

President's Message

Proactively expanding our business potential based on uncompromising growth in the domestic roads sector

Tatsuya Kishimoto

President and Representative Director

Responding to changes in the contract order environment to maintain strong performance in the domestic roads sector

The business environment for infrastructure maintenance remains generally favorable thanks to Japan's National Resilience Plan and the Expressway Renewal Project. In terms of national resilience, the "1st Mid-term Plan for the Implementation of National Resilience" was approved by the Cabinet in June 2025 with a span of five years and a budget exceeding 20 trillion yen, thereby laying the path from FY2026 onwards. With targets of increasing the repair completion rate of bridges managed by national and local governments from 55% to 80% and increasing the rate of seismic resistance of bridges along emergency transport roads from 82% to 88%, this plan has specified numerical targets in areas closely related to our Group's business, so we are anticipating a large volume of construction orders. Meanwhile, the Expressway Renewal Project is proceeding with a budget of 5.6 trillion yen by 2030, and has become a major pillar of our Group's business. However, due to the annual budget limits of expressway companies, the volume of orders has been decreasing since 2024. In addition to increased labor and material costs due to inflation, the unanticipated deterioration and degradation discovered after the start of construction require additional measures that are ultimately driving up individual project costs and putting pressure on budgets. That being said, the number of bridges requiring repairs will not decrease of its own accord so we anticipate that our customers will proceed with projects while reviewing the allocation of additional budgets and adjusting the value of each contract order.

Moreover, while the current Expressway Renewal Project is scheduled to conclude in 2030, I believe that such an infrastructure maintenance initiative will continue beyond 2030. The bridges currently scheduled for repair or upgrade are limited to those that have been identified thus far, and even bridges that are currently in a good state of repair will deteriorate over time. In other words, completing the

projects that are currently scheduled does not mean that domestic expressway maintenance work will be finished. With the toll collection period for expressways scheduled to be extended until the year 2115, funds will likely be allocated from these tolls to promote measures against aging infrastructure and disasters. However, even if large-scale expressway construction projects continue, there is no guarantee that all future construction orders will be within our fields of expertise. It is entirely possible that these orders may tend toward areas where we lack expertise and that placed order volume may decrease. To respond flexibly and dynamically to these changes, we have been preparing over the past few years to create revenue streams that are not solely dependent on expressways.

In FY2025, we achieved our 11th consecutive period of increased sales and earnings. However, contract orders fell short of our target in what was a disappointing outcome.

I believe the biggest contributing factor to our increased sales and earnings was our ability to start the fiscal year with a strong backlog of orders accumulated over the past several years, enabling us to consistently maintain a high level of net sales throughout the entire year. Over the combined six-year period spanning 2019 to 2024, we achieved a leveling of our annual operations and steadily increased our workforce, which in turn enabled commensurate growth in net sales. One outcome that we are particularly proud of is having achieved profitability in our Thailand operations. Having endured the COVID-19 pandemic and achieving profitability in our fourth fiscal year, I believe that we have established a successful model that will serve as a guiding principle for our expansion into other countries. In adjacent markets, I also feel confident about the growth in contract orders, particularly in railway projects centered around our KAKO Group. On the other hand, the main reason for not meeting

our contract order targets was the change in the status of orders from expressway companies. Not only has the total order value decreased, but there has also been a regional bias in the volume of orders. Despite responding to a certain extent through measures such as flexible deployment of engineers, we still fell slightly short of our order targets.

In light of these challenges in procuring orders, we revised our East/West Japan in-house company structure in October 2025 to further enhance our strategy for procuring project contracts in the domestic roads sector. Although the introduction of the in-house company structure proved beneficial in fostering interactions between the regional offices that oversee projects, we determined that further structural changes were needed to improve our performance amidst the uneven national distribution of construction orders. I think we managed to step up from regional optimization to company-wide optimization at just the right

President's Message



time.

Although industry observers might presume that a decrease in our expressway projects would trigger a contraction in our Group's overall performance, that is certainly not the case. One of SHO-BOND's strengths has been our flexible resource allocation centered around our regional offices and branches. This is typified by our approach of reviewing the published order placement plans for expressway projects and focusing on expressways if the projected order volume is high, or supplementing the shortfall in expressway work with projects for the national and local governments and for the private sector if the projected order volume is low. There is sufficient overall demand for maintenance work, so we are well-positioned to respond even in the event of slight variations by region or customer.

Another key point for FY2026 is the launch of our new product "LSF" that we jointly developed with Metropolitan Expressway Company Limited. This product was developed for sectional repair of the upper surface of damaged concrete deck slabs on the heavily trafficked and highly worn Tokyo Metropolitan Expressway. In the past, large-scale bridge deck slab replacement projects were contracted as part of the Expressway Renewal Project. However, the volume of these contract orders has decreased in recent years due to the high costs involved. The use of this product

will enable bridge deck slab repairs to be performed without the need for replacement, thus meeting the customer's requirement for a cost-reducing solution. Another advantage is that the work can be completed with fewer traffic restrictions. A trial installation of the technology was completed in FY2025 and was highly acclaimed by our customers, so we are looking forward to its full-scale rollout in the future. Starting with the Metropolitan Expressway, we aim to expand the use of this technology nationwide.

