143,646	\$219,173	\$34,941

	Thousands of U.S. Dollars		
	Tools, furniture and fixtures	Construction in progress	Total property, plant and equipment
Balance as of July 1, 2023	\$46,058	\$55,776	\$457,887
Acquisition	3,424	5,291	16,037
Acquisition through business combination	—	—	—
Sale or disposal	(1,347)	—	(4,859)
Account transfer	15	(28,763)	(57)
Exchange differences on translation of foreign operations	2,756	3,862	14,601
Others	(189)	(2,421)	(1,385)
Balance as of June 30, 2024	\$50,718	\$33,745	\$482,224

Accumulated Depreciation and Impairment

	Millions of Yen		
	Land	Buildings and structures	Machinery and vehicles
Balance as of July 1, 2023	¥ —	¥11,597	¥3,913
Acquisition through business combination	—	—	—
Depreciation	—	1,273	201
Impairment losses	—	—	—
Sale or disposal	—	(369)	(46)
Exchange differences on translation of foreign operations	—	112	14
Others	—	—	(0)
Balance as of June 30, 2024	¥ —	¥12,613	¥4,083

	Millions of Yen		
	Tools, furniture and fixtures	Construction in progress	Total property, plant and equipment
Balance as of July 1, 2023	¥5,378	¥ —	¥20,889
Acquisition through business combination	—	—	—
Depreciation	591	—	2,066
Impairment losses	—	—	—
Sale or disposal	(213)	—	(629)
Exchange differences on translation of foreign operations	316	—	443
Others	(9)	—	(9)
Balance as of June 30, 2024	¥6,063	¥ —	¥22,760

	Thousands of U.S. Dollars		
	Land	Buildings and structures	Machinery and vehicles
Balance as of July 1, 2023	\$ —	\$72,140	\$24,347
Acquisition through business combination	—	—	—
Depreciation	—	7,920	1,254
Impairment losses	—	—	—
Sale or disposal	—	(2,296)	(291)
Exchange differences on translation of foreign operations	—	700	90
Others	—	—	(0)
Balance as of June 30, 2024	\$ —	\$78,465	\$25,400

	Thousands of U.S. Dollars		
	Tools, furniture and fixtures	Construction in progress	Total property, plant and equipment
Balance as of July 1, 2023	\$33,455	\$ —	\$129,943
Acquisition through business combination	—	—	—
Depreciation	3,680	—	12,855
Impairment losses	—	—	—
Sale or disposal	(1,326)	—	(3,914)
Exchange differences on translation of foreign operations	1,967	—	2,758
Others	(59)	—	(59)
Balance as of June 30, 2024	\$37,717	\$ —	\$141,583

(Note)

Depreciation for property, plant and equipment are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Carrying Amount

	Millions of Yen		
	Land	Buildings and structures	Machinery and vehicles
As of July 1, 2023	¥22,424	¥17,731	¥1,571
As of June 30, 2024	23,091	22,619	1,533

	Millions of Yen		
	Tools, furniture and fixtures	Construction in progress	Total property, plant and equipment
As of July 1, 2023	¥2,025	¥8,966	¥52,718
As of June 30, 2024	2,090	5,424	54,759

	Thousands of U.S. Dollars		
	Land	Buildings and structures	Machinery and vehicles
As of June 30, 2024	\$143,646	\$140,707	\$9,540

	Thousands of U.S. Dollars		
	Tools, furniture and fixtures	Construction in progress	Total property, plant and equipment
As of June 30, 2024	\$13,001	\$33,745	\$340,640

(Note)

The amount of borrowing costs capitalized is ¥2 million (\$12 thousand) for the year ended June 30, 2024. The capitalization rate used for calculating the amount of borrowing costs qualified for capitalization is 0.66% for the year ended June 30, 2024.

13. Goodwill and Intangible Assets

(1) Schedule of Changes

The changes in acquisition cost, accumulated amortization and impairment, and carrying amount of goodwill and intangible assets are as follows:

Acquisition Cost

	Millions of Yen			
	Goodwill	Intangible assets		
		Software	Trademarks	Customer relationships
Balance as of July 1, 2023	¥11,984	¥4,471	¥4,990	¥1,974
Acquisition	—	286	3	—
Acquisition through business combination	—	—	—	—
Sale or disposal	—	(89)	—	—
Exchange differences on translation of foreign operations	1,303	61	548	196
Others	—	—	—	—
Balance as of June 30, 2024	¥13,287	¥4,730	¥5,543	¥2,171

	Millions of Yen		
	Intangible assets		
	Contract-related intangible assets	Others	Total
Balance as of July 1, 2023	¥810	¥2,097	¥14,345
Acquisition	—	0	291
Acquisition through business combination	—	—	—
Sale or disposal	—	(6)	(96)
Exchange differences on translation of foreign operations	74	177	1,058
Others	(215)	—	(215)
Balance as of June 30, 2024	¥668	¥2,268	¥15,382

	Thousands of U.S. Dollars			
	Goodwill	Intangible assets		
		Software	Trademarks	Customer relationships
Balance as of July 1, 2023	\$74,548	\$27,815	\$31,047	\$12,284
Acquisition	—	1,783	23	—
Acquisition through business combination	—	—	—	—
Sale or disposal	—	(557)	—	—
Exchange differences on translation of foreign operations	8,105	382	3,414	1,222
Others	—	—	—	—
Balance as of June 30, 2024	\$82,654	\$29,423	\$34,484	\$13,506

	Thousands of U.S. Dollars		
	Intangible assets		
	Contract-related intangible assets	Others	Total
Balance as of July 1, 2023	\$5,041	\$13,049	\$89,237
Acquisition	—	4	1,810
Acquisition through business combination	—	—	—
Sale or disposal	—	(42)	(600)
Exchange differences on translation of foreign operations	460	1,103	6,582
Others	(1,342)	—	(1,342)
Balance as of June 30, 2024	\$4,159	\$14,113	\$95,688

Accumulated Amortization and Impairment

	Millions of Yen			
	Goodwill	Intangible assets		
		Software	Trademarks	Customer relationships
Balance as of July 1, 2023	¥4,656	¥3,844	¥ —	¥1,217
Amortization	—	203	—	192
Impairment losses	585	—	—	—
Reversal of impairment	—	—	—	—
Sale or disposal	—	(79)	—	—
Exchange differences on translation of foreign operations	569	51	—	138
Others	—	—	—	—
Balance as of June 30, 2024	¥5,811	¥4,019	¥ —	¥1,548

	Millions of Yen		
	Intangible assets		
	Contract-related intangible assets	Others	Total
Balance as of July 1, 2023	¥ —	¥1,739	¥6,801
Amortization	15	60	472
Impairment losses	—	—	—
Reversal of impairment	—	—	—
Sale or disposal	—	(0)	(80)
Exchange differences on translation of foreign operations	—	168	358
Others	—	—	—
Balance as of June 30, 2024	¥15	¥1,967	¥7,552

	Thousands of U.S. Dollars			
	Goodwill	Intangible assets		
		Software	Trademarks	Customer relationships
Balance as of July 1, 2023	\$28,964	\$23,914	\$ —	\$7,572
Amortization	—	1,266	—	1,198
Impairment losses	3,644	—	—	—
Reversal of impairment	—	—	—	—
Sale or disposal	—	(496)	—	—
Exchange differences on translation of foreign operations	3,541	322	—	863
Others	—	—	—	—
Balance as of June 30, 2024	\$36,150	\$25,006	\$ —	\$9,634

	Thousands of U.S. Dollars		
	Intangible assets		
	Contract-related intangible assets	Others	Total
Balance as of July 1, 2023	\$ —	\$10,820	\$42,308
Amortization	97	374	2,937
Impairment losses	—	—	—
Reversal of impairment	—	—	—
Sale or disposal	—	(1)	(498)
Exchange differences on translation of foreign operations	—	1,046	2,232
Others	—	—	—
Balance as of June 30, 2024	\$97	\$12,241	\$46,980

Carrying Amount

	Millions of Yen			
	Goodwill	Intangible assets		
		Software	Trademarks	Customer relationships
Balance as of July 1, 2023	¥7,327	¥627	¥4,990	¥757
Balance as of June 30, 2024	7,475	710	5,543	622

	Millions of Yen		
	Intangible assets		
	Contract-related intangible assets	Others	Total
Balance as of July 1, 2023	¥810	¥358	¥7,544
Balance as of June 30, 2024	652	301	7,830

	Thousands of U.S. Dollars			
	Goodwill	Intangible assets		
		Software	Trademarks	Customer relationships
Balance as of June 30, 2024	\$46,504	\$4,416	\$34,484	\$3,871

	Thousands of U.S. Dollars		
	Intangible assets		
	Contract-related intangible assets	Others	Total
Balance as of June 30, 2024	\$4,061	\$1,872	\$48,707

(Notes)

1. The breakdown of the carrying amount of goodwill and intangible assets with indefinite useful lives by segment is as described in “15. Impairment of Non-Financial Assets.”
2. Certain trademarks are expected to be used as long as the business continues; as such, they are deemed to have no foreseeable limit on the period with expected future economic benefits and are therefore classified as intangible assets with indefinite useful lives. The carrying amount of trademarks classified as intangible assets with indefinite useful lives is as described in “(2) Significant Goodwill and Intangible Assets.”
3. Others include leasehold interests in land, outstanding orders, telephone subscription right, and right to use facilities.
4. Amortization for intangible assets is included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.
5. Impairment loss is included in other expenses in the consolidated statement of profit or loss.
6. Research and development expenses recognized as an expense during the period are ¥1,318 million (\$8,204 thousand) for the year ended June 30, 2024.

