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Kajima Group Medium-Term Business Plan (FY2021-2023) Focused on Forward-Looking Investment

TOKYO, May 14, 2021 — Kajima Corporation announced today that its Board of Directors has adopted a resolution approving the new Kajima Group Medium-Term Business Plan (FY2021-2023).

I. Vision and Materiality

In formulating the new Kajima Group Medium-Term Business Plan, the company also established the Kajima Group Vision and re-examined the material issues it had previously identified to ensure that the Kajima Group continues to grow sustainably with society.

1. Vision

The business environment surrounding the Kajima Group has changed rapidly due to a transformation in the industrial structure, people's lives and behaviors, values, as well as global climate change, decarbonization, and advancements in digitalization. In addition, the ongoing COVID-19 pandemic is having a dramatic impact on the entire world, accelerating the pace of social, economic, and technological change.

To ensure the sustainable growth of the Kajima Group amid this business environment, Kajima recognizes that it must attract diverse human resources and co-create value in collaboration with external resources. This is the understanding behind the Kajima Group Vision, which is designed to ensure that internal and external stakeholders understand the course the Kajima Group has charted to the future.

Vision Statement

Willingness to take on new challenges leveraging the power of ideas and technology to make imagination and amazement a reality

Values

Openness

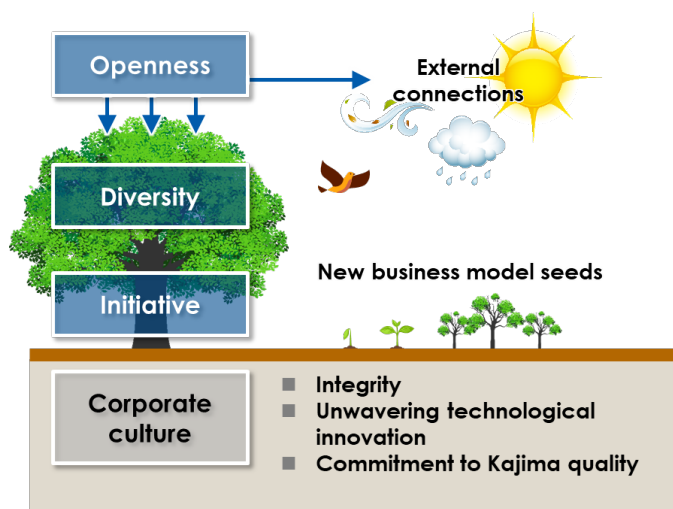
Having the ability to adapt to changes by seeking external resources and stimuli necessary for business creation and R&D

Diversity

Placing importance on diverse human resources and work styles, and having the receptiveness to recognize sharp ideas and different values

Initiative

Being able to take the initiative and having the creativity to put together mechanisms for new value areas



The vision is based upon two key approaches—respecting the past and embracing the challenges of the future. When communicating how the vision will be achieved by practicing the values, a helpful metaphor is that of trees, representing the Group, growing into larger trees. Under the newly created vision, which respects the Kajima Group's heritage and is focused on people and technology, the Group will seize growth opportunities by constantly innovating and embracing challenges, respond to social demands, and seek to increase long-term corporate value.

2. Materiality

The company also re-examined the material issues it had identified previously, based on the major changes in the social environment that have occurred in the last year. By addressing these significant issues, the Kajima Group seeks to deliver both solutions to social challenges and increased corporate value.

- (1) Creating functional urban, regional, and industrial infrastructure capable of meeting new needs
- (2) Developing sustainable and long-lasting social infrastructure
- (3) Providing technologies and services for disaster preparedness that support safety and security
- (4) Contributing actively to society's transition to a carbon-free footprint
- (5) Focusing on unwavering technological innovation and Kajima quality
- (6) Construction that emphasizes people and partnerships
- (7) Practicing corporate ethics

II. Kajima Group Medium-Term Business Plan (FY2021-2023) — Forward-Looking Investment

The Kajima Group Medium-Term Business Plan (FY2021-2023) is based on the vision and understanding of materiality described above. It sets out the key measures and business goals the Group will focus on and pursue over the next three years. Despite the intensely competitive environment projected, the plan calls for investments to drive medium- to long-term growth while maintaining and improving business performance to lead to the Group's future development.

1. Goals for 2030 and Key Measures

The plan includes goals for 2030, as medium- to long-term objectives. To ensure progress toward these goals, the Kajima Group will (1) further strengthen core businesses; (2) strive to create new value; and (3) establish a strong management foundation and promote ESG measures for growth and transformation. Meanwhile, the Group will develop and promote new measures and strategic investments as well as continue to move forward with existing measures.

