

Top Message

65 years of growth as a specialist
in infrastructure maintenance

We will steadfastly commit ourselves to
an affluent and safe society worldwide

Tatsuya Kishimoto

President and Representative Director

Guided by our mission of solving
social problems

Q. SHO-BOND reached its 65th anniversary on June 4, 2023. What are the main elements of the DNA that have defined SHO-BOND's operations since its inception?

A. Since the establishment of our company in 1958 by Akira Ueda, we have grown as an organization specializing in infrastructure maintenance. We are a construction company that does not build new structures. Mr. Ueda was the company's chairman when I joined SHO-BOND. I was awed by his powerful leadership and charisma emanating from his behavior.

Now I am in a position to lead the company as president. When I look back on the journey of growth and think about the sentiments of our founder, I can sense a lot from his motto, "Change in itself is progress," which he frequently said since the early days of our company. As the world and markets change, SHO-BOND, which specializes in repair and reinforcement without new construction work, has been a maverick of the construction industry, maintaining its unique style. At the time, we voluntarily surveyed and inspected bridges for local governments, reporting on their deterioration status and providing advice on necessary maintenance work. Governments and other organizations greatly appreciated our ability to create proposals from their perspectives, which boosted our growth. On the other hand, we also encountered challenging situations, such as unfavorable changes to bidding rules, which may cause us unable to take on new projects. We must survive and grow even amid such dramatic changes. I believe that "change in itself is progress" embodies the unique beliefs of Mr. Ueda who has successfully overcome many difficulties. Lacking the ability to change or keenly adhering to the past will make us fall behind. Now that infrastructure maintenance is in the spotlight, we must constantly take on new challenges without overconfidence. Bearing these in mind, this is how I am leading the management of the Group.

Everyone in our group has a resolute commitment to

the DNA originated from Mr. Ueda of never losing in the infrastructure repair and reinforcement market. I believe this spirit is what makes us SHO-BOND. We know more than our customers about the degradation of the structures they manage. We also have a comprehensive maintenance system that makes us a one-stop source of services in this sector. Leveraging these resources, we will respond to all requests from our customers. The dedication of our people to earning more and more trust from customers is the most valuable strength of the SHO-BOND Group. [>P07](#)

Q. What do you think Mr. Ueda would think of the organization that SHO-BOND has become today?

A. I think he would be happy to see how well we are doing. I also think he would check to be certain we are managing operations properly. He would want to confirm that we have been taking good care of long-time customers and doing a good job with small projects because the original characteristics of our group lie in steady sales activities that are close to clients and the accumulation of small-scale construction projects. Nowadays, our sales and earnings are increasing steadily mainly because of the large volume of expressway orders. Conversely, I'm concerned that our focus on securing large orders creates the risk of losing relationships with other long-term customers. As we make changes to cope with shifts in the operating environment, we must retain our commitment to the defining characteristics of our company. As the leader in the infrastructure maintenance field, our mission is to continue expanding our operations to cover a broader range of customers such as local governments and the private sectors at home, and even foreign markets, where the potential needs for structure maintenance remain to be met. I intend to develop our business with a sense of mission for the benefit of administrators and users in need, not just in pursuit of profit.

Local governments are responsible for about 80% of Japan's infrastructure. As Japan's population declines, these governments are having difficulty hiring people

and securing sufficient funds for infrastructure maintenance. As one way to help deal with this problem of limited human and monetary resources at local governments, we recently developed the SBLN GEL. Applying this gel-like substance, which contains lithium nitrite, to concrete slows down the rusting of rebar within the concrete. This innovation is highly anticipated by infrastructure managers because no special skills are needed to apply the SBLN GEL. [>P36](#) Infrastructure degrades in many ways. Some repairs require a major project and others can be completed quickly and inexpensively. If earnings are the only goal, the best policy is to take on primarily large repair and reinforcement projects. However, we should be the optimal maintenance provider who constantly develops products and makes proposals from the customer's perspective. To pass on this thinking, skills, and the fulfillment of work to younger employees, we have training programs led by experienced personnel.

Strong performance in Japan. Aiming to speed up growth overseas during the next Medium-term Business Plan

Q. FY2023 was the second year of the current Medium-term Business Plan. How do you assess last year's performance and what are your goals for the plan's final year?

A. I believe our operations in Japan have reached a fairly high level. Large expressway orders are almost 70% of our business, which is more than we expected. As a result, construction sales have been leveling off quarterly. I think our success in strengthening training programs for our employees and our network with partner companies were mainly responsible for this progress. These accomplishments and the large order backlogs give us confidence in determining an outlook for FY2025 and afterward.

In July 2023, we signed an investment and licensing agreement with Structural Technologies, LLC, a U.S. infrastructure repair maintenance company after a

five-year negotiation. [>P44](#) In addition to expecting an increase in profits through profit sharing, we also hope to increase future earnings by obtaining quality certification for SHO-BOND products in the United States, incorporating them into design, and providing construction guidance through the company.

Addressing the problem of profitability in Thailand is a pressing concern. Initially, the pandemic restricted sales activities and caused delays in our plan to meet the demand for infrastructure maintenance involving airports, railroads, highways, and other sectors. Now sales have slowly started to move up, backed partly by maintenance orders for wharves and silos. While highly skilled partner companies bring us high profitability in Japan, we have not yet sufficiently developed the subcontractors' network in Thailand and this is putting pressure on profits. While steadily training local workers, we will also focus on expanding the subcontractors' network by cooperating with the Siam Cement Group, to achieve constant profitability.