(2) Significant Goodwill and Intangible Assets

	Millions of Yen		Thousands of U.S. Dollars
	As of June 30, 2024		As of June 30, 2024
	Carrying amount	Useful life (year)	Carrying amount
BDP Holdings Limited			
Goodwill	¥5,050	—	\$31,416
Trademarks (Note)	5,008	—	31,158

(Note)

Intangible assets with indefinite useful lives:

The above trademarks were acquired in connection with a business combination and are expected to be used as long as businesses continue; as such, it is deemed that their useful lives are indefinite.

14. Investment Property

The Company and some consolidated subsidiaries own office buildings (including land) for lease in the Tokyo metropolitan area. Main details include offices in Chiyoda-ku, Tokyo, and commercial stores in Yokohama City, Kanagawa. The assets subjected to operating leases (lessor side) are also included in investment property.

(1) Schedule of Changes

The changes in acquisition cost, and accumulated depreciation and impairment of investment property are as follows:

Acquisition Cost

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Balance at beginning of period	¥7,277	\$45,271
Sale or disposal	(32)	(204)
Transfer	0	0
Others	(166)	(1,034)
Balance at end of period	¥7,078	\$44,033

Accumulated Depreciation and Impairment

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Balance at beginning of period	¥2,046	\$12,731
Depreciation	119	744
Sale or disposal	(0)	(1)
Transfer	0	0
Others	(75)	(470)
Balance at end of period	¥2,090	\$13,005

Carrying amount and fair values of investment property are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Carrying amount	¥4,987	\$31,028
Fair value	13,037	81,101

The fair value of investment property is determined by the Group based on “Real Estate Appraisal Standards.”

The fair value hierarchy of investment property is classified as Level 3 because unobservable inputs are included. The fair value hierarchy is described in “35. Financial Instruments (8) c.”

(2) Revenue and Expenses from Investment Property

Rental income and direct operating cost from investment property are as follows:

Rental income represents lease income from operating leases (lessor) in accordance with IFRS 16 “Leases.”

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Rental income	¥681	\$4,237
Direct operating cost	242	1,508

15. Impairment of Non-Financial Assets

(1) Impairment Losses

In calculating impairment losses, the Group bases minimum cash generating unit which generates largely independent cash inflows.

Impairment losses are recorded in “Other expenses” of the consolidated statement of profit or loss.

The breakdown of impairment losses is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Goodwill	¥585	\$3,644
Total	¥585	\$3,644

For the year ended June 30, 2024, an impairment loss of ¥585 million (\$3,644 thousand) is recorded against goodwill for BDP Holdings Limited and its subsidiaries.

For the year ended June 30, 2024, the recoverable amount fell below the carrying amount primarily due to review of business plan resulting in recognizing an impairment loss.

(2) Impairment Test for Goodwill and Intangible Assets with Indefinite Useful Lives

Goodwill arising from a business combination is allocated to the cash generating unit that is expected to benefit from the synergies of the combination at the date of acquisition.

The breakdown of the carrying amount by segment of goodwill and intangible assets with indefinite useful lives is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Consulting	¥595	\$3,707
Urban & Spatial Development	12,423	77,280
Total	¥13,019	\$80,987

Goodwill and intangible assets with indefinite useful lives of BDP Holdings Limited and its subsidiaries

For the goodwill of ¥6,883 million (\$42,820 thousand) as well as trademarks as intangible assets with indefinite useful lives of ¥5,539 million (\$34,460 thousand) recognized as a result of the acquisition of BDP Holdings Limited and its subsidiaries (which include Quadrangle Architects Limited and Pattern Design Limited), the Group conducts an impairment test annually and whenever indications of impairment exist. The recoverable amount of the impairment test is determined based on the value in use, with the assistance of independent appraisers.

The value in use is determined by discounting the estimated future cash flows based on the business plans and growth rates for three years in the future approved by management, using the discount rate of 11.2% based on the weighted average of capital costs of the cash generating unit groups, reflecting past experience and external information.

The growth rate of 2.0% is assumed, taking into account the industry to which cash generating unit groups belong and the long-term average growth rate of the country, which does not exceed the long-term average growth rate of the market.

16. Investments and Joint Operations Accounted for Using the Equity Method

(1) Investments in Associates and Joint Ventures

The Group has no significant associates and joint ventures.

The total carrying amount of investments in associates and joint ventures, which are individually insignificant, is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Carrying amount in total	¥2,209	\$13,743

The amount of equity shares in comprehensive income for these individually insignificant associates and joint ventures is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Equity shares in net income	¥259	\$1,613
Equity shares in other comprehensive income	81	508
Equity shares in comprehensive income	¥341	\$2,122

(2) Investments in Joint Operation

The Group has no significant joint operations.

17. Income Taxes

(1) Deferred Tax Assets and Liabilities

The breakdowns and changes of deferred tax assets and liabilities by major cause of accrual are as follows:

For the year ended June 30, 2024

	Millions of Yen				
	As of July 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Others	As of June 30, 2024
Deferred tax assets:					
Tax loss carryforwards	¥267	¥100	¥ —	¥ —	¥368
Retirement benefit liability	1,482	192	450	—	2,125
Impairment losses	147	(0)	—	—	147
Lease liabilities	2,701	335	—	—	3,037
Outstanding paid leave	1,158	73	—	—	1,232
Other assets	652	163	(2)	46	859
Total deferred tax assets	¥6,411	¥865	¥447	¥46	¥7,771
Deferred tax liabilities:					
Retained earnings of subsidiaries	¥(662)	¥(242)	¥ —	¥ —	¥(905)
Property, plant and equipment	(1,275)	16	—	—	(1,258)
Intangible assets	(224)	(488)	—	—	(713)
Financial assets measured at fair value	(231)	(674)	(278)	—	(1,183)
Retirement benefit asset	(1,281)	(225)	—	—	(1,506)
Right-of-use assets	(2,636)	(310)	—	—	(2,946)
Other liabilities	(1,393)	967	(27)	(130)	(583)
Total deferred tax liabilities	¥(7,704)	¥(956)	¥(305)	¥(130)	¥(9,097)
Net deferred tax assets	¥(1,293)	¥(90)	¥141	¥(83)	¥(1,326)

	Thousands of U.S. Dollars				
	As of July 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Others	As of June 30, 2024
Deferred tax assets:					
Tax loss carryforward	\$1,664	\$626	\$ —	\$ —	\$2,291
Retirement benefit liability	9,224	1,199	2,800	—	13,224
Impairment losses	919	(4)	—	—	915
Lease liabilities	16,805	2,088	—	—	18,893
Outstanding paid leave	7,209	457	—	—	7,667
Other assets	4,056	1,018	(17)	290	5,348
Total deferred tax assets	\$39,880	\$5,386	\$2,783	\$290	\$48,340
Deferred tax liabilities:					
Retained earnings of subsidiaries	\$(4,120)	\$(1,509)	\$ —	\$ —	\$(5,630)
Property, plant and equipment	(7,932)	103	—	—	(7,829)
Intangible assets	(1,399)	(3,036)	—	—	(4,435)
Financial assets measured at fair value	(1,437)	(4,195)	(1,731)	—	(7,364)
Retirement benefit asset	(7,973)	(1,400)	—	—	(9,373)
Right-of-use assets	(16,400)	(1,931)	—	—	(18,331)
Other liabilities	(8,665)	6,020	(172)	(810)	(3,627)
Total deferred tax liabilities	\$(47,929)	\$(5,950)	\$(1,903)	\$(810)	\$(56,593)
Net deferred tax assets	\$(8,048)	\$(564)	\$880	\$(520)	\$(8,253)

The amounts of deductible temporary differences and unused tax losses carryforward without the recognition of deferred tax assets are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Deductible temporary differences	¥3,056	\$19,013
Tax loss carryforward	380	2,365

Expiration year of unused tax losses carryforward without the recognition of deferred tax assets are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Due within one year	¥118	\$739
Due after one year through two years	71	447
Due after two year through three years	50	315
Due after three year through four years	—	—
Due after five years	138	864
Total	¥380	\$2,365

Deferred tax assets and liabilities on consolidated statement of financial position are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Deferred tax assets	¥5,511	\$34,282
Deferred tax liabilities	6,837	42,535
Net deferred tax assets	¥(1,326)	\$(8,253)

(2) Income Tax Expense

The breakdown of income tax expense is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Current tax expenses	¥5,161	\$32,109
Deferred tax expenses	90	564
Total income tax expense	¥5,252	\$32,673

The causes of differences between the effective statutory tax rates and the average effective tax rates are as follows:

	2024
Effective statutory tax rate	31.5%
Expenses not subject to deduction	1.6
Retained earnings of affiliated companies	1.6
Foreign tax credit carryforward	(4.3)
Tax credit	(0.7)
Foreign income tax	4.9
Changes in assessment for recoverability of deferred tax assets	1.6
Others	(1.8)
Average actual tax rate	34.4%

(3) Impact of Global Minimum Taxation

In Japan, a corporate tax system corresponding to the global minimum tax was established in the 2023 tax reform. The provisions related to the global minimum taxation (hereinafter, “Global Minimum Tax Rules”) are included in the Tax Reform Act (Act for Partial Amendment of the Income Tax Act, etc. (Act No. 3 of 2023), hereinafter, “Revised Corporation Tax Act”), which was enacted on March 28, 2023. The Revised Corporation Tax Act introduces the Income Inclusion Rule (IIR), one of the BEPS global minimum tax rules, which imposes an additional tax on a parent company located in Japan until the effective tax rate of its subsidiaries reaches the minimum tax rate (15%) effective for fiscal year beginning on or after April 1, 2024.

