



Integrated Report
2025

11
Consecutive
Years of Sales
and Earnings
Growth

Net Sales

90.7 billion yen

Operating Profit Margin

22.9%

A Construction Company that Doesn't Construct

ROE

14.5%



16
Consecutive
Years of
Dividend
Increase

Total Return Ratio

93.0%

PBR

2.29 times

Equity Ratio

81.4%



Number of Employees

1,051

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

96.4%

Turnover Rate

2.3%

We create the future of social infrastructure

The SHO-BOND Group is a leading company in the structure maintenance business that has been specializing in the field of repair and reinforcement of social infrastructure since its establishment.

(As of June 30, 2025)

Corporate Philosophy

With a sense of mission of

Inheriting and passing on social infrastructure to the next generation in good condition,

we will contribute to the realization of a safe and affluent society by utilizing our advanced technological development capability as a leading company in the structure maintenance business.

The **purpose** of SHO-BOND is to “inherit and pass on social infrastructure to the next generation in good condition.” Guided by this purpose, we dedicate ourselves to the mission of utilizing our power of technology and contributing to a better society through our core business of comprehensive maintenance.

Our Vision

- **Fulfill our mission as a company specializing in maintenance**
- **Be a technology-oriented organization that combines chemical and civil engineering technologies to create new materials and construction methods**
- **Place priority on profitability and efficiency**

Our **vision** represents the ideal status of the group and the enduring endeavors we will keep pursuing. It has been passed down for several decades and its importance has not faded even as the times change. We are committed to continue refining the strengths we have accumulated from the past and pass them on to the next generation.

Corporate Credo

Corporate Credo is the **values** we share as a group. It is born from the beliefs of our founder and has deepened its significance over time, based upon which we act and make decisions at work.

Note regarding English translation

The content of this report is composed in Japanese. The Company provides the English version for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the English version and the Japanese original, the latter shall prevail.

- *Make thoughtful decisions*
- *Take responsibility for your actions*
- *Unify the workplace*
- *Contribute to society*



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Editorial policy

We began issuing this report from the fiscal year that ended in June 2022 to explain to stakeholders the value our business operations create and our commitment to sustainable growth. This publication is based on the International <IR> Framework of the IFRS Foundation and the Guidance for Collaborative Value Creation 2.0 of the Ministry of Economy, Trade and Industry. For more information about SHO-BOND, including news releases and other recent announcements, please visit our website.

Period covered by this publication

FY2025 (from July 1, 2024 to June 30, 2025)

This report uses the latest information that was available at the date of publication.

Organizations covered by this publication

SHO-BOND Holdings and its consolidated subsidiaries and affiliates

Date of issue

December 2025

Note regarding forward-looking statements

Plans, forecasts, strategies, and other forward-looking statements in this report are based on information that is currently available and on judgments believed to be reasonable by certain assumptions. Actual results of operations may differ from these forward-looking statements due to various risk factors and uncertainties.

Broad Range of Structures We Work On

We play an important role in the sustainability of cities by repairing essential fabric of social infrastructure.

- Protection from salt damage
- Prevention of concrete degradation

We repair and reinforce coastal structures as the damage progresses, because they are susceptible to damage from salt.



Port Facilities



Silos

- Repair of the wall and interior surface degradation

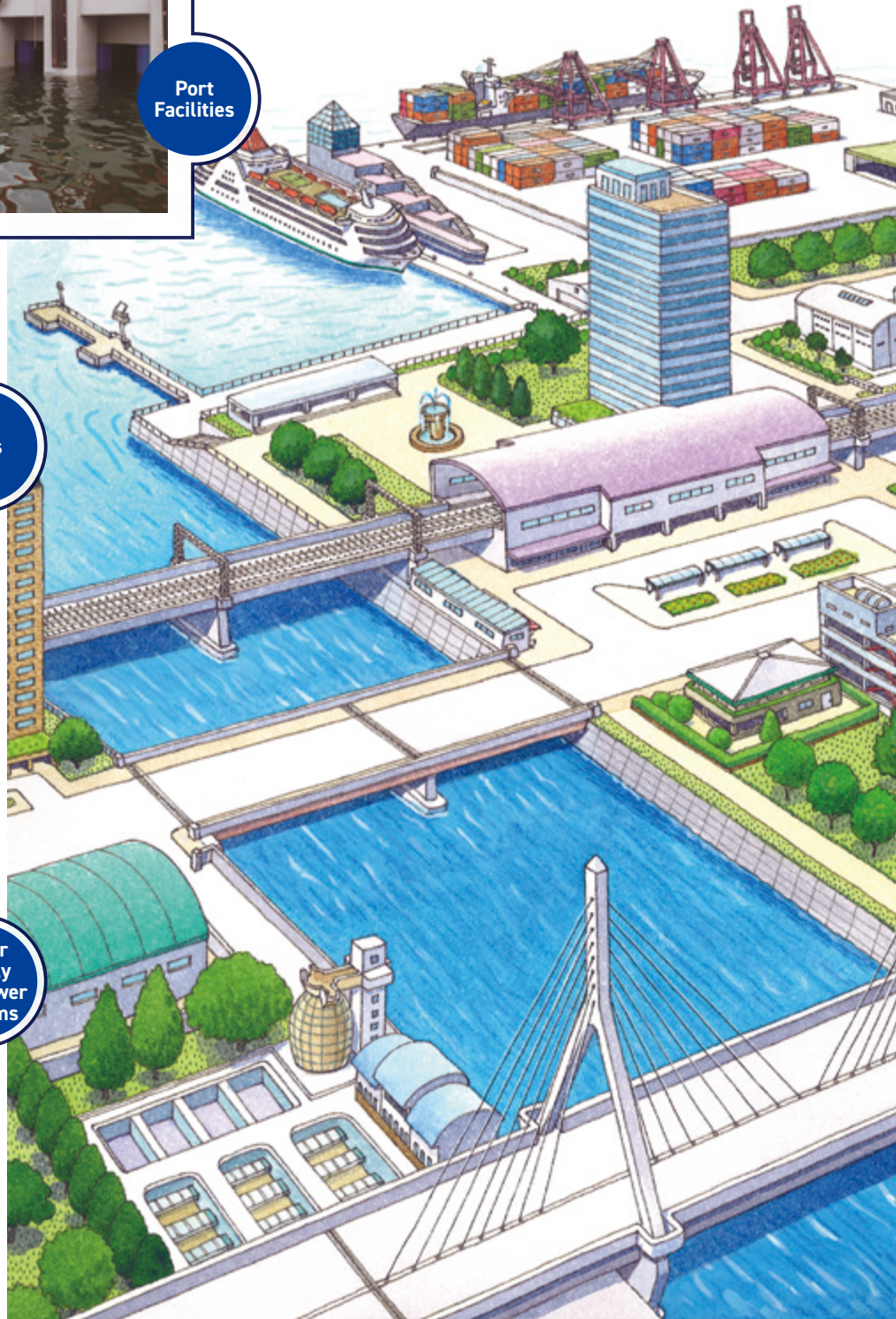
We leverage our know-how in repairing concrete structures to repair the walls and interior surfaces of concrete silos.




Water Supply and Sewer Systems

- Protection from corrosion

We perform anti-corrosion coatings for various water supply and sewerage treatment tanks and pipelines, as well as provide high-performance pipe couplings.



and reinforcing a diverse array of structures that form the



- Repair of damage to elevated railways
- Seismic retrofitting

We repair deteriorated viaducts and tunnels, and reinforce bridges and stations against earthquake damage.

Railways



- Prevention of ceiling and wall spalling
- Prevention of groundwater leaks

We prevent the lining concrete from spalling and perform tunnel waterproofing work.

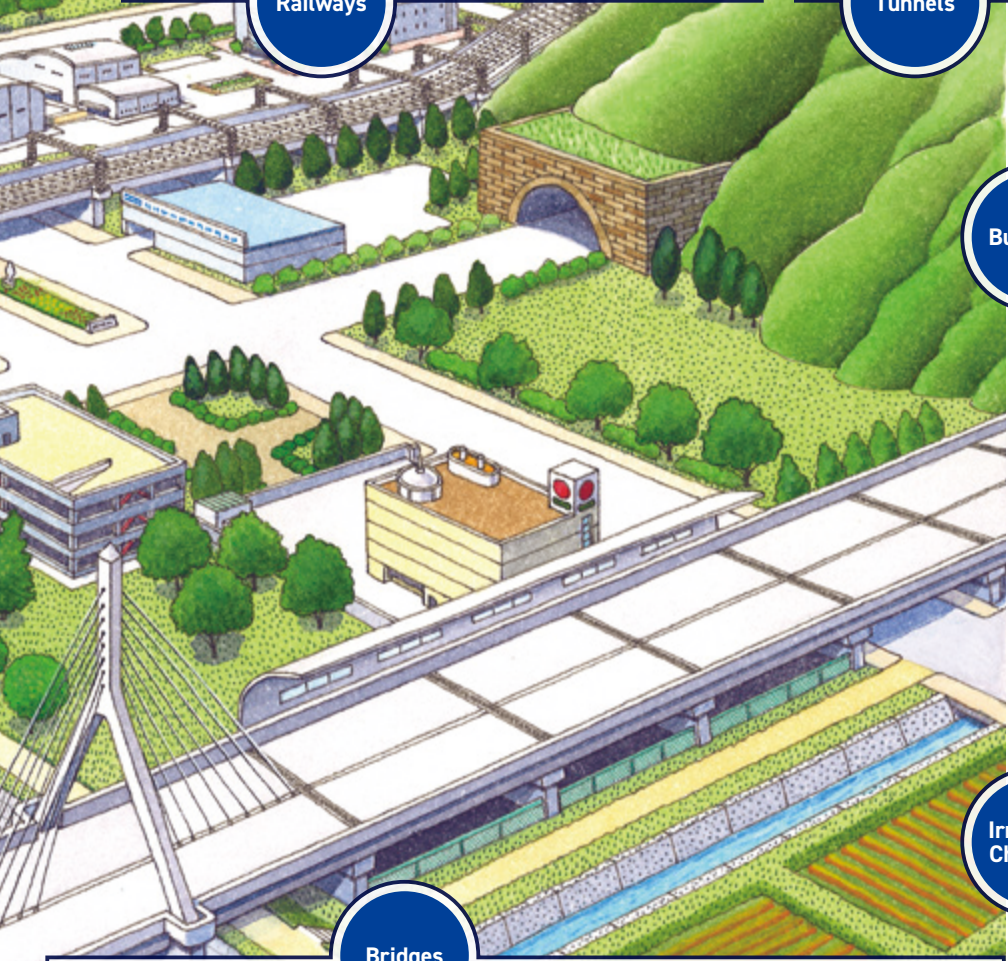
Tunnels




- Seismic retrofitting and renovation while buildings are working

We carry out seismic retrofitting work and renovation on buildings such as schools, hospitals, and apartment complexes without disrupting their use.

Buildings



Bridges



- Prevention of cracking
- Prevention of water leaks

We repair worn concrete to restore the functionality of the waterway, and repair joints to prevent water leaks.

Irrigation Channels



- Seismic retrofitting
- Extending the lifespan of structures

We extend the lifespan of concrete and steel bridges, replace bearings and expansion joints, and perform seismic reinforcement.

We are a modest company that will continue to develop with a focus on the repair of concrete structures.

Change in itself is progress.

The Beliefs of the Founder

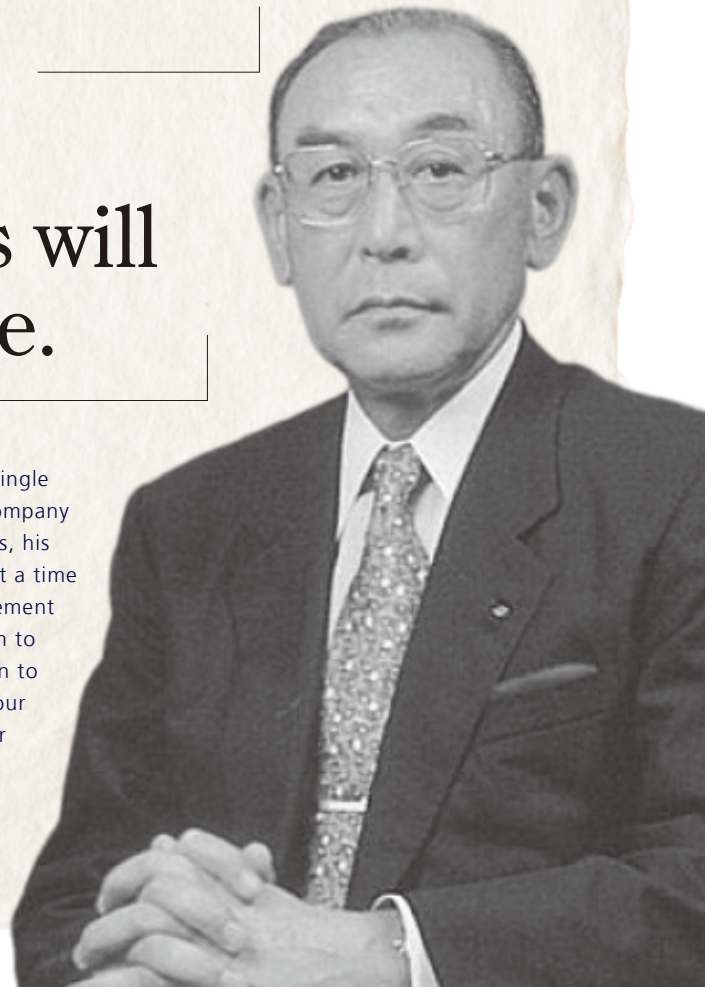
I have always stated that our employees should make decisions based on their benefit to the company. In other words, only a prosperous company can invest more in promoting employees' happiness.

Work with passion.

I want to build a company regarded for our outstanding employees rather than our company's status.

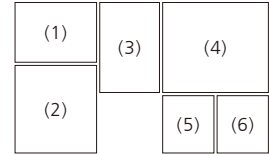
Only the best things will stand the test of time.

The SHO-BOND Group's founder Akira Ueda grew the company from a single factory with five employees into a leading infrastructure maintenance company through his creativity in applying epoxy resin to civil engineering projects, his foresight in focusing on the repair and reinforcement of infrastructure at a time when maintenance was not yet mainstream, and his exceptional management skills. Mr. Ueda held firm beliefs about management and expressed them to his employees in various words, which have been reverently passed down to our present generation of employees. In particular, Mr. Ueda's pride in our maintenance expertise and passion for progress have become part of our Group's DNA. With his inspirational words in mind, we are committed to our mission of infrastructure maintenance while constantly pursuing progress.



History of SHO-BOND

- (1) 1960 Adhesion test of SHO-BOND epoxy resin at the University of Tokyo
- (2) 1961 Adhesives were under production in Kawaguchi City
- (3) 1961 Mr. Ueda was carrying the production to Yuda Dam in a snowstorm
- (4) 1964 Damaged Showa Ohashi Bridge from Niigata Earthquake
- (5) 1964 Construction sign on Showa Ohashi Bridge
- (6) 1967 New installation of CUT OFF JOINT in Tomei Expressway Nagoya Interchange



1958 Fusion of technologies in the fields of chemistry and civil engineering

On June 4, 1958, the company was established and registered as Showa Kogyo Corporation in Setagaya-ku, Tokyo. The founder, Akira Ueda, was 31 years old back then. At its inception, the company primarily focused on rigid PVC processing and piping work. In 1959, the use of epoxy resin in PVC board's inner lining work for the crack repair of the Yakuwa Dam had a rapid and effective performance. Impressed by that, an epoxy-resin-based high-performance adhesive (equivalent to today's #101 epoxy resin) was developed in September 1959. Following this success, another epoxy resin designed for various applications was developed and branded as SHO-BOND®, with production commencing in November of the same year.

In 1960, our head office was moved to Chiyoda-ku, Tokyo, and we commenced selling and installing SHO-BOND epoxy resin at construction sites. To make it easier for the civil engineering and construction industry to apply epoxy resin, the blending ratio of the main agent and the curing agent was made an integer. Then, our synthetic resin adhesives became widely used at construction sites.

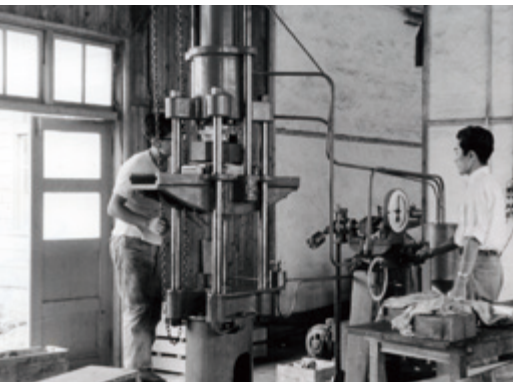
The company was renamed SHO-BOND Co., Ltd. in June 1963. It

then obtained a construction business license from the Governor of Tokyo to establish its construction contracting system while developing new products and construction methods to further apply polymer materials to the civil engineering and construction sector.

During the summer of 1964, the Niigata earthquake struck and the newly completed Showa Ohashi Bridge collapsed, resulting in countless cracks on the deck slabs. At that time, experiments on our novel concrete repair materials were conducted at the Public Works Research Institute of the Ministry of Construction. These materials were subsequently adopted for the repair and restoration work of the Showa Ohashi Bridge, culminating in successful completion by the winter of that year. Showa Ohashi Bridge restoration marked a pivotal event that shaped the trajectory of SHO-BOND. More than 50 years after the work, follow-up surveys confirmed the sustained strength of the bridge.

In March 1965, the jointly developed and patented road bridge expansion device CUT OFF JOINT with the Japan Highway Public Corporation was installed between Ichinomiya and Komaki on the Meishin Expressway for the first time. Along with the wave of expressway construction, the joint device was installed all over Japan.

In February 1969, the company obtained a construction business license from the Minister of Construction. As a special construction company specializing in repairs, we gradually expanded our sales offices nationwide.



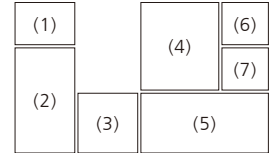
Major Events Related to Infrastructure Maintenance

- 1964** Niigata Earthquake
Tokyo 1964 Olympic Games
- 1965** Completion of the Meishin Expressway
- 1967** Completion of the Inner Circular Route of the Metropolitan Expressway
- 1969** Completion of the Tomei Expressway
- 1970** Osaka Expo



History of SHO-BOND

- (1) 1977 Central Technical Research Institute was established in Omiya City
- (2) 1987 Listed on the Tokyo Stock Exchange Second Section
- (3) 1989 Notification of Designation of Listed Securities for the TSE First Section
- (4) 1995 The Great Hanshin-Awaji Earthquake struck
- (5) 1995 The pier that was reinforced remained undamaged through the Great Hanshin-Awaji Earthquake
- (6) 1996 Technical Research Institute opened in Tsukuba city
- (7) 1997 Restraining Chain was developed



1975

Growth into a listed company by leveraging the "comprehensive maintenance system"

In 1975, SHO-BOND was split into two companies: SHO-BOND CORPORATION and SHO-BOND Chemical, which clarified our path to growth as a special construction company. The Central Technical Research Institute was relocated in 1977 and concentrated on creating products and construction methods combining chemical and civil engineering technologies. These activities reinforced SHO-BOND's reputation as a technology-oriented organization. Reforming its organization gave SHO-BOND comprehensive maintenance capabilities encompassing the development of technologies, supply of construction materials, and construction.

Around the 1980s, there was a notable increase in damage to bridge deck slabs and other road structures, constructed on a crash basis during the high economic growth period (from 1955 to 1974). This trend marked the onset of the repair era in civil engineering and construction. In addition, the Japanese government initiated a policy of expanding domestic demand and increasing investment in public works. Along with such social trends, our company's business expanded, and in 1987, we were listed on the second section of the Tokyo Stock Exchange, and two years later, we were promoted to the first section.

1995

The rapid growth of seismic retrofitting after the Great Hanshin-Awaji Earthquake

The powerful earthquake that devastated the Kobe region in January 17, 1995 caused many deaths and severely damaged structures, such as the collapse of expressway bridges. However, there was no damage to the piers that SHO-BOND had reinforced shortly before this disaster. SHO-BOND leveraged the cultivated know-how to restore damaged infrastructure, such as the Hanshin Expressway and the Tokaido Shinkansen, all over the stricken area. Thereafter, the reliability of SHO-BOND's seismic retrofitting method was widely recognized, resulting in a rapid increase in orders for these projects in all areas of Japan. As a result, our sales and earnings increased significantly, reaching 98.1 billion yen of net sales in FY1997.

In 1996, operations began at the new Technical Research Institute in the city of Tsukuba in Ibaraki prefecture. Research involving devices for earthquake resistance produced new products including the Restraining Chain.

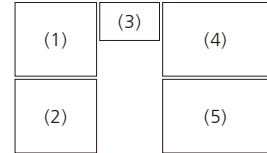


Major Events Related to Infrastructure Maintenance

- 1979** The 2nd Oil Crisis
- 1989** Structural Impediments Initiative
- 1992** Construction investment in Japan peaked at 84 trillion yen
- 1995** The Great Hanshin-Awaji Earthquake
- 2001** Enactment of the Act for Promoting Proper Tendering and Contracting for Public Works
- 2005** Enactment of the Act on Promoting Quality Assurance in Public Works



- (1) 2015 Nanadaru Viaduct seismic retrofitting project received Zenken Award
- (2) 2018 Slab replacement as part of the Expressway Renewal Project
- (3) 2021 Tsukuba Training Center was completed
- (4) 2022 Online signing ceremony between CPAC and SHO-BOND
- (5) 2023 Signing ceremony between ST and SHO-BOND



Major Events Related to Infrastructure Maintenance

- 2011** The Great East Japan Earthquake
- 2012** Sasago Tunnel ceiling collapse on the Chuo Expressway
- 2013** Amendment to the Road Traffic Act
Compilation of the Basic Plan for Life Extension of Infrastructure—The First Year of Social Infrastructure Maintenance
Enactment of the Basic Act for National Resilience
- 2015** Beginning of the Expressway Renewal Project
- 2016** Kumamoto Earthquake
- 2018** Beginning of the three-year emergency response plan for national resilience
- 2021** Beginning of the five-year acceleration plan for national resilience
- 2023** Amendment of the Act on Special Measures concerning Road Construction and Improvement
Amendment of the Basic Act for National Resilience
- 2024** Noto Peninsula Earthquake



2011

Unprecedented disasters highlight the need for infrastructure maintenance

Catastrophic disasters that occurred in Japan after 2010 triggered a large volume of infrastructure maintenance work in all areas.

Many maintenance and reinforcement projects have been implemented in accordance with the Fundamental Plan for National Resilience following the 2011 Great East Japan Earthquake. In June 2025, “the First Mid-term Plan for the Implementation of National Resilience,” spanning 2026 to 2030, was approved by the Cabinet, with a business scale of over 20 trillion yen.

The collapse of the ceiling of the Chuo Expressway Sasago Tunnel in 2012 again underscored the urgent need for repairing Japan’s aging infrastructure. Based on the Japanese government Basic Plan for Life Extension of Infrastructure, the Expressway Renewal Project started in 2015 and will continue until 2030.

To meet the demands of this business climate, SHO-BOND strengthened the order-taking and construction system and increased emphasis on R&D for creating new technologies. To build a stronger base for these activities, training programs, reinforcement of the culture of safety, and other measures were given even more emphasis. Due to these initiatives, sales and earnings increased along with the growth of the infrastructure maintenance market.

2019

Challenge overseas business

In April 2019, SHO-BOND and MITSUI & CO., LTD. established SHO-BOND & MIT Infrastructure Maintenance Corp. (SB&M) to operate an infrastructure maintenance business overseas. The aim is to use SHO-BOND’s proven technologies to help solve problems in other countries involving aging infrastructure. In Thailand, SB&M and CPAC, a member of the Siam Cement Group, established CPAC SB&M Lifetime Solution Co., Ltd. in 2020. In the United States, SB&M invested in Structural Technologies, LLC, an infrastructure repair maintenance company, in July 2023.

In 2024, we established the overseas business department within SHO-BOND CORPORATION to restructure our business model and provide a wide range of services, including on-site supervision and technology transfer, by leveraging the full strength of our group. In FY2025, CPAC SB&M Lifetime Solution Co., Ltd. became profitable for the first time since its foundation. SHO-BOND’s overseas business is progressing steadily.

Comprehensive Maintenance System

The SHO-BOND Group is a comprehensive maintenance company which specializes in repairing and reinforcing social infrastructures. We provide extensive support in social infrastructure maintenance, with a focus on design and construction services as a construction company, together with services ranging from R&D of materials and construction methods, to manufacturing and sales of developed materials and construction methods. The country's foremost and comprehensive maintenance system. This is SHO-BOND's characteristic, our strength.



Maintenance Technology Inc.

Exact proposals based on accurate investigation

We propose optimal design and construction methods by investigating and diagnosing, combining abundant knowledge and state-of-the-art technology in response to various structural damage problems.



Technical Research Institute (SHO-BOND CORPORATION)

Development of new construction methods and materials required by the times

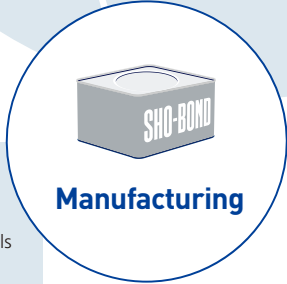
We have a wide array of state-of-the-art research equipment specialized in repair and reinforcement. Our researchers specializing in chemistry and civil engineering work together with external research institutes to develop new construction methods and materials that meet the needs of the coming age.



SHO-BOND MATERIAL CO., LTD.

Production system utilizing our factories and contract manufacturing

While manufacturing resin-based materials, which are our roots, in our factories, we develop and design structural construction materials in the Technical Research Institute and contract manufacturing to partner companies. We have an efficient and asset-light production system.



