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Securities Code: 1414

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Start date of measures for electronic provision: September 1, 2023

To Shareholders with Voting Rights:

Tatsuya Kishimoto
Director and President
SHO-BOND Holdings Co., Ltd.
7-8, Hakozaki-cho, Nihonbashi,
Chuo-ku, Tokyo, Japan

NOTICE OF THE 16TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to announce the 16th Annual General Meeting of Shareholders of SHO-BOND Holdings Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts the information on each of the following websites. Please access either of the websites to review the information.

The Company’s website:

<https://www.sho-bondhd.jp/ir/stock/meeting/> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website by using the internet address shown above, enter “SHO-BOND Holdings” in “Issue name (company name)” or the Company’s securities code “1414” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

Instead of attending the meeting in person, you may exercise your voting rights via the Internet, etc. or in writing (postal mail). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by **5:30 p.m. on Tuesday, September 26, 2023 Japan time.**

- 1. Date and Time:** Wednesday, September 27, 2023 at 10 a.m. Japan time (reception will open at 9 a.m.)
- 2. Place:** “Royal Hall” on the 3rd floor of Royal Park Hotel, located at 2-1-1 Nihonbashi-Kakigara-cho, Chuo-ku, Tokyo, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 16th Fiscal Year (July 1, 2022 to June 30, 2023) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 16th Fiscal Year (July 1, 2022 to June 30, 2023)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Election of Four (4) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

Proposal No. 3: Election of Three (3) Directors Serving as Audit and Supervisory Committee Members

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- When attending the meeting, please submit the Voting Rights Exercise Form at the reception desk. Also, to conserve resources, please bring this convocation notice with you to the meeting.
 - If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company’s website and the TSE website.
 - In accordance with a revision of the Companies Act, in principle you are to check items subject to measures for electronic provision by accessing either of the websites, and we have decided to deliver paper-based documents stating the items only to shareholders who request the delivery of paper-based documents by the record date. However, for this general meeting of shareholders, we have delivered paper-based documents stating the items subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them.

Among the items subject to measure for electronic provision, the following items are not provided in the paper-based documents to be sent out as provided for by the provisions of laws and regulations and Article 14 of the Articles of Incorporation of the Company.

- (1) “Current Systems and Operational Procedures for Ensuring Appropriateness of Business Operations” of the Business Report
- (2) “Consolidated Statements of Changes in Net Assets” and “Notes on Consolidated Financial Statements” of the Consolidated Financial Statements
- (3) “Non-consolidated Statements of Changes in Net Assets” and “Notes on Non-consolidated Financial Statements” of the Non-consolidated Financial Statements

Therefore, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements included in such paper-based documents are part of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Committee in preparing the audit reports.

< Exercising Voting Rights via the Internet, Etc. >

Deadline for exercising your voting rights: All data entry to be completed no later than 5:30 p.m. on Tuesday, September 26, 2023 Japan time

1. Scanning the QR code

You can simply login to the website for exercising voting rights without entering your login ID and temporary password printed on the Voting Instructions Form.

- (1) Please scan the QR code located on the bottom right of the Voting Rights Exercise Form.

*QR code is a registered trademark of DENSO WAVE INCORPORATED.

- (2) Indicate your approval or disapproval by following the instructions on the screen.

- (Notes)
1. You can access the Voting Rights Exercise Website using your computer or smartphone. However, you will not be able to access the website from 2:30 a.m. to 4:30 a.m. Japan time each day during the exercise period.
 2. If you exercise your voting rights both via the Internet, etc. or in writing (postal mail), the one exercised via the Internet will be deemed valid. Furthermore, if you exercise your voting rights more than once via the Internet, etc., the last vote will be deemed valid.

<For inquiries about the system or other matters>	<For institutional investors>
Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation (Help desk) Telephone: 0120-173-027 (toll free within Japan) Service Hours: 9 a.m. – 9 p.m.	Nominee shareholders such as trust and custody services banks (including standing proxies) may use the Electronic Voting Platform operated by ICJ, Inc., provided that they have already filed applications for the use of the said platform.

2. Entering login ID and temporary password

Voting Rights Exercise Website <https://evote.tr.mufg.jp/> (in Japanese)

- (1) Access the Voting Rights Exercise Website.
- (2) Enter the login ID and temporary password described on the bottom right of the Voting Rights Exercise Form.
- (3) Please register a new password.
- (4) Indicate your approval or disapproval by following the instructions on the screen.

- (Notes)
1. Depending on the Internet usage environment on your PC or smartphone, you may not be able to access the Voting Rights Exercise Website.
 2. Costs (Internet connection charges, etc.) incurred in accessing the Voting Rights Exercise Website will be the responsibility of the shareholder.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

Regarding the appropriation of surplus, the Company hereby proposes as follows.

Matters concerning year-end dividend

The Company recognizes that returning profits to our shareholders is the most important issue for management, and we have a basic policy to conduct stable distribution in conjunction with our business performance.

Regarding the year-end dividend for the 16th fiscal year, the Company proposes a dividend of ¥75.00 per share, consisting of an ordinary dividend of ¥70.00 per share in line with the stipulation of its Medium-term Business Plan that the Company maintains a consolidated dividend payout ratio of 50% or more, and a commemorative dividend of ¥5.00 per share to express our gratitude to shareholders for their continuous support since SHO-BOND CORPORATION, the Company's consolidated subsidiary as well as a mainstay business company, celebrated its 65th anniversary (*) in June 2023.

As a result, the total annual dividend for the 16th fiscal year will be ¥127.00 per share, including the interim dividend of ¥52.00 per share.

(*) The Company was established as the wholly-owning parent company of SHO-BOND CORPORATION (established June 1958) through a share transfer on January 4, 2008.

(1) Type of dividend property
Cash

(2) Matters concerning allotment of dividend property to shareholders and the total amount
¥75.00 per share of common shares of the Company, for a total of ¥3,947,168,700

(3) Effective date of distribution of surplus
September 28, 2023

Proposal No. 2: Election of Four (4) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors serving as Audit and Supervisory Committee Members) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of four (4) Directors (excluding Directors serving as Audit and Supervisory Committee Members) is proposed.

This proposal was examined at the Audit and Supervisory Committee, in light of the examination at the Nomination and Remuneration Advisory Committee, and there were no particular matters on which to remark.