To establish a solid base for starting the next Medium-term Business Plan, we are developing an organizational structure to speed up growth overseas.

Q. Please explain your strategy for growth based on a time frame of 5 to 10 years.

A. There are good prospects for more growth in the demand for infrastructure maintenance. Current plans of Japan's expressway companies indicate that there will be a large volume of orders for at least the next decade. Furthermore, the number of bridges in Japan that are more than 50 years old will continue to increase, creating new sources of demand for repairs and reinforcement. [>P13](#) As the leader in this industry, we are determined to continue growing at a rate that keeps us far ahead of all our competitors.

In order to add more sources of revenue, we are sowing the seeds of new business and steadily working on potential sales and marketing activities. Our operations overseas are part of it. We are also paying attention to the activation of maintenance activities by

local governments and the private sector. The need for infrastructure maintenance is growing steadily worldwide. Meeting all of these needs directly is not possible with the current size of the SHO-BOND Group. This is why we are exploring ways, including M&A, to expand our business by leveraging our expertise as a maintenance specialist. In areas that we cannot cover by ourselves, I want to deliver our considerable expertise and cumulated know-how through licensing agreements with other companies or utilizing AI technology. We will create more innovative products, such as our *AI Shindanshi* packed with know-how on deterioration diagnosis of concrete structures, for customers to rent or purchase and provide support to the infrastructure managers. I intend to continue taking on such challenges steadfastly. [>P32](#)

Reinforcing our reputation as a technology-oriented organization is another element of our strategy for growth. Since our inception, the continuous cycle of replacements and updates of our construction materials and methods has underpinned our growth. A series of sheet methods preventing concrete from spalling and falling is one illustration. Initially, a complex process with manual steps was required. We solved this problem by developing improved products one after another with our customers for more convenience and better performance. Examples include the HYBRID SHEET METHOD, which reduces the number of steps, a transparent sheet that makes subsequent inspections easier, and a spray-type material for finishing work faster. To ensure greater convenience, we will continue the cycle of developing and updating our materials and methods based on customers' needs.

Create a comprehensive sustainability promotion framework across the entire group

Q. What types of activities are there at the SHO-BOND Group involving sustainability?

A. Maintenance services for extending the life of



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infrastructure make a big contribution to the reduction of greenhouse gases and waste materials by eliminating the need for demolition and reconstruction. Playing a role in combating global warming is therefore another reason for our desire to deploy our technologies for repairing and reinforcing aging infrastructures in every corner of Japan and overseas.

In FY2024, we transferred the Corporate Planning Department and ESG Promotion Office to the Holdings function to comprehensively and cross-sectionally address sustainability issues, not only for the core operating company SHO-BOND CORPORATION but also for SHO-BOND MATERIAL and SB&M.

E Environment

Japan's construction industry is developing many technologies, such as concrete that absorbs CO₂, as part of activities to accomplish the national goal of carbon

neutrality by 2050. On the other hand, we do not use large quantities of concrete and other materials because we work on only maintenance projects. To protect the environment, we are seeking ways to replace petroleum-derived materials with biological materials in resin-based materials that we manufacture and sell. Lowering our use of water is another goal. We already have programs at construction sites for the recycling and reuse of water for washing hands. Demonstration tests and other activities are underway to determine a



Our younger employees are very active in improving health and safety levels at construction sites, which motivates me to achieve more progress.

way to reuse the large amount of water required for the use of water jets. We will continue to work on solving the numerous obstacles one by one to create a practical water recycling system.

S Social

All construction companies in Japan are facing the challenge of a severe labor shortage, including our partner companies. To reduce the burden in this respect and make full use of our Tsukuba Training Center, we are offering training programs that cover not only our employees but also our partner companies. In addition, we plan to expand the targets of our training programs to trainees from other countries by coordinating with JICA (the Japan International Cooperation Agency), and our customers' engineers.

I also think workforce diversity is very important. We are taking many initiatives including gender, nationality, and career path. For our recruiting activities, we make efforts to maintain at least a 15% regular recruiting rate of females. We are generally hiring new graduates as planned, partly due to the increasing interest of students in infrastructure maintenance. Furthermore, the number of employees from other countries, mainly in Asia, is increasing as well. I hope to see these international staff members filling key positions in the future to support our global expansion. Another priority is the continuation of recruiting people with previous work experience who can be immediately productive. These mid-career people are already more than half of our workforce. Hiring people with experience in large projects and projects in categories new to our group will allow us to offer customers an even broader selection of services. We diversify our workforce actively to challenge new businesses and promote the dissemination of the knowledge of our employees to create an environment where people motivate each other to improve their skills and advance their careers. We use our internal publications, e-learning content, and other methods to make the thinking of outstanding and distinctive people in our group accessible to everyone.

Employee retention and workplace safety are two of our highest priorities. In the old days, SHO-BOND mainly took on subcontracted work, and there was a usual practice to assign one engineer to several different small job sites to earn more profits, which raised our attrition rate because of the high volume of work and also had a negative effect on safety. I experienced such conditions myself and felt that was unsustainable. After I became the president, I declared safety and quality as our vital issues and took steps to strengthen the departments supporting health and safety activities on the construction sites. Meanwhile, a timely support system was updated, by which managers attend the health and safety patrols to gather information about issues through dialogues with workers, identify the hidden risks, and respond promptly before it may cause serious troubles. In the conversation, managers and the site engineers share various information, such as what happened that day, what is planned for the next day, if there are any job site problems, etc. I believe these communications have improved the safety and quality of our construction and lowered our workforce attrition rate. I do a safety patrol once every month. Visiting construction sites and talking with our staff are valuable for reinforcing my confidence in our operations. In addition, our younger employees are very active in improving health and safety levels at construction sites, which motivates me to achieve more progress.