Construction Work

SHO-BOND CORPORATION / KAKO-Group / Kyna-Tech

Construction system that can handle all types of construction

SHO-BOND CORPORATION handles large-scale, high-difficulty construction works, while construction subsidiaries (the KAKO-Group), which have their head offices in various locations, handle small and medium-scale construction works. We undertake maintenance works nationwide, regardless of scale or whether we are a main contractor or a subcontractor.



SB&M

Global

Bringing Japanese maintenance technology overseas

We take on the challenge of solving the social issue of aging infrastructure faced by many countries by combining our technological expertise in infrastructure maintenance with the network and business development capabilities of MITSUI & CO., LTD.



Construction Work



Sales

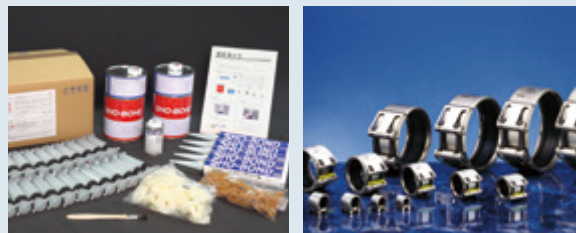


Sales

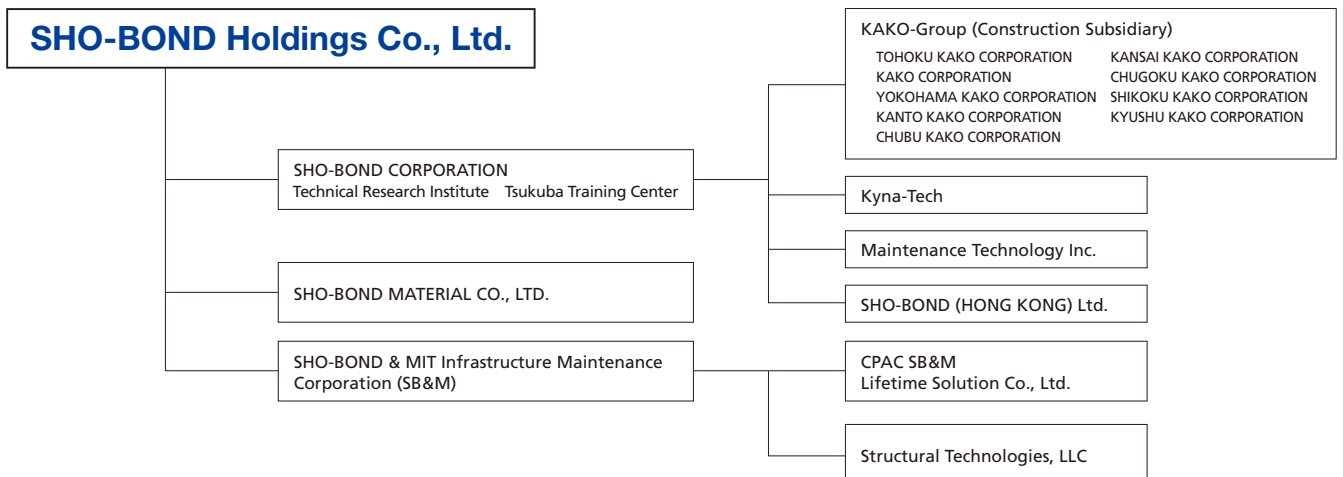
Group companies

Sales of a wide variety of repair and reinforcement products

Product sales and construction work are the two pillars of our businesses. With a lineup of organic, inorganic, and structural materials, our group companies approach a wide range of customers to expand our sales channels.

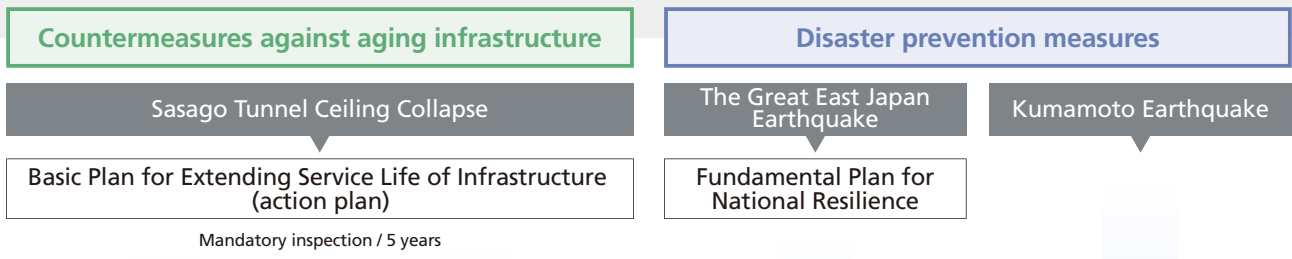
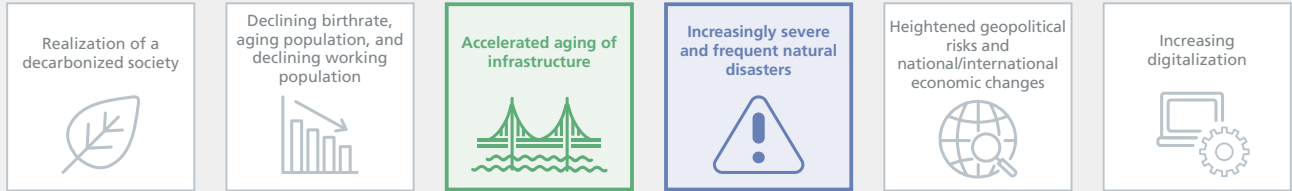


Group Companies



Business Environment

Social Issues



Expressway companies National Gov. / Local Gov.

Shifting from corrective maintenance to preventative maintenance

Expressway Renewal Project
¥5.6 trillion

Infrastructure repair based on the Basic Plan for Extending Service Life of Infrastructure (action plan)

Additional plans
+¥1.5 trillion

Implementation of infrastructure management to maximize stock effects

Strategic Management for Revitalization of Regional Infrastructure Groups
Infrastructure Maintenance Phase 2

Three-year emergency response plan

¥7 trillion

Five-year acceleration plan

¥15 trillion

Revised Basic Act for National Resilience
Budget assured & mandatory

Emergency transportation roads' quake resistance

Preventing missing links when an earthquake occurs

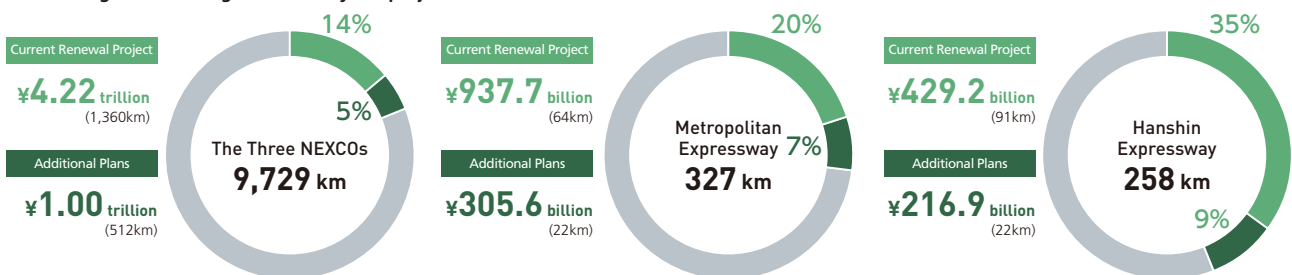
Road administrator	Implementation status
Expressway companies	78%
National Gov.	87%
Local Gov.	80%
Total	81%

Expressway companies' earthquake retrofitting plan

Accelerating seismic retrofitting of bridges

102 bridges/year
↓
290 bridges/year

Percentage of total length covered by the project

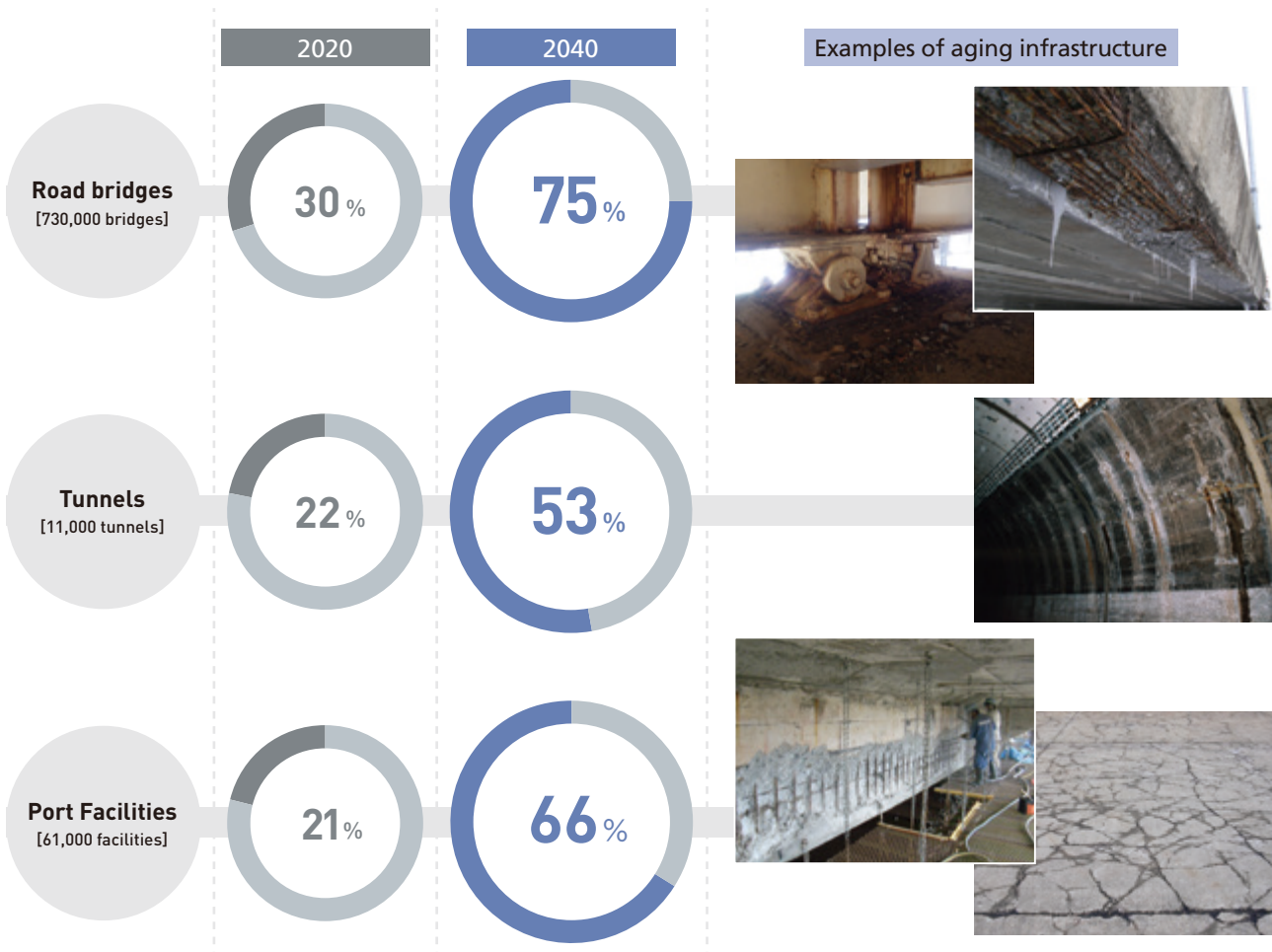


Source: Prepared by SHO-BOND based on MLIT data

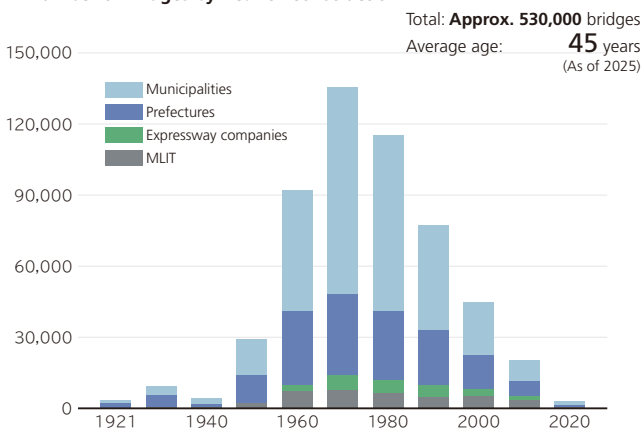
Accelerated Aging of Infrastructure

Most of the infrastructure in Japan was built after the high economic growth period, and its aging is expected to accelerate in the future. In response to these social issues, national and local governments are taking action nationwide to formulate plans for appropriately maintaining, managing, and renewing infrastructure and extending the service life.

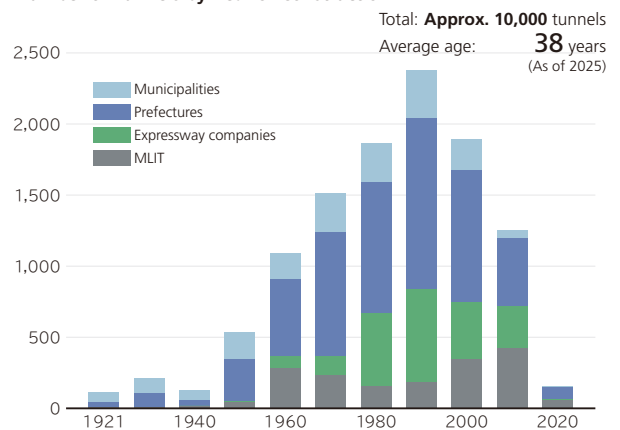
Percentage of Structural Infrastructures Built More Than 50 Years Ago



● Number of Bridges by Year of Construction



● Number of Tunnels by Year of Construction



Notes: 1. Prepared by SHO-BOND based on MLIT data
 2. Number of managed facilities by road administrator
 3. In addition to the above, there are approximately 200,000 bridges and 300 tunnels whose construction year is unknown.

Materiality

The SHO-BOND Group has designated four Materialities based on social demands and the expectations of stakeholders. The Materialities are our priorities in order to achieve sustainable growth with our stakeholders as the Group plays a role in solving social issues while continuing to increase corporate value. The Group will continue to leverage business activities for constant progress concerning these Materialities in order to contribute to the long-term sustainable growth and the development of a sustainable society.

Process to Identify Materiality

In April 2020, the SHO-BOND Group identified materiality with the participation of employees, senior management and prominent individuals outside the group.

The SHO-BOND Group continues to upgrade Materiality initiatives with the input of the group's internal and external stakeholders.

The 55 issues were ranked by using the perspectives of stakeholders and the group's businesses. The top 22 issues were then chosen as the priority social issues.

Materiality Matrix

To identify materiality, a materiality matrix was created by evaluating social issues from the standpoints of the importance to stakeholders and the importance to business operations. Then 22 social issues that were very important from both standpoints were selected as the issues that the SHO-BOND Group should target.

To determine importance to stakeholders, evaluations were performed by using the perspectives of shareholders and other investors in Japan and other countries, local governments, government agencies and other sources of orders for the SHO-BOND Group, manufacturers of building materials, chemicals and other materials procured by the group, construction firms and other subcontractors, residents near business sites and other members of society, government actions and policies, and other stakeholders. For importance to business operations, evaluations were performed by the group's senior management, including outside directors, and employees.

Identification of social issues

Establishment of priorities

To identify materiality, we first identified 55 social issues to be examined. This process incorporated the SHO-BOND Group's policies, social demands, the expectations of stakeholders and other factors.

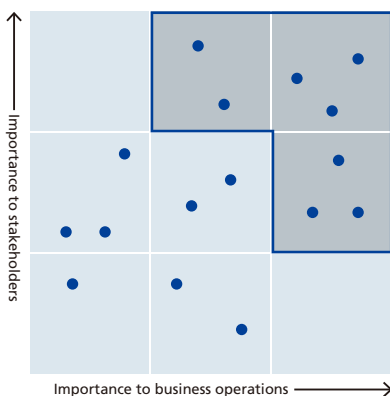
- Corporate values/business strategy issues
- Global framework/principles/guidelines*1
- Japanese government policies*2
- Evaluation by ESG assessment companies*3

55 issues

*1 GRI standard, SASB standard, SDGs, ISO26000, 10 Principles of the UN Global Compact, OECD Guidelines for Multinational Enterprises, and others

*2 Policies of the Ministry of Land, Infrastructure, Transport and Tourism for public works projects and other policies

*3 MSCI, FTSE, Robeco SAM and others



22 Social issues

E Environment

- Sustainable use of resources
- Assessment of environmental impact of projects
- Proper management of waste materials
- Measures to combat climate change

S Social

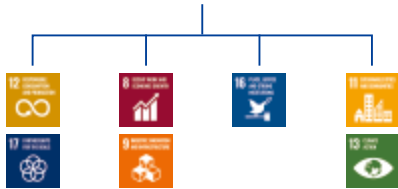
- Establish a resilient infrastructure
- Leverage comprehensive maintenance resources to contribute to society
- Ensuring occupational health and safety
- Develop and use technologies for social issues
- Activities to increase productivity
- Recruiting and training programs

G Governance

- Employee retention and sound labor relations
- Improve economic performance
- Measures involving Japan's falling population
- Develop sustainable cities
- Health and safety of customers and consumers
- Community relationships
- Strengthen corporate governance
- Strengthen risk management
- Compliance with laws and regulations
- Fair business practices
- Information security measures
- Proper management of intellectual property

The 22 issues were divided into four groups based on their characteristics in order to establish a materiality proposal.

22 Social issues



The suitability of the materiality proposal, including the process used to create the proposal, was checked with the participation of senior management and the input of prominent individuals outside the SHO-BOND Group.

Final conceptual diagram of materiality, with external input, and approval by the Board of Directors.

Materiality proposal

Confirmation of suitability

Identification and disclosure of materiality

● Materiality Framework

Corporate Philosophy

With a sense of mission of "Inheriting and passing on social infrastructure to the next generation in good condition," we will contribute to the realization of a safe and affluent society by utilizing our advanced technological development capability as a leading company in the structure maintenance business.

Comprehensive maintenance system backed by the organizational capabilities



Contribute to the development of social infrastructure by using partner companies interactions and the group's aggregate resources for all maintenance processes, whether large or small.

- ⑤ Establish a resilient infrastructure
- ⑤ Leverage comprehensive maintenance resources to contribute to society
- ⑤ Ensuring occupational health and safety

Productivity improvement through technology development



Improve productivity by combining chemical and civil engineering technologies to create new technologies and by conducting training and education programs.

- ⑤ Develop and use technologies for social issues
- ⑤ Activities to increase productivity
- ⑤ Recruiting and training programs
- ⑤ Employee retention and sound labor relations
- ⑤ Improve economic performance

Sound governance and measures for more improvements



Make sound and transparent governance to maintain the foundation for relationships with all stakeholders.

- ⑥ Strengthen corporate governance
- ⑥ Strengthen risk management
- ⑥ Compliance with laws and regulations
- ⑥ Fair business practices
- ⑥ Information security measures
- ⑥ Proper management of intellectual property

Contribution to the development of sustainable cities



Position the social infrastructure maintenance business as a key component of the development of sustainable cities that are environmentally responsible.

- ⑤ Sustainable use of resources
- ⑤ Assessment of environmental impact of projects
- ⑤ Proper management of waste materials
- ⑤ Measures to combat climate change
- ⑤ Measures involving Japan's falling population
- ⑤ Develop sustainable cities
- ⑤ Health and safety of customers and consumers
- ⑤ Community relationships

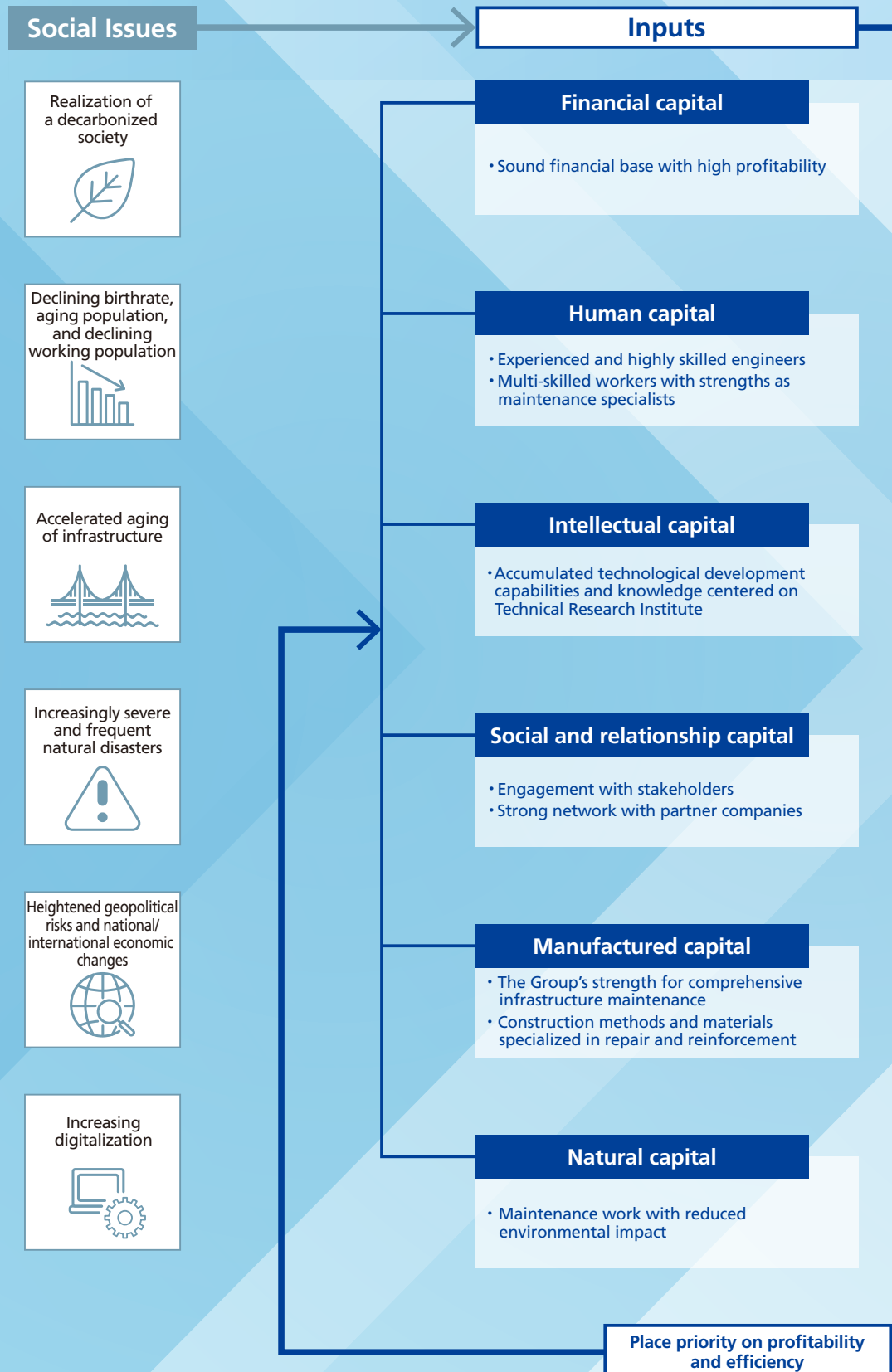
Internal activities

Effects of business activities on society

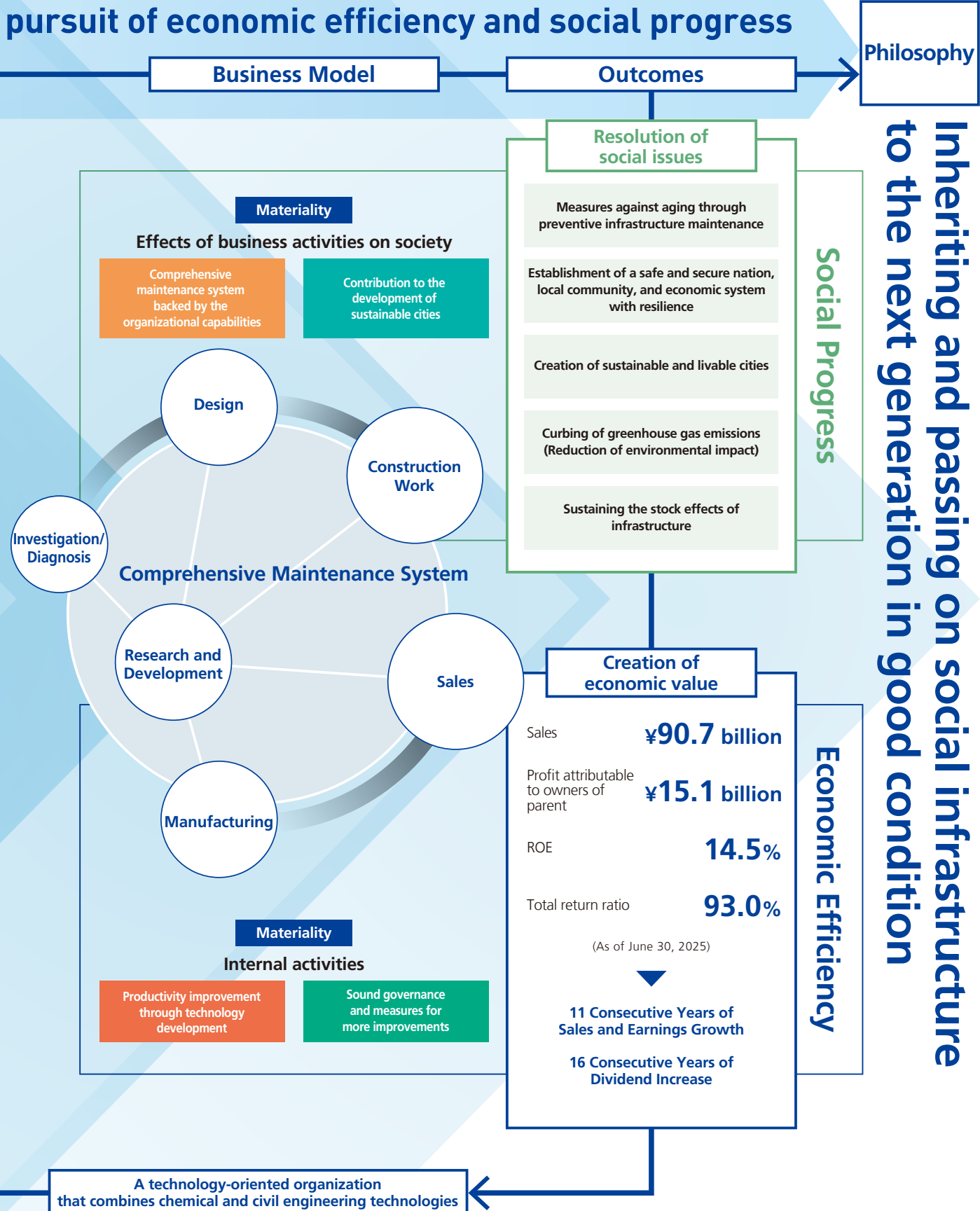
The Value Creation Process

Our mission is to pass on social infrastructure to the next generation in good condition while bringing out the best in the distinctive comprehensive infrastructure maintenance business model. We are dedicated to playing a role in maintaining a safe and affluent society for everyone. Through a continual approach to the four components of our Materiality, we provide solutions for social issues and create economic value, as well as promote the long-term growth of corporate value.

