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Consolidated Financial Results for the Six Months Ended December 31, 2024 [IFRS]



February 14, 2025

Company name: Integrated Design & Engineering Holdings Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9161

URL: <https://www.id-and-e-hd.co.jp/english/>

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Scheduled date of filing semi-annual securities report: February 14, 2025

Scheduled date of commencing dividend payments: -

Availability of supplementary material on financial results: Yes

Schedule of financial results briefing session: None

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Six Months Ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (% of change from the previous period)

	Revenue		Operating Profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six Months ended December 31, 2024	72,025	6.2	1,063	(50.9)	(13)	-	(1,024)	-
December 31, 2023	67,835	-	2,165	-	1,593	-	297	-

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
Six Months ended	Millions of yen	%	Yen	Yen
December 31, 2024	(1,179)	-	(78.14)	(78.14)
December 31, 2023	313	-	20.79	20.79

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2024	220,586	89,829	86,746	39.3
June 30, 2024	206,386	94,097	90,955	44.1

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended June 30, 2024	-	-	-	175.00	175.00
Fiscal year ending June 30, 2025	-	-	-	-	-
Fiscal year ending June 30, 2025 (Forecast)	-	-	-	0.00	0.00

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

At the extraordinary Board of Directors meeting held on November 19, 2024, the Company has resolved to amend the dividend forecasts for the fiscal year ending June 2025, and not to pay any year-end dividends for such fiscal year, subject to the successful completion of the tender offer for the Company's common shares by Tokio Marine Holdings, Inc. The resolution has been announced in the Company's press releases dated November 19, 2024, entitled "Notice of Opinion in Favor of Tender Offer for Company Shares by Tokio Marine Holdings, Inc. and Recommendation to Tender Shares in Tender Offer" and "Notice of Revision of Forecast for Year-End Dividends for the Fiscal Year Ending June 2025 (No Dividends)."

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2025
(from July 1, 2024 to June 30, 2025)**

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	165,000	3.8	12,200	(13.6)	7,300	(24.6)	483.79

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

*** Notes:**

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

(2) Changes in accounting policies and changes in accounting estimates
 1) Changes in accounting policies required by IFRS: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting estimates: None

(3) Total number of issued shares (ordinary shares)
 1) Total number of issued shares at the end of the period (including treasury shares)
 As of December 31, 2024: 15,094,372 shares
 As of June 30, 2024: 15,079,625 shares
 2) Total number of treasury shares at the end of the period
 As of December 31, 2024: 3,100 shares
 As of June 30, 2024: 1,206 shares
 3) Average number of shares during the period
 Six Months Ended December 31, 2024: 15,089,126 shares
 Six Months Ended December 31, 2023: 15,077,062 shares

* Review of the attached semi-annual consolidated financial statements by certified public accountants or the audit firm:
 None

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

- The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of the publication date of this document and it is not intended to guarantee the Company's future performance. Actual results may significantly differ from the forecasts due to a wide range of factors.
- The supplementary materials on financial results will be posted on the Company's website on February 14, 2025.

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1. Qualitative Information on Semi-Annual Financial Results

(1) Explanation of Operating Results

During the six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024), the Japanese economy showed a gradual recovery, although some standstills remained. As for the outlook, a moderate recovery is expected to continue, partly due to the effects of various policies, as the employment and income situation improves. However, the downside of the overseas economy, such as the impact of continuing high interest rates in Europe and the United States and continued stagnation of the real estate market in China, poses a risk of undermining Japanese economy. In addition, due attention should be paid to the impacts by the events such as rising prices, U.S. policy trends, the situation around the Middle East and the fluctuation in financial and capital markets.

