

Kajima's Corporate Philosophy

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.

Ever since its establishment in 1840, Kajima has continued to contribute to the development of industry and the economy through its construction business, working to build a society where people can live safely, securely and comfortably. We have met challenges, evolved and developed throughout our history.

The cornerstone of Kajima's success is the aggressive, enterprising spirit embodied in its management and employees, who continue to take on challenges in new business fields as industry frontrunners. Kajima is committed to progress and development, and has always been keenly aware of contemporary trends.

We will continue to pass along this fine tradition while drawing on our corporate philosophy. On this basis we seek to fully address social needs as a leader in creating truly comfortable environments and as a company that contributes to society.

Kajima Group Vision

In a business environment changing at an ever-accelerating pace, Kajima created a vision that is designed to ensure that internal and external stakeholders understand the course the Kajima Group has charted to the future. The Kajima Group Vision consists of the Vision Statement, which articulates the Kajima Group's future direction, and the Values we will uphold in realizing the Vision Statement.

Positioning of the Corporate Philosophy, Kajima Group Vision, Material Issues and the Medium-Term Business Plan



▶ Medium-Term Business Plan Progress, pages 26-29

Vision Statement

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

Values

Openness

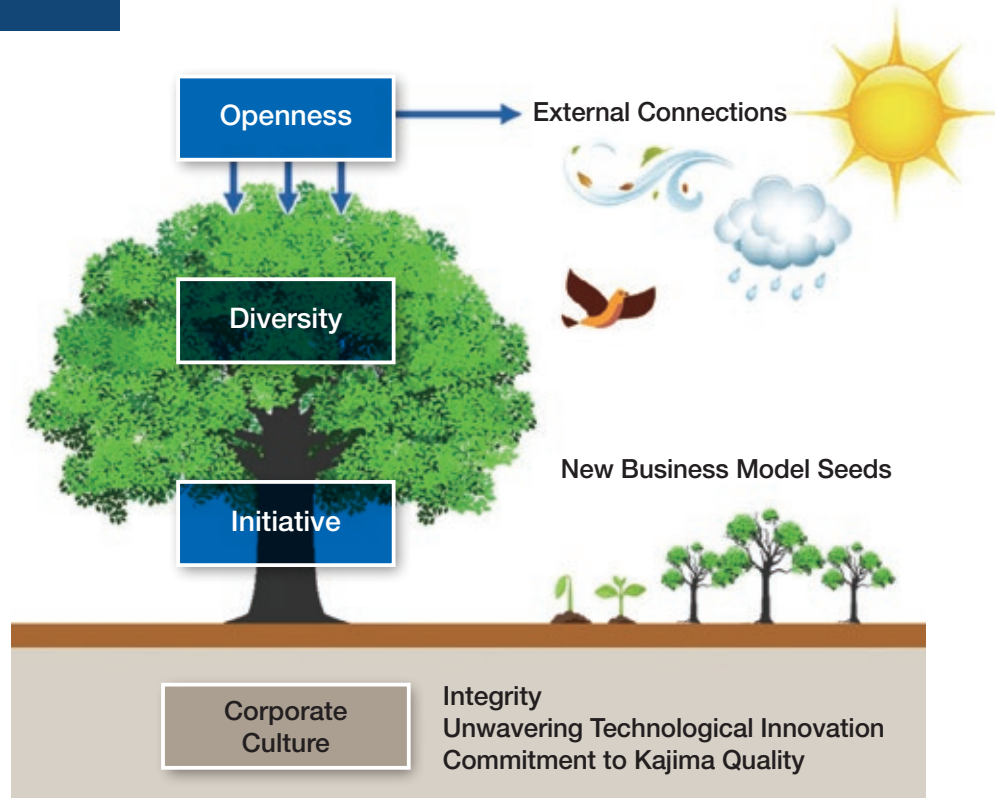
Having the ability to adapt to changes by seeking external resources and stimuli necessary for business creation and research and development

Diversity

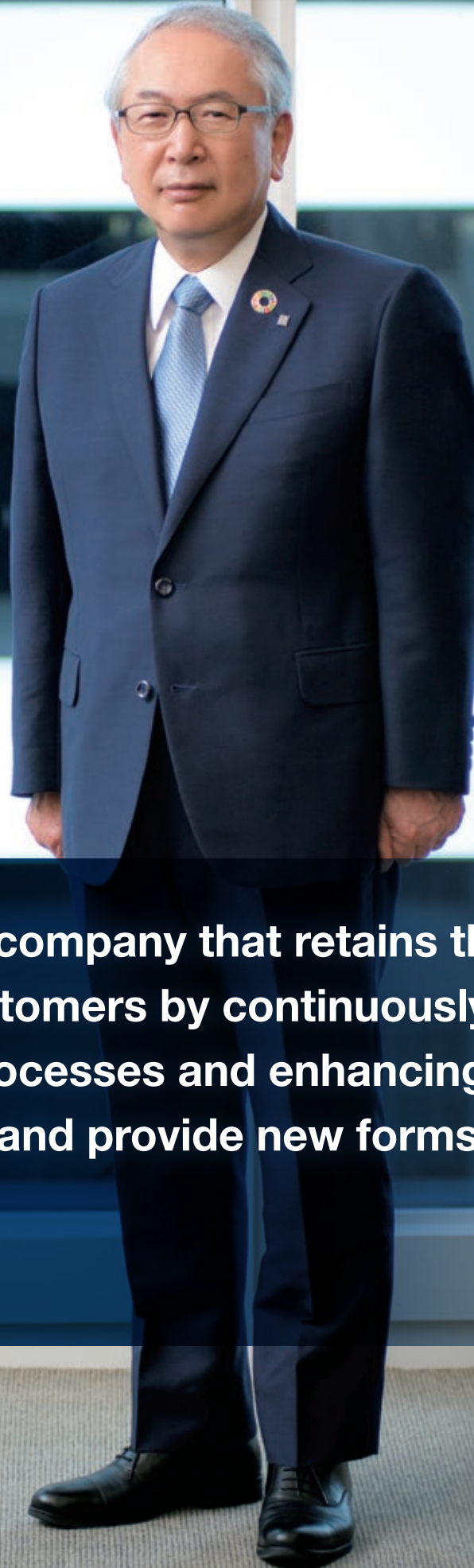
Placing importance on diverse human resources and work styles, and having the receptiveness to recognize sharp ideas and different values

Initiative

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



Message from the President



We aim to be a company that retains the trust of society and customers by continuously evolving construction processes and enhancing the value chain to create and provide new forms of value.

Hiromasa Amano

President, Representative Director

To Our Stakeholders

The Kajima corporate philosophy advocates, “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.” This philosophy is Kajima’s management foundation, and has inspired us to overcome various difficulties and grow as a company throughout our history.

Since its founding, Kajima has passed along an enterprising spirit of proactively and resolutely taking on challenges. We have contributed to the economic and industrial development of Japan through trailblazing projects ranging from railways, dams, power plants, and other social infrastructure, to Japan’s first skyscraper.

At the very heart of every one of these achievements have been Kajima’s people and technology, through which we have built trust, achieved growth, and increased our contribution to society. Rather than focusing on short-term profits, we aspire to earn the trust and sincerely fulfill the expectations of our customers and society by fully deploying our technology and doing great work with a long-term perspective. We have kept this commitment in the past and present, and will continue to do so in the future.

Our mission is to benefit society and the public good by providing high-quality social capital. Buildings and other structures remain in use for many years, and our responsibility for them extends throughout their lifespan. We will continue to create value by providing a wide range of services around the world, from upstream to downstream, with a focus on the construction and real estate development businesses.

FY2021 in Retrospect

In fiscal 2021, more than a few projects in Japan and overseas were canceled or postponed due to the COVID-19 pandemic. However, initiatives including those in the overseas real estate development business resulted in net income attributable to owners of the parent of ¥103.8 billion, thereby meeting our earnings target. We have also consistently generated net income of over ¥100 billion in five of the past six fiscal years. Our current business plan has gotten off to a smooth start despite the uncertainty in our business environment, and we have enhanced the stability of Group management while creating new income sources.