Enhancing corporate value in



pursuit of economic efficiency and social progress



Inheriting and passing on social infrastructure to the next generation in good condition

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



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.

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

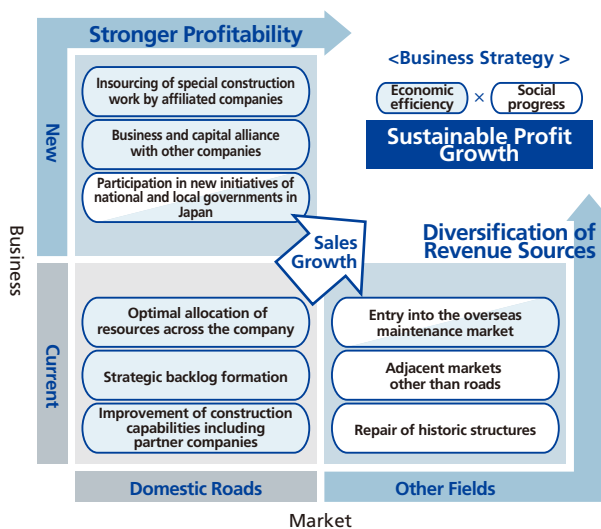
sales activities aimed at business expansion.

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

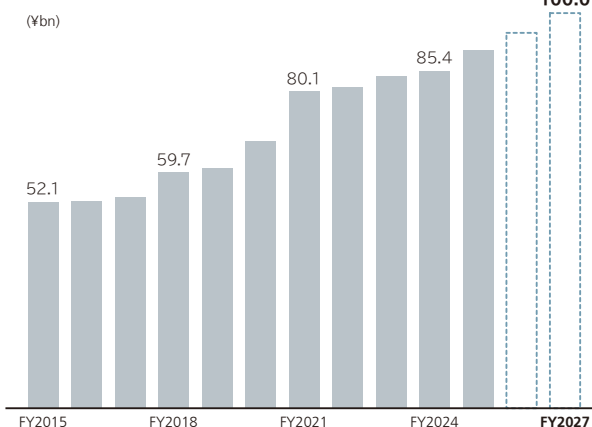
Strategic Initiative	Progress in FY2025
Further investment in human capital (securing and developing human resources)	The number of employees at the end of FY2025 was 1,051, increasing 32 from the previous fiscal year. We have continued to invest in human capital, including raising wages by more than 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

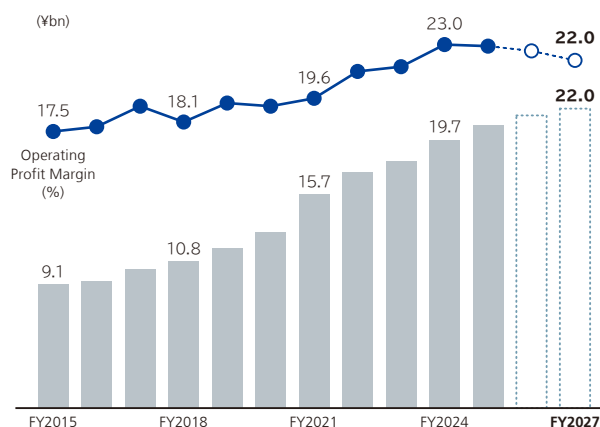
We aim to achieve net sales of 100 billion yen in FY2027. Although we anticipate that the operating margin will decline slightly compared to FY2024 due to an increase in personnel cost, we will achieve 22 billion yen of operating profit and 15.6 billion yen of profit attributable to owners of parent,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



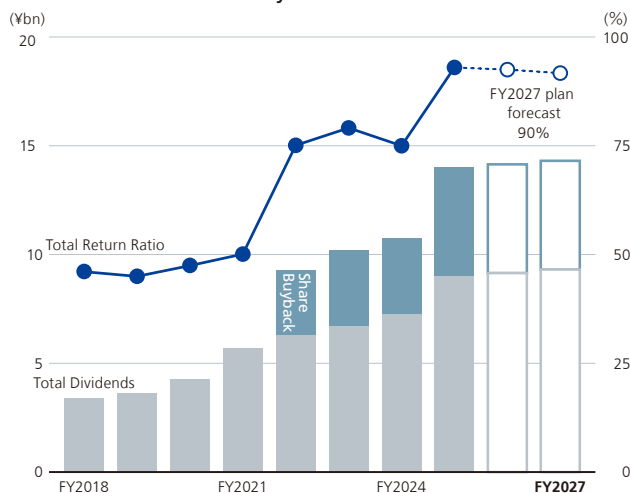
Capital Policy

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.

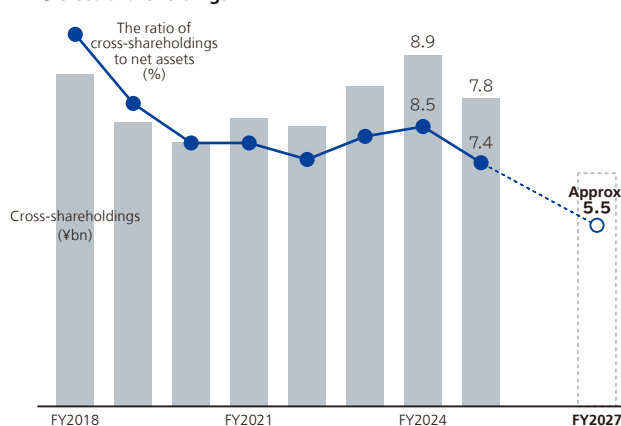
Additionally, we will continue to reduce the ratio of cross-shareholdings to net assets, aiming to divest approximately 30% by the final year, with an estimated value of around 3 billion yen based on the market value as of the end of June 2024.

	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)		

● Total Dividends / Share Buyback / Total Return Ratio



● 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

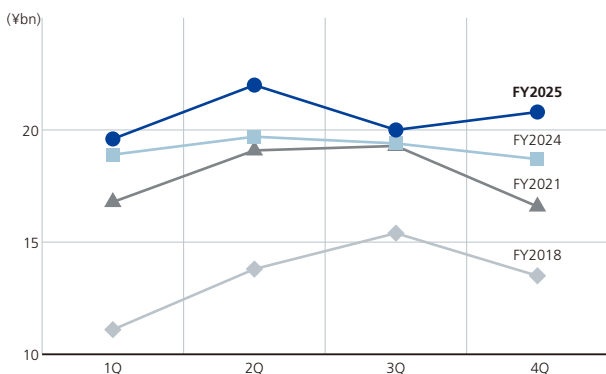
Review of Performance

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.

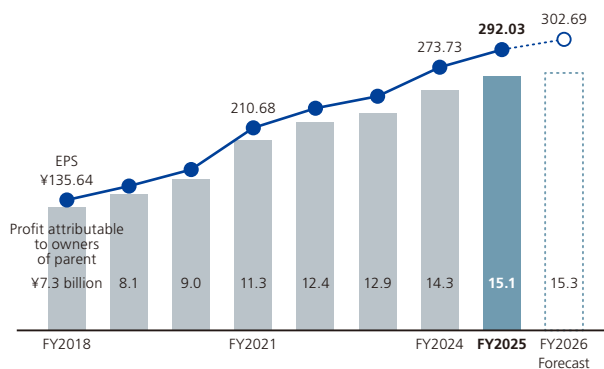
Our net sales increased year on year due to higher construction sales from national and local government projects, owing to a large backlog of contract orders at the start of the period, and despite a slight year-on-year decrease in construction sales from expressway companies due to the transition period 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.

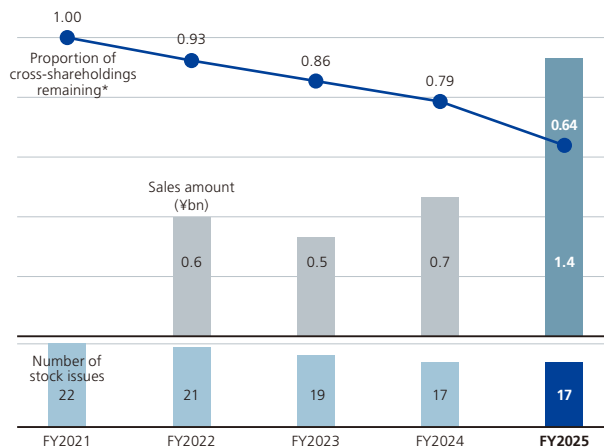
Cross-shareholdings

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.

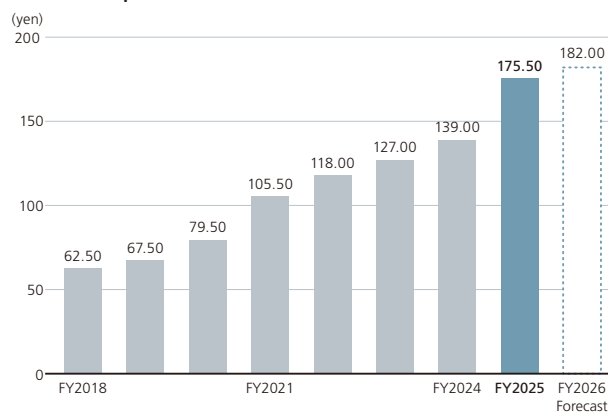
Shareholder Returns

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

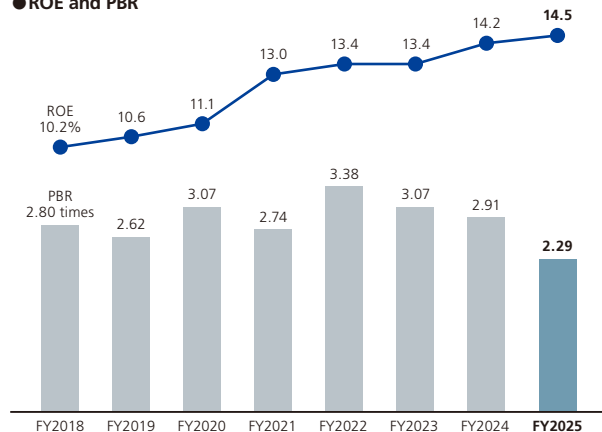
*The above-mentioned annual dividend per share figures do not reflect the stock split effective as of January 1, 2026.

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

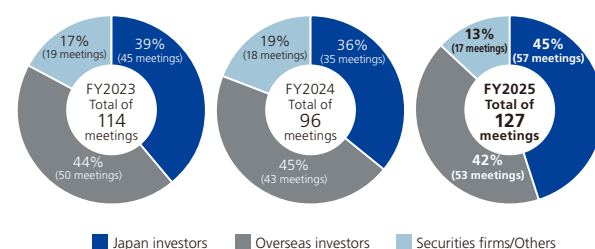
The source of the SHO-BOND Group's high profitability (i.e., gross profit margin of construction work) lies in our non-financial capital. As our construction sales have increased, we have been able to maintain high profitability (i.e., gross profit margin of construction work) by increasing the number 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

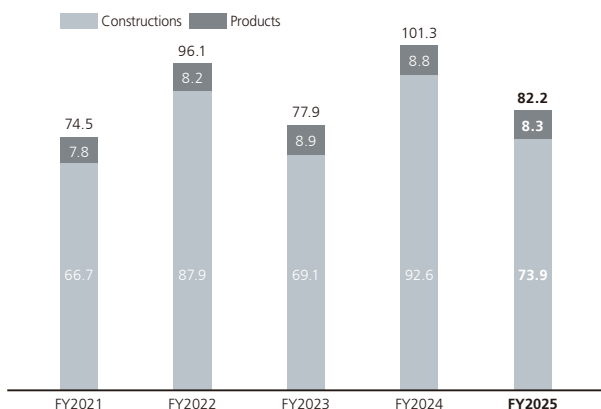


Financial and Non-financial Highlights

Financial

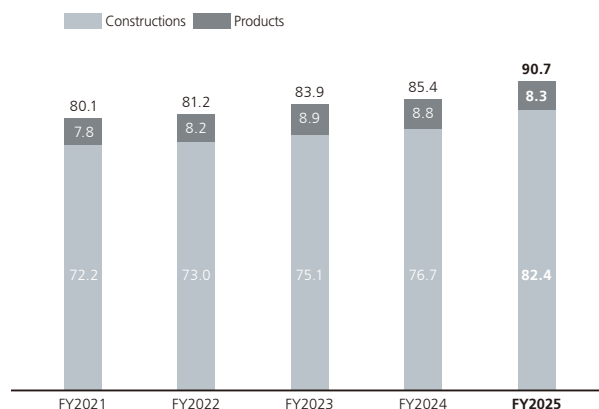
Orders

(Ybn)



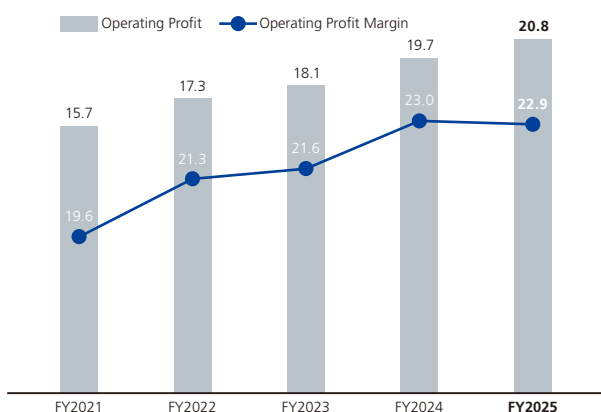
Net Sales

(Ybn)



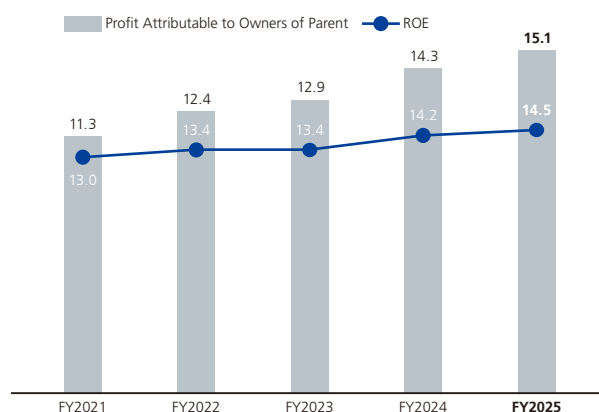
Operating Profit / Operating Profit Margin

(Ybn / %)



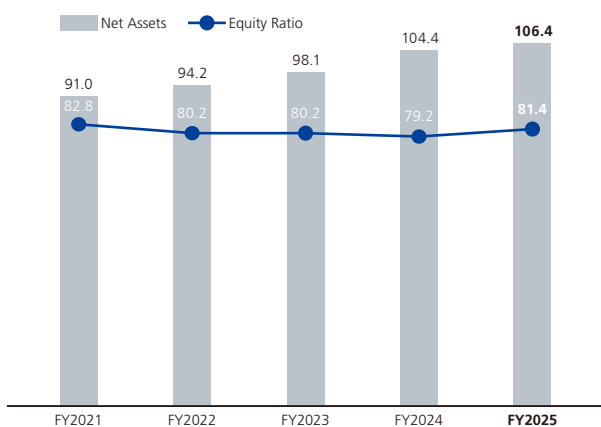
Profit Attributable to Owners of Parent / ROE

(Ybn / %)



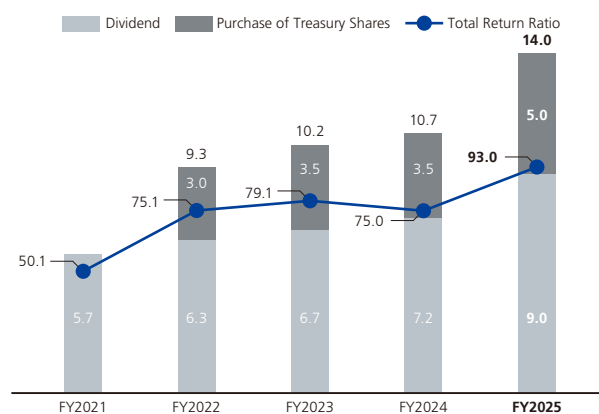
Net Assets / Equity Ratio

(Ybn / %)



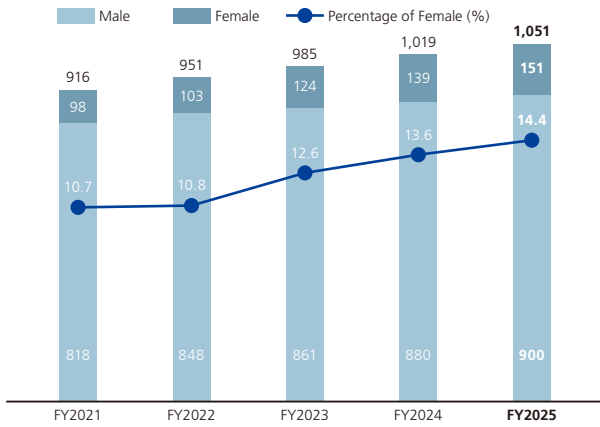
Dividend / Purchase of Treasury Shares / Total Return Ratio

(Ybn / %)



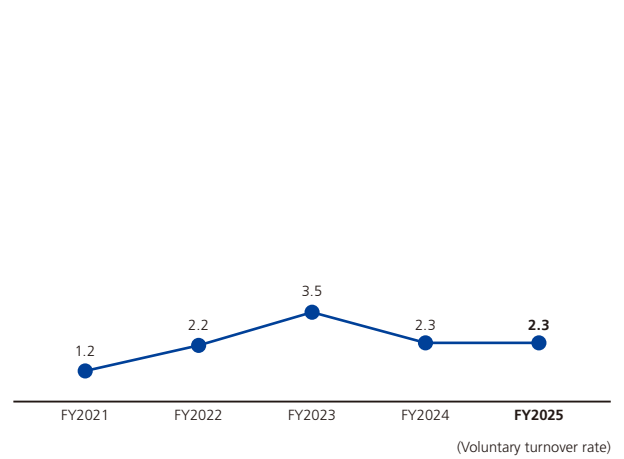
Non-financial

Number of Employees



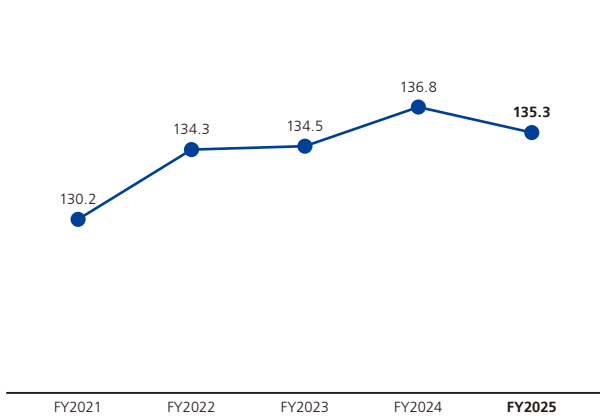
Turnover Rate

(%)



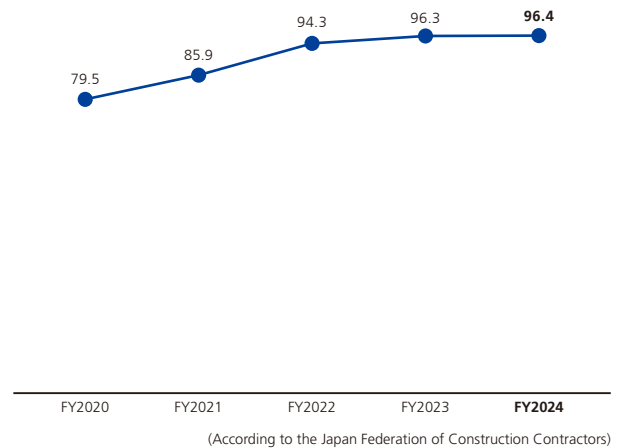
Average Annual Days Off

(days)

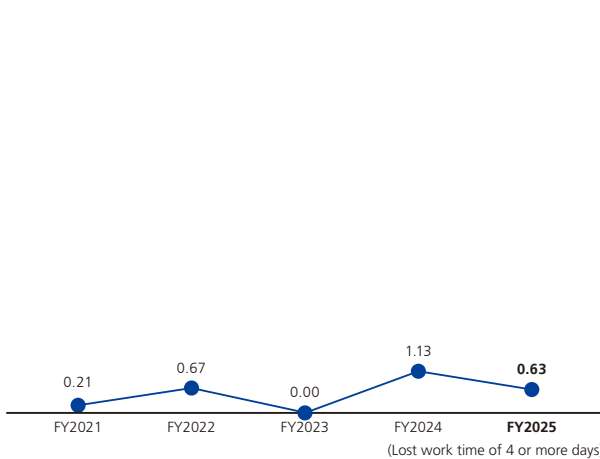


Percentage of Construction Sites where "8 Days Off in 4 Weeks" is Achieved

(%)

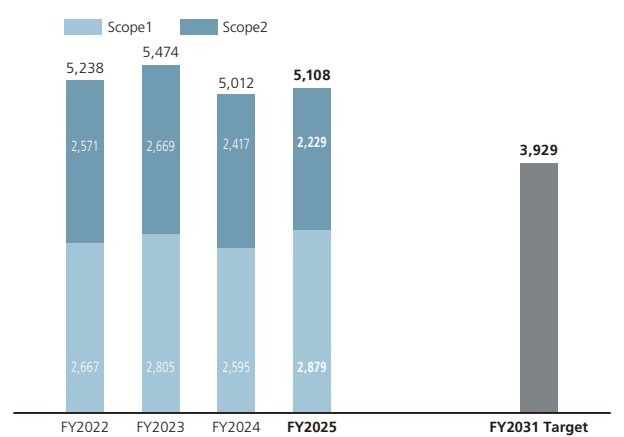


Lost Time Injury (LTI) Frequency Rate



CO₂ Emissions

(t-CO₂)



Domestic Construction Business



In our domestic construction business, we are primarily involved in life-extending works and seismic retrofitting of infrastructure, including bridges, tunnels, and port facilities. Most of the infrastructure in Japan was built during the country's high economic growth period, and its aging has become a serious issue. Measures are also needed to address future large-scale earthquakes originating in the Nankai Trough and other areas. Against this backdrop, Japan is currently proceeding with initiatives such as the Expressway Renewal Project and the National Resilience Plan. Moreover, as maintenance needs increase not only in the roads sector but also in adjacent areas such as railways, water supply and sewer systems, and private-sector facilities, we will contribute to solving Japan's various infrastructure issues.

Takayasu Shimada

Director of Construction Management, SHO-BOND Holdings Co., Ltd.
Managing Director and General Manager of Marketing and Sales Division, SHO-BOND CORPORATION

Strengths	Risk factors	Opportunities
<ul style="list-style-type: none"> Comprehensive infrastructure maintenance capabilities from a broad range of perspectives Accomplishments as a specialist in the field of infrastructure maintenance Construction skills and technologies capable of providing the best construction methods Technological development capabilities centered on the Technical Research Institute A team of engineers capable of earning profits from even small projects Partner companies with experienced people covering a diverse array of construction skills 	<ul style="list-style-type: none"> Shortage of construction workers due to Japan's declining population Risk involving accidents and other aspects of safety Quality management risk involving defects and other problems Intense competition for orders in the Expressway Renewal Project 	<ul style="list-style-type: none"> Growing demand for life-extending works due to accelerated measures to address aging infrastructure Growing demand for reinforcement works due to greater severity and frequency of natural disasters Increasing importance of preventive infrastructure maintenance technologies

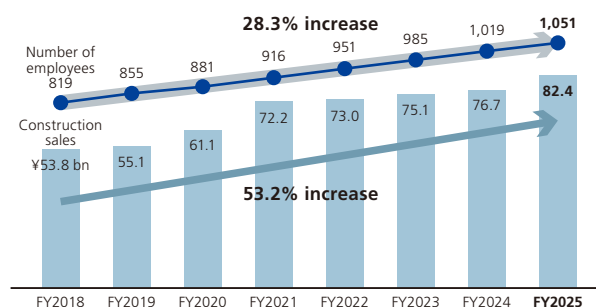
Overview of Domestic Construction Business

Construction sales in FY2025 posted a 7.5% year-on-year increase to reach 82.4 billion yen. Considering the 6.1% annual growth rate over the three-year period of the previous Medium-term Business Plan (FY2021 to FY2024), we recognize that achieving this significant increase in sales is the result of our efforts over the past several years to develop our workforce and refine our strategy for securing project contracts.