Turning problems into future business opportunities

We are promoting long-term growth initiatives in the following areas described in the Medium-term Business Plan 2027: "Strengthening adjacent markets and opening up new markets in maintenance," "Participating in new initiatives of national and local governments in Japan," and "Restructuring of business models for overseas business."

Strengthening adjacent markets and opening up new markets

In our domestic adjacent markets, we are focusing on developing products suited to the unique circumstances of railways, repairing privately owned buildings, and making a full-scale entry into the port facility repair market. If I had to choose one, the area I am most excited about is the repair of private sector infrastructure such as factories, plants, hospitals, and commercial facilities. While many private sector properties have been in use for over 40 years and are undoubtedly deteriorating, the repair of these properties is more challenging than that of public facilities because they cannot be taken out of service. That is why I believe there is significant demand for SHO-BOND's repair, reinforcement, and renovation solutions that can be installed without disrupting the building's use. When a private business considers repairing a building, it will typically consult the construction company that built it. However, construction companies are not repair specialists, so they are often incapable of providing effective repair proposals. We want to offer our services to businesses who face these repair issues and give them the confidence to rely on SHO-BOND instead of the original construction company. I believe that sectors facing these types of significant problems also have strong business potential. Even if our efforts do not lead to immediate profits, working hand-in-hand with customers who face such problems makes it easier to jointly develop products and construction methods. Then, when these techniques eventually become mainstream, we can accelerate their deployment and generate profits in a highly productive manner. We are promoting our sales activities

with the aim of achieving this first-mover advantage.

Amidst our efforts to open up adjacent markets, we started to recognize their diverse needs and specific constraints, and our business outlook gradually took shape. The deterioration of buildings and infrastructure across society has reached the point where our Group's employees alone are incapable of managing it. Therefore, in these adjacent and new fields, we are mainly considering how to provide our Group's technology and expertise to trustworthy companies through business alliances and partner programs in order to facilitate their expansion into areas where they possess strengths. In fact, I believe that awareness of SHO-BOND's products and construction methods is increasing, given that we are receiving a growing number of technical inquiries from players in various fields, including sewerage systems. We will develop this business while highly valuing these relationships.

To take these types of new businesses to the next level, we must also enhance our reputation. Until now, we have mainly focused on public works projects in the roads sector, where we consider ourselves to be a reputable company. However, this will not apply when we venture into other areas where we are a completely unknown entity. The challenge that we face in these new areas is how to expand our business through what may sometimes require hard-nosed, pragmatic sales efforts. I expect our employees, and particularly those in sales roles, to develop new business opportunities for SHO-BOND by boldly and intently tackling new areas.

Participating in new initiatives of the national and local governments in Japan

Similarly, in our work for the national and local governments, the key to our future growth lies in partnerships with other companies and product development. In maintaining countless pieces of infrastructure nationwide, we only directly perform construction work in a handful of cases. To help solve the problems faced by our customers striving to maintain public infrastructure, we are leasing our *AI Shindanshi* diagnostic system based on our willingness to contribute beyond simply procuring construction orders. If this software, which incorporates the expertise of SHO-BOND's engineers in diagnosing concrete deterioration, can be used to streamline inspections and surveys, it will provide valuable support to local governments with limited technical personnel. For structures that are diagnosed as "requiring treatment," we are developing DIY products that simplify construction methods while restricting costs to enable local government personnel to handle minor repairs themselves. In FY2025, we held a training session for public officials through the Support Organization for Administrative

Engineers (commonly referred to as Sorae)* where we gave lectures on methods for installing our products and provided opportunities to try our DIY products in what I believe was a very meaningful exchange. Despite remaining challenges such as establishing sales and distribution networks to make our products more accessible, I am confident that the expansion of this scheme, enabling low-cost and efficient diagnostics and simple repairs, will ensure that infrastructure maintenance reaches every part of the country, and that it will also become a major product sales channel for our Group.

Overseas Businesses

The SHO-BOND Group launched its overseas businesses based on the principle of entering markets with a targeted focus and advancing to the next country only after achieving a certain level of profitability. In addition to Hong Kong, where we have had a base for many years, we have expanded into Thailand and the U.S. Now that we have become profitable in each of these regions, I think we have surpassed a significant milestone.

In Thailand, we achieved profitability in the fourth fiscal year since establishing our joint venture. I think that the major factors behind our success were the dedication of our local staff, SHO-BOND's expatriate personnel, and backup personnel from Japan, and a shift in the customary approach to maintenance within Thailand. When we first entered the market, the very concept of repairing and reinforcing infrastructure for long-term use simply did not exist. In terms of product and construction quality, to put it bluntly, cheap and shoddy were the norm. Despite this environment, by approaching each project diligently and wholeheartedly, we have seen an increase in our repeat customers, and I believe that our repair philosophy and the quality of our service have come to be well regarded.

In the U.S., the performance of Structural Technologies, LLC remains relatively stable despite the impact of domestic political developments, and we expect that it will continue to contribute to the SHO-BOND Group's overall profitability. While the path to overseas expansion of public civil engineering projects will certainly not be smooth, we will remain steadfastly committed to the targets that we have identified and steadily nurture them going forward.

