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To Shareholders with Voting Rights:

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

**NOTICE OF
THE 17TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We are pleased to announce the 17th 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 Wednesday, September 25, 2024 Japan time.**

- 1. Date and Time:** Thursday, September 26, 2024 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 17th Fiscal Year (July 1, 2023 to June 30, 2024) 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 17th Fiscal Year (July 1, 2023 to June 30, 2024)

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 One (1) Director Serving as Audit and Supervisory Committee Member

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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 Wednesday, September 25, 2024 Japan time

1. Scanning the QR code

You can simply log into 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) 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 17th fiscal year, the Company proposes a dividend of ¥84.00 per share, which is calculated after subtracting the interim dividend of ¥55.00 from the annual dividend amount of ¥139.00 per share, as the Company is maintaining a consolidated dividend payout ratio of 50% or more in accordance with the Medium-term Business Plan.

- (1) Type of dividend property
Cash
- (2) Matters concerning allotment of dividend property to shareholders and the total amount
¥84.00 per share of common shares of the Company, for a total of ¥4,371,216,780
- (3) Effective date of distribution of surplus
September 27, 2024

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	12/12 (100%)
2	Reelection Yasuhiro Sekiguchi	Managing Director of Corporate Administration, and General Manager of Corporate Planning Department	11/12 (91%)
3	Reelection Takayasu Shimada	Director of Business Strategies	9/9 (100%)
4	New election Setsu Arai	—	—

(Note) Since Takayasu Shimada assumed office as Director at the 16th Annual General Meeting of Shareholders held on September 27, 2023, the number of Board of Directors meetings he was expected to attend is different from that of other candidates for Directors.

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 12/12 (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>	21,165 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 data-bbox="188 869 413 936">Yasuhiro Sekiguchi (August 2, 1964)</p> <p data-bbox="248 958 352 981">Reelection</p> <p data-bbox="193 1010 408 1115">Attendance at Board of Directors meetings during the fiscal year 11/12 (91%)</p>	<p data-bbox="437 304 1219 365">April 1989 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p data-bbox="437 371 1203 398">May 2014 General Manager of Strategic Investment Division</p> <p data-bbox="437 405 1283 555">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 data-bbox="437 562 1235 748">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 data-bbox="437 754 1235 815">September 2018 Director and General Manager of Corporate Planning Department of the Company</p> <p data-bbox="437 822 1283 943">April 2020 Managing Director, Deputy General Manager of Corporate Administration Division and General Manager of Corporate Planning Department of SHO-BOND CORPORATION</p> <p data-bbox="437 949 1283 1077">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 data-bbox="437 1084 1267 1205">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 data-bbox="437 1211 1203 1294">July 2023 Managing Director, General Manager of Corporate Administration Division, and General Manager of Corporate Planning Department</p> <p data-bbox="437 1301 1283 1458">September 2023 Managing Director and General Manager of Corporate Administration Division (current position) Managing Director of Corporate Administration, and General Manager of Corporate Planning Department of the Company (current position)</p>	2,498 shares
<p data-bbox="437 1480 1027 1507">[Reasons for nomination as a candidate for Director]</p> <p data-bbox="437 1514 1458 1671">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>			

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
3	Takayasu Shimada (April 13, 1969) Reelection Attendance at Board of Directors meetings during the fiscal year 9/9 (100%)	<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</p> <p>September 2023 Managing Director, General Manager of Marketing and Sales Division, and General Manager of DX Promotion Office</p> <p>Director of Business Strategies of the Company (current position)</p> <p>April 2024 Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION (current position)</p>	4,506 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>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 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>			
4	Setsu Arai (June 14, 1971) New election Attendance at Board of Directors meetings during the fiscal year —	<p>April 1995 Joined SHO-BOND CORPORATION</p> <p>April 2019 General Manager of Marketing and Sales Department, Marketing and Sales Division</p> <p>April 2021 Executive Officer and General Manager of Kinki Regional Office</p> <p>April 2023 Senior Executive Officer and General Manager of Shutoken Hokuriku Regional Office</p> <p>September 2023 Director and General Manager of Shutoken Hokuriku Regional Office</p> <p>April 2024 Director and General Manager of Overseas Business Department (current position)</p>	1,742 shares
<p>[Reasons for nomination as a candidate for Director]</p> <p>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 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>			

- (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 2025 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 One (1) Director Serving as Audit and Supervisory Committee Member

The terms of office of one (1) Director serving as Audit and Supervisory Committee Member Mr. Shunya Tojo will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one (1) Director serving as Audit and Supervisory Committee Member is proposed.