Meanwhile, construction orders decreased 20.2% year on year to 73.9 billion yen. Although our Group remained highly competitive in securing project contracts, the key reason for this decline was a decrease in large-scale project orders from expressway companies. Going forward, we recognize that it is becoming increasingly important not only to continue our ongoing efforts in developing talent and maintaining our competitiveness in securing project contracts, but also to further promote optimal allocation of human capital in response to changes in the business environment and

to strengthen our ability to generate revenue in areas other than expressways.

Change in construction sales and number of employees



Review of FY2025 and Future Initiatives

Group-wide strategy for order receiving conscious of order backlog

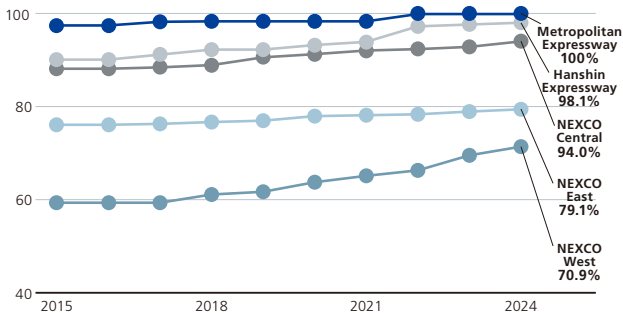
In FY2025, we recorded a decrease in the volume of our large-scale expressway construction orders centered around East Nippon Expressway Co., Ltd. We are aware that planned construction orders have been temporarily postponed due to recent inflation-driven increases in material costs and rising interest rates. Although we have secured a long-term volume of work due to the large number of structures that still require construction, the annual order volume is expected to continue fluctuating due to the short-term budgetary

situation of each expressway company. The "Expressway Companies' Earthquake Retrofitting Plan," announced in January 2024 by the four expressway companies, including three NEXCOs, also indicates that the proportion of bridges requiring retrofitting differs according to each company. In order for the SHO-BOND Group to maintain both a strong order backlog and stable profit growth in the future, we must respond more flexibly not only to changes in annual order volumes but also changes in the regions and types of work being ordered.

Within this environment, in October 2025 our Group conducted

a review of our East/West Japan in-house company structure, which has been in place since 2020, to enable more flexible allocation of personnel. By fully leveraging the horizontal deployment of our engineers, which is possible due to our status as a maintenance specialist, we aim to swiftly respond to changes in the business environment and steadily build up our order backlog.

● **Completion rate of bridge seismic retrofitting of each expressway company**

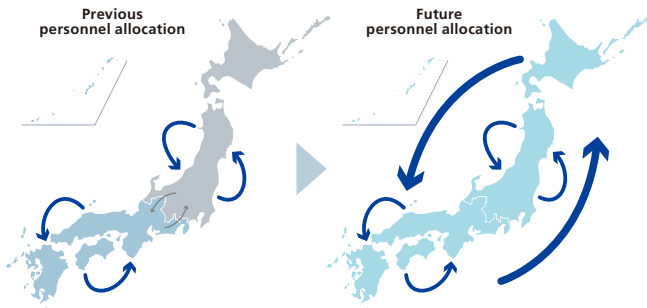


Percentage of bridges with seismic performance level 2 (bridges with completed seismic retrofitting measures allowing only minor damage and prompt functional recovery even during earthquakes of similar magnitude to that of the Southern Hyogo Prefecture Earthquake)

*Prepared by SHO-BOND based on MLIT data

● **Graphic representation of optimal personnel allocation**

Personnel will be allocated in response to order forecasts for each customer. Going forward, we will give increased consideration to optimal allocation on a national scale.



Participation in new initiatives of national and local governments in Japan

The "1st Mid-term Plan for the Implementation of National Resilience" was approved by the Cabinet in June 2025 as a nationwide measure addressing the aging of infrastructure and disaster preparedness. The plan has a span of five years starting in FY2026 and a project scale exceeding 20 trillion yen, and measures with a planned budget exceeding the 15 trillion yen budget scale of the current Five-Year Accelerated Measures Package will continue to be implemented in the future. As various measures have been implemented since 2013, designated by MLIT as the inaugural year for social infrastructure maintenance, new challenges have been identified, and countermeasures and improvements have been implemented. The SHO-BOND Group is therefore promoting measures to address changes among our customers, comprising not only expressway companies but also national and local governments.

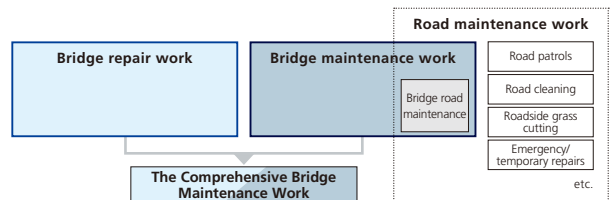
One specific example is our procurement of orders for the Comprehensive Bridge Maintenance Work. This is an example of a new order procurement method on bridges managed by the national government, developed in response to issues such as frequent unsuccessful bidding on small-scale projects involving dispersed construction sites. By consolidating multiple bridges and works into a single project order, contractors gain room to maneuver to ensure

profitability, while customers benefit from steady progress in bridge repairs. On the other hand, contractors must possess high levels of expertise and construction capabilities when securing contracts, given the need to proactively propose repair methods and to efficiently manage dispersed construction sites so as to ensure profitability. SHO-BOND secured the first domestic project under this ordering system and successfully completed it in 2023. These types of expertise have permeated throughout our Group's various sites, thereby contributing to the diversification of revenue sources in regions with a low volume of large-scale construction orders and within the KAKO Group, which mainly handles national and local government construction projects.

Meanwhile, local governments, which manage more than 90% of Japan's bridges, continue to face the problem of delayed infrastructure maintenance measures due to a shortage of technical staff. As part of our Group's unique initiatives, we developed the "AI Shindanshi" system, enabling administrators to perform simple diagnoses of infrastructure deterioration. In FY2025, we demonstrated the effectiveness of this system by having local government employees perform trial diagnostics. We have also launched an initiative to support the recently promoted scheme known as "Strategic Management for Revitalization of Regional Infrastructure Groups." In November 2024, we held a training session at our Group's Tsukuba Training Center at the request of the Support Organization for Administrative Engineers (commonly referred to as Sorae)*. By providing hands-on training in construction methods and introducing DIY products that we have been focusing on in recent years, we aim to contribute to solving the problems faced by local government engineers. We believe that continuously promoting these initiatives will lead to the resolution of social issues and contribute to our company's profit growth over the medium to long term.

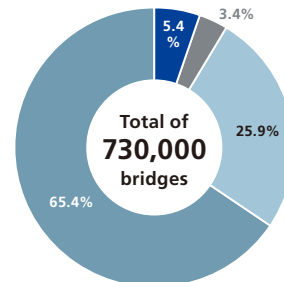
*A support organization for civil servants that primarily targets technical civil servants with the aim of enhancing technical knowledge and fostering interaction among members.

● **Illustration of the Comprehensive Bridge Maintenance Work**

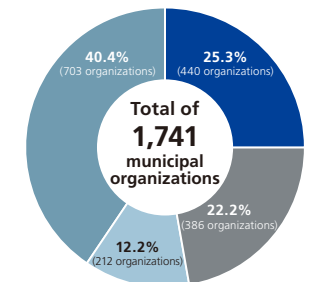


A customized ordering system for bridges. Bridge repair work is performed on all bridges within the target area, in addition to maintaining operations (cleaning, etc.). The bridges to be repaired are determined by consultation between the contractor and the customer after the project order is placed. While based on a multi-year contract, the contract amount can be adjusted up to the budget ceiling set for each individual year.

● **Percentage of bridges by road administrator**



● **Numbers of municipal technical staff**



Legend for Percentage of bridges by road administrator:
 ■ National
 ■ Expressway companies
 ■ Prefectures and government ordinance-designated cities, etc.
 ■ Municipalities

Legend for Numbers of municipal technical staff:
 ■ 0 staff
 ■ 1-5 staff
 ■ 6-10 staff
 ■ 11 or more staff

*Prepared by SHO-BOND based on the results of the 2024 Local Government Staffing Survey.

*Technical staff are defined as civil and building engineers.

*Aggregated data for general administrative departments. Data includes government ordinance-designated cities.

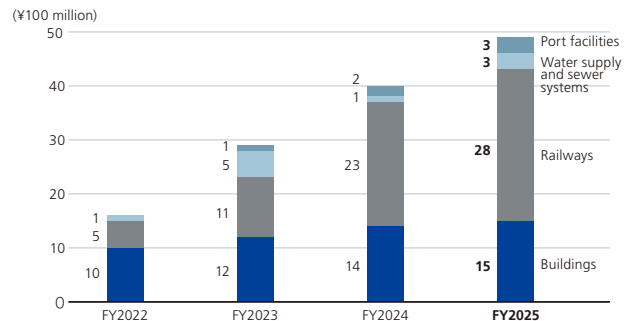
Domestic Construction Business

Strengthening adjacent markets and opening up new markets in maintenance

Prior to the launch of our Medium-term Business Plan 2027, the SHO-BOND Group formed working groups for each business area targeted for new development, and has undertaken organizational operations with the aim of bolstering our earning power outside our key business fields. Each General Manager responsible for revenue in their respective area will serve as a leader of their respective working group, and will guide other group members nationwide with the aim of strengthening cross-functional collaboration, creating business opportunities, and securing revenue sources from a medium-to-long-term perspective. These initiatives are gradually yielding results even over the short term, with the percentage of construction orders in adjacent areas increasing in recent years relative to our total construction orders. Even under the current circumstances, whereby our human capital has been concentrated on large-scale projects over the past decade, we have succeeded in increasing orders in other areas in response to market conditions, partly by sharing the company's capabilities cultivated over time within our working groups. Furthermore, the Marketing and Sales Division takes the lead in holding technical briefings for our customers on our Group's construction methods and products, and promoting business alliances and other forms of collaboration with multiple companies.

In addition to our existing focus on building a stronger foundation for growth and optimizing internal resource allocation, we will continue to pursue external challenges such as developing new business areas and collaborating with other companies with the aims of boosting our profitability and diversifying our revenue streams.

● Construction orders in major adjacent areas



Railway construction project (completed seismic reinforcement of Kobe New Transit Port Island Line [PT Station and NK Station])

Specialty construction company



Kyna-Tech

Kyna-Tech is a specialty construction company that became a wholly owned subsidiary of SHO-BOND CORPORATION in 2016 as part of the Group's strategy to increase profitability and diversify its operations. Kyna-Tech's core businesses consist of high-frequency core drilling and water-jetting work utilizing highly specialized technologies.

High-frequency core drilling is a drilling technique that enables low-noise, low-vibration, and low-dust construction on existing concrete structures. Our lineup includes models capable of drilling at approximately 2.5 times the speed of standard machines, enabling construction even in confined areas with limited space above the work site.

The water-jet method is a technique that uses high-pressure water jets to perform surface treatment and partial removal of concrete. By harnessing the power of water, we can perform precise construction only on required areas without damage to healthy parts of concrete structures. This technology is indispensable for repairing concrete structures, and performing water-jetting in-house also leads to cost reductions for the entire Group.



Concrete surface treatment using water-jetting

Surveying and diagnostics company



Maintenance Technology Inc.

Maintenance Technology Inc. was established in 2011 as a construction consulting and design firm. The company's main operations comprise surveying, diagnostics, analysis, and repair design for infrastructure such as bridges and tunnels. Maintenance Technology is contributing to quality improvements in the maintenance field by enhancing the efficiency of the Group's on-site operations through proximity surveys and test analyses, and by providing highly specialized design engineering support leveraging our expertise in repair techniques. One of the company's operations is surveying existing structures using 3D measuring equipment. For instance, when installing new reinforcing components, accurate measurement data of the structure is essential. Maintenance Technology Inc. has introduced a state-of-the-art, wide-area 3D measurement device that is effective for surveying existing structures with complex shapes, and is using this device extensively for the fabrication and machining of newly installed components and for design reviews.



Status of measuring anchor bolt drilling positions using a 3D measuring instrument

Feature

Repair of Historic Structures—Transforming the former Harumi Railway Bridge into a pedestrian walkway

The former Harumi Railway Bridge connecting Toyosu in Koto City and Harumi in Chuo City, Tokyo, served as a freight-only railway bridge for approximately 30 years from 1957 to 1989. The bridge supported postwar development by facilitating the transport of freight from Tokyo Port to the city. The Tokyo Metropolitan Government is making improvements to the entire waterfront park area including the former Harumi Railway Bridge, and SHO-BOND performed the work to convert the bridge into a pedestrian walkway as part of this initiative. In this Feature, we present a case study of our repair work on a distinctive historic structure.

What is the former Harumi Railway Bridge?

This bridge supported Japan's postwar economic development by carrying freight trains loaded with wheat and rolls of paper from the postwar period through Japan's high economic growth period. It was also the first railway bridge in Japan to employ continuous PC and Nielsen-Lohse girders, thus serving as a valuable historical record of the cutting-edge bridge construction technology of its time. Even after the railway tracks were removed in 1989, the bridge was preserved in its original state as a structure of high historical value in both economic and civil engineering terms.



The bridge during its use for transporting freight (photo courtesy of Tokyo Port Promotion Association)



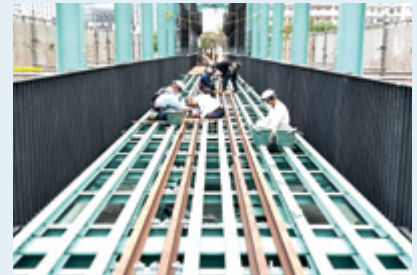
The former Harumi Railway Bridge prior to conversion work. The entire bridge coated in reddish-brown rust

Description of the work

To perform the repair work, a barge was used to install scaffolding. To ensure the safe navigation of seafaring vessels during the project, we first constructed the Toyosu side and then replicated the work on the Harumi side.



(1) Repainting work to recreate the bridge's original color during its use for transporting freight



(2) After installation of the flooring base, the original rails from the time of operation were restored.



(3) Installation of wooden decking to surround the railway tracks



(4) Installation of glass flooring to allow pedestrians to see the restored railway tracks and sea surface



After approximately two years of construction, the former Harumi Railway Bridge was opened as a pedestrian walkway on September 19, 2025, thereby transforming into a new community leisure space while carrying its legacy into the future.

SHO-BOND will continue to proactively undertake the repair of historic structures and contribute its infrastructure maintenance expertise and technologies to local communities.



Construction Materials Manufacturing and Sales Business



In our construction materials manufacturing and sales business, we manufacture and sell products used in the repair and reinforcement of infrastructure, including bridges and tunnels. Since our founding, the SHO-BOND Group has specialized in repair and reinforcement. Leveraging the Group's distinctive comprehensive maintenance system, we possess strengths in developing products specifically suited to repair and reinforcement. As infrastructure continues to age, barriers such as labor shortages and budget constraints have also arisen. Our Group is contributing to addressing the social issue of aging infrastructure by developing, manufacturing, and selling products that enable efficient and effective repair and reinforcement.

Setsu Arai

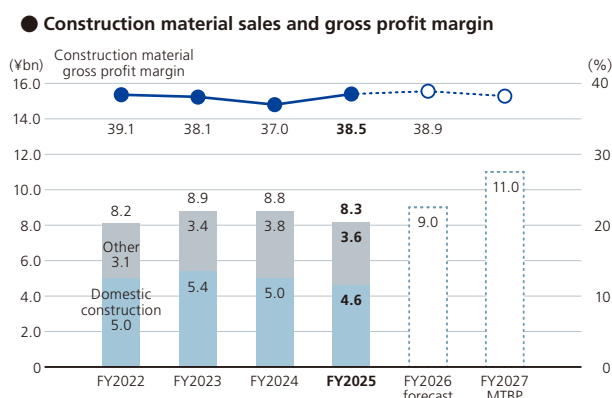
Director of Group Strategy, SHO-BOND Holdings Co., Ltd.
Director and General Manager of Overseas Business Department, SHO-BOND CORPORATION

Strengths	Risk factors	Opportunities
<ul style="list-style-type: none"> ● Extensive product lineup specifically suited to repair and reinforcement ● Organizational capabilities to develop products that meet market demands ● Sales personnel with on-site experience in repair work 	<ul style="list-style-type: none"> ● High cost of energy, construction materials, and raw materials ● Increase in logistics costs ● Damage to or shutdown of operations at disaster-stricken own factories or contracted manufacturing plants 	<ul style="list-style-type: none"> ● Growing demand for life-extending works due to accelerated measures to address aging infrastructure ● Growing demand for reinforcement works due to greater severity and frequency of natural disasters ● Demand for environmentally friendly products

Overview of Construction Materials Manufacturing and Sales Business

The SHO-BOND Group's reportable business segments are classified into the "domestic construction" business and "other" businesses. The sale of construction materials is undertaken in both of these segments, primarily by SHO-BOND CORPORATION in our domestic construction business and by SHO-BOND MATERIAL CO., LTD. in our other businesses. Approximately 60% of these construction material sales are in the domestic construction business and the remaining 40% are in the other businesses, with each segment handling marketing and sales for their respective regions and customers.

Construction material sales in FY2025 decreased by 480 million yen (5.5%) year on year to 8.27 billion yen due to a decline in sales of products for seismic retrofitting work. Going forward, we aim to achieve the Medium-term Business Plan (MTBP) 2027 target of 11 billion yen in construction material sales mainly through a recovery in demand for seismic reinforcement materials, increased sales of new products jointly developed with road companies, and increased sales of couplings (pipe joints). Our gross profit margin has remained at around 38%, although the precise percentage depends on the breakdown of products sold.



Review of FY2025 and Future Initiatives

Under the Medium-term Business Plan 2027, we are pursuing initiatives that will contribute to addressing aging infrastructure, such as developing new products and reviewing our sales methods. Under this policy, we made preparations in FY2025 to improve our product catalog and completely update our website. We have also investigated the development of DIY products and commercialized "L Putty"—a repair material for small damaged concrete surfaces. L Putty's features include low specific gravity allowing thick application to ceilings and other surfaces, and mixing without the need for machinery or water. The product thus allows simple maintenance tasks to be performed even by local governments facing a shortage of engineers.

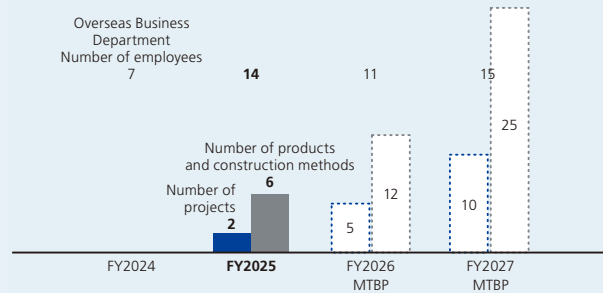
Meanwhile, we are also focusing on expanding sales of couplings, which is one of our existing core products. Due to their ease of use for pipe repairs, demand for our couplings has increased for applications such as condominium repairs, and we have constructed a new factory in Yashio City, Saitama Prefecture, to bolster our coupling production capacity.



"L Putty" (left: repair work with L Putty, right: a lump of L Putty floating in water due to its light weight)

Overseas Businesses

In our overseas businesses, the SHO-BOND Group is contributing to addressing aging infrastructure and the increasing severity and frequency of disasters overseas by applying the expertise and products developed in our domestic infrastructure repair and reinforcement business. We provide our expertise and products after selecting market-tailored approaches, such as establishing joint ventures with leading local companies, collaborating with Japanese firms, and investing in existing overseas companies.

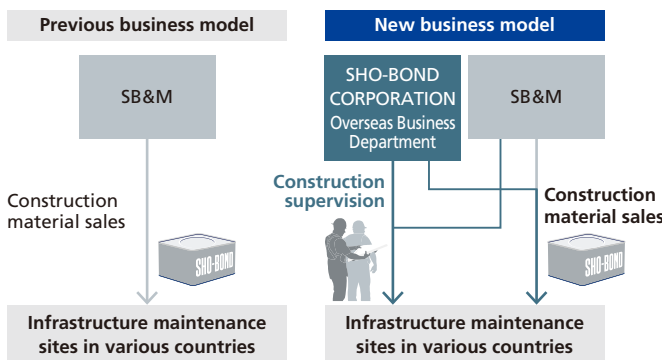


Strengths	Risk factors	Opportunities
<ul style="list-style-type: none"> SHO-BOND Group's technology development capacity for development and modification of construction methods and products to match the requirements of specific countries and regions Global business network and overseas development and management capacity of MITSUI & CO. in 62 countries and 124 business sites 	<ul style="list-style-type: none"> Country risk due to economic and political instability Uncertainty involving laws and regulations and logistics for shipments of products Rising cost of materials and exportation and uncertainty about foreign exchange rates Cost competition with local companies and other entrants 	<ul style="list-style-type: none"> Increasing public awareness worldwide of the need for maintenance of aging infrastructure Joint activities with other Japanese companies for the dissemination of infrastructure technology proven in Japan Growing need for protection against earthquakes, floods, and other natural disasters around the world

Review of FY2025 and Future Initiatives

Our Medium-term Business Plan 2027 sets out the restructuring of our overseas business models. Since its commencement, our main overseas business has been the sale of construction materials with a proven track record in Japan, initially by SHO-BOND & MIT Infrastructure Maintenance Co., Ltd. (SB&M: SHO-BOND 51%, MITSUI & CO. 49%). However, there has been growing local demand for on-site technical cooperation with our Group. To meet these expectations, we established a new Overseas Business Department within SHO-BOND CORPORATION in April 2024, thereby creating a system in which SHO-BOND's engineers can provide on-site construction supervision and other services to local entities. This has also allowed us to gather specific information on local needs and infrastructure-related challenges. Based on this gathered information, we are now reviewing the regions and business strategies that we will pursue in the future. As part of these efforts, in FY2025 we conducted trial construction work using our company's construction methods on bridges in India and El Salvador.

Meanwhile, regarding Thailand and the United States, where we have previously expanded our business through SB&M, in Thailand, CPAC SB&M Lifetime Solution Co., Ltd., which we established in 2020 together with CPAC, a company of The Siam Cement Group, achieved profitability for the first time in 2024. In addition, tremors from the earthquake in Myanmar that occurred in March 2025 reached Bangkok, the capital of Thailand, causing damage particularly to high-rise buildings. Against the backdrop of growing interest in seismic retrofitting triggered by this earthquake, we held a seminar in Bangkok in September 2025, appealing to more than 220 attendees, including high-rise building owners, about the necessity of seismic reinforcement. Going forward, we plan to increase personnel and aim for further business expansion. In the United States, although the performance of Structural Technologies, LLC, in which we invested in 2023, declined in FY2025, the company has a substantial order backlog, and we expect future growth.



Trial construction in India



Seminar in Thailand

Technology Development



Technology development within the SHO-BOND Group refers to the improvement of our existing construction methods and products, and the development of new ones. As a comprehensive infrastructure maintenance company, our Group has long focused on developing technologies related to repair and reinforcement. In recent years, we have been leveraging our accumulated technological development capabilities to address increasingly diverse and complex needs and challenges accompanying the rise in expressway and other large-scale projects, and these capabilities have underpinned our Group's strong competitiveness. As a leader in the infrastructure maintenance industry, we will continue to develop construction methods and products that meet market demands.

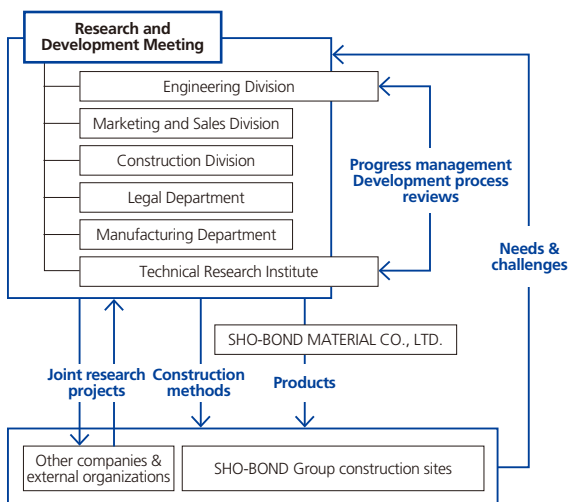
Hiroshi Takemura

Managing Director and General Manager of Engineering Division and Director of the Technical Research Institute, SHO-BOND CORPORATION

Development Promotion System

At the core of our Group's development promotion system is the "Research and Development Meeting." The Research and Development Meeting comprises members from the Technical Research Institute and our Engineering Division, Marketing and Sales Division, Construction Division, Legal Department, and Manufacturing Department. It selects development themes from multiple perspectives based on consideration of factors such as marketability and conformity. For ongoing themes, the Engineering Division confirms their progress with the Technical Research Institute and reviews the development process where necessary for steady promotion. Our developed construction methods and products are used not only by our customers but also at the numerous construction sites operated by our Group across the country. We are also facilitating further improvements to our existing technologies and the development of new technologies by ascertaining the needs and challenges of our Group's on-site engineers. In this way, we leverage our strength in the form of our Comprehensive Maintenance System to develop technologies based on theory and empirical evidence.

Through active participation in various academic conferences and research meetings, we continuously gather information on the latest technology trends. These forums provide opportunities to receive inquiries and requests from private-sector companies and external organizations, which may lead to joint research projects. Through technology development, we address needs and challenges from within and outside the company to enhance our corporate value from the dual perspectives of economic efficiency and social progress.



Technical Research Institute

Overview

In 1996, the year after the Great Hanshin-Awaji Earthquake, SHO-BOND established its third research laboratory (with a site area of approximately 22,000 m²) in Tsukuba Science City.