G Governance

I believe that the Board of Directors has a well-balanced composition as the whole Group, including outside directors and directors of major subsidiaries. To assist with the Group's management, the three outside directors frequently provide advice based on their independent and objective perspectives and many years of experience in their professions.

The Group is now taking on a variety of new challenges with activities that include equity alliances with companies in Japan and other countries. At the Board of Directors meeting, the outside directors examine proposals for new actions and share points,

especially regarding potential risks. I believe that live discussions, serving not only as an accelerator but also as a brake, are leading to improvements in the effectiveness of corporate governance. Outside directors have also offered useful input that we could not obtain internally, such as the public's expectations of SHO-BOND, and the ideal state of companies aspired by students, female engineers, and others in general. As we aim for growth overseas, we will consider adding outside directors with global knowledge and experience as well as other measures to make our governance even stronger.

Corporate value growth backed by the spirit of "change in itself is progress"

Q. What is your message to shareholders and other investors?

A. When I meet investors, I often hear about their expectations for an even more aggressive stance for growth as the market for structure maintenance continues to expand. Our business policy is to value both operational and social aspects of our business guided by the mission that has defined our activities since our inception. With proper risk management and human resource development, we intend to take on new challenges steadily for the diversification of our profit structure and growth of business operations.

We are now in the final year of our current Medium-term Business Plan. Work on formulating the next plan has started. During this important year, everyone at the SHO-BOND Group has a firm determination to leverage our strengths as much as possible. We will focus on measures embodying the spirit of "change in itself is progress" to increase corporate value and meet the expectations of all of our stakeholders. I appreciate your continuing support.

Medium-term Business Plan (FY2022 - FY2024)

In the Medium-term Business Plan (FY2022 - FY2024), we are working to achieve sustainable profit growth and enhance corporate value under the basic policy of “honing the inherent strengths what it is that makes us SHO-BOND.” We defined the “inherent strengths” in terms of business as “construction work capability,” “technological development capability” and “product sales capability,” and in terms of management as “profitability,” “financial soundness” and “shareholder returns.” Per the Medium-term Business Plan, we are trying to refine SHO-BOND’s strengths and build a system ready for the stage of further accelerated growth. In FY2022, we focused on proactive measures, including “upgrade the order receipt strategy

utilizing the in-house company structure” and “more activities for large projects and construction work capability.” In FY2023, we achieved steady results from measures like “to become more competitive for capturing orders by developing human resources capable of adapting to changing markets,” “personnel system reforms that reflect the changing business environment,” and “a strong safety culture and rigorous on-site training” as stronger foundations for growth. In particular, we believe the achievement of zero fatal accidents, zero frequency rate, and zero severity rate of occupational accidents is the result of the company-wide Initiatives for Creating a SHO-BOND Culture of Safety.

Basic policy

“Honing our inherent strengths what it is that makes us SHO-BOND”

- ① Further initiatives for large-scale construction by reinforcing organizational capabilities
- ② Develop new technologies ahead of other companies and take on the challenge of a new product sales strategy
- ③ Increase orders through human resource development that can respond to market changes and the increase of productivity
- ④ Manage both profitability and financial soundness and enhance shareholder returns
- ⑤ More ESG activities and contributions to SDGs

