

Medium-Term and Long-Term Growth Strategies

Part 2

Pursuing four growth strategies, the pillars of our Medium-Term Business Plan, to contribute to society and enhance corporate value.

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Kajima Head Office Buildings

Message from the President

As a technology-based company
Kajima strives for sustainable growth by
delivering solutions and new value
that meet the demands of society and the times



Hiromasa Amano
President,
Representative Director

Kajima's corporate philosophy is: "As a group of individuals working together as one, we pursue creative progress and development founded on both rational, scientific principles and a humanitarian outlook, through which we strive to continually advance our business operations and contribute to society." Since our founding in 1840, Kajima has been a "technology-based company," earning the trust of society and our clients by emphasizing the development of technology and talent,

while continuously delivering advanced construction technologies that meet the evolving needs of the times.

As I mark my third year as President, I launched the new Medium-Term Business Plan (FY2024–2026) this year. Going forward, we will continue to deliver solutions and new value that meet the demands of society and the times, and advance our management practices to achieve sustainable growth.

The Group Goals

In formulating our new Medium-Term Business Plan, we gathered input from employees and executives. Considering our corporate philosophy, inherited culture and values, we articulated the “Goals” for the Kajima Group. These goals represent how we will combine people and technology – the sources of value creation – to contribute to our customers and society at large. While these Goals align with the philosophy that has always underpinned our management and business operations, they also clarify our ongoing aspirations. Furthermore, the Goals are to be reflected in our management policies as the vision we should continue to pursue, even as times change.

Our Goals encompass four key categories. In the technology category, we emphasize the importance of ideas generated from the curiosity and insights of our frontline employees. We encourage them to actively leverage external knowledge and take on new challenges.

In the people category, we aim to foster a workplace culture that encourages employees to take on new challenges, allowing them to feel a sense of accomplishment in their work, fulfillment with their performance, and a natural drive to pursue these achievements further. This is part of our Goals to become a highly engaged corporate group.

The comments that employees and executives shared while putting the plan together revealed a common mindset of emphasizing the “integrity” of our corporate philosophy and culture. At the same time, the generation gap uncovered some interesting perspectives. In particular, younger employees prioritized environmental and social contributions over business performance. These findings are both encouraging and inspiring, reflecting a deeper understanding of our corporate philosophy. I look forward to continuing the dialogue between employees and executives, and particularly to engaging in various forms of communication with employees.

During the Board of Directors’ discussions about the Goals, I also sought input from outside members of the Board. Their feedback was positive, including comments such as the Goals “represent the Kajima way” and “it’s important to have input from employees and executives to create the Goals together as a company.” This process of forming the Goals ensures that these principles remain top of mind for all of us, now and into the future.

▶ Page 101 [Discussion with Outside Directors](#)

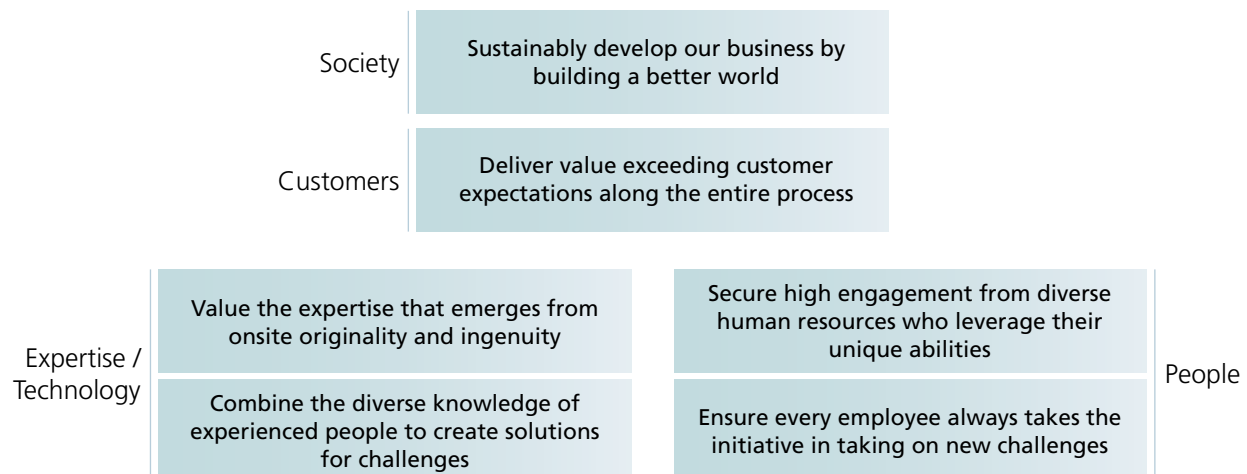
The new Medium-Term Business Plan

In FY2023, the final year of the previous Medium-Term Business Plan, we achieved record orders and sales, with net income reaching ¥115.0 billion, the second highest figure ever. We also made steady progress on the plan’s strategic measures. Based on these results, we increased returns to stockholders, employees, and partner companies. We believe this will enhance stakeholders’ expectations and trust, as well as our employees’ loyalty.

The new Medium-Term Business Plan, titled “Further Strengthening the Core Business and Building the Future,” aims to maintain the direction of the previous plan while further growing profits and strengthening the management foundation. The plan will enhance our core construction and real estate development businesses in Japan and overseas, and create new value by expanding our value chain and advancing R&D and innovation. Over the three-year period, we have budgeted a total of ¥1.2 trillion for R&D, digital technologies, and real estate development in Japan and overseas, as well as for investments in environmental and human capital. We will also strengthen our efforts to address sustainability issues, including promoting our new Kajima Environmental Vision 2050plus.

▶ Page 29 [Medium-Term Business Plan](#)

Kajima Group Goals



Responding to strong construction demand

Construction demand in our domestic and overseas markets remains strong, driven by energy and environmental challenges and digital advancements. In Japan, demand is particularly high due to redevelopment projects in Tokyo metropolitan area, semiconductor-related facilities, and foreign investments. Notably, we are engaged in two major projects: the JASM's semiconductor facility in Kumamoto, completed in December 2023, and the Rapidus IIM-1 project in Hokkaido, started in September 2023. These significant projects are expected to keep us fully committed for the foreseeable future.

The increase in demand is certainly a positive development for our Company. However, even in these favorable conditions, it is crucial that we maintain a strong focus on profitability when accepting new orders. We must also continuously update our risk management mechanisms and governance practices. This includes front-loading before accepting projects, utilizing BIM, ensuring optimal construction systems in place, and having our Head Office administration departments thoroughly review and approve each project. Currently, taking on ultra-large projects, which are planned across the country, involves more than just assessing the profitability of individual orders. These projects significantly impact the allocation of our production resources, including employees and partner companies, and influence our financial performance for several years. As president, one of my most critical responsibilities is to ensure that we make prudent and well-considered decisions regarding project acceptance.

Additionally, the strong construction demand is making it increasingly challenging to establish adequate project organization. Consequently, we are often compelled to ask our clients to adjust their schedules, including postponing the start dates of construction projects. In such cases, we are committed to maintaining our clients' trust and meeting their expectations by providing detailed and courteous explanations of the situation and offering alternative solutions.

►Page 47 **Feature — Meeting Construction Demand in the Semiconductor and Digital Industries**

The growth areas of real estate development and overseas business

We have designated real estate development and overseas business as our key growth sectors, which we will continue to expand as integral parts of our construction value chain. For over fifty years, we have navigated economic fluctuations to establish these sectors as core components of our business. Today, they stand as our competitive advantage, setting us apart from our competitors.

Since 2015, the active reinvestment of funds generated by our domestic construction business into real estate development has significantly expanded our asset base and substantially increased our profit levels. Over the next three



years, we plan to recoup these investments and leverage more external capital to improve investment efficiency, boost profitability, and hedge against risks.

In our domestic real estate development business, we are increasingly engaging in large-scale projects, both independently and in collaboration with major developers. For many of the projects we invest in, we take the lead in design and construction, resulting in significant efficiencies and accelerated timelines. Our efforts have yielded positive outcomes in both development and construction phases. Additionally, through our extensive network, we have embarked on new initiatives such as Haneda Innovation City, a hub for companies with cutting-edge technologies; Eaton Real Estate, established in 2022 to serve global and high-end real estate markets; and the KALOC logistics centers, with two facilities completed in October 2024. We remain committed to enhancing both in quality and quantity of our projects, leveraging the full capabilities of our Group.

Our overseas business continues to experience steady growth, with projected sales expected to reach ¥1 trillion level in FY2024, matching the sales of our building construction business in Japan. Historically, our regional headquarters have acquired companies to broaden their business areas and geographic reach. Recently, however, more of our subsidiary companies are acquiring businesses to expand and strengthen their own operations, marking a new phase of growth. As our overseas business expands, we are also enhancing our risk management framework. This includes strengthening governance over our operating companies, bolstering the Kajima Head Office's oversight and support systems for safety and quality, and improving our global audit and whistleblowing systems.

►Page 51 **Feature — Haneda Innovation City**

►Page 55 **Feature — Kajima Europe**

People and technology

As a technology-based company, it is crucial for us to continuously advance our research and development efforts

to meet the evolving demands of society and the times. However, as exemplified by the recent rise of generative AI, specialized fields are becoming increasingly diverse, and the pace of technological innovation is accelerating. To stay ahead, we must embrace innovation by integrating cutting-edge external technologies, rather than relying solely on our in-house capabilities.

In terms of people, we focus on talent acquisition and retention, talent development, and improving engagement. We aim to be a company where individuals with diverse backgrounds and personalities can thrive and experience personal growth. I believe that valuing one's intuition and sense of style in their work, and approaching tasks in a way that feels smart and satisfying, often leads to superior results. I also strive to maintain values that make Kajima a place where employees feel proud to work.

▶Page 89 **Human Resources Strategy**

Technology and innovation

In August 2023, we opened the Kajima Lab for Global Engineering, Architecture & Real Estate (The GEAR) in Singapore. This facility serves three primary functions: it acts as the Kajima Group's regional base in Asia, houses the Singapore office of the Kajima Technical Research Institute, and functions as an open innovation hub for start-up companies. At the opening ceremony, which I attended, Ms. Low Yen Ling, Singapore's then Minister for Trade and Industry, expressed the government's support and high expectations for The GEAR to develop innovative solutions and foster talent. Since then, frequent visits by local ministers and government officials have underscored their continued interest and expectations for The GEAR. As a hub for creating new added value, this facility holds great potential, and we are eager to see the results it will achieve.

Recently, we have been collaborating with several remarkable overseas startups, including an energy company using geothermal technology in Canada and a forest drone company in Sweden. Open innovation can only be truly mutually beneficial if we possess attractive and advanced technologies. To sustain these collaborations, we must remain an appealing partner in every respect, from our core philosophy to our business practices.

In addition to company-wide technological development, it is crucial to value the innovations that arise from the insights, intellectual curiosity, and eagerness of each individual employee on the ground. These continuous challenges are the source of the Kajima Group's competitiveness and enhance our sustainability as a technology-based company. Therefore, we aim to foster an environment where frontline employees can leverage their intuition, explore new ideas, and take risks, even with the prospect of failure.

▶Page 75 **Focus — The GEAR**

Digitalization and workstyle reform

Digitalization is revolutionizing the manufacturing landscape, including the construction sector. As human-centered

manufacturing undergoes transformation, we must aim to efficiently pass down and share our technology-backed wisdom and experience. I feel that the digitalization efforts I have been focusing on since becoming president are finally taking root within the Company. By digitalizing the accumulated knowledge and expertise of our employees, we have been able to utilize it effectively across the Company, leading to increased productivity and advanced technologies. Moving forward, we will use data as a source of value, incorporating new employee ideas and cutting-edge technologies such as generative AI to foster new value creation.

This year, the construction industry has seen the implementation of an upper limit on overtime work. For several years, we have been driving workstyle reform across the Company, striving to create an environment where diverse talent can thrive through various work styles. While we have made some progress in improving operational efficiency, we view the current surge in construction demand as an opportunity to fundamentally reassess our operations, leveraging digital technology to drive this transformation.

▶Page 79 ▶Page 81 **Focus — DX**

Promoting women in the workplace and DE&I

I frequently emphasize in internal meetings the importance of creating an environment where life events do not impede career advancement, especially for female employees aspiring to become construction site managers. Since last year, I have been meeting with mid-career and young female site engineer supervisors to understand their career aspirations and the challenges they face, so we can reflect these insights in our policies and initiatives.

One step we took was to hold important on-site meetings generally between 9 a.m. and 4 p.m. This initiative ensures that employees with children, who may need to accompany them to and from school, can attend meetings and remain deeply involved in on-site operations. Additionally, it allows them to advance their careers as site supervisors with full confidence and without feeling burdened by their childcare responsibilities. We used to hold meetings after the construction workers finished their shifts, but now we hold them earlier. This helps us review work processes more effectively and reduces overtime. With increasing male participation in childcare and more dual-income families, we have made scheduling meetings a key initiative for improving the on-site working environment.

We have also introduced a program of interviewing employees before their return from childcare leave about their job preferences and future development. Based on these discussions, we determine their assignments upon return to enhance motivation and performance. I believe transforming our on-site management practices will help more employees advance their careers while managing childcare or caregiving responsibilities. This change will make our worksites more attractive and improve our future recruitment efforts.

▶Page 92 **Diversity, Equity & Inclusion**

▶Page 93 **Workstyle Reform**

Message from the President

Collaboration with partner companies

A construction site is a place where diverse professionals from various companies unite, dedicating themselves fully to the shared goal of completing the construction project. Here, relationships are built that go beyond the contractual ties between the prime contractor and subcontractors.

Our partner companies are also contractors, and while they may have been seen as subordinate to the prime contractor in the past, this relationship has evolved. With increasing demand and labor shortages, we must become the prime contractors that partner companies choose to work with. The relationship between prime contractors and subcontractors now goes beyond contractual ties, as they increasingly recognize their mutual support and aligned interests. This shared understanding fosters unity within the production team and drives joint innovation. Our collaboration with these companies is invaluable, as they support our business as general contractors and form the backbone of our production system.

To achieve this, it is crucial to support the stable management of our partner companies. Particularly in areas related to personnel, we consider the workforce of our partner companies as part of our extended human capital. We assist with their recruitment and training efforts and focus on creating work environments that are appealing to younger generations. Additionally, we are committed to various initiatives aimed at building a sustainable supply chain. These include restructuring

the multi-layer subcontracting system, implementing a two-day weekend system (eight days off every four weeks) at project sites, promoting, and utilizing the Construction Career Up System, and enhancing worker benefits through programs such as the Kajima Meister Program.