We named it the Technical Research Institute (TRI) based on the philosophy of raising infrastructure repair skills to the level of scientific research. TRI focuses on identifying the mechanisms of structural deterioration and damage, improving fatigue durability against large vehicles, and researching and developing effective reinforcement technologies for earthquakes. TRI is unique within Japan as a research facility that specializes in the repair and reinforcement of structures and that is well-equipped with state-of-the-art devices. Many materials and construction methods developed at the Institute have been adopted as standard repair methods. It comprises three research groups—the Organic Group, the Inorganic Group, and the Structure Group.



Main Building, Technical Research Institute

Organic Group

The Organic Group develops products and construction methods using organic materials (resins). Development themes range from concrete protection, steel protection, and modification of asphalt pavement and road base materials.

Inorganic Group

The Inorganic Group leads the unique development of inorganic materials such as cement and concrete. While establishing fundamental technologies that will serve as the basis for our inorganic material development, we are also developing products that leverage these technologies and creating innovative products such as CPJ-L.

Structure Group

The Structure Group develops and validates materials and construction methods mainly related to structural mechanics, and is also actively engaged in the latest digital technologies such as AI and VR/AR to promote on-site DX.

Development Case Study: Development of low-elasticity SFRC for thickening concrete deck slab surfaces

Development background

Since opening to traffic in 1962, the Metropolitan Expressway has experienced heavy traffic from large vehicles that continuously places significant stress on its pavement, thus shortening the cycle for replacing the asphalt pavement. During asphalt pavement replacement, the top surface of the RC deck slab is milled by asphalt milling machines that remove the asphalt and waterproofing layers, resulting in instances where the reinforcing bars become exposed. Once exposed, these reinforcing bars are susceptible to corrosion and other deterioration, so new concrete must be added to thicken the deck slab.



Reinforced bar exposure*

Until now, steel fiber reinforced concrete (SFRC) and polymer cement mortar (PCM) have been used as deck slab thickening materials. However, there were concerns about the durability of SFRC given the tendency of the road surface to deform within a few years after construction. The PCM that was developed to resolve this issue faced cost challenges due to the use of expensive mortar. We therefore sought to address these challenges by undertaking a joint research project with the Shutoko Technology Center and NIPPO Corporation.

Development process

In addition to cost considerations, the developed material needed to set quickly after application to expedite lifting of traffic restrictions, and to possess the same static modulus of elasticity as the existing deck slab to ensure structural uniformity. Although these requirements involve a trade-off that made development a

challenging prospect, we fully leveraged the inorganic material development technologies and expertise cultivated by the Inorganic Group and, after repeated studies on material selection and formulation, we developed the "Ultra-Rapid-Setting Latex-Modified Steel Fiber Reinforced Concrete" (herein LSF).

Moreover, by incorporating crack-repairing properties into the joint adhesive used during LSF construction, it is possible to enhance the fatigue durability of the existing deck slab. To achieve this, the Organic Group leveraged our expertise in organic materials cultivated since our founding and took the lead in developing a joint adhesive with crack-repairing properties, which we call "High-Penetration Primer."

Development results

To compare the performance of LSF with conventional products such as SFRC and PCM, the Structure Group performed evaluations of physical properties and fatigue durability. The results of these evaluations demonstrated that LSF exhibits equivalent or superior performance compared to SFRC and PCM in terms of static modulus of elasticity, compressive strength, and fatigue durability.

We anticipate that LSF will make a significant contribution to solving expressway challenges by reducing costs by approximately 50% compared to PCM while still meeting performance requirements.

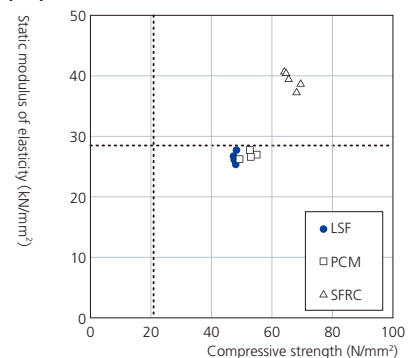
During a trial construction conducted on the main lanes of the Metropolitan Expressway, we confirmed that LSF possessed good workability and post-construction quality, and garnered high praise from project officers at Metropolitan Expressway Co., Ltd. and the Shutoko Technology Center.

This development epitomizes how our technical development capabilities, integrating chemical and civil engineering technologies, were fully demonstrated by the synergies of TRI's research groups.



LSF trial construction on the Metropolitan Expressway

● Results of evaluation of LSF's physical properties*



*Images courtesy of: Satoshi Aoki, Kazuya Kaba, Doyeon Kwak, Masayoshi Yoshida; Development of low elasticity SFRC for use in thickening the top surface of concrete decks, Proceedings of the Japan Concrete Institute, Vol.46, No.1, pp.1951-1956, 2024.

Construction Techniques



Our construction techniques embody the construction know-how cultivated by the SHO-BOND Group since our founding, with a special focus on maintenance work. For over 65 years, our Group has been fully dedicated to infrastructure repair and reinforcement work while refining our expertise to work more efficiently and maintain profitability even on smaller projects, and passing down this expertise as experience-based engineering. These construction techniques are a valuable asset on par with our developed technology, and are the source of our Group's high profit margins. In this section, we introduce the unique features of our maintenance work, and our company's construction techniques that enable efficient work tailored to these features.

Tsuneyuki Ashizawa

Director and General Manager of Construction Division and Director of Tsukuba Training Center, SHO-BOND CORPORATION

Features of Maintenance Work

Discrepancies between design and reality

Unlike new construction, maintenance work involves work on structures that have been in service for some time. Therefore, discrepancies from the initial projections frequently arise after commencing on-site work, such as discovering deterioration within structures that cannot be visually inspected or existing components not documented in design drawings. When these discrepancies arise, it is necessary to re-perform tasks such as structural measurements, determination of construction specifications, and design of components for installation. This not only requires time and effort but also tends to create waste and inconsistencies in the construction process.



During pavement repair work, the underlying deck slab was found to be significantly damaged upon removal of the pavement, and the reinforcing bars were also corroded.

Construction work during use

In maintenance projects, the work must generally be performed while the structure remains in use. Therefore, especially when dealing with road structures such as bridges and tunnels, the construction work must be completed within the minimum required area and with the shortest possible traffic restrictions so as not to obstruct pedestrian and vehicle traffic. Furthermore, given the close proximity of pedestrians to the construction site, even minor mistakes can lead to major accidents. This is a feature not often seen in new construction projects, and requires more detailed process and safety management.



(Left) Construction work on a bridge in use. Passenger vehicles are passing in close proximity to the construction crane.

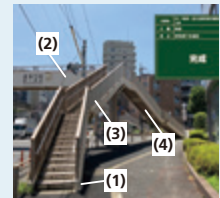
(Right) Jacking up the superstructure. The in-use bridge girder is being lifted with jacks to replace the bearings.

Small-scale, highly diverse work types

Maintenance work is relatively smaller in scale than new construction, and inevitably involves diverse processes. It is not uncommon for multiple construction sites to be dispersed within a single project, such as when a single contract comprises repair work on two or three nearby bridges. These features tend to increase the costs associated with repair and reinforcement work, while also making schedule management more complex.

Example of small-scale, highly diverse work: Repair work on a pedestrian overpass

Compared to road bridges, pedestrian overpasses have smaller and more diverse components and use thinner steel plates and pavements, making them prone to localized damage. Moreover, the budget constraints faced by administrators mean that repair work is often small-scale and highly diverse, thus requiring contractors to be highly adaptable.



(1) Patch plate repair

In areas of the bridge near ground level, localized corrosion had occurred due to rainwater pooling, so we only applied metal plate patches to those damaged sections.



(2) Partial pavement repair

Due to partial cracking and delamination of the pavement, we performed a detailed survey and design, then undertook construction to join up with the existing pavement.



(3) Replacement of screening panels

After performing a detailed survey and design, we prepared new panels to match the existing guardrails and replaced the damaged panels.



(4) Partial repainting

The paint had partially deteriorated on the rear side of the stairs, so we performed a partial repaint.

Even when the volume of each type of work is small, the required quality does not differ from that of standard projects, such as traffic control and coordination with relevant agencies, material formulations that match existing sections, and quality and progress control of welding and painting. On the other hand, due to their very nature, small-scale projects require high-level management capabilities to prevent waste and inconsistencies in processes and materials. Even in these small-scale repair projects, SHO-BOND leverages its strengths to deliver efficient, high-quality, and safe construction work.

SHO-BOND's Construction Techniques

Adaptability through our Comprehensive Maintenance System

The SHO-BOND Group uses its Comprehensive Maintenance System to address the inherent challenge of maintenance work, namely that it is impossible to ascertain the precise circumstances of a project until work commences on-site. In the event of discrepancies from the original design, only engineers who specialize in repair work are capable of modifying the structure's design after ensuring that the customer understands the appropriate repair method. Our extensive experience as a dedicated maintenance provider has allowed us to accumulate in-house expertise, which we then leverage to identify potential deterioration based on a structure's materials, design, and environment, and to apply past lessons to design modifications, thereby enabling a swift response. Having a material supply system within the Group is also a strength.

More efficient process management

We implement rigorous, waste-free process management to ensure that construction work is completed in the shortest possible time without the need for reworking. At work sites engaged in SHO-BOND's core business of maintenance work, the types of work performed are typically small in scale but highly diverse. Therefore, we strive to complete every project as quickly as possible while considering the most efficient and safest sequence and methods for performing the various processes. This expertise in process management has been cultivated over many years as our Group accumulated experience from numerous small-scale maintenance projects. Our partner companies, with whom we have overcome these challenges, have fostered experienced people covering a diverse array of construction skills. A single partner company is therefore capable of handling multiple tasks, leading to significant reductions in project duration.



Superstructure widening work

Cost management tailored to maintenance work

Previous maintenance projects were generally smaller in scale individually than they are today, making it difficult to ensure profitability. To generate a profit even on small-scale projects with tight margins, it is essential to carefully scrutinize costs and pursue efficiency. On small-scale work sites, the engineers handled everything from daily cleaning and other minor tasks to cost management that had a direct effect on company performance. Accordingly, all of SHO-BOND's engineers honed their comprehensive cost management skills from their early years. This corporate culture, unique to a dedicated maintenance company, has been passed down and remains deeply entrenched in our entire Group to this day.

Transmitting and enhancing our know-how

The SHO-BOND Group has cultivated construction techniques based on accumulated experience in handling small-scale projects. However, as the scale of project contracts has grown in recent years, the environment for fostering engineers has also changed. Previously, the scale and nature of the projects undertaken by SHO-BOND were largely consistent nationwide, and new employees started on an almost level playing field, with training taking the form of OJT. However, in recent years, the nature of projects we have been involved in has diversified, ranging from large-scale to relatively small-scale construction, and encompassing both general contractor and subcontractor work. As a result, it has become difficult to train engineers using conventional methods that are reliant on OJT. Furthermore, large-scale construction projects typically have long construction periods of around two to three years, requiring workers to be assigned to the same project for extended periods. This makes it difficult for employees to gain experience in various types of work, and to broaden their skills and knowledge.

To ensure know-how is preserved and passed down amid these changes, we are committed to rotating our human resources and training them via the Tsukuba Training Center. In rotating our human resources, we devise assignments that will equip our young employees with experience in diverse types of work and tasks, and provide them with comprehensive skills in construction work management, including process and cost control. Another important element is our rank-specific training conducted at the Tsukuba Training Center. Rank-specific training provides a valuable opportunity for employees of the same age and experience level to gather together. The training programs therefore include sessions where participants share their experiences and inspire one another. Furthermore, we clearly define the on-site skills required at each level and conduct practical training using the training bridge. Through these initiatives, our engineers can acquire a broad range of knowledge not only on the types of work in which they are involved, but also from the experiences of their peers and from practical training programs. We also share case studies of past failures and the lessons learned within our Group to ensure a company-wide commitment to not repeating the same mistakes.

It is essential to not only pass down the know-how accumulated over time, but also to continuously update that know-how. The SHO-BOND Group has proactively recruited mid-career professionals and leverages the insights gained from these hires in regional office-level training programs to supplement any gaps in knowledge or experience, thereby improving the skill levels of each engineer.



Practical training on anchor hole dimensional inspection and quality control

Sustainability of SHO-BOND

Basic Concept for Sustainability

With its Corporate Philosophy at the core of management, the Group has designated material issues (Materialities) to get close to its vision. Four designated Materialities involve internal activities and how business activities affect society. We believe that all of these activities are sustainability management that contributes to accomplishing the SDGs and achieving our Corporate Philosophy. We have established a Sustainability Policy and ESG-related policies to provide guidelines for constant activities in accordance with materiality priorities. In August 2022, we set KPIs for each of the priorities to measure their progress and disclosed targets and results.

We will enhance our corporate value over the medium to long term and contribute to creating a sustainable society by continuing to upgrade sustainability initiatives with the input of our internal and external stakeholders. Specifically, we will improve our promotion framework, consider measures, and regularly review them to upgrade the initiatives.








● Sustainability Philosophy



Strengthening Our Sustainability Promotion Framework

The Group has established a Sustainability Committee, chaired by the President and Representative Director and composed of all inside and outside directors. The Committee meets once a year as a general rule to discuss sustainability issues including social and environmental issues. The Committee also submits and reports the results of discussions to the Executive Committee and the Board of Directors. The Committee mainly discusses general important matters related to

● KPIs Related to Sustainability

Materiality	KPIs
Contribution to the development of sustainable cities  	Number of violations of environmental laws and regulations
	CO ₂ emissions (Scope 1 and 2) (vs. FY2022 [5,238t]) (CO ₂ emissions intensity*)
Comprehensive maintenance system backed by the organizational capabilities  	Average scores for contractor performance evaluation in construction industry
	Percentage of construction sites where "8 days off in 4 weeks" is achieved (according to the Japan Federation of Construction Contractors)
Productivity improvement through technology development  	Number of fatal accidents
	Lost Time Injury (LTI) frequency rate
	Percentage of female employees in regular recruiting
	Number of female engineers
Sound governance and measures for more improvements 	Percentage of employees with disabilities
	Childcare leave rate of new fathers
	Rate of response to safety confirmation
	Compliance training participation rate
	Number of serious violations of laws and regulations
	Information security training participation rate

sustainability such as the development of policies and measures related to sustainability, the identification, assessment, and management of climate-related risks and opportunities, and the management of KPIs for non-financial information.

We have also established an ESG Promotion Office to integrate activities related to sustainability. The ESG Promotion Office holds meetings with ESG promoters from each department and Group

company as needed to ensure that the Group as a whole collaborates at the practical level. Under such a structure, we are committed to staying and becoming more sustainable through organic cooperation among the management team, the ESG Promotion Office, respective departments, and Group companies.

	Target year	FY2022	FY2023	FY2024	FY2025
0	Every year	0	0	0	0
3,929t [-25%]	FY2031	5,238t [±0.0%]	5,474t [+4.5%]	5,012t [-4.3%]	5,108t [-2.5%]
		(6.5 t-CO ₂ / 100 million yen)	(6.5 t-CO ₂ / 100 million yen)	(5.9 t-CO ₂ / 100 million yen)	(5.6 t-CO ₂ / 100 million yen)
MLIT : 78 or higher NEXCO : 80 or higher	Every year	MLIT : 80.0 NEXCO : 86.0	MLIT : 80.6 NEXCO : 86.5	MLIT : 80.1 NEXCO : 86.5	MLIT : 81.1 NEXCO : 84.0
100%	Every year	85.9%	94.3%	96.3%	96.4%
0	Every year	0	0	0	0
0.7 or lower	Every year	0.67	0.00	1.13	0.63
15% or more	Every year	9.5%	16.2%	25.8%	19.0%
52	FY2026	26	30	36 (Target: 38)	45 (Target: 42)
2.8% or more	Every year	3.3%	3.1%	4.3%	3.1%
100%	Every year	100.0%	74.0%	66.0%	82.0%
100%	Every year	100%	100%	100%	100%
100%	Every year	98.8%	100%	100%	100%
0	Every year	0	0	0	0
100%	Every year	90.3%	100%	100%	100%

* (Reference value) CO₂ emissions per consolidated net sales (100 million yen)

Environment

Climate-related Financial Disclosure Based on the TCFD Recommendations

The SHO-BOND Group (the "Group") expressed its support for the TCFD recommendations and joined the TCFD Consortium in July 2022. Based on its corporate philosophy of "Inheriting and passing on social infrastructure to the next generation in good condition," the Group is committed to "contribution to the development of sustainable cities" as one of its Materialities and is aware that combatting climate change is an important management challenge.

Based on the recognition that a longer service life of infrastructure contributes to reducing greenhouse gas emissions, we will make efforts so that we can contribute to realizing a sustainable society. These efforts include information disclosure and other initiatives related to climate change, in addition to core business activities as an infrastructure maintenance specialist.



Strategy

The Group conducted a scenario analysis to identify and assess the impact on its overall business management of the risks and opportunities associated with the "transition" to a low-carbon economy and those associated with the "physical" changes brought about by climate change.

As assumptions for the scenario analysis, we selected the 2°C or lower and 4°C scenarios by referring to several existing scenarios published by the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC), and other organizations. Businesses subject to the analysis are the domestic construction business and the manufacturing and sales business of repair and reinforcement materials; the time horizon is assumed to be up to the year 2030. For the climate-related risks and opportunities identified, we have sorted out necessary countermeasures as shown in the table below.

By implementing the countermeasures identified in this report, we will contribute to developing sustainable cities and will achieve sustainable growth by enhancing the resilience of our business.

Risks / Opportunities covered		Countermeasures	
Changes expected	Description		
Introduction of carbon pricing Introduction of more aggressive targets / policies for CO ₂ emissions reduction by countries around the world Changes in customer behaviors Rises in raw materials costs Acceleration of national resilience measures	Risks <ul style="list-style-type: none"> ● Increased business costs due to carbon pricing ● Increased procurement costs for energy and materials ● Increased costs due to customers' requests for reducing CO₂ emissions ● Surges in the purchase prices of resin-based materials and steel materials as a result of decreased production of naphtha and iron ore ● Increased demand for watershed flood control and disaster restoration work, rather than seismic reinforcement work and service life extension work, in the face of growing severity of weather disasters 	<ul style="list-style-type: none"> ● Promote green procurement, including switching to low-carbon materials ● Switch to renewable energy and promote energy conservation during construction ● Invest in solar power generation for own consumption, etc. ● Develop low-carbon and decarbonization technologies ● Develop new technologies that support the preventive maintenance of infrastructure 	
	Opportunities <ul style="list-style-type: none"> ● Increased price competitiveness with the delivery of low-carbon construction services and products in the field of repair and reinforcement ● Due to CO₂ emissions regulations, the number of life-extending works of buildings and infrastructures increases while the amount of overall investments in construction decreases ● Increased order opportunities, as low CO₂ emissions of maintenance work are highly regarded ● Increased demand for infrastructure maintenance to counter natural disasters 		
Changes in reputation among shareholders and investors Changes in reputation among shareholders and investors	Opportunity <ul style="list-style-type: none"> ● Increased ESG investment in the SHO-BOND Group as an infrastructure maintenance specialist due to being highly regarded for its low CO₂ emissions 		<ul style="list-style-type: none"> ● Disclose information about CO₂ emissions (Scope 1, 2, and 3) and initiatives aimed at reducing CO₂ emissions (Scope 1 and 2)
Increase in average temperature	Risks <ul style="list-style-type: none"> ● Increased construction delays in line with increased heat stroke cases among on-site workers ● Increased costs for improving working environment and introducing equipment, etc. to prevent heat stroke ● Worsening worker shortages due to deteriorating outdoor working conditions 		<ul style="list-style-type: none"> ● Develop technologies for improving on-site working environments and implement heat stroke countermeasures
Growing severity of weather disasters	Risks <ul style="list-style-type: none"> ● Process delays and increased costs due to disaster damage to sites and supply chain disruption ● Damage to or shutdown of operations at disaster-stricken own factories or contracted manufacturing plants 		<ul style="list-style-type: none"> ● Work together with the entire supply chain to strengthen BCP measures in preparation for disasters ● Manage sanitation related to water in a sustainable manner

Metrics and Targets

● CO₂ Emissions Reduction Targets

Metrics		Base year	Targets	
		FY2022	FY2031	FY2051
CO ₂ emissions (Scope 1 and 2)	Total emissions	5,238t-CO ₂	3,929t-CO ₂ (-25%)	Net zero

To realize a decarbonized society—the basic principle underlying the Act on Promotion of Global Warming Countermeasures, the Group has set targets of reducing its CO₂ emissions (Scope 1 and 2) 25% from FY2022 levels by FY2031 and ultimately achieving carbon neutrality by FY2051.

● CO₂ Emissions (Scope 1, 2, and 3)

(Unit : t-CO₂)

Category	FY2023	FY2024	FY2025
Scope 1	2,805	2,595	2,879
Scope 2	2,669	2,417	2,229
Scope 1 + 2	5,474	5,012	5,108
CO ₂ emissions intensity (t-CO ₂ /100 million yen)	6.5	5.9	5.6
Scope 3	110,468	106,550	106,120
Scope 1 + 2 + 3	115,942	111,562	111,228

Coverage: Domestic group companies

Environmental Initiatives

Biomass product development

SHO-BOND MATERIAL CO., LTD., whose main business is the manufacture and sale of construction materials, had two products become "Biomass Mark" certified in October 2025. Both are resin-based products that incorporate biomass-derived raw materials. The Group will contribute to the realization of a sustainable society by developing environmentally friendly products.



Environmental education

The Group incorporates environmentally themed training into its rank-specific training programs. We encourage each employee to share a sense of crisis about the global environment, focusing on climate change issues, and to take environmental conservation into consideration in their daily work. Additionally, we conduct environmentally themed e-learning courses to all employees every year.



Human Capital

Basic Views

Employees are the most valuable asset of the SHO-BOND Group. For the Group to survive and grow while fulfilling its social responsibilities and contributing to the development of a sustainable society, we believe every employee of the Group must have a dream and feel a sense of fulfillment by demonstrating their abilities.

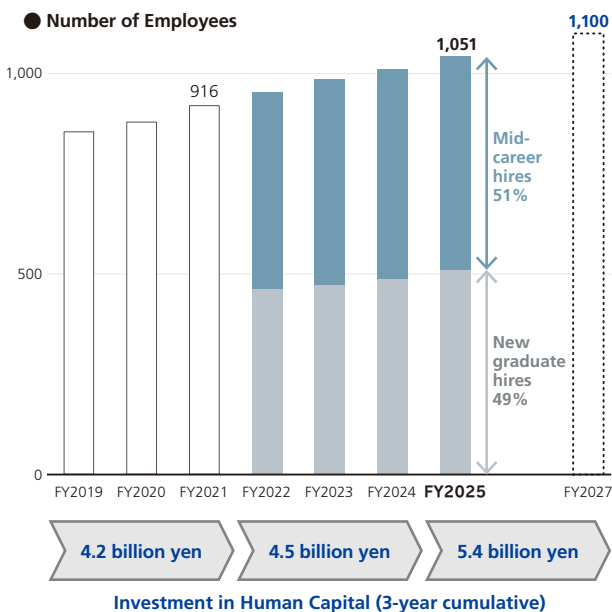
Therefore, we aim to create a workplace where every employee is mentally and physically healthy and can continue their work for a long time with peace of mind while having the opportunity to maximize their abilities and potential.

Further Investment in Human Capital

The construction industry is currently facing a persistent shortage of workers. Our ability to continually secure outstanding human resources under these circumstances is crucial to our Group's sustainable growth. Over the three years of the Medium-term Business Plan 2027, we have set a target of 1,100 employees based on an aggressive hiring policy, and plan to invest approximately 5.4 billion yen in human capital over three years.

In line with this plan, we are promoting our human capital strategies for recruitment, training, and retention. As of the end of June 2025, we increased the number of our employees by 32 from the previous fiscal year-end to 1,051, marking steady progress toward achieving our target. We are also steadily promoting investments in areas such as increasing our workforce, raising pay, recruitment, and education and training.

These efforts have also been recognized, with our company being selected as a constituent stock on the JPX-Nikkei Index Human Capital 100, which is a stock index focused on human capital. We will continue to focus on securing top talent and strengthening our human capital to support the realization of our management strategies.



- Increase in personnel expenses due to an increase in the number of employees and wage hikes
- Recruitment costs
- Education and training expenses, etc.

Recruiting

We are strengthening our recruitment activities to achieve the targets set out in the Medium-term Business Plan 2027. In terms of new graduate recruitment, we believe that outreach activities to civil engineering and architecture students promoting the necessity and social significance of repairing and reinforcing infrastructure directly contribute to our Group's ability to secure outstanding human resources. That is why we are strengthening our public relations activities for students by extensively offering work experience programs and internships, as well as organizing events such as outreach lectures and facility tours.

For our mid-career recruiting, we are working to secure a diverse range of human resources in line with our business strategy by establishing various recruiting channels, such as an employee referral system, as well as hiring through recruitment agencies.

Outreach lectures and facility tours

Researchers and other technical personnel from our Technical Research Institute (TRI) visit technical colleges and universities to conduct outreach lectures on the current state and deterioration of infrastructure, and commensurate repair and reinforcement measures. We offer specialized lectures for students studying fields closely related to infrastructure maintenance, such as civil engineering and architecture.

We also conduct facility tours for faculty members at TRI and the Tsukuba Training Center (TTC). We strive to provide a hands-on experience of our Group's repair and reinforcement technologies by utilizing exhibits such as the training bridge and concrete deterioration models, allowing visitors to see actual infrastructure rather than just classroom lectures.



TRI and TTC faculty facility tour

Talent Development

Experience is a critical component of repair and reinforcement construction activities. For this reason, we provide education mainly through on-the-job training, entrusting our trainees with tasks from a young age and giving them responsibility for their own work while encouraging them to solve work-related problems on their own to improve their abilities.