(1) Further strengthen core businesses

[Goals for 2030]

- Promote sustainable growth by utilizing intangible and tangible assets as well as digital and conventional technologies, while building a strong value chain
- Build efficient production systems by applying factory processes to construction sites and visualizing the entire supply chain

[Key Measures]

- ① Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas
- ② Further promote the development of next-generation construction manufacturing systems
- ③ Maximize customer value by expanding the business domain
- ④ Increase profits by proactive investment in the real estate development business
- ⑤ Build and enhance global platforms

(2) Strive to create new value

[Goals for 2030]

- Acquire new revenue sources in the promising fields to solve social challenges
- Establish an open innovation promotion system, and create various new businesses

[Key Measures]

- ① Proactively promote businesses in solving social challenges
- ② Explore and create new businesses by promoting open innovation
- ③ Enhance functions for envisioning future society

(3) Establish a strong management foundation and promote ESG measures for growth and transformation

[Goals for 2030]

- Achieve Target 2030 as a step toward fulfilling the Kajima Environmental Vision: Triple Zero 2050
- Achieve safe, secure and comfortable worksites that all construction engineers will find attractive
- Build free and open organizations with diverse human resources
- Pursue R&D based on the world's most advanced knowledge to direct the business

[Key Measures]

- ① Accelerate Triple Zero 2050 activities
- ② Secure the next generation of workforce while maintaining and strengthening the supply chain
- ③ Develop people and systems to promote growth and transformation
- ④ Strategically promote R&D and DX

2. Financial Targets

(billion yen)

	FY2021	FY2023	FY2024-2026	FY2030
Revenues	2,010	Around 2,250	—	—
Net Income	80	95 +	Reliably 100 +	130-150 +
ROE	Recover to a level above 10% as soon as possible			

3. Investment Plan

During the period of the plan, the Kajima Group has positioned “forward-looking investment” as a priority item and plans to invest a total of ¥800 billion. In addition to investing in the domestic and overseas real estate development businesses as well as raising productivity and securing a future workforce, the Group has newly established a Strategic Investment Framework and will take various initiatives and create new businesses with the aim of preparing for a leap into the future by pursuing businesses that can help solve social challenges and leveraging global open innovation.

(billion yen)

	3 years(FY2021-2023)
Real Estate Development	640
(Recoup of Investment)	(360)
Net Investment	280
R&D and Digital Investment	55
Strategic Investment Framework	60
Other	45
Total	800
Net Investment	440

4. Financial Measures and Stockholder Returns

(1) Financial measures

- Optimize business portfolio and asset structure
- Further reduce cross-shareholdings by selling shares worth ¥30 billion or more during the plan's period and utilize interest-bearing debt to fund new investment for growth
- Maintain financial soundness with risk tolerance

(2) Stockholder returns

The basic policy is to strive for a dividend payout ratio of 30%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and the business environment.

5. Striving to achieve carbon neutrality

The Kajima Group has revised the CO₂ emissions reduction target in the Kajima Environmental Vision: Triple Zero 2050 and will strive to reduce emissions to virtually zero, or become “carbon neutral,” by fiscal 2050. Kajima will also seek to acquire Science Based Targets recognition (an international scheme for assessing the empirical validity of greenhouse gas reduction targets) by the end of fiscal 2023.

(1) CO₂ emissions reduction rate target (per unit of output compared to FY2013)

	FY2023	FY2030	FY2050
Scope 1+Scope2	26% decrease	(Target 2030) 50% decrease	(Triple Zero 2050) 100% decrease

(2) Major initiatives

- Save energy by raising productivity, hybridize/electrify heavy machinery, etc. to reduce CO₂ emissions from business
- Secure renewable energy power sources, acquire carbon credits, etc. to pursue carbon offset
- Develop and use low carbon or carbon-free materials, design and construct energy-saving buildings, etc. to reduce supply chain CO₂ emissions

Details of the Kajima Group Medium-Term Business Plan (FY2021-2023) are available online.

URL	https://www.kajima.co.jp/english/ir/newplan/index.html
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Disclaimer: This document is an English translation of the announcement titled “Kajima Group Medium-Term Business Plan (FY 2021-2023) Focused on Forward-Looking Investment” which is filed with Stock Exchanges in Japan on May 14, 2021. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.