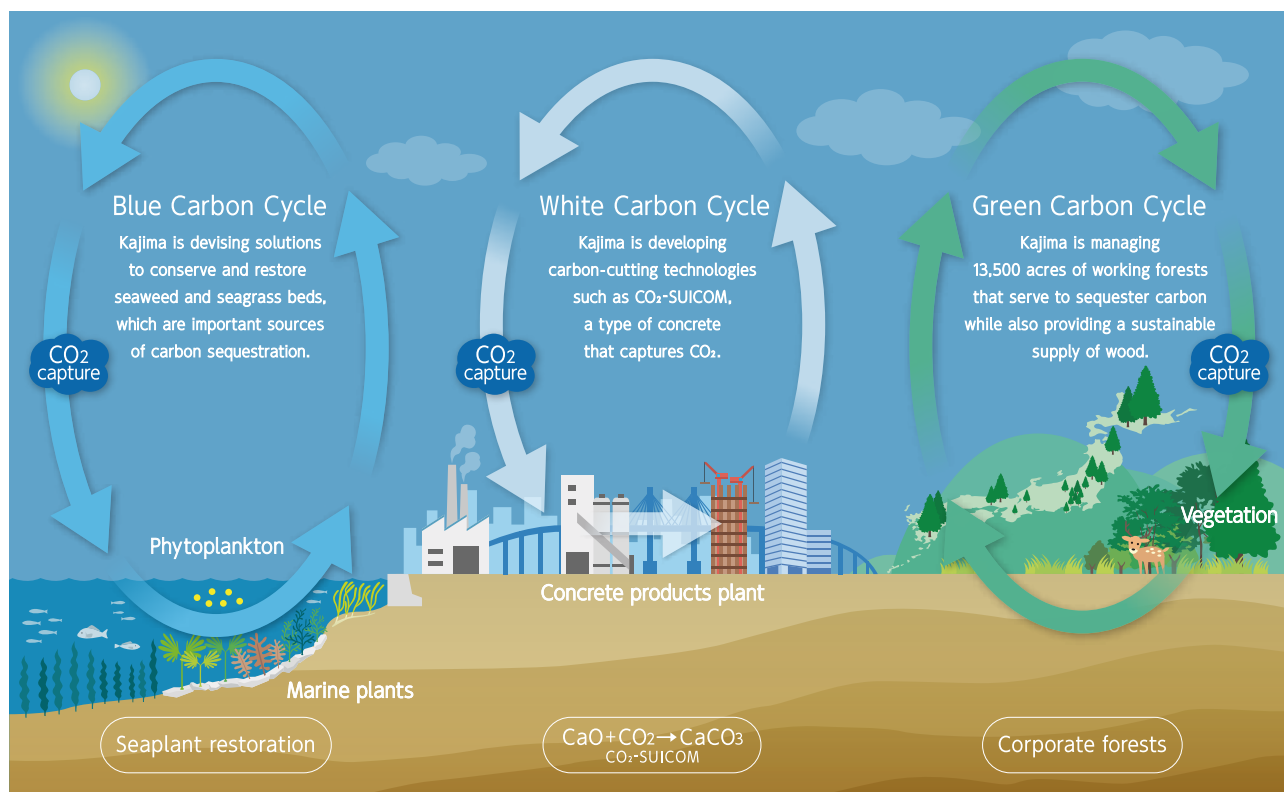
► Page 96 **Human Resource Development
(Partner Companies)**

► Page 99 **Human Rights and Supply Chain Management**

Engaging environmental management

We have revised our environmental vision, now titled the Kajima Environmental Vision 2050plus. Acknowledging the interconnection between carbon neutrality, circular economy, and nature positivity, we have developed comprehensive roadmaps and redefined our goals and action plans for 2050. These ambitious targets were established after extensive discussions within the Sustainability Committee and the Board of Directors. While many uncertainties remain, we are committed to collaborating actively with other industries to meet these challenges and achieve our objectives.

We have been dedicated to developing environmentally friendly concrete building materials for many years. As a Bronze Partner at Expo 2025 Osaka, Kansai, we plan to construct the CUCO-SUICOM Dome using our innovative environmental concrete. We are also promoting the use of



The Kajima Group's three carbon cycles: Reducing CO₂ emissions and realizing a sustainable society



low-carbon concrete and our CO₂-SUICOM, a carbon-negative concrete that absorbs and fixes carbon dioxide, contributing to the realization of a carbon-neutral society.

Our group manages approximately 5,500 hectares of company-owned forests, vital for CO₂ absorption. We maintain these forests, harvest timber for building materials, and replant trees to sustain this cycle. We also use these forests as a testbed for developing digital forest management services, highlighting our commitment to creating new value.

We are engaged in nature positive efforts and blue carbon activities to enhance oceanic carbon capture through the conservation and restoration of marine ecosystems. In Minamisanriku, Miyagi Prefecture, we are conducting joint research to restore and expand these habitats. In the Philippines, we launched the InCORE project to conserve and revitalize endangered coral reefs, aiming to develop region-specific methods for their preservation and restoration.

To fulfill the Kajima Environmental Vision, we recognize the necessity of collaborating with society and our customers, as well as engaging with partners beyond the scope of our regular business activities. By broadly communicating our initiatives, we aim to attract more supporters. This will not only enhance our contribution to achieving a sustainable global environment but also create new business opportunities, driving the growth of our Group.

▶Page 73 **Research and Technology Development**

▶Page 83 **Environment**

▶Page 81 **Focus — DX (Digital Forestry Management)**

Investor and stakeholder dialogue and enhanced information disclosure

In recent years, one of the most significant shifts in my perspective has been regarding market valuations. This change has been influenced by both external and internal factors. Externally, the market restructuring by the Tokyo Stock Exchange and their call for “Management Conscious of Capital Costs and Stock Prices” have played a role. Internally, advice from our outside directors, the expansion of our stock-based

compensation system for officers, and the introduction of a stock incentive plan for employees have also contributed.

I actively engage with securities analysts and institutional investors. Feedback such as, “Aren’t you positioning your company for the next decade, leveraging the current favorable environment?” and “The construction industry needs to enhance its valuation,” provides us with invaluable insights. These dialogues offer ideas on our communication strategies and other areas of focus. We intend to continue these valuable interactions.

This is a belief I hold strongly: while the construction industry is a perpetual sector dedicated to developing social infrastructure, it is challenging to generate substantial profits from a single groundbreaking technology or service in the short term. At our company, we have been advancing technological developments to address customer and societal issues and to improve construction productivity. These efforts will gradually bear fruit as we overcome various challenges and seize opportunities. By enhancing information disclosure and providing thorough explanations, we aim to foster understanding and anticipation for our initiatives and future potential among stakeholders.

▶Page 128 **IR Activities**

Achieving sustainable growth

Japan’s construction industry is often considered mature, but there is still room for development. By applying our philosophy of “scientific principles,” we can improve the construction process from planning to on-site work. Leveraging our people, technology, and digital advancements, we aim to deepen and grow the concept of “construction” that we have inherited from our predecessors. Thus, we have designated “enhance domestic construction business” as a key strategy in our new Medium-Term Business Plan. Additionally, we plan to expand real estate development and overseas businesses, which are our unique strengths.

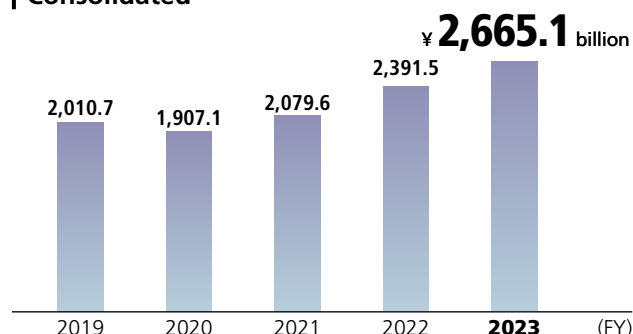
As we grow our Group’s business, I aim to enhance the construction industry’s image and strengthen society’s trust in it. The construction industry supports social and industrial infrastructure, ensuring safety and creating comfortable living environments. It is a rewarding occupation that also contributes to solving social issues through national projects. I want our employees, partners, and the public to recognize and appreciate this important role.

I believe these initiatives will drive our Group’s sustainable growth. To create new value, we need partners with unique strengths. Moreover, to attract top talent, we must be a desirable company and ensure the construction industry is seen as attractive. As president, I am committed to being aware of how our Company and the industry are perceived externally. I sincerely appreciate your continued understanding and support.

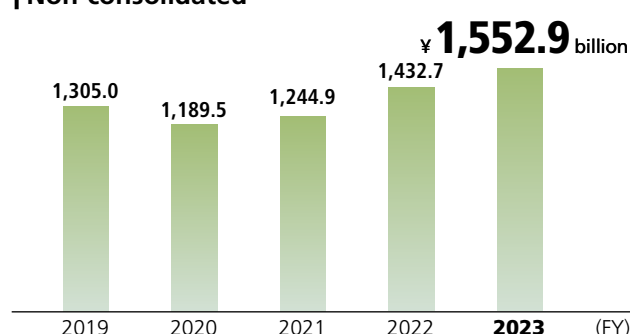
Financial Highlights

Revenues

| Consolidated

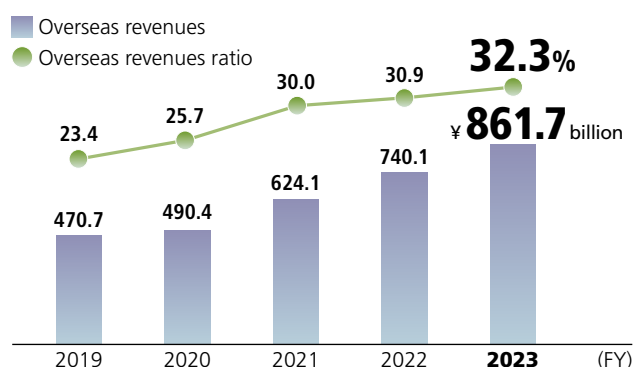


| Non-consolidated

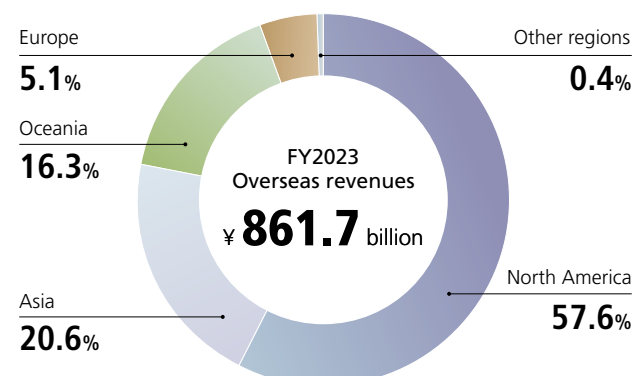


Revenues increased by 11.4% on a consolidated basis, hitting a record high, largely due to an increase in revenues from construction operations at overseas subsidiaries and affiliates, as well as steady progress of large-scale construction works by Kajima Corporation. Revenues rose by 8.4% on a non-consolidated basis, driven by growth in both the construction business and the real estate development business.

| Overseas revenues / Overseas revenues ratio



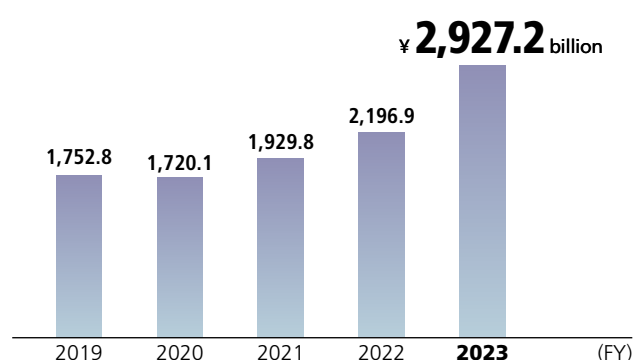
| Revenues outside Japan, by region



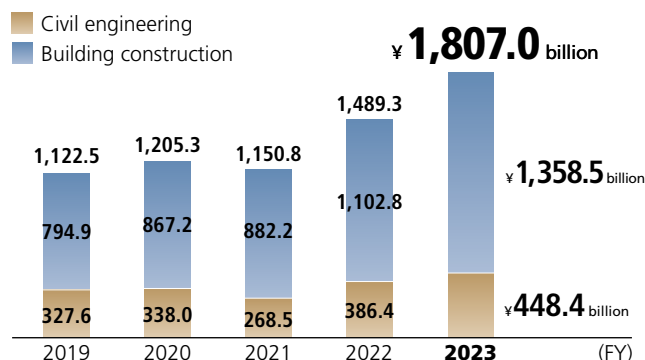
Revenues rose 16.4%, mainly due to steady progress on construction in North America, Asia, and Oceania, and the ratio of overseas revenues to total revenues increased by 1.4 points.

Construction contract awards

| Consolidated

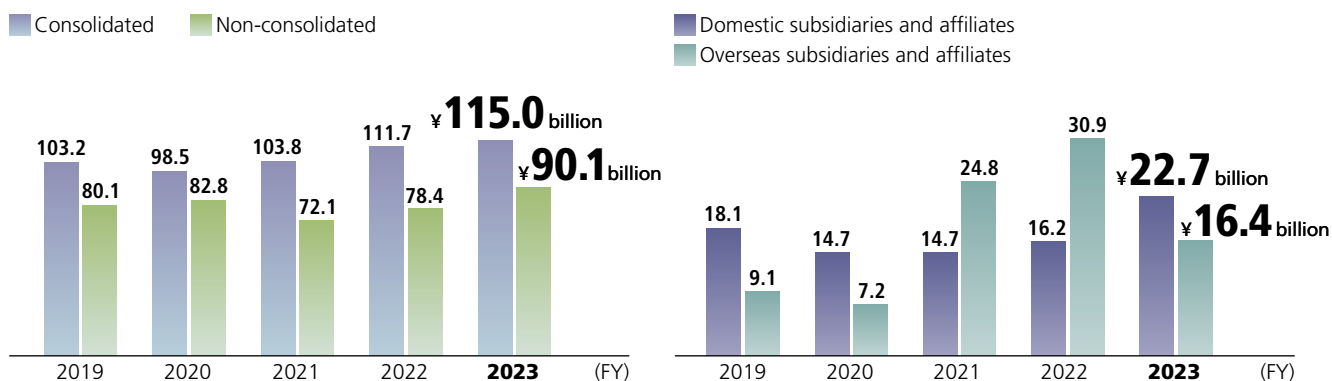


| Non-consolidated



Construction contract awards rose 33.2% on a consolidated basis and 21.3% on a non-consolidated basis, due to multiple large-scale orders received by Kajima Corporation in the civil engineering and building construction businesses, and by overseas subsidiaries and affiliates.