We have significantly improved our ability to generate cash flows with stable profits in the construction business and short-term turnover-type businesses in

the real estate development business. Doing so has enabled the Group to make proactive investments that will generate stronger earnings in the future, provide stockholder returns through dividends and share buybacks, and raise wages for Group employees. Our efforts to improve compensation for skilled workers in the construction industry, including those at our business partners, started a long time ago, and we will continue and enhance related measures.

We will continue to identify risks and opportunities in our global construction and real estate development operations, and make strategic decisions to mobilize the Group’s comprehensive capabilities based on accurate information and analyses. Our immediate business environment will remain uncertain; nevertheless, we are at a key juncture for growing further as a company and meeting the expectations of our stakeholders.

Near-Term Environment for Contract Awards in Japan

Prices for materials, equipment, energy, and other inputs are rising worldwide due to factors including rising global construction demand and the market turmoil caused by the situation in Ukraine. Uncertainty regarding future events has increased as a result.

We expect the environment for contract awards in Japan to benefit from stable construction demand, including renewal of aging infrastructure and construction of facilities related to renewable energy, along with large-scale redevelopment projects and construction of production and logistics facilities in central Tokyo and regional urban centers. At the same time, we must consider how to reflect price increases amid competition for contract awards and be even more circumspect when deciding which projects to pursue.

Public works projects tend to allow for timely adjustments to reflect price increases after signing a contract. However, for private sector contracts, which account for about 70% to 80% of our non-consolidated construction orders, upward revisions from the original contract often need to be negotiated. This necessitates careful attention to price estimates and contract details in the process leading up to a contract award.

The cost of living is rising in tandem with prices in general. As the scope of this impact continues to expand, its effect on construction will increase given the wide array of materials, equipment, and labor employed in the industry. We have reflected on and learned from instances when our performance deteriorated due to taking on contracts for which we miscalculated procurement cost projections during periods where the economy transitioned from deflation

Corporate Value Drivers—Message from the President

to inflation. We are therefore careful in drawing up estimates to reflect costs accurately. Furthermore, we are countering rising material and equipment prices in ways such as finalizing designs at the initial stage of projects and employing building information modeling (BIM) to accelerate procurement.

The number of large-scale projects we handle has increased in recent years, including construction projects exceeding ¥100 billion. Taking on a new project involves decisions that carry forward several years into the future. As such, I will make decisions that enable us to fully employ our resources.

Medium-Term Business Plan Progress

We formulated the Kajima Group Vision and Goals for 2030 for the Kajima Group Medium-Term Business Plan (FY2021–2023), which has three key measures based on our material issues: further strengthen core businesses, strive to create new value, and establish a strong management foundation and promote ESG measures for growth and transformation.

[▶ Medium-Term Business Plan Progress, pages 26–29](#)

As always, execution is more important than planning. I am convinced that we will achieve outstanding results through all Kajima Group employees taking personal responsibility for executing our plan.

Digitalization and Digital Transformation

Digitalization and enhancing the value chain are the key concepts I have been expounding since becoming President in 2021. They are essential for the success of the Medium-Term Business Plan.

In recent years, our operations have become more sophisticated and expansive as projects have become extremely large and complex. Digitalization facilitates the codification of personal and tacit knowledge, thus making wisdom and experience available for the future; it also helps us maintain and improve the quality and efficiency of our work. Moreover, the construction industry will also implement restrictions on overtime work in fiscal 2024. Digitalization is key for shortening the working hours of employees at construction sites and empowering diverse work styles, and as such we are promoting it throughout the Group.

The Construction RX Consortium is an initiative launched in September 2021 by construction companies to promote new values. The consortium aims to improve productivity throughout the industry, and to make it more attractive to work in. Member companies collaborate beyond their internal frameworks to develop synergistic construction

robotics, software, and IoT technologies.

We look forward to a number of positive outcomes from the Construction RX Consortium. Transferring technologies and skills, saving labor, and improving productivity are shared issues throughout the construction industry. The consortium will increase opportunities for member companies to use one another's robotics technologies and to extensively collaborate in deploying each other's unique technological capabilities in areas such as IoT. Doing so will steadily shorten development timeframes, improve development efficiency, reduce costs, and accelerate adoption. The coming shortage of personnel is an issue all members face, and I have high expectations that the consortium will succeed at improving productivity and making the construction industry more attractive to work in.

[▶ Civil Engineering \(Digital Transformation\), page 35](#)

[▶ Building Construction \(Digital Transformation\), page 39](#)

The construction industry seems to have fallen behind the manufacturing industry in many respects, which may well make it the final frontier. Kajima is optimizing and evolving its management foundations through digital transformation so that it can use digital technologies to address new social and customer issues in the digital society.

Enhancing the Value Chain

The second key concept is enhancing the value chain. This involves strengthening the functions of value chain components upstream and downstream—ranging from real estate development, engineering, and design to civil engineering, building construction, maintenance, and management—while ensuring that they work together organically to create greater value.

Specifically, we are using BIM data at all stages from building design to maintenance and management, and structuring methods for channeling building maintenance data back to upstream construction processes. We are also evolving business processes in ways such as enhancing collaboration among departments and facilitating the transition from the design stage to the construction phase. In addition, we are strengthening the construction business by acquiring additional design and engineering companies. We are also capturing ancillary profit opportunities that have synergies with existing businesses, such as infrastructure ownership and operation, exemplified by the 2021 acquisition of the business that operates the Atami Beach Line toll road, and businesses to develop power plants that use renewable energy in Europe. Furthermore, we are steadily investing in ancillary markets to expand our business domain.

[▶ Value Chain, pages 22–23](#)

Strategies for Growing Our Overseas Operations

We have been building our overseas operations since the 1980s. The proportion of Group revenues that our overseas operations account for has continued to increase as a result of strategic investments and ongoing initiatives to build business platforms in the countries and regions we serve.

In addition to maintaining a steady focus on localizing management, we have expanded our businesses in North America, Europe, and Oceania largely through M&A. Although the number of employees at overseas subsidiaries has been steadily increasing as revenues have grown, the number of employees assigned from Head Office has remained roughly the same over the past 10 years. This is a strong indicator of how the executives and employees of companies we have acquired are producing results as part of the Kajima Group. We will retain our strategic focus on acquiring carefully selected partners with corporate cultures that are compatible with that of the Group.

On the other hand, we have grown our construction and real estate development businesses in Asia through alliances and collaboration with local partners, rather than through M&A. Economic development will certainly continue in Southeast Asia despite the pronounced impact of the COVID-19 pandemic. Anticipating post-pandemic growth, we will first restore performance in our existing businesses and invest in promising fields such as the hotel development business in Vietnam.

Our overseas operations are one of the Kajima Group's growth engines, and we will steadily expand our global network with a long-term perspective and build a medium- to long-term international business portfolio.

Overseas Operations, pages 46–47

Forward-Looking Initiatives

Long-Term Management Directions through 2050

Advances in information technology over the last 20 years, recent trends in addressing climate change, and emerging geopolitical risks suggest that technological development and social change will certainly accelerate in the future. Moreover, the resulting evolution of the global and domestic market environments, as well as changes in the values and requirements of society and customers, suggest that a historic transformation is inevitable.

Regardless of these changes, the Group is tasked with helping to make people's lives safe, secure, and

comfortable, and we must meet the expectations of society while helping to protect the global environment.

As a company, we envision both cultural transformation and growth. We intend to meet the future expectations of society by complementing our core construction and real estate development businesses with service businesses that offer management capabilities, technology, and knowledge. We will also expand our business domain to include cyberspace and outer space.

Innovation

Kajima is committed to technological innovation and has been developing and applying new technologies with an aggressive, enterprising spirit. However, society is changing so dramatically that we will not be able to keep pace if we rely solely on our own R&D.

The key values of the Kajima Group Vision we formulated last year are openness, diversity, and initiative. The Kajima Group's businesses have centered on contract work, and as such these values are an area where we can do better. We need to share and convey these values and cultivate understanding both internally and externally to incorporate innovation into the Group's growth.

Kajima Group Vision, page 3

In that regard, we are focused on hiring and developing diverse human resources and on collaborating with external partners.

Starting with an investment in startup support funds in 2018, we assigned employees to Silicon Valley in the United States, and built relationships with companies in different industries and various start-ups with advanced technologies such as AI and robots. We have also assessed thousands of potential candidate companies and built a successful track record of feasibility tests and collaboration.