With regard to the business environment surrounding the Company and its subsidiaries (together, the “Group” hereinafter), in the Consulting Business, favorable market conditions are expected in the domestic market as public works budgets for national resilience are secured and defense-related projects benefit from increased budgets. In overseas markets, ODA projects, including yen loans, are at their largest budgets ever, and while needs for infrastructure development by private capital are growing, there are concerns about rising costs due to inflation and the depreciation of the yen. In the Urban & Spatial Development Business, demand for sustainable urban development is increasing, and in emerging countries, demand for highly efficient urban development through means such as urban infrastructure improvement is high. In the Energy Business, renewable energy is being promoted as the main source of power and energy storage is being promoted to absorb the fluctuations of renewable energy in order to achieve the Carbon Neutrality in 2050. While the trend toward decarbonization is expected to continue over the long term, competition by the entry of various companies is also anticipated.

Under such a market environment, the Group has formulated a medium-term management plan “Building Growth 2027” as the second step “Expansion” (from July 2024 to June 2027) of the ID&E Global Strategy 2030. Its basic policy focuses on “sustainable growth in three core businesses and expansion of business fields through working together.” In accordance with the plan, we implement the three growth policies.

As the first growth policy “Reforms for growth,” we will promote active portfolio management in the three core businesses to increase profitability. As the second growth policy “Deployment of matrix management,” we will expand our business fields through collaboration among the three businesses in each region. As the third growth policy “Advancements in human resources and technology,” we will leverage the strong ID&E brand through development of human resources, development of leading-edge technologies and strengthening of quality control.

As a result, the Group ended the six months of the current fiscal year with orders received increasing 2.7% year on year to 67,674 million yen, mainly due to strong performance in the Energy Businesses. Revenue in the Consulting Business and the Urban & Spatial Development Business were strong, resulting in an increase of 6.2% year on year to 72,025 million yen. Operating profit decreased 50.9% year on year to 1,063 million yen, impacted by valuation losses associated with the listing of shares of the company the Group acquired capital in. Loss attributable to owners of parent was 1,179 million yen due to foreign exchange losses (profit of 313 million yen in the same period of the previous fiscal year).

Business results for each segment are as follows:

[Consulting]

In the Consulting Business, Nippon Koei Co., Ltd. (hereinafter referred to as “Nippon Koei”) took the lead to expand our market share in the domestic market, mainly in the road and defense businesses, and to improve profitability in overseas markets by increasing the ratio of contract man/months and reviewing the operating structure. We also worked to improve productivity through the expansion of private business and the use of AI and automated design both in Japan and overseas.

As a result, orders received increased 11.1% year on year to 37,883 million yen, and revenue increased 9.4% year on year to 37,318 million yen. Operating loss was 1,416 million yen (profit of 701 million yen in the same period of the previous fiscal year) due to a recording of a loss on valuation of securities of approximately 1.6 billion yen, whereas a valuation gain of approximately 0.6 billion yen had been booked in the previous year.

[Urban & Spatial Development]

In the Urban & Spatial Development Business, Nippon Koei Urban Space Co., Ltd. (hereinafter referred to as “Nippon Koei Urban Space”) worked to strengthen its management foundation by reinforcing its operational structure and reviewing its cost structure, while BDP Holdings Limited and its subsidiaries (hereinafter referred to as “BDP”) strived to strengthen business development in APAC through collaboration with the Group companies and expand its business in North America.

As a result, orders received decreased 27.7% year on year to 16,522 million yen due to large orders received by BDP in the same period of the previous year. Revenue from both Nippon Koei Urban Space and BDP were strong, resulting in an increase of 6.1% year on year to 20,314 million yen. Operating profit increased 79.2% to 240 million yen.

[Energy]

In the Energy Business, Nippon Koei Energy Solutions Co., Ltd. took the lead to promote the expansion of energy management business centering on storage batteries and the enhancement of added value in the manufacturing business by consolidating hydroelectric power generation-related divisions.

As a result, orders received increased 48.5% year on year to 12,952 million yen due to orders from large-scale microgrid-related businesses and the strong performance of system-related and hydroelectric power generation-related operations in the manufacturing business. Revenue decreased 2.1% year on year to 13,727 million yen. Operating profit increased 70.9% year on year to 2,203 million yen due to monetization of the business in Europe.

(2) Explanation of Financial Position

Total assets as of December 31, 2024, amounted to 220,586 million yen, an increase of 14,200 million yen from the end of the previous fiscal year. This was mainly due to a 21,327 million yen increase in contract assets.