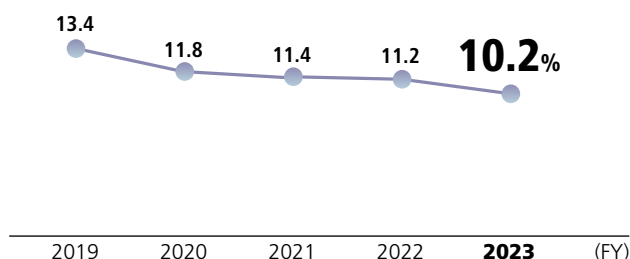
Net income attributable to owners of the parent / Net income



Net income rose by 2.9% to ¥115.0 billion on a consolidated basis, mainly due to improved profitability in the non-consolidated building construction business and gains on the sale of properties in the domestic and overseas real estate development businesses. Net income rose 14.9% on a non-consolidated basis, mainly due to higher revenues and improvements in the real estate development business.

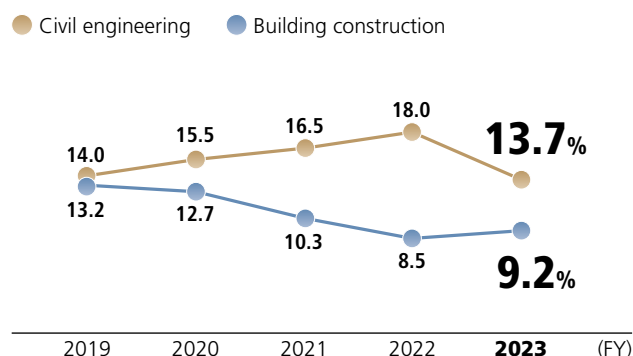
Domestic subsidiaries and affiliates saw a 40.2% increase in net income, mainly due to the sale of properties in the real estate development business. Although net income for overseas subsidiaries and affiliates declined by 46.8% compared to the high profit level of FY2022, they made steady progress in property sales within the U.S. real estate development business.

ROE



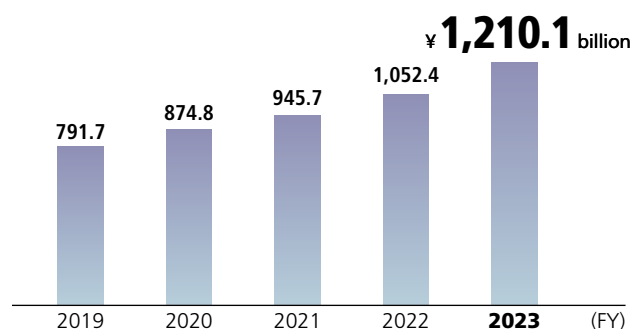
Return on equity remained over 10% due to steady business performance.

Gross profit margin for civil engineering and building construction businesses (non-consolidated)



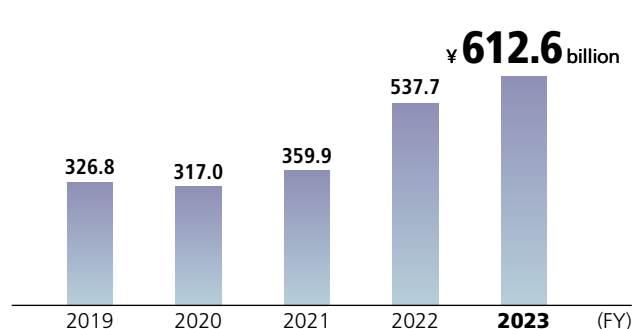
Although the civil engineering business saw a decline in gross profit margin due to decreased profits on certain construction projects, the gross profit margin for the building construction business increased, mainly due to profits from completed projects.

Owners' equity



Owners' equity remains above ¥1 trillion due to stable performance, and we are maintaining financial soundness while increasing assets in the real estate development business.
(Owners' equity ratio: 38.6%)

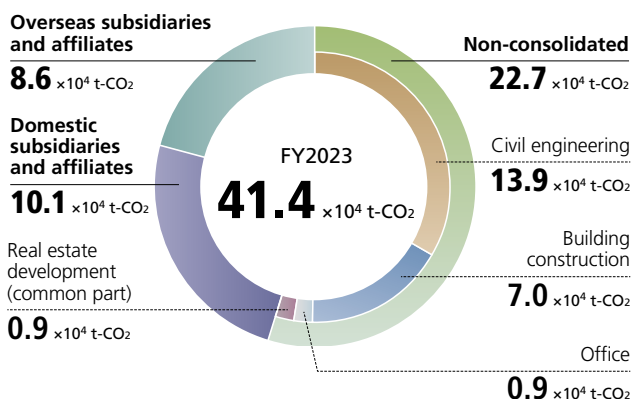
Interest-bearing debt



Interest-bearing debt increased by 13.9% due to the use of external funding for investments in real estate development projects, etc. and exchange conversion of foreign-currency debts.
(Debt-to-equity ratio: 0.51 times)

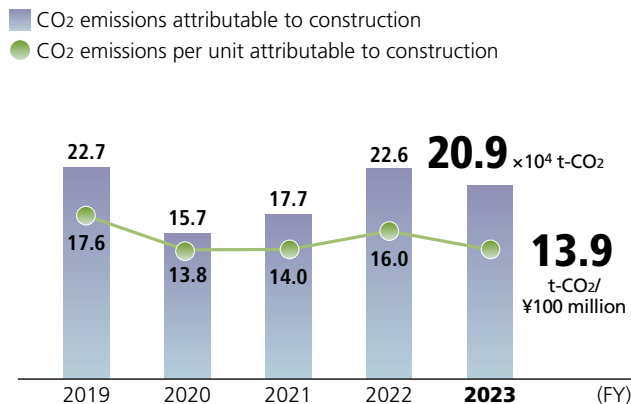
Non-Financial Highlights * Kajima Corporation only

Kajima Group CO₂ emissions (Scopes 1 and 2)



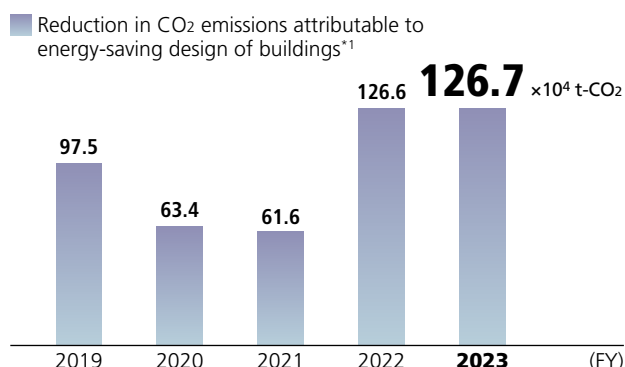
Emissions (Scopes 1 and 2) for Kajima Corporation, domestic subsidiaries and affiliates, and overseas subsidiaries and affiliates

CO₂ emissions attributable to construction/emissions per unit*



CO₂ emission equivalents have been calculated for all electric power and fuel used at Kajima construction sites in Japan. From FY2020, the calculation method is based on data collected from all sites.

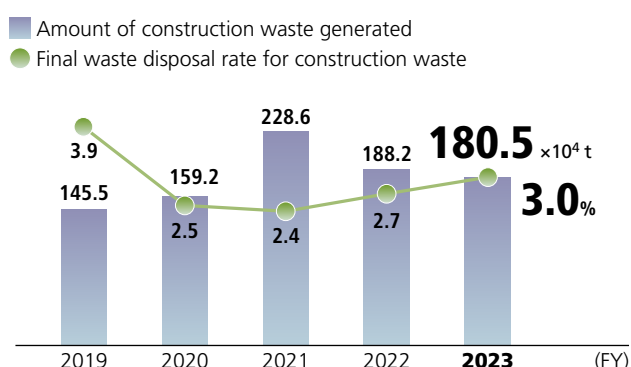
Reduction in CO₂ emissions attributable to energy-saving design*



We measure CO₂ reduction from designs that enable energy saving at the operation stage.

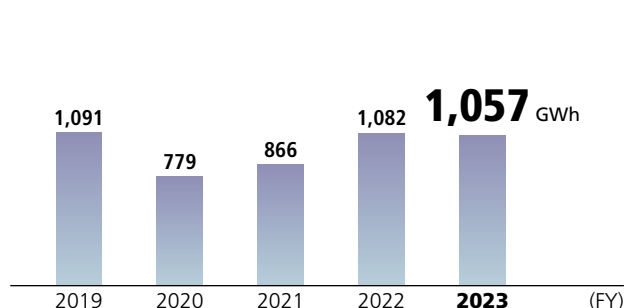
*1 The annual reduction achieved by the energy conservation measures of buildings designed by the Company and completed during the fiscal year, multiplied by building lifecycle (60 years)

Amount of construction waste generated / Final waste disposal rate (including sludge)*



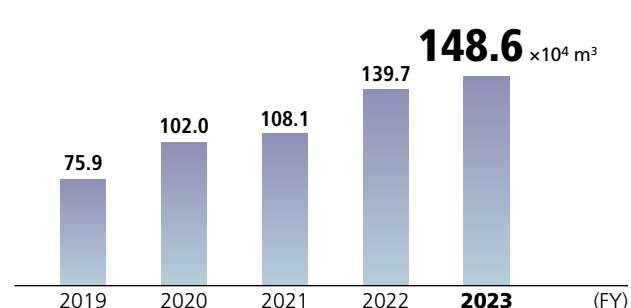
The amount of waste generated depends on the amount and type of construction conducted, but by taking steps to curb waste generation and to separate it by type for recycling, we are reducing the amount of final landfill waste disposal.

Energy consumption (construction sites and offices)*



Figures are the sum of electricity, fossil fuel, heat/steam, and refrigeration usage converted into primary energy equivalents.

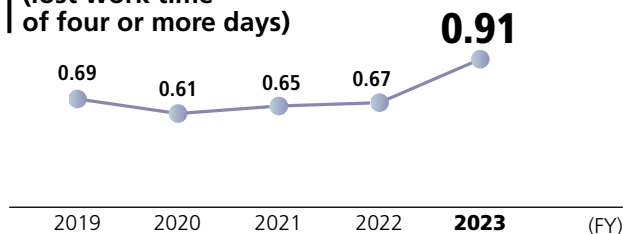
Water consumption (construction sites and offices)*



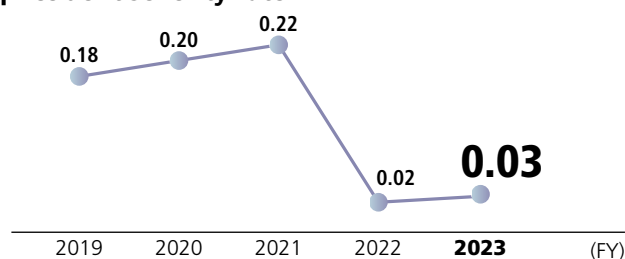
Significant year-on-year differences in water consumption result from changes including in the type, scale and method of construction. Consequently, we have not set reduction targets. However, each site works to reduce the amount of water it uses.

On-site safety*

Accident frequency rate*¹ (lost work time of four or more days)



Accident severity rate*²

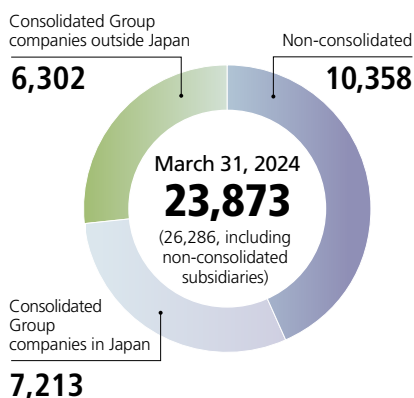


In our construction operations in Japan during FY2023, there were 83 accidents involving four or more days of lost work time (involving no fatalities), resulting in an accident frequency rate of 0.91 and an accident severity rate of 0.03. Under the slogan “Think safety! Make today accident free,” we will continue to further enhance safety management activities.

*1 Accident frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours

*2 Accident severity rate: The severity of illnesses and injuries represented by the number of workdays lost per one thousand cumulative working hours

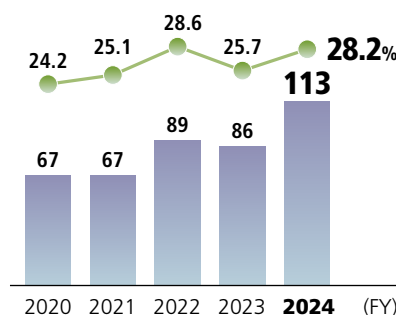
Number of employees



The number of employees increased on a non-consolidated basis and at consolidated Group companies, both inside and outside Japan, leading to a year-on-year increase of around 3% in Group employees.