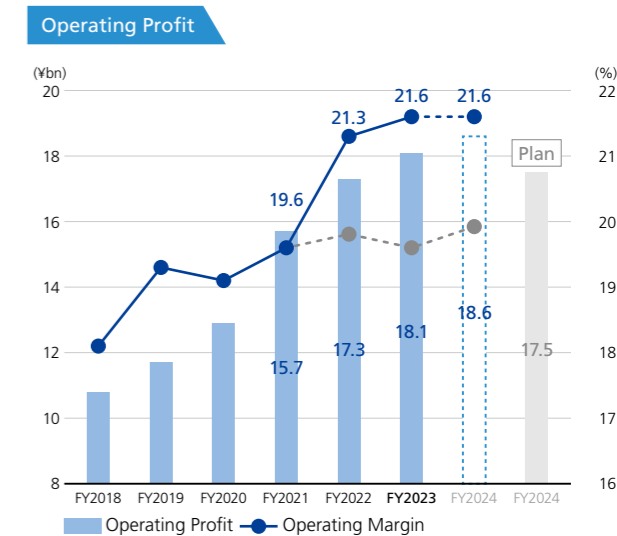
Business Strategy		A Stronger Foundation for Growth	
Strategic Initiatives	Progress in FY2023	Strategic Initiatives	Progress in FY2023
Upgrade the order receipt strategy utilizing the in-house company structure	Each in-house company consolidates information on large-scale construction projects within their wide operation areas, and holds meetings to select projects for bidding, study measures to reduce construction costs, and check the workforce framework involving partner companies. They have taken strategic measures, such as reallocating engineers among regional offices according to the status of orders in each region.	To become more competitive for capturing orders by developing human resources capable of adapting to changing markets	The workforce reached 985 at the end of June 2023. To improve the capabilities of engineers, we strengthened support for getting public qualifications and implemented educational programs on the themes of 3D CAD and FEA (Finite Element Analysis). Each in-house company conducted a variety of training programs for young employees, female engineers, and others.
More activities for large projects and construction work capability	For large construction projects of ¥2bn or more, the Large-Scale Construction Management Committee is convened, and each department at the head office confirms the details of the project before receiving an order. Each regional office has made progress in having existing partner companies work in larger areas and selecting new ones.	Personnel system reforms that reflect the changing business environment	We integrated measures related to work style reforms and improvement of the work environment for female employees into in-house systems. In addition, we implemented a 3% salary increase for two straight fiscal years, as well as improved compensation for senior employees. We are also preparing for the new overtime cap that will take effect in the construction industry according to the revised Labor Standards Act in 2024 and further discussing new personnel systems.
Challenge a new product sales strategy by SB&M	The easing of the behavioral restrictions imposed under the COVID-19 pandemic has enabled SB&M to carry on a full-scale operation in Thailand. It has received construction orders of around ¥100mn and sold products through JICA technical projects. In July, SB&M reached an agreement to invest in Structural Technologies, LLC, a U.S. civil infrastructure repair company.	A strong safety culture and rigorous on-site training	Initiatives for Creating a SHO-BOND Culture of Safety have resulted in zero fatalities, as well as zero LTI frequency and severity rate in FY2023. Each regional office is also implementing safety activities frequently, raising awareness and moving closer to the independent and mutually enlightening model of safety culture.
More joint activities by increasing cooperation among group companies and other companies	Kyna-Tech’s water jet (“WJ”) construction business has been steadily increasing its performance, and in FY2024, the aim is to strengthen its construction team engaged in the WJ works. Maintenance Technology Inc. has also gradually increased its contribution to the SHO-BOND Group (the “Group”). SB&M is contributing to the Group by achieving results in developing clients outside the road sector. In addition, we have made progress in strengthening ties with various local partner companies.	Use of the digital transformation (DX) for higher productivity	In terms of on-site DX, the use of construction management applications became more widespread as a result of staff training and each regional office’s workshops. In addition to the design engineers at each regional office acquiring 3D CAD skills, the conversion of in-house developed construction devices into 3D data was completed to comply with the government’s request for the delivery of 3D models.
New technologies for preventive infrastructure maintenance	As a new research theme, we have begun replacing organic additives with plants and shells in consideration of the environment. The development of lithium nitrite materials, a preventive maintenance method for concrete structures, has been completed and advanced to the commercialization stage. Devices equipped with “AI Shindanshi,” an artificial intelligence diagnosis system, were distributed to our engineers and began to be used in actual operations.	Build a framework for responding to ESG issues	We have enhanced the disclosure of non-financial information and established internal systems related to ESG and sustainability, including the release of related KPIs, the publication of an integrated report, and the holding of a Sustainability Committee meeting. We will promote disclosure of information on human capital and diversity, etc.

Financial Targets

	FY2022 Results	FY2023 Results	FY2024 Forecasts	FY2024 Targets (Mid-term Plan)
Net Sales	81.19 billion yen	83.92 billion yen	86.2 billion yen	87.5 billion yen
Operating Profit	17.26 billion yen	18.12 billion yen	18.6 billion yen	17.5 billion yen
Operating Profit Margin	21.3%	21.6%	21.6%	20.0%
Profit Attributable to Owners of Parent	12.36 billion yen	12.88 billion yen	13.3 billion yen	12.0 billion yen
ROE	13.4%	13.4%	13.0%	12.0%

Operating profit was ¥18,124 million and profit attributable to owners of parent was ¥12,887 million in FY2023. Due to this performance, the final year targets of the current Medium-term Business Plan were achieved one year early. More growth is expected in FY2024. However, sales are forecasted to be below the Medium-term Business Plan goal chiefly because the impact of the COVID-19 pandemic made it difficult to expand our overseas operations as initially planned, especially the sales of construction materials.

The operating margin was above 21% and the ROE was above 13%, both well above the Medium-term Business Plan targets. Selectively accepting orders, rigorously managing the cost of construction, and others make this possible. This accomplishment demonstrates the continuing progress with the high profitability that is a defining characteristic of SHO-BOND.

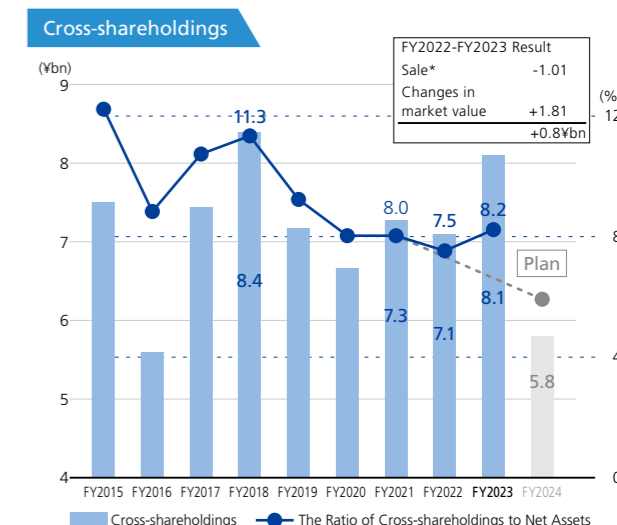


Capital Policy

	FY2022 Results	FY2023 Results	FY2024 Forecasts	FY2024 Targets (Mid-term Plan)
Dividend Payout Ratio	51.1%	52.1%	50.0%	50.0%
Total Return Ratio	75.1%	79.1%	75.0%	75.0%

Our policy is to maintain a dividend payout ratio of 50% as the basis for the continuous and stable distribution of earnings to shareholders. In FY2023, shareholders received a commemorative dividend of ¥5 per share to mark the 65th anniversary of the establishment of SHO-BOND CORPORATION. The total dividend for the fiscal year was ¥127, with a payout ratio of 52.1%. In addition, the current Medium-term Business Plan includes the purchase of treasury shares worth ¥10 billion. The combination of dividends and the purchase of treasury shares will increase the total return ratio to more than 75%.