The candidates for Directors (excluding Directors serving as Audit and Supervisory Committee Members) are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Reelection Tatsuya Kishimoto	President and Representative Director	13/13 (100%)
2	Reelection Yasuhiro Sekiguchi	Director and General Manager of Corporate Planning Department	13/13 (100%)
3	Reelection Shigeru Naraoka	Director and General Manager of Sales Management Department	13/13 (100%)
4	New election Takayasu Shimada	—	—

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
1	<p>Tatsuya Kishimoto (April 8, 1963)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings during the fiscal year 13/13 (100%)</p>	<p>April 2001 Joined SHO-BOND CORPORATION</p> <p>April 2009 General Manager of Yokohama Branch</p> <p>April 2011 Director and Executive Officer, and General Manager of Kinki Regional Office</p> <p>July 2012 Senior Managing Director and General Manager of Kinki Regional Office</p> <p>September 2012 Director of the Company</p> <p>April 2013 Senior Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION</p> <p>April 2015 Executive Vice President and Director</p> <p>April 2017 President and Representative Director Director and General Manager of Corporate Planning Department of the Company</p> <p>May 2017 President of General Incorporated Foundation Ueda Memorial Foundation</p> <p>September 2017 President and Representative Director of the Company (current position)</p> <p>July 2021 President and Representative Director, and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION</p> <p>April 2023 President and Representative Director (current position)</p> <p>[Reasons for nomination as a candidate for Director] By exercising his leadership in the management team of the Company, he has taken the lead role in managing the Group by working to achieve sales strategies mainly based on his abundant experience in business and management at the Group companies. We once again propose to elect him as a Director based on the judgment that he is an appropriate person for achieving sustained growth and improvement in the corporate value of the Group as a whole.</p>	19,909 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
2	<p>Yasuhiro Sekiguchi (August 2, 1964)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings during the fiscal year 13/13 (100%)</p>	<p>April 1989 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2014 General Manager of Strategic Investment Division</p> <p>July 2017 Joined SHO-BOND CORPORATION Senior Advisor and General Manager of Corporate Administration Division Senior Advisor and General Manager of Public Relations Department of the Company</p> <p>December 2017 Director, Deputy General Manager of Corporate Administration Division and General Manager of Corporate Planning Department of SHO-BOND CORPORATION Executive Officer and General Manager of Corporate Planning Department of the Company</p> <p>September 2018 Director and General Manager of Corporate Planning Department (current position)</p> <p>April 2020 Managing Director, Deputy General Manager of Corporate Administration Division and General Manager of Corporate Planning Department of SHO-BOND CORPORATION</p> <p>July 2021 Managing Director, Deputy General Manager of Corporate Administration Division, General Manager of Corporate Planning Department, and General Manager of ESG Promotion Office, Corporate Planning Department</p> <p>September 2022 Managing Director, General Manager of Corporate Administration Division, General Manager of Corporate Planning Department, and General Manager of ESG Promotion Office, Corporate Planning Department</p> <p>July 2023 Managing Director, General Manager of Corporate Administration Division, and General Manager of Corporate Planning Department (current position)</p> <p>[Reasons for nomination as a candidate for Director] He has many years of experience at a financial institution, including overseas experience, and has extensive knowledge of financial accounting and corporate governance. We once again propose to elect him as a Director based on the judgment that he is an appropriate person for strengthening the Company's management team and achieving sustained growth and improvement in the corporate value of the Group.</p>	2,069 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
3	Shigeru Naraoka (August 2, 1961) Reelection Attendance at Board of Directors meetings during the fiscal year 13/13 (100%)	<p>May 1989 Joined SHO-BOND CORPORATION</p> <p>April 2010 General Manager of Chubu Regional Office</p> <p>April 2011 Executive Officer and General Manager of Chubu Regional Office</p> <p>July 2012 Director and Executive Officer, and General Manager of Chubu Regional Office</p> <p>April 2013 Executive Officer, and General Manager of Marketing and Sales Department, Marketing and Sales Division</p> <p>July 2016 Director and General Manager of Sales Management Department of SHO-BOND MATERIAL CO., LTD.</p> <p>April 2017 Director and General Manager of Marketing and Sales Department, Marketing and Sales Division of SHO- BOND CORPORATION</p> <p>April 2018 President and Representative Director of SHO-BOND MATERIAL CO., LTD. (current position)</p> <p>April 2019 Director and General Manager of Sales Management Department, Marketing and Sales Division of SHO- BOND CORPORATION</p> <p>September 2019 Director and General Manager of Sales Management Department of the Company (current position)</p> <p>[Reasons for nomination as a candidate for Director] As a person responsible for formulating strategies related to domestic and overseas sales, he has taken the lead role in managing the Group based on his abundant experience in business and management at the Group companies. We once again propose to elect him as a Director based on the judgment that he is an appropriate person for achieving sustained growth and improvement in the corporate value of the Group as a whole.</p>	5,564 shares
4	Takayasu Shimada (April 13, 1969) New election Attendance at Board of Directors meetings during the fiscal year —	<p>April 1992 Joined SHO-BOND CORPORATION</p> <p>April 2012 General Manager of Tokyo Branch</p> <p>April 2017 Executive Officer and General Manager of Chubu Regional Office</p> <p>April 2020 Director and General Manager of Chubu Regional Office</p> <p>April 2021 Director and General Manager of Shutoken Hokuriku Regional Office</p> <p>April 2023 Director, General Manager of Marketing and Sales Division, and General Manager of DX Promotion Office (current position)</p> <p>[Reasons for nomination as a candidate for Director] As a person responsible for formulating business strategies such as new businesses and partnerships with external organizations, he has taken the lead role in managing the Group based on his abundant experience in business and management at the Group companies. We newly propose to elect him as a Director based on the judgment that he is an appropriate person for achieving sustained growth and improvement in the corporate value of the Group as a whole.</p>	4,156 shares

- (Notes)
1. No material conflict of interest exists between the Company and any of the candidates for Director.
 2. The number of shares held shown above includes the number of shares held in the name of the officers' shareholding association of the Company.
 3. The Company has entered into a directors and officers liability insurance policy with an insurance company. Each of the candidates for Director is already an insured under the policy, and will continue to be such if they are reelected and assume position as Director. The policy is scheduled to be renewed in February 2024 with the same terms. An overview of this policy is provided in "4. Company Officers, (3) Overview of Details of Directors and Officers Liability Insurance Policy" of the Business Report.