Number of female employees among new graduate hires*

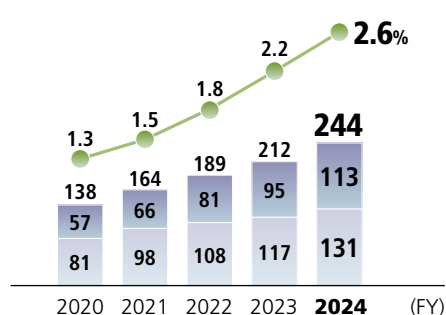
● Percentage of female new graduate hires
■ Number of female new graduate hires



Of the 401 new graduate hires for FY2024, 28.2% are female. (As of April 1)

Percentage of female employees in management positions*

● Percentage of female managers
■ Number of female in management positions
■ Number of female candidates for management positions



We have established a target of 10% female employees in management positions by FY2035 and are pursuing initiatives directed at achieving this. (As of April 1)

Human resources data*

		(FY)				
		2019	2020	2021	2022	2023
Employees	Number of employees* ¹	9,701	9,884	10,007	10,172	10,358
	Percentage of employees with disabilities* ²	2.1	2.5	2.4	2.3	2.4
	Turnover rate (%)	0.7	0.7	0.8	1.1	1.1
	Turnover rate of new graduate hires within three years (%)	1.8	4.6	3.3	4.6	5.8
	Percentage of mid-career employees	23.6	22.4	25.8	19.8	18.9
Childbirth/ childcare/ caregiving	Percentage of employees taking extended childcare leave* ³					
	Male	49.1	40.3	49.4	64.3	92.2
	Female	106.8	105.0	93.3	109.1	107.0
	Number of employees on flex-time work hours for childcare					
Other	Male	98	118	135	131	174
	Female	228	254	253	256	262
Other	Number of employees taking extended caregiving leave* ⁴	63	40	35	45	48
	Number of employees using leave system for volunteering	24	4	15	18	26
	Percentage of paid leave taken	52.8	54.5	48.7	61.3	69.2

*1 As of March 31. Total number of employees, including temporary employees (excluding seconded employees and those on study abroad programs)

*2 As of June 1

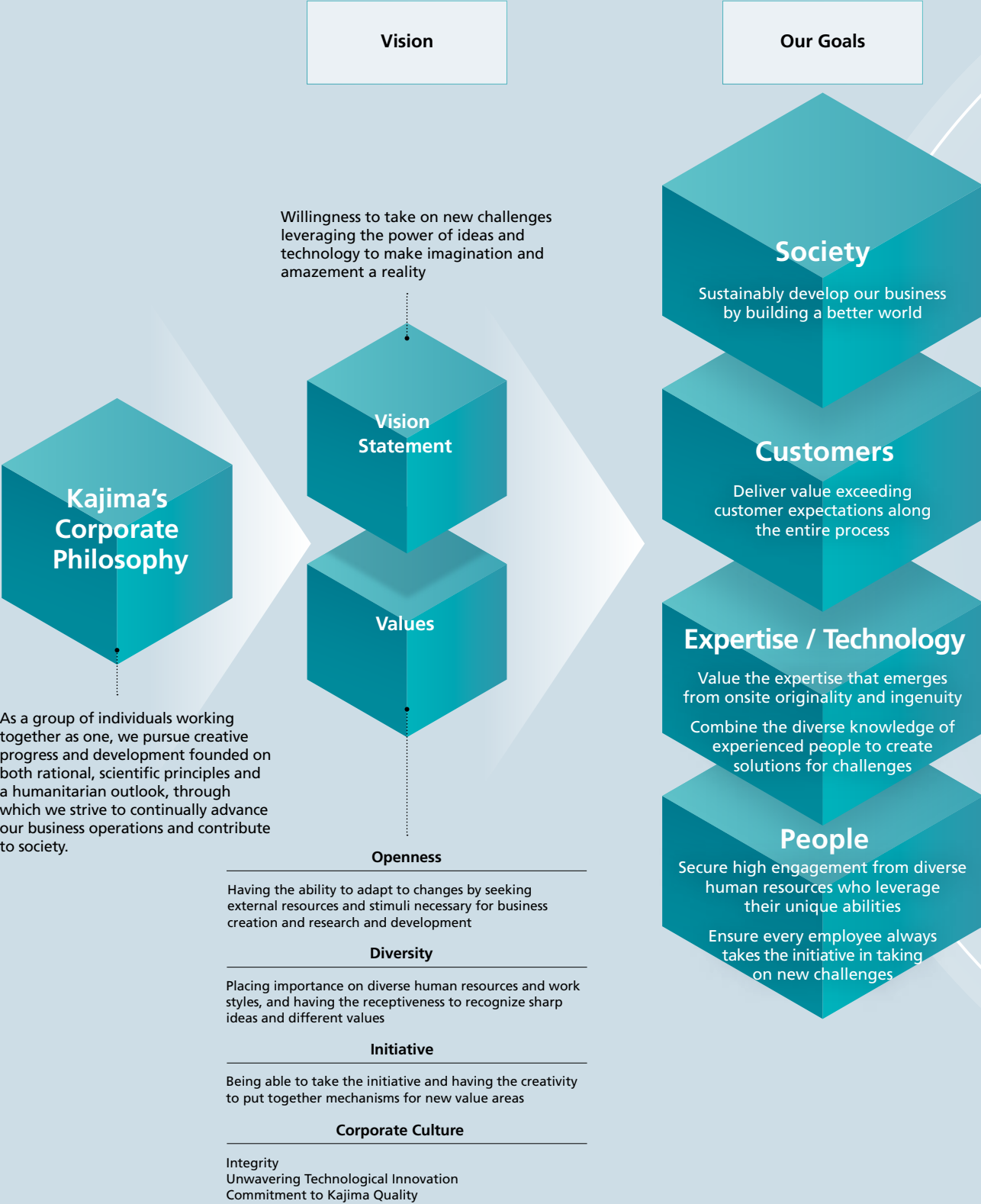
*3 Employees during the fiscal year who took (statutory) childcare leave ÷ Employees with a child born during the fiscal year

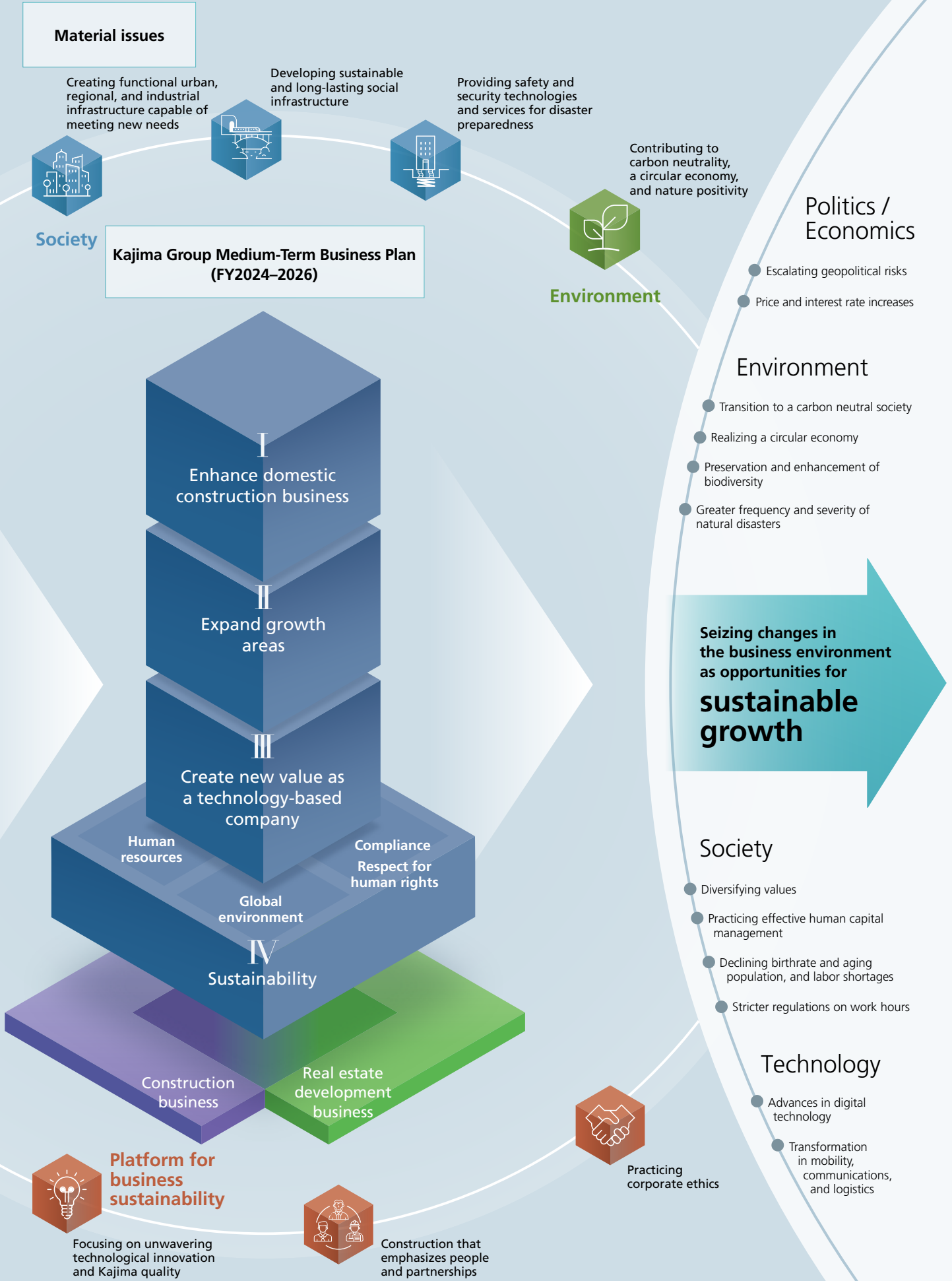
*4 Includes family support absence, short-term family support absence (unpaid absence and use of accumulated paid holidays), family support break, and family support leave

Overview of the Medium-Term and Long-Term Growth Strategies

Implementing the new Medium-Term Business Plan (FY2024–2026) and realizing Our Goals and sustainable growth

The Kajima Group has defined its vision as the medium- to long-term direction based on our corporate philosophy. In formulating the Medium-Term Business Plan (FY2024–2026), we articulated Our Goals based on feedback from our employees and officers, as well as our corporate culture. We aim to realize Our Goals and sustainable growth by implementing the Medium-Term Business Plan and addressing material issues.





Progress on the Medium-Term Business Plan

FY2015–2017

FY2018–2020

Strategies for growth and priority areas

1. Improve the profitability of the non-consolidated construction business
2. Provide leading-edge, valuable construction and services
3. Establish a Group-wide business platform for growth

1. Create next-generation construction production systems
2. Provide construction and services of high value to society and customers
3. Establish a Group-wide business platform for growth

Domestic construction business

- Revitalize and strengthen operations

Domestic real estate development business

- Acquire strategic assets

Overseas business

- Enter new markets and expand business areas in existing markets

Value chain

- Strengthen initiatives in upstream and downstream areas

- Improve productivity and enhance efforts in promising fields

- Generate quality projects

- Develop business according to market characteristics

- Provide integrated services from upstream to downstream

Numerical targets and results

Ordinary income ¥65 billion or more

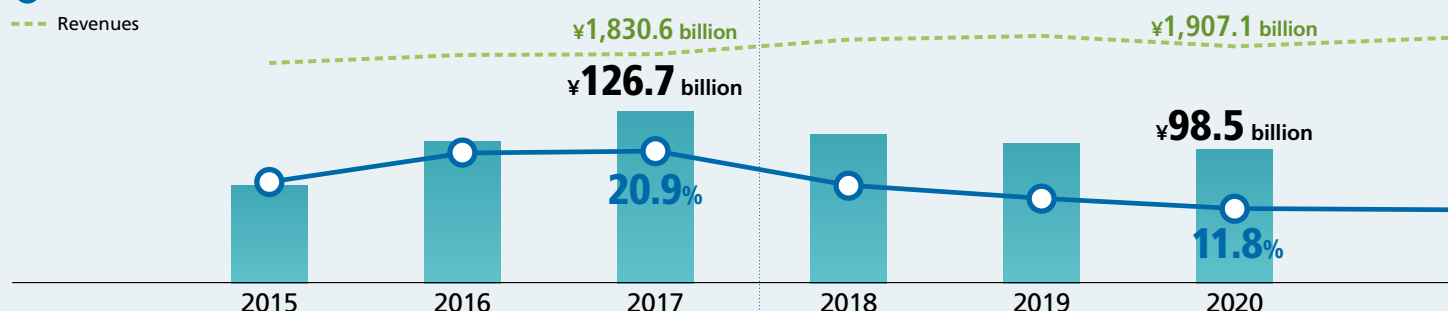
ROE 8% or more

Revenues Approx. ¥1,750 billion

Net income ¥80 billion or more

ROE 10% or more

■ Net income
○ ROE
--- Revenues



Review of FY2021–2023

Numerical targets

- Continued to exceed ¥100 billion in net income and achieve ROE of 10% or more every fiscal year

Further strengthen core businesses

- Obtained orders and performed construction in priority areas
- Accumulated assets in worldwide real estate development business and profit through sales
- Accelerated smart construction technologies and automated construction

Strive to create new value

- Opened The GEAR
- Invested in the renewable energy field and strengthened systems
- Acquired, operated, and conducted monitoring tests on Atami Beach Line

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

- Set new CO₂ emission reduction targets and acquired SBT certification
- Commercialized CO₂-SUICOM, CO₂-absorbing concrete and pursued improvements
- Opened Kajima Technical Center and other training facilities, and launched Kajima Partner College
- Made progress in restructuring of multi-layered subcontracting system
- Improved employee remuneration and benefits, and increased childcare leave uptake
- Pursued work-style reforms company-wide

FY2021–2023

Forward-Looking Investment

FY2024–2026

Further Strengthening the Core Business and Building the Future

1. Further strengthen core businesses
2. Strive to create new value
3. Establish a strong management foundation and promote ESG measures for growth and transformation

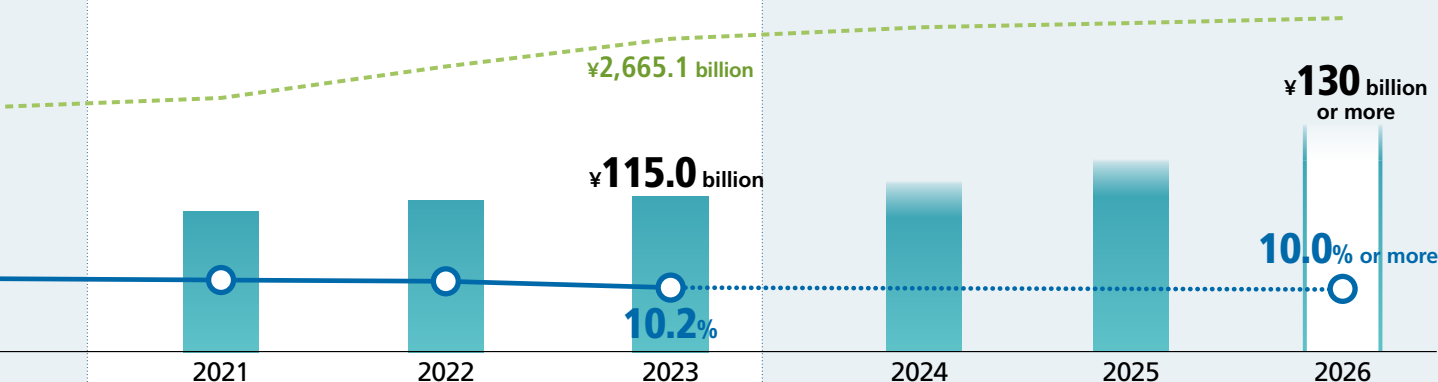
- Strengthen earning power and production capacity
- Generate quality assets and diversified portfolio
- Expand the investment cycle for growth
- Maximize customer value by expanding the business domain

1. Enhance domestic construction business
2. Expand growth areas
3. Create new value as a technology-based company
4. Sustainability

- Enhance engineering capabilities and refine the production processes
- Develop a real estate development business unique to Kajima
- Provide services that utilize our network
- Create new businesses and collaborate with partners

Net income ¥95 billion or more
 ROE Above 10% level
 Revenues Approx. ¥2,250 billion

Net income ¥130 billion or more
 ROE Above 10% level



Ongoing issues for FY2024–2026

Domestic construction business

- Address the rising cost of construction
- Expand procurement capabilities for M&E companies
- Address overtime work limits
- Improve safety performance

Growth areas and R&D

- Strengthen overseas business platform
- Pursue results in investment and R&D
- Expand into upstream and downstream segments of the construction industry and create new businesses

Business platform

- Hire and develop human resources and secure the future workforce
- Promote diversity (DE&I)
- Continue to ensure rigorous compliance
- Further strengthen initiatives to address environmental issues

Overview of the Medium-Term Business Plan (FY2024–2026)

Theme: Further Strengthening the Core Business and Building the Future

With the Kajima Group's Goals in mind, we formulated the Medium-Term Business Plan, taking into account the external environment and ongoing issues from the previous plan. We will further strengthen our core construction and real estate development businesses in Japan and overseas, aiming to create new value by expanding our value chain and promoting R&D and innovation.