As for off-job training, we select effective and efficient learning methods for each theme, and offer our employees various training opportunities according to their stage of growth, such as internal/external education programs and e-learning. In 2021, we opened the Tsukuba Training Center, which is adjacent to the Technical Research Institute, for practical training programs. We will continue to develop the skills of everyone in the SHO-BOND Group from a long-term perspective while upgrading our training programs and encouraging our employees to learn new skills in a well-planned manner.

Starting in FY2025, we have updated our training programs to include not only technical curriculum but also sustainability-related topics such as human rights and the environment.

	General staff	Junior/middle managers	Department managers and higher positions
Rank-specific training	<ul style="list-style-type: none"> Training for new employees Follow-up training Training outside the group 		
		<ul style="list-style-type: none"> Job-specific training Safety training 	
OJT	<ul style="list-style-type: none"> ● Interviewing system ● Skill and performance evaluation system ● Self-declaration system ● Job rotation 		
Self-development	<ul style="list-style-type: none"> ● Support for earning public qualifications ● Reference book recommendations ● Information about correspondence courses 	<ul style="list-style-type: none"> ● Information about correspondence courses ● Reference book recommendations 	

Rank-Specific training

SHO-BOND has training programs structured to equip employees with the required knowledge and skills according to their specific job levels. These follow-up training programs extend from training for new employees to training for people with more experience, and cover subjects selected to enable the participants to advance their careers. Furthermore, the Tsukuba Training Center allows employees to obtain practical knowledge by providing training that closely mirrors the actual conditions at job sites.

Starting in FY2025, we introduced a joint training system for administrative and technical staff, and conducted joint training for a total of 109 employees during the fiscal year.

Construction Engineering Technology Conference

Each year in June, SHO-BOND holds the Construction Engineering Technology Conference. Each regional office selects three to four of its construction projects for that year, and a representative gives a presentation on a technically-outstanding advanced case study. The conference is a major event that is attended by around 100 employees from across Japan to the head office building, and is streamed online to all regional offices and branches. As each presenter is representing their own regional office, they rehearse thoroughly with the support of their office before the day of the presentation. After the presentations, awards for excellence are presented and employees interact with one another, thereby encouraging and motivating participants to do their best. We also offer other programs as the need arises to broaden the knowledge of our engineers, such as special lectures by outside academics.

Support for obtaining qualifications

The SHO-BOND Group gives employees a variety of support for earning professional qualifications and other certifications required for their jobs. In addition to covering the cost of qualification tests and registrations, SHO-BOND also provides monthly salary increases to employees who obtain certification. For Professional Engineer and other difficult qualifications, we provide supplementary lessons by qualified employees and award commendations at the time of certification. Through these measures, the number of those qualified has been steadily increasing.

We will continue to expand these programs in order to enable our staff to earn both the qualifications required for their work and also advanced ones.

Employee Retention

SHO-BOND conducts monthly surveys of employee job satisfaction, goals, and other items with an emphasis on younger employees and individuals returning from leave. Using the results, human resources personnel perform timely interviews and support those in need with the cooperation of their supervisors and others. These activities let employees know that there is a framework in place to help them deal with various problems and relieve their anxiety.

We maintain a high employee retention rate by listening to our employees' needs such as childcare, eldercare, and relocation, and by continuously improving our workplace environment through measures such as remote work and staggered shift systems.

To maintain this high retention rate in the future, the Medium-term Business Plan 2027 has established the "Retention Management through the New Personnel System" policy as a key initiative. We have reformed our HR system in line with the changing times and environment, and have launched a new system emphasizing growth, fulfillment, a sense of security, and a sense of satisfaction based on an awareness of issues identified in our organizational analysis.

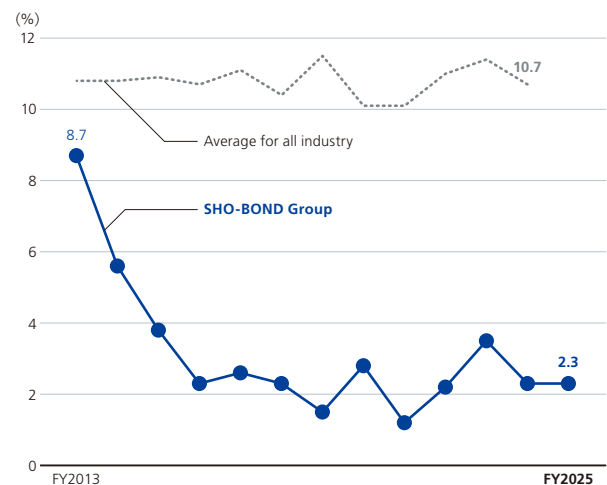
We were also conducting employee satisfaction surveys on an irregular basis, but starting from FY2024, we conduct them every fiscal period. By conducting surveys each period, we have established a system to continuously gather employee feedback on workplace culture, job satisfaction, and compensation in a timely manner, thereby enabling us to pursue continuous improvements.

We will maintain a high employee retention rate by continuing to improve the workplace environment, expanding career development awareness activities and employee training programs, and proactively enhancing employee engagement.

● Employee surveys and human resource interviews

Time	Employee surveys			Interviews by HR personnel
	Target employees (total)	Respondents (total)	Response rate	Target employees (total)
April 2023- March 2024	2,793	2,699	96.6%	74
April 2024- March 2025	2,521	2,338	92.7%	70

● Attrition rate



*Attrition rate only counts for employees who resign voluntarily. Average for all industry is determined by SHO-BOND using Ministry of Health, Labour and Welfare data.

Human Capital

Maintaining proper working hours

In 2014, we began improving our working system and implementing no-overtime days with the aim of mitigating long working hours and encouraging employees to take their paid leave. Since then, we have been managing our employees' working hours and leave uptake, improving HR operating efficiency through the introduction of IT tools, and promoting a reduction in total working hours. As a result of these steady efforts, the average monthly overtime hours for FY2025 declined to 18.0 hours.

To foster a working environment that encourages our employees to take their paid leave, we established a month encouraging paid leave and raised awareness within the Group. As a result, we achieved the goal of "0 employees with less than 110 days off per year" in FY2023. We have continued to implement measures encouraging our employees to use their paid leave, thereby maintaining a high level of leave days taken.

From FY2024, a work overtime limit regulation has been applied to the entire construction industry. Our efforts to shorten total working hours and increase the use of paid leave by closing the office for eight days in a four-week period have been successful, and we are fully compliant with the legal overtime work limit but we will continue our efforts to further decrease total working hours.

	FY2021	FY2022	FY2023	FY2024	FY2025
Average annual days off	130.2	134.3	134.5	136.8	135.3
Average monthly overtime	24.2	23.9	22.8	21.7	18.0

Selection of employment category and self-declaration system

The SHO-BOND Group allows employees to flexibly choose an employment category with or without transfers to different locations. Several of our employees switch their work courses each year to accommodate their different life stages. The self-declaration system allows individuals to confirm their employment category and job status once a year.

Supporting work-life balance and childcare/nursing care

We provide an employee assistance program that exceeds the legal requirements, and promote the use of this program to allow employees to balance their work with their childcare or nursing responsibilities without anxiety. To increase the use of childcare leave by male employees, we started a system in 2019 of making one-off payments when they return from childcare leave. After creating a pamphlet and raising awareness of this system, the number of male employees taking childcare leave increased, along with the number of employees taking extended childcare leave.

We have also established a telecommuting system and introduced staggered work hours for childcare and nursing care, and we are also taking other measures to provide flexible work arrangements to meet our employees' individual circumstances.

In 2020, we received "Kurumin" certification as a "childcare support company."

We will continue to create a workplace where all of our employees can work comfortably while also considering their needs through our employee satisfaction surveys and other means.



	FY2021	FY2022	FY2023	FY2024	FY2025
Childcare leave rate of new fathers	65.0%	100.0%	74.0%	66.0%	82.0%



Narrative of a female engineer returning to work after maternity & childcare leave

Rika Oie

Construction Department, Chubu Regional Office

After taking 18 months of maternity and childcare leave, I returned to work as a construction engineer and am currently balancing childcare and work.

During my pregnancy, I was anxious about whether I could continue working while raising a child, but my supervisor's recommendation to return to work before my maternity leave began was a major source of encouragement. Thanks to that, I was able to focus on childcare with a positive mindset during my childcare leave.

Balancing childcare and work is certainly not easy. Every morning, I make it to work just on time after getting my reluctant daughter out of bed and taking her to daycare. Although I sometimes have to leave workplace due to my child's sick or daycare events, I am able to enjoy raising my child while working thanks to the support and understanding of my supervisor and colleagues.

In the future, I want to continue challenging myself rather than having my career potential limited due to raising a child.



Narrative of a male employee who took paternity leave

Kohei Otsuki

Chiba Branch

I took two months of paternity leave for the birth of my first child. At first, I thought childcare would be easier than work.

However, after experiencing our child's nighttime crying and the relentless days of feeding, diaper changes, and housework with no time for rest, I came to realize the immense burden on my wife and developed a profound understanding that childcare is something both parents must cooperate on.

Above all, being able to witness firsthand our child's growth together with my wife, who was also on childcare leave, was a priceless experience. Watching our child track objects and smile at people, and taking our first outing together to see the cherry blossoms—each moment was deeply moving, and I feel our family bond has grown stronger. My wife, who is also my work colleague, told me that I had supported her both mentally and physically.

I was able to spend this precious time thanks to the understanding and cooperation of my work colleagues.



Diversity and Inclusion

To maintain diversity in our workforce, the SHO-BOND Group is striving to recruit diverse new employees, and follows non-discriminatory fair employment practices. We also select our management personnel based solely on each individual's capabilities and performance.

In terms of female participation in our workforce, SHO-BOND is striving to maintain a regular female recruiting rate of at least 15% with a medium- to long-term perspective of increasing our percentage of female managers. Since FY2024, we have continued to achieve this target. We have also set up workplace environment measures, training programs, and follow-up surveys for female engineers, which have resulted in a high employee retention rate. In October 2024, SHO-BOND CORPORATION received the "Eruboshi" second-level certification as a company that has made outstanding efforts in promoting female participation.



To retain senior employees and continue benefiting from their many years of experience, we significantly raised their remuneration in FY2021 and FY2023. We will continue to focus on creating an environment where our senior employees can fully and enthusiastically leverage their experience and expertise.

We have continued to actively recruit and promote mid-career hires for many years, and as of the end of June 2025, our mid-career hires accounted for 50.6% of all employees and 31.5% of all managerial positions.

The ratio of our foreign national employees was 1.9% as of June 30, 2025. We will continue to hire foreign nationals not only in Japan but also locally in other countries.

	FY2021	FY2022	FY2023	FY2024	FY2025
Number of female engineers	23	26	30	36	45
Percentage of female employees in regular recruiting	17.2%	9.5%	16.2%	25.8%	19.0%
Employee retention after mandatory retirement age	80.0%	87.5%	100.0%	94.4%	72.7%



Narrative of a foreign national employee

Yar Zar Ko Ko

Chiba Branch

Since coming to Japan from Myanmar in 2018, I have worked on various projects at seven different construction sites. I am currently working as a management

engineer on a bearing replacement project on a Warren truss bridge. I also had the opportunity to attend overseas bridge surveys and technical proposals at the request of the Overseas Business Department.

The SHO-BOND Group currently has employees from Indonesia, Vietnam, Thailand, China, Myanmar, and other countries. Even now, in my seventh year in Japan, there are still cultural differences and language gaps, but I am very happy to be part of a workplace environment where I can grow regardless of my nationality.

I will continue striving to support people's safety and peace of mind through the SHO-BOND Group's technologies, not only within Japan but also overseas.

Human Rights

SHO-BOND Human Rights Policy

In August 2022, we established a human rights policy in accordance with the United Nations Guiding Principles on Business and Human Rights to clarify the SHO-BOND Group's approach to human rights. Based on this policy, we will work together to respect human rights with all stakeholders including not only our Group companies but also partner companies.

In our Group workplaces, people of different genders, nationalities, corporate affiliations, ages, and years of experience all work together. We believe that respect for human rights is extremely important to ensure that all of our employees can work with peace of mind.

Human rights initiatives

To broaden our employees' awareness of human rights, we provide training on human rights through new employee training, rank-specific training, and e-learning. In our human rights training, we strive to raise awareness among executives and employees of the importance of human rights, not only by providing conceptual explanations but also by addressing specific human rights issues, such as typical cases of harassment.

To prevent harassment, which is a human rights risk, we conduct periodic self-checks on employee harassment and also address these risks within the supply chain in cooperation with our partner companies.

Since 2022, we have been conducting a human rights survey of our partner companies. Based on the results of the human rights survey of our partner companies in 2025, we did not identify any cases of harassment, but we did identify several partner companies that had inadequate human rights systems or that perceived a risk of harassment. We will continue to assess the situation and strive to reduce these risks.



Rank-specific training on human rights

Quality

Quality Policy

The SHO-BOND Group will provide services and products that satisfy our customers by continuously striving to pass on social infrastructure to the next generation in good condition.

1. We will endeavor to improve customer satisfaction through a correct understanding of the quality sought by customers and society.
2. We will contribute to social infrastructure development by providing services and products that are suitable for the environment and local community while complying with laws and regulations.
3. We will endeavor to ensure and improve quality of our service and products through proactive engagement in technological development.

KPI		FY2024 Result	FY2025 Result
Average scores for contractor performance evaluation in construction industry	MLIT	78 or above	80.1
	NEXCO	80 or above	86.5

Quality Management System

To deliver construction and products based on customer requirements and relevant laws and regulations, and to consistently provide services that satisfy our customers, SHO-BOND CORPORATION, the KAKO Group, and SHO-BOND MATERIAL CO., LTD. have established a quality management system based on ISO 9001. From the planning stage of construction and products through to post-completion inspections, we appropriately perform construction and manufacturing tasks according to established processes, and confirm their status through regular internal audits and implement the necessary improvements.

On construction projects, we hold pre-construction review meetings at each regional office for all project contracts. At these meetings, we examine quality-related risks and opportunities specific to each project, along with corresponding countermeasures. After project completion, we monitor customer satisfaction using the Construction Performance Evaluation Notice (for public works) and customer satisfaction surveys (for private-sector and subcontracted works). Upon receipt of a complaint, we document and retain the details and actions taken. We then implement company-wide preventive measures where necessary to establish a system that prevents the same mistakes from recurring.

In our construction material manufacturing operations, we manage customer feedback collected through satisfaction surveys and evaluate and analyze the content. In addition to these ISO-based systems, we have established a Quality Management Committee composed of senior management as a product-specific oversight organization. We hold quarterly meetings as a general rule to verify our processes from development through delivery and after-sales service from the customer's perspective in an effort to promote further quality improvements.

Outstanding Construction Project Awards

Our quality, safety, and schedule management capabilities in public works projects have been recognized, and we have received various awards. We will continue striving to advance our technical capabilities and contribute to the realization of a prosperous and safe society through high-quality infrastructure maintenance.

Major awards received in 2025

Ministry of Land, Infrastructure, Transport and Tourism (MLIT)	
FY2025 Outstanding Construction Performance Enterprise Certification	Tohoku Regional Development Bureau Kanto Regional Development Bureau Hokuriku Regional Development Bureau Kinki Regional Development Bureau
Regional Development Bureau Director's Award	3 awards
Expressway companies	
General Manager's Award	1 award
Safety Council Award	5 awards

Quality Training

We conduct various training programs aimed at enhancing the construction management skills of our engineers involved in construction work. At the Tsukuba Training Center, we use construction training rooms and the training bridge to conduct hands-on training in environments closely resembling actual job sites. Trainees learn advanced quality control in themes tailored to their experience and skill level, such as hands-on experience in preparing and testing specimens for adhesives and cement, and actual construction using the training bridge. In addition to these company-wide training programs, we strive to improve quality through detailed education and training, such as holding unique study sessions at each regional office.

Moreover, SHO-BOND MATERIAL CO., LTD. conducts study sessions for each type of construction material that it handles. For couplings (pipe joints), our sales and manufacturing personnel from across the country regularly gather at our plant to investigate and discuss product concerns and complaints. This allows us to share information throughout the company about customer needs, and product specifications and performance, thereby contributing to the supply of better products.



Practical training on preparing organic material test specimens (resin adhesives)

Partnerships with Partner Companies

Procurement Policy

The SHO-BOND Group conducts procurement activities based on the following principles to realize a sustainable society guided by the philosophy of "passing on social infrastructure to the next generation in good condition."

1. Compliance with laws, regulations, and social norms

We will comply with the laws, regulations, and social norms of the countries and regions involved in the procurement activity.

2. Fair and correct transactions

We will carry out our procurement activities in a fair and correct manner as an equal partner.

3. Respect for human rights

We will respect basic human rights and endeavor to secure appropriate working conditions.

4. Promotion of health and safety

We will maintain a safe and sanitary working environment, and work to prevent workplace accidents.

5. Maintenance of quality

We will endeavor to maintain and improve the quality of our services and products.

6. Environmental conservation

We will carry out our procurement activities that give consideration to environmental conservation and the lessening of environmental burdens.

7. Information security measures

We will carry out the thoroughgoing management and protection of the confidential information obtained through the procurement activities.

8. Contribution to society

We will contribute to the development of society and the overall local community with an awareness that our procurement activities are deeply tied to the local community.

Workplace Health and Safety Councils

To collaborate on improving construction quality and workplace health and safety, we have established workplace health and safety councils at each regional office comprising our Group companies and partner companies. These councils work in unison with Group employees to improve on-site management standards by conducting regular safety and health patrols at worksites, participating in the annual "Safety Training Sessions" and monthly "Safety Meetings" held at each regional office, sharing the Group's quality and safety policies, and striving to improve knowledge.

To improve overall health and safety standards throughout the workplace, we provide various training opportunities, such as participatory training by instructors visiting our work sites, and hands-on safety training at the Tsukuba Training Center (TTC). The hands-on training programs at TTC have been particularly well-received by participants and the circle of learning is expanding, with representatives who participated in the training bringing along other employees from their company. Through these training programs, the SHO-BOND Group and our partner companies share a common safety awareness, leading to safer and more efficient construction site operations.



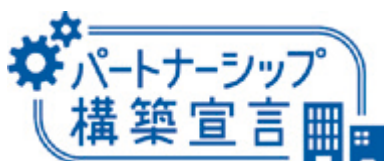
Participatory safety training at construction site offices

Declaration of Respect for Labor Cost Estimates

In line with the Japan Federation of Construction Contractors' Declaration of Respect for Labor Cost Estimates, the SHO-BOND Group requests that partner companies clarify the amount of the legal welfare expenses and labor costs, ensures that adequate wages are guaranteed, and respects the estimates provided.

Partnership-building Declaration

Our subsidiary SHO-BOND CORPORATION has created and published a Partnership-building Declaration to foster collaboration and mutual prosperity with our supply chain partners and businesses engaged in value creation.



Efforts to Secure Employees

Within the construction industry, the decline in construction workers, who are directly involved in on-site labor, has become a serious issue. In order to realize a sustainable construction industry, it is essential that prime contractors and partner companies work in unison to secure personnel.

In 2024, our Group company Kyna-Tech established the "T3 Construction Business Cooperative" alongside multiple construction companies, and began activities to help the recruitment of foreign technical intern trainees and specified skilled workers, and retention. The Cooperative accepts foreign nationals, provides job placement services and detailed support for daily living, and conducts training sessions for specialized tasks with the aim of helping foreign skilled workers adapt to Japanese construction sites as quickly as possible and establish themselves as valuable long-term personnel for our partner companies. While the Cooperative is currently operating in the Tokyo metropolitan area only, we are considering expanding nationwide in the future.

Health and Safety

Basic Views

In addition to complying with laws and regulations related to occupational health and safety, the SHO-BOND Group aims to create a comfortable work environment in which everyone strives to eliminate occupational accidents, while maintaining and improving their health, based on the philosophy that “respect for human life and safe construction take precedence over everything else.”

Health and safety management is one of the most important management issues of the Group. In recent years, our contract volume of large-scale construction projects has expanded, and our volume of complex construction projects such as expressways has been increasing. Completing these projects without any accidents demands a high level of safety skills along with a strong commitment to safety by everyone at the SHO-BOND Group and our partner companies. Based on this stance, we have established the following Health and Safety Policy for the three years from FY2025 to FY2027. The president of SHO-BOND also issued a directive in January 2020 to commence the “Initiatives for Creating a SHO-BOND Culture of Safety.”

Health and Safety Policy

- 1. Striving for zero serious accidents**
We will ensure implementation of risk assessments.
- 2. Realizing a stronger safety culture**
We will develop our safety culture from dependence on supervision to interdependence by all individuals.
- 3. Establishing a health and safety management system**
Our offices, work sites, and partner companies will work in unison to prevent workplace accidents and create a comfortable work environment.

Key Initiatives Based on the Health and Safety Policy

Priority Actions in FY2026

- 1. Visualizing and ensuring implementation of measures to identify and mitigate risks for serious disasters and accidents, specifically prioritizing responses to the following events:**
① Third-party accidents ② Fires ③ Falls
④ Accidents during water-jetting work ⑤ Heatstroke
Our offices and construction sites will implement these measures as part of their respective duties and responsibilities.
- 2. Every manager with safety responsibilities shall conduct daily site inspections to nip accidents in the bud,** and shall provide appropriate consideration and guidance to new site visitors and workers performing high-risk tasks.
They shall also provide clear guidance to subcontractors to enable them to fulfill their work responsibilities.
- 3. Creating comfortable and smart workplaces and construction sites**

Initiatives for Creating a SHO-BOND Culture of Safety

Our goal is to raise SHO-BOND’s safety culture from a “dependent” structure where supervisors oversee safety measures to an “independent” and “interdependent” structure in which individuals act independently and promote safety among themselves. We believe these changes will establish accident-free workplace environments where people can do their jobs with even greater safety and confidence. To accomplish these goals, we are promoting the Initiatives for Creating a SHO-BOND Culture of Safety.

Training under the Initiatives for Creating a SHO-BOND Culture of Safety Roadmap

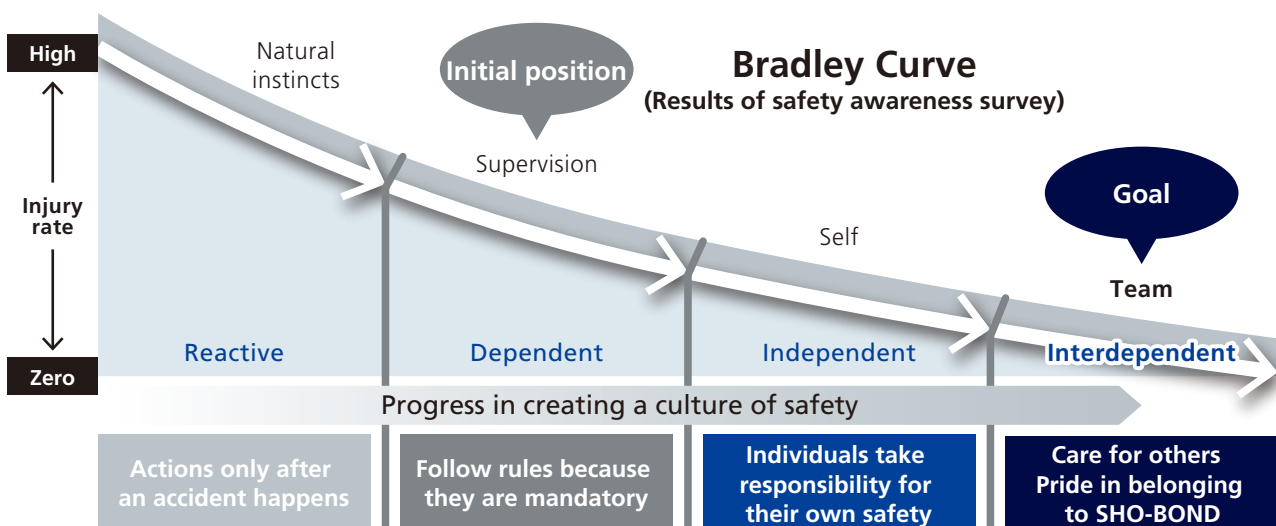
(employees and partner company management)

We are providing felt leadership training by external consultants to our Group employees and partner companies. This training aims to equip the trainees with the leadership skills to demonstrate their

strong commitment to safety through action. By continuing the training and expanding its scope, we are aiming to bring about a company-wide shift in safety awareness and foster a safety culture.



Felt leadership training



Targets and Accomplishments

The Group has set “zero fatal accidents” and a “lost time injury (LTI) frequency rate of no more than 0.7” as health and safety KPIs, and in FY2025 we achieved both of these targets. Going forward, all parties will work together in promoting measures to prevent occupational accidents to the best of their ability in order to continue achieving these targets.

Health & Safety KPI	FY2024 Result	FY2025 Result
Number of fatal accidents	0	0
Lost time injury (LTI) frequency rate*	1.13	0.63

*Lost work time of 4 or more days

Health and Safety Management System

SHO-BOND has a health and safety management system in which everyone from the president to supervisors at all levels has clearly defined roles, responsibilities, and authority. This system is used to perform well-planned health and safety management operations at all business sites. We conduct health and safety patrols at construction sites to improve the level of health and safety. In FY2025, the president, regional and branch office general managers, and other senior managers performed a total of 3,852 patrols. This is 252 more visits than in the previous fiscal year, representing an average of 1.4 visits per construction site per month.