Total liabilities were 130,756 million yen, an increase of 18,468 million yen from the end of the previous fiscal year. This was mainly due to a 25,423 million yen increase in borrowings.

Total equity was 89,829 million yen, a decrease of 4,268 million yen from the end of the previous fiscal year. This was mainly due to a 3,813 million yen decrease in retained earnings.

As a result, ratio of equity attributable to owners of parent to total assets decreased 4.8 percentage points from the end of the previous fiscal year to 39.3%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements

The full-year forecasts remain unchanged from those announced on August 14, 2024 since the performance of the Group for the first six months of the current fiscal year is generally progressing within the range of the forecast of the Group at the beginning of the fiscal year in each segment.

2. Condensed Semi-Annual Consolidated Financial Statements and Primary Notes

(1) Condensed Semi-Annual Consolidated Statement of Financial Position

	As of June 30, 2024	As of December 31, 2024
	(Millions of yen)	(Millions of yen)
Assets		
Current assets		
Cash and cash equivalents	25,242	20,170
Trade and other receivables	27,302	26,808
Contract assets	39,918	61,246
Other financial assets	2,908	2,229
Other current assets	6,593	8,396
Total current assets	101,965	118,851
Non-current assets		
Property, plant and equipment	54,759	54,133
Right-of-use assets	11,433	10,734
Goodwill	7,475	7,267
Intangible assets	7,830	7,450
Investment property	4,987	4,928
Investments accounted for using equity method	2,209	2,233
Retirement benefit asset	1,739	1,822
Other financial assets	7,835	6,201
Deferred tax assets	5,511	6,403
Other non-current assets	637	558
Total non-current assets	104,420	101,735
Total assets	206,386	220,586

	As of June 30, 2024	As of December 31, 2024
	(Millions of yen)	(Millions of yen)
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	23,723	55,438
Lease liabilities	3,443	3,228
Trade and other payables	12,108	9,061
Contract liabilities	10,649	14,770
Other financial liabilities	3,641	2,953
Income taxes payable	2,821	1,232
Provisions	1,190	693
Other current liabilities	15,314	10,656
Total current liabilities	72,892	98,033
Non-current liabilities		
Borrowings	19,588	13,297
Lease liabilities	8,438	7,984
Other financial liabilities	460	484
Retirement benefit liability	3,535	3,602
Provisions	150	178
Deferred tax liabilities	6,837	6,884
Other non-current liabilities	384	292
Total non-current liabilities	39,396	32,723
Total liabilities	112,288	130,756
Equity		
Share capital	7,522	7,553
Capital surplus	6,510	6,540
Treasury shares	(4)	(15)
Other components of equity	9,702	9,257
Retained earnings	67,224	63,410
Total equity attributable to owners of parent	90,955	86,746
Non-controlling interests	3,141	3,082
Total equity	94,097	89,829
Total liabilities and equity	206,386	220,586

(2) Condensed Semi-Annual Consolidated Statements of Profit or Loss and Comprehensive Income

(Condensed Semi-Annual Consolidated Statement of Profit or Loss)

	For the six months ended December 31, 2023 (From July 1, 2023 to December 31, 2023)	For the six months ended December 31, 2024 (From July 1, 2024 to December 31, 2024)
	(Millions of yen)	(Millions of yen)
Revenue	67,835	72,025
Cost of sales	(48,581)	(50,391)
Gross profit	19,253	21,633
Selling, general and administrative expenses	(18,167)	(19,456)
Share of profit of investments accounted for using equity method	95	42
Other income	1,261	770
Other expenses	(276)	(1,926)
Operating profit (loss)	2,165	1,063
Finance income	176	167
Finance costs	(748)	(1,244)
Profit (loss) before tax	1,593	(13)
Income tax expense	(1,296)	(1,011)
Profit (loss)	297	(1,024)
Profit (loss) attributable to		
Owners of parent	313	(1,179)
Non-controlling interests	(15)	154
Profit (loss)	297	(1,024)
Earnings (loss) per share		
Basic earnings (loss) per share (Yen)	20.79	(78.14)
Diluted earnings (loss) per share (Yen)	20.79	(78.14)