Our Goals

Our aim is to contribute to our customers and the broader society, by linking our people and our expertise/technology, which together are the source of value creation.

Society

- Sustainably develop our business by building a better world

Customers

- Deliver value exceeding customer expectations along the entire process

Expertise / Technology

- Value the expertise that emerges from onsite originality and ingenuity
- Combine the diverse knowledge of experienced people to create solutions for challenges

People

- Secure high engagement from diverse human resources who leverage their unique abilities
- Ensure every employee always takes the initiative in taking on new challenges

Awareness of the business environment

We ascertain the megatrends in politics/economics, environment, society, and technology, and analyze the impact on the Kajima Group from the perspective of the opportunities and risks.

Megatrends

- | | |
|-----------------------------|---|
| Politics / Economics | <ul style="list-style-type: none">• Geopolitical risks• Price and interest rate increases |
| Environment | <ul style="list-style-type: none">• Carbon neutrality, circular economy, nature positivity• Greater frequency and severity of natural disasters |
| Society | <ul style="list-style-type: none">• Human capital management• Changing personal values and work styles• Shortage of skilled workers and aging infrastructure in Japan |
| Technology | <ul style="list-style-type: none">• Advances in digital technology• Transformation in mobility, communications, and logistics |

Opportunities

- Increasing demands and needs according to the trends
- Improvement in productivity and skills, diverse human resources, etc.

Risks

- Rising costs and declining supply of resources
- Intensified competition for securing human resources, entry of competitors from other industries, etc.

Strategies for growth

We have formulated the following four strategies for growth as pillars to maintain the basic direction of the previous Medium-Term Business Plan.

I

Enhance domestic construction business

- Building on our expertise and technological capabilities as a design-build company, further develop the domestic construction business and increase sustainable profitability by enhancing value creation capabilities for society and customers, while improving productivity and operational efficiency through digital transformation

II

Expand growth areas

- Expand earnings by demonstrating unique approaches in the real estate development business leveraging the Group's construction-related expertise and ensuring overseas businesses are closely attuned to local realities, while enhancing the value chain

III

Create new value as a technology-based company

- Identify social, customer, and onsite issues, and then solve them by combining our own technologies with external cutting-edge technologies; and as a technology-based company, promote technological development utilizing open innovation to create new value

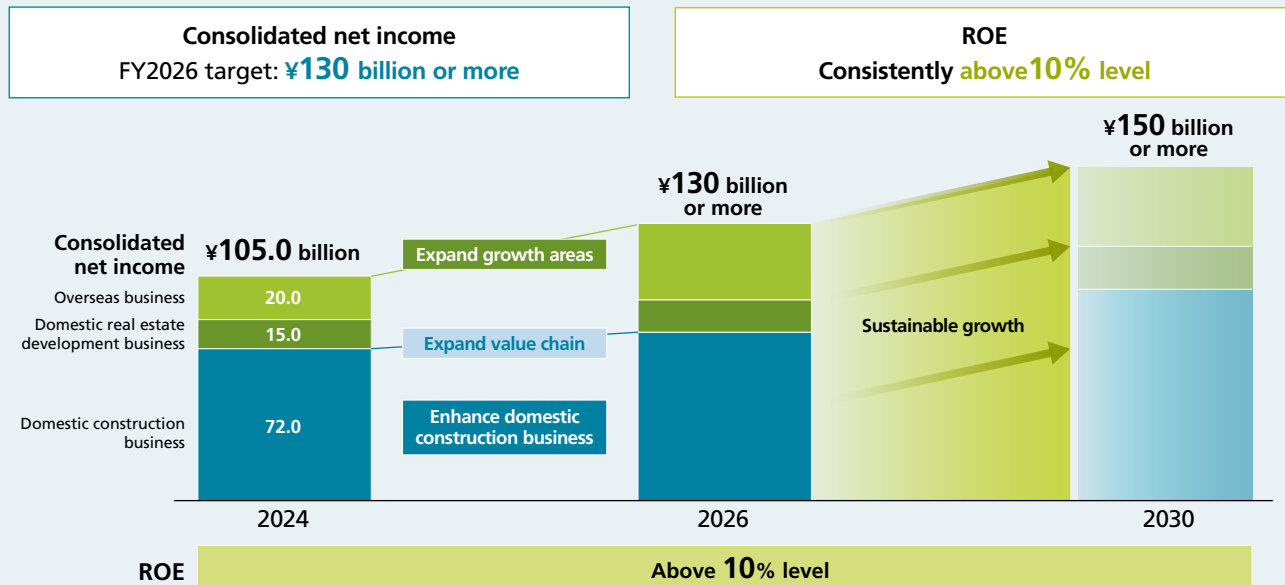
IV

Sustainability

- Pursue Kajima Environmental Vision 2050plus and strengthen responses to natural disasters
- Create a positive cycle for further growth by building a system that contributes to the recruitment, development, and retention of human resources in core and new business areas
- Ensure thorough awareness that compliance is always the top priority and maintain the trust of society and customers

Financial targets

We aim to achieve our financial targets through profit growth in the domestic construction business, revenue expansion in the growing domestic real estate development and overseas businesses, and expansion of our value chain.

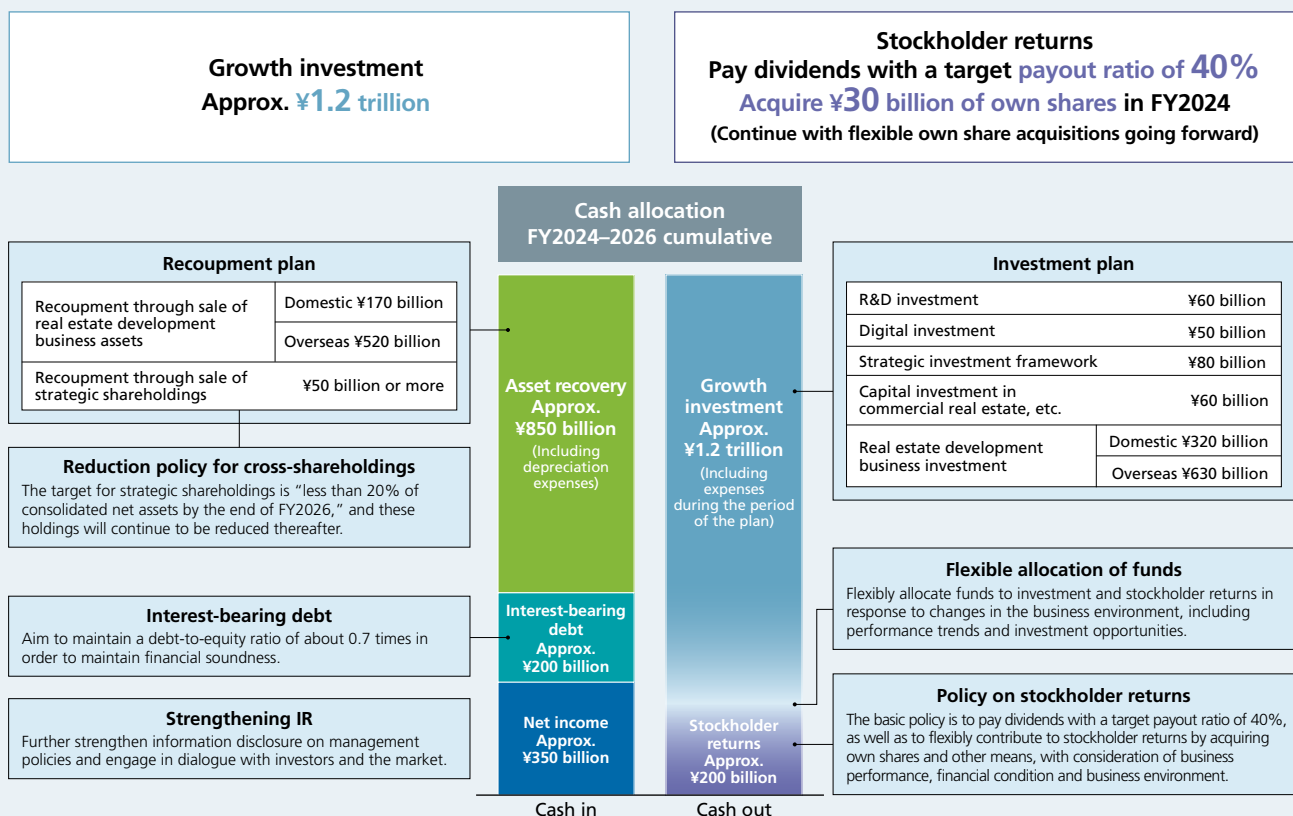


Notes:

- Consolidated net income is net income attributable to owners of the parent. (As the bar graph breakdown shows the net income of each business segment before consolidation adjustments, the total does not match total consolidated net income.)
- Assumed exchange rate is approximately ¥142/1USD.

Financial strategy

We plan to invest in strategies for growth to achieve our financial targets while providing balanced returns to stockholders alongside these investments.

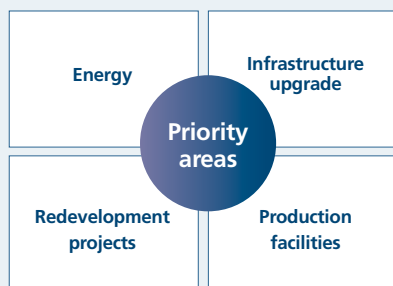


Medium-Term Business Plan (FY2024–2026) Strategies for Growth

I Enhance domestic construction business

(1) Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society

- Build track record and gather human resources and expertise in priority areas
- Improve proposal capabilities to help solve the issues and meet the needs of customers and society



(2) Improve productivity and operational efficiency by promoting digital transformation

- Implement automation, robotics, and smart production onsite
- Improve operational efficiency through the utilization of generative AI, etc.



Automated construction system A4CSEL

(3) Create safe work sites that are desirable workplaces

- Implement worksite management that prioritizes safety
- Review worksite operations that contribute to reducing overtime work and enhance support provided by administrative departments
- Create worksites that are responsive to diverse human resources and working styles



II Expand growth areas

(1) Increase profits and improve investment efficiency in the real estate development business

- Secure profits by investing in and selling assets in response to market trends
- Improve investment efficiency through utilization of external funds, early recovery of invested funds, etc.

Domestic real estate development business

- Diversify profit opportunities by expanding into more project fields (hotels, residential, distribution warehouses, etc.)
- Create new profit opportunities through the growth of private REITs



Hamamatsucho 2-chome District 4, Block A

Overseas real estate development business

- Closely monitor market and financial trends and promote timely investment and recoupment through selling off
- Steadily expand the cycle of reinvestment of funds and profits recouped from selling off



Hendricks I, II, III, and IV
(distribution warehouses in the U.S.)

(2) Enhance global platforms

- Expand earning power and profit opportunities by leveraging multidimensional global network
- Develop a management foundation and strengthen governance to match business scale expansion

(3) Diversify revenue sources by expanding the value chain

- Enhance the value provided by strengthening collaboration within and outside the Kajima Group
- Harness synergy between construction and real estate development businesses
- Provide consistently high-quality services across the Kajima Group, from upstream to downstream areas
- Develop and collaborate with promising external partners, etc.
- Enhance and expand the value chain through M&A, etc.

III Create new value as a technology-based company

(1) Strengthen the global R&D system

- Promote R&D that responds to social, customer and onsite issues
- Build an R&D system using our global network



(2) Create new value by promoting innovation

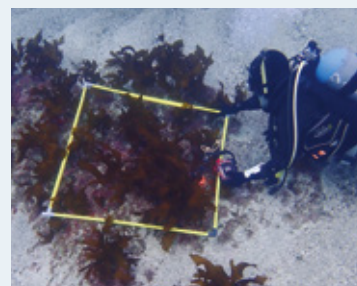
- Promote innovation activities through the fusion of our own technologies with external cutting-edge technologies.



NEDO (New Energy and Industrial Technology Development Organization)
Green Innovation Fund project
Eco-friendly concrete dome
"CUCO-SUICOM Dome"

(3) Create new businesses unique to Kajima

- Take on new business challenges that leverage the Kajima Group's resources and strengths
- In the forestry sector, utilize the forests under our ownership
- In the marine sector, utilize seaweed and seagrass beds regeneration and cultivation technologies
- In the space sector, enhance and apply our automated construction technologies



Monitoring seaweed bed regeneration
(Hayama-cho, Miura-gun, Kanagawa)

IV Sustainability

Global environment

(1) Promote Kajima Environmental Vision 2050plus

- Recognizing the interlinkage between the three areas of "carbon neutrality," "circular economy," and "nature positivity" the goals and actions set out under the previous environmental vision have been restructured and newly formulated.
- Aim to realize a sustainable society where environmental conservation and economic activities can be pursued in tandem.