Cross-shareholdings with a market value of ¥1,096 million were sold in the past two years. The intention is to reduce these holdings as a proportion of net assets. However, this percentage has risen due to the appreciation of the market value of the remaining cross-shareholdings.



CFO Message

Sales and earnings have increased for nine consecutive years and we have increased the dividend for 14 consecutive years. I believe this achievement is due to our steadfast adherence to the basic policy of “emphasizing profitability and selectively accepting orders” while flexibly changing our internal structure and ordering strategy in response to the expansion of the maintenance market. Our policy is not to forcefully pursue sales scale, but rather secure profits by maintaining high profit margins while considering the proper balance among shareholder returns, growth investments, and internal reserves.

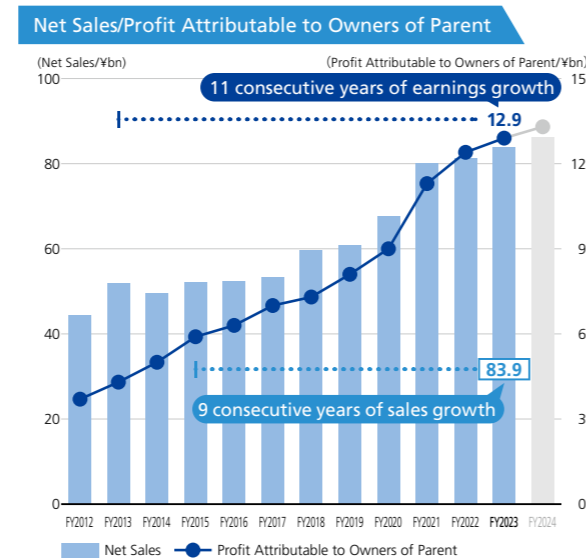


Yasuhiro Sekiguchi
Managing Director, CFO

Review of Performance

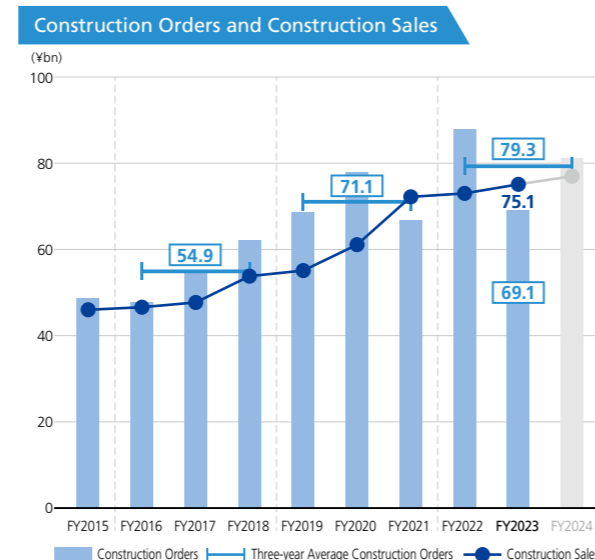
Sales and earnings increased for the ninth consecutive year in FY2023. Sales increased by 3.4% to ¥83,924 million. The main reasons are the steady progress of large projects and higher sales of expansion joints, couplings, and other construction materials. Regarding profit, in addition to the increase in sales, we were able to maintain a high gross profit margin of 28%, so profit attributable to owners of parent increased by 4.2% to ¥12,887 million. However, due to a decrease in orders for large-scale repair work from expressway companies, orders received decreased by 18.9% from the previous year to ¥77,945 million. Looking back at the past two years of the Medium-term Business Plan (from FY2022 to FY2024), the two-year cumulative orders received are regarded as having generally been in line with our plan, given respect to the visible fluctuations depending on the status of orders for large-scale projects. Furthermore, the progress of every three-year average orders in the past shows that we are steadily upgrading our ability to capture orders. Construction sales have been about the same as in our plan in each fiscal year but sales of construction materials were lower than planned mainly because the impact of the COVID-19 pandemic made it difficult to expand our overseas operations as initially planned. Operating profit and profit attributable to owners of parent have both surpassed the plan's goals for two consecutive years. Moreover, our construction gross margin has been above 26% for two consecutive years. Rigorous management of the construction cost and the ability to receive additional orders for design changes, which is

due to our advanced technologies and construction management skills, are the main reasons for this high profitability.