(Condensed Semi-Annual Consolidated Statement of Comprehensive Income)

	For the six months ended December 31, 2023 (From July 1, 2023 to December 31, 2023)	For the six months ended December 31, 2024 (From July 1, 2024 to December 31, 2024)
	(Millions of yen)	(Millions of yen)
Profit (loss)	297	(1,024)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Equity financial assets measured at fair value through other comprehensive income	149	71
Total of items that will not be reclassified to profit or loss	149	71
Items that may be reclassified to profit or loss		
Cash flow hedges	3	3
Exchange differences on translation of foreign operations	(286)	(532)
Share of other comprehensive income of investments accounted for using equity method	(27)	(18)
Total of items that may be reclassified to profit or loss	(311)	(548)
Other comprehensive income	(162)	(476)
Comprehensive income	135	(1,501)
Comprehensive income attributable to		
Owners of parent	163	(1,619)
Non-controlling interests	(28)	118
Comprehensive income	135	(1,501)

(3) Condensed Semi-Annual Consolidated Statements of Changes in Equity

For the Six Months Ended December 31, 2023 (From July 1, 2023 to December 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income
Balance as of July 1, 2023	7,517	6,470	-	6,039	(18)	457
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	(302)	3	149
Total comprehensive income	-	-	-	(302)	3	149
Issuance of new shares	22	22	-	-	-	-
Changes by share transfers	(17)	17	-	-	-	-
Purchase of treasury shares	-	-	(2)	-	-	-
Dividends	-	-	-	-	-	-
Total transactions with owners	5	39	(2)	-	-	-
Balance as of December 31, 2023	7,522	6,510	(2)	5,736	(15)	606

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of July 1, 2023	-	6,478	60,407	80,873	2,910	83,784
Profit (loss)	-	-	313	313	(15)	297
Other comprehensive income	-	(150)	-	(150)	(12)	(162)
Total comprehensive income	-	(150)	313	163	(28)	135
Issuance of new shares	-	-	-	45	-	45
Changes by share transfers	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	(2)	-	(2)
Dividends	-	-	(1,883)	(1,883)	(49)	(1,932)
Total transactions with owners	-	-	(1,883)	(1,839)	(49)	(1,888)
Balance as of December 31, 2023	-	6,328	58,837	79,196	2,833	82,030

For the Six Months Ended December 31, 2024 (From July 1, 2024 to December 31, 2024)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Equity financial assets measured at fair value through other comprehensive income
Balance as of July 1, 2024	7,522	6,510	(4)	8,629	(12)	1,084
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	(515)	3	71
Total comprehensive income	-	-	-	(515)	3	71
Issuance of new shares	30	30	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-
Purchase of treasury shares	-	-	(11)	-	-	-
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	(4)
Total transactions with owners	30	30	(11)	-	-	(4)
Balance as of December 31, 2024	7,553	6,540	(15)	8,114	(9)	1,152

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of July 1, 2024	-	9,702	67,224	90,955	3,141	94,097
Profit (loss)	-	-	(1,179)	(1,179)	154	(1,024)
Other comprehensive income	-	(440)	-	(440)	(35)	(476)
Total comprehensive income	-	(440)	(1,179)	(1,619)	118	(1,501)
Issuance of new shares	-	-	-	60	-	60
Change in scope of consolidation	-	-	-	-	185	185
Purchase of treasury shares	-	-	-	(11)	-	(11)
Dividends	-	-	(2,638)	(2,638)	(363)	(3,002)
Transfer to retained earnings	-	(4)	4	-	-	-
Total transactions with owners	-	(4)	(2,634)	(2,589)	(177)	(2,766)
Balance as of December 31, 2024	-	9,257	63,410	86,746	3,082	89,829