Creating further innovation through industry-leading R&D

Another area that we intend to focus on is further expanding our R&D. SHO-BOND's Technical Research Institute has supported the Group's growth by developing and improving outstanding products and construction

*A support organization for civil servants that primarily targets technical civil servants with the aim of enhancing technical knowledge and fostering interaction among members.

President's Message

methods using state-of-the-art equipment. In order to branch out into new areas and achieve greater growth, we will also need to make further refinements to the Technical Research Institute. Specifically, we intend to increase R&D spending and strengthen our research team. In terms of R&D spending, while we cannot yet disclose specific amounts or percentages, we intend to significantly increase spending from the current level. When viewed as a percentage of net sales or operating profit, I believe that our current level of R&D spending is insufficient. Now that our performance is steadily improving, we should invest generously in the future. We also aim to increase the number of researchers and actively promote job rotations with personnel in construction and technical positions. Currently, while there is a certain extent of interaction between these personnel, I think that the tendency of researchers to acquire field experience and incorporate it into their research is yet to materialize. Because our company environment is characterized by countless construction sites and personnel routinely dealing with various structures, I believe that we can swiftly develop solutions to meet onsite needs, and I intend to promote a personnel management system that maximizes this positive trait.

In addition to being a growth driver for our company, I also hope that the Technical Research Institute will serve as a hub for open innovation. Since its founding, the Institute has upheld the principle of transforming empirical techniques into repair engineering. This slogan reflects the aspiration to pool everyone's strengths and establish a single academic field within the world of repairs—a field originally characterized by a small-scale industry where individual players were scattered and work relied solely on each worker's experience. I believe that the current infrastructure maintenance industry exists in Japan because we have been guided by this philosophy in proactively pursuing joint R&D and taking the lead within the industry to establish uniform technical standards. Going forward, we will continue to operate as an industry leader by building upon our accumulated history, creating further innovation with our Technical Research Institute at the core, and avidly absorbing knowledge from both inside and outside the company. For instance, it would also be intriguing to conduct macro-oriented research such as engineering simulations to quantify the social value of infrastructure maintenance in terms of its contribution to reducing CO₂ emissions and lifecycle costs.

Accelerating growth by strengthening human capital

The long-term growth of the SHO-BOND Group is inseparable from our efforts to open up new markets. There are two key considerations in building a human resources portfolio aligned with this growth strategy. The first is securing a diverse workforce. The second is developing future executives who possess flexible perspectives and a challenge-seeking attitude.

By promoting diversity in our workforce, we expect that engineers from diverse backgrounds will play active roles within our Group. Our Group has grown thanks to mid-career hires—such as those with experience in new civil engineering construction, ground and soil specialists, and those with experience in contract ordering—who have fully leveraged their knowledge and capabilities. Going forward, we intend to focus more strategically on acquiring experts in our core business areas, such as personnel who can bridge adjacent fields like railways and ports, and personnel who are well-versed in overseas civil engineering projects. While this will certainly not be a simple task given the current labor shortage, we will pursue this goal while also leveraging existing human resource channels such as headhunting and referral hiring. Furthermore, in order to keep being a company of choice for outstanding human resources, I believe it is essential to pursue relentless transformation with the goal of becoming an even more rewarding place to work.

Cultivating potential executives with a pioneering spirit will also be a major challenge. In recent years, we have been overwhelmed in submitting bids for numerous public works projects, leaving us unable to devote sufficient time to approaching new customers. While I certainly welcome the abundance of work, I also believe this situation to be problematic in that it compels us to optimize our sales practices based on a passive approach. A diverse range of qualities are required to be a good manager, but I would like SHO-BOND's next generation of leaders to be particularly mindful of the following capabilities.

Keenly perceiving changes in the business environment (foresight), envisioning medium- to long-term growth strategies from a global perspective while discerning the company's direction (vision), and driving the entire organization toward its ideal state while inspiring it to enhance corporate value (decision-making).

Simply completing one's existing tasks is not enough to hone these skills. Rather, it is essential to maintain a constant



awareness and to pursue challenges in promising markets. At times, this will involve failure. However, the seeds of possibility can only take root through repeated challenges. It is my sincere wish that our future employees will embrace these aspirations. I will strive to provide organizational and structural support so that motivated employees can boldly take on challenges.

Approaching the next 10 years while valuing dialogue with our stakeholders

Our Medium-term Business Plan 2027 has now entered its second year, and while it may be slightly premature, we have already begun preparations for the next plan. Until now, we have operated on the basis of three-year medium-term business plans. However, as our businesses in new areas, including our overseas businesses, gradually take shape, I believe that we must perceive our management not only in terms of immediate performance but also over a longer span of approximately 10 years, and that we must communicate this management approach outside the Group. The questions that arise are how our Group's business portfolio will evolve and how we will transform it over the next 10 years. However, our core focus will remain

on the maintenance of road structures in Japan, consisting primarily of bridges and tunnels. Given the sufficient market demand and our own strengths in this area, we intend to proudly maintain our position as the leading company in infrastructure maintenance. Only with this foundation in place can we branch out into overseas businesses and into new business schemes such as non-road structures and collective infrastructure management. To coin a tree metaphor, establishing a strong trunk with abundant branches will require the strength of reliable partners, given our limited company resources. Going forward, SHO-BOND must continue growing its branches by joining forces with experts from diverse fields and achieving synergies.