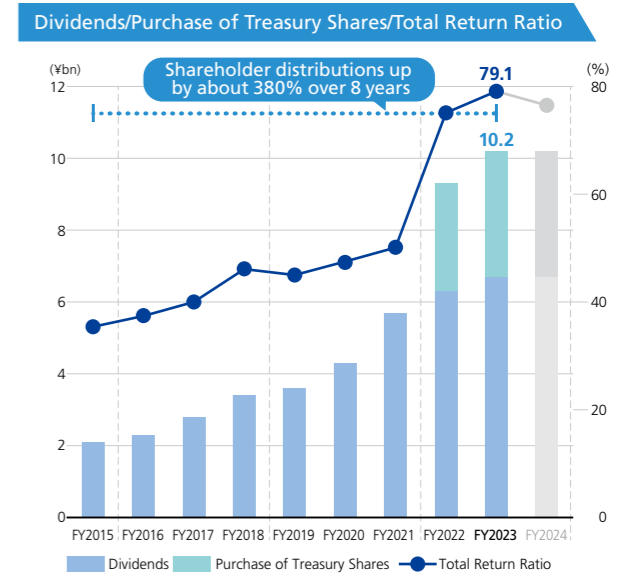
Cross-shareholdings

As a rule, the SHO-BOND Group does not purchase or hold the stock of suppliers and other business partners with the exception of cases when purchasing and holding stock helps in conducting business operations efficiently, maintaining and strengthening business relationships, and thereby contributing to the medium- to long-term growth of corporate value. When a company that holds our stock as a cross-shareholding notifies us of the intention to sell this stock, we will never make any attempt to stop this sale. In the past two years, we have sold cross-shareholding stock totaling ¥1,096 million based on market value. As a result, the number of stocks we cross-hold decreased from 22 to 19. In FY2024, we plan to sell an extra ¥500 million in cross-shareholding stock.



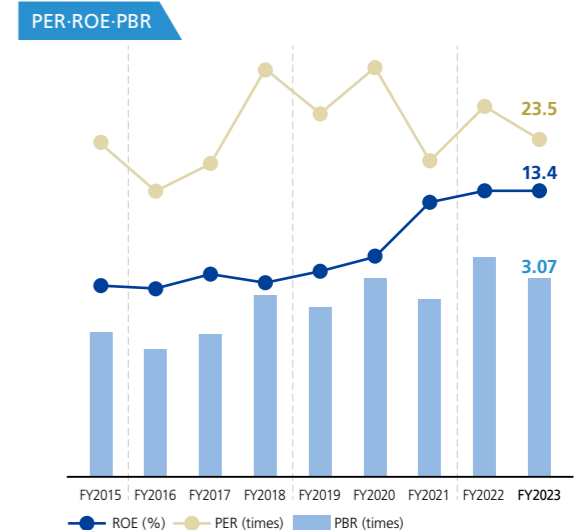
Shareholder Returns

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to pay a dividend consistently that is based on the results of operations. The dividend for FY2023 was ¥127 per share, with a 52.1% payout ratio, which includes a ¥5 commemorative dividend for the 65th anniversary of the establishment of SHO-BOND CORPORATION. We have increased the dividend for 14 consecutive years. After adding the purchase of treasury shares for about ¥3.5 billion, the total return ratio was 79.1%. Over the eight years since FY2015, when we announced a policy of raising the dividend payout ratio by 2.5% every year, shareholder distributions have increased by approximately 380%. In FY2024, the planned dividend payout ratio is 50% and the purchase of treasury shares will be ¥3.5 billion, which will bring a total return ratio to more than 75%.



Capital Policy

Among several indicators of corporate value, the Group conducts management with PBR in mind. PBR is described as the product of PER and ROE. The PER of our company rose to 28.5 in FY2020 because of the growth of Japan's infrastructure maintenance market and the increase of SHO-BOND's sales and earnings. At the end of June 2023, PER is approximately 23. When reviewing our capital policy in line with the Medium-term Business Plan, we establish the goals for ROE after conducting thorough studies from various perspectives to ensure a proper balance among shareholder returns, investments for growth, and the equity ratio, while also considering movements in the PER. According to the residual income model, a high PBR can be sustained by maintaining an equity spread (the difference between ROE and the cost of equity). We focus on reducing the cost of equity by enhancing the visibility of our business operations for shareholders and other investors through proper disclosure of financial and non-financial information, as well as conducting sufficient IR activities.



Building a Base for the Next Medium-term Business Plan

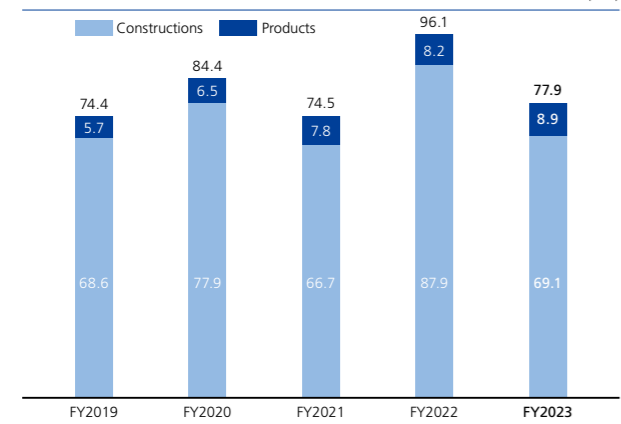
The enactment in May 2023 of the Amended Act on Special Measures concerning Road Construction and Improvement extended the end of the collection of expressway tolls in Japan from 2065 to as far away as September 30, 2115. Toll revenue will be used for repair and renewal works including the upkeep of aging highways and expanding expressways to four lanes. According to the Ministry of Land, Infrastructure, Transport and Tourism, expressway repairs and improvements between now and 2115 will cost an estimated ¥8,300 billion. This does not include the cost of the large-scale renewal and repair projects now underway by Japan's expressway companies. Meanwhile, Amendments to the Basic Act on National Resilience were approved in June 2023 in the Diet, in which the main content is to legalize the formulation of the “Medium-term Action Plan for National Resilience.” It means the efforts to build national resilience will be promoted continuously and stably, even after the Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and Building National Resilience that will end in 2025 with a budget of about ¥15,000 billion. Furthermore, details and scale of particularly necessary measures are included in the “Medium-term Plan for National Resilience,” making it