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

The candidate for Director serving as Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Past experience, positions and responsibilities at the Company (significant concurrent positions)		Number of shares of the Company held
<p>Noriyuki Hosaka (December 24, 1960)</p> <p>New election</p> <p>Attendance at Board of Directors meetings during the fiscal year —</p> <p>Attendance at Audit and Supervisory Committee meetings during the fiscal year —</p>	April 1981	Joined SHO-BOND CORPORATION	11,484 shares
	April 2011	General Manager of Kanto Branch	
	April 2013	Executive Officer and General Manager of Kita-Nihon Regional Office	
	April 2015	Director and General Manager of Kita-Nihon Regional Office	
	October 2017	Director and General Manager of Shutoken Hokuriku Regional Office	
	April 2018	Managing Director and General Manager of Shutoken Hokuriku Regional Office	
	April 2020	Managing Director, General Manager of the East Japan In-house Company, and General Manager of Shutoken Hokuriku Regional Office	
	April 2021	Managing Director and General Manager of the East Japan In-house Company	
April 2023	Senior Managing Director and General Manager of the East Japan In-house Company (current position)		
<p>[Reasons for nomination as a candidate for Director serving as Audit and Supervisory Committee Member]</p> <p>We newly propose to elect him as a Director serving as a member of the Audit and Supervisory Committee since he is expected to utilize his deep insight in sales, construction, and technology, and wealth of experience with regard to managing the Company Group as the head of its domestic construction business division, to strengthen the Company's auditing system.</p>			

- (Notes)
1. No material conflict of interest exists between the Company and the candidate for Director serving as Audit and Supervisory Committee Member.
 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. The candidate for Director is already an insured under the policy, and will continue to be such if he is elected and assumes position as Director serving as Audit and Supervisory Committee Member. The policy is scheduled to be renewed in February 2025 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	Takayasu Shimada	Inside	○		○	○		
4	Setsu Arai	Inside	○	○			○	
5	Noriyuki Hosaka	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, 2023 to June 30, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

As for the consolidated performance of our group during the fiscal year under review, orders received increased 30.0% from the previous fiscal year to ¥101,324 million as a result of steady orders received for large-scale constructions from expressway companies throughout the fiscal year, as well as a year-on-year increase in orders acquired from national and local governments. Net sales were ¥85,419 million, up 1.8% year on year, due to steady progress in the construction mainly in large-scale constructions of expressway companies. Order backlog was ¥90,228 million, up 21.4% year on year, as orders received significantly exceeded net sales.

As for profits, the gross profit margin rose further, from 28.0% in the previous year to 29.7%, due to increased net sales and obtaining design changes, resulting in a significantly increased gross profit margin, and the Group recorded operating profit of ¥19,666 million, up 8.5% year on year, and profit attributable to owners of parent was ¥14,321 million, up 11.1% year on year. As a result, both sales and profit have increased 10 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, 2023	Fiscal year ended June 30, 2024	Change
Domestic construction business	74,294	97,248	30.9%
Other businesses	3,651	4,076	11.6%
Total	77,945	101,324	30.0%

(Net sales) (Million yen unless otherwise stated)

Category	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Change
Domestic construction business	80,273	81,343	1.3%
Other businesses	3,651	4,076	11.6%
Total	83,924	85,419	1.8%

(Order backlogs) (Million yen unless otherwise stated)

Category	As of June 30, 2023	As of June 30, 2024	Change
Domestic construction business	74,323	90,228	21.4%
Other businesses	—	—	—
Total	74,323	90,228	21.4%

(2) Capital Investments

Total amount of capital investments undertaken during the fiscal year ended June 30, 2024 was ¥1,075 million. This primarily consists of construction costs of the Yashio Factory, which is to be completed in the fiscal year ending June 30, 2026.