Proposal No. 3: Election of Three (3) Directors Serving as Audit and Supervisory Committee Members

The terms of office of three (3) Directors serving as Audit and Supervisory Committee Members Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of three (3) Directors serving as Audit and Supervisory Committee Members is proposed.

The Audit and Supervisory Committee has given its consent to this Proposal.

The candidates for Directors serving as Audit and Supervisory Committee Members are as follows:

No.	Name	Current positions and responsibilities at the Company	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
1	Reelection Outside Independent Satoru Miura	Outside Director (Audit and Supervisory Committee Member)	13/13 (100%)	12/12 (100%)
2	Reelection Outside Independent Akira Hongo	Outside Director (Audit and Supervisory Committee Member)	13/13 (100%)	12/12 (100%)
3	Reelection Outside Independent Reiko Kuwano	Outside Director (Audit and Supervisory Committee Member)	13/13 (100%)	12/12 (100%)

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)		Number of shares of the Company held
1	<p>Satoru Miura (March 27, 1956)</p> <p>Reelection Outside Independent</p> <p>Attendance at Board of Directors meetings during the fiscal year 13/13 (100%)</p> <p>Attendance at Audit and Supervisory Committee meetings during the fiscal year 12/12 (100%)</p>	<p>April 1981 June 1990 February 2015</p> <p>March 2015 March 2017</p> <p>September 2017</p> <p>September 2021</p>	<p>Registered as certified public accountant (to present) Established Miura C.P.A. Office (to present) Outside Corporate Auditor of NODA CORPORATION (current position) Corporate Auditor of Toukei Computer Co., Ltd. Outside Director (Audit and Supervisory Committee Member) Outside Director (Audit and Supervisory Committee Member) of the Company (current position) Corporate Auditor of SHO-BOND CORPORATION</p>	—
		<p>[Reasons for nomination as a candidate for Director (Outside) serving as Audit and Supervisory Committee Member and overview of expected roles] We once again propose to elect him as a Director (Outside Director) serving as Audit and Supervisory Committee Member since he is expected to utilize his expertise and experience as a certified public accountant, and wealth of experience as a corporate accountant in strengthening the auditing system of the Company.</p>		
2	<p>Akira Hongo (December 20, 1959)</p> <p>Reelection Outside Independent</p> <p>Attendance at Board of Directors meetings during the fiscal year 13/13 (100%)</p> <p>Attendance at Audit and Supervisory Committee meetings during the fiscal year 12/12 (100%)</p>	<p>April 1988 April 1995 April 2010 September 2017</p>	<p>Registered as attorney at law (to present) Established Hongo sogo Law Office (to present) Professor of Keio University Law School (current position) Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p>	—
		<p>[Reasons for nomination as a candidate for Director (Outside) serving as Audit and Supervisory Committee Member and overview of expected roles] Aside for serving as an outside officer in the past, he does not have experience related to corporate management. However, we once again propose to elect him as a Director (Outside Director) serving as Audit and Supervisory Committee Member since he is expected to utilize his expertise and experience as an attorney at law, and wealth of experience as a corporate lawyer in strengthening the auditing system of the Company.</p>		

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
3	<p>Reiko Kuwano (November 14, 1962)</p> <p>Reelection Outside Independent</p> <p>Attendance at Board of Directors meetings during the fiscal year 13/13 (100%)</p> <p>Attendance at Audit and Supervisory Committee meetings during the fiscal year 12/12 (100%)</p>	<p>April 1989 Joined TAISEI CORPORATION</p> <p>March 1999 Research Associate of the University of Tokyo</p> <p>October 2001 Senior Researcher of Public Works Research Institute</p> <p>April 2006 Associate Professor, Institute of Industrial Science of the University of Tokyo</p> <p>July 2013 Professor (current position)</p> <p>September 2017 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>[Reasons for nomination as a candidate for Director (Outside) serving as Audit and Supervisory Committee Member and overview of expected roles] Aside for serving as an outside officer in the past, she does not have experience related to corporate management. However, we expect that her experience and deep academic knowledge of civil engineering developed by serving as a professor at University of Tokyo will be utilized in strengthening the auditing system of the Company. For this reason, we once again propose to elect her as a Director serving as Audit and Supervisory Committee Member (Outside Director).</p>	—

- (Notes)
1. No material conflict of interest exists between the Company and any of the candidates for Director serving as Audit and Supervisory Committee Members.
 2. Mr. Satoru Miura previously served as a non-executive officer (Corporate Auditor) of SHO-BOND CORPORATION, a subsidiary of the Company.
 3. Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano are candidates for Outside Director.
 4. Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano are currently Outside Directors serving as Audit and Supervisory Committee Members of the Company. Each of their terms in this position will be six years as of the conclusion of this General Meeting of Shareholders.
 5. The Company has designated Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano as independent officers stipulated by the Tokyo Stock Exchange, Inc. and registered them with the Exchange. If they are reelected at this General Meeting of Shareholders, the Company plans to continue to register them as independent officers.
 6. Based on the provisions of Article 427, paragraph (1) of the Companies Act, the Company has concluded liability limitation agreements with Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The limit for liability for damages under the agreements shall be the minimum liability amount as stipulated in laws and regulations. If they are reelected at this General Meeting of Shareholders, the Company plans to continue these agreements.
 7. The Company has entered into a directors and officers liability insurance policy with an insurance company. Each of the candidates for Director is already an insured under the policy, and will continue to be such if they are reelected and assume position as Director serving as Audit and Supervisory Committee Member. The policy is scheduled to be renewed in February 2024 with the same terms. An overview of this policy is provided in “4. Company Officers, (3) Overview of Details of Directors and Officers Liability Insurance Policy” of the Business Report.

If Proposals No. 2 and No. 3 are approved and adopted as originally proposed at this Annual General Meeting of Shareholders, the structure and expertise of the Board of Directors will be as follows:

[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	Yasuhiro Sekiguchi	Inside	○	○		○	○	
3	Shigeru Naraoka	Inside	○				○	○
4	Takayasu Shimada	Inside	○		○	○		
5	Shunya Tojo	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.