possible to secure a budget for multiple years, similar to the current five-year plan. Demand for infrastructure maintenance in Japan is certain to continue for many more years because of these amendments and other activities. In the next Medium-term business plan, we would like to strengthen our “sustainable earning power” by leveraging the accomplishments of business strategies and foundation reinforcement in the current Medium-term (from June 2022 to June 2024). At the end of July 2023, SB&M, which is owned by SHO-BOND and MITSUI & CO., LTD., made an investment in U.S. infrastructure repair maintenance company Structural Technologies, LLC. SHO-BOND plans to use this partnership for the introduction of its broad range of proven maintenance technologies into the United States, where deterioration of infrastructure is becoming a serious social issue. The Group also has a jointly-owned company in Thailand. Measures, such as organizational change, are now being considered for strengthening overseas operations in order to catch up after the slowdown caused in part by the pandemic.

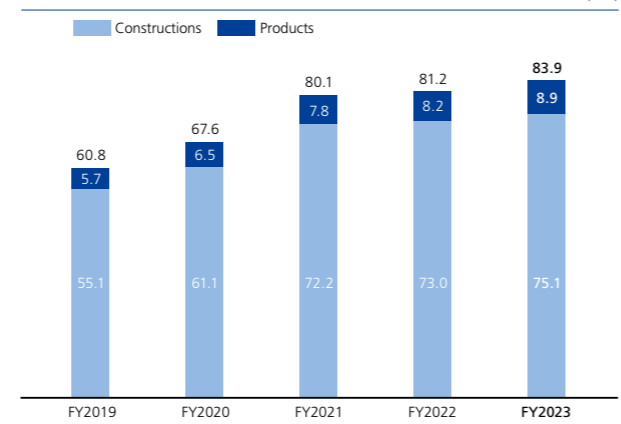
Financial and Non-financial Highlights

Financial

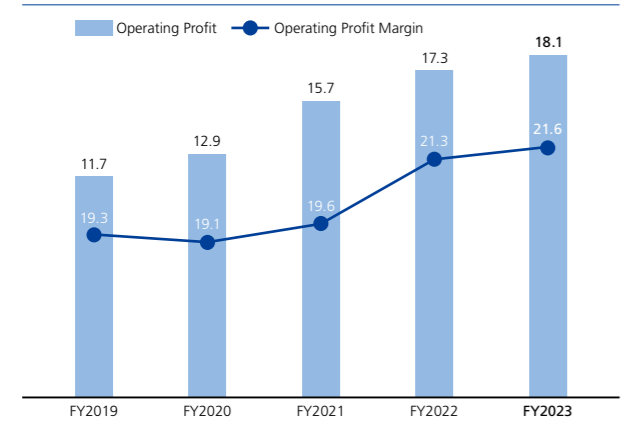
Orders



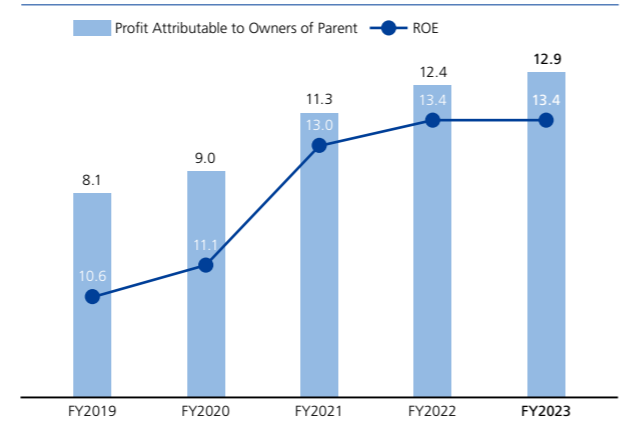
Net Sales



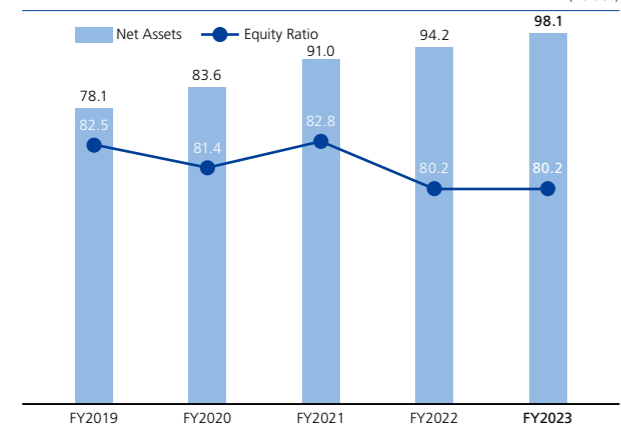
Operating Profit / Operating Profit Margin



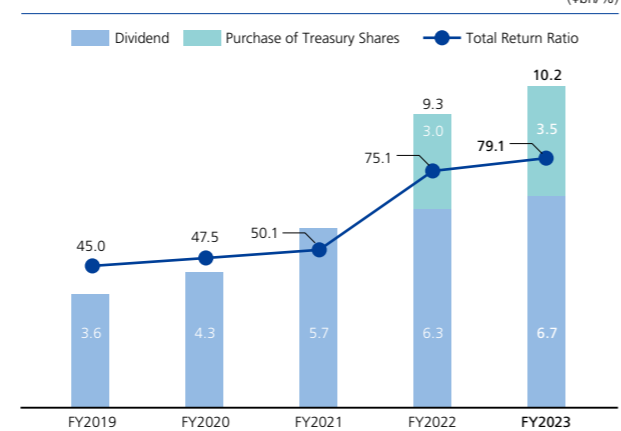
Profit Attributable to Owners of Parent / ROE