In addition, we will complete The GEAR in Singapore by the end of fiscal 2023, where we will relocate the Kajima Technical Research Institute Singapore Office (KaTRIS). We plan to promote open innovation with external companies, government agencies, universities, and other organizations.

We established the Innovation & Incubation Office at the Head Office in October 2021 as a hub for open innovation. It is responsible for exploration of advanced technologies, collaboration, and for planning new businesses utilizing knowledge we have acquired. We are also inculcating a culture of innovation, admittedly a weak point for the Group, with internal forums and conferences while providing educational opportunities to open the minds of junior and mid-level employees.



Sustainability

Sustainability is increasingly important for Group management and for our stakeholders. We are focusing on three areas: investment in our people, restructuring multilayered subcontracting, and carbon neutrality initiatives.

Investing in Our People

The COVID-19 pandemic, digitalization, and ongoing work-style reforms have dramatically changed people's work values. Consequently, we see hiring, nurturing, and deploying people as the Group's lifeline. The key to our ability to generate sustainable growth is to share our corporate philosophy and the Kajima Group Vision, and train highly specialized professionals who can address rapid environmental change while meeting the expectations of society and customers, as well as talent who can manage these professionals.

We are structuring training systems that allow all employees to autonomously and continuously improve their abilities, and are using a talent management system as the organizational basis for drawing on the abilities of each employee.

Expansion into new business areas requires the Group to strategically allocate personnel; in other words, strategically redeploy people. We may bring people into the Group via M&A, which we consider to be a form of human resource investment.

We also encourage employee growth in both theoretical and practical terms. We have training facilities designed for encouraging employee interaction and we are also constructing a hands-on training facility designed to improve the quality control

capabilities of our employees and develop the next-generation workforce.

In addition, the Group is promoting the creation of a free and open organization where diverse people can work enthusiastically. We are enhancing systems that enable employees to continue working securely even as they navigate various life events. In recent years, the percentage of new female graduates hired for the managerial track at Kajima has risen above 20%, and the number of female employees in managerial positions is gradually increasing. Our challenge is to promote active roles for women in construction management and other work related to construction sites. We will promote the creation of an environment that helps female employees work anywhere, including in busy front-line departments. The Group also intends to draw inspiration from overseas subsidiaries, where many female employees are leading their organizations as executives and on-site managers.

Although developing people and promoting diversity takes time, I would like the Group to steadily implement measures with an unwavering determination to dispel the conventional image of the construction industry.

The newly established Sustainability Committee and other deliberative bodies will address systematic human resource development and diversity from a long-term perspective as a matter of policy.

[Human Resources, pages 49-51](#)

Progress in Restructuring Multilayered Subcontracting

The longstanding multilayered subcontracting structure of Japan's construction industry has problems in terms of safety, quality control, and transparent compensation.

We need to improve this structure. The Kajima Group is limiting the scope of contracts to secondary subcontracting, in principle, and increasing compensation for skilled workers. As a prime contractor, we are also implementing ongoing initiatives to create a safe work environment that we can monitor effectively.

During discussions about the implementation of reforms, our partner companies asked us to provide steady work and reduce sudden process changes. We have responded with initiatives such as disclosing planned orders and construction information to key companies as quickly as possible, and contracting directly with partner companies that provide labor.

Japan's general contractors typically do not directly employ skilled workers. It is therefore often the case that skilled workers work at Kajima's site one day, and at another company's site the next. Skilled workers

are shared throughout the industry, so Kajima will not achieve meaningful results by acting alone. However, this structure is changing, albeit slowly. I look forward to cooperation between the Japan Federation of Construction Contractors and the Ministry of Land, Infrastructure, Transport and Tourism to improve the multilayered subcontracting structure through industrywide sustainability initiatives.

▶ Human Rights, Supply Chain, and Safety (Restructure Multilayered Subcontracting), page 53

Carbon Neutrality Initiatives

The world is moving toward carbon neutrality, and one of the areas in which we can contribute as a construction company is renewable energy facilities. We are participating in the construction of Japan's first commercial offshore wind farms at Akita Port and Noshiro Port, and we are also participating in three new offshore wind farm construction projects as a preferred contractor. We will address expanding demand by building on our track record to acquire knowledge and technology with the goal of making greater contributions.

▶ Civil Engineering (A Unique Track Record in Commercial Offshore Wind Power Construction in Japan, with Three Provisional Contract Awards), page 36

In the field of construction materials, we are focusing on the development and application of eco-friendly concretes such as CO₂-SUICOM®, the world's only commercially available CO₂-negative concrete that absorbs and fixes CO₂. In January 2022, we began participating in the NEDO Green Innovation Fund Project, "Development of Technology for Producing Concrete and Cement Using CO₂." Proposed and adopted as a consortium, the project is working to resolve technical and cost issues.

▶ Environment (Facilitating the General-Purpose Adoption of Innovative Carbon-Negative Concrete), page 59

In addition, customer requests for wood-frame, mass-timber structures and zero energy buildings (ZEB) that reduce CO₂ emissions during building usage have been increasing over the past several years. As two important design proposal themes, we will proactively promote these types of building through initiatives that leverage the Group's experience and capabilities.

▶ Environment (Eco-Friendly Buildings Contributing to Carbon Neutrality), page 58

The Kajima Group has the goal of achieving carbon neutrality (i.e., net zero emissions) by 2050. Guided by the Kajima Environmental Vision: Triple Zero 2050, we are implementing initiatives to reduce CO₂ emissions from our businesses and employ carbon offsets.

We believe that we can meet our emissions reduction target for fiscal 2030 by employing hybrid

and all-electric construction machinery on-site, using lower-emission decarbonized fuels, and switching to green electricity. We intend to meet our emissions elimination target for fiscal 2050 by complementing current initiatives with collaboration among leading-edge companies. The Group has a customer network that spans most industries. It offers the potential for collaborative technological exploration, including the development of innovative low-carbon equipment with construction machinery manufacturers or cooperating with other industries to develop new decarbonized fuels.

▶ Environment (Toward Achieving Carbon Neutrality by 2050), page 56

Closing Thoughts

Manufacturing industries tend to have a faster turnaround, but projects in the construction industry tend to take several years to complete and require collaboration with a wide array of customers, partner companies, and other stakeholders. This process must be backed by communication and understanding, and is the basis on which our accomplishments will be evaluated and recognized. Digitalization and other influences are also leading to constant process evolution, which is a key factor that allows Kajima to remain the company of choice among customers and partner companies. Furthermore, we certainly need transformational initiatives because evolution is crucial for attracting outstanding people. They also help us generate sustainable growth as they create new sources of revenue through enhancement of the value chain.

Inspired by our corporate philosophy and our commitment to the seven material issues we have identified, we will help to resolve social issues and generate sustainable growth by delivering sophisticated technologies and services in markets including disaster readiness, maintenance, renewal, and renovation. We will also proactively research and develop eco-friendly materials to contribute globally to realizing a sustainable society and continue to earn the trust of our customers.

Kajima has passed along the thinking of its people and its technologies over a history spanning more than 180 years. We are counting on your continued understanding and support as we take on challenges with new ideas to give shape to creativity and inspiration.

History of Kajima

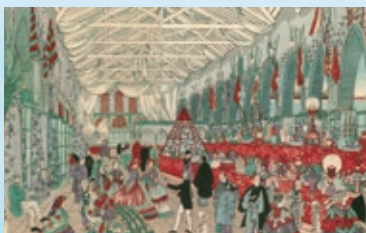
Since its establishment in 1840, Kajima has created venues for human life and endeavor. This has included the development of social infrastructure such as railways and dams as well as office, commercial and residential facilities. Through our construction business, we have helped to build a society where people can live safely, securely and comfortably.

Following the end of Japan's Edo period through each of its imperial eras (from Meiji, Taisho, Showa and Heisei to the current Reiwa), Kajima has been known for its leadership in fields ranging from Western-style buildings and railways to dams and skyscrapers. This attests to the ability of our businesses to meet contemporary demands, continuously passing on an enterprising spirit that remains ahead of the times to take on the challenges of the future with technology.