The Group assessed the potential impact of the application of the Global Minimum Tax Rules based on the available tax returns, country reports and financial statements of the constituent companies subject to the rules. Based on the assessment, the Group does not assume any material exposure related to Pillar 2 income taxes.

The Group has applied the temporary exceptional measures provided for in IAS 12 “Income Taxes” and has not recognized any deferred tax assets or liabilities for income taxes arising from global minimum taxation, nor have they been included in the disclosed amounts.

18. Borrowings

(1) Breakdown of Borrowings

The breakdown of borrowings is as follows:

	Millions of Yen	Thousands of U.S. Dollars		
	As of June 30, 2024	As of June 30, 2024	Average interest rate	Repayment term
Short-term borrowings	¥16,000	\$99,530	0.431%	—
Current portion of long-term borrowings	7,723	48,046	0.771	—
Long-term borrowings (excluding current portion)	19,588	121,852	1.234	From July 31, 2025 to December 30, 2043
Total	¥43,312	\$269,429	—%	—
Current liabilities	¥23,723	\$147,576	—%	—
Non-current liabilities	19,588	121,852	—	—
Total	¥43,312	\$269,429	—%	—

(Notes)

1. The average interest rate shows the weighted average interest rate for the balance of borrowings at the end of the period.
2. Borrowings are classified as financial liabilities measured at amortized cost.

(2) Assets Pledged as Collateral and Corresponding Liabilities

Assets pledged as collateral and corresponding liabilities are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Assets pledged as collateral:		
Cash and cash equivalents	¥224	\$1,396
Other current assets	95	593
Property, plant and equipment	10,660	66,313
Right-of-use assets	947	5,895
Intangible assets	652	4,061
Total	¥12,580	\$78,259
Corresponding liabilities:		
Borrowings	¥3,974	\$24,722
Total	¥3,974	\$24,722

In addition to the above, assets pledged as collateral that are eliminated in consolidation and the amounts eliminated in consolidation are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Property, plant and equipment	¥(32)	\$(201)
Intangible assets	15	99
Shares of consolidated subsidiaries	5,496	34,191
Total	¥5,480	\$34,089

19. Lease

(1) Right-of-Use Assets

Right-of-use assets are presented as Right-of-use assets in the consolidated statement of financial position. The carrying amounts of the right-of-use assets by asset class are as follows:

	Millions of Yen			
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
As of July 1, 2023	¥8,705	¥333	¥1,100	¥10,140
As of June 30, 2024	9,291	334	1,808	11,433

	Thousands of U.S. Dollars			
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Total
As of June 30, 2024	\$57,796	\$2,082	\$11,246	\$71,125

The increase in the right-of-use assets is ¥4,685 million (\$29,148 thousand) for the year ended June 30, 2024.

(2) Lease Liabilities

Lease liabilities are presented as Lease liabilities in the consolidated statement of financial position. For the maturity of these lease liabilities, please refer to “35. Financial Instruments (4) Liquidity Risk Management.”

(3) Expenses and Total of Cash Outflows associated with leases

Expenses and total of cash outflows associated with leases are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year Ended June 30, 2024	Year Ended June 30, 2024
Depreciation of right-of-use assets:		
Buildings and structures	¥2,733	\$17,006
Machinery and vehicles	163	1,015
Tools, furniture and fixtures	674	4,195
Depreciation Total	¥3,571	\$22,217
Interest expenses on lease liabilities	304	1,895
Expenses incurred for leases ending within 12 months	161	1,005
Leases of low value	25	159
Total	¥4,063	\$25,278
Total of cash outflows associated with leases	¥3,518	\$21,886

There are no significant variable lease payments in the measurement of lease liabilities or revenue from sublease of right-of-use assets.

The amount of commitment for short-term leases as of June 30, 2024 is ¥47 million (\$293 thousand).

(4) Extension Option (Lessee)

In the Group, each company is responsible for managing leases, with lease terms negotiated individually resulting in widely different lease terms.

The real estate lease mainly for offices includes extension options, many of which are those for one year or the same period as in the original agreement.

This option is exercised as necessary by contracting parties to the lease in utilizing real estate for business. It is included in the lease period if the exercise of the extension option is reasonably certain.

(5) Maturity Analysis (Lessor)

The Group mainly offers real estate for lease.

Maturities of lease payments in operating lease transactions are as follows:

Year ended June 30, 2024

	Millions of Yen						Total
	1 year or less	Over 1 year, 2 years or less	Over 2 years, 3 years or less	Over 3 years, 4 years or less	Over 4 years, 5 years or less	Over 5 years	
Lease fee	¥746	¥774	¥774	¥774	¥757	¥2,273	¥6,101

	Thousands of U.S. Dollars						Total
	1 year or less	Over 1 year, 2 years or less	Over 2 years, 3 years or less	Over 3 years, 4 years or less	Over 4 years, 5 years or less	Over 5 years	
Lease fee	\$4,641	\$4,819	\$4,819	\$4,819	\$4,711	\$14,144	\$37,955

(6) Risk Management Strategy (Lessor)

The Group receives leasehold deposits to ensure the collection of restoration costs for property.

(7) Lessor operating lease income

For lessor operating lease income information, please refer to “14. Investment Property (2) Revenue and Expenses from Investment Property.”

20. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Trade payables	¥8,246	\$51,298
Other payables	3,862	24,025
Total	¥12,108	\$75,324

Trade and other payables are classified as financial liabilities measured at amortized cost.

21. Other Financial Liabilities

The breakdown of other financial liabilities is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Financial liabilities measured at amortized cost:		
Deposit received	¥3,641	\$22,649
Others	460	2,864
Financial liabilities measured at fair value through profit or loss:		
Interest rate and currency swaps	—	—
Total	¥4,101	\$25,514
Current liabilities	¥3,641	\$22,649
Non-current liabilities	460	2,864
Total	¥4,101	\$25,514

22. Employee Benefit Expenses

As the defined benefit-type plans, the Company and its consolidated subsidiaries have established funded and unfunded defined benefit pension plans and a lump sum retirement payment plan. Moreover, increased retirement payments may be provided for employees' retirement. These pension plans are exposed to general investment risks, interest rate risk, inflation risk, and other risks, which are not material.

The funded defined benefit plan is managed by the pension fund which is legally separated from the Group. The pension fund's board of directors and pension fiduciaries are required by law to act in the interests of plan participants and are responsible for managing assets under the plan in accordance with the prescribed policies. The corporate pension fund falls under related parties.

(1) Defined Benefit System

a. Reconciliation Table for Defined Benefit Obligations and Plan Assets

Relationship between defined benefit obligations and plan assets and the net defined benefit liability (asset) recorded in the consolidated statement of financial position is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Present value of funded defined benefit obligations	¥13,767	\$85,645
Fair value of plan assets	(25,060)	(155,889)
Total	¥(11,292)	\$(70,244)
Present value of non-funded defined benefit obligations	3,504	21,802
Impact of asset cap	9,583	59,615
Net defined benefit liability (asset)	¥1,796	\$11,173
Amount on the consolidated statement of financial position:		
Retirement benefit liability	3,535	21,995
Retirement benefit asset	(1,739)	(10,821)
Net amount of defined benefit liability (asset) recorded on the consolidated statement of financial position	¥1,796	\$11,173

b. Present Value of Defined Benefit Obligations

The changes in the present value of defined benefit obligations are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Balance of present value of defined benefit obligations at beginning of period	¥17,814	\$110,816
Service cost	1,393	8,665
Interest costs	176	1,098
Remeasurement	(624)	(3,885)
Mathematical differences caused by changes in demographic assumptions	—	—
Actuarial variances caused by changes in financial assumptions	(648)	(4,034)
Mathematical differences caused by performance revisions	23	148
Benefit payment amount	(1,492)	(9,286)
Others	6	38
Balance of present value of defined benefit obligations at end of period	¥17,272	\$107,447

The weighted average duration of defined benefit obligations for the year ended June 30, 2024 is 8.0 years.

c. Fair Value Reconciliation Table for Plan Assets

The changes in the fair value of plan assets are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Balance of fair value of plan assets at beginning of period	¥22,594	\$140,549
Interest income	223	1,390
Remeasurement	2,203	13,708
Revenue on plan assets	2,203	13,708
Contribution from business owner	1,222	7,603
Benefit payment amount	(1,188)	(7,392)
Others	4	29
Balance of fair value of plan assets at end of period	¥25,060	\$155,889

The Group plans to make contributions of ¥1,260 million to the plan assets during the year ending June 30, 2025.

d. Breakdown of Plan Assets

The breakdown of plan assets by major item is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Cash and cash equivalents	¥13	\$85
Equity instruments	11,013	68,509
Domestic stocks	5,941	36,957
Foreign stocks	5,072	31,551
Debt instruments	9,407	58,522
Domestic bonds	6,847	42,594
Foreign bonds	2,560	15,928
Life insurance general account	4,076	25,358
Others	548	3,413
Total	¥25,060	\$155,889

Most of the Group's plan assets are managed as part of funds which are commingled with other companies' investments and are classified into those without quoted market prices in active markets. The jointly managed funds make diversified investments mainly in stocks listed on active markets and bonds, in accordance with the corporate pension fund rules. The life insurance general account represents the pension assets managed by life insurance companies mainly through the general account in which principal and interest are guaranteed.