This year's Integrated Report features a new section entitled "Communicating with Stakeholders." I would like to reiterate our sincere gratitude to our customers, shareholders, investors, and all other stakeholders whose support makes our business possible. The SHO-BOND Group will pursue growth strategies to further enhance our corporate value and realize appropriate risk management while engaging in ongoing dialog with our stakeholders. I look forward to your continued patronage and support.

Medium-term Business Plan 2027

In the Medium-term Business Plan 2027, we strengthen sustainable profit growth while simultaneously addressing social issues under the basic policy of "Enhancing corporate value in pursuit of economic efficiency and social progress." We will further capture large-scale construction orders by allocating resources optimally for the entire Group, and continue the trend of increasing sales and profits. In addition, we will take on the challenge of new business areas in maintenance and work on projects outside of the domestic roads to diversify our revenue sources and strengthen profitability.

FY2025 saw an increase in orders outside the road sector, and for overseas business, we strengthened the organizational structure and

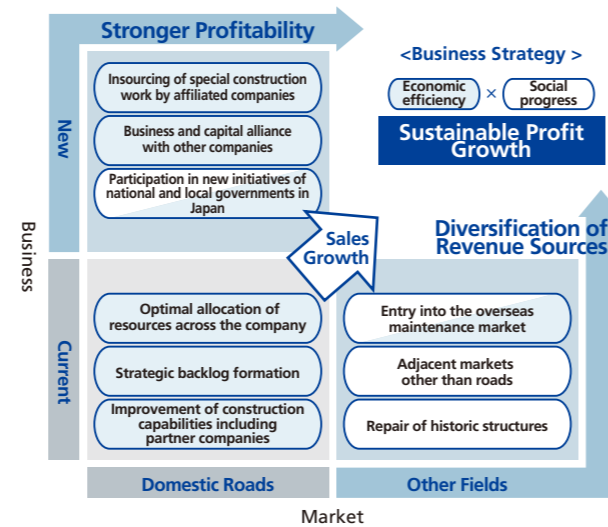
sales activities aimed at business expansion.

As for capital policy, we further enhance our corporate value through both financial and non-financial capital policies, including the utilization of non-financial capital, such as continued investment in human capital, as well as more shareholder returns. Although the stock price has remained sluggish for over a year since 2024, the number of individual shareholders has nearly doubled during the same period. For this reason, we increased the total return ratio for each fiscal year from 80% to 90% and raised the dividend payout ratio from 50% to 60% from the initial planning.

● Basic Policy

Enhancing corporate value in pursuit of economic efficiency and social progress.

- 1 Strengthening competitiveness to increase orders for large-scale construction
- 2 Restructuring overseas business models
- 3 Improving productivity and promoting work style reform through DX
- 4 Action to implement management that is conscious of cost of capital and stock price
- 5 Further enhancement of corporate value through the utilization of non-financial capital



● Business Strategy

Strategic Initiative	Progress in FY2025
Group-wide strategy for order receiving conscious of order backlog	We formed a special team to win large-scale construction contracts, and worked to improve our technical proposal capabilities and maintain our win rate. However, due to a decrease in orders from expressway companies, we were unable to build up a sufficient order backlog. For FY2026, we will further promote flexible personnel allocation across the company to achieve our order plan.
Restructuring of business models for overseas business	We strengthened our Overseas Business Department ahead of schedule and enhanced our sales activities by expanding our business model from one specializing in the sale of construction materials to include technical cooperation and construction management, such as test construction in India and El Salvador. In Thailand, construction capabilities improved and we became profitable for the first time.
Participation in new initiatives of the national and local governments in Japan	We have expanded our catalogs, intending to promote DIY products to national and local government employees. We have also loaned the AI-based concrete deterioration diagnostic software to local governments and begun operational testing. Through these activities, we have caught the needs of national and local governments and have started developing new products.
Strengthening adjacent markets and opening up new markets in maintenance	In response to demand for maintenance in adjacent markets such as railways and port facilities, we have strengthened our sales activities targeting facility owners, prime contractors, and design firms, primarily from the KAKO-Group (construction subsidiaries). As a result, net sales expanded in adjacent markets, particularly in the railway field.