(4) Condensed Semi-Annual Consolidated Statement of Cash Flows

	For the six months ended December 31, 2023 (From July 1, 2023 to December 31, 2023)	For the six months ended December 31, 2024 (From July 1, 2024 to December 31, 2024)
	(Millions of yen)	(Millions of yen)
Cash flows from operating activities		
Profit (loss) before tax	1,593	(13)
Depreciation and amortization	2,959	3,166
Loss (gain) on financial assets measured at fair value through profit or loss	(585)	1,886
Interest and dividend income	(220)	(191)
Insurance claim income	(9)	(221)
Interest expenses	470	549
Share of loss (profit) of investments accounted for using equity method	(95)	(42)
Loss (gain) on derivatives	49	111
Loss (gain) on sale of property, plant and equipment, intangible assets and investment property	(71)	(162)
Decrease (increase) in trade and other receivables	3,054	183
Decrease (increase) in contract assets	(19,051)	(21,476)
Increase (decrease) in trade and other payables	(2,668)	(2,761)
Increase (decrease) in contract liabilities	(653)	4,975
Increase (decrease) in consumption taxes payable	(1,512)	(3,983)
Increase (decrease) in deposits received	379	(698)
Increase (decrease) in accrued expenses	(2,796)	(2,299)
Increase (decrease) in accrued bonus	(228)	(254)
Increase (decrease) in provisions	(702)	(471)
Other	(247)	258
Subtotal	(20,335)	(21,444)
Dividends received	136	86
Interest received	130	114
Proceeds from insurance income	9	221
Interest paid	(548)	(534)
Income taxes paid	(2,545)	(3,382)
Net cash provided by (used in) operating activities	(23,153)	(24,939)
Cash flows from investing activities		
Payments into time deposits	(20)	(396)
Proceeds from withdrawal of time deposits	165	663
Purchase of property, plant and equipment and investment property	(3,304)	(818)
Proceeds from sale of property, plant and equipment and investment property	229	274
Purchase of intangible assets	(152)	(94)
Purchase of shares of subsidiaries and associates	(81)	(77)
Other	(78)	(17)
Net cash provided by (used in) investing activities	(3,242)	(465)
Cash flows from financing activities		
Proceeds from short-term borrowings	305,060	803,000
Repayments of short-term borrowings	(284,548)	(773,000)
Proceeds from long-term borrowings	1,649	104
Repayments of long-term borrowings	(2,488)	(4,072)
Repayments of lease liabilities	(1,604)	(1,858)
Capital contribution from non-controlling interests	-	185
Dividends paid	(1,893)	(2,953)
Other	(2)	(11)
Net cash provided by (used in) financing activities	16,171	21,394
Net increase (decrease) in cash and cash equivalents	(10,224)	(4,011)
Cash and cash equivalents at beginning of period	31,679	25,242
Effect of exchange rate changes on cash and cash equivalents	176	(1,061)
Cash and cash equivalents at end of period	21,631	20,170

(5) Primary Notes to Condensed Semi-Annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in Shareholders' Equity)

There is no relevant information.

(Segment Information)

1. Outline of reportable segments

(1) Method of determination of reportable segments

The Group's reportable segments are component units of the Group for which separate financial information is available and that are subject to regular review by the Company's 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, for which each main company formulates a comprehensive strategy and engages in business activities. Accordingly, the Group is composed of three reportable segments classified by products and services; namely, "Consulting," "Urban & Spatial Development" and "Energy."

(2) Types of products and services by reportable segment

The "Consulting" engages in business within and outside Japan such as site surveying, planning, evaluation/assessment, designing and construction management. It operates in the fields such as 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, sabo (sand control), environment and information systems.

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

The "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. Information about reportable segments

The internal intersegment revenue or transfers are based on the transaction price determined after price negotiations taking factors such as the market price into consideration.