In accordance with internal policies, the investment policy for plan assets aims to secure stable returns in the medium to long term, in order to ensure the future payment of defined benefit obligations. Specifically, the Company manages plan assets by setting a target rate of return and investment asset allocation ratios within the acceptable risk range and maintaining these ratios. When reviewing asset allocation ratios, considerations are made taking into account the risks associated with the market environment within the acceptable risk range.

e. Reconciliation Table for Impact of Asset Cap

The changes in the impact of asset cap are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Impact of asset cap at balance at beginning of period	¥5,273	\$32,804
Limit of interest income	51	321
Remeasurement	4,258	26,489
Fluctuations in the impact of asset cap	4,258	26,489
Impact of asset cap at balance at end of period	¥9,583	\$59,615

f. Main Actuarial Assumptions

The main assumptions used for the actuarial calculation are as follows:

	As of June 30, 2024
Discount rate	1.51%

g. *Sensitivity Analysis*

When the discount rate used for actuarial calculation changes by 0.5%, it will have the following impact on the present value of defined benefit obligations. While this analysis assumes all other variables remain the same, changes in other assumptions may affect the sensitivity analysis in reality.

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Discount rate rise by 0.5%	¥(598)	\$(3,724)
Discount rate drop by 0.5%	642	3,999

h. *Multi-Employer Plan*

The Company and its domestic subsidiaries are members of the Engineering Consultants Company Pension Fund (multi-companies fund) (hereinafter referred to as the “Fund”), a multi- employer plan which is classified as a defined benefit plan.

In the event of dissolution of the Fund or withdrawal from the Fund, it may be required to contribute any unfunded amounts as special contributions that may exist at the time of dissolution or withdrawal.

The risks of joining the Fund, which is a multi-employer plan, differ from those of a single-employer plan; i.e., assets contributed by the Company and its domestic subsidiaries may be used for benefits of other employers’ employees, and the Company and its domestic subsidiaries may incur special contributions depending on its funded status when withdrawing from the Fund.

Regarding the plan, since events of participating companies may affect the distribution of plan assets and expenses for participating companies, it is not possible to reasonably calculate the amount of pension assets corresponding to the Group’s contributions. Accordingly, the Company is unable to obtain sufficient information to account for the defined benefit pension plan, and the amount of contributions is expensed for retirement benefits, as with the defined benefit pension plan.

The financial position of the Fund according to the latest report on actuarial valuation at the end of the plan year is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Amount of pension assets	¥92,768	\$577,078
Sum of the actuarial debt in pension finance calculation and the amount of minimum reserve	72,477	450,854
Deduction amount	¥20,291	\$126,224
Contribution ratio of the company and domestic subsidiaries	14.28%	14.28%
	(As of end of March 2024)	(As of end of March 2024)

The main causes for the above difference are outstanding prior service costs, general reserve, and contribution shortfalls carried forward in the actuarial calculation of pensions. Liabilities are recorded for outstanding prior service costs. Moreover, contribution shortfalls carried forward will be rectified by increasing the special contribution rate as necessary based on the actuarial revaluation of pensions.

The above contribution ratio is calculated by dividing the total contributions made by the Company and its domestic subsidiaries by the total contributions to the entire Fund and therefore is not consistent with the actual burden on the Group.

Moreover, the Group will make contributions of ¥288 million in the year ending June 30, 2025.

(2) *Defined Contribution Plan*

The amount recognized as expenses for the defined contribution plan is ¥2,523 million (\$15,698 thousand) for the year ended June 30, 2024.

(3) Employee Benefit Costs

The total amount of employee benefit costs included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss is ¥65,329 million (\$406,391 thousand) for the year ended June 30, 2024.

23. Provisions

The breakdown and changes in provisions are as follows:

	Millions of Yen			
	Provision for loss on construction contracts	Provision for compensation	Other provisions	Total
Balance as of July 1, 2023	¥480	¥564	¥247	¥1,291
Increase during period	344	847	443	1,635
Decrease during period (used for purposes)	(271)	(461)	—	(733)
Decrease during period (reversal)	50	(520)	(386)	(857)
Interest expense by discounting	—	—	0	0
Exchange differences on translation of foreign operations	—	—	3	3
Balance as of June 30, 2024	¥603	¥429	¥307	¥1,340

	Thousands of U.S. Dollars			
	Provision for loss on construction contracts	Provision for compensation	Other provisions	Total
Balance as of July 1, 2023	\$2,987	\$3,510	\$1,538	\$8,036
Increase during period	2,144	5,269	2,757	10,172
Decrease during period (used for purposes)	(1,691)	(2,869)	—	(4,560)
Decrease during period (reversal)	311	(3,238)	(2,406)	(5,333)
Interest expense by discounting	—	—	3	3
Exchange differences on translation of foreign operations	—	—	21	21
Balance as of June 30, 2024	\$3,752	\$2,673	\$1,913	\$8,339

The breakdown of provisions in the consolidated statement of financial position is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Current liabilities	¥1,190	\$7,402
Non-current liabilities	150	936
Total	¥1,340	\$8,339

a. Provision for Loss on Construction Contracts

The expected amount of loss for uncompleted works as of the end of the current consolidated fiscal year under review is recorded in order to prepare for future loss from construction work. The timing of expenditures will be affected by the progress of the project in the future.

b. Provision for Compensation

As the Company has present legal or constructive obligations as a result of past events, the Company has reasonably estimated the amount deemed to be required as of the end of the current consolidated year under review and recorded the expected amount of loss, in order to prepare for expenditures likely to be incurred with the compensation for future damages.

c. Others

Asset retirement obligations are included.

24. Other Liabilities

The breakdown of other liabilities is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Other current liabilities:		
Outstanding paid leave	¥4,243	\$26,400
Accrued consumption taxes	3,147	19,577
Accrued expenses	2,434	15,143
Accrued bonuses	4,876	30,335
Remuneration payable for directors	234	1,459
Others	377	2,347
Total	¥15,314	\$95,264
Other non-current liabilities:		
Others	¥384	\$2,392
Total	¥384	\$2,392

(Note)

Since the Group does not have an unconditional right to defer the settlement of outstanding paid leave for at least 12 months, the entire amount is presented as other current liabilities.

However, based on past experience, the Company does not anticipate that all employees will take or request payment for all outstanding paid leave within 12 months after the end of the consolidated fiscal year. The amount expected to be settled later than 12 months after the end of the consolidated fiscal year is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Outstanding paid leave expected to be settled later than 12 months after the end of the consolidated fiscal year	¥2,062	\$12,832

25. Share Capital and Other Equity Items

(1) Number of Authorized Shares and Total Number of Issued Shares

The changes in the number of authorized shares and total number of issued shares are as follows:

	Shares Year Ended June 30, 2024
Number of authorized shares:	
Balance at beginning of period	38,000,000
Changes during period	—
Balance at end of period	38,000,000
Total number of issued shares:	
Balance at beginning of period	15,066,152
Changes during period (Note 2)	13,473
Balance at end of period	15,079,625

(Notes)

1. All shares issued by the Company are no-par-value common shares without any restrictions on rights, and issued shares are fully paid.
2. The change in the total number of issued shares for the year ended June 30, 2024 is an increase of 13,473 shares due to the issuance of new shares as restricted stock compensation.

(2) Treasury Shares

The changes in the number of treasury shares and the balance are as follows:

	Millions of Yen	Shares
As of July 1, 2023	¥ —	—
Changes during period (Note)	(4)	1,206
As of June 30, 2024	¥(4)	1,206

	Thousands of U.S. Dollars
As of July 1, 2023	\$ —
Changes during period (Note)	(27)
As of June 30, 2024	\$(27)

(Note)

The breakdown of the changes for the year ended June 30, 2024 is as follows:

Purchase of shares less than one unit: 1,206 shares

(3) Capital Surplus

The Companies Act in Japan provides that no less than half of receiving payments or benefits for the issuance of shares shall be incorporated into share capital, and the rest shall be incorporated into legal capital surplus under capital surplus. Moreover, the Companies Act allows for the incorporation of legal capital surplus into share capital by the resolution of the general shareholders' meeting.

(4) Retained Earnings

The Companies Act provides that one-tenth of the amount paid for dividends of surplus shall be funded as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches one-fourth of share capital. Funded legal retained earnings may be allocated for loss compensation. Moreover, legal retained earnings may be used by the resolution of the general shareholders' meeting.

26. Dividend Payment

The amount of dividend payment is as follows:

For the year ended June 30, 2024

The Company was incorporated on July 3, 2023 as a wholly owning parent company of Nippon Koei by means of a sole share transfer. The amount of dividends paid is the amount resolved at the ordinary general meeting of shareholders of the wholly owned subsidiary shown below.

Resolution	Total cash paid (Millions of Yen)	Cash dividends per share (Yen)	Record date	Effective date
September 8, 2023 Ordinary General Meeting of Shareholders	¥1,883	¥125	June 30, 2023	September 11, 2023

Total cash paid (Thousands of U.S. Dollars)	Cash dividends per share (U.S. Dollars)
\$11,715	\$0.78

Dividends whose effective dates are in the year ending June 30, 2025 are as follows:

For the year ended June 30, 2024

Resolution	Total cash paid (Millions of Yen)	Cash dividends per share (Yen)	Record date	Effective date
August 26, 2024 Extraordinary Board of Directors' meeting	¥2,638	¥175	June 30, 2024	September 11, 2024

Total cash paid (Thousands of U.S. Dollars)	Cash dividends per share (U.S. Dollars)
\$16,414	\$1.09

27. Revenue

(1) Disaggregation of Revenue

a. Revenue recognized from contracts with customers and other sources

	Millions of Yen	“Thousands of U.S. Dollars”
	Year ended June 30, 2024	Year ended June 30, 2024
Revenue recognized from contracts with customers	¥158,201	\$984,115
Revenue recognized from other sources (Note)	782	4,867
Total revenue	¥158,983	\$988,982

(Note)

Revenue recognized from other sources includes rental income from real estate under IFRS 16 “Leases”.