Skill items	Details
Corporate management	Contributes to management based on experience taking part in corporate management, making of significant corporate decisions, etc.
Finance/ Accounting	Contributes to management based on experience and knowledge related to finance and accounting
HR	HR refers to Human Resources Contributes to management based on knowledge and experience related to the formulation of human resource strategies, human resource development and training, diversity, working style reforms, etc.
Legal affairs/ compliance, Risk management	Contributes to management based on knowledge and experience related to legal affairs, compliance and risk management
Global	Contributes to management based on knowledge and experience related to overseas business development, etc.
Technology, R&D	R&D refers to Research and Development Contributes to management based on knowledge and experience related to technology and R&D

Business Report

(July 1, 2022 to June 30, 2023)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year ended June 30, 2023, the SHO-BOND Group (the “Group”)’s orders received were ¥77,945 million, down 18.9% year on year, due to a significant decrease in large-scale constructions orders from expressway companies. Net sales were ¥83,924 million, up 3.4% year on year, as a result of an increase in net sales of completed large-scale construction contracts from expressway companies where progress of construction was smooth, in addition to an increase in net sales of construction materials due to increased sales of expansion joints, couplings (pipe joints), and inorganic construction materials, etc. Also, orders received from national and local governments marginally surpassed those of the previous fiscal year, and we received a large-scale construction order worth approximately ¥6,500 million from Hanshin Expressway Company Limited in the fourth quarter, which contributed to reducing our order backlogs by 7.4% year on year to ¥74,323 million.

As for profits, in addition to the increased net sales, we managed to maintain a gross profit margin at the high level of 28.0%, allowing us to achieve an increase in gross profit, and the Group recorded operating profit of ¥18,124 million, up 5.0% year on year, and profit attributable to owners of parent of ¥12,887 million, up 4.2% year on year. As a result, both sales and profit rose for nine consecutive fiscal years.

Orders received, net sales and order backlogs by business segment are as follows.

(Orders received)		(Million yen unless otherwise stated)	
Category	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023	Change
Domestic construction business	92,692	74,294	(19.8)%
Other businesses	3,373	3,651	8.2%
Total	96,065	77,945	(18.9)%

(Net sales)		(Million yen unless otherwise stated)	
Category	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023	Change
Domestic construction business	77,820	80,273	3.2%
Other businesses	3,373	3,651	8.2%
Total	81,193	83,924	3.4%

(Order backlogs)		(Million yen unless otherwise stated)	
Category	As of June 30, 2022	As of June 30, 2023	Change
Domestic construction business	80,301	74,323	(7.4)%
Other businesses	—	—	—
Total	80,301	74,323	(7.4)%

(2) Capital Investments

Total amount of capital investments undertaken during the fiscal year ended June 30, 2023 was ¥1,178 million. This primarily consists of construction costs of the Kita-Nihon Regional Office, which was completed in June 2023.

(3) Financing

There is no relevant information.

(4) Trends in Assets and Income in the Current and Most Recent Three Fiscal Years

(Million yen unless otherwise stated)

Item	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	67,590	80,065	81,193	83,924
Operating profit	12,930	15,732	17,267	18,124
Profit attributable to owners of parent	9,005	11,340	12,366	12,887
Net income per share (Yen)	167.30	210.68	231.06	243.53
Total assets	102,667	109,807	117,423	122,280
Net assets	83,617	90,960	94,247	98,076
Net assets per share (Yen)	1,553.10	1,688.64	1,768.42	1,862.41
Return on equity (ROE) (%)	11.1	13.0	13.4	13.4

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended June 30, 2022, and the key management indices for the fiscal year ended June 30, 2022 and thereafter are those after applying the accounting standard and relevant ASBJ regulations.

(5) Material Subsidiaries

Company name	Capital (Million yen)	The Company's percentage of voting rights (%)	Principal business
SHO-BOND CORPORATION	10,100	100	Repairing and reinforcement of public structures
SHO-BOND MATERIAL CO., LTD.	230	100	Manufacturing and sales of construction materials and mechanical couplings

(6) Specified Wholly Owned Subsidiary

- 1) Name and address of a specified wholly owned subsidiary
SHO-BOND CORPORATION
7-8, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo
- 2) Total carrying amounts of the shares of the specified wholly owned subsidiary, owned by the Company and its wholly owned subsidiaries, etc. at the end of the fiscal year under review
¥39,523 million
- 3) Total amount recorded as assets in the balance sheets of the Company for the fiscal year under review
¥47,883 million

(7) Issues to be Addressed

In the “Medium-term Business Plan (the fiscal year ended June 30, 2022 - the fiscal year ending June 30, 2024),” we will work to achieve sustainable profit growth and the improvement of corporate value under the basic policy of “Honing our inherent strengths what it is that makes us SHO-BOND.” For the fiscal year ended June 30, 2022, we focused on proactive measures, including “upgrade the order receipt strategy utilizing the in-house company structure” and “more activities for large projects and construction work capability,” as business strategy measures. In the fiscal year ended June 30, 2023, we achieved steady results for “to become more competitive for capturing orders by developing human resources capable of adapting to changing markets,” “personnel system reforms that reflect the changing business environment,” and “a strong safety culture and rigorous on-site training” as stronger foundations for

growth. In particular, we think the achievement of zero fatal accidents, as well as frequency and severity rates for workplace accidents of zero, is the result of the Initiatives for Creating SHO-BOND Culture of Safety which has been implemented on a Group-wide basis. Additionally, at the end of July 2023, SHO-BOND & MIT Infrastructure Maintenance Corporation invested in Structural Technologies, LLC, one of the largest infrastructure maintenance providers in the U.S. We will deploy a wide range of maintenance methods cultivated in Japan not only through a local joint venture business in Thailand, but also in the U.S., where aging infrastructure has become a social issue.

In the domestic infrastructure maintenance market, which is the Group's main business sector, the "large-scale renewal and repair projects (renewal project)" that are executed by expressway companies and the "five-year acceleration measures for disaster prevention, disaster mitigation, and building national resilience" that are promoted by the national government are both expected to provide a continued environment of favorable orders. For the consolidated financial results forecast for the fiscal year ending June 30, 2024, net sales of ¥86,200 million, up 2.7% year on year, operating profit of ¥18,600 million, up 2.6% year on year, and profit attributable to owners of parent of ¥13,300 million, up 3.2% year on year, are projected. The construction orders received, particularly for large-scale expressway projects, are forecast to grow 17.2% to ¥81,000 million, so we will strive to build up an order backlog for the end of the fiscal year. For the capital policy, we will sell more cross-shareholdings and purchase ¥3,500 million of treasury shares in order to maintain a dividend payout ratio of 50% or more and a total return ratio of 75% or more.