For the six months ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Subtotal
Revenue				
Revenue from external customers	34,107	19,143	14,019	67,270
Intersegment revenue and transfers	72	170	315	558
Total	34,179	19,314	14,334	67,828
Segment profit (loss)	701	134	1,289	2,125
Finance income				
Finance costs				
Profit (loss) before tax				

(Millions of yen)

	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	565	67,835	-	67,835
Intersegment revenue and transfers	1,023	1,582	(1,582)	-
Total	1,588	69,417	(1,582)	67,835
Segment profit (loss)	340	2,465	(300)	2,165
Finance income				176
Finance costs				(748)
Profit (loss) before tax				1,593

Notes: 1. The category of "Others" includes incidental revenues and expenses that do not belong to any reportable segments.

2. "Adjustments" is a recognition of expense and income associated with the Group operation and an elimination of transactions between segments.

For the six months ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable Segments			
	Consulting	Urban & Spatial Development	Energy	Subtotal
Revenue				
Revenue from external customers	37,318	20,314	13,727	71,360
Intersegment revenue and transfers	53	78	599	731
Total	37,372	20,392	14,327	72,092
Segment profit (loss)	(1,416)	240	2,203	1,026
Finance income				
Finance costs				
Profit (loss) before tax				

(Millions of yen)

	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated
Revenue				
Revenue from external customers	664	72,025	-	72,025
Intersegment revenue and transfers	1,026	1,757	(1,757)	-
Total	1,690	73,782	(1,757)	72,025
Segment profit (loss)	395	1,422	(359)	1,063
Finance income				167
Finance costs				(1,244)
Profit (loss) before tax				(13)

Notes: 1. The category of "Others" includes incidental revenues and expenses that do not belong to any reportable segments.

2. "Adjustments" is a recognition of expense and income associated with the Group operation and an elimination of transactions between segments.

(Significant Subsequent Events)

1. Completion of tender offer, changes in the parent company and largest shareholder that is a major shareholder, and the special shareholders' meeting

The Company, at its Board of Directors meeting held on November 19, 2024, resolved to express its opinion in favor of a tender offer (hereinafter referred to as the "Tender Offer") for the Company's common shares (hereinafter referred to as the "Company Shares") by Tokio Marine Holdings, Inc. (hereinafter referred to as the "Tender Offeror"), and to recommend that the shareholders of the Company tender their shares in the Tender Offer. The resolution of the Company's Board of Directors was adopted on the premise that the Tender Offeror intends to make the Company a wholly-owned subsidiary thereof and that the Company Shares will be delisted through the Tender Offer and the series of subsequent procedures.

The Tender Offer was implemented from November 20, 2024 to February 5, 2025, and as announced in "Notice Regarding Results of Tender Offer for Company Shares by Tokio Marine Holdings, Inc. and Changes in the Parent Company and the Largest Shareholder that is a Major Shareholder" published by the Company on February 6, 2025 (hereinafter referred to as the "Result Press Release"), the Company received a report from the Tender Offeror that the Tender Offer had been successfully completed, as the total number of tendered Company Shares had become equal to or more than the lower limit of the number of shares to be purchased (9,988,600 shares). Thus, the settlement of the Tender Offer was made on February 13, 2025 (the commencement date of the settlement of the Tender Offer), the voting rights ratio of the Tender Offeror exceeded fifty percent (50%), and, accordingly, the Tender Offeror newly became the Company's parent company and the largest shareholder that is a Company's major shareholder.

As announced in "Notice of Opinion in Favor of Tender Offer for Company Shares by Tokio Marine Holdings, Inc. and Recommendation to Tender Shares in Tender Offer" published by the Company on November 19, 2024 (hereinafter referred to as the "Company Opinion Press Release") and the Result Press Release, since the total number of the voting rights of the Company owned by the Tender Offeror and Tokio Marine & Nichido Fire Insurance was less than 90% of the number of the voting rights owned by all shareholders of the Company after completion of the Tender Offer, the Company plans to hold a special shareholders' meeting in April 2025, whose agenda items will include implementation of a share consolidation of the Company Shares (hereinafter referred to as the "Share Consolidation") pursuant to Article 180 of the Companies Act (Act No. 86 of 2005, as amended) and a partial amendment of the articles of incorporation to abolish the provisions on share unit numbers subject to effectuation of the Share Consolidation (hereinafter referred to as the "Special Shareholders' Meeting"). The details of the Special Shareholders' Meeting will be announced as soon as they are determined.

