KAJIMA

KAJIMA
Integrated Report

2023

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.

Vision Statement

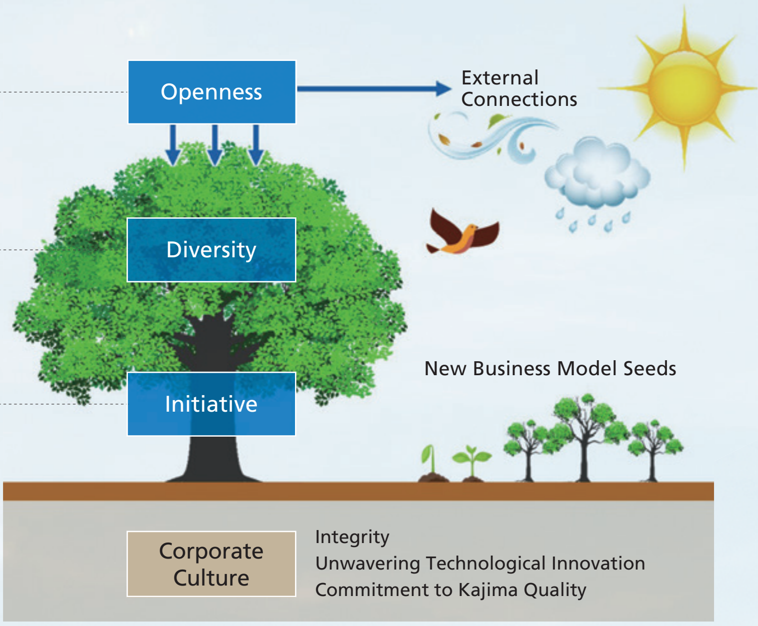
Willingness to take on new challenges
leveraging the power of ideas and technology
to make imagination and amazement a reality

Values

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

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

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



Contents

Editorial Policy

The Kajima Group has published the *Kajima Corporate Report* annually since FY2014 to provide information about the Group's financial and non-financial activities, including initiatives related to the environment, society, and governance (ESG). Beginning with FY2019, we changed the name of this publication to the *Kajima Integrated Report* and upgraded its content in ways such as disclosing priority material issues to be addressed through our businesses so as to achieve sustainable growth with society.

The report is prepared to help readers understand the Group's initiatives for increasing corporate value and for creating value with the aim of building a more sustainable world, based on the Kajima Group Medium-Term Business Plan (FY2021–2023).

Taking into account the opinions of investors and other stakeholders, we will continue to make improvements and increase the report's usefulness as a communication tool that contributes to constructive dialogue.

In assembling this report, the editorial team used the following documents as references: *The International Integrated Reporting Framework, GRI Standards, Guidance for Collaborative Value Creation* by Japan's Ministry of Economy, Trade and Industry, and *Environmental Reporting Guidelines* by Japan's Ministry of the Environment.

Environment
Social
Governance
Guidance for Collaborative Value Creation

Scope of Report

Period
FY2022
April 1, 2022 to March 31, 2023 in Japan
January 1, 2022 to December 31, 2022 overseas
Note: Target periods may differ from those indicated above.
Note: Some activities conducted in a different period may be included.

Organization
Kajima Group

Publication
November 2023

Online Information

Corporate Website	https://www.kajima.co.jp/english/
Investor Relations	https://www.kajima.co.jp/english/ir/
Sustainability Initiatives	https://www.kajima.co.jp/english/sustainability/

Forward-Looking Statements
This integrated report includes forward-looking statements that are based on various assumptions. Actual performance figures and the achievement of strategies could differ in reality.

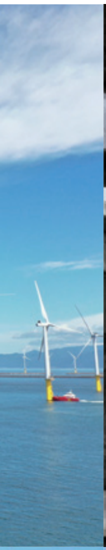
Part 1

How Kajima Creates Value

Kajima always attempts to create value responsibly with a view toward enriching the sustainability and evolvability of industry, economy, and life.

FY2022 Major Projects & Technologies

01: Offshore Wind Farms at Akita Port and Noshiro Port (Akita Prefecture) ▶Page 41 / 02: Urashuku No.2 Pumping Station (Miyagi Prefecture) / 03: UPS Middletown (U.S.) / 04: Epworth Eastern Hospital (Australia) / 05: HILTON OKINAWA MIYAKO ISLAND RESORT (Okinawa Prefecture) / 06: Spot, a quadruped robot patrolling a tunnel site / 07: YOKOHAMA CONNECT SQUARE (Kanagawa Prefecture) / 08: YEBISU GARDEN PLACE TOWER with D³SKY-L long-period seismic motion countermeasure technology installed (Tokyo) ▶Page 72 / 09: WORLD TRADE CENTER BUILDING SOUTH TOWER (left) and Demolition of existing WORLD TRADE CENTER BUILDING AND ANNEX (right) (Tokyo) / 10: Harrow International School Appi Japan (Iwate Prefecture) / 11: KUDAN-KAIKAN TERRACE (Tokyo) / 12: Yoshinogawa Sunrise Bridge in the Tokushima-Nanbu Expressway (Tokushima Prefecture) ▶Page 44



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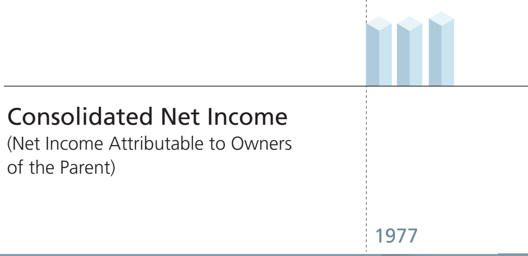
History of Kajima

History to Continue Meeting Contemporary Needs ——Enterprising Spirit

Kajima has helped to develop Japan's industry and economy through both the construction and real estate development businesses. We have always anticipated contemporary needs and continued trailblazing initiatives throughout our history of over 180 years, that we are now widely recognized for our leadership in fields ranging from Western-style buildings and railways to dams and skyscrapers. This enterprising spirit is still being passed down today, leading to new challenges.