Revenue recognized from contracts with customers does not include significant variable consideration.

b. Relationship Between Disaggregated Revenue and Segment Revenue

Revenue is disaggregated by region based on service areas. The breakdown of revenue and its relationship to segment revenue is as follows:

	Millions of Yen					
	Year ended June 30, 2024					
	Reportable Segments				Others	Total
	Consulting	Urban & Spatial Development	Energy	Subtotal		
Japan	¥47,217	¥16,154	¥23,645	¥87,017	¥327	¥87,344
United Kingdom, North Europe, West Europe, South Europe	—	22,314	3,114	25,428	—	25,428
South Asia	14,531	192	279	15,003	—	15,003
Southeast Asia, East Asia, Oceania	10,873	638	452	11,964	—	11,964
South and Central America	6,000	112	1	6,113	—	6,113
Sub-Saharan Africa, Africa	4,537	95	151	4,785	—	4,785
Central Asia, Middle East, North Africa, East Europe	1,953	1,472	281	3,707	—	3,707
North America	—	3,480	—	3,480	—	3,480
Others	373	—	—	373	—	373
Total Revenue recognized from contracts with customers	¥85,488	¥44,460	¥27,925	¥157,874	¥327	¥158,201
Revenue recognized from other sources	—	—	—	—	782	782
Total revenue	¥85,488	¥44,460	¥27,925	¥157,874	¥1,109	¥158,983

	Thousands of U.S. Dollars					
	Year ended June 30, 2024					
	Reportable Segments				Others	Total
	Consulting	Urban & Spatial Development	Energy	Subtotal		
Japan	\$293,724	\$100,489	\$147,091	\$541,305	\$2,034	\$543,339
United Kingdom, North Europe, West Europe, South Europe	—	138,807	19,371	158,178	—	158,178
South Asia	90,393	1,198	1,736	93,328	—	93,328
Southeast Asia, East Asia, Oceania	67,643	3,969	2,812	74,425	—	74,425
South and Central America	37,324	697	10	38,032	—	38,032
Sub-Saharan Africa, Africa	28,229	596	943	29,768	—	29,768
Central Asia, Middle East, North Africa, East Europe	12,150	9,160	1,752	23,062	—	23,062
North America	—	21,652	—	21,652	—	21,652
Others	2,325	—	—	2,325	—	2,325
Total Revenue recognized from contracts with customers	\$531,791	\$276,572	\$173,717	\$982,080	\$2,034	\$984,115
Revenue recognized from other sources	—	—	—	—	4,867	4,867
Total revenue	\$531,791	\$276,572	\$173,717	\$982,080	\$6,901	\$988,982

(2) Contract Balances

The breakdown of receivables, contract assets, and contract liabilities arising from contracts with customers is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	As of June 30, 2024	As of July 1, 2023	As of June 30, 2024
Receivables arising from contracts with customers	¥24,569	¥24,299	\$152,838
Contract assets	39,918	32,146	248,317
Contract liabilities	10,649	10,663	66,245

Contract assets are principally related to consideration for consulting contracts for work, for which services have not been rendered as of the end of the period, and are presented as contract assets on the consolidated statement of financial position. Contract assets are transferred to receivables when service provision is completed and the right for payment becomes unconditional.

Contract liabilities are mainly related to advances received and presented as contract liabilities on the consolidated statement of financial position.

Significant changes in contract assets for the year ended June 30, 2024 are an increase of ¥112,197 million (\$697,940 thousand) due to progress on contracts and a decrease of ¥104,851 million (\$652,242 thousand) due to the transfer to receivables.

Significant changes in contract liabilities for the year ended June 30, 2024 are an increase of ¥40,655 million (\$252,901 thousand) due to the receipt of advances received and a decrease of ¥41,077 million (\$255,528 thousand) due to revenue recognition.

Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Revenue recognized in the reporting period that was included in the contract liability balance at beginning of period	¥7,369	\$45,845

The amount of revenue recognized in the year ended June 30, 2024 from the performance obligations satisfied (or partly satisfied) in previous periods is less than 1% of the revenue.

(3) Transaction Price Allocated to Remaining Performance Obligations

The total transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is as follows:

As of June 30, 2024	Millions of Yen				
	Reportable Segments			Others	Total
	Consulting	Urban & Spatial Development	Energy		
Transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations	¥143,872	¥46,432	¥27,390	¥5	¥217,701

As of June 30, 2024	Thousands of U.S. Dollars				
	Reportable Segments			Others	Total
	Consulting	Urban & Spatial Development	Energy		
Transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations	\$894,981	\$288,839	\$170,389	\$33	\$1,354,243

(Note)

The above amounts include all consideration arising from contracts with customers.

For the transaction price allocated to remaining performance obligations, revenue is recognized according to the progress on each performance obligation. Revenue is expected to be recognized within approximately 8 years in the Consulting Business, approximately 4 years in the Urban & Spatial Development Business and approximately 4 years in the Energy Business.

28. Operating Expenses

The primary breakdown of cost of sales and selling, general and administrative expenses by type is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Employee benefits expenses	¥65,329	\$406,391
Outsourcing expenses	42,545	264,662
Communication and transportation expenses	7,602	47,295
Depreciation and amortization	6,230	38,759

29. Other Income and Other Expenses

(1) Other Income

The breakdown of other income is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Dividend income:		
Financial assets measured at fair value through profit or loss	¥85	\$529
Gain on investments in securities:		
Financial assets measured at fair value through profit or loss	2,154	13,405
Gain on sale of fixed assets	366	2,281
Insurance claim income	88	550
Others	961	5,981
Total	¥3,656	\$22,747

(2) Other Expenses

The breakdown of other expenses is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Loss on investments in securities:		
Financial assets measured at fair value through profit or loss	¥378	\$2,355
Impairment losses	585	3,644
Provision for compensation	370	2,303
Others	228	1,422
Total	¥1,563	\$9,726

30. Finance Income and Finance Costs

(1) Finance Income

The breakdown of finance income is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Interest income:		
Financial assets measured at amortized cost	¥286	\$1,782
Dividend income:		
Equity financial assets measured at fair value through other comprehensive income	99	618
Foreign exchange gain	1,425	8,866
Gain on valuation of derivatives	341	2,125
Others	4	27
Total	¥2,157	\$13,421

(2) Finance Costs

The breakdown of finance costs is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Interest expenses	¥1,014	\$6,312
Others	3	21
Total	¥1,018	\$6,333

31. Other Comprehensive Income

Amounts arising during the current fiscal year, reclassification adjustments to profit or loss and tax effects for each item of other comprehensive income are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Item that will not be reclassified to profit or loss:		
Equity financial assets measured at fair value through other comprehensive income:		
Changes during the year	¥905	\$5,633
Amount of tax effects	(278)	(1,731)
Equity financial assets measured at fair value through other comprehensive income	627	3,902
Remeasurements of defined benefit plans:		
Changes during the year	(1,427)	(8,878)
Amount of tax effects	450	2,800
Remeasurements of defined benefit plans	(977)	(6,078)
Share of other comprehensive income of investments accounted for using equity method:		
Changes during the year	—	—
Amount of tax effects	—	—
Share of other comprehensive income of investments accounted for using equity method	—	—
Total of items that will not be reclassified to profit or loss	(349)	(2,175)
Items that may be reclassified to profit or loss:		
Cash flow hedges:		
Changes during the year	—	—
Reclassification adjustments	8	55
Amount before income tax effect	8	55
Amount of tax effects	(2)	(17)
Cash flow hedges	6	37
Exchange differences on translation of foreign operations:		
Changes during the year	2,642	16,435
Reclassification adjustments	—	—
Amount before income tax effect	2,642	16,435
Amount of tax effects	(27)	(172)
Exchange differences on translation of foreign operations	2,614	16,263
Share of other comprehensive income of investments accounted for using equity method:		
Reclassification adjustments	81	508
Before adjustments to tax effects	—	—
Amount before income tax effect	81	508
Amount of tax effects	—	—
Share of other comprehensive income of investments accounted for using equity method	81	508
Items that may be reclassified to profit or loss	2,702	16,809
Total other comprehensive income	¥2,352	\$14,633

32. Earnings per Share

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Profit attributable to owners of parent	¥9,677	\$60,199

	Shares
	Year ended June 30, 2024
Weighted-average number of shares of common stock	15,077,874

	Yen	U.S.Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Basic earnings per share	¥641.83	\$3.99

Diluted earnings per share are not included because there are no contingent shares.

33. Cash Flow Information

(1) Changes in Liabilities from Financing Activities

The changes in liabilities from financing activities are as follows:

	Millions of Yen				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Derivative liabilities (assets) (Note)	Total
Balance as of July 1, 2023	¥22,047	¥24,053	¥10,549	¥(940)	¥55,709
Changes due to cash flows from financing activities	(6,023)	2,616	(3,362)	—	(6,769)
Changes arising from acquisition or loss of control over subsidiaries or other businesses	—	—	—	—	—
Impact of changes in foreign exchange rates	1	678	691	—	1,371
Changes in fair value	—	—	—	16	16
New lease agreements	—	—	4,685	—	4,685
Decrease due to cancellation	—	—	(576)	—	(576)
Other changes	(25)	(36)	(105)	—	(167)
Balance as of June 30, 2024	¥16,000	¥27,312	¥11,881	¥(924)	¥54,269

	Thousands of U.S. Dollars				
	Short-term borrowings	Long-term borrowings	Lease liabilities	Derivative liabilities (assets) (Note)	Total
Balance as of July 1, 2023	\$137,152	\$149,627	\$65,621	\$(5,851)	\$346,550
Changes due to cash flows from financing activities	(37,469)	16,274	(20,914)	—	(42,109)
Changes arising from acquisition or loss of control over subsidiaries or other businesses	—	—	—	—	—
Impact of changes in foreign exchange rates	6	4,220	4,302	—	8,530
Changes in fair value	—	—	—	100	100
New lease agreements	—	—	29,148	—	29,148
Decrease due to cancellation	—	—	(3,588)	—	(3,588)
Other changes	(159)	(224)	(656)	—	(1,040)
Balance as of June 30, 2024	\$99,530	\$169,898	\$73,913	\$(5,750)	\$337,591

(Note)

They are held to hedge interest and foreign currency exchange effects on borrowings.