(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, 2021	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024
Net sales	80,065	81,193	83,924	85,419
Operating profit	15,732	17,267	18,124	19,666
Profit attributable to owners of parent	11,340	12,366	12,887	14,321
Net income per share (Yen)	210.68	231.06	243.53	273.73
Total assets	109,807	117,423	122,280	130,141
Net assets	90,960	94,247	98,076	104,425
Net assets per share (Yen)	1,688.64	1,768.42	1,862.41	1,981.15
Return on equity (ROE) (%)	13.0	13.4	13.4	14.2

(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

¥46,301 million

(7) Issues to be Addressed

The construction industry is faced with social issues such as the “realization of a decarbonized society,” “declining birthrate, aging population, and declining working population,” “accelerated aging of infrastructure,” “increasingly severe and frequent natural disasters,” and “rising material prices and labor costs.” Among others, “accelerated aging of infrastructure,” and “increasingly severe and frequent natural disasters” are especially important for the Company, which specializes in the maintenance of social infrastructure. For these social issues, initiatives based on the Basic Plan for Extending Service Life of Infrastructure and the Fundamental Plan for National Resilience are being implemented nationwide in

Japan. In 2023, the revised Basic Act for National Resilience made it obligatory to prepare an “implementation mid-term plan” containing budgetary measures. Given such trends of public policies, we expect the order environment in the infrastructure maintenance market to remain favorable.

In our recently formulated Medium-term Business Plan 2027 (from the fiscal year ending June 30, 2025 to the fiscal year ending June 30, 2027), we have set a basic policy of “Enhancing corporate value in pursuit of economic efficiency and social progress.” In the domestic infrastructure maintenance market, particularly the road field, we will achieve steady increases in both sales and profit by further developing previous initiatives and stably forming order backlog based on the order-receipt strategy focusing on total optimization. Additionally, to strengthen our future earning power, we work on insourcing special constructions by affiliate companies, business and capital alliances with other companies, and participation in new initiatives of national and local governments in Japan. We will also continue to take on challenges by entering into the overseas maintenance market, covering peripheral areas other than the road field, and repairing historic structures to diversify revenue sources. Through these efforts, we pursue further profitability while committing to resolving social issues to achieve sustainable growth.

For the capital policy, we will further strengthen shareholder returns. For the continuous and stable return of profits, we will maintain a dividend payout ratio of 50% and aim for increased dividends for 18 consecutive years. In addition, the Company will purchase ¥15 billion of treasury shares over the next three years to raise its total return ratio to at least 80% each fiscal year, thereby its ROE to approximately 14.5% in the final year of the plan. In order to maintain our earning power, we believe it is also necessary to enhance our non-financial capital. We aim to do it by initiatives such as investment in human capital to heighten corporate value.

<Outline of Medium-term Business Plan 2027 (the fiscal year ending June 30, 2025- the fiscal year ending June 30, 2027)>

1. 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 the cost of capital and stock price
- (5) Further enhancement of corporate value through the utilization of non-financial capital

2. Financial Targets

“Net sales of ¥100 billion”

We aim to achieve net sales of ¥100 billion in the fiscal year ending June 30, 2027. We anticipate an increase in personnel cost mainly due to continuous wage increases and assume an operating profit of ¥22 billion in the final year, with the operating profit margin declining slightly. Profit attributable to owners of parent is planned to be ¥15.6 billion, including gains on the sale of cross-shareholdings.

Item	Fiscal year ended June 30, 2024 (Actual)	Fiscal year ending June 30, 2027 (Target)
Net sales	¥85.42 billion	¥100.0 billion
Operating profit	¥19.67 billion	¥22.0 billion
Profit attributable to owners of parent	¥14.32 billion	¥15.6 billion
Return on equity (ROE)	14.2%	Approx. 14.5%

3. Capital Policy

“Total return ratio of 80%”

We aim to consistently provide a steady profit return by keeping the dividend payout ratio at 50%. Additionally, the Company will acquire ¥15 billion treasury shares over three years, with a total return ratio of at least 80% for each fiscal year. The policy of reducing cross-shareholdings will

continue and about 30% of it will be sold by the fiscal year ending June 30, 2027, worth approximately ¥3 billion based on the market value at the end of June 2024.

Item	Fiscal year ended June 30, 2024 (Actual)	Fiscal year ending June 30, 2027 (Target)
Dividend payout ratio	50.8%	50%
Total return ratio	75.0%	80%
Treasury share buybacks (3-year cumulative total)	¥10.0 billion	¥15.0 billion
Reduction in cross-shareholdings (3-year cumulative total)	¥1.5 billion	¥3.0 billion

(8) Principal Business (as of June 30, 2024)

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, VE Lining, SBRAC Mortar
Other businesses	Manufacturing and sales of construction materials, and manufacturing and sales of mechanical couplings Principal products: SHO-BOND Grout #101 and #202 (concrete adhesive), impregnating and penetrating waterproofing materials for deck slabs, CPJ-L, STRAUB pipe couplings

(9) Principal Sales Offices and Factories (as of June 30, 2024)

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, 2024)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
1,019	+34

2) Employees of the Company

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
26	+14	45.5	14.5

- (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.
 3. The increase in Company headcount by 14 from previous fiscal year-end is due to the transfer of some subsidiary's operations to the Company as a result of the reorganization.