1840–

Foundation and Leadership in Western-Style Buildings

Kajima's history began in 1840 when founder Iwakichi Kajima opened a carpentry business in Nakahashi Masaki-cho, Edo (now Kyobashi, Chuo-ku, Tokyo). Iwakichi, who was successful enough to frequent the residences of *daimyo* (feudal lords), expanded his business to Yokohama, where construction was booming as an open port under the Treaty of Amity and Commerce between Japan and the United States. Following the construction of the Ei-Ichiban Kan, which housed Yokohama's first foreign trading company, he became widely associated in the public mind with Western-style buildings.



Yokohama English Prosperous Business Firm by "Ikkeisai" Ochiai Yoshiiku (in part; 1871), depicting Ei-Ichiban Kan

1880–

Leadership in Railways and Dams

Iwazo Kajima, the second generation of the family to run the Company, established Kajima Gumi in 1880 and started a subcontracting business for railways. The Company built numerous railways as well as a substantial reputation in the railway field. Then, to meet the rapidly growing demand for electricity, Kajima completed the Ohmine Dam, Japan's first concrete high dam. It was the first of many projects that contributed significantly to Japan's development and established the Kajima name in the field of dam construction.



Japan's first high dam made of concrete, Ohmine Dam (Kyoto, 1924). Submerged in 1964 with the construction of the Amagase Dam

1960–

Rising to the Challenge of Skyscrapers

In 1968, we completed the Kasumigaseki Building, Japan's first skyscraper, establishing the construction technologies to make Kajima's name a leader in the field. We then went on to build skyscrapers throughout the country. At the core of this technological development was the Kajima Technical Research Institute, which we established in 1949 as the first such facility in Japan's construction industry. In the 1980s, we responded to calls for greater skyscraper safety by leading the world in the development of seismic damping and other technologies.



Kasumigaseki Building upon completion (1968)

Consolidated Net Income

(Net Income Attributable to Owners of the Parent)



1980-

Expansion into Overseas Business

Kajima's overseas business grew rapidly in the 1960s, with the redevelopment of Little Tokyo in Los Angeles, United States. We established Kajima U.S.A. Inc. in the U.S. in 1986, Kajima Europe Ltd. in the U.K. in 1987, and Kajima Overseas Asia Pte. Ltd.* in Singapore in 1988. With the addition of Kajima Corporation (China) Co., Ltd., Chung-Lu Construction Co., Ltd., and Kajima Australia Pty Ltd., our overseas network now encompasses six regional bases, through which we are actively developing businesses that are rooted in local communities.

* Now Kajima Asia Pacific Holdings Pte. Ltd.



Redevelopment of Little Tokyo, the foremost Japanese neighborhood in the United States

2000-

Branching Out into Real Estate Development

The impetus for Kajima's full-scale entry into the development of large-scale mixed-use facilities was the development of Shiki New Town (Saitama Prefecture), which is one of the largest such projects in Japan. In the 2000s, we began participating in urban renewal projects, including the Akihabara Development Project and the Toranomon 4-chome Project. Since then, we have leveraged our technological skills and comprehensive capabilities as a general contractor-developer with design-build capabilities to conduct multi-use urban development.



Toranomon Towers (2006), consisting of a 23-story leased office building and a 41-story residential condominium property on elevated ground in Toranomon, central Tokyo

2020-

Kajima Today

Kajima will maintain its enterprising spirit as it moves ahead on initiatives with a view toward the future.



Construction for one of Japan's largest offshore wind farms



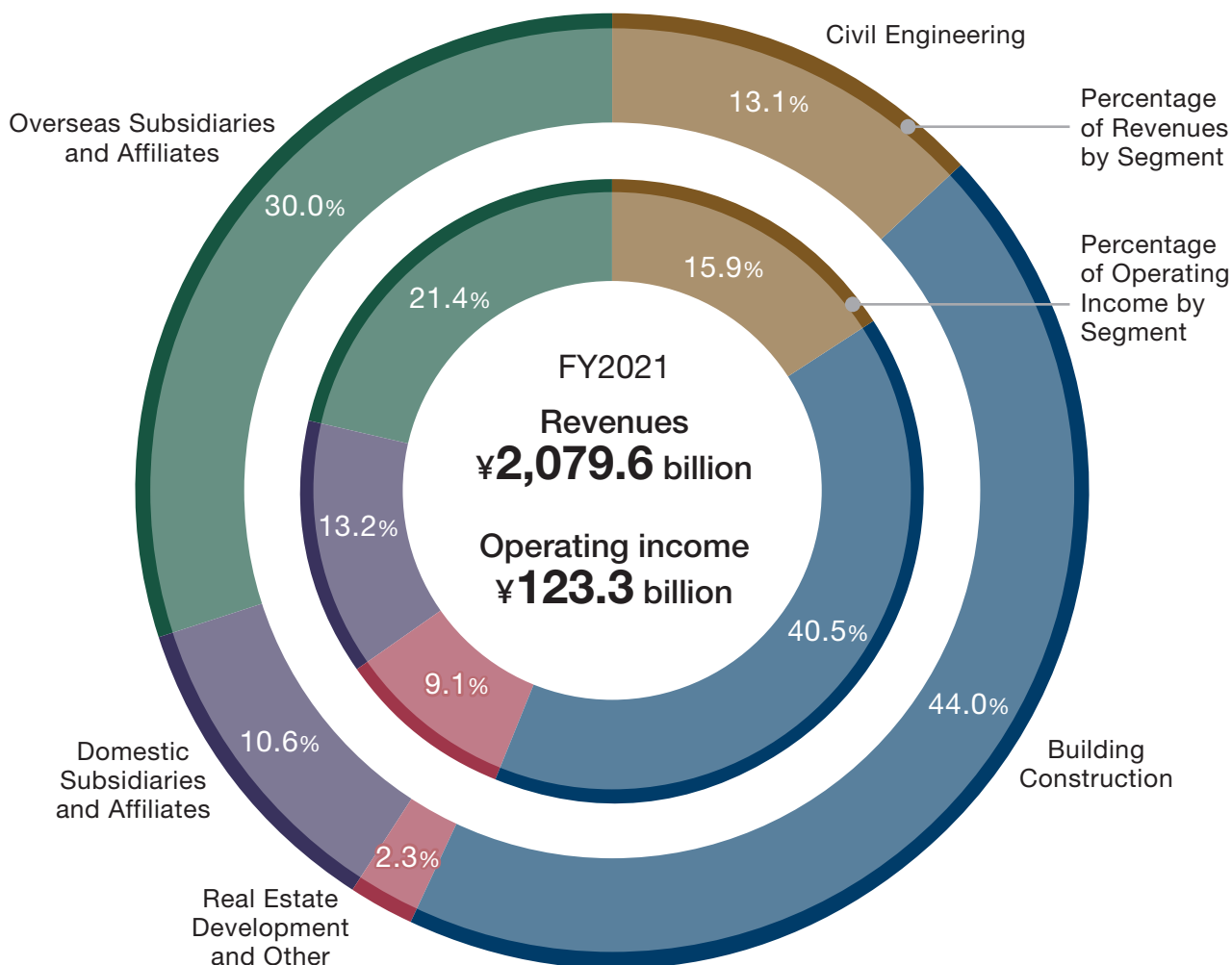
HANEDA INNOVATION CITY, a mixed-use facility development combining cutting-edge technologies and culture

FY2021
¥103.8 billion



The Kajima Group's Businesses

The Kajima Group has established regional headquarters in North America, Asia, Europe and Oceania in addition to Japan, and has contributed to the development of industry and the economy through its construction, engineering, real estate development and other businesses. We are further enhancing the advanced design-build capabilities we have cultivated since our founding, as well as the business creation and management capabilities of the real estate development business, which we have nurtured over the long term, and are also expanding and utilizing our open innovation network. By doing so, we aim to meet the needs of society and our customers both in Japan and overseas, and to provide the highest standard of urban spaces, buildings, and infrastructure.