(2) Non-cash Transactions

Non-cash transactions are increase in right-of-use assets through leasing transactions; for those amounts, please refer to **19. Lease**.

34. Shared-based Payments

(1) Restricted Stock Compensation System

a. Details of System

The Company intends that the officers (excluding outside directors as well as officers who are non-residents of Japan and non-Japanese nationals; hereinafter referred to as the “Eligible Officers”) share benefits and risks of stock price fluctuations with shareholders in order to further enhance their willingness to contribute to improving share price and enhancing corporate value. Therefore, the Company has introduced a restricted stock compensation system which issues restricted stock to Eligible Officers. Shares with restrictions on transfer are estimated at the fair value at the grant date, and recorded as selling, general and administrative expenses over the vesting period, while the same amount is recognized in equity on the consolidated statement of financial position. In the determination of fair value, adjustment of expected dividends is not considered.

	2023
Number of shares granted (Shares)	13,473
Weighted-average fair value at the grant date (Yen)	¥3,390
Evaluation method	Fair value is measured on the basis of an observable market price
Category of grantees	Directors of the Company (excluding outside directors and directors who concurrently serves as executive officers) and executive officers of the Company (excluding executive officers who are non-residents of Japan and non-Japanese nationals)
Settlement	Equity settlement
Transfer restriction period	3 years
Lifting of transfer restriction	On the condition that an eligible director to whom the restricted stocks were allotted has continuously held the position of director of the Company and executive officer of the Company during the transfer restriction period, the transfer restriction on all of his or her allotted stock is lifted by the Company when the transfer restriction period expires.

b. Details of Share-based Payment Expenses

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Share-based payment expenses:		
Restricted stock compensation system	¥38	\$241
Total	¥38	\$241

(2) Phantom Stock System

The Company grants phantom stock to executive officers who are non-residents of Japan and non-Japanese nationals under the cash-settled share-based compensation system. The vesting conditions are, in principle, three years of service after the grant date. The fair value at the grant date is calculated by multiplying the stock price of the Company's shares at the grant date by the number of shares of phantom stock, and is recorded as selling, general and administrative expenses over the vesting period, while a corresponding amount is recognized as a liability in the consolidated statement of financial position.

The liability recognized above is remeasured at fair value at the end of each period and on the settlement date, and the changes in the fair value of the liability are recognized in profit or loss. Since the amount of compensation is determined and paid based on the stock price of the Company's shares, there is no exercise price. Liabilities and expenses arising from this compensation system are not disclosed because their impact on the consolidated financial statements is immaterial.

35. Financial Instruments

(1) Capital Management

The Group has capital investment policies intended to generate growth based on the medium- to long-term management strategies, which may include additional capital investment through financing. The aim is to increase corporate value and strive to improve capital efficiency while taking into account the target level of return on equity (ROE).

As the main indicators for capital management, the Group uses the ratio of equity attributable to owners of parent and return on equity attributable to owners of parent.

The Group's ratio of equity attributable to owners of parent and return on equity attributable to owners of parent are as follows:

	As of June 30, 2024
Ratio of equity attributable to owners of parent	44.1%
Return on equity attributable to owners of parent	11.3%

These indicators are periodically reported to management and monitored.

There are no significant restrictions on the Group's capital.

(2) Financial Risk Management

The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and risk of market price fluctuations) in the process of conducting management activities, and manages these risks based on certain policies in order to mitigate such financial risks. Moreover, it is the Group's policy not to engage in speculative transactions, using derivative transactions to avoid risks of foreign exchange and interest rate fluctuations.

(3) Credit Risk Management

Credit risk refers to the risk of incurring financial losses due to counterparty defaults on contractual obligations. In accordance with the credit management policies, the Group has a system for managing due dates and balances on obligations from each counterparty, as well as periodically assessing the creditworthiness of those counterparties.

Moreover, the Group executes and manages derivative transactions by assessing them at investment meetings and implementing them in accordance with internal policies and authorizations. Moreover, when entering into derivative contracts, the Group deals only with financial institutions with strong creditworthiness in order to mitigate credit risk.

a. Trade and Other Receivables, and Contract Assets

Based on counterparties' creditworthiness as well as the payment status of receivables, the Group manages risks by classifying trade and other receivables and contract assets into receivables with credit impairment and those without credit impairment. For receivables without credit impairment, the Group provides allowance for expected credit losses, taking into account the forecasts, the past-due status of receivables, and historical experience. For receivables with credit impairment, the Group provides the difference between contractual cash flows and collectible cash flows as allowance for expected credit losses.

The Group evaluates creditors who are overdue in payment for potential default or impairment risk.

For trade and other receivables, and contract assets, the Group recognizes an allowance for expected credit losses in the same amount as the lifetime expected credit losses.

The calculation of the expected credit losses for trade and other receivables, and contract assets is as follows:

	Millions of Yen		%
	As of June 30, 2024		
	Trade and other receivables, Contract assets	Lifetime expected credit losses	Expected credit loss rates
Non credit-impaired financial assets	¥67,221	¥89	0.13%
Credit-impaired financial assets	1,400	1,311	93.66
Total	¥68,622	¥1,401	2.04%

	Thousands of U.S. Dollars	
	As of June 30, 2024	
	Trade and other receivables, Contract assets	Lifetime expected credit losses
Non credit-impaired financial assets	\$418,164	\$557
Credit-impaired financial assets	8,710	8,157
Total	\$426,874	\$8,715

The changes in the allowance for expected credit losses related to trade and other receivables, and contract assets are as follows:

	Millions of Yen	
	Non credit-impaired financial assets	Credit-impaired financial assets
Balance as of July 1, 2023	¥90	¥1,139
Increases during period	89	261
Decreases during period (reversal)	(90)	(48)
Decreases during period (direct depreciation)	—	(60)
Others	—	18
Balance as of June 30, 2024	¥89	¥1,311

	Thousands of U.S. Dollars	
	Non credit-impaired financial assets	Credit-impaired financial assets
Balance as of July 1, 2023	\$564	\$7,091
Increases during period	557	1,628
Decreases during period (reversal)	(564)	(301)
Decreases during period (direct depreciation)	—	(374)
Others	—	114
Balance as of June 30, 2024	\$557	\$8,157

Provision and reversal of allowance for expected credit losses are recorded in “Selling, general and administrative expenses” on the consolidated statement of profit or loss.

b. Other Financial Assets

As the amount of the allowance for expected credit losses related to other financial assets is immaterial, the statement on changes in the allowance for expected credit losses is omitted.

(4) Liquidity Risk Management

Liquidity risk is the risk that when fulfilling repayment obligations of mature financial liabilities, the Group becomes unable to repay them on the due date.

The Group manages liquidity risk by preparing appropriate repayment funds, securing credit lines available at any time from financial institutions, and continuously monitoring cash flow plans and results.

Outstanding financial liabilities (including derivative financial instruments) by due date are as follows:

Millions of Yen				
As of June 30, 2024				
	Contractual cash flows	Due within one year	Due after one year through five years	Due after five years
Non-derivative financial liabilities:				
Short-term borrowings	¥16,000	¥16,000	¥ —	¥ —
Trade Payables	12,108	12,108	—	—
Long-term borrowings	28,404	8,666	12,045	7,692
Lease liabilities	13,389	3,708	6,637	3,043
Deposit	3,641	3,641	—	—
Others	460	—	—	460
Derivative financial assets:				
Currency-related derivatives	(1,027)	(540)	(486)	—
Proceeds	(2,969)	(1,513)	(1,456)	—
Payments	1,942	973	969	—
Total	¥72,977	¥43,584	¥18,196	¥11,196

Thousands of U.S. Dollars				
As of June 30, 2024				
	Contractual cash flows	Due within one year	Due after one year through five years	Due after five years
Non-derivative financial liabilities:				
Short-term borrowings	\$99,530	\$99,530	\$ —	\$ —
Trade Payables	75,324	75,324	—	—
Long-term borrowings	176,695	53,912	74,931	47,851
Deposit	83,292	23,067	41,291	18,933
Lease liabilities	22,649	22,649	—	—
Others	2,864	—	—	2,864
Derivative financial assets:				
Currency-related derivatives	(6,390)	(3,363)	(3,026)	—
Proceeds	(18,475)	(9,417)	(9,057)	—
Payments	12,085	6,053	6,031	—
Total	\$453,966	\$271,120	\$113,196	\$69,649

(5) Foreign Exchange Risk Management

Since the Group is engaged in business internationally, our business performance is greatly affected by currency exchange rate fluctuations between the Japanese yen and the U.S. dollar as well as other foreign currencies.

The Group strives to mitigate the foreign exchange risk by using interest rate and currency swaps for the purpose of managing the risk of foreign exchange fluctuations arising from these transactions in foreign currencies.

Analysis of Foreign Exchange Sensitivity

The impact on profit before tax in the consolidated statement of profit or loss in each reporting period when the Japanese yen appreciates or depreciates 10% against the U.S. dollar is as follows:

The above analysis assumes other variables (such as balance and interest rate) to be constant in the analysis.