2. Status of Shares (as of June 30, 2024)

(1) Total number of shares authorized to be issued	120,000,000 shares
(2) Total number of issued shares	56,745,180 shares (including 4,706,885 treasury shares)
(3) Number of shareholders	14,346 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)	5,947	11.43
General Incorporated Foundation Ueda Memorial Foundation	5,408	10.40
SSBTC CLIENT OMNIBUS ACCOUNT	5,057	9.72
Custody Bank of Japan, Ltd. (Trust account)	4,235	8.14
MUFG Bank, Ltd.	2,592	4.98
The Dai-ichi Life Insurance Company, Limited	2,420	4.65
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,874	3.60
Meiji Yasuda Life Insurance Company	1,425	2.74
Custody Bank of Japan, Ltd. (Trust account 4)	885	1.70
JP MORGAN CHASE BANK 385781	627	1.20

- (Notes)
1. Treasury shares (4,706,885 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, 2024.
Sumitomo Mitsui Trust Asset Management Co., Ltd. and one joint holder 2,586,100 shares (As of July 4, 2024)

3. Share Subscription Rights of the Company

There is no relevant information.

4. Company Officers

(1) Directors (as of June 30, 2024)

Position in the Company	Name	Responsibilities and significant concurrent positions
President and Representative Director	Tatsuya Kishimoto	President and Representative Director of SHO-BOND CORPORATION
Managing Director	Yasuhiro Sekiguchi	Corporate Administration General Manager of Corporate Planning Department Managing Director and General Manager of Corporate Administration Division of SHO-BOND CORPORATION
Director	Shigeru Naraoka	Sales Management President and Representative Director of SHO-BOND MATERIAL CO., LTD.
Director	Takayasu Shimada	Business Strategies Managing Director and General Manager of Marketing and Sales Division of SHO-BOND CORPORATION
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)
- Directors Messrs. Satoru Miura, Akira Hongo and Ms. Reiko Kuwano are Outside Directors.
 - 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.
 - 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.
 - 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, 2024, 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, 2024

(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 [-]	86 [-]	86 [-]
Directors (Audit and Supervisory Committee Members) [of which, Outside Directors]	4 [3]	48 [21]	48 [21]
Total	9 [3]	134 [21]	134 [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

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 (12 meetings held)		Audit and Supervisory Committee meeting (10 meetings held)	
		Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate
Director (Audit and Supervisory Committee Member)	Satoru Miura	12	100%	10	100%
Director (Audit and Supervisory Committee Member)	Akira Hongo	12	100%	10	100%
Director (Audit and Supervisory Committee Member)	Reiko Kuwano	12	100%	10	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, 2024 (Million yen)

	Amount of compensation
Accounting Auditor's compensation, etc., for the fiscal year ended June 30, 2024	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

The Company pays consideration for services related to confirmation of actual wage increases according to the statement of wage increase plan for employees of subsidiaries.

(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, 2024)

(Million yen)

Assets		Liabilities	
Current assets	100,346	Current liabilities	23,375
Cash and deposits	27,306	Notes payable, accounts payable for construction contracts and other	5,060
Notes receivable, accounts receivable from completed construction contracts and other	61,621	Electronically recorded obligations - operating	4,977
Electronically recorded monetary claims - operating	1,576	Income taxes payable	3,555
Securities	7,998	Advances received on construction contracts in progress	4,699
Costs on construction contracts in progress	41	Provision for bonuses for directors (and other officers)	266
Other inventories	958	Provision for warranties for completed construction	180
Other	900	Provision for loss on construction contracts	62
Allowance for doubtful accounts	(56)	Other	4,571
Non-current assets	29,795	Non-current liabilities	2,339
Property, plant and equipment	15,572	Deferred tax liabilities	840
Buildings and structures	5,084	Provision for warranties for completed construction	334
Machinery, equipment and vehicles	270	Provision for retirement benefits for directors (and other officers)	10
Tools, furniture and fixtures	202	Retirement benefit liability	1,071
Land	9,033	Other	81
Leased assets	23	Total liabilities	25,715
Construction in progress	957	Net assets	
Intangible assets	516	Shareholders' equity	100,330
Goodwill	229	Share capital	5,000
Other	286	Capital surplus	34,762
Investments and other assets	13,705	Retained earnings	73,088
Investment securities	11,511	Treasury shares	(12,521)
Retirement benefit asset	1,033	Accumulated other comprehensive income	2,765
Deferred tax assets	230	Valuation difference on available-for-sale securities	3,954
Deferred tax assets on revaluation on land	668	Revaluation reserve for land	(1,515)
Other	277	Foreign currency translation adjustment	171
Allowance for doubtful accounts	(15)	Remeasurements of defined benefit plans	154
		Non-controlling interests	1,330
		Total net assets	104,425
Total assets	130,141	Total liabilities and net assets	130,141