We have started discussion on the next Medium-term Business Plan (fiscal year ending June 30, 2025 - fiscal year ending June 30, 2027). We will respond to the growth of infrastructure maintenance markets in Japan and overseas and to changes in the business environment around listed companies by utilizing the internal resource we have strengthened to date with the aim of realizing sustainable profit growth and stable shareholder returns going forward.

<Outline of Medium-term Business Plan (the fiscal year ended June 30, 2022 - the fiscal year ending June 30, 2024)>

1. Basic Policy

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

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

2. Financial targets

"Sustainable profit growth and the improvement of corporate value"

The Company will aim for sustainable growth of 10% or more over three years with the operating profit target of ¥17,500 million in the final year by increasing net sales further and maintaining the operating profit ratio at a high level. By continuing management that prioritizes capital efficiency, return on equity (ROE) will be maintained at 12% or more through the medium-term period.

Item	Fiscal year ended June 30, 2023 (Actual)	Fiscal year ending June 30, 2024 (Forecast)	Fiscal year ending June 30, 2024 (Medium-term Business Plan)
Net sales	¥83.92 billion	¥86.2 billion	¥87.5 billion
Operating profit	¥18.12 billion	¥18.6 billion	¥17.5 billion
Profit	¥12.88 billion	¥13.3 billion	¥12.0 billion
Return on equity (ROE)	13.4%	Approx. 13%	12%

3. Capital policy

“Purchase of treasury shares of ¥10,000 million over three years”

About dividends for the continuous and stable return of profits, the Company will aim to steadily increase the dividend amount per share by maintaining a dividend payout ratio of 50% or more. Additionally, the Company will purchase ¥10,000 million of treasury shares over three years, and maintain a total return ratio of 75% or more. The Company will reduce the ratio of cross-shareholdings to net assets by selling 20% on a fair value basis.

Item	Fiscal year ended June 30, 2023 (Actual)	Fiscal year ending June 30, 2024 (Forecast)	Fiscal year ending June 30, 2024 (Medium-term Business Plan)
Dividend payout ratio	52.1% (Excluding commemorative dividend: 50.1%)	50% or more	50% or more
Total return ratio	79.1% (Excluding commemorative dividend: 77.1%)	75% or more	75% or more

(8) Principal Business (as of June 30, 2023)

Principal business	Principal works and products
Domestic construction business	Repairing and reinforcement of public structures and sales of related products Principal works: repairing of bridges, reinforcement of bridges, antiseismic reinforcement of bridges, antiseismic reinforcement of buildings, repairing and reinforcement of other structures (tunnels, water and sewage services, and ports, etc.) Principal products: SENDAN-STOPPER, KANSHO-CHAIN, BM-S Damper, KT Brace, AI Joint, ST Joint
Other businesses	Manufacturing and sales of mechanical couplings, and manufacturing and sales of construction materials Principal products: Straub Coupling, SHO-BOND Grout #101 and #202 (concrete adhesive), impregnating and water repellent material for deck slabs, CPJ-L

(9) Principal Sales Offices and Factories (as of June 30, 2023)

Company name	Principal locations
The Company	Head Office (Chuo-ku, Tokyo)
SHO-BOND CORPORATION	Head Office (Chuo-ku, Tokyo), Kita-Nihon Regional Office (Sendai City, Miyagi Prefecture), Shutoken Hokuriku Regional Office (Koto-ku, Tokyo), Chubu Regional Office (Nagoya City, Aichi Prefecture), Kinki Regional Office (Osaka City, Osaka Prefecture), Nishi-Nihon Regional Office (Hiroshima City, Hiroshima Prefecture), Technical Research Institute (Tsukuba City, Ibaraki Prefecture)
SHO-BOND MATERIAL CO., LTD.	Head Office and Kawagoe Factory (Kawagoe City, Saitama Prefecture), Misato Factory (Misato City, Saitama Prefecture)

(10) Employees (as of June 30, 2023)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
985	+34

2) Employees of the Company

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
12	+3	53.1	21.8

- (Notes)
1. The number of employees refers solely to full-time employees.
 2. Average years of service are the total number of years of service within the Group companies.

2. Status of Shares (as of June 30, 2023)

- (1) Total number of shares authorized to be issued 120,000,000 shares
- (2) Total number of issued shares 56,745,180 shares
(including 4,116,264 treasury shares)
- (3) Number of shareholders 11,869 persons
- (4) Major shareholders (major 10 shareholders)

Shareholder name	Number of shares	Shareholding ratio
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	6,548	12.45
SSBTC CLIENT OMNIBUS ACCOUNT	6,118	11.63
General Incorporated Foundation Ueda Memorial Foundation	5,408	10.28
Custody Bank of Japan, Ltd. (Trust account)	3,826	7.27
MUFG Bank, Ltd.	2,658	5.05
The Dai-ichi Life Insurance Company, Limited	2,420	4.60
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,874	3.56
Meiji Yasuda Life Insurance Company	1,584	3.01
Custody Bank of Japan, Ltd. (Trust account 4)	1,456	2.76
Sompo Japan Insurance Inc.	612	1.16

- (Notes) 1. Treasury shares (4,116,264 shares) are excluded in the calculation of the shareholding ratio.
2. Number of shares less than one thousand has been omitted.
3. Although statements of large-volume holdings have been filed as follows, the Company recorded shareholdings in accordance with the shareholders' register as of June 30, 2023.
- Sumitomo Mitsui Trust Asset Management Co., Ltd. and one joint holder 3,186,100 shares (as of June 21, 2023)

3. Share Subscription Rights of the Company

There is no relevant information.