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
When the Japanese yen appreciates 10% against the U.S. dollar	¥(1,016)	\$(6,324)
When the Japanese yen depreciates 10% against the U.S. dollar	1,016	6,324

(6) Interest Rate Risk Management

While the Group is exposed to various risks of interest rate fluctuations in the business activities, there is not a significant risk of interest rate fluctuations for borrowings held, because most borrowings are at fixed interest rates and interest rate and currency swaps are used to mitigate the risk of interest rate fluctuations. Neither is there a significant risk of interest rate fluctuations for bonds held and loans receivable.

(7) Market Price Fluctuation Risk Management

The Group is exposed to share price fluctuation risk arising from equity instruments. To manage this price fluctuation risk, the Group periodically grasps market prices and the financial position of issuers to review our holdings as necessary.

When the market price of equity instruments held by the Group at the end of the period changes by 10%, it will have the following impact on profit before tax and other comprehensive income (before the tax effect deduction).

It is assumed that other variables are constant in the analysis.

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Profit before tax	¥393	\$2,448
Other comprehensive income	320	1,995

(8) Fair Value of Financial Instruments

For financial instruments measured at fair value, the Group classifies investments into Level 1 to 3, according to the observability and significance of inputs used to determine the fair value.

Level 1: Market price of the identical assets or liabilities in active markets (unadjusted)

Level 2: Fair value calculated by using directly or indirectly observable values other than those under Level 1

Level 3: Fair value calculated by valuation techniques based on unobservable inputs

a. Method of Calculating Fair Value

The method of calculating the fair value of financial instruments is as follows:

(Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables)

The fair value is close to the book value, as they are settled in a short period of time.

(Other Financial Assets, Other Financial Liabilities)

The fair value of listed stocks is calculated using the market price at the end of the period. The fair value of unlisted stocks is calculated using the valuation method based on discounted future cash flows, a method based on the market prices of comparable companies, and a method based on net asset value. For time deposits with a deposit period of over three months, and deposits received, the fair value is close to the book value because they are settled in a short period of time.

As financial assets or liabilities measured at fair value through profit or loss, derivatives are calculated based on the price presented by counterparty financial institutions.

As contingent consideration from a business combination, 30% of the share acquisition price will be paid back based on an earn-out agreement in the case that the accumulated profit after taxes of Nippon Koei Mobility Sdn. Bhd. fails to reach the target from the fiscal year ended December 2022 to the fiscal year ending December 2024. This contingent consideration is also recognized as a financial asset measured at fair value through profit or loss. The fair value of the contingent consideration is calculated as present value that incorporates the probability of achieving the target in terms of an amount that can be paid back. Change in fair value related to the contingent consideration is recorded in "Finance costs" or "Finance income."

(Borrowings)

Borrowings are calculated using the present value obtained by discounting future cash flows by the expected interest rate when a similar agreement is newly executed.

b. Financial Instruments Measured at Amortized Cost

The book value and fair value of financial instruments measured at amortized cost are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Carrying amount:		
Financial liabilities measured at amortized cost:		
Long term borrowings	¥27,312	\$169,898
Fair value:		
Financial liabilities measured at amortized cost:		
Long term borrowings	27,124	168,733

(Notes)

1. Among financial instruments measured at amortized cost, the above table does not include those whose book value is reasonably approximate to the fair value.
2. The fair value of long-term borrowings is classified into Level 2.

c. *Financial Instruments Measured at Fair Value*

The fair value hierarchy of financial instruments measured at fair value is as follows:

Millions of Yen				
As of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss:				
Derivative assets	¥ —	¥924	¥ —	¥924
Other financial assets	3,719	—	215	3,935
Financial assets measured at fair value through other comprehensive income:				
Other financial assets	2,864	—	342	3,207
Total	¥6,584	¥924	¥558	¥8,067
Financial liabilities:				
Financial assets measured at fair value through profit or loss:				
Derivative liabilities	¥ —	¥ —	¥ —	¥ —
Total	¥ —	¥ —	¥ —	¥ —

Thousands of U.S. Dollars				
As of June 30, 2024				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through profit or loss:				
Derivative assets	\$ —	\$5,750	\$ —	\$5,750
Other financial assets	23,139	—	1,342	24,482
Financial assets measured at fair value through other comprehensive income:				
Other financial assets	17,818	—	2,133	19,951
Total	\$40,957	\$5,750	\$3,476	\$50,185
Financial liabilities:				
Financial assets measured at fair value through profit or loss:				
Derivative liabilities	\$ —	\$ —	\$ —	\$ —
Total	\$ —	\$ —	\$ —	\$ —

Transfer between the levels of the fair value hierarchy is recognized on the date when an event or circumstance causing the change in classification occurs. There are no significant reclassifications between the fair value Levels 1 and 2 in each fiscal year.

d. *Valuation Process*

For financial instruments classified into Level 3, external valuation experts or appropriate valuation experts conduct valuation and analysis of valuation results, in accordance with the valuation policies and procedures approved by the person in charge of the business administration department. The valuation results are reviewed and approved by the person in charge of the business administration department.

e. *Qualitative Information on Financial Instruments Classified into Level 3*

Significant inputs not observable concerning financial instruments classified into Level 3 are discount rates, PER, PBR, and non-liquidity discounts.

The fair value increases (decreases) by a decline (rise) in the discount rate, a rise (decline) in PER, a rise (decline) in PBR, and a decline (rise) in the non-liquidity discount. The expected change in the fair value is not significant when non-observable inputs are replaced by reasonably possible alternative assumptions.

f. *Reconciliation of Financial Instruments Classified into Level 3 from Beginning to End of Period*

Changes in financial instruments classified into Level 3 from the beginning to the end of the period are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Balance at beginning of period	¥1,274	\$7,929
Total gains or losses:		
Profit or loss (Note 1)	(49)	(305)
Other comprehensive income (Note 2)	90	560
Purchases	63	393
Sales	—	—
Transfer from Level 3 (Note 3)	(800)	(4,976)
Receipt from contingent consideration	—	—
Change in fair value of contingent considerations (Note 4)	(3)	(21)
Others	(16)	(104)
Balance at end of period	¥558	\$3,476

(Notes)

1. Gains and losses included in profit or loss are those concerning financial assets measured at fair value through profit or loss on the closing date. Among gains and losses recognized as profit or loss, those concerning financial assets held at the end of the consolidated fiscal year are ¥(49) million (\$(305) thousand) for the year ended June 30, 2024. These gains and losses are included in “Other revenue” and “Other expenses” in the consolidated statement of profit or loss.
2. Gains and losses included in other comprehensive income are those arising from equity financial assets measured at fair value through other comprehensive income on the closing date. These gains and losses are included in “Equity financial assets measured at fair value through other comprehensive income” in the consolidated statement of comprehensive income.
3. The transfer from Level 3 in the year ended June 30, 2024 was due to the listing of an investee.
4. The change in fair value of financial asset that was recognized as contingent consideration at the time of acquisition of shares of Nippon Koei Mobility Sdn. Bhd. to conduct a business combination.

36. Significant Consolidated Subsidiaries

Significant consolidated subsidiaries as of June 30, 2024 are as follows:

Name	Location	Segment	Proportion of Voting Rights Held (%)
Nippon Koei Co., Ltd.	Japan	Consulting	100.0
Nippon Civic Consulting Engineers Co., Ltd.	Japan	Consulting	85.3
Geoplan Namtech Inc.	Japan	Consulting	56.0
Koei Research & Consulting Inc.	Japan	Consulting	100.0
Nippon Koei Latin America-Caribbean Co., Ltd.	Japan	Consulting	100.0
Nippon Koei Lac, Inc.	Panama	Consulting	100.0
Nippon Koei Latin America - Caribbean, Mexico S. De R. L. De C.V.	Mexico	Consulting	100.0
Nippon Koei India Pvt. Ltd.	India	Consulting	99.9
Nippon Koei Bangladesh Ltd.	Bangladesh	Consulting	99.9
Nippon Koei Vietnam International Co., Ltd.	Vietnam	Consulting	100.0
Philkoei International, Inc.	Philippines	Consulting	40.0
PT. Indokoei International	Indonesia	Consulting	80.0
Myanmar Koei International Ltd.	Myanmar	Consulting	70.0
PT. Cikaengan Tirta Energi	Indonesia	Consulting	90.0
Nippon Koei Mobility Sdn. Bhd.	Malaysia	Consulting	80.0
Nippon Koei Urban Space Co., Ltd.	Japan	Urban & Spatial Development	100.0
Kisho Kurokawa Architect & Associates Co., Ltd.	Japan	Urban & Spatial Development	100.0
BDP Holdings Limited	United Kingdom	Urban & Spatial Development	100.0
Building Design Partnership Limited	United Kingdom	Urban & Spatial Development	100.0
Quadrangle Architects Limited	Canada	Urban & Spatial Development	49.0
Nippon Koei Energy Solutions Co., Ltd.	Japan	Energy	100.0
Koei System Inc.	Japan	Energy	100.0
Koei Energy Co., Ltd	Japan	Energy	100.0
Nippon Koei Energy Europe B.V.	Netherland	Energy	100.0
Tollcux Investments Limited	United Kingdom	Energy	51.2
Tollcux Finance Limited	United Kingdom	Energy	100.0
Tollgate Energy Storage Limited	United Kingdom	Energy	100.0
Cuxton Energy Storage Limited	United Kingdom	Energy	100.0
Nippon Koei Business Partners Co., Ltd.	Japan	Others	100.0
Nikki Corporation	Japan	Others	100.0
El Koei Co., Ltd.	Japan	Others	100.0

(Notes)

1. Our equity in Philkoei International, Inc. and Quadrangle Architects Limited is 50% or below; however, they are treated as subsidiaries given our effective control over them.
2. As a result of reviewing the group management system, segment classification of El Koei Co., Ltd. was changed from “Consulting” to “Others” effective July 1, 2023.
3. ASAP Mobility Sdn. Bhd. changed its name to Nippon Koei Mobility Sdn. Bhd. on November 19, 2023.