Carbon neutrality

Targets set for carbon neutrality

FY2026 target (Compared to FY2021)

Scope 1+2 emissions -23%

(FY2030 target: 42% reduction)

Reduction measures

- Reduce emissions through improved productivity and energy conservation
- Secure and promote use of renewable electricity and biofuels
- Reducing fuel consumption at asphalt manufacturing plants (Kajima Road Co., Ltd.)

FY2026 target (Compared to FY2021)

Scope 3 emissions -10%

(FY2030 target: 25% reduction)

Reduction measures

- Upstream supply chain**
 - Development and application of eco-friendly concrete, such as CO₂-SUICOM, etc.
 - Promoting usage of electric furnace steel frames
- Downstream supply chain**
 - Improving energy saving rate using ZEB

Circular economy

- Actively use recycled materials onsite, especially for main materials
- Expand construction of wooden/wood-based buildings and strengthen relevant systems
- Promote efforts to improve the recycling rate

Nature positivity

- Proposing designs that take biodiversity and biological resources into consideration, minimizing dependence on water resources, etc., and proactively obtaining environmental certifications
- Promoting conservation activities in collaboration with customers and local communities, such as coral and seaweed bed restoration and rice terrace conservation
- Ecosystem conservation/regeneration on Kajima-owned land such as forests

(2) Ensure social and corporate sustainability in the case of natural disasters

- Take disaster prevention and mitigation measures for large earthquakes as well as wind and flood damage, which are becoming more frequent and severe due to climate change
- Development and application of both hardware and software technologies to support business continuity management (BCM)



Total engineering services for flooding disasters



Seismic damping technology

Human resources

(1) Develop people and create systems that will promote growth and change

Secure the necessary human resources	<ul style="list-style-type: none"> Strengthen recruitment of new graduates who will support core businesses Promote recruitment of career-oriented personnel in new fields and those with highly specialized skills
Develop human resources	<ul style="list-style-type: none"> Encourage employee growth through provision of on-the-job training, systematically passing on experience and giving opportunities to take on challenges Promote the improvement of management skills Provide sufficient self-learning opportunities
Create workplaces and systems that incorporate new personal values	<ul style="list-style-type: none"> Increase engagement by promoting quality communication Encourage employees to form medium- and long-term careers Support employees in fully demonstrating their abilities, based on qualities, aptitude and employees' own wishes
Create workplaces where everyone can thrive	<ul style="list-style-type: none"> Promote work style reforms Diversity, equity & inclusion (DE&I), employee health management Enhance personnel systems that support employees engaging in childcare and nursing care, etc.
Establish human capital infrastructure	<ul style="list-style-type: none"> Development of human resources information infrastructure Strengthen intra-group linkage among personnel divisions Improve employee remuneration and benefit

(2) Maintain and strengthen the supply chain and secure future workforce

- Improve the remuneration and benefit of skilled workers
- Promote further restructuring of multi-layered subcontracting system to create a construction system limited to secondary subcontracting in principle
- Enhance support for partner companies including human resource development and stronger collaboration



Kajima Partner College, a program to train skilled workers and successors at partner companies

Thorough compliance and respect for human rights

- Create an organization and culture where each individual maintains high ethical standards and integrity
- Ensure thorough compliance and respect for human rights, including in supply chain organizations

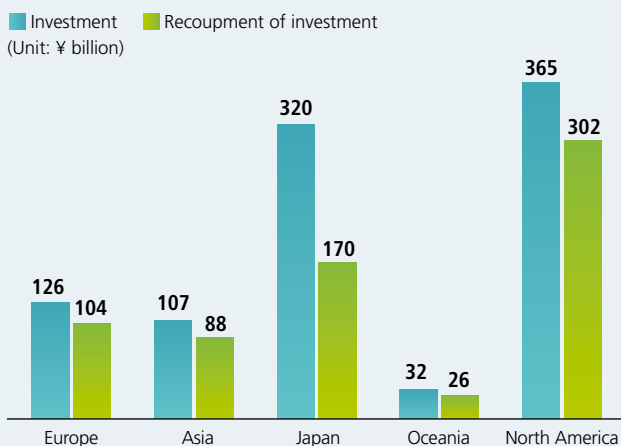
Medium-Term Business Plan (FY2024–2026) Financial Strategy

Investment plan

We have continued our investments to establish a strong financial foundation based on profits from the construction business and to achieve sustainable growth. In the new Medium-Term Business Plan, we plan to enhance the cycle of investment, recoupment, and reinvestment by strengthening our business platform and increasing investment in the real estate development business as a future profit source, while recouping funds through the sale of real estate development assets.

(Unit: ¥ billion)	FY2018–2020 (Results)	FY2021–2023 (Results)	FY2024–2026 (Plan)
R&D investment		52	60
Digital investment	49	41	50
Strategic investment framework	29	55	80
Commercial real estate, etc.	40	61	60
Domestic real estate development	400	158	320
(Recoupment of investment)	(60)	(66)	(170)
Overseas real estate development	200	583	630
(Recoupment of investment)	(100)	(269)	(520)
Amount to invest	718	950	1,200
(Net investment)	558	615	510

Real estate development business investment by region (FY2024–2026)



R&D and digital investment ¥60 billion + ¥50 billion

- Productivity improvements through automation and robotization of construction
- Efficiency improvements through use of generative AI, etc.
- Promote company-wide, global R&D and digital transformation for creation of new value



A4CSEL for Tunnel, automated rock bolt installation

Commercial real estate, etc. ¥60 billion

- Development of appealing working environments, dormitories and company housing
- Investment in construction machinery that contributes to automating construction and improving productivity



KX-LAB, a space for nurturing growth and innovation (Tokyo)

Strategic investment framework ¥80 billion

- Promote investments and M&A to expand the value chain, promote innovation, and create new businesses
- Includes environmental investments (¥20 billion), such as investments in renewable power generation projects



Activities to discover and collaborate with startups in The GEAR (Singapore)

(FY2024) Acquisition of Rodgers Builders, Inc., a medium-sized construction company in the U.S.

- Strong in the medical and education fields and has the Southeastern U.S. as a business territory (Established in 1963, around 280 employees)
- Annual revenues of around ¥80 billion
- Strengthen the medical and education fields where stable demand can be expected, as one of the strategies for growth of the U.S. construction business



Medical facility built by Rodgers Builders

Domestic real estate development**Investment: ¥320 billion; Recoupment of investment: ¥170 billion**

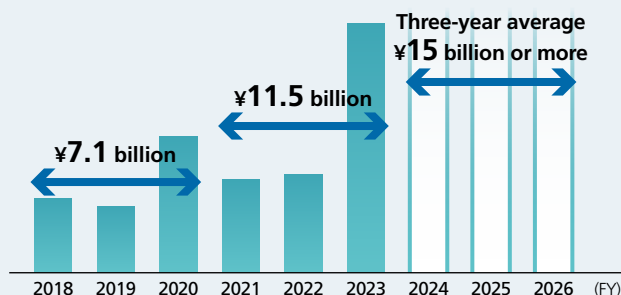
To accumulate quality assets to secure future earnings, continue to utilize external funds for investment while thoroughly managing risk.

- Expand into more project fields and accumulate quality assets to diversify revenue sources and expand profit opportunities

Domestic real estate development business^{*1} net income

Target a three-year average of ¥15 billion or more, exceeding previous Medium-Term Business Plans

^{*1} Business management figures are the combined total net income for Kajima's real estate development business on a non-consolidated basis and real estate development-related domestic subsidiaries and affiliates.

**Overseas real estate development****Investment: ¥630 billion; Recoupment of investment: ¥520 billion**

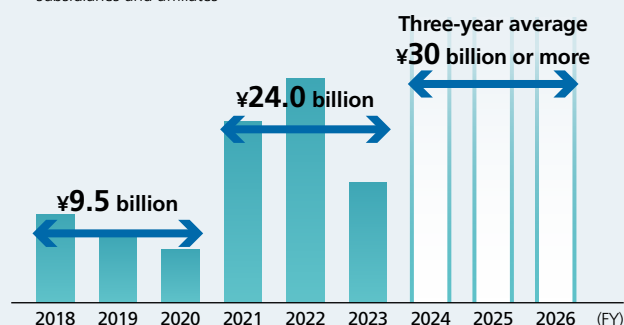
Expand cycle of reinvestment of funds and earnings recovered from asset sales, and increase both investment and recoupment

- North America: Focus on short-term turnover business, including distribution warehouses and rental apartments, etc.
- Asia: In addition to the long-term holding business such as complex development and operation, strengthen sales business
- Europe: Build a diverse business portfolio, including distribution warehouses, student housing, and renewable energy

Overseas subsidiaries and affiliates^{*2} net income

Target a three-year average of ¥30 billion or more, exceeding previous Medium-Term Business Plans

^{*2} Including net income from the construction business, etc. of overseas subsidiaries and affiliates



Stockholder returns

Due to steady profit growth, we have decided to raise the dividend payout ratio target and actually increased the dividends for four consecutive years since FY2020.

Since FY2019, we have continued to acquire treasury shares as a flexible way to return value to stockholders.

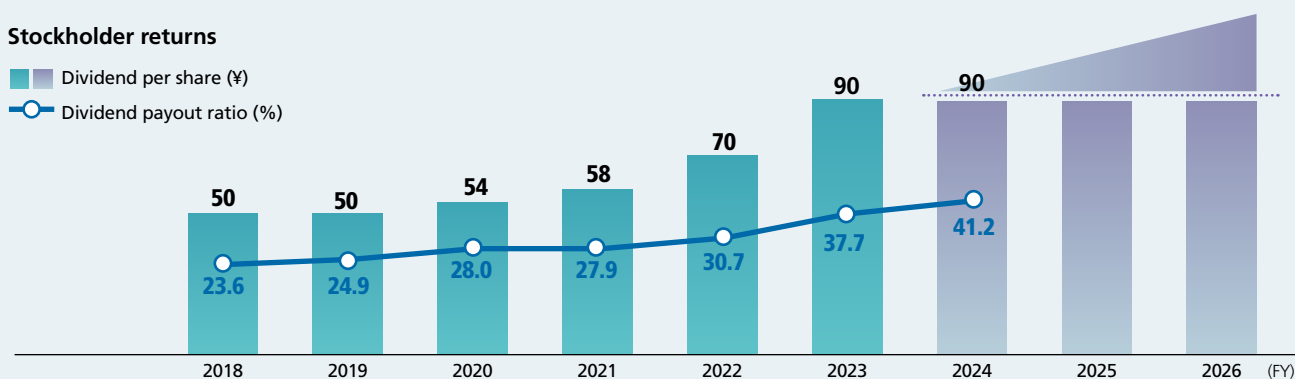
The new Medium-Term Business Plan focuses on balancing investment in growth with stockholder returns. We plan to allocate funds flexibly to both investment and stockholder returns based on performance trends, investment opportunities, and other changes in the business environment.

Policy on stockholder returns

The basic policy is to pay dividends with a target payout ratio of 40%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means, with consideration of business performance, financial condition and business environment.

Stockholder returns

- Dividend per share (¥)
- Dividend payout ratio (%)



Target dividend payout ratio	20–30% target			30% target			40% target	
Acquisition of own shares	¥10 billion		¥10 billion	¥20 billion	¥10 billion	¥10 billion	¥30 billion	Implement flexibly



Further enhancing corporate value and market valuation

Takashi Kumano

Director, Managing Executive Officer,
General Manager, Treasury Division

My name is Takashi Kumano, and I was appointed General Manager of the Treasury Division in June 2024. I have been participating in meetings of the Board of Directors and the Management Committee as a Standing Audit & Supervisory Board Member since June 2020, for a period of four years. In the course of my work, including during audits of the Kajima Group, it has been my pleasure to meet with numerous Kajima Group officers and employees in Japan and overseas. I look forward to drawing on these experiences as a guide for managing the Group's financial operations.

Review of the previous Medium-Term Business Plan

During the three years of the Kajima Group Medium-Term Business Plan (FY2021–2023), we achieved our management targets for net income and ROE. Our ongoing investment in growth raised the profitability of each business segment. In addition, PBR, a key indicator of market valuation, has improved to above 1x.

When we created the business plan, many of our customers were still recovering from the impact of the COVID-19 pandemic, and we were expecting to face headwinds during the next three years. However, we view our performance as relatively strong during the three years, supported by solid activity in the domestic construction business and better-than-expected earnings contribution from our domestic and overseas real estate development businesses. Domestic construction demand has been on an upward trend, supported by the resilience of Japanese companies and government economic stimulus measures.

Although the situation in Ukraine led to soaring prices for materials and equipment, I believe our disciplined efforts to secure construction orders under appropriate conditions and to proactively manage material and equipment procurements were a major reason we were able to maintain stable profits. In addition, the stable and consistent level of earnings in the domestic construction business became a reliable source of funds for investment in real estate development in Japan and overseas, R&D, and digital technologies, as well as in human resources, including employees and skilled workers. These

investments strengthened our management foundation and generated further profits. Specifically, regarding the real estate development business, we invested total of ¥741 billion during the three years, as we made steady progress in accumulating assets and expanding our asset portfolio. I also think the investments the Company made prior to the previous business plan contributed significantly to profits during the three years.

The new Kajima Group Medium-Term Business Plan (FY2024–2026) builds on and further evolves the directions of the previous plan. Formulated with a medium- to long-term perspective, the plan aims to establish profitability and sustainability for the construction business. For the real estate development business, the plan calls for accelerating the investment recoupment cycle in the short-term turnover businesses while allocating cash to steadily accumulate long-term holdings that will support medium- to long-term profits. Over the next three years, we plan to increase investment in real estate development projects to raise the level of development asset return in the future. As we do so, we will maintain an appropriate level of owners' equity relative to the total development risk while avoiding holding an excessive amount from the perspective of capital efficiency.

Strengthening the domestic construction business

The scale of individual construction projects in the domestic construction business has been increasing in recent years. This is due to such factors as joint ventures among clients, consolidation of facilities, and enhancement of functions. Larger projects mean more issues and risk for us, the contractor. We face particular risk from the amount of time it takes to progress from submitting a project estimate or signing a contract to the actual start of construction. We therefore need to hedge against potential rises in prices and shortages of skilled workers. The longer the interval from estimate or signing a contract to the start of construction, the greater the risk. This risk, which we need to ensure our clients are aware of, has become an important factor in contract negotiations.