● Strengthening the Foundation

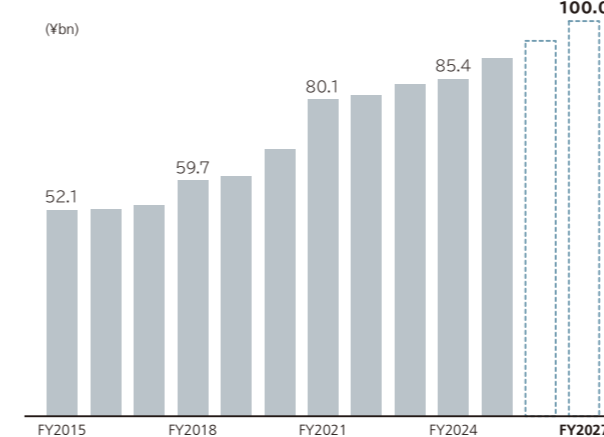
Strategic Initiative	Progress in FY2025
Further investment in human capital (securing and developing human resources)	The number of employees at the end of FY2025 was 1,051, increasing 32 from the previous fiscal year. We have continued to invest in human capital, including raising wages by more than 3% for four consecutive years. We have also begun to restructure our training system, including adding general education, such as human rights and the environment, to our rank-specific training.
Retention management through the new personnel system	A new personnel system was introduced at the beginning of FY2025, and employees gained a deeper understanding of the system through information sessions and video streaming. Additionally, all employees are appropriately complying with the cap on overtime work that came into effect in April 2024. As a result, the turnover rate for FY2025 remained low at 2.3%.
Achieving a higher level of safety culture	Safety culture training, which was previously only available to our managers, has now been expanded to include our younger employees and executives of partner companies, further promoting a culture of safety. We also developed a safety inspection app that supports the streamlining and standardization of safety management, and have implemented it on a trial basis at some construction sites.
Improving productivity and promoting work style reform through DX	With on-site DX, the use of construction management software has spread to everyone from young employees to seniors, leading to greater efficiency in on-site work. In the administrative DX, we are promoting further labor savings, such as by starting trial operation of IT systems for approval procedures and expense reimbursement.

Financial Targets

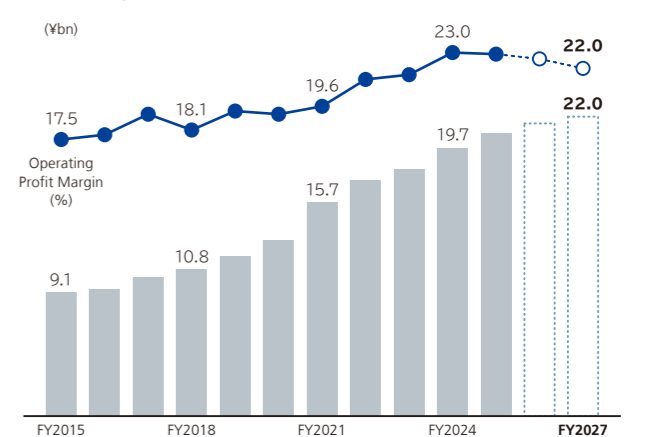
We aim to achieve net sales of 100 billion yen in FY2027. Although we anticipate that the operating margin will decline slightly compared to FY2024 due to an increase in personnel cost, we will achieve 22 billion yen of operating profit and 15.6 billion yen of profit attributable to owners of parent, and then increase sales and profits for the 13th consecutive year.

	FY2024	FY2025	FY2026 Forecast	FY2027 Plan Forecast
Net Sales	85.42	90.71	95.00	100.0
Operating Profit	19.67	20.79	21.50	22.0
Profit Attributable to Owners of Parent	14.32	15.06	15.30	15.6
ROE	14.2%	14.5%	Approx. 14.5%	Approx. 14.5%

● Net Sales



● Operating Profit

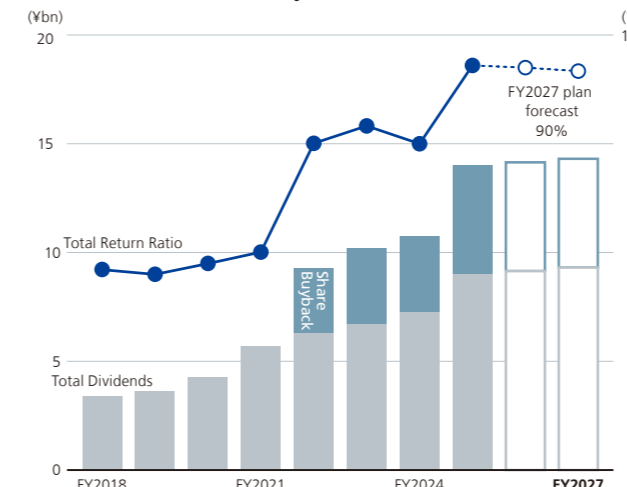


Capital Policy

Over the three years of the mid-term plan 2027, we will maintain a dividend payout ratio of 60% and a total return ratio of 90%, alongside a share buyback program totaling 15 billion yen.

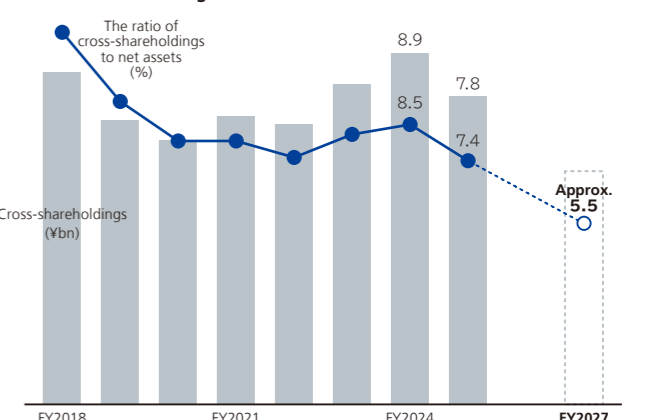
Additionally, we will continue to reduce the ratio of cross-shareholdings to net assets, aiming to divest approximately 30% by the final year, with an estimated value of around 3 billion yen based on the market value as of the end of June 2024.