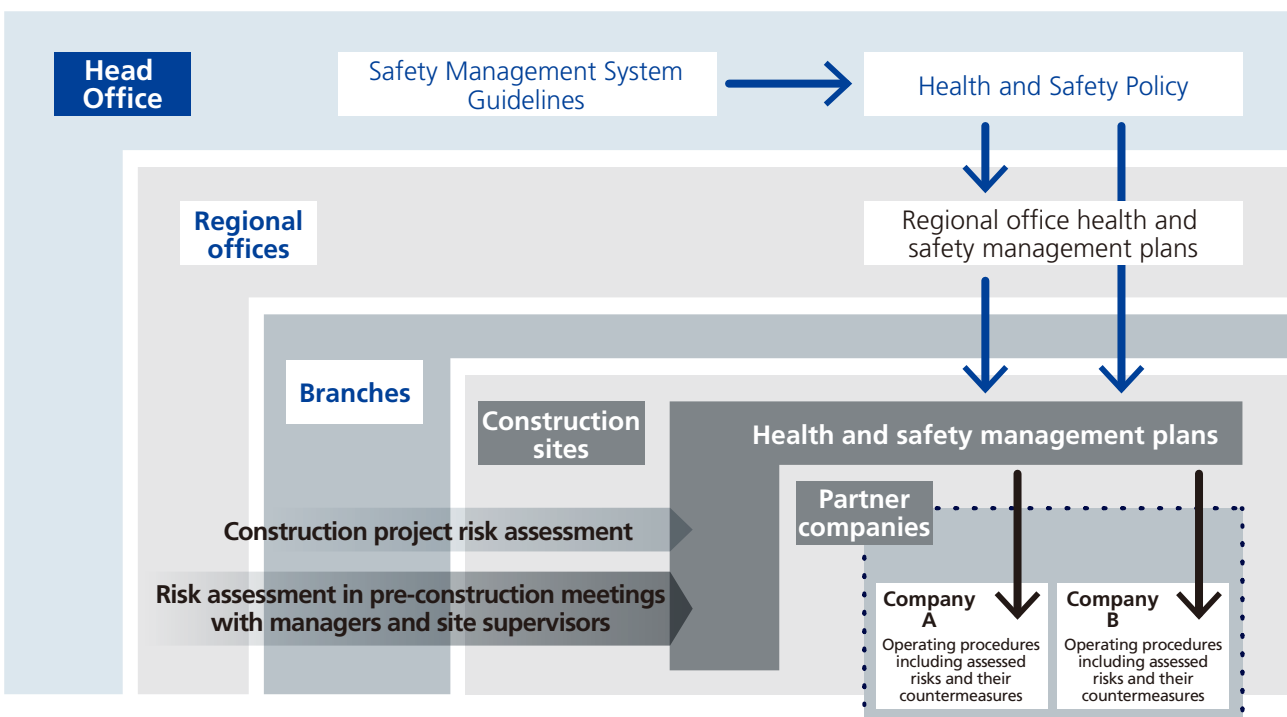
● Basic Responsibilities

President	Determine the Group's Health and Safety Policy and set health and safety targets
General Managers of Regional Offices	Create annual health and safety management plans for SHO-BOND's regional offices based on the Health and Safety Policy
Branch Managers and Site Supervisors	Create and announce a construction health and safety policy, and set targets for construction health and safety Create, implement, review, and improve construction health and safety management plans
Partner companies	Create risk assessment operating procedures



Health and safety patrols by the company president

● Health and Safety Management Organization Chart



Key Initiatives

Health and Safety Training

The SHO-BOND Group provides safety training programs to employees of the Construction Department, Marketing and Sales Department, and Engineering Department in July every year. The July 2025 program included reports about workplace accidents and property damage caused by accidents during FY2025 and priority actions for the next fiscal year. We also provided special training as well as health and safety training by SHO-BOND instructors to our engineers and 967 employees from 216 partner companies in FY2025.

New employee safety training—Hands-on experience in scaffolding assembly

As part of our safety training for new employees, we provide a hands-on experience on how to assemble scaffolding. Although the scaffolding at actual worksites is assembled by workers from our partner companies, this hands-on training teaches our new employees what they need to know as SHO-BOND Group employees (such as the different applications and roles of scaffolding according to type and material). The fact that this is a hands-on program means that new employees can learn first-hand about the hazards involved in scaffold assembly.



Safety Culture Training (Communication Skills Training)

At our construction sites, ensuring proper communication with workers from various subcontracting companies affects not only construction efficiency but also the health and safety environment. That is why we invite external instructors to provide “communication skills training” to our junior to mid-level employees leading our on-site operations. Through this training, our employees are learning communication basics, as well as communication techniques that account for the personality traits of those they are communicating with.



Hands-On Safety Training for Partner Companies

We are conducting hands-on training at the Tsukuba Training Center for our Group’s major partner companies. This training is intended to raise safety awareness and develop risk perception among our major partner companies that frequently work at our Group’s construction sites. In FY2025, a total of 111 workers from 25 partner companies attended the training and directly experienced the severity of accidents and the importance of safety by using various hands-on content at the Tsukuba Training Center.

Participant comments included the following: “I thought I had a good understanding of safety after reading the precautions and accident case studies but the hands-on experience was more realistic and gave me new insights about safety”; “I want the other employees at my company to experience this training”; “The variety of training content exceeded my expectations”; and “I want to share my experiences within my company.” We intend to continue holding the training in the future.



Development and Adoption of SB+ (Safety Inspection App)

To promote labor-saving measures in our on-site operations through digital transformation (DX) in health and safety, and to enhance the effectiveness of our on-site safety inspections and equipment checks, we have developed a safety inspection app called “SB+.” By using this app on a mobile device to scan QR codes and input inspection forms, information can be shared without returning to the office, thereby enhancing coordination and reducing labor. We commenced formal operation of the app from FY2026 and are now deploying it at construction sites around the country.



The Road to Safety—Leaders' Challenge— Vol. 3. Kita-Nihon Regional Office

As part of our "Initiatives for Creating a SHO-BOND Culture of Safety," we are producing and distributing original e-learning content for use by our employees and partner companies. Our documentary, entitled "The Road to Safety," follows the SHO-BOND employees who play a leading role in maintaining on-site safety and gives a full account of their efforts. As the third volume in the series, this documentary features the activities of the Kita-Nihon Regional Office.

Our Kita-Nihon Regional Office, which is responsible for operations in Hokkaido and the six prefectures of Tohoku, experienced a labor accident involving a partner company at a construction site under its management shortly after the start of FY2025. In light of this accident, this volume of our Road to Safety documentary focuses on the leaders at the Kita-Nihon Regional Office who are redoubling their efforts in order to prevent a recurrence.

Akihiro Okada, General Manager, Safety Management Department, Kita-Nihon Regional Office



Every single worker has a family, and we must ensure they all return home safely to their family members. To that end, we focused our efforts on determining how to deliver safety training that effectively reaches those working on the front lines. First, we conducted safety training under the theme of "Safety Day." To prioritize the participation of our workers and all other employees and ensure that this was a "Safety Day" created by everyone, we developed the training curriculum with a priority on proactive two-way communication between the regional office and the site.

Recognizing that hands-on, participatory experiences are highly effective in improving safety awareness, we invited the management of our partner companies to the Tsukuba Training Center. To allow the participants to experience the moment an accident occurs, we conducted a training program incorporating the sounds, vibrations, and shocks of an accident. After witnessing many of the participants filming the training curriculum, I was convinced that they wished to share it with their fellow company employees. Managers from some partner companies who were impressed by the training have since visited the Tsukuba Training Center together with their own employees and partner companies. I think that these actions reflect a gradual improvement in safety awareness among our partner companies. I also believe that we must strengthen our initiatives through creative thinking in response to the efforts of our partner companies.

To speak directly with those involved in the accident, we traveled from Sendai, where our Kita-Nihon Regional Office is located, to meet the partner company and the disaster victim in Hokkaido. Although a report summarizing the accident was prepared immediately after it occurred, our decision to make this visit was based on the reasoning that new insights can emerge over time, and that certain aspects of the accident may not have been fully captured in the report. By doing so, we managed to uncover the underlying causes and identify new preventive measures. Based on the findings of our visit, we were able to identify what we, as the prime contractor, need to do in the future, which I felt was very useful.



Shigeru Uwajima, Construction Section Manager, Hokkaido Branch



As a unique rule within our group, we require employees to be present on-site during scaffold assembly to ensure health and safety. At the Kita-Nihon Regional Office, both the on-site supervisor and the construction section manager (CSM) must be present at the site. This rule was established by the Kita-Nihon Regional Office to improve safety based on the recognition that the CSM is the person at the regional office with the most comprehensive

understanding of local construction projects. While the site supervisor is obviously responsible for verifying the work, I believe it is also important for CSMs to verify work from a different perspective in order to identify any overlooked issues. I have also received feedback from site supervisors that having the CSM on-site provides reassurance and a sense of solidarity with the back office. As the person responsible for overseeing construction projects in the North Japan region, I will continue to lead our safety initiatives while remaining closely involved with our construction sites.



Yuta Hara, Safety Management Section Manager, Safety Management Department, Kita-Nihon Regional Office



Safety activities cannot be accomplished solely through the efforts of our company. By actively engaging our partner companies in our safety activities, we can comprehensively view on-site operations from multiple perspectives, thereby leading to better overall safety. To this end, the Kita-Nihon Regional Office implemented reforms to the curriculum and structure of safety training provided by partner companies to their workers. As a

result of these reforms, an increasing number of our partner companies has begun implementing their own unique initiatives. We are confident that establishing this proactive stance will significantly contribute to maintaining our accident- and disaster-free record.



Thanks to the efforts of our leaders, after the accident at the start of the period, the Kita-Nihon Regional Office ended FY2025 with an accident- and disaster-free record. I am convinced that this is not merely a coincidence, but rather the result of a shift in the mindset of each person involved in on-site operations. Going forward, all involved personnel, including our partner companies, will continue these efforts.

At the beginning of FY2026, we held a safety pledge ceremony to strengthen our resolve and awareness. We will continue our steady efforts along the path to safety, both in practice and in mindset, to ensure accident- and disaster-free operations into the future.

Corporate Governance

Basic Views

The SHO-BOND Group (the “Group”) is engaged in comprehensive maintenance of infrastructure under its corporate philosophy of “With a sense of mission of ‘inheriting and passing on social infrastructure to the next generation in good condition’ we will contribute to the realization of a safe and affluent society by utilizing our advanced technological development capability as a leading company in the structure maintenance business.”

As a leader in the maintenance industry, corporate governance is one of the most important management issues to earn the trust of stakeholders, including shareholders, investors, and employees, and to achieve sustainable growth and increase corporate value over the medium to long term. We will continue sound management by enhancing corporate governance that enables transparent, fair, prompt, and decisive decision-making.

Progress in Strengthening Corporate Governance

We transitioned to the holding company system ahead of our industry peers and later became a company with an Audit and Supervisory Committee to strengthen corporate governance. We will continue maintaining a proper governance system while keeping a close eye on social circumstances.

Date	Event
January 2008	Transitioned to the holding company system
September 2015	Transitioned to a company with an Audit and Supervisory Committee and shortened directors' term of office to one year
September 2017	Increased the number of Outside Directors to three
July 2018	Started evaluating the effectiveness of the Board of Directors
November 2018	Established the Nomination and Remuneration Advisory Committee
August 2022	Established the Sustainability Committee

Overview of Corporate Governance System

Board of Directors

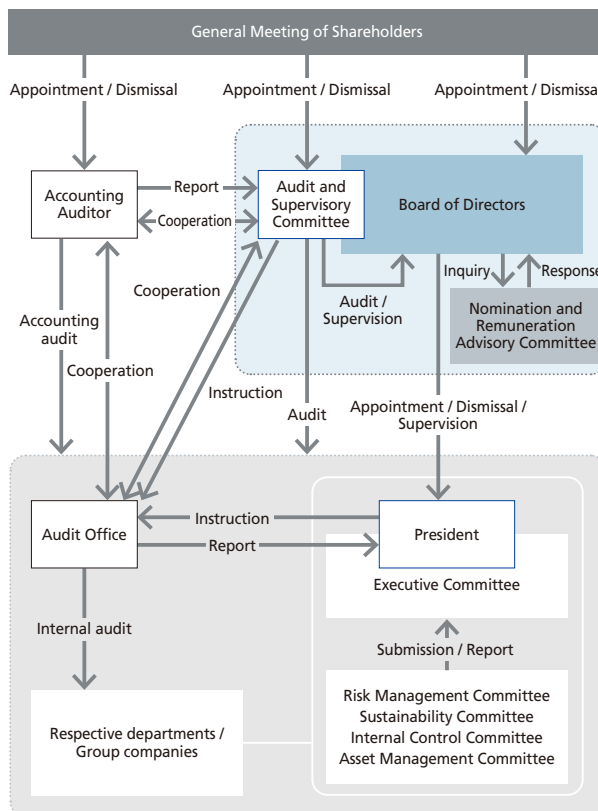
The Board of Directors has eight members including four directors who are members of the Audit and Supervisory Committee. The directors discuss and reach decisions about important matters involving management as prescribed by laws and regulations and the rules for the Board of Directors. As a rule, the board meets once every month and meets at other times as needed in order to reach decisions quickly.

(Number of meetings in FY2025: 11 times)

Audit and Supervisory Committee

SHO-BOND is a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee has four members, of whom

● Corporate Governance Structure



three are Outside Directors. As a rule, the committee meets once every month and meets at other times as needed. The Audit and Supervisory Committee, as an independent body, audits and supervises the performance of directors who are not members of the Audit and Supervisory Committee. The committee also prepares audit reports and reaches decisions on other stipulated matters based on laws and regulations, the Articles of Incorporation, and Audit and Supervisory Committee rules and audit standards. The Audit and Supervisory Committee works with the accounting auditor and the Audit Office to perform audits efficiently.

(Number of meetings in FY2025: 10 times)

Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee has four members: three Outside Directors and the President and Representative Director. This committee is actively involved in the formation and execution of the succession plan for the President and has adequate discussions on directors' nomination and remuneration while giving opinions and advice to the Board of Directors.

(Number of meetings in FY2025: 7 times)

Executive Committee

The President and Representative Director presides over the Executive Committee as a body to assist his decision-making in management. This committee consists of directors outside the Audit and Supervisory Committee and senior executives nominated by the President, including the executives of SHO-BOND subsidiaries. As a rule, the committee meets twice every month and meets at other times as needed in order to reach decisions quickly.

(Number of meetings in FY2025: 20 times)

Internal Committees

Major committees related to business execution include the Risk Management Committee, Sustainability Committee, Internal Control Committee, and Asset Management Committee. Important management issues are continuously discussed by theme at these committees and submitted and reported to the Executive Committee as needed.

Method of Evaluating Effectiveness of the Board of Directors

To evaluate the effectiveness of the Board of Directors, a third-party external adviser is invited every other year for objectivity considerations. The evaluation is performed by asking all directors, including members of the Audit and Supervisory Committee, to complete questionnaires, which will be analyzed and reviewed by the Board of Directors. The issues recognized here will be approached and reviewed with self-analysis and evaluation in the next year.

Summary of evaluation results

For the fiscal year ended June 2025, we confirmed the effectiveness of the Board of Directors as a result of the evaluation based on the self-analysis. We have reviewed the criteria for submitting proposals in the Board of Directors Regulations for more speedy decision-making, as part of the action plan formulated based on the results of the questionnaire conducted by an external advisor in the previous fiscal year. In the fiscal year ending June 2026, we will strive to improve the effectiveness of the Board of Directors by continuously conducting executive seminars to enhance the executives' knowledge, experience, and skills, as well as holding small executive meetings to strengthen the business promotion capabilities.

Details of Compensation for Directors (and Other Officers)

At the Board of Directors, the Company resolved the policy regarding the details of the compensation, etc. for each Director (excluding Directors serving as Audit and Supervisory Committee Members; hereinafter "Directors"), and the details of such are as follows:

As the Company is a holding company that is in charge of supervising Group companies, the compensation for the Company's Directors comprises basic compensation only. Furthermore, the payment of basic compensation shall be monthly fixed compensation in cash.

The Company's Directors concurrently serve as Directors of subsidiaries. Compensation is determined by proportionately taking into consideration the weight of the business of both the Company and its subsidiaries, and multiplying it by the monthly compensation of subsidiaries.

Furthermore, bonuses, which are paid depending on financial results, are paid by the subsidiaries to which the Directors belong.

In determining compensation, etc., the President and Representative Director prepares a compensation proposal, including the portion to be paid by subsidiaries, that is determined at a Board of Directors meeting after consulting the Nomination and Remuneration Advisory Committee, which comprises the Company's Outside Directors and the President and Representative Director.

● Total amount of compensation, etc. for the fiscal year ended June 30, 2025 (Million yen unless otherwise stated)

Category	Number of Directors (persons)	Amount	Total amount of remuneration by type: Basic remuneration
Directors (excluding Directors serving as Audit and Supervisory Committee Members) [of which, Outside Directors]	5 [-]	94 [-]	94 [-]
Directors (Audit and Supervisory Committee Members) [of which, Outside Directors]	5 [3]	44 [21]	44 [21]
Total	10 [3]	138 [21]	138 [21]

Cross-shareholdings

As a rule, SHO-BOND does not purchase or hold the stock of suppliers and other business partners with the exception of cases where purchasing and holding stock helps conduct business operations efficiently and maintain and strengthen business relationships, thereby contributing to the medium- to long-term growth of its corporate value. Stock holdings of other companies are examined individually by taking into consideration qualitative and quantitative benefits and risk factors, including holding purposes, the number of transactions with these companies, their operating environment, results of operations and financial position, dividend yields as a return of investments and stock price fluctuation risks. Stock holdings are reduced when there is little need to continue owning the stock. SHO-BOND will reduce the ratio of cross-shareholdings to net assets by selling about 30% of its stock holdings, worth approximately 3 billion yen based on the market value at the end of June 2024, as part of the Medium-term Business Plan 2027 (FY2025–FY2027). Voting decisions concerning the stock of other companies are based on the goals of increasing shareholder value for SHO-BOND and contributing to the medium- to long-term growth of the corporate value of the other companies.

● Sales of Cross-shareholdings

	FY2022	FY2023	FY2024	FY2025
Number of stock issues sold	3	3	3	3
Sales amount (million yen)	566	529	724	1,419

Internal Control

The SHO-BOND Group has a system of internal controls for ensuring that all business operations are conducted properly in accordance with the Companies Act and Ordinance for Enforcement of the Companies Act. In addition, the Board of Directors has established The Basic Policy for Constructing an Internal Control System that has the goals of efficient business activities, reliable reports, strict compliance with laws and regulations, and other items.

We are taking various measures, including the establishment of an Internal Control Committee and a department in charge of promoting internal control in FY2019, in order to further strengthen internal control within the Group and permanently ensure a favorable control environment.

The Internal Control Committee is held in principle twice a year, during which it evaluates the effectiveness of internal control based on reports from each department and group company, extracts issues related to internal control, and considers countermeasures, providing instructions to related departments.

In addition, we have established the Audit Office under the direct control of the President as the internal audit department. In accordance with the Internal Audit Regulations, the Audit Office audits the management and control system for the entire Group's operations and the status of business execution, and makes recommendations as necessary based on the results of internal audits to each department which implements self-control. The results of the internal audits are reported to the president, the Board of Directors, the Audit and

Supervisory Committee, and the Internal Control Committee.

SHO-BOND's Outside Directors

The Company elects three Outside Directors who are Audit and Supervisory Committee members.

Mr. Satoru Miura has knowledge and experience as a Certified Public Accountant as well as a corporate accounting advisor. Mr. Akira Hongo has knowledge and experience as an attorney as well as a corporate consulting attorney. Ms. Reiko Kuwano has considerable academic expertise and experience in the field of civil engineering as a professor at the University of Tokyo. The three of them play a role in ensuring the properness of the business execution of the Company by providing oversight and advice from an independent standpoint drawing on their respective knowledge and experience. None of the three Outside Directors has personal, capital, or business relationships or any other special interests with the Company. In addition, the standards for Independent Outside Directors in the Company's Corporate Governance Guidelines comply with the independence standards of financial instruments exchanges. We seek to provide the Outside Directors with information in an efficient and in-depth manner so that they can fully understand the Group and exercise their abilities to the fullest. In promoting smooth communication, relevant executive officers directly give explanations to the outside directors as needed when they make inquiries.



Message from Our Outside Directors (Audit and Supervisory Committee Members)

Satoru Miura

As an Outside Director, I have been involved in helping the SHO-BOND Group to grow and develop for eight years. The Group has grown steadily during this period, and has now set its sights on the global market. My fundamental mission is to help ensure sustainable corporate growth and sound governance. As an Audit and Supervisory Committee Member, I leverage my expertise as a Certified Public Accountant to ensure the reliability of the SHO-BOND Group's financial and non-financial information. I also review the effectiveness of risk management and internal controls from multiple perspectives to support appropriate decision-making by the Board of Directors.

Going forward, I will continue to be proactively involved in enhancing SHO-BOND's governance, and also in non-financial areas such as disclosures on human capital, and will fulfill my responsibilities as an Outside Director to act as a bridge between social regulations and norms and business operations. In my capacity as an independent outsider, I will contribute to the sound development of the SHO-BOND Group with a sense of sincerity and a professional perspective.

Akira Hongo

I am personally very fond of SHO-BOND's slogan of being "a construction company that doesn't construct." The SHO-BOND Group's philosophy of contributing to the realization of a safe and affluent society as a leading company in the structure maintenance business is ingrained in all of its employees. I leverage my professional expertise and experience as a lawyer to carefully monitor and, where necessary, provide advice and guidance from an objective and neutral company-wide standpoint in terms of the Group's compliance with its articles of incorporation, relevant laws and regulations, and also its legal and regulatory compliance frameworks. However, management decisions that promote business based on calculated risks are also essential to ensure the company's further growth. Therefore, my role as an Outside Director is not simply to apply the brakes but to monitor company practices so as to ensure a rational balance between the accelerator and brake, and to strive diligently toward the company's sustainable growth.

Reiko Kuwano

SHO-BOND has long been a pioneer in the highly public sector of social infrastructure maintenance, and I believe it is a company that possesses both field expertise and technological capabilities. I feel it is a trustworthy and stable organization with an entrenched corporate culture that is both sincere and steadfast. As an Outside Director, I hope to contribute to the Group's sustainable growth and social value creation by helping to uphold sound management practices and providing diverse opinions from an outside perspective. My expertise is in geotechnical engineering, so I believe it is my responsibility to share information on infrastructure management trends and cutting-edge technologies and to provide advice on risk management and related matters by leveraging my expertise in this civil engineering field and serving as a bridge between engineers and management. As a member of a company with a social mission, I also want to contribute to creating long-term value and passing on technologies to the next generation.

Directors



Tatsuya Kishimoto
President and Representative Director

April 2001 Joined SHO-BOND CORPORATION
 April 2011 Director and Executive Officer, and General Manager of Kinki Regional Office
 July 2012 Senior Managing Director and General Manager of Kinki Regional Office
 September 2012 Director of the Company
 April 2013 Senior Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION
 April 2015 Executive Vice President and Director
 April 2017 President and Representative Director (current position)
 Director and General Manager of Corporate Planning Department of the Company
 September 2017 President and Representative Director of the Company (current position)



Takayasu Shimada
Director, Construction Management

April 1992 Joined SHO-BOND CORPORATION
 April 2020 Director and General Manager of Chubu Regional Office
 April 2021 Director and General Manager of Shutoken Hokuriku Regional Office
 April 2023 Director, General Manager of Marketing and Sales Division, and General Manager of DX Promotion Office
 September 2023 Managing Director, General Manager of Marketing and Sales Division, and General Manager of DX Promotion Office of SHO-BOND CORPORATION
 Director of Business Strategies of the Company
 September 2024 Managing Director, General Manager of Marketing and Sales Division, and General Manager of the East Japan In-house Company
 September 2025 Director of Construction Management of the Company (current position)
 October 2025 Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION (current position)



Setsu Arai
Director, Group Strategy
General Manager of Corporate Planning Department

April 1995 Joined SHO-BOND CORPORATION
 April 2021 Executive Officer and General Manager of Kinki Regional Office
 April 2023 Senior Executive Officer and General Manager of Shutoken Hokuriku Regional Office
 September 2023 Director and General Manager of Shutoken Hokuriku Regional Office
 April 2024 Director and General Manager of Overseas Business Department (current position)
 September 2024 Director of Sales Management of the Company
 President and Representative Director of SHO-BOND MATERIAL CO., LTD.
 September 2025 Director of Group Strategy and General Manager of Corporate Planning Department of the Company



Michinori Yoshinaka
Director, Administration
General Manager of Human Resources Department and General Affairs Department

January 1995 Joined SHO-BOND CORPORATION
 April 2023 Executive Officer and General Manager of Human Resources Department, Corporate Administration Division
 September 2023 Director and General Manager of Human Resources Department, Corporate Administration Division
 December 2024 General Manager of Human Resources Department and General Affairs Department of the Company
 Director and General Manager of Human Resources Department and General Affairs Department, Corporate Administration Division of SHO-BOND CORPORATION
 April 2025 Director, General Manager of Corporate Administration Division, General Manager of Human Resources Department and General Affairs Department (current position)
 September 2025 Director of Administration and General Manager of Human Resources Department and General Affairs Department of the Company (current position)



Masaaki Konomi
Director and Full-time Audit and Supervisory Committee Member

April 1985 Joined SHO-BOND CORPORATION
 April 2011 Executive Officer, General Manager of Kyushu Regional Office, and General Manager of Construction Engineering Department, Kyushu Regional Office
 July 2016 Executive Officer, General Manager of Nishi-Nihon Regional Office, and General Manager of Construction Department and Sales Department, Nishi-Nihon Regional Office
 April 2019 Director, General Manager of Nishi-Nihon Regional Office and Kyushu Branch
 April 2023 Director, General Manager of Planning Department, the West Japan In-house Company (Stationed in Fukuoka), and General Manager of Kyushu Branch
 September 2025 Director (Full-time Audit and Supervisory Committee Member) of the Company (current position)



Outside Director
Satoru Miura
Audit and Supervisory Committee Member

April 1981 Registered as Certified Public Accountant (to present)
 June 1990 Established Miura C.P.A. Office (to present)
 February 2015 Outside Corporate Auditor of NODA CORPORATION (current position)
 March 2015 Corporate Auditor of Toukei Computer Co., Ltd.
 March 2017 Outside Director (Audit and Supervisory Committee Member)
 September 2017 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
 September 2021 Corporate Auditor of SHO-BOND CORPORATION
 April 2025 Corporate Auditor of SHO-BOND CORPORATION



Outside Director
Akira Hongo
Audit and Supervisory Committee Member

April 1988 Registered as attorney at law (to present)
 April 1995 Established Hongo sogo Law Office (to present)
 April 2010 Professor of Keio University Law School
 September 2017 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)



Outside Director
Reiko Kuwano
Audit and Supervisory Committee Member

April 1989 Joined TAISEI CORPORATION
 March 1999 Research Associate of the University of Tokyo
 October 2001 Senior Researcher of Public Works Research Institute
 April 2006 Associate Professor, Institute of Industrial Science of the University of Tokyo
 July 2013 Professor (current position)
 September 2017 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

● Knowledge, experience, skills, etc. of each Director (skill matrix)

No.	Name	Inside/Outside	Corporate management	Finance/Accounting	HR	Legal affairs/compliance/Risk management	Global	Technology R&D
1	Tatsuya Kishimoto	Inside	●		●	●		●
2	Takayasu Shimada	Inside	●		●	●		
3	Setsu Arai	Inside	●	●			●	
4	Michinori Yoshinaka	Inside	●	●	●	●		
5	Masaaki Konomi	Inside	●		●	●		●
6	Satoru Miura	Outside	●	●		●		
7	Akira Hongo	Outside			●	●		
8	Reiko Kuwano	Outside					●	●








* The table is not indicative of all the expertise and experience possessed by the Directors.