1840–

Facing Cultural Enlightenment

Leadership in Western-Style Buildings

Kajima was founded in 1840 by Iwakichi Kajima, a carpenter who was successful enough to frequent the residences of daimyo in Edo. He 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, Kajima set precedents for Western-style buildings and became widely associated in the public mind with this style of buildings.


Color print showing the prosperity of the Ei-Ichiban Kan


Houraisha (completed in 1873, Tokyo)

1880–

Demand for the Development of Early-Modern Infrastructure

Leadership in Railways and Dams

Iwazo Kajima, second-generation leader, established Kajima Gumi in 1880 and started a railway subcontracting business, taking the opportunity of the Tsuruga Line construction. He built a substantial reputation in the railway field and expanded into dam construction to meet the rapidly growing demand for electricity, including Japan's first concrete high dam, the Ohmine Dam, which contributed to Japan's development.


Ohmine Dam (completed in 1924, Kyoto)


Tanna Tunnel (completed in 1934, Shizuoka)

1960–

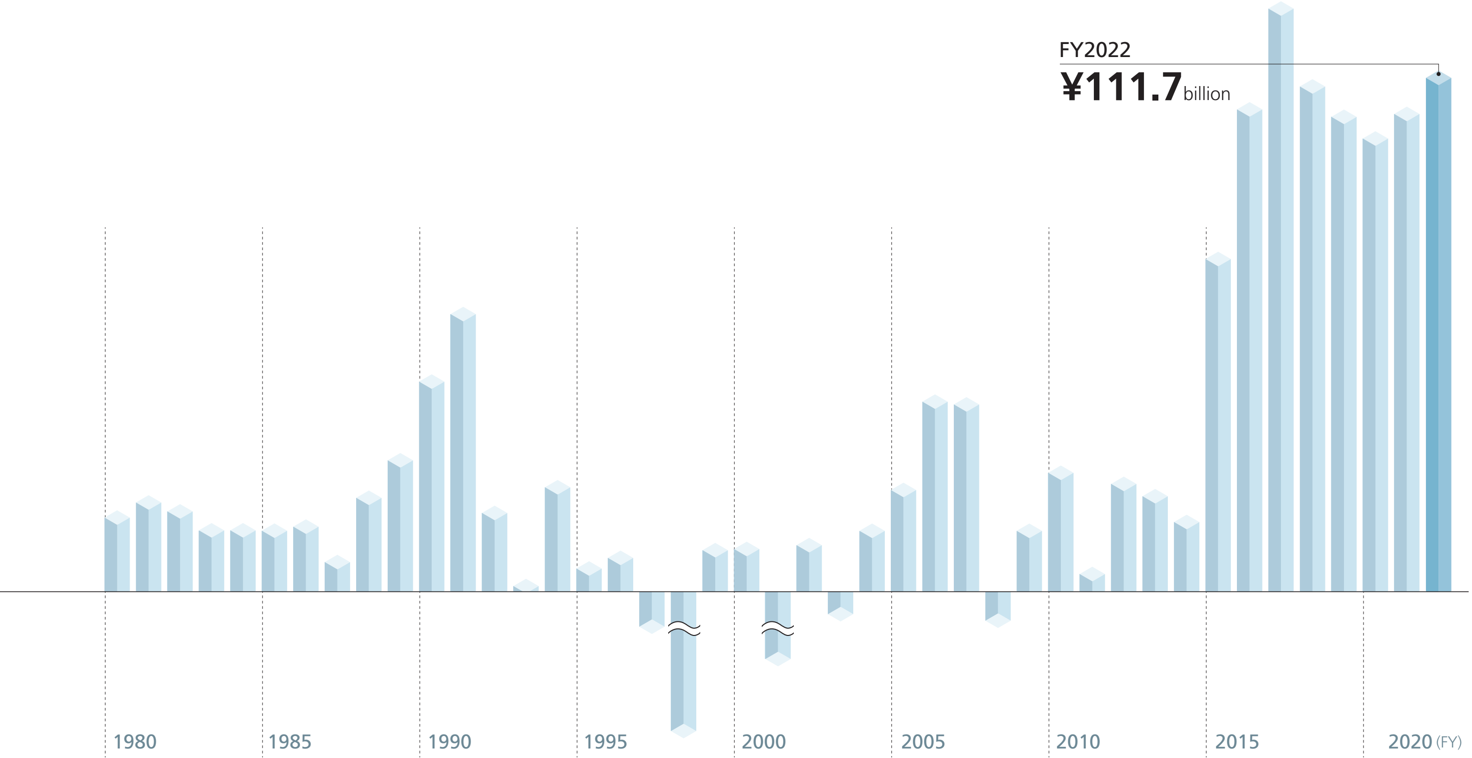
During Japan's Post-War Period of Rapid Economic Growth

Leadership in Skyscrapers

After completing the Kasumigaseki Building, Japan's first skyscraper, in 1968, Kajima built skyscrapers throughout the country and established trust in our leadership in the field. These construction technologies were developed mainly at the Kajima Technical Research Institute, which we established in 1949 as the first such facility in Japan's construction industry. We have answered calls for greater skyscraper safety by leading the world in the development of seismic damping in the 1980s, and other technologies.