● Total Dividends / Share Buyback / Total Return Ratio



	FY2024	FY2025	FY2026 Forecast	FY2027 Plan Forecast	FY2027 Plan Forecast (Initial)
Dividend Payout Ratio	50.8%	60.1%	60.1%	60%	50%
Total Return Ratio	75.0%	93.0%	92.5%	90%	80%
Purchase of Treasury Shares	3.50	5.00	5.00	5.00	
Reducing Cross-shareholdings	0.7	1.4	1.6 (2-year total)		

● Cross-shareholdings



Message from the Director in Charge of Finance

One of the basic policies of the Medium-term Business Plan 2027 is the “further enhancement of corporate value through the utilization of non-financial capital.” In FY2025, we introduced a new personnel system based on the belief that human capital is the most important factor in achieving sustainable growth and increasing our profitability. We are implementing measures to improve employee engagement, such as revising our evaluation system to foster a sense of fulfillment and growth, and reviewing our compensation system to ensure it is competitive. To meet capital market expectations, we will improve our capital efficiency by improving return on equity (ROE) and shareholder returns, and will reduce our cost of equity by proactively communicating our Group’s vision and the measures to achieve it to our shareholders and investors through timely information disclosures.



Michinori Yoshinaka
Director, Administration

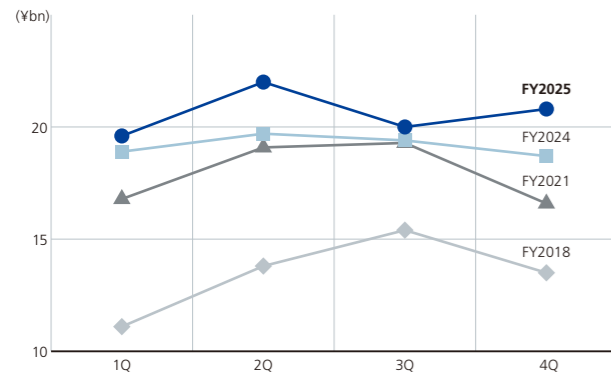
Review of Performance

In FY2025, which was the first year of our Medium-term Business Plan 2027, net sales reached 90.7 billion yen, operating profit reached 20.8 billion yen, and profit attributable to owners of parent reached 15.1 billion yen, thus marking 11 consecutive years of sales and earnings growth.

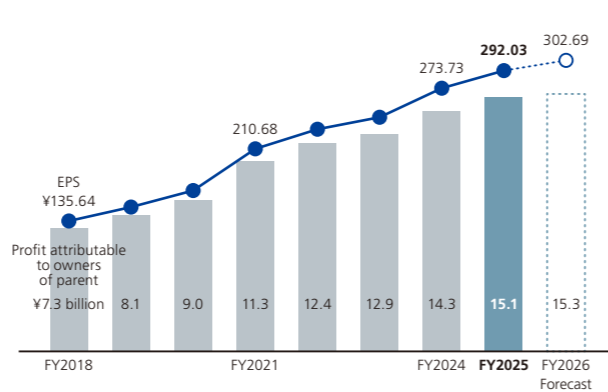
Our net sales increased year on year due to higher construction sales from national and local government projects, owing to a large backlog of contract orders at the start of the period, and despite a slight year-on-year decrease in construction sales from expressway companies due to the transition period between large-scale projects. In order to increase construction sales, it is important to maintain high

productivity throughout the year by utilizing our engineers more efficiently. By consolidating our construction system to handle large-scale projects and making smooth progress in completing these projects, we consistently recorded construction sales of approximately 20 billion yen in every quarter, thereby demonstrating our high level of construction work capability. In terms of profit, profit attributable to owners of parent increased by 5.2% year on year due to an increase in net sales and our success in maintaining a high gross profit margin of 29.2%. Earnings per share (EPS), which serves as the source of our dividends, increased by 6.7% year on year due in part to our purchase of treasury shares.

Quarterly construction sales



Profit attributable to owners of parent and earnings per share (EPS)



*The above-mentioned earnings per share (EPS) figures do not reflect the stock split effective as of January 1, 2026.