Revenues by Segment

Civil Engineering	¥271.8 billion	Building Construction	¥920.6 billion
Real Estate Development and Other	¥52.4 billion	Domestic Subsidiaries and Affiliates	¥316.1 billion
Overseas Subsidiaries and Affiliates	¥623.9 billion	Consolidated Adjustments	-¥105.3 billion

(Revenues by Region)

Japan	¥1,455.5 billion	North America	¥388.8 billion	Asia	¥95.4 billion
Europe	¥41.4 billion	Oceania	¥96.8 billion	Other Regions	¥1.6 billion

Operating Income by Segment

Civil Engineering	¥19.6 billion	Building Construction	¥50.1 billion
Real Estate Development and Other	¥11.2 billion	Domestic Subsidiaries and Affiliates	¥16.2 billion
Overseas Subsidiaries and Affiliates	¥26.4 billion	Consolidated Adjustments	-¥0.4 billion

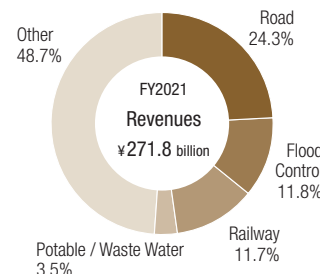
Civil Engineering Business
[▶ Pages 34–37](#)

Revenues ¥ 271.8 billion

Operating income ¥ 19.6 billion

Gross profit margin 16.5%

We design and construct infrastructure facilities such as dams, bridges, tunnels, and roads. We also construct renewable energy facilities for a carbon neutral society and carry out renewal of aging infrastructure. Overseas, we are promoting business targeting Taiwan and Southeast Asia.



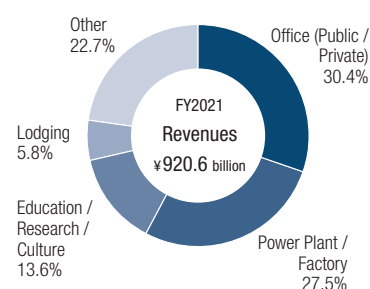
Building Construction Business
[▶ Pages 38–41](#)

Revenues ¥ 920.6 billion

Operating income ¥ 50.1 billion

Gross profit margin 10.3%

We design and construct buildings such as offices, production facilities, research institutes, hospitals, and schools in Japan. We are involved in an increasing number of projects from the planning and design stages, and by integrating the planning, development, design, and engineering capabilities of the Group, we pursue construction that meets the needs of our customers and society as a whole.



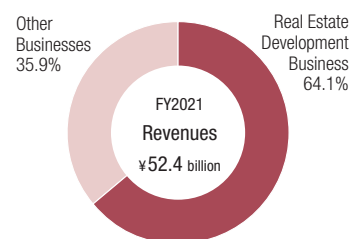
Real Estate Development Business and Other
[▶ Pages 42–43](#)

Revenues ¥ 52.4 billion

Operating income ¥ 11.2 billion

Gross profit margin 27.1%

We develop, sell, and lease offices, hotels, and housing, primarily in the Tokyo metropolitan area and regional urban centers, and also engage in the general design and engineering of designs and structures. In the real estate development business, we create high-quality assets through synergies with our construction business, and are building a portfolio that has good regional balance, as well as balance between holding-type businesses and turnover-type businesses.



Domestic Subsidiaries and Affiliates
[▶ Pages 44–45](#)

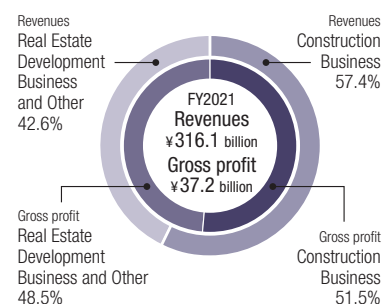
Revenues ¥ 316.1 billion

Operating income ¥ 16.2 billion

Gross profit ¥ 37.2 billion

Net income ¥ 14.7 billion

We engage in a wide range of businesses in both upstream and downstream fields of construction, including specialized construction such as road paving, ground improvement, interior design, and equipment, as well as survey and design, building leasing, design and construction support, and building management. We are also working to build an advanced value chain through Group collaboration.



Overseas Subsidiaries and Affiliates
[▶ Pages 46–47](#)

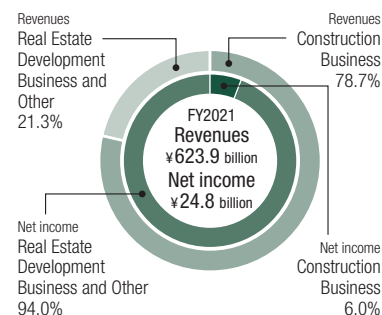
Revenues ¥ 623.9 billion

Operating income ¥ 26.4 billion

Gross profit ¥ 65.3 billion

Net income ¥ 24.8 billion

In North America, Asia, Europe, and Oceania, we engage in businesses in building construction, design, and real estate development, according to the characteristics of each region. We are expanding our business domains and building a global network through alliances with overseas companies, M&A, and other measures. In addition to distribution warehouses, housing, and mixed-use facilities, we also develop renewable energy facilities.



Value Creation Process

The Kajima Group will use its strengths in areas such as social infrastructure, urban development and building construction as the base to reinforce its core businesses and take on challenges to create new corporate value in response to the dramatic changes taking place around the world. By doing so, we aim to help resolve social issues and achieve sustainable growth.

Social Issues and Global Trends

INPUTS

Forms of Capital, pages 16–17

Diverse human resources who earn trust

Human Capital

Technology development to address social issues

Intellectual Capital

Financial foundation underpinning Group management

Financial Capital

Structure for promoting businesses rooted in local communities

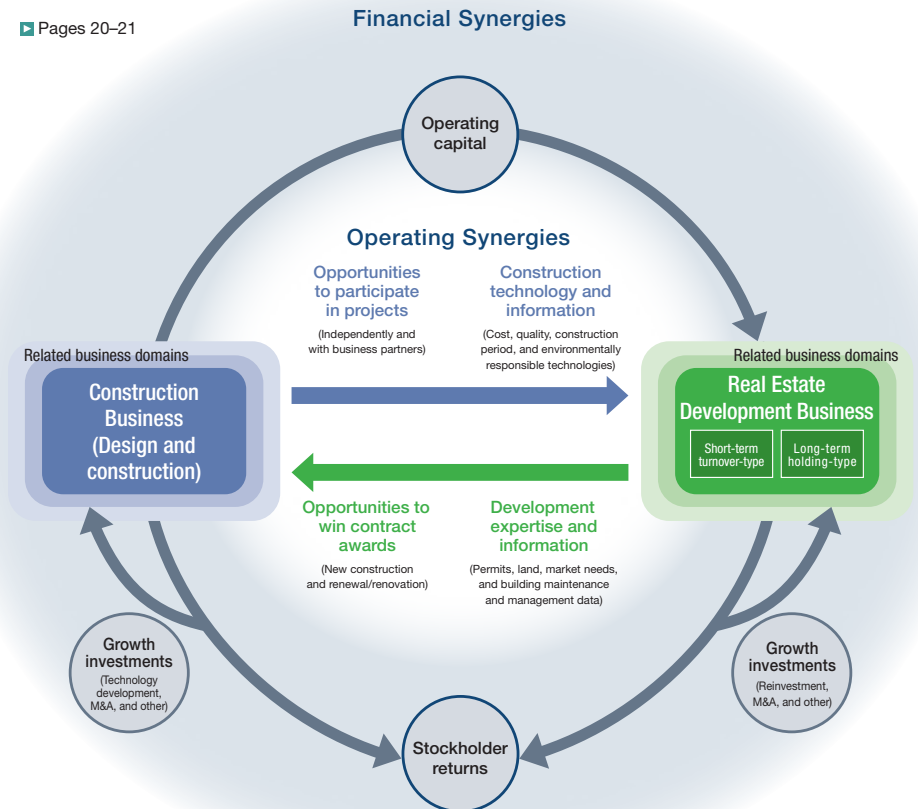
Manufactured Capital Social and Relationship Capital

Low-impact, environmentally responsible business activities

Natural Capital

Business Model

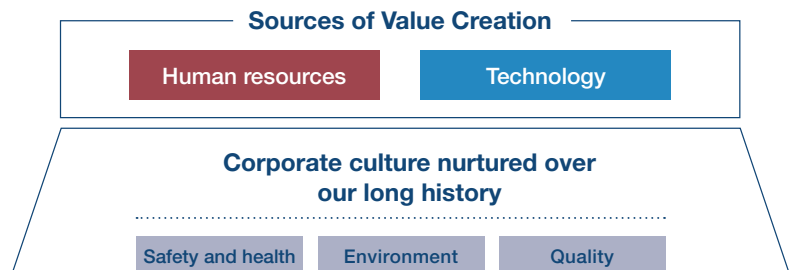
Pages 20–21



Kajima Group Strength

Sources of Value Creation, pages 18–19

Comprehensive capabilities, with highly skilled experts coordinating all phases of construction and real estate development business