Kasumigaseki Building (completed in 1968, Tokyo)


Skyscraper Town in Shinjuku Subcenter (as of 1974, Tokyo)



1980–
Accelerating Globalization

Promoting Overseas Business

Kajima's overseas business grew rapidly in the 1960s, with the redevelopment of Little Tokyo in Los Angeles, U.S. We established Kajima U.S.A. Inc. in the U.S., Kajima Europe Ltd. in the U.K., and Kajima Overseas Asia Pte. Ltd.* in Singapore in the 1980s. With the addition of Kajima Corporation (China) Co., Ltd., Chung-Lu Construction Co., Ltd., and Kajima Australia Pty Ltd., we are developing businesses that are rooted in local communities at our six regional bases.

* Now Kajima Asia Pacific Holdings Pte. Ltd.


Little Tokyo
(development completed in 2007, Los Angeles, U.S.)


Senayan Square
(development completed in 2015, Jakarta, Indonesia)

2000–
Pursuing Richness through Urban Renewal

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, a large housing project that began in 1971. In the 2000s, we began participating in urban renewal projects, including the Akihabara Crossfield and the Toranomon Towers Office & Residence. Since then, we have leveraged our technological skills and comprehensive capabilities as a general contractor-developer with design-build capabilities to develop attractive urban communities.


Shiki New Town (completed in 1988, Saitama)


Toranomon Towers Office & Residence
(completed in 2006, Tokyo)

2020–
In the Era of VUCA

Toward the Goals for 2030

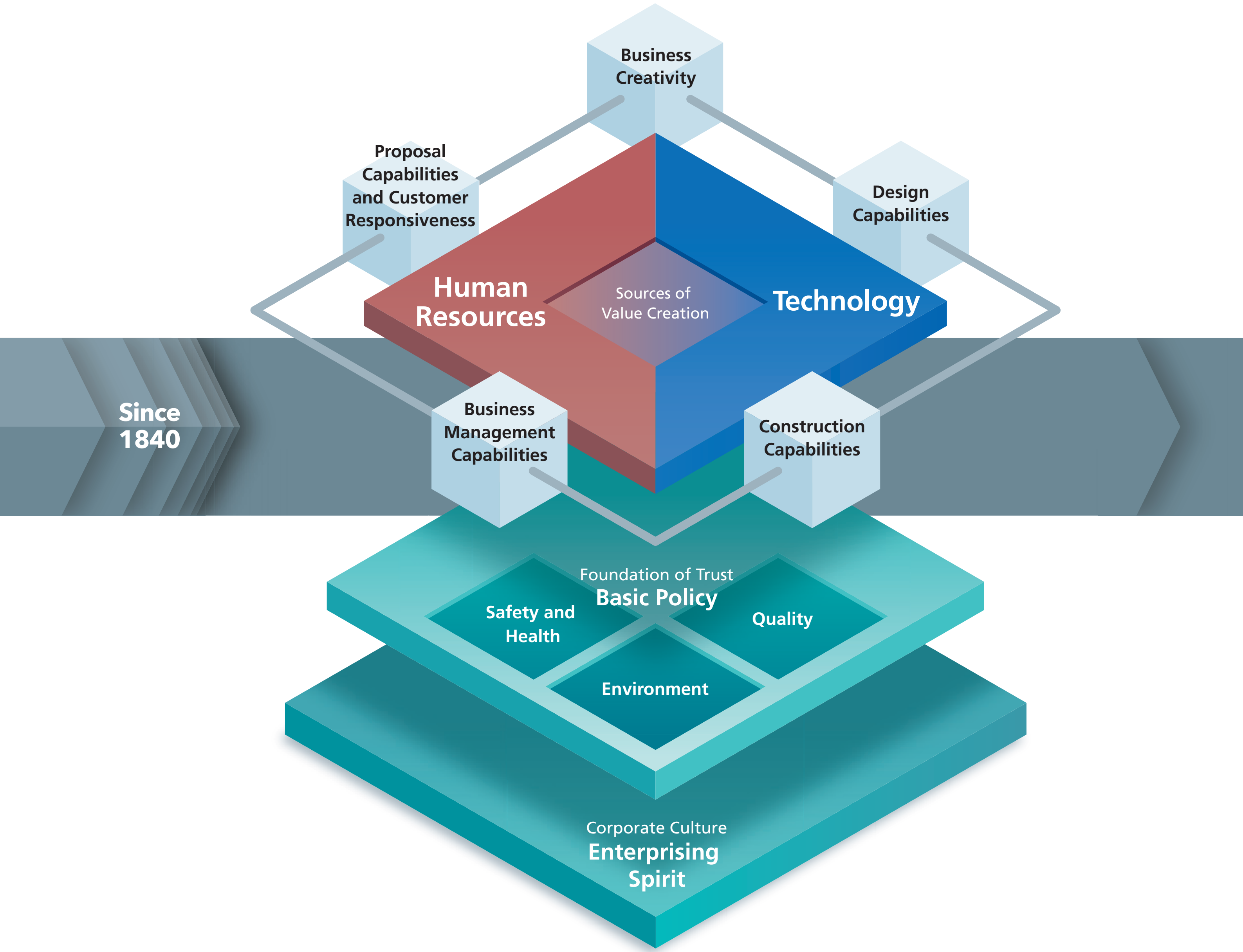
In an increasingly uncertain business environment, we set the Goals for 2030 and formulated the Kajima Group Medium-Term Business Plan (FY2021–2023), which has the following pillars: further strengthen core businesses, strive to create new value, and establish a strong management foundation and promote ESG measures for growth and transformation. Based on this plan, we are implementing initiatives for the sustainable growth of our Group and the solution of social issues.