Consolidated Statements of Income

(July 1, 2023 to June 30, 2024)

(Million yen)

Net sales	85,419
Cost of sales	60,076
Gross profit	25,343
Selling, general and administrative expenses	5,676
Operating profit	19,666
Non-operating income	814
Interest income	7
Dividend income	270
Insurance claim income	247
Rental income	31
Share of profit of entities accounted for using equity method	204
Other	53
Non-operating expenses	45
Loss on sale of securities	1
Commission expenses	17
Rental expenses	15
Other	10
Ordinary profit	20,436
Extraordinary income	544
Gain on sale of investment securities	544
Extraordinary losses	20
Loss on sale of non-current assets	0
Loss on sale of investment securities	2
Impairment losses	18
Profit before income taxes	20,960
Income taxes - current	6,498
Income taxes - deferred	84
Profit	14,376
Profit attributable to non-controlling interests	55
Profit attributable to owners of parent	14,321

Non-consolidated Balance Sheets

(As of June 30, 2024)

(Million yen)

Assets		Liabilities	
Current assets	4,832	Current liabilities	107
Cash and deposits	4,430	Accounts payable - other	39
Prepaid expenses	1	Accrued expenses	10
Income taxes receivable	401	Dividends payable	24
Non-current assets	41,468	Other	32
Property, plant and equipment	0	Non-current liabilities	0
Intangible assets	1	Provision for retirement benefits	0
Investments and other assets	41,466	Total liabilities	108
Shares of subsidiaries and associates	41,453	Net assets	
Prepaid pension costs	4	Shareholders' equity	46,193
Deferred tax assets	7	Share capital	5,000
Other	0	Capital surplus	34,583
		Legal capital surplus	1,250
		Other capital surplus	33,333
		Retained earnings	19,130
		Other retained earnings	19,130
		Retained earnings brought forward	19,130
		Treasury shares	(12,521)
		Total net assets	46,193
Total assets	46,301	Total liabilities and net assets	46,301

Non-consolidated Statements of Income

(July 1, 2023 to June 30, 2024)

(Million yen)

Operating revenue		9,215
Operating expenses		531
Operating profit		8,684
Non-operating income		19
Interest income	11	
Other	7	
Non-operating expenses		5
Interest expenses	0	
Commission expenses	2	
Other	3	
Ordinary profit		8,698
Profit before income taxes		8,698
Income taxes - current	1	
Income taxes - deferred	(0)	0
Profit		8,697

Accounting Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

(English Translation)

August 15, 2024

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

Wako Audit Corporation
Chiyoda-ku, Tokyo, Japan
Shogo Otsuka, CPA
Representative Partner and Engagement Partner
Yoshihiro Shikakura, CPA
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, 2023 to June 30, 2024.

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, 2024 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

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 and the cancellation of treasury shares at the Board of Directors on August 9, 2024.

This matter does 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, actions taken to eliminate obstruction factors or safeguards applied to reduce obstruction factors to an acceptable level.

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 15, 2024

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

Wako Audit Corporation
Chiyoda-ku, Tokyo, Japan
Shogo Otsuka, CPA
Representative Partner and Engagement Partner
Yoshihiro Shikakura, CPA
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 17th fiscal year from July 1, 2023 to June 30, 2024.

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, 2024 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

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 and the cancellation of treasury shares at the Board of Directors on August 9, 2024.

This matter does 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 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 non-consolidated financial statements, etc. 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, actions taken to eliminate obstruction factors or safeguards applied to reduce obstruction factors to an acceptable level.

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 17th fiscal year from July 1, 2023 to June 30, 2024. 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 16, 2024

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.