In addition, as a common business practice and system, the proportion of payments to be received from clients in private

construction projects is generally skewed towards completion. Meanwhile, payments to subcontractors are made on a monthly basis, and regulatory authorities are requesting further acceleration of these payments. These practices mean that increases in project scale and duration could massively impact cash flow. To address this, we are continuously working to improve payment terms with our clients to receive payments in line with the progress of construction. This will not only enhance our capital turnover rate but also help secure the supply chain because it will improve the cash flow of subcontractors.

Domestic construction demand remains strong, but many issues related to the sustainability of the construction industry, including securing future workforce, still need to be addressed, and we believe it is necessary to allocate sufficient funds to handle these issues. Investment we make in human resources must not only cover wages and training for our own employees, but also extend to our Group and partner companies. We currently support partner companies in hiring skilled workers and offering incentive programs, while also implementing initiatives such as training to cultivate multi-skilled workers, restructuring of multi-layered subcontracting system, and offering Kajima Partner College courses for young executives and forepersons. Along with these ongoing efforts, we will continue taking steps to improve working conditions, including compensation, which will enhance the sustainability of the construction industry as well as increase loyalty to our company.

Investment in technology is critical. Kajima is a technology-based company, and it is essential that we continue and strengthen our research and technology development activities to meet society's expectations for the advancement of infrastructure technology. We are continuing to invest in R&D in areas including optimal technologies and construction methods, as well as the development of environmentally friendly construction materials. We are also taking the new approach to strategically invest in start-up companies as a way to promote technological development. In addition, we believe it is necessary to continuously allocate funds to digital investments aimed at reducing labor, increasing efficiency, and improving visualization in on-site operations, as well as to improving overall operational efficiency.

In FY2024, we expect the domestic construction business to generate non-consolidated revenues of approximately ¥1.4

trillion and gross profit of ¥146 billion with a gross profit margin of 10.7%. At the same time, we expect selling, general and administrative expenses, including the costs related to sustainability of construction industry mentioned above, to also increase gradually. Improving the gross profit margin will be key to cover the rising costs and secure operating income. We will do this by enhancing project profitability at the time of order receipt and improving our production efficiency. It will also be essential to ensure quality and safety and to prevent loss of profits due to unanticipated troubles by accepting an appropriate volume of orders that matches our resources.

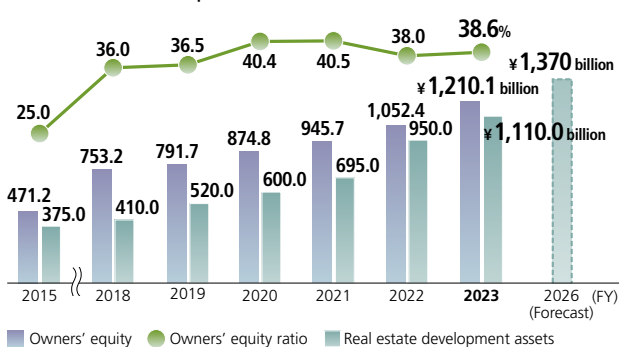
Taking action in the real estate development and other growth areas

The real estate development business has a greater investment element than the construction business and is therefore more influenced by market conditions at any given time. Because of this, we believe investment decisions must be even more cautious with the long-term perspective and that we must have a system and mindset flexible enough to change plans even while a project is underway. In FY2023, we postponed planned sales for some projects due to the sluggish real estate markets overseas. We determined that postponing a plan would be an acceptable management decision from the medium- to long-term perspective if a project is expected to produce greater profit in the future or if revenue from other operations or projects could compensate for the delayed profits.

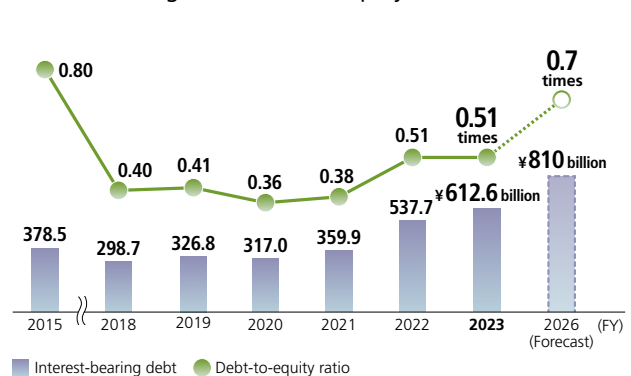
The Medium-Term Business Plan positions the real estate development business as one of the growth drivers, and the investment plan was formulated after intense discussions at the Board of Directors' Meetings. Profitability and capital turnover rates vary depending on the country and asset type, but we always instruct our business managers to constantly be mindful of capital turnover.

In the overseas real estate development business, we are planning investment and recoupment not only in long-term holdings but also in short-term turnover businesses, which include developing distribution warehouses in the United States and Southeast Asia and renewable energy facilities in Europe. We are planning to invest ¥630 billion over the next three years, which is an increase of ¥47 billion from the three years under the previous Medium-Term Business Plan. We also plan to increase

Owners' equity / Owners' equity ratio /
Real estate development assets



Interest-bearing debt / Debt-to-equity ratio



Message from the General Manager of the Treasury Division

recoupment from property sales by ¥251 billion to ¥520 billion, which will result in net investment roughly ¥200 billion less than under the previous plan. These plans are an indication that the investment and recoupment cycle is beginning to turn.

The next three years for the domestic real estate development business will be a period of accumulating quality assets and replacing with more profitable assets, and we plan to invest ¥320 billion. The active redevelopment market centered around the Tokyo metropolitan area is presenting many opportunities to participate in projects, including in collaboration with partners. We believe this is the right time to lay the groundwork for future revenue and create synergies with our construction business. At the same time, we are developing housing, hotels, logistics facilities, and other projects aimed at generating short-term capital gains, and we plan to recoup ¥170 billion in funds over the next three years.

Business decisions are primarily made in consideration of the IRR, NOI yield, and other indicators for each development project. We also take an overall perspective of the domestic and overseas real estate development activities and make comprehensive management decisions based on capital efficiency and financial soundness, taking necessary actions as needed. Although there are some differences between domestic and overseas operations, two standard guidelines we use for capital efficiency are that ROIC should exceed weighted average cost of capital (WACC, about 4-5%) and ROE should be above the cost of equity (about 7-8%). We also consider financial soundness to be a level at which the total risk amount of projects is less than the net assets. While these levels may be higher or lower in a given year, our business assessments and decisions are made based on a medium-term perspective over multiple years.

We have also earmarked ¥80 billion for strategic investment aimed at future growth. This investment allocation is intended for investments and M&A aimed at expanding the value chain, promoting innovation, and creating new businesses, including ¥20 billion for environmental-related investments, such as renewable energy generation projects. Investment in new fields other than construction and real estate development are deliberated by the Business Investment Committee, whose decisions are primarily guided by capital efficiency, growth potential, and synergies. Under the previous Medium-Term Business Plan, the committee deliberated and green-lighted the acquisition of a road operation business and the investment in a geothermal power-related company. After investments are made, the committee regularly monitors them and discusses issues and responses, including potential withdrawal from the investment if necessary.

Cash allocation

The Medium-Term Business Plan presents cash allocation shown for a three-year period. The ¥1.2 trillion for growth investments is a feature of the plan, but from a financial perspective, the plan to recoup the investments through asset sales is also a key point. Over the past six years, including the previous Medium-Term Business Plan and the three years before that (FY2018-2020), we invested approximately ¥1.1 trillion (net investment of ¥640 billion)

in domestic and overseas real estate development businesses. Evaluating these investments requires not only a measurement of the investment return, but a comprehensive assessment that encompasses the recoupment cycles and capital efficiency. In addition to targeting overall ROE above 10%, we are also monitoring and evaluating the ROE and ROIC of each business.

We anticipate carrying interest-bearing debt of roughly ¥810 billion on a consolidated basis. We seek a balance of financial soundness and financial leverage, and aim for a debt-to-equity ratio of about 0.7x to maintain our corporate bond rating. Fundamentally, the construction business does not require a large amount of capital, but the real estate development business uses interest-bearing debt to improve capital efficiency, and the debt-to-equity ratio for both the domestic and overseas real estate development businesses is around 1x. Although the environment in Japan is favorable (i.e., low cost) for procuring funds through domestic financial institutions and corporate bonds, our overseas businesses, in principle, borrow locally to meet their funding needs due to various risks such as exchange rate fluctuations.

We have revised our stockholder return policy by raising our target dividend payout ratio from 30% to 40%, based on expectations in the stock market while securing capacity for growth investment to strengthen our ability to generate cash in the future. We maintain the previous plan's policy to "flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and business environment." Our cash allocation plan is to return approximately ¥200 billion to stockholders over the next three years and provide a total return ratio exceeding 50%. Assuming these levels will be attained, we will also consider flexibly allocating and expanding stockholder returns depending on the business conditions, such as our performance and changes in the investment opportunities.

Continuing reduction of cross-shareholdings

Under the previous plan, we set a target to sell cross-shareholdings totaling over ¥30 billion during the three years to FY2023. We actually sold cross-shareholdings totaling ¥53.3 billion and lowered the ratio to consolidated net assets from roughly 30% at the end of FY2020 to roughly 25% at the end of FY2023. The current Medium-Term Business Plan calls for reducing over ¥50 billion worth of the cross-shareholdings and lowering the ratio to less than 20% by the end of FY2026 and continuing to sell the shares thereafter.

I believe that the customers (i.e., issuing companies) whose shares we are selling increasingly understand the need to reduce cross-shareholdings, driven by growing market demands for reduction. Our policy on cross-shareholdings is to "retain only shares that contribute to enhancing our corporate value and sell shares that are no longer meaningful to retain." The Board of Directors determines which shares to sell based on this policy and specific indicators, such as actual orders received from the customers, future construction plans, project profitability, and dividend yield. As the General Manager of the Treasury Division, in accordance with the imperative to reduce the cross-shareholdings, I will strictly enforce these criteria.

While the timing of the reductions will differ depending on the customers' business conditions and other circumstances, we intend to continue steadily reducing our holdings in FY2024.

Although the scale of each investment may not be especially large, we also actively look to strategically invest in start-up companies for the purpose of acquiring cutting-edge technology through open innovation and creating new businesses, as well as investments aimed at strengthening the supply chain. We will enhance information disclosure of our objectives and the backgrounds for these investments so that our stakeholders will support our decisions for increasing the number of unlisted companies' shares in our portfolio of growth investments.

Addressing issues related to market valuation

The Board of Directors verifies the profitability and growth potential of the overall Group and each business, regularly reports the content of dialogue with institutional investors, and examines and discusses market demands and valuation.

In recent years, ROE has remained continuously above 10% and we have secured a return on capital exceeding our evaluation of cost of equity (7-8%). However, considering that the main businesses in the Group's portfolio are construction and real estate development, maintaining ROE above 10% will not be easy.

The reason for this is that there are times when spending

to accumulate development assets coincides with a period of low construction sales and profits due to numerous projects being in the initial stages. In those times, because of the need to retain owners' equity commensurate with the risks involved with developing assets, owners' equity (the ROE denominator) will likely rise while net income (numerator) may not be rising. To solve these challenges and maintain a high level of ROE, we will need to secure higher and stable profitability and carefully control owners' equity. The Treasury Division's duty is to ensure funds and assets are managed properly.

Before FY2022, we felt the Company's value was not being sufficiently recognized in the stock market. We believe that the market valuation of the Group has been improving due to the increased reliability of the Group's performance, enhanced information disclosure, and increased dialogue with the market to convey the Group's growth potential since the first quarter of FY2023. These initiatives contribute to reduce the cost of equity and will continue our efforts going forward.

We will continue advancing the strategies in the Medium-Term Business Plan to improve profitability, raise expectations for our contributions to society and our customers through business activities, and steadily implement sustainability measures and enhance information disclosure, to further improve our market valuation.

Reduction of cross-shareholdings

* Number of stocks sold and proceeds from sale include partial sales.

FY	Stocks held	Listed	Unlisted	Carrying amount (market value)	Consolidated net assets ratio	Stocks sold	Proceeds from sale
2015	385	181	204	¥224.4 billion	47.3%	13	¥1.3 billion
2020	320	144	176	¥266.5 billion	30.1%	20	¥9.4 billion
2021	316	135	181	¥258.7 billion	27.1%	17	¥14.8 billion
2022	306	125	181	¥251.0 billion	23.7%	17	¥10.0 billion
2023	291	113	178	¥316.1 billion	25.8%	27	¥28.4 billion
2024-2026					Less than 20%	Over ¥50 billion	

Further improvement of corporate value and market valuation, and financial strategies

1. Evaluation and analysis of the current situation

Because we have made investments to drive our sustainable growth under the Medium-Term Business Plan (FY2021-2023), profits exceeded our targets, and we also exceeded our ROE target of 10%. We also believe that our market valuation is growing due to improved information disclosure and better dialogue with investors and the market. We recognize the Group's cost of equity to be approximately 7-8%.

2. Our initiatives

We will implement the growth strategies contained in our new Medium-Term Business Plan (FY2024-2026), with the aim of contributing to society and customers through business activities of the Group, in addition to sustainable growth of our group. At the same time, we will work to further raise our corporate value and market valuation by executing our financial strategy that balances growth investments with stockholder returns.