Construction of Offshore Wind Farms at Akita Port and Noshiro Port ▶Page 41


HANEDA INNOVATION CITY
(development completed in 2023, Tokyo)

Creating New Value from Human Resources and Technology

Kajima has developed human resources and technologies, which are the sources of value creation, through corporate activities with a focus on the enterprising spirit, safety and health, environment, and quality, we have accumulated since first opening for business, and responded to the trust of society and customers through new value creation.



Business Creativity	Our ability to generate business in collaboration with our network of customers and partners by applying construction technology capabilities and knowledge to real estate development
Design Capabilities	Our ability to provide advanced design and engineering technologies in fields including design, structure, and equipment
Construction Capabilities	Our ability to provide high-quality structures even under difficult construction conditions by leveraging specialized technologies and cutting-edge technologies
Proposal Capabilities and Customer Responsiveness	Our ability to understand customers' true needs and organically link internal and external technologies and knowledge to propose the best services
Business Management Capabilities	Our ability to understand what many stakeholders including society, customers, and partner companies think, and coordinate them to realize businesses

Forms of Capital Kajima Has Accumulated throughout our History of over 180 Years

Human Capital
Diverse Human Resources Who Live up to Trust

Diverse human resources with advanced specialist skills are playing active roles around the world in each phase of our construction value chain, living up to the trust of customers and other stakeholders.

Group employees: 19,396 (13,507 in Japan and 5,889 outside Japan)

Qualified personnel (Kajima Corporation only)

Professional engineers	855
First-class architects	2,474
First-class civil engineering works execution managing engineers	1,909
First-class building operation and management engineers	2,655

P.73

Intellectual Capital
Technologies to Solve Social and Customer Issues

As a technology-driven company, Kajima develops and verifies new technologies and advanced construction methods. Kajima's many experienced engineers embody our technical prowess at actual construction sites. Rather than solely depending on our own resources, we also adopt superior technologies from outside Kajima by promoting the search for cutting-edge technologies, collaboration through open innovation, and efficient technology development.

Investment in R&D and digitalization (Medium-Term Business Plan): ¥55.0 billion for three years

Number of patents registered / published: 238 / 208

Research and development centers: Kajima Technical Research Institute; The GEAR (Singapore); Silicon Valley Office (U.S.)

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Financial Capital
Strong Financial Foundation that Supports Growth

Our construction and real estate development businesses stabilize Group management and provide a sound financial foundation. These two businesses generate the cash flow that fuels investment for medium-term and long-term growth.

Total assets: ¥2,769.7 billion P.111

Total investment (Medium-Term Business Plan): ¥800.0 billion for three years P.32

Issuer credit rating: A+ (R&I)

Manufactured Capital/Social and Relationship Capital
Structure for Promoting Businesses Rooted in Local Communities

We actively communicate with many stakeholders including customers, local communities, and partner companies to build good relationships as we expand the range of business domains and the regions where we operate.

Partnerships with partner companies

- Kajima Business Partners' Association member companies: Approx. 940
- Rokueikai member companies: Approx. 4,500

Key business regions: 24 countries and regions

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Natural Capital
Environmentally Responsible Business Activities

We monitor the quantitative environmental impacts caused by our business activities, promote initiatives for reducing CO_2 emissions, and encourage the development of technologies to reduce impacts on the natural environment as well as conservation, creation, and use of biodiversity.

CO_2 emissions reduction goal	Achieve carbon neutrality by 2050
Low-carbon construction material technology	Eco-friendly concrete
Biodiversity recovery technology	Restoration of coral and eelgrass
Creation of carbon credits	J Credit (Group-owned forests and Eco-friendly concrete), Blue Carbon (seaweed bed regeneration)