There are no subsidiaries with individually significant non-controlling interests for the year ended June 30, 2024.

37. Related Party Transactions

(1) Related Party Transactions

The transactions between the Group and related parties are as follows:

For details of subsidiaries and associates, please refer to “16. Investments and Joint Operations Accounted for Using the Equity Method” and “36. Significant Consolidated Subsidiaries.”

	Millions of Yen	
	Year ended June 30, 2024	
	Transaction amount	Outstanding balance
Associates		
Yuso BV		
Electricity sales transaction	¥2,715	¥1,117
Outsourcing of electricity sales operations	697	33

	Thousands of U.S. Dollars	
	Year ended June 30, 2024	
	Transaction amount	Outstanding balance
Associates		
Yuso BV		
Electricity sales transaction	\$16,890	\$6,954
Outsourcing of electricity sales operations	4,336	211

(2) Compensation for Main Executive Management

	Millions of Yen	Thousands of U.S. Dollars
	Year ended June 30, 2024	Year ended June 30, 2024
Short-term employee benefit expenses	¥490	\$3,052
Share-based payment expenses	43	268
Total	¥533	\$3,321

38. Commitments

The commitments for expenditures after the closing date are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	As of June 30, 2024	As of June 30, 2024
Purchase of property, plant and equipment	¥981	\$6,105
Total	¥981	\$6,105

39. Contingent Liabilities

Litigation

With respect to some litigation cases currently pending, the Group may have presumptive obligations, but it is not probable that an outflow of resources with economic benefits will be required to settle such obligations, and therefore, the Group has not recorded any provisions. Estimating the potential impact of these litigations is practically impossible, but based on past experience and legal advice, even if liabilities are incurred due to these cases of litigation, the impact on the Group's financial position and business performance would be immaterial.

40. Subsequent Events

For the year ended June 30, 2024.

Not applicable.

II. Others

Quarterly information for the year ended June 30, 2024

Cumulative period

	Millions of Yen			Yen
	Revenue	Profit (loss) before taxes	Profit (loss) attributable to owners of parent	Basic earnings (loss) per share
For the three months ended September 30, 2023	¥31,306	¥(265)	¥(335)	¥(22.24)
For the six months ended December 31, 2023	67,835	1,593	313	20.79
For the nine months ended March 31, 2024	115,700	14,091	9,003	597.15
For the twelve months ended June 30, 2024	158,983	15,264	9,677	641.83

	Thousands of U.S. Dollars			U.S. Dollars
	Revenue	Profit (loss) before taxes	Profit (loss) attributable to owners of parent	Basic earnings (loss) per share
For the three months ended September 30, 2023	\$194,746	\$(1,652)	\$(2,085)	\$(0.14)
For the six months ended December 31, 2023	421,982	9,914	1,949	0.13
For the nine months ended March 31, 2024	719,730	87,655	56,008	3.71
For the twelve months ended June 30, 2024	988,982	94,952	60,199	3.99

Fiscal period

	Yen	U.S. Dollars
	Basic earnings (loss) per share	Basic earnings (loss) per share
For the three months ended September 30, 2023	¥(22.24)	\$(0.14)
For the three months ended December 31, 2023	43.02	0.27
For the three months ended March 31, 2024	576.31	3.59
For the three months ended June 30, 2024	44.69	0.28

Independent Auditor's Report

To the Board of Directors of Integrated Design & Engineering Holdings Co., Ltd.

Opinion

We have audited the consolidated financial statements of Integrated Design & Engineering Holdings Co., Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in contracts for which revenue is recognized over time	
Key audit matter description	How our audit addressed the key audit matter
<p>The Company's consolidated subsidiaries contract with customers such as national and local governments, foreign governments, and electric power companies for public infrastructure development projects to provide construction consulting services such as planning, design, and construction management, as well as manufacturing and sales of electric power-related equipment.</p> <p>Most of the 158,983 million yen in revenue in the consolidated statements of income consists of performance obligations which are recognized over time. As described in Note 3. Material Accounting Policies (15) Revenue, revenue from these performance obligations is recognized based on progress toward complete satisfaction of the obligations, and, if progress cannot be reliably measured, revenue is recognized to the extent of costs incurred until such time as progress of performance obligations can be reliably measured. In addition, the measurement of progress is generally based on actual incurred costs relative to estimated total costs, while some large projects are based on actual output.</p> <p>The contracts with customers differ from one another in terms of the nature of the deliverables and the specifications for those deliverables, and the estimation of total costs is dependent on management judgment. In particular, large-scale vertical axis hydroelectric power projects, with which the Group has limited prior experience, are subject to limited information, such as similar projects completed previously when estimating total costs, and include significant assumptions, such as outsourcing costs. Therefore, estimates of total costs are likely to change due to revisions in estimate. In addition, revenue recognized based on output measures for large-scale projects is specifically recognized based on the actual service report approved by project managers.</p> <p>Due to the nature of the contracts, revenue recognition involves management judgment and requires evaluation on a contract-by-</p>	<p>In reviewing the appropriateness of revenue recognition for these contracts, we performed the following principal audit procedures:</p> <p>Evaluated the design and implementation and tested the operating effectiveness of internal controls related to budget management and the process for estimating total costs developed by the Company's consolidated subsidiaries.</p> <p>Contracts with customers for long-term large-scale projects were evaluated on a test basis, which are highly important in terms of the amount of orders received and the amount of sales revenue, large-scale vertical axis hydroelectric power projects, and projects with significant revenues recognized, such as those for which revenue was recognized based on output measures for large-scale projects, the following procedures were performed:</p> <ul style="list-style-type: none"> ● Inspected contracts and related specification documents ● Inquired with the personnel in charge of executing the contract ● Reconciled estimates of total costs and supporting documentation such as outsourcing costs ● Assessed the reasonableness of estimates of total cost and assumptions of outsourcing costs ● Reconciled incurred costs with supporting documents ● Agreed the estimated billing amount with the incurred expense and other output measures used to measure progress ● Recalculated revenue recognized ● Agreed deposit vouchers to revenue booked ● Reviewed monthly trends in revenues and profit margins to assess reasonableness ● Compared the estimated total costs and actual costs for completed projects and identified no material differences.

contract basis. Accordingly, we have determined that this matter constitutes a key audit matter.	
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Valuation of goodwill and trademarks attributable to BDP Holdings Limited Group	
Key audit matter description	How our audit addressed the key audit matter
<p>As described in Note 13. Goodwill and Intangible Assets to the consolidated financial statements, the carrying amounts of goodwill and trademarks classified as intangible assets with indefinite useful lives are 7,475 million yen and 5,543 million yen, respectively, the majority of which are attributable to consolidated subsidiary BDP Holdings Limited (“BDP”) and its subsidiaries (“BDP Group”).</p> <p>The Group acquired BDP, a UK-based construction design company, in 2016 to expand the urban development market and recorded significant goodwill and trademarks at the time of acquisition. BDP also acquired Quadrangle Architects Limited, a Canadian construction design firm, in 2019 and Pattern Design Limited, a British construction design firm, in 2021 and recorded goodwill and trademarks as a result.</p> <p>As described in Note 15. Impairment of Non-Financial Assets (2) Impairment Test for Goodwill and Intangible Assets with Indefinite Useful Lives, the Group performs an impairment test on goodwill and trademarks annually or more often if indicators of impairment exist.</p> <p>As part of the annual impairment test, the Group determines the value in use of the BDP Group by discounting the estimated cash flows based on a management-approved business plan and a long-term growth rate to present value using a discount rate which is based on the weighted average cost of capital of the CGU.</p> <p>As a result of the above calculations, in the current consolidated fiscal year, the value in use was less than the book value, therefore the book value was reduced to the value in use, and 585 million yen was recorded as an impairment loss.</p>	<p>In reviewing the appropriateness of the valuation of goodwill and trademarks attributable to the BDP Group, we performed the following principal audit procedures:</p> <ul style="list-style-type: none"> ● Evaluated the design and implementation and tested the operating effectiveness of internal controls related to the valuation of goodwill and trademarks developed by the Group, as well as the establishment of significant assumptions, such as estimates included in the business plan as well as the growth rate related to the valuation, and the discount rate ● Compared the significant assumptions used by management in the previous year and the actual assumptions in the current year ● Inquired of management regarding the business plan to understand the forecasting process ● Examined the consistency of the growth rate with external information ● Calculated the discount rate independently with the assistance of valuation experts and compared to the discount rate used by management. The independent calculation of the discount rate was based on publicly-available market data. Evaluated the methods applied by management in calculating the discount rate

Because of the significance of the amount of goodwill and trademarks attributable to the BDP Group, the estimates in the business plan's forecasts used to determine the value in use, and significant assumptions such as the long-term growth rate and the discount rate are affected by assumptions of future market and economic conditions and involve management judgments and are subject to a high degree of estimation uncertainty, we have determined that such matters constitute a key audit matter.

Other Information

The other information comprises the information included in the Financial Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not

a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with the International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended June 30, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended June 30, 2024, the amounts of fees for the audit and the other services charged to Integrated Design & Engineering Holdings Co., Ltd. and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥227 million and ¥10 million, respectively.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

近藤 仁

Hitoshi Kondo

Designated Engagement Partner
Certified Public Accountant

November 13, 2024

櫻井 良孝

Yoshitaka Sakurai

Designated Engagement Partner
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