4. Company Officers

(1) Directors (as of June 30, 2023)

Position in the Company	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tatsuya Kishimoto	President and Representative Director of SHO-BOND CORPORATION
Director	Koyo Takeo	General Manager of Technology Promotion Department Executive Vice President and Representative Director, and Director of Technical Research Institute of SHO-BOND CORPORATION
Director	Yasuhiro Sekiguchi	General Manager of Corporate Planning Department Managing Director, General Manager of Corporate Administration Division, General Manager of Corporate Planning Department, and General Manager of ESG Promotion Office, Corporate Planning Department of SHO-BOND CORPORATION
Director	Shigeru Naraoka	General Manager of Sales Management Department of the Company President and Representative Director of SHO-BOND MATERIAL CO., LTD.
Director (Full-time Audit and Supervisory Committee Member)	Shunya Tojo	
Director (Audit and Supervisory Committee Member)	Satoru Miura	Representative of Miura C.P.A. Office Outside Corporate Auditor of NODA CORPORATION
Director (Audit and Supervisory Committee Member)	Akira Hongo	Representative of Hongo sogo Law Office Professor of Keio University Law School
Director (Audit and Supervisory Committee Member)	Reiko Kuwano	Professor, Institute of Industrial Science of the University of Tokyo

- (Notes)
1. Directors Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano are Outside Directors.
 2. Director serving as Audit and Supervisory Committee Member Mr. Shunya Tojo assumed office of Full-time Audit and Supervisory Committee Member through a mutual vote by Audit and Supervisory Committee Members at the Audit and Supervisory Committee after the 15th Annual General Meeting of Shareholders on September 28, 2022. The Company elects a Full-time Audit and Supervisory Committee Member with an aim to ensure an effective system for audit and supervision by allocating a person well-versed in the internal affairs and having him/her access necessary information through close cooperation with the internal auditing department, etc.
 3. The Company has designated Directors Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano as independent officers stipulated by the Tokyo Stock Exchange, Inc. and registered them with the Exchange.
 4. Director serving as Audit and Supervisory Committee Member Mr. Satoru Miura is a certified public accountant, and has considerable insight on financing and accounting.

(2) Overview of the Liability Limitation Agreements

The Company has concluded liability limitation agreements with each of the Outside Directors to limit their liability for damages under Article 423, paragraph (1) of the Companies Act. The limit for liability for damages under the agreements shall be the minimum liability amount as stipulated in laws and regulations.

(3) Overview of Details of Directors and Officers Liability Insurance Policy

In accordance with Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. The scope of the insureds under this policy includes Directors of the Company and its subsidiaries listed in “1. Overview of the Corporate Group, (5) Material Subsidiaries” of the Business Report, and the insureds bear approximately 10% of the insurance premiums.

The policy covers losses, such as amount of indemnification and litigation expenses, incurred in cases where an insured receives claims for damages from the Company’s shareholders or a third party. However, in order not to impair the appropriateness of duty execution by the insureds, there are certain reasons for coverage exclusion, such as performance of an illegal act with full knowledge of its illegality.

(4) Compensation, etc., to Directors

1) Policy, etc. regarding decisions on the details of compensation for directors (and other officers)

At the Board of Directors, the Company resolved the policy regarding decisions on the details of the compensation, etc. for each individual 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 subsidiaries, and multiplying it by the monthly compensation amount 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 after consulting the Nomination and Remuneration Advisory Committee, which comprises the Company’s Outside Directors and the President and Representative Director.

In determining the details of individual compensation, etc. for Directors pertaining to the fiscal year ended June 30, 2023, the Company judged that it is in line with this policy as the Nomination and Remuneration Advisory Committee carried out a multifaceted investigation of the original proposal, and the Board of Directors made the determination after taking into consideration the report from the Nomination and Remuneration Advisory Committee.

2) Total amount of compensation, etc. for the fiscal year ended June 30, 2023

(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 [–]	85 [–]	85 [–]
Directors (Audit and Supervisory Committee Members) [of which, Outside Directors]	4 [3]	41 [21]	41 [21]
Total	9 [3]	127 [21]	127 [21]

(Note) The upper limit on compensation to Directors (excluding Directors serving as Audit and Supervisory Committee Members) is ¥350 million per year (not including employee salaries), and the upper limit on compensation to Directors serving as Audit and Supervisory Committee Members is ¥50 million per year, both of which were resolved at the 8th Annual General Meeting of Shareholders held on September 25, 2015. The number of Directors at the conclusion of this Annual General Meeting of Shareholders was six (6) (including zero (0) Outside Directors), and the number of Directors serving as Audit and Supervisory

Committee Members was three (3) (including two (2) Outside Directors).

(5) Outside Officers

Outside Directors (Audit and Supervisory Committee Members)

- 1) Significant concurrent positions at other companies and the relationship between the Company and such other companies

Director Mr. Satoru Miura is a Representative of Miura C.P.A. Office and an Outside Corporate Auditor of NODA CORPORATION. There are no significant transactions or other relationships between the Company and the accounting office or the company.

Director Mr. Akira Hongo is a Representative of Hongo sogo Law Office and a Professor of Keio University Law School. There are no significant transactions or other relationships between the Company and the law firm or the university.

Director Ms. Reiko Kuwano is a Professor of Institute of Industrial Science of the University of Tokyo. There are no significant transactions or other relationships between the Company and the institute.

- 2) Main activities during the fiscal year

Title	Name	Board of Directors meeting (13 meetings held)		Audit and Supervisory Committee meeting (12 meetings held)	
		Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate
Director (Audit and Supervisory Committee Member)	Satoru Miura	13	100%	12	100%
Director (Audit and Supervisory Committee Member)	Akira Hongo	13	100%	12	100%
Director (Audit and Supervisory Committee Member)	Reiko Kuwano	13	100%	12	100%

- 3) Overview of the duties carried out in the expected roles as an Outside Director

Director Mr. Satoru Miura made necessary statements concerning deliberations on agenda items at the Board of Directors and Audit and Supervisory Committee that he attended based on his expertise and experience as a certified public accountant, and his wealth of experience, etc. as a corporate accountant. Furthermore, serving as a Nomination and Remuneration Advisory Committee member, he was responsible for the supervision of the selection of candidates for directors (and other officers) of the Company, and the determination process of compensation for directors (and other officers) from an objective and neutral point of view at the Committee meetings attended.

Director Mr. Akira Hongo made necessary statements concerning deliberations on agenda items at the Board of Directors and Audit and Supervisory Committee that he attended based on his expertise and experience as an attorney at law, and his wealth of experience, etc. as a corporate lawyer. Furthermore, serving as Chairperson of the Nomination and Remuneration Advisory Committee, he led the supervision of the selection of candidates for directors (and other officers) of the Company, and the determination process of compensation for directors (and other officers) from an objective and neutral point of view at the Committee meetings attended.