Page 2

Kajima's Corporate Philosophy

Page 3

Kajima Group Vision

Pages 24–25

Material Issues

Pages 26–29

Medium-Term Business Plan (FY2021–2023)

OUTPUTS

Businesses and services

Civil Engineering

Design and construction of infrastructure such as dams, bridges, tunnels, highways, and renewable energy projects

▶ Pages 34–37

Building Construction

Design and construction of buildings such as offices, production facilities, laboratories, hospitals, and schools

▶ Pages 38–41

Real Estate Development

Domestic real estate development, sales, and leasing businesses

▶ Pages 42–43

Domestic Subsidiaries and Affiliates

Specialized construction including road paving, ground improvement, interior design, and equipment, and other businesses including survey and design, building leasing, BIM support, and building management

▶ Pages 44–45

Overseas Operations

Building construction, design, real estate development and other businesses, mainly in North America, Asia, Europe, and Oceania

▶ Pages 46–47

OUTCOMES

Resolving social issues while growing sustainably

Hire and develop diverse human resources

Human Capital

- Promotion of flexible work styles
- Diverse workforce
- Number of female employees in managerial positions: 189*
- Percentage of employees working at overseas subsidiaries and affiliates: 30.9% (consolidated)

Create innovation

Intellectual Capital

- Promotion of open innovation
- Number of patents registered: 202*
- Number of patents published: 224*

Funding for growth and stockholder returns

Financial Capital

- Net income attributable to owners of the parent: ¥103.8 billion
- Return on equity: 11.4%
- Dividend payout ratio: 27.9%

Co-create value with partners

Manufactured Capital Social and Relationship Capital

- Safety of construction sites
- Securing workers in the construction industry over the medium to long term
- Restructuring multilayered subcontracting
- Revitalization of local communities
- Promotion of smart society initiatives
- Overseas revenues/Total revenues ratio: 30.0%

Contribute to a carbon neutral society

Natural Capital*

- Reduction in CO₂ emissions per unit of sales attributable to construction at domestic construction sites: 36.4% (compared with FY2013)
- Final disposal rate for construction waste: 2.4%

* Kajima Corporation only

Forms of Capital

Kajima does business using the following six forms of capital acquired over its 180-year history. We will retain and strengthen these forms of capital to sustain growth and increase corporate value by continuing to create value for society.

Diverse Human Resources Who Earn Trust

Human Capital

In each of the countries where it operates, Kajima's diverse human resources play a vital role in the operation of its global portfolio of businesses. Through their day-to-day endeavors, our employees contribute to people's trust in Kajima by meeting the expectations of business partners and other stakeholders.

Kajima will generate sustainable growth amid the major changes in its operating environment by respecting the individuality and values of all employees, while collaboratively creating systems that enable them to fully exercise their abilities.



Technology Development to Address Social Issues

Intellectual Capital

Kajima is a technology-driven company, and in 1949 was first in Japan's construction industry to open a technical research institute.

Today, Kajima is implementing work-style reforms and addressing the declining number of skilled workers by accelerating initiatives to improve productivity, with a focus on automation, mechanization, and digitalization. Our goal for civil engineering is to develop technologies for automated construction sites, while our goal for building construction is the Kajima Smart Future Vision.

In addition, we are leveraging our open innovation network spanning Japan, Singapore, and the United States to investigate advanced technologies, which will enable us to better meet diversifying needs.



Financial Foundation Underpinning Group Management

Financial Capital

Kajima operates construction and real estate development businesses globally. Furthermore, we use the stable cash flow from our construction business to grow our real estate development business, thereby supporting solid performance. The synergies between the construction business and real estate development business make for exceptionally stable group management, and a sound financial foundation.

We continue to make aggressive and multifaceted investments for growth while maintaining financial discipline.

- Owners' equity: **¥945.7 billion**
- Interest-bearing debt: **¥359.9 billion**

Structure for Promoting Businesses Rooted in Local Communities

Manufactured Capital

Social and Relationship Capital

Construction companies in Japan typically do not have their own manufacturing facilities. Kajima's production capabilities are supported by a network of outstanding partner companies. The number of skilled workers in Japan's construction industry is declining, in line with the decline in the nation's working population. We therefore emphasize collaboration with partner companies and are energetically supporting initiatives to hire and train essential personnel.

In addition, our construction and real estate development businesses involve many stakeholders, from customers to community residents. Kajima proactively engages with these diverse stakeholders to build good relationships.

- Partnerships with customers and the companies we work with
- Kajima Business Partners' Association member companies: **Approx. 940**
- Rokueikai member companies: **Approx. 4,500**
- Multi-dimensional global network rooted in local communities

Low-Impact, Environmentally Responsible Business Activities

Natural Capital

Kajima's core construction and real estate development businesses have the potential to alter the natural environment over the long term.

We quantitatively assess the environmental impact of our business activities, in terms of energy (electricity and fuel consumption), water resources, CO₂ emissions, and waste, and implement relevant initiatives to reduce the impact on natural capital. Moreover, we aim to contribute to a sustainable society in ways such as promoting the restoration of biodiversity and new ways to make use of its benefits.

- Construction materials:* **807.2 10⁴ t**
- Energy usage:* **866 GWh**
- Water:* **108.1 10⁴ m³**
- CO₂ emissions:* **19.1 10⁴ t-CO₂**