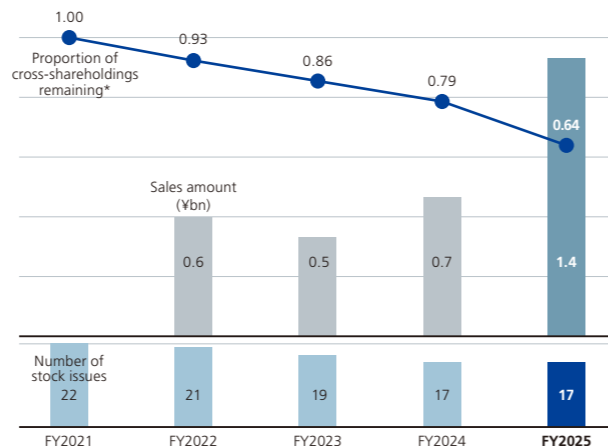
Cross-shareholdings

As a rule, the SHO-BOND Group does not hold the stock of suppliers and other business partners with the exception of cases when holding stock helps in conducting business operations efficiently, maintaining and strengthening business relationships, and thereby contributing to the medium- to long-term growth of our corporate value. Our policy of reducing cross-shareholdings will continue under the Medium-term Business Plan 2027, and we will sell 3 billion yen worth by the final year of the plan in FY2027.

We sold 1.4 billion yen worth of cross-shareholdings in FY2025, which was double the amount of the previous term, and recorded a gain of 800 million yen on the sale. As a result, our balance of cross-shareholdings was 7.8 billion yen, with its percentage of net assets decreasing by 1.1% year on year to 7.4%.

In FY2026, we will continue to reduce our cross-shareholdings and will effectively use the obtained funds to promote highly capital-efficient management.

Sales of cross-shareholdings



*Wherein 1.00 represents the cross-shareholdings balance as of the end of June 2021. The cross-shareholdings balance at each period has been calculated based on the respective stock prices at the end of June 2021 in order to eliminate fluctuations due to changes in market value.

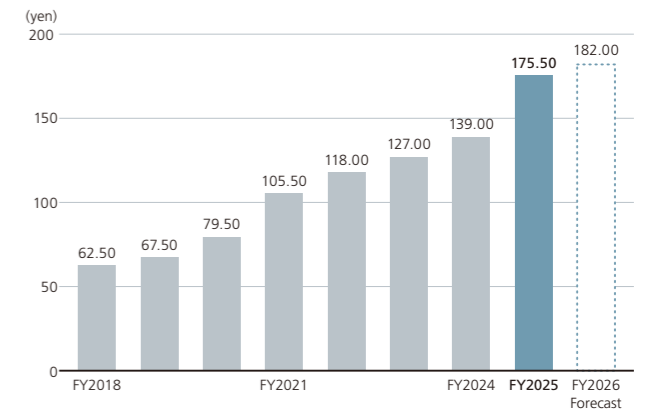
Shareholder Returns

In our initial Medium-term Business Plan 2027, we established a shareholder return policy with a dividend payout ratio of 50% and a total return ratio of 80%. However, due to the increase in the number of new individual shareholders as well as our long-term shareholders who continue to hold our stock, we decided to strengthen shareholder returns by significantly raising the dividend payout ratio. We raised the dividend payout ratio in each fiscal year from 50% to 60%, and increased the total return ratio from 80% to 90% by continuing to purchase 5 billion yen worth of treasury shares. Going forward, we will continue to implement another basic policy of our Medium-term Business Plan: specifically, “Action to implement management that is conscious of cost of capital and stock price.”

By changing the dividend payout ratio, we realized a significant year-on-year increase of 36.5 yen per share in the annual dividend to reach 175.5 yen in FY2025. We also raised the total return ratio for FY2025 to 93% by purchasing 5 billion yen in treasury shares.

In FY2026, we are aiming for the 17th consecutive year of dividend growth based on our forecast of a 6.5 yen year-on-year increase in the annual dividend per share to 182 yen.

Dividend per share



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 Forecast
Dividend per share (yen)	62.5	67.5	79.5	105.5	118.0	127.0	139.0	175.5	182.0
Dividend payout ratio (%)	46.1	45.0	47.5	50.1	51.1	52.1	50.8	60.1	60.1
Total return ratio (%)	46.1	45.0	47.5	50.1	75.1	79.1	75.0	93.0	92.5

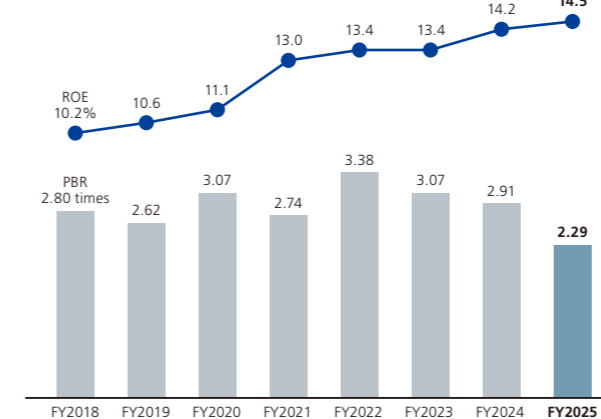
*The above-mentioned annual dividend per share figures do not reflect the stock split effective as of January 1, 2026.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

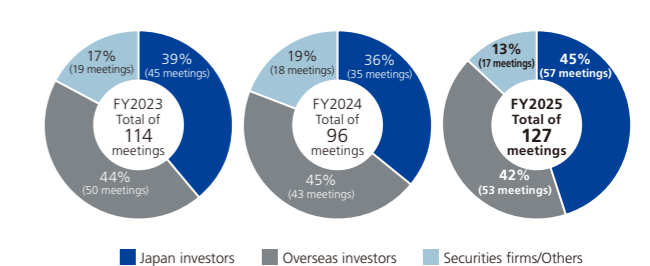
The source of the SHO-BOND Group’s high profitability (i.e., gross profit margin of construction work) lies in our non-financial capital. As our construction sales have increased, we have been able to maintain high profitability (i.e., gross profit margin of construction work) by increasing the number of our engineers capable of generating profits through their extensive expertise and by developing and training partner companies with multi-skilled workers specializing in maintenance work. In addition, by acquiring 5 billion yen in treasury shares, we achieved an ROE of 14.5% in FY2025, thus exceeding the previous year’s level.