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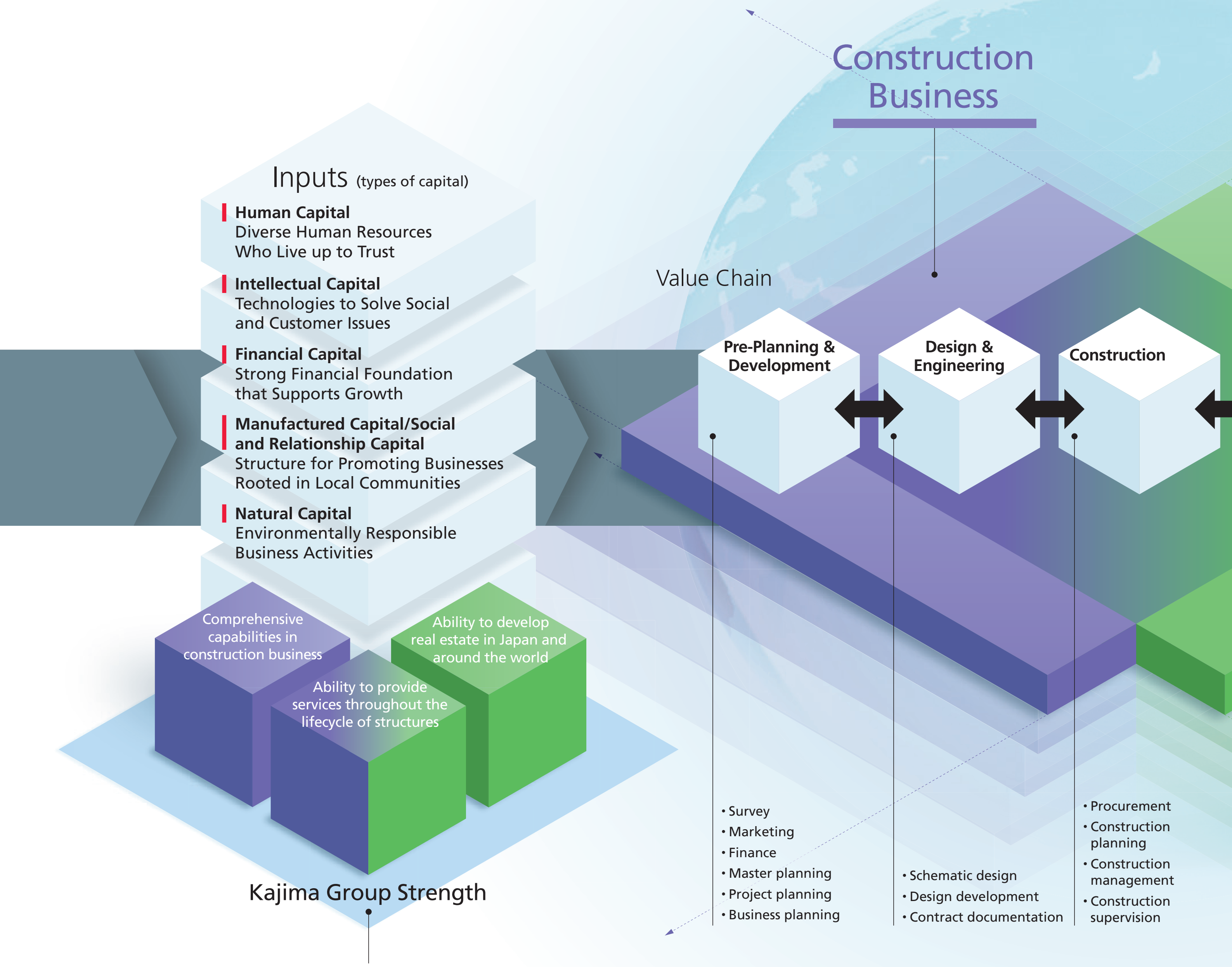
Business Model

Providing High Value-Added Services from Our Value Chain through the Construction and Real Estate Development Businesses around the World

The Kajima Group has built a global construction value chain by leveraging its accumulated capital. We are creating diverse value by leveraging synergies through the promotion of our construction and real estate development businesses.



Comprehensive capabilities in construction business
Solve various challenges to meet customer needs and build high-quality structures by utilizing advanced and specialized technologies

Ability to develop real estate in Japan and around the world
Create high added value by combining construction technologies with expertise of real estate development

Ability to provide services throughout the lifecycle of structures
Deliver consistently high-quality services from upstream to downstream rather than only in one area of the construction value chain

Construction Business, etc.*1

Consolidated revenues ¥2,231.0 billion

Net income*2 ¥73.0 billion

*1 Values for the construction business and other businesses
*2 Figure of the consolidated net income excluding the net income of real estate development business

Real Estate Development Business

Operation & Management

Maintenance & Renovation

- Building management
- Asset management
- Facilities management
- Property management
- Liquidation
- Securitization
- Energy services

- Maintenance
- Renewal/Renovation

Business Development Leveraging Our Global Network

We provide services across countries and regions in response to requests from customers and partners to build further trust relationships, and cultivate business opportunities by leveraging the Kajima Group's multi-dimensional global network.

Creating Synergies between the Construction and Real Estate Development Businesses

Collaboration between two businesses with their different business characteristics, expertise, and network creates business and financial synergies, increases the value we provide to society and customers, and realizes the sustainable growth of the Kajima Group.

Construction Business Built-to-order / labor-intensive business

Construction Technology	Construction Capabilities	Network	Kajima Brand (Creditworthiness)

Contributions to society and customers
- Accelerating and bringing higher added value to businesses
- Providing quality and environmental technologies that meet needs
- Realizing functional town planning
- Optimizing the entire lifecycle of buildings

Sustainable growth of the Kajima Group
- Strengthening profitability and competitiveness
- Creating and nurturing business opportunities
- Diversifying and developing human resources
- Demonstrating and deploying new construction technologies

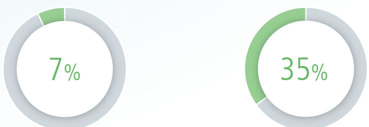
Real Estate Development Business Capital-intensive investment business (short-term turnover-type/long-term holding-type)

Real Estate Development Expertise	Real Estate Information	Network	Proactive Business Promotion

Real Estate Development Business

Consolidated revenues ¥160.5 billion

Net income*3 ¥38.7 billion



*3 The net income is a control value before adjusting internal transactions, etc.

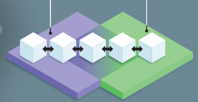
Creating Social, Environmental, and Economic Value through Business Development with a Focus on Construction and Real Estate Development

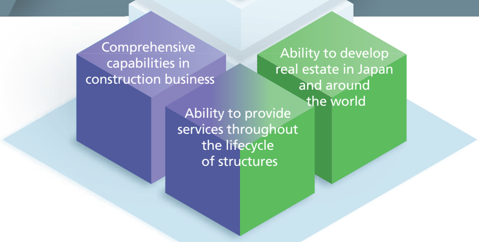
The Kajima Group positions the combination of the economic value created through corporate activities and the social and environmental value that benefits society and environment as our corporate values, and formulates and promotes important measures from short-, medium-, and long-term perspectives.