3. Financial strategy of the Medium-Term Business Plan (FY2024-2026)

Growth investments	Capital structure	Stockholder returns and IR
<ul style="list-style-type: none"> Invest about ¥1.2 trillion over the next three years to promote growth strategies Continue to meet the ROE target of over 10% 	<ul style="list-style-type: none"> Aim for a D/E ratio of about 0.7x to maintain financial soundness Sell at least ¥50 billion of cross-shareholdings with the goal of reducing them to less than 20% of consolidated net assets by the end of FY2026, and continue to reduce them after achieving this target 	<ul style="list-style-type: none"> Pay dividends with a target payout ratio of 40% and link dividends to profit growth Continue to flexibly acquire own shares while maintaining an awareness of capital costs Acquire ¥30 billion of own shares in FY2024 Further strengthen information disclosure on management policies and engage in dialogue with investors and the market

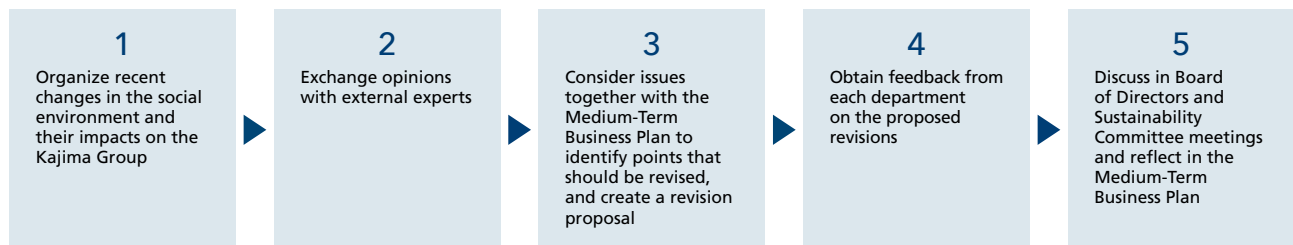
Material Issues and Main Initiatives

In July 2019, we looked at the relationship between the SDGs and the Kajima Group's business activities, Medium-Term Business Plan measures, and other activities. We then grouped the results into seven categories of material issues for both addressing social issues and achieving sustainable growth for the Kajima Group. We continued to regularly review the material issues and in 2024 conducted a full review while framing the Medium-Term Business Plan (2024–2026) and Kajima Environmental Vision 2050plus. We have partially revised our issues of materiality related to the environment as well as some other areas after considering the changes in social environment, opinions from external specialists, and input from our internal departments.

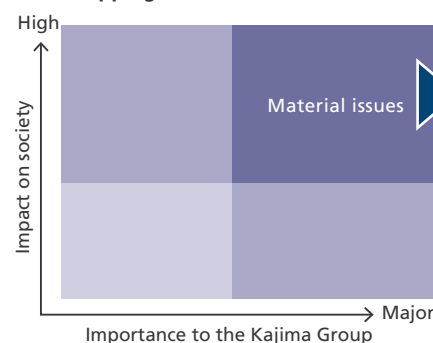
Awareness of the business environment

Risks	Megatrends	Opportunities
<ul style="list-style-type: none"> Rising cost of construction and real estate development Postponement and freezing of new projects 	Politics / Economics <ul style="list-style-type: none"> Price and interest rate increases Geopolitical risk and conflicts between nations 	<ul style="list-style-type: none"> Increase in demand related to economic security (E.g.: Semiconductors, EVs/rechargeable batteries, and pharmaceuticals)
<ul style="list-style-type: none"> Need for systematic reduction of CO₂ emissions Decline in trust due to lack of environmental friendliness 	Environment <ul style="list-style-type: none"> Carbon neutrality, circular economy, nature positivity Greater frequency and severity of natural disasters 	<ul style="list-style-type: none"> Increase in demand for renewable energy Need for environmentally friendly technology and design Increase in demand for national resilience and disaster preparedness/mitigation
<ul style="list-style-type: none"> Intensified competition for acquiring human resources and increase in employee turnover Insufficient supply resources to meet construction demand 	Society <ul style="list-style-type: none"> Human capital management Changing values and work styles Aging buildings and infrastructure Decline in skilled workers and application of overtime work limits (in Japan) 	<ul style="list-style-type: none"> Enhanced skills resulting from investment in human resources Acquisition of diverse human resources aligned with business strategy Increase in demand for design of spaces with wellness in mind Increase in demand for redevelopment and renewal/renovation
<ul style="list-style-type: none"> Entry of other industries into the construction industry 	Technology <ul style="list-style-type: none"> Advancement of digitalization and proliferation of general-purpose technologies Transformation in mobility, communications, and logistics 	<ul style="list-style-type: none"> Improvements in productivity from use of automation, robots, digital twins, and generative AI Access to the latest general-purpose technology Increase in demand for logistics facilities due to advancement of e-commerce

Process for revising material issues
































Issue mapping

























Based on the chart above, we identified issues that are important to the Kajima Group and have a major impact on society. We have condensed, reorganized, and labeled these as seven material issues: four to which the Kajima Group can contribute through its businesses and three that form the basis for business sustainability.

- Revitalization of local communities
 - Responding to changing work styles
 - Increasing sophistication of urban functions
- Maintaining and renewing social infrastructure
- Improving disaster preparedness and resilience
 - Increasing sophistication of disaster preparedness measures
 - Supporting disaster recovery
- Responding to climate change
 - Promoting efficient use and ensuring a stable supply of energy
 - Contributing to the transition to a carbon neutral society
 - Preserving biodiversity
 - Promoting resource recycling
- Assuring and improving quality
 - Increasing labor productivity
- Improving employment conditions for skilled workers
 - Nurturing human resources
 - Strengthening partnerships
 - Ensuring occupational safety
 - Championing diversity, equity & inclusion
- Conducting fair business practices
 - Ensuring compliance
 - Respecting human rights

Our material issues and related SDGs

	Direction of initiatives for material issues	Specific initiatives		Related SDGs
		Contribution through customers' businesses	Contribution through our businesses	
Society	1 Creating functional urban, regional, and industrial infrastructure capable of meeting new needs  Kajima proposes sophisticated value in the fields of building construction, infrastructure construction, urban development, and industrial infrastructure to meet diversifying needs emerging from the changing values and behavioral patterns of society. Combining experience and new technologies, Kajima creates functionality that facilitates lifestyles, work, and wellness.	<ul style="list-style-type: none"> • Creating comfortable and attractive spaces • Improving productivity and product quality through engineering technologies • Improving workplace productivity and wellness 	<ul style="list-style-type: none"> • Conducting large-scale, mixed-use redevelopment projects 	  
	2 Developing sustainable and long-lasting social infrastructure  Kajima develops technology for building and infrastructure repair, maintenance, renovation, and lifespan extension. We develop the highest quality social infrastructure designed to be reliable and can be used safely long into the future.	<ul style="list-style-type: none"> • Technologies for extending building lifespan • Technologies for maintaining and renewing infrastructure • Increasing sophistication of facility and building management 	<ul style="list-style-type: none"> • Acquiring quality assets in the real estate development business • Participating in infrastructure operation and public-private partnerships 	  
	3 Providing safety and security technologies and services for disaster preparedness  Kajima provides disaster-resilient building and infrastructure construction, advances technology development, and provides services for recovery and reconstruction in the event of a disaster. We are responding to climate change by developing more sophisticated disaster prevention technologies as part of our commitment to supporting a safe society where people can live with peace of mind.	<ul style="list-style-type: none"> • Increasing sophistication of seismic damping and isolation technologies • Constructing buildings and structures resilient to climate change • Proposing BCP solutions 	<ul style="list-style-type: none"> • Incorporating BCP into supply chain operations • Strengthening disaster response capabilities 	 
Environment	4 Contributing to carbon neutrality, a circular economy, and nature positivity  Kajima helping decarbonize society by reducing CO ₂ emissions during construction projects, developing energy-efficient technologies and eco-friendly materials, building, engineering, and operating renewable-energy power generation facilities, developing green buildings, and enabling efficient energy management. We are promoting resource recycling and the use of recycled materials to establish a circular economy and also engaging in nature-positive activities to help revitalize the natural environment, such as preserving and regenerating coral and seaweed beds and using company-owned forests. We are seeking to realize the synergistic effects and accommodate the trade-offs from carbon neutrality, circular economy, and nature positivity.	<ul style="list-style-type: none"> • Delivering zero-emission and other energy-efficient buildings • Structuring optimal energy systems • Constructing renewable-energy power generation facilities • Promoting green infrastructure • Promoting wider use of eco-friendly concrete • Providing technology for coral and seaweed bed conservation and regeneration 	<ul style="list-style-type: none"> • Reducing CO₂ emissions during construction • Developing green buildings • Developing renewable energy power generation projects and facilities • Developing and using ecofriendly materials • Using recycled construction materials • Utilizing Kajima-owned forests in a sustainable and responsible way 	    
Direction of initiatives for material issues		Platform for business sustainability		Related SDGs
Platform for business sustainability	5 Focusing on unwavering technological innovation and Kajima quality  Kajima uses its worldwide R&D network to advance its technologies and digital transformation and continue improving productivity and safety when formulating sustainable next-generation construction systems that provide new value. We are also constantly improving our quality inspection and assurance systems so we remain confident that we are delivering high-quality and safe buildings and infrastructure to our customers.	<ul style="list-style-type: none"> • Promoting technology development and digital transformation to improve productivity and safety and to create new value • Ensuring safe, high-quality buildings through rigorous quality assurance systems • Leveraging our worldwide R&D network 	<ul style="list-style-type: none"> • Mechanizing, automating and employing ICT in construction • Kajima Smart Future Vision 	 
	6 Construction that emphasizes people and partnerships  Kajima promotes workstyle reform at construction sites, secures construction personnel, hires and nurtures human resources, and creates an attractive working environment in which every employee can excel. In Japan and worldwide, we co-create value with our business partners and promote innovation through collaboration with external parties including universities, research institutes, companies and other industries, and start-ups.	<ul style="list-style-type: none"> • Ensuring occupational health and safety • Promoting work-style reform • Securing construction personnel, and reforming the multilayer subcontracting structure • Supporting diversity, equity, and inclusion in our workforce • Training and developing human resources • Using open innovation 		     
	7 Practicing corporate ethics  Kajima practices thorough compliance and risk management to ensure fair and honest corporate activities. All Group employees and officers are expected to act at an ethically high level, and initiatives throughout the supply chain are implemented to earn and maintain the trust of our customers and society. We respect the human rights of all stakeholders, including in all areas of the supply chain.	<ul style="list-style-type: none"> • Ensuring rigorous compliance • Enhancing risk management systems and process management • Conducting fair supply chain management • Respecting human rights 		

Medium-Term Business Plan (FY2024–2026), Material Issues and KPIs

		Medium-Term Business Plan (FY2024–2026)	
Material issues		Strategies for growth: I Enhance domestic construction business III Expand growth areas III Create new value as a technology-based company IV Sustainability	
Society	1 Creating functional urban, regional, and industrial infrastructure capable of meeting new needs   	Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society	I
		Create new value by promoting innovation	III
		Create new businesses unique to Kajima	III
		Increase profits and improve investment efficiency in the real estate development business	II
		Enhance global platforms	II
	2 Developing sustainable and long-lasting social infrastructure   	Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society	I
		Diversify revenue sources by expanding the value chain	II
	3 Providing safety and security technologies and services for disaster preparedness  	Ensure social and corporate sustainability in the case of natural disasters	IV
		Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society	I
Environment	4 Contributing to carbon neutrality, a circular economy, and nature positivity     	Promote Kajima Environmental Vision 2050plus	IV
Platform for business sustainability	5 Focusing on unwavering technological innovation and Kajima quality  	Improve productivity and operational efficiency by promoting digital transformation	I
		Strengthen the global R&D system	III
	6 Construction that emphasizes people and partnerships      	Maintain and strengthen the supply chain and secure future workforce	IV
		Increase engagement	IV
		Promote diversity, equity, and inclusion (DE&I)	IV
		Create safe work sites that are desirable workplaces	I
	7 Practicing corporate ethics 	Thorough compliance and respect for human rights	IV

*1 FY2021–2023 *2 FY2024–2026 *3 July 2024

	KPIs	FY2026 targets	FY2023 results
	Civil engineering: Revenues from the fields of infrastructure renewal and renewable energy	¥55.0 billion	¥52.7 billion
	Building construction: Development and installation of wellness technology	Pursuit of people-centered building and town planning	Began joint research on wellness using digital technology such as the metaverse
	Strategic investment	Three-year total ^{*2} : ¥80 billion	Three-year total ^{*1} : ¥55.0 billion
	Total investment in the real estate development business over three years	Three-year total ^{*2} : ¥320 billion in Japan Three-year total: ¥630 billion overseas	Three-year total ^{*1} : ¥158.0 billion in Japan Three-year total ^{*1} : ¥583.0 billion overseas
	Civil engineering: Verification testing and installation of infrastructure maintenance and management technology	Contribution to infrastructure lifespan extension through development and installation of maintenance and management technology	Revenues from infrastructure upgrades ¥29.9 billion
	Building construction: Renovation sales	¥200 billion or more	¥257.3 billion
	Pursuit of initiatives as a Group to expand operations in the building management area		Number of buildings managed by Kajima Tatemono Sogo Kanri Co., Ltd. 2,835
	Expansion of application of total engineering services for BCP and flooding disasters		Number of buildings that employ BCP solutions 98 buildings per year
	Scope 1+2 CO ₂ emissions Scope 3 CO ₂ emissions	288 kt-CO ₂ (23% reduction vs. FY2021) 11,080 kt-CO ₂ (10% reduction vs. FY2021)	414 kt-CO ₂ (11% increase vs. FY2021) 17,730 kt-CO ₂ (44% increase vs. FY2021)
	Recycling rate	97%	96.4%
	Provision of nature-based solutions (NbS; number of environmental certificates acquired, number of external awards)	10 projects	8 projects
	Number of projects involving mutual use of construction ICT and robots in the industry	10 projects	–
	Digital investment	Three-year total ^{*2} : ¥50 billion	Three-year total ^{*1} : ¥41.0 billion
	R&D investment	Three-year total ^{*2} : ¥60 billion	Three-year total ^{*1} : ¥52.0 billion
	Implementation of construction systems that limit the scope of contracts to secondary subcontractors, in principle	At or above the level in the previous fiscal year	77.2%
	Number of people who have completed Kajima Partner College	Three-year total ^{*2} : 18 people who have completed the management course Three-year total ^{*2} : 60 people who have completed the technical course	Three-year total ^{*1} : 11 people who have completed the management course Three-year total ^{*1} : 80 people who have completed the technical course
	New E Award recipients (incentive system for outstanding skilled workers)	800 people	768 people
	Engagement survey response rate	90% or more	89%
	Percentage of female new graduates in the managerial track	30% by FY2028	21.1%
	Percentage of female managers	10% by FY2035	2.2%
	Percentage of male employees taking extended parenting leave and leave for childcare purposes	100% (Men who take extended childcare leave of 30 days or longer: 50%)	92.2% (33.2%)
	Number of fatal accidents	0	0
	Percentage of employees who have completed compliance training	100%	100%
	Performance of human rights due diligence	Implementation of Group-wide measures to reduce, avoid, and mitigate risks, and pursuit of initiatives which include the supply chain	Kajima Group human rights issues were identified, including issues in the supply chain, and measures were considered to reduce the risk of human rights issues
	Response rate on Kajima Group Conduct Guidelines for Business Partners survey (major business partners)	Pursuit of measures based on response results and improvement in response rate on the next survey	77% ^{*3}