Net Assets / Equity Ratio

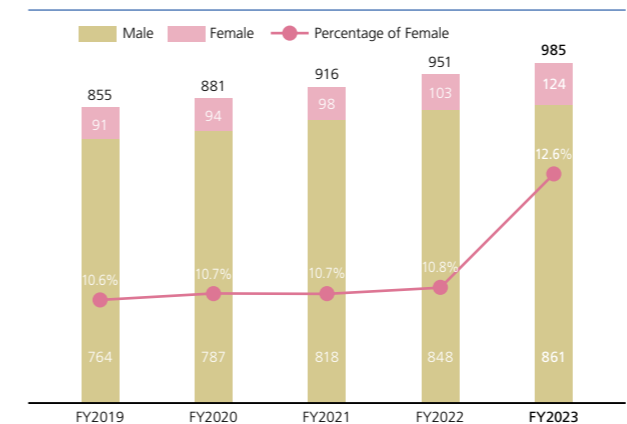


Dividend / Purchase of Treasury Shares / Total Return Ratio

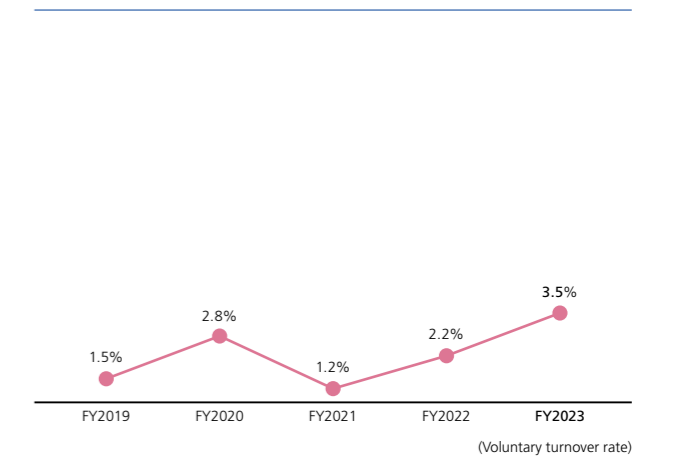


Non-financial

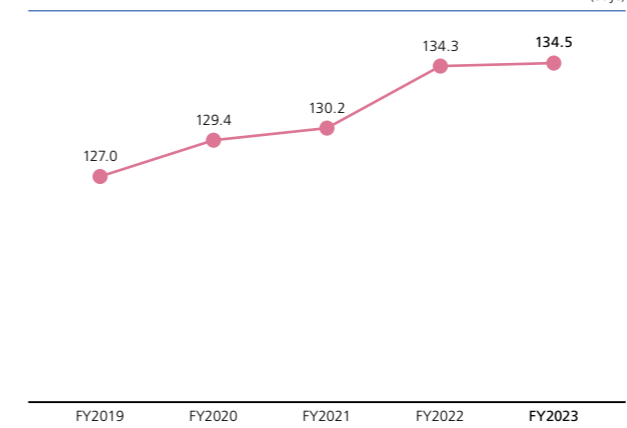
Number of Employees



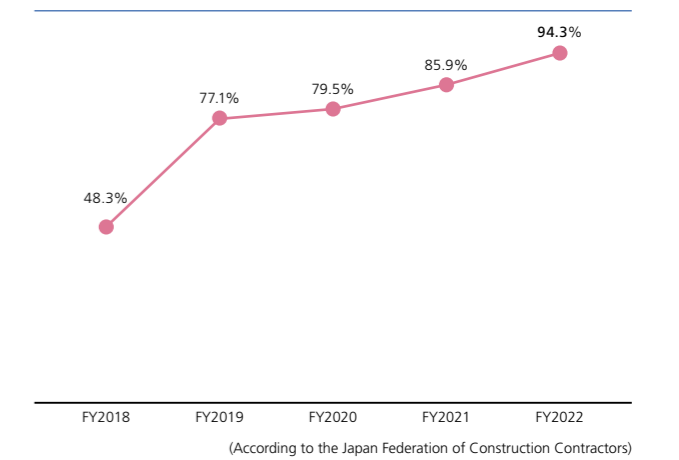
Turnover Rate



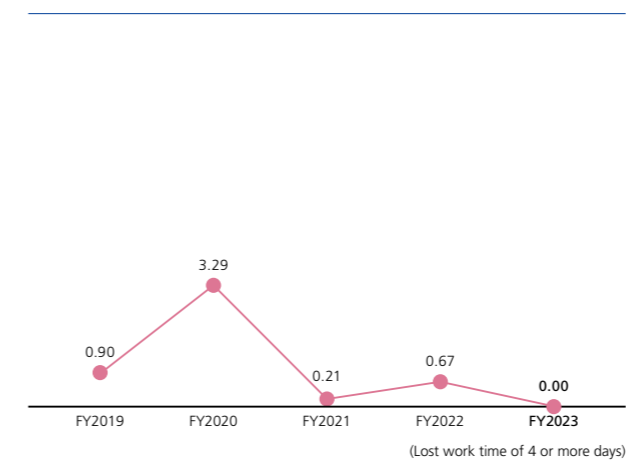
Average Annual Days Off



Percentage of Construction Sites where "8 Days Off in 4 Weeks" is Achieved



Lost Time Injury (LTI) Frequency Rate



Lost Time Injury (LTI) Severity Rate