Note: Figures are as of March 31, 2022

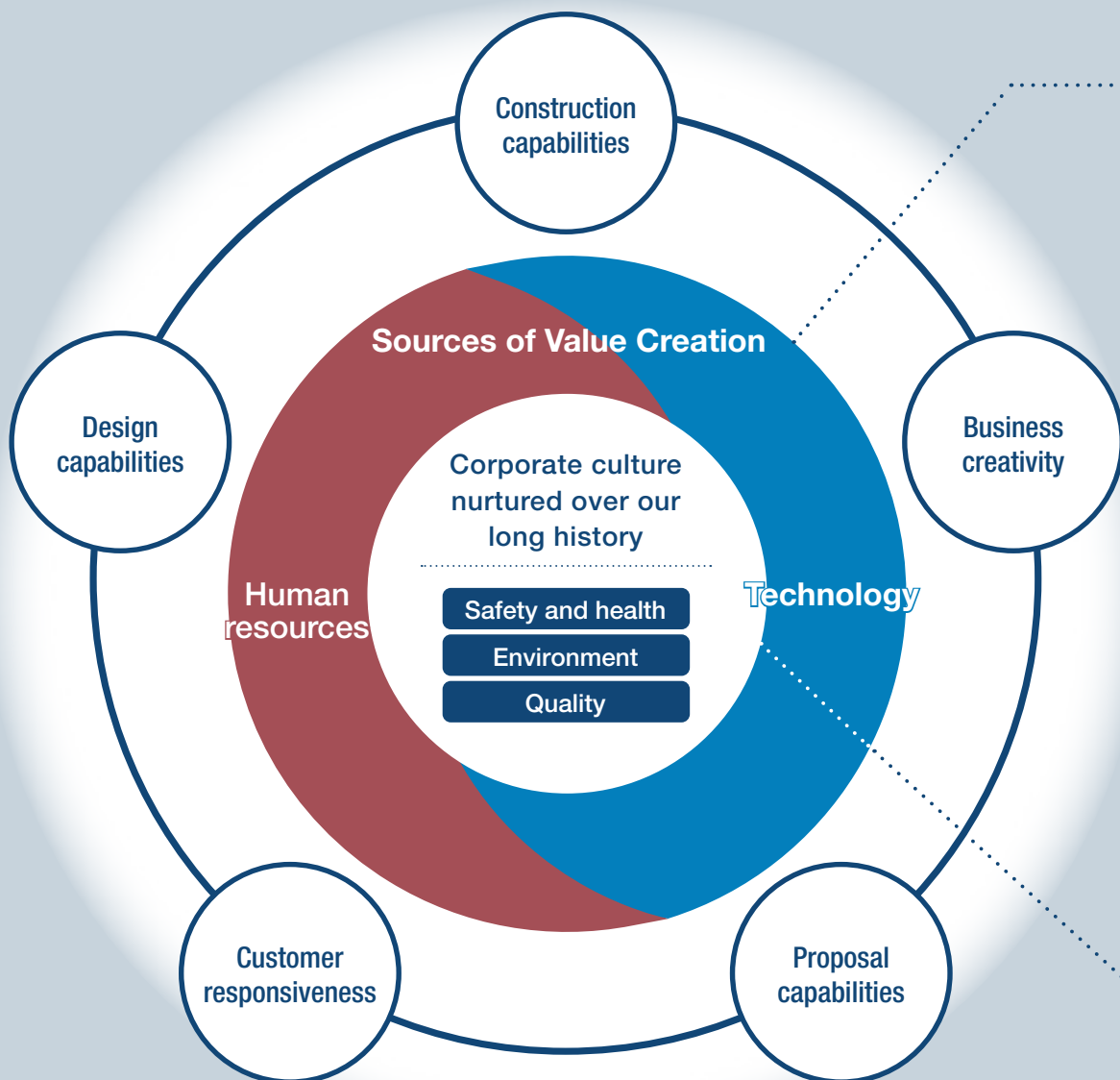
* Kajima Corporation only

Sources of Value Creation

Kajima has nurtured the sources of value creation since its founding. Throughout our history, our commitment to safety, health, quality, and the environment has been the foundation that supports construction activities, and is fundamental to Kajima's continued existence. One source of value creation is our talented human resources. Inspired by our corporate culture that emphasizes partnership with customers and partner companies, they have helped lead the industry by taking on challenges in new fields. Another value source is our diversified technology, which is focused on our construction and real estate development businesses and meets both societal and customer needs.

Kajima Group Strength

Comprehensive capabilities, with highly skilled experts coordinating all phases of construction and real estate development business



Design Capabilities and Construction Capabilities

Our ability to produce superior quality, using advanced design and engineering technologies to meet challenging construction requirements, including large scale, high complexity, and short turnaround

Business Creativity

Our ability to generate business in collaboration with customers and partners by applying construction technology capabilities and real estate development expertise

Proposal Capabilities and Customer Responsiveness

Our ability to add value by staying attuned to society and customers, understanding their true needs, and organically linking design, construction, business creativity, and internal and external networks



Sources of Value Creation: Human Resources

Kajima leads by taking on challenges in new fields, and that proactive and resolute enterprising spirit is embodied by our employees. This mindset fuses knowledge and experience, and each generation of Kajima employees informs and inspires the next. In this way, we develop human resources who can create buildings and structures to the highest standards.

Our Starting Points

- An enterprising spirit passed along since our founding
- A humanitarian and family-oriented outlook

How We Encourage Cultural Continuity

- Incorporating changing personal values and other aspects into systems to recruit diverse human resources, support various work styles, and encourage employees to take on challenges
- Developing talent management systems
- Enhancing facilities to train the next generation of employees



Sources of Value Creation: Technology

Technology is essential in creating buildings and civil engineering structures that withstand the tests of time and serve multiple generations. For over 180 years, Kajima has used its sophisticated portfolio of technologies to create spaces for people's lives and activities.

Our Starting Points

- First in Japan's construction industry to open a technical research institute, in 1949
- A commitment to Kajima quality in every construction project that goes back to our founding
- Bringing in top-class researchers from outside the Group

How We Encourage Cultural Continuity

- Making tacit knowledge visible and digital, so wisdom and experience can be passed on
- Promoting joint research and development with various partners, including universities, research institutes, leading companies, and startups in Japan and globally
- Leveraging our open innovation network spanning Japan, Singapore, and the United States to explore cutting-edge technologies, and building The GEAR, our open innovation hub for Southeast Asia

Basic Policy, and Policies on Safety and Health, the Environment, and Quality Assurance

SEQ Policy

Safety and health, environmental management and quality assurance are fundamental to construction activities and corporate survival. By establishing and continuously improving management systems to comply with relevant laws, ordinances and other social requirements, Kajima works to conduct efficient construction activities while earning the trust of clients and society.

Safety and Health Policy

Safety is the barometer of a company's capabilities and ethics. Kajima therefore collaborates with partner companies with strong management to eliminate construction-related accidents and injuries so it can maintain public trust in the construction industry while pursuing sustainable corporate progress.

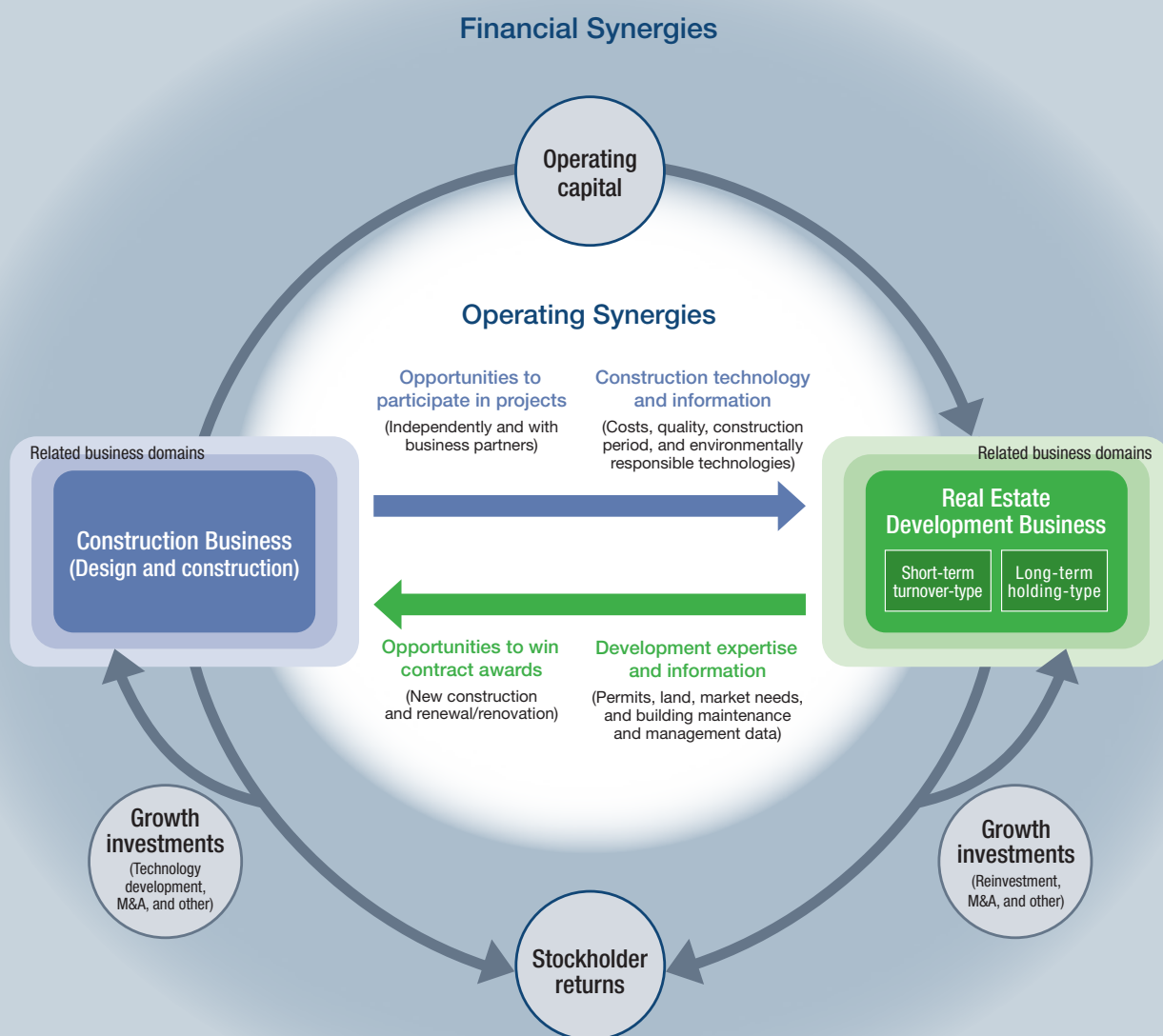
Environmental Policy

Kajima, as the company "Building for the Next 100 Years," pursues a unique long-term environmental vision, doing its part in the broader social efforts to preserve the environment and ensure economic sustainability.