Also, as a result of conducting the series of procedures described in the Company Opinion Press Release under the item "(5) Policy for Reorganization After the Tender Offer (Matters Concerning "Two-Step Acquisition")," the Company Shares will be delisted following the designated procedures pursuant to the delisting standards of Tokyo Stock Exchange, Inc. (hereinafter referred to as the "TSE"). The Company Shares cannot be traded on the Prime Market of the TSE after they are delisted.

2. Record Date of the Special Shareholders' Meeting

At the Board of Directors meeting held on February 14, 2025, the Company resolved to set the record date as March 1, 2025, in order to determine the shareholders who may exercise their voting rights at the Special Shareholders' Meeting, and the shareholders listed or recorded in the last shareholder register on that day will be entitled to exercise their voting rights at the Special Shareholders' Meeting.

3. Other

(1) Status of Orders and Revenue

Category/segment		By period		For the six months ended December 31, 2023		For the six months ended December 31, 2024		For the fiscal year ended June 30, 2024	
		Amount (Millions of Yen)	Composition (%)	Amount (Millions of Yen)	Composition (%)	Amount (Millions of Yen)	Composition (%)		
Orders received	Consulting	34,094	51.7	37,883	56.0	86,568	53.6		
	Urban & Spatial Development	22,858	34.7	16,522	24.4	49,874	30.9		
	Energy	8,720	13.2	12,952	19.1	24,446	15.2		
	Others	245	0.4	316	0.5	467	0.3		
	Total	65,919	100.0	67,674	100.0	161,357	100.0		
Revenue 1	Consulting	34,737	51.3	37,318	51.8	86,118	54.1		
	Urban & Spatial Development	19,143	28.2	20,314	28.2	44,459	28.0		
	Energy	13,390	19.7	13,727	19.1	27,296	17.2		
	Others	565	0.8	664	0.9	1,108	0.7		
	Total	67,835	100.0	72,025	100.0	158,983	100.0		
Revenue 2	Consulting	34,107	50.3	37,318	51.8	85,488	53.7		
	Urban & Spatial Development	19,143	28.2	20,314	28.2	44,460	28.0		
	Energy	14,019	20.7	13,727	19.1	27,925	17.6		
	Others	565	0.8	664	0.9	1,109	0.7		
	Total	67,835	100.0	72,025	100.0	158,983	100.0		

Category/segment		By period		For the six months ended December 31, 2023		For the six months ended December 31, 2024		For the fiscal year ended June 30, 2024	
		Amount (Millions of Yen)	Composition (%)	Amount (Millions of Yen)	Composition (%)	Amount (Millions of Yen)	Composition (%)		
Foreign exchange and other adjustments	Consulting	(265)		(1,196)		7,327			
	Urban & Spatial Development	(64)		(901)		3,366			
	Energy	328		139		1,210			
	Others	(0)		-		(0)			
	Total	(2)		(1,958)		11,903			
Outstanding Orders	Consulting	134,984	67.8	143,294	67.0	143,872	66.1		
	Urban & Spatial Development	41,302	20.8	41,739	19.5	46,432	21.3		
	Energy	22,664	11.4	28,878	13.5	27,390	12.6		
	Others	-	-	0	-	5	0.0		
	Total	198,951	100.0	213,913	100.0	217,701	100.0		

Notes: 1. The above amounts are for external customers and do not include inter-segment transactions or transfers.

2. For the six months ended December 31, 2023 and the fiscal year ended June 30, 2024, Revenue 1 is by segment which received orders and Revenue 2 is by segment which provided services. As a result of the company reorganization carried out in the previous fiscal year, Nippon Koei, which had been operating in multiple segments, spun off into each segment, and therefore Revenue 1 and Revenue 2 are the same amount from the three months ended September 30, 2024 onwards.

3. "Foreign exchange and other adjustments" includes the adjustments related to exchange differences and outstanding order revisions.