Return added value created from social value to forms of capital

INPUTS
(types of capital)

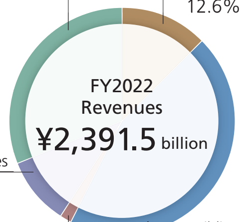
- Human Capital
- Intellectual Capital
- Financial Capital
- Manufactured Capital/Social and Relationship Capital
- Natural Capital

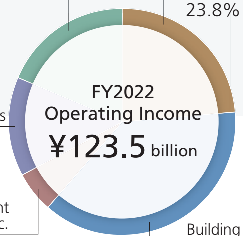


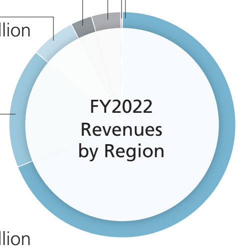


Kajima Group Strength

OUTPUTS







Business Segments

Civil Engineering Business ▶Page 55

Revenues	¥301.6 billion
Operating income	¥29.3 billion
Gross profit margin	18.0%

Building Construction Business ▶Page 57

Revenues	¥1,086.2 billion
Operating income	¥46.6 billion
Gross profit margin	8.5%

Real Estate Development Business, etc. ▶Page 59

Revenues	¥44.9 billion
Operating income	¥7.1 billion
Gross profit margin	23.5%

Domestic Subsidiaries and Affiliates ▶Page 61

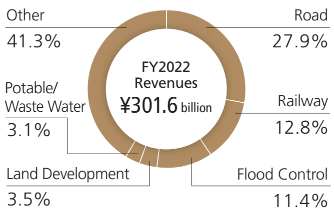
Revenues	¥352.6 billion
Operating income	¥17.4 billion
Gross profit	¥40.3 billion
Net income	¥16.2 billion

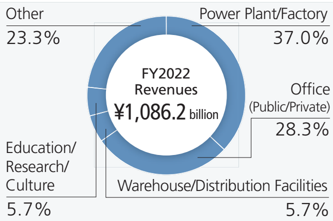
Overseas Subsidiaries and Affiliates ▶Page 63

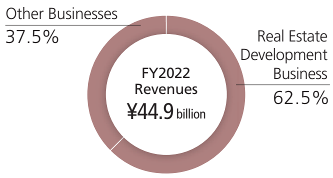
Revenues	¥739.2 billion
Operating income	¥22.7 billion
Gross profit	¥69.3 billion
Net income	¥30.9 billion

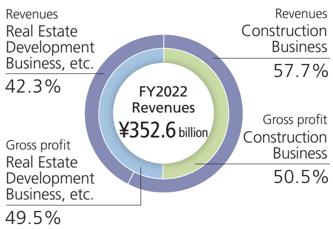
Reinforce strengths through the process of solving social issues

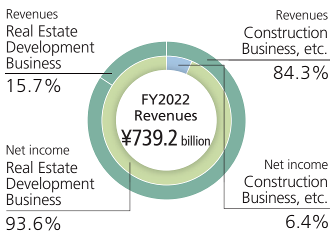
Breakdown











OUTCOMES

Employing and nurturing diverse human resources and giving them full play

	FY2020	FY2022
Group employees	18,905	19,396
Employees working at overseas subsidiaries and affiliates	5,786	5,889

Cooperating with partner companies and external partners in skill transfer, development of cutting-edge technologies, and other activities

	FY2022
Number of Kajima Meisters ▶Page 79	407

	March 31, 2023
Number of patents registered	238

Creation of positive impacts on Kajima and society through businesses

Goals for 2030

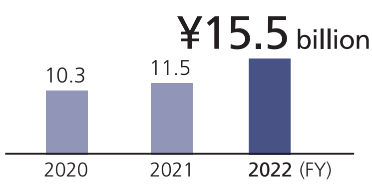
Pursuing a balance between growth investment and returns

	FY2020	FY2022
Cash dividends per share	¥54	¥70
Dividend payout ratio	28.0%	30.7%

	FY2018 to FY2020	FY2021 to FY2023
Growth investment	¥518.0 billion (Actual)	¥800 billion (Plan)

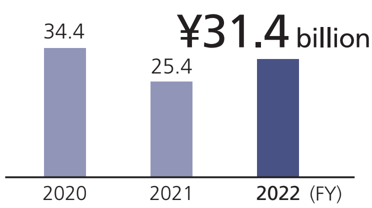
Safe, resilient town planning and providing social infrastructure

Revenues from infrastructure upgrades



Promoting migration to a carbon neutral society

Revenues from renewable energy



Part 2

Medium-Term and Long-Term Growth Strategies

We are pursuing three growth strategies while strengthening the construction value chain on a global scale to achieve our Goals for 2030.

Hiromasa Amano

President,
Representative Director

We will continue to provide new value by leveraging our human resources and technology in response to the changing times, and meet the trust and expectations of society and our customers.

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." Since its founding, Kajima has advocated for being a technology-driven company, emphasizing technological and human resource development, and continuing to provide advanced construction technologies that meet the needs of the changing times, thereby inheriting the trust of society and customers.