Director Ms. Reiko Kuwano made necessary statements concerning deliberations on agenda items at the Board of Directors and Audit and Supervisory Committee that she attended based on her experience and deep academic knowledge of civil engineering developed by serving as a professor at University of Tokyo. Furthermore, serving as a Nomination and Remuneration Advisory Committee member, she was responsible for the supervision of the selection of candidates for

directors (and other officers) of the Company, and the determination process of compensation for directors (and other officers) from an objective and neutral point of view at the Committee meetings attended.

5. Accounting Auditor

(1) Accounting Auditor's Name

Wako Audit Corporation

(2) Compensation, etc. for the Fiscal Year Ended June 30, 2023 (Million yen)

	Amount of compensation
Accounting Auditor's compensation, etc., for the fiscal year ended June 30, 2023	8
Cash and other assets payable by the Company and its subsidiaries to Accounting Auditor	28

(Note) Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects the total compensation.

- Consent to the amount of compensation for Accounting Auditor

The Audit and Supervisory Committee has examined the analysis and evaluation on the audit results for the previous fiscal year, allocation of time and staff in audit plans, the status of the performance of duties of the Accounting Auditor, and the appropriateness of the estimated compensation, etc., in light of the "Practical guidelines for cooperation with the accounting auditors" announced by Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association. As a result of this examination, the Audit and Supervisory Committee has given consent to the amount of compensation for the Accounting Auditor as stipulated in Article 399, paragraph (1) of the Companies Act.

(3) Description of Non-audit Services

There is no relevant information.

(4) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the clauses of Article 340, paragraph (1) of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit and Supervisory Committee Members. In addition, should the Accounting Auditor be deemed unable to execute its duties properly or should the replacement of the Accounting Auditor be deemed reasonable, the Audit and Supervisory Committee shall decide on the details of the proposal to be submitted to the General Meeting of Shareholders regarding the termination or nonrenewal of appointment of Accounting Auditor.

(Note) Amounts in this Business Report are rounded down to the nearest presented unit, while ratios and other figures are rounded off to the nearest unit.

Consolidated Balance Sheets

(As of June 30, 2023)

(Million yen)

Assets		Liabilities	
Current assets	92,918	Current liabilities	22,090
Cash and deposits	17,588	Notes payable, accounts payable for construction contracts and other	7,561
Notes receivable, accounts receivable from completed construction contracts and other	61,651	Electronically recorded obligations - operating	4,093
Electronically recorded monetary claims - operating	1,434	Income taxes payable	3,365
Securities	7,468	Advances received on construction contracts in progress	2,851
Costs on construction contracts in progress	35	Provision for bonuses for directors (and other officers)	289
Other inventories	1,052	Provision for warranties for completed construction	241
Other	3,709	Provision for loss on construction contracts	129
Allowance for doubtful accounts	(21)	Other	3,558
Non-current assets	29,361	Non-current liabilities	2,113
Property, plant and equipment	14,992	Deferred tax liabilities	377
Buildings and structures	5,322	Provision for warranties for completed construction	347
Machinery, equipment and vehicles	277	Provision for retirement benefits for directors (and other officers)	22
Tools, furniture and fixtures	269	Retirement benefit liability	1,272
Land	9,033	Other	95
Leased assets	47	Total liabilities	24,203
Construction in progress	41	Net assets	
Intangible assets	571	Shareholders' equity	96,334
Goodwill	328	Share capital	5,000
Other	242	Capital surplus	34,762
Investments and other assets	13,798	Retained earnings	65,589
Investment securities	11,242	Treasury shares	(9,017)
Retirement benefit asset	752	Accumulated other comprehensive income	1,682
Deferred tax assets	283	Valuation difference on available-for-sale securities	3,261
Deferred tax assets on revaluation on land	668	Revaluation reserve for land	(1,515)
Other	869	Foreign currency translation adjustment	59
Allowance for doubtful accounts	(17)	Remeasurements of defined benefit plans	(122)
		Non-controlling interests	60
		Total net assets	98,076
Total assets	122,280	Total liabilities and net assets	122,280

Consolidated Statements of Income

(July 1, 2022 to June 30, 2023)

(Million yen)

Net sales		83,924
Cost of sales		60,453
Gross profit		23,470
Selling, general and administrative expenses		5,346
Operating profit		18,124
Non-operating income		581
Interest income	20	
Dividend income	250	
Insurance claim income	230	
Rental income	31	
Other	47	
Non-operating expenses		68
Commission expenses	21	
Rental expenses	12	
Share of loss of entities accounted for using equity method	16	
Other	17	
Ordinary profit		18,637
Extraordinary income		357
Gain on sale of non-current assets	18	
Gain on sale of investment securities	339	
Extraordinary losses		2
Loss on retirement of non-current assets	1	
Loss on sale of investment securities	1	
Profit before income taxes		18,992
Income taxes - current	6,098	
Income taxes - deferred	42	6,140
Profit		12,851
Loss attributable to non-controlling interests		(36)
Profit attributable to owners of parent		12,887

Non-consolidated Balance Sheets

(As of June 30, 2023)

(Million yen)

Assets		Liabilities	
Current assets	7,604	Current liabilities	62
Cash and deposits	5,531	Accounts payable - other	13
Prepaid expenses	1	Accrued expenses	4
Income taxes receivable	2,071	Dividends payable	24
Non-current assets	40,279	Other	20
Property, plant and equipment	0	Non-current liabilities	0
Intangible assets	2	Provision for retirement	0
Investments and other assets	40,276	benefits	
Shares of subsidiaries and		Total liabilities	62
associates	40,266	Net assets	
Prepaid pension costs	1	Shareholders' equity	47,821
Deferred tax assets	7	Share capital	5,000
Other	1	Capital surplus	34,583
		Legal capital surplus	1,250
		Other capital surplus	33,333
		Retained earnings	17,254
		Other retained earnings	17,254
		Retained earnings brought	
		forward	17,254
		Treasury shares	(9,017)
		Total net assets	47,821
Total assets	47,883	Total liabilities and net assets	47,883

Non-consolidated Statements of Income

(July 1, 2022 to June 30, 2023)

(Million yen)

Operating revenue		10,658
Operating expenses		385
Operating profit		10,273
Non-operating income		30
Interest income	21	
Other	7	
Non-operating expenses		7
Commission expenses	6	
Other	0	
Ordinary profit		10,295
Profit before income taxes		10,295
Income taxes - current	10	
Income taxes - deferred	(2)	8
Profit		10,287

Accounting Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report (English Translation)

August 16, 2023

To the Board of Directors SHO-BOND Holdings Co., Ltd.