Quality Assurance Policy

Kajima provides products and services that satisfy clients, from marketing to follow-up services, allowing them to place orders with a sense of reassurance and trust.

Business Model



We deliver added value throughout the entire construction value chain with a focus on the construction and real estate development businesses, in Japan and overseas.

Kajima began with construction, and our construction business does much more than simply giving life to blueprints. We mobilize our design capabilities, construction technology strengths, and outstanding supply chains to build structures that address the true needs of our clients. We also constantly upgrade and optimize our processes in terms of safety, environment, quality, delivery, and cost (SEQDC) to maximize the value of each project. The construction business is labor intensive and highly dependent on close ties between construction sites and local communities, so we have rooted it in the regions we serve in Japan and around the world.

The real estate development business is a capital-intensive investment business that uses cash generated by the construction business as well as external funds procured at favorable rates based on the creditworthiness of the construction business. It also creates opportunities for the

construction business to win contract awards and makes a significant contribution to Group profitability through the sharing of knowledge about overall project profitability, quality requirements, costs, and other aspects. In addition, the high-quality real estate assets that we develop and own contribute to our business performance as a stable source of income, while also enabling us to reflect operational data in design and other upstream segments of our construction value chain.

The construction business and the real estate development business offer different profit opportunities and risk profiles. However, this combination of businesses with different characteristics and global operations creates a synergistic and complementary relationship that adds stability to Group management. Other benefits include enabling the Group to hire and develop outstanding people, engage in medium- and long-term research and development, take on challenges in new businesses and regions, and provide appropriate returns to shareholders.

Business in Markets Outside Japan

In our overseas operations, our construction and real estate development businesses cooperate internationally, and we have used M&A to expand into new businesses and markets.

Having structured a supply chain network and earned the trust of Japan-affiliated customers, the construction business now receives contract awards and strong praise from companies based in other countries and regions as well. Moreover, the real estate development business accommodates the features of the regions in which it operates, with examples including the distribution warehouse market that is expanding in step with the global

growth of e-commerce, and large-scale mixed-use developments in rapidly growing Asian economies. In our overseas operations, real estate development accounts for a greater proportion of our business than in Japan. Outside Japan, our strength lies in leveraging feedback from construction departments to deliver high-quality, on-time real estate development projects. Thanks to Kajima's unique strengths, the real estate development business is able to forge partnerships with other companies and generate opportunities for the construction business to win contract awards. This close relationship between the two businesses supports strong earnings.

Real Estate Development: Distribution Warehouses



- ① **North America**
 - 1989 Established IDI (sold in 2013)
 - 2015 Established Core5
- ② **Europe**
 - 2016 Formed real estate development joint venture with Panattoni Europe
- ③ **Asia**
 - 2022 Developed warehouses and factories for lease under the Core5 Vietnam brand

In North America, Kajima U.S.A. Inc. entered the distribution warehouse development business with the establishment of Industrial Developments International, Inc. (IDI) in 1989, and has continued to acquire expertise over many years. Established in 2015, Core5 Industrial Partners, LLC. takes advantage of the expertise we accumulated at IDI. It accurately identifies market demand for distribution warehouses and deploys its site selection capabilities to develop properties that anticipate the needs of user companies. In working with the construction companies of Kajima U.S.A., Core5 is able to reduce construction risks and has established a business model that is highly competitive and profitable.



Bourbon Logistics Center I (U.S.)

With the reputation built through our track record in North America, in 2016 we formed a real estate development joint venture with Panattoni Europe, a major distribution warehouse development corporate group. It primarily develops distribution warehouses in Poland, whose central location makes it an ideal logistics hub for Europe. Collaboration with the construction companies of Kajima Europe Ltd. has also supported the high quality of its development projects.

Indochina Kajima Development Ltd., a joint venture in Vietnam, at first studied entry into the industrial real estate market for factories and warehouses for lease to industrial and logistics companies, and in 2022 Kajima initiated marketing under the Core5 Vietnam brand.

Serving Customers Worldwide

The strong trust of our customers in the regions we serve and our global network of Group companies support our ability to win contract awards.

<p>Overseas contract awards from Japan-affiliated companies</p> <p>Factories and other facilities, primarily in Asia and North America</p>	<p>Contract awards in Japan from companies headquartered overseas</p> <p>Primarily factories and data centers</p>	<p>Overseas contract awards from companies headquartered in a third country</p> <p>Largely construction in Asia ordered by North American customers</p>
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Value Chain

Based on the advanced construction technologies we have cultivated since our founding, our businesses deploy capabilities from pre-planning, development, design and engineering in the upstream part of the construction value chain to downstream management and maintenance. In doing so, we provide customers and society in Japan and around the world with urban spaces, buildings and infrastructure built to the highest standards.



Construction

Operation & Management

Maintenance & Renovation

Procurement

Construction planning

Construction management

Construction supervision

Building management

Asset management

Facilities management

Property management

Securitization of assets

Energy services

Maintenance

Renewal / Renovation

We plan safe, environmentally responsible construction methods, procure materials and labor, carry out reliable construction and quality control, and deliver buildings on time. On-site construction processes are led by Kajima engineers with advanced expertise and experience, supported by partner companies with specialized technologies and extensive experience in their respective fields.

Kajima owns, leases, and manages real estate; operates hotels, golf courses, and toll roads; and provides services tailored to the characteristics of individual facilities. Our management services optimally meet the needs of each customer in areas such as building and facility management, ICT system utilization, waste disposal, and energy supply.

In response to customer needs, Kajima provides construction and services that deliver functional improvements, reduce energy consumption, and enhance earthquake resistance, thereby extending the lifespan of buildings and structures while ensuring continued safety and security. Leveraging the latest technologies, we aim for appropriate and high-quality renewal and renovation, including proposals for renewing aging infrastructure and demolishing buildings at their end-of-life.

- Human resources, technologies, and networks for providing optimal services

- Industry presence and extensive track record of projects that use advanced technologies
- Smart construction technologies and automated construction technologies for heavy construction equipment
- Excellent partner company network

- High-quality real estate portfolio in Japan and around the world
- Pursuit of investment efficiency through approaches integrating real estate and finance, including private REITs
- Provision of comprehensive management services throughout the building lifecycle

- Development and application of new technologies
- System for counteracting the effects of long-period earthquakes in existing skyscrapers: Tuned mass damper (TMD) seismic control system
 - Infrastructure renewal: Smart Deck Renewal (SDR) System
 - Building demolition: Kajima Slash Cut Method
 - Infrastructure maintenance and management: Systems using optical fibers
 - Earthquake safety diagnostic system: q-NAVIGATOR®

- Build and enhance global platforms

- Further promote the development of next-generation construction systems
- Restructure multilayered subcontracting; maintain and strengthen the supply chain

- Expand the investment cycle of the real estate development business and diversify its portfolio
- Promote business in new areas such as infrastructure operation

- Focus on priority areas including infrastructure renewal and building renewal and renovation



We also addressed difficult construction conditions, such as subway proximity, and completed a high-quality building within the construction period with zero accidents resulting in lost work time. Taking on the challenge of innovative construction processes that make full use of digital technology, we improved productivity and conducted various feasibility demonstrations that contributed to advances in technology.

Kajima Yokohama Branch; Taiko Trading Co., Ltd.; Katabami Kogyo Co., Ltd.; Kajima Road Co., Ltd.; One Team, Inc.; and Global BIM Inc.

As a leased office building, the Kajima Group handles integrated facility operation and management, including building management and energy services. In cooperation with tenant Yokohama SDGs Design Center, we are implementing strategies to attract and excite visitors through events and art.

Kajima Real Estate Development Division and Engineering Division; Kajima Property Management Co., Ltd.; Avant Associates, Inc.; and Kajima Tatemono Sogo Kanri Co., Ltd.

Kajima Group Technologies for Maintenance and Management

- Kajima Smart BM, an optimized building management service that employs IoT and AI
- Efficient and continuous energy management that leverages specialized expertise
- BIM-FM, a facility management system based on building information modeling
- OCTPUS, an energy-saving air conditioning system