Kajima's Strengths Derived from Trust and Confidence

In the 1880s, Kajima shifted its business focus from Western-style buildings to railroad construction contracting, and built up a solid track record in this field. Based on the trust earned, in 1917, Kajima received a special order from the Railway Bureau for the Tanna Tunnel. We put our corporate fortunes on the line to tackle this national project, which was said to be the most difficult construction project of the century. Over the course of 16 years, we overcame challenges that were extremely difficult for the technology of the time, such as dealing with massive water inflows and collapses, by devising and applying new construction methods and technologies. We completed the project, thereby contributing to Japan's economic development.

This is one episode in which we responded to trust with our technology, and ever since then we have developed our business by taking on the challenge of solving social issues in each era through projects such as dams and skyscrapers.

Recently, demand has been increasing for highway renovations, renewable energy facilities, production facilities including semiconductor-related plants, and data centers. We believe that Kajima's unchanging DNA of being comprehensively customer-oriented is to hone our technologies in priority fields that meet the changing needs and expectations both of society and our customers, and to strengthen the construction process together with our subcontractors.

Based on the trust and confidence that our construction business has earned from society and our customers, we have focused on real estate development, engineering, maintenance and management, and other construction-related fields, as well as global expansion. The Kajima Group's strength lies not only in the services offered by individual businesses, but also in the synergistic effects of these businesses, which together enable

Hiromasa Amano
President, Representative Director

us to provide services throughout the entire construction value chain right around the world.

Steady Profit Growth in an Uncertain Business Environment

In FY2022, the environment surrounding our business faced some headwinds due to global inflation, rising interest rates mainly in Europe and the U.S., and rising prices for construction materials and equipment. Even under these circumstances, the Kajima Group posted record consolidated revenues and the second-highest consolidated net income in its history (¥111.7 billion; the record high was ¥126.7 billion in FY2017). Return on equity (ROE) was 11.2% and has remained above 10% since FY2015.

These are the results of thorough profitability management and reliable construction when receiving orders in the construction business in Japan, as well as the cumulative results of business expansion overseas, mainly in the United States. We believe that the business portfolio we have built over the years has steadily increased the Kajima Group's profitability and management stability.

With construction demand in Japan remaining strong for both civil engineering and building construction, Kajima has received orders for several large construction projects and expects firm construction demand to continue for the foreseeable future.

In the overseas business, the development of distribution warehouses and rental housing complexes, on which we are focusing our efforts in the U.S., steadily increased revenues, resulting in a record profit. The ratio of overseas sales and profits has risen to 30% of consolidated results and is positioned as one of the earnings pillars that we can expect to contribute to profits in the future.

▶Feature Story (KUSA), page 49

Although FY2023 is the final year of the current three-year Medium-Term Business Plan, the medium- to long-term goal of "achieving stable consolidated net income of ¥100 billion or more by FY2026" is being achieved ahead of schedule through steady performance in the construction business in Japan, the results of investments in the real estate development business, and growth in overseas businesses.

Medium- to Long-Term Management Direction for Further Growth

Under the current Medium-Term Business Plan, we are further strengthening our construction business in Japan and promoting measures and investments to expand our real estate development business in Japan and overseas business as core businesses.

While the plan is generally progressing well, we are paying particular attention to the following three points as we aim to continue growing in the medium to long term.

▶Progress of the Medium-Term Business Plan, page 31

The first is to apply the lessons of the past to management.

There are several lessons to be learned in our history. For example, several large construction projects that were awarded in the midst of severe price competition resulted in downward pressure on the company's performance. We are determined not to repeat these mistakes, and have them serve as a warning for our management team.

Particularly in the current market environment, we believe it is necessary to focus on trends in material prices and the need to secure construction systems, and to move ahead cautiously with project initiatives.

The second is that when proceeding with a project, take the demands of the times and the sustainability of the construction industry into account as well.

In response to the reform of work styles and the regulations on overtime upper limits that will be applied to the construction industry from FY2024, we continue to pursue productivity improvement through reviewing essential operations, digitalization, robotization, etc., and are also engaged in order-taking activities to secure appropriate construction periods.

In addition, it is necessary to maintain and build a strong supply chain to ensure stable development of the construction industry. We consider that the construction industry must be made more attractive to join by continuing and steadily implementing measures that we are currently working on, such as reforming the multilayered subcontracting structure, improving wage levels, improving the compensation of skilled workers, such as closing sites for eight days out of every four-week period, and securing the next generation of workers.

▶Restructuring Multilayered Subcontracting, page 90
▶Work-Style Reforms, pages 76 and 80

We have a responsibility to meet our customers' demands for faster, cheaper, and better products to the extent possible, but in order to make our construction business a sustainable one, we will continue to adhere to our construction order policy that emphasizes profitability and reasonable construction periods, and will continue to thoroughly manage SEQDC (safety, environment, quality, delivery, and cost).

The third is to keep up with the changing times and leverage these changes as opportunities for growth.

We expect technology and society to transform at an ever-accelerating pace. In the coming decade, issues related to the global environment, such as climate change, energy, and coexistence with nature, and issues related to human society such as the declining birthrate and aging population, wellness and health, will increase in importance. Moreover, the market environment in Japan and abroad, as well as the values demanded by society and customers, will change significantly.

The Kajima Group recognizes that it has a mission to support safety and security in areas close to people's lives, and that it must meet society's expectations to create and provide a comfortable environment. We will continue to develop and refine our technologies to solve the issues facing society, with a commitment to quality, so that Kajima will be the company of choice for not only our customers but all of our stakeholders "because it's Kajima."