Wako Audit Corporation
Chiyoda-ku, Tokyo, Japan
Yutaka Oshima, CPA
Representative Partner and Engagement Partner
Shogo Otsuka, CPA
Representative Partner and Engagement Partner

Auditors' Opinion

We have audited, pursuant to Article 444, paragraph (4) of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the notes on consolidated financial statements of SHO-BOND Holdings Co., Ltd. (hereinafter referred to as the "Company") for the consolidated fiscal year from July 1, 2022 to June 30, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SHO-BOND Holdings Co., Ltd. and its consolidated subsidiaries (hereinafter referred to as the "Group") as of June 30, 2023 and the consolidated result of their operations for the year then ended in conformity with accounting standards generally accepted in Japan.

Basis for Auditors' Opinion

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

Emphasis of Matter

1. As described in Notes to Material Subsequent Events in the Notes on Consolidated Financial Statements, the Company resolved the matter pertaining to the purchase of treasury shares at the Board of Directors on August 10, 2023.
2. As described in Notes to Material Subsequent Events in the Notes on Consolidated Financial Statements, on July 31, 2023, consolidated subsidiary SHO-BOND & MIT Infrastructure Maintenance Corporation acquired a membership interest in Structural Technologies, LLC through its consolidated subsidiary SHO-BOND & MIT USA, INC.

These matters do not have any impact on our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the maintenance and

operation of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting standards generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation and maintenance of the Group's financial reporting process.

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

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the consolidated financial statements to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our auditors' opinion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Relationship of Interest

The Group has no interests in or relationships with the Auditor or its engagement partners which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to Readers:

The original consolidated financial statements, which consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the notes on consolidated financial statements, are written in Japanese.

Accounting Auditor's Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report (English Translation)

August 16, 2023

To the Board of Directors SHO-BOND Holdings Co., Ltd.

Wako Audit Corporation
Chiyoda-ku, Tokyo, Japan
Yutaka Oshima, CPA
Representative Partner and Engagement Partner
Shogo Otsuka, CPA
Representative Partner and Engagement Partner

Auditors' Opinion

We have audited, pursuant to Article 436, paragraph (2), item (i) of the Companies Act, the non-consolidated financial statements, which consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, the notes on non-consolidated financial statements and the supplemental schedules thereof (hereinafter referred to as the "non-consolidated financial statements, etc.") of SHO-BOND Holdings Co., Ltd. (hereinafter referred to as the "Company") for the 16th fiscal year from July 1, 2022 to June 30, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and the result of its operation for the year then ended in conformity with accounting standards generally accepted in Japan.

Basis for Auditors' Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

1. As described in Notes to Material Subsequent Events in the Notes on Non-consolidated Financial Statements, the Company resolved the matter pertaining to the purchase of treasury shares at the Board of Directors on August 10, 2023.
2. As described in Notes to Material Subsequent Events in the Notes on Non-consolidated Financial Statements, the Company increased the capital of consolidated subsidiary SHO-BOND & MIT Infrastructure Maintenance Corporation on July 27, 2023, based on a resolution of the Board of Directors on June 20, 2023.

These matters do not have any impact on our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit and Supervisory Committee is responsible for overseeing the Directors' performance of their duties with regard to the maintenance and

operation of the reporting process for the other information.

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of non-consolidated financial statements, etc. in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of the Company's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern in accordance with accounting standards generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements, etc.

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected to be applied depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of auditing the non-consolidated financial statements to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, etc., including the notes thereto, and whether the non-consolidated financial statements, etc. represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Relationship of Interest

The Company has no interests in or relationships with the Auditor or its engagement partners which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notice to Readers:

The original non-consolidated financial statements, which consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, the notes on non-consolidated financial statements and the supplemental schedules thereof, are written in Japanese.

Audit and Supervisory Committee's Audit Report

Audit Report

(English Translation)

The Audit and Supervisory Committee audited the performance of duties by the Directors for the 16th fiscal year from July 1, 2022 to June 30, 2023. The Audit and Supervisory Committee hereby reports on the methods and results thereof.

1 Auditing Methods and its Detail

Regarding the content of the resolutions by the Board of Directors concerning the matters stipulated in Article 399-13, paragraph (1), item (i) (b) and (c) of the Companies Act, as well as the system (internal control system) established based on such resolutions, the Audit and Supervisory Committee checked the status of establishment and operation reported to the Board of Directors on a regular basis, sought explanations and expressed opinions as necessary, and conducted audits by following the method below.

- (i) We followed the auditing policies, allocation of duties and other relevant matters for the fiscal year under review, and, in cooperation with the corporate auditors of core subsidiaries, internal auditing departments, and departments responsible for internal controls, participated in and observed important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important approval documents and associated information, and checked the operations and financial positions at the Company and its subsidiaries.
- (ii) Furthermore, we monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “the system for ensuring that their duties are performed properly” (matters set forth in each item of Article 131 of the Company Accounting Ordinance) had been prepared in accordance with the Quality Control Standards for Audit (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the business report and accompanying supplemental schedules, non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes on non-consolidated financial statements) and the accompanying supplemental schedules, as well as consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes on consolidated financial statements) related to the relevant fiscal year.

2 Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- (i) In our opinion, the business report and the accompanying supplemental schedules are in accordance with the related laws and regulations, and Articles of Incorporation, and fairly represent the Company's condition.
- (ii) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
- (iii) In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal controls system.

(2) Results of Audit of Non-consolidated Financial Statements and Accompanying Supplemental Schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Wako Audit Corporation are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Wako Audit Corporation are fair and reasonable.

August 17, 2023

Audit and Supervisory Committee, SHO-BOND Holdings Co., Ltd.

Full-time Audit and Supervisory Committee Member	Shunya Tojo
Audit and Supervisory Committee Member	Satoru Miura
Audit and Supervisory Committee Member	Akira Hongo
Audit and Supervisory Committee Member	Reiko Kuwano

(Note) Audit and Supervisory Committee Members Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano are Outside Directors as stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.