In order to increase our PBR, it is essential that we not only improve our ROE but also reduce our cost of equity. We will enhance our information disclosures and proactively undertake IR and SR activities, and will improve the foreseeability of our operations through our communication with our shareholders and investors. Moreover, we will strive to further improve our PBR by communicating the social nature of our business (“social progress”), such as the reduced impact on the environment realized by maintenance operations.

ROE and PBR

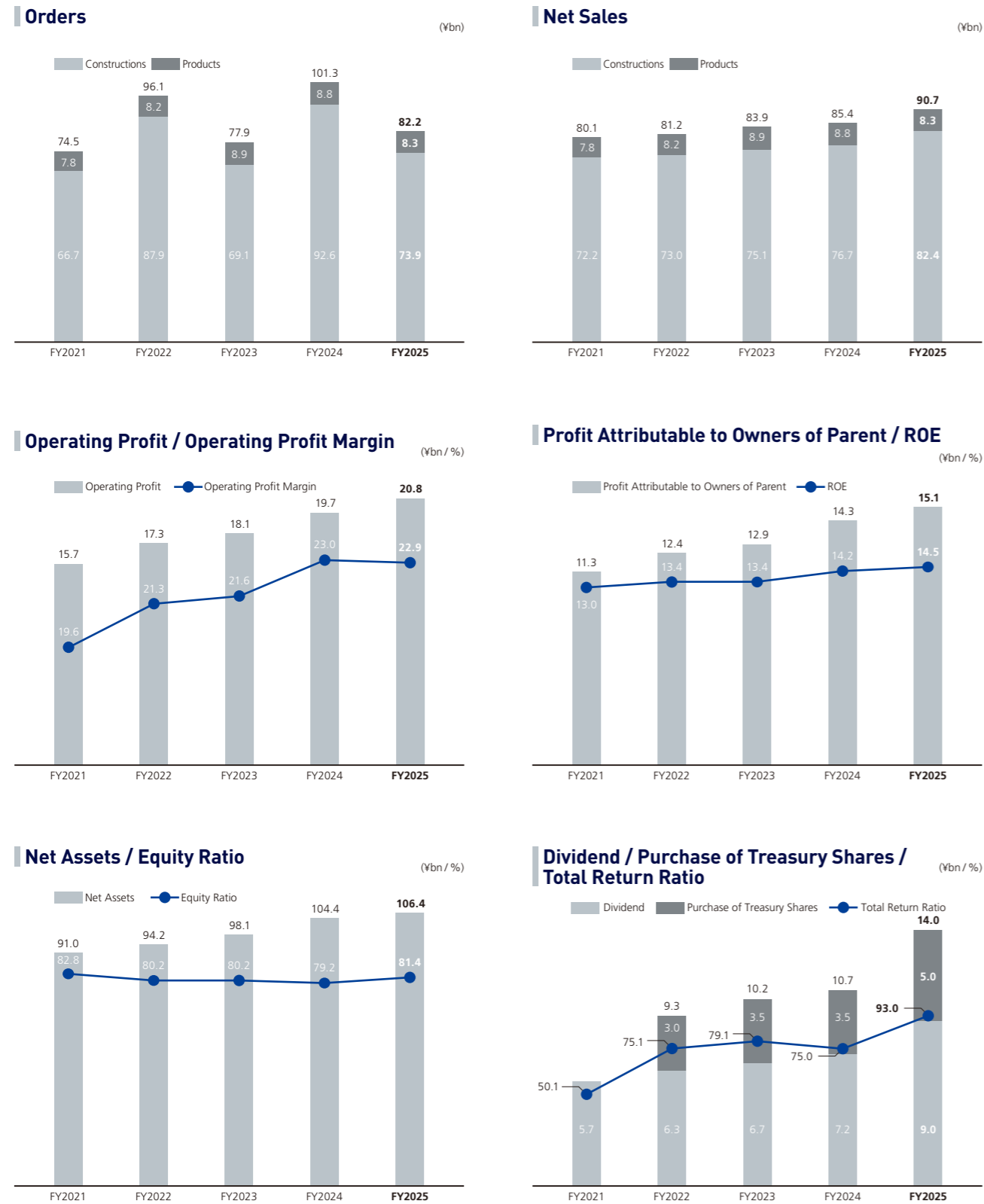


One-to-one meetings



Financial and Non-financial Highlights

Financial



Non-financial