Communication with Stakeholders

Basic Views

The SHO-BOND Group conducts its business activities with the support of various stakeholders. Through opportunities for dialogue with our various stakeholders, we not only convey our Group's perspectives but also ensure that the opinions and feedback received during these discussions are communicated to the Board of Directors and senior management so that they can be incorporated into management

decisions. The basic policy for investor relations is to provide accurate, fair, and timely information about our management strategies, business activities, financial conditions, and other items. The purpose is to build long-term relationships rooted in trust and receive a proper evaluation from all stakeholders. This policy is posted on our website.

Stakeholders	Approach	Major activities
 <p>Customers</p>	Our Group's customers include our clients that request infrastructure maintenance work, and the users and recipients of our finished products. We provide services and products that satisfy our customers in order to pass on social infrastructure to the next generation in good condition.	<ul style="list-style-type: none"> ● Sales activities As requested ● Facility tours (Tsukuba Training Center, etc.) As requested ● Exhibitions As requested ● Video streaming As requested
 <p>Employees and their families</p>	Our employees are our Group's greatest asset. We will create workplace environments and design personnel systems that ensure every employee is mentally and physically healthy and can continue their work for a long time with peace of mind while having the opportunity to maximize their abilities and potential.	<ul style="list-style-type: none"> ● Employee satisfaction surveys Once/year ● Company newsletter Four times/year ● Training and support for acquiring qualifications As requested ● Dialogue via self-declaration system Once/year
 <p>Shareholders and investors</p>	We strive to improve corporate value through constructive dialogue with shareholders and investors and by ensuring management transparency. We will also strive to maintain long-term, stable shareholder returns.	<ul style="list-style-type: none"> ● General Meeting of Shareholders Once/year (Sep) ● Information meetings for institutional investors Twice/year ● Information meetings for individual shareholders Twice/year ● One-to-one meetings >100 times/year
 <p>Partners</p>	Our partners include our partner companies, business partners, and suppliers of materials and other goods. We will aim to achieve shared prosperity with our partners by conducting sincere and fair transactions based on equal relationships, while strictly adhering to relevant laws and regulations.	<ul style="list-style-type: none"> ● Workplace Health and Safety Councils As requested ● Various surveys As requested ● Training for partner companies As requested ● T3 Construction Business Cooperative (collaboration on recruitment of foreign workers) As requested
 <p>Next-generation human resources</p>	Securing outstanding human resources is essential for sustained growth. We will become a company of choice by explaining the social significance of infrastructure repair and reinforcement and the appeal of our Group.	<ul style="list-style-type: none"> ● Outreach lectures As requested ● Internships As requested ● Roundtable discussions As requested ● Facility tours (construction sites, Technical Research Institute, etc.) As requested
 <p>Communities</p>	In conducting our Group's business, we require the understanding and cooperation of the local community. We strive to strengthen our relationships of trust with local communities at every construction site.	<ul style="list-style-type: none"> ● Work experience, construction briefings, on-site tours As requested ● Assisting with cleaning, weeding, and snow removal As requested ● Traffic safety awareness activities As requested ● Cooperating on accident and disaster recovery As requested
 <p>External organizations</p>	External organizations include academic societies, universities, and other corporations. We will enhance our collaboration with these external organizations to address the social challenge of aging infrastructure.	<ul style="list-style-type: none"> ● Workshops on infrastructure repair As requested ● Joint surveys, joint research As requested ● Participating in meetings and academic conferences As requested ● Facility tours (Tsukuba Training Center, etc.) As requested

Major Activities

Shareholders and investors

The Corporate Planning Department and General Affairs Department are primarily responsible for dialogues with shareholders and other investors. Investor relations (IR) are handled by the Corporate Planning Department, with our Directors and executives with knowledge about specific business activities participating as needed to ensure that our Group's operations are explained correctly. The Group places importance on information disclosure and dialogue with shareholders, institutional investors, analysts, and other interested parties. For institutional investors, we hold an information meeting about financial results twice a year as well as one-to-one meetings held every quarter. In addition to such one-to-one meetings, we hold a small meeting attended by the President after announcing the full-year financial results. For individual shareholders, we hold information meetings in Tokyo and Osaka in March every year after transitioning to the holding company system in 2008. Dialogues are consistent with the spirit of fair disclosure, and care is exercised to prevent the disclosure of insider information. The Executive Committee and the Board of Directors periodically receive feedback concerning the opinions and concerns of shareholders, which helps achieve sustainable growth.

Activity	Frequency (FY2025)
Information meetings for individual shareholders*	2 times
Information meetings for institutional investors	2 times
One-to-one meetings	127 times

*The meetings are held in Tokyo and Osaka in March every year.



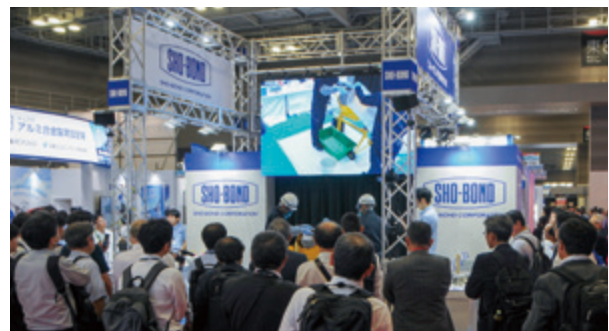
Information meetings for institutional investors (Tokyo)

Customers

Our Group exhibits at trade shows held nationwide every year to introduce our products. At the Highway Techno Fair held at Tokyo Big Sight, many of our employees, mainly from our Head Office, participate to demonstrate the features of our products. We also provide demonstrations of how to use our products on video streaming sites.



Video introducing our construction methods (SHO-BOND official YouTube channel)



Highway Techno Fair 2025

Communities

Our Group undertakes various activities to build and strengthen trust with local communities, such as participating in community activities near our construction sites, and providing work experience and project briefings to local children. We also contribute to resolving local challenges as members of the community, such as participating in recovery efforts when accidents or disasters occur near our construction sites.



Work experience for preschoolers from a daycare center that cooperated with road closure (Chiba Prefecture)



Participation in grass cutting organized by the local neighborhood association (Shizuoka Prefecture)



Cooperation in promptly reopening a road to traffic at an accident site (Tokyo)

Risk Management

Risk Management Framework

Our group aims to prevent the occurrence of risks and minimize losses in case risks do occur by establishing risk management regulations and setting up a Risk Management Committee.

The core entity responsible for our risk management is the Risk Management Committee. The Committee, chaired by the President, meets in principle once every quarter. It examines and deliberates on policies, measures, and the current state of group risk management as well as causes and recurrence prevention when risks occur while consolidating risks discussed in each internal committee and other risks reported by group companies. Results of the discussion are submitted and reported to the Board of Directors as necessary. The Committee periodically evaluates risk factors according to the established process and constantly reexamines the risk management process itself to reflect current changes in the social and business environment.

● Risk Management Process

Process	Explanation
① Risk identification	Business risk factors of the SHO-BOND Group are divided into Risk Categories and specific potential problems are identified for each risk factor. Magnitude of risk is defined as "the impact of an incident" multiplied by "the probability of the incident happening."
② Risk analysis and monitoring	Studies to determine numerical and other indicators for individual risk factors and the methods for monitoring them. Monitoring for changes in "the impact of an incident" and "the probability of the incident happening." Estimates of changes in risk exposure by using a qualitative analysis of changes in regulations, amendments to laws, government financial policies and other items that are difficult to measure numerically.
③ Risk control	Prepare lists of business tasks that every business unit performs periodically in order to measure and monitor risk factors. Next, check to confirm that risk factors are being controlled by these business tasks.
④ Risk evaluation	By using the reports from business units, the executive in charge of risk management assesses the magnitude of every risk factor and submits a report to the Risk Management Committee. The Risk Management Committee determines priorities concerning the magnitude and categories of risk factors and discusses methods for the efficient management of risk.
⑤ Responses to incidents	Emergency response manuals to be prepared for incidents. Perform studies concerning crisis management activities, such as direct responses to incidents, crisis management meetings, reports to government offices and agencies, public announcements about emergencies, and other responses to incidents.

Risk Categories and Internal Committees

Each internal committee is responsible for collecting information from Group companies on the risks under their jurisdiction, examining them, and reporting them to the Risk Management Committee as necessary. The table below shows the relationships between risk categories and internal committees. Risks without a "responsible internal committee" are directly discussed in the Risk Management Committee.

	Responsible Internal Committee
1 Market risk	Asset Management Committee
2 Credit risk	
3 Financial risk	Asset Management Committee
4 Human risk	
5 Administrative risk	
6 Compliance risk	
7 Legal risk	Intellectual Property Committee
8 Quality risk	Quality Management Committee
9 Safety risk	Safety and Health Committee
10 IT risk	IT Promotion Committee
11 Natural and other disaster risk	
12 Country risk	
13 Reputation risk	

Information Security Measures

With the acceleration of DX and changes in the usage environment of information systems, information security risk has been increasing these days, such as the growing sophistication of external cyberattacks. We have established basic policies and regulations regarding information security and are thoroughly managing risks against threats to information security. Additionally, we work to raise information security awareness throughout the entire Group through e-learning courses, spoofed e-mail training, and lectures in rank-specific training sessions. Additionally, we are working to improve our business continuity capabilities by developing response manuals and conducting training to deal with cyber attacks.

Business Continuity Plan

The Group has a business continuity plan (BCP) to address disaster risks including great earthquakes. We strive to improve our capability to continue business operations based on the BCP on a regular basis to avoid the disruption of key operations as much as possible in the event of a major disaster and to return to normal operations early if disrupted.

As part of our BCP, we conduct an annual emergency drill, with the participation of bases other than the head office, assuming a large-scale disaster at the head office. We also conduct training to switch to backup servers in the event of a system failure, and other measures to check important elements for carrying out business operations in the event of a disaster and build a system for business continuity.

Compliance

Basic Concept for Compliance

The SHO-BOND Group believes that a sound compliance framework is vital to conducting business activities that meet high standards of social responsibility and are capable of sustainable growth. The SHO-BOND Group Code of Conduct enables all employees to do their jobs based on a thorough understanding of socially acceptable behavior, laws and regulations, internal rules, and other guidelines.

Everyone in the Group is dedicated to the achievement of the action principles "Corporate Credo" and the Corporate Philosophy by using a broad range of activities to earn the trust of society and all stakeholders.

Compliance Promotion Framework

A compliance promotion program is in place throughout the Group. The SHO-BOND Group Code of Conduct clearly states the rules of behavior that all employees and executives are expected to follow. We also have a compliance manual to ensure that all employees are aware of the importance of compliance. In addition, we have close cooperation among Group companies by establishing a Compliance Office responsible for compliance matters and assigning a compliance leader to each site.

Further, we provide education and training to everyone in the Group to raise compliance knowledge and awareness.

Compliance Training

We hold company-wide e-learning once a year. At the same time, we provide compliance education in training sessions such as new employee training and rank-specific training. The e-learning program explains basic compliance knowledge and the Group's policies and uses confirmation tests for better retention. In training sessions, we inform participants of the Construction Industry Law as well, which construction companies must comply with.

To prevent harassment, we conduct regular self-checks and e-learning programs to create a comfortable working environment by encouraging each personnel to be aware of the issue.



Lecture on rank-specific training

Whistleblowing Contact Points

The Group has internal and external contact points for whistleblowers to report any kind of violation they detect, including harassment, regardless of its agent (individual or organization) and the type of regulations violated (applicable laws, the rules of employment, the SHO-BOND Group Code of Conduct, etc.). The purpose is to investigate and eradicate such violations as soon as we can.

We pay due care so that whistleblowers will remain anonymous as a general rule and will not suffer any disadvantages.

Anti-corruption

Public works projects account for a large proportion of our Group's net sales, so ensuring the fairness and transparency of operations is particularly important to us. Regarding the prevention of bribery, we established an Anti-Bribery Policy in August 2022 to clarify our stance on preventing any corruption, in addition to the SHO-BOND Group Code of Conduct, in which stipulating a complete elimination of bribery. To ensure that nobody in our Group becomes involved in bribery, we have established standards for the use of entertainment expenses and are committed to acting ethically according to recipients. We also make all executives and employees aware of the risks of bribery and how to deal with them through training programs.

Based on the SHO-BOND Group Code of Conduct, we will continue to uphold high ethical standards to prevent corruption and continue to ensure fair and sound relationships with our customers and all other stakeholders.

Elimination of Antisocial Forces

The Group has established "Eliminate antisocial forces" in the SHO-BOND Group Code of Conduct and stipulated that all unlawful demands by antisocial forces shall be eradicated and relationships shall be cut off.

We recognize that any relationship with antisocial forces, including unlawful demands from them, is a serious compliance risk. We manage risks following the policies and systems set forth in the risk management rules and strive to prevent damage by regular communication with the local police and companies to collect information on antisocial forces.

We also thoroughly educate all officers and employees on eliminating antisocial forces through compliance manuals, company-wide e-learning, and rank-specific training.

11-Year Data

		FY2015	FY2016	FY2017	FY2018
Orders	(million yen)	54,811	53,509	60,536	67,859
Net Sales	(million yen)	52,124	52,334	53,250	59,682
Gross Profit	(million yen)	12,643	12,709	13,797	14,781
Gross Profit Margin	(%)	24.3	24.3	25.9	24.8
Selling, General and Administrative Expenses	(million yen)	3,499	3,406	3,637	4,000
Operating Profit	(million yen)	9,144	9,303	10,160	10,781
Operating Profit Margin	(%)	17.5	17.8	19.1	18.1
Ordinary Profit	(million yen)	9,480	9,648	10,516	11,187
Profit Attributable to Owners of Parent	(million yen)	5,926	6,267	6,997	7,301
Total Assets	(million yen)	75,784	77,327	84,266	90,976
Net Assets	(million yen)	61,470	63,701	69,243	74,096
Equity Ratio	(%)	81.1	82.4	82.2	81.4
ROE	(%)	10.1	10.0	10.5	10.2
Net Cash Provided by (Used In) Operating Activities	(million yen)	4,804	4,386	7,484	1,734
Net Cash Provided by (Used In) Investing Activities	(million yen)	-690	-2,365	-3,793	-2,063
Net Cash Provided by (Used In) Financing Activities	(million yen)	-1,801	-2,152	-2,606	-3,147
Cash and Cash Equivalents at End of Period	(million yen)	17,127	16,981	18,073	14,594
Basic Earnings per Share	(yen)	110.11	116.43	130.00	135.64
Net Assets per Share	(yen)	1,141.93	1,183.40	1,286.36	1,376.52
Dividend per Share	(yen)	39.00	43.50	52.00	62.50
Dividend Payout Ratio	(%)	35.4	37.4	40.0	46.1
Total Return Ratio	(%)	35.4	37.4	40.0	46.1
PER	(times)	23.2	19.9	21.8	28.4
PBR	(times)	2.24	1.96	2.20	2.80
Number of Employees		752	759	788	819

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
	74,380	84,436	74,548	96,065	77,945	101,324	82,182
	60,824	67,590	80,065	81,193	83,924	85,419	90,712
	16,082	17,319	20,782	22,555	23,470	25,343	26,503
	26.4	25.6	26.0	27.8	28.0	29.7	29.2
	4,354	4,389	5,050	5,288	5,346	5,676	5,709
	11,727	12,930	15,732	17,267	18,124	19,666	20,794
	19.3	19.1	19.6	21.3	21.6	23.0	22.9
	12,165	13,507	16,302	17,669	18,637	20,436	21,139
	8,080	9,005	11,340	12,366	12,887	14,321	15,061
	94,595	102,667	109,807	117,423	122,280	130,141	129,155
	78,108	83,617	90,960	94,247	98,076	104,425	106,392
	82.5	81.4	82.8	80.2	80.2	79.2	81.4
	10.6	11.1	13.0	13.4	13.4	14.2	14.5
	4,550	4,540	2,737	7,834	3,751	19,406	9,473
	-5,572	16,778	-2,638	5,315	1,693	2,492	464
	-3,312	-4,179	-4,485	-9,177	-9,894	-9,209	-12,697
	10,256	27,395	23,012	27,023	22,587	35,304	32,523
	150.11	167.30	210.68	231.06	243.53	273.73	292.03
	1,450.27	1,553.10	1,688.64	1,768.42	1,862.41	1,981.15	2,058.03
	67.50	79.50	105.50	118.00	127.00	139.00	175.50
	45.0	47.5	50.1	51.1	52.1	50.8	60.1
	45.0	47.5	50.1	75.1	79.1	75.0	93.0
	25.3	28.5	22.0	25.8	23.5	21.0	16.1
	2.62	3.07	2.74	3.38	3.07	2.91	2.29
	855	881	916	951	985	1,019	1,051

Note: The Company has conducted a stock split of two common shares for every one common share on July 1, 2019.

Company Profile / Stock Information (As of June 30, 2025)

Major Bases

Domestic

- SHO-BOND Holdings Co., Ltd.
- SHO-BOND CORPORATION

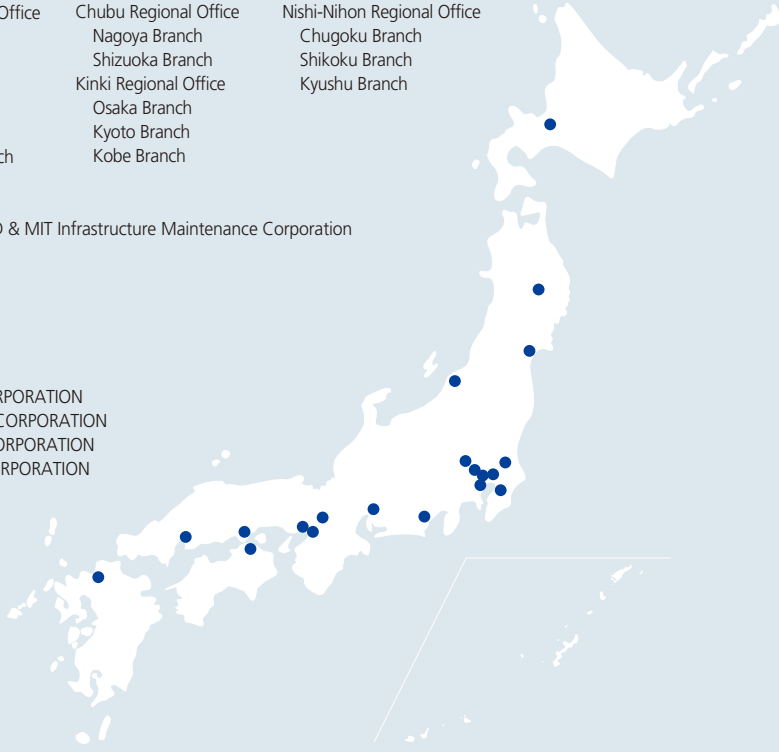
Head Office Technical Research Institute Tsukuba Training Center Kita-Nihon Regional Office Hokkaido Branch Kita-Tohoku Branch Minami-Tohoku Branch	Shutoken Hokuriku Regional Office Tokyo Branch Yokohama Branch Chiba Branch Kanto Branch Hokuriku Branch Building Construction Branch	Chubu Regional Office Nagoya Branch Shizuoka Branch Kinki Regional Office Osaka Branch Kyoto Branch Kobe Branch	Nishi-Nihon Regional Office Chugoku Branch Shikoku Branch Kyushu Branch
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- SHO-BOND MATERIAL CO., LTD.

Head Office/Tokyo Branch Osaka Branch Kawagoe Factory Misato Factory	● SHO-BOND & MIT Infrastructure Maintenance Corporation
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- KAKO-Group

TOHOKU KAKO CORPORATION KAKO CORPORATION KANTO KAKO CORPORATION YOKOHAMA KAKO CORPORATION CHUBU KAKO CORPORATION	KANSAI KAKO CORPORATION CHUGOKU KAKO CORPORATION SHIKOKU KAKO CORPORATION KYUSHU KAKO CORPORATION
--	--
- Kyna-Tech
- Maintenance Technology Inc.

Overseas

- SHO-BOND (HONG KONG) Ltd. [Hong Kong]
- CPAC SB&M Lifetime Solution Co., Ltd. [Bangkok]
- Structural Technologies, LLC [State of Maryland]



Our Websites

[SHO-BOND Holdings Co., Ltd.](#)



[SHO-BOND CORPORATION](#)



Company Profile

Company name	SHO-BOND Holdings Co., Ltd.
Date of establishment	January 4, 2008
Head office	7-8, Nihonbashihakozaki-cho, Chuo-ku, Tokyo, Japan
TEL	+81-3-6892-7101 (Representative)
President and Representative Director	Tatsuya Kishimoto
Amount of capital	¥5.0 billion
Business	Establishment of corporate strategies, management, and related operation of businesses of subsidiaries engaged in civil engineering and construction work contracting, etc.
Number of employees	1,051 (consolidated basis)
Principal consolidated subsidiaries	SHO-BOND CORPORATION SHO-BOND MATERIAL CO., LTD.

Status of Major Shareholders

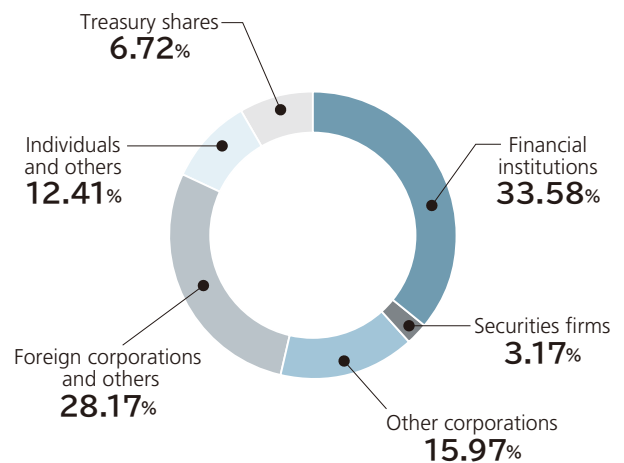
Shareholder name	Number of shares (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,852	11.48
General Incorporated Foundation Ueda Memorial Foundation	5,408	10.61
STATE STREET BANK AND TRUST COMPANY 505001	4,741	9.30
Custody Bank of Japan, Ltd. (Trust account)	3,615	7.09
The Dai-ichi Life Insurance Company, Limited	2,420	4.74
MUFG Bank, Ltd.	2,313	4.53
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,546	3.03
Meiji Yasuda Life Insurance Company	1,425	2.79
BBH FOR FIAM GR TR FOR EMPLOYEE BENE PLNS: FIAM INTL EQ GROWTH COM POOL	692	1.35
Sompo Japan Insurance Inc.	612	1.20

Note: Treasury shares (3,676,482 shares) are excluded in the calculation of the shareholding ratio.

Stock Information

Total number of shares authorized to be issued	120,000,000 shares
Total number of issued shares	54,745,180 shares
Stock exchange listing	Tokyo Stock Exchange Prime
Securities code	1414
Number of shareholders	20,583
Accounting period	June 30, each year
Annual general meeting of shareholders	September each year
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Account management institution for specific accounts	

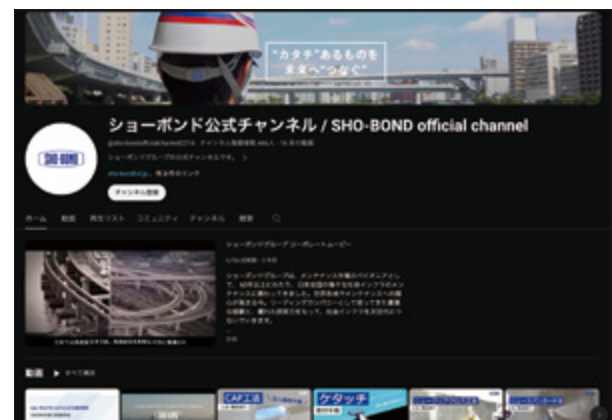
Shareholders Ratio (Percentage of Owned Shares)



SHO-BOND MATERIAL CO., LTD. (Japanese version only)



SHO-BOND official channel (Japanese version only)





SHO-BOND Holdings Co., Ltd.

7-8 Nihonbashihakozaki-cho, Chuo-ku, Tokyo 103-0015, Japan

TEL.+81-3-6892-7101 (Representative)

<https://www.sho-bondhd.jp/english/>