To turn solutions to social problems into growth opportunities, we need to not only increase the depth of each business but broaden the scope of each one as well; in other words, expand the value chain. While we view the stable and strong performance of recent years as an indication of the Kajima Group's strengths that have been cultivated over the years, we believe that achieving further growth will require slowly and steadily expanding the business domains involved in the construction value chain, which will include the creation of new businesses, while further enhancing the profitability of each business domain.

▶Feature Story (Construction Value Chain), page 45

What I Value as President in Strengthening the Management Foundation

The Kajima Group's source of competitiveness is its people and technology, and the trust that comes from them.

As president, I believe that my most important role is to develop our people, hone our technology, and enhance credibility in order to strengthen the management foundation.

(1) Human Resources (Human Capital)

Kajima's business domain encompasses the entire construction value chain, but in order to organically link these businesses and maximize their value, the in-house experts responsible for each phase must master their respective paths. We encourage the development of diverse human resources who will be responsible for each business and R&D, make the most of such people, and provide a setting for friendly competition among experts in each field. I look forward to the sharp ideas and innovations that can be created through collaboration among experts with strengths, rather than pursuing only total optimization from the start.

In addition to spiraling up technical and practical skills through actual projects, we also promote human resource development and growth opportunities through off-site spaces such as the newly opened Kajima Technical Center (Yokohama, Kanagawa Prefecture), a facility for practical experience and hands-on training for acquiring basic specialized skills, and the employee education and exchange centers KX-LAB and KX-SQUARE (both in Toshima-ku, Tokyo).

▶Kajima Technical Center, page 77

After properly evaluating each role in the construction value chain, we must smooth out the connections and horizontally develop the best parts of the chain to enhance the capabilities of the organization, which will lead to the growth of each business. In addition, it is also important to pay attention to the entire supply chain, including the development and improvement of the compensation for skilled workers at partner companies that work together with us. As such, we have established the Kajima Partner College to train skilled workers and management candidates for our partner companies. The first batch of students graduated in FY2022 and are now working at their respective companies, applying what they have learned. I consider it my role to manage the company with an emphasis on human resources, not only the employees of the Kajima Group, but also people throughout our supply chain.

▶Kajima Partner College, page 79

(2) Technology (Intellectual Capital)

Kajima advocates for being a technology-driven company and aims to further raise the level of technology.

Since I assumed the position of president, we have been focusing on improving productivity and operational efficiency, raising the level of technology, and accelerating proficiency through the promotion of technological development. This has included smart production and automated construction, and the systematic digitization of experiential knowledge and tacit knowledge possessed by individual personnel. The project is gradually taking shape and producing real results, and we feel a positive response to the spread of empathy within the company. Furthermore, as digital technology surges ahead, there is a growing need for smart buildings and smart cities, and we intend to be proactive in developing technologies related to these new fields and in utilizing AI.

▶Kajima's DX, page 69

In construction business production activities, the

construction process, from the upstream planning stage to specialized work within temporary enclosures, there is no limit to what needs to be fundamentally reviewed and what can be improved if we stand by the "scientific principles" of our corporate philosophy.

Unlike manufacturers and other producers, we believe that in the development of technology for industries such as ours that produce added value through the construction process, it is important to take the initiative to devise ideas at actual manufacturing sites, and that awareness during daily production activities is the seedbed for growing the company's business.

Kajima will accelerate this activity from FY2023 as site-driven innovation, encouraging and supporting proactive initiatives based on free thinking and ideas in the field. The aim is to build momentum for creative initiatives not only in the technical development division, but also throughout the company, including the frontlines, to enhance our technological capabilities and competitiveness in the future.

Furthermore, we launched the Intellectual Property Award System in FY2022. Its purpose is to raise employees' awareness of the further deepening and development of our technology, to foster an internal culture that encourages constant invention of new ideas, and to stimulate creative activities that help to expand the company's business.

▶Intellectual Property Management, page 68

In Singapore, The GEAR was completed. This complex serves as both a business control center for the Southeast Asia region and a base for R&D. The facility offers great potential for the future in terms of its members' ability to collaborate with the Singaporean government and for conducting activities that transcend the barriers between the public and private sectors. The GEAR will serve as a base for promoting the development of advanced technologies and the creation of new businesses through open innovation activities and the utilization of its global network with Japan and Silicon Valley in the United States.

▶The GEAR, page 67

In line with the current Medium-Term Business Plan, we have established a vision statement, "Willingness to take on new challenges leveraging the power of ideas and technology to make imagination and amazement a reality," as the direction in which Kajima Group aims to go. These activities are symbolic of our practice.

(3) Social Trust and Credibility

For a company, credit is the foundation of its business. In the event of an accident or trouble, the most important thing we must pay attention to is the relationship of trust with our customers and other stakeholders. While the impact on figures such as sales and profits are transitory, lost credibility cannot be easily regained and has a long-term and enormous impact on business management. While it is difficult to eliminate 100% of failures, it is important to be sincere and committed in our actions to recover from them.

The quality of the buildings and structures we build is evaluated over time by our customers and users. We believe that our work cannot be done without trust, because there are parts of buildings that cannot be seen from the outside, such as the internal structure and equipment, or that cannot be understood without actually using the building. We recognize that not only technological development, but also the constant evolution of the construction process, including digitalization, and the maintenance and improvement of quality standards, will continue to be one of the most important factors in forming a relationship of trust with our customers.

Kajima has built up trust and credibility over a history spanning more than 180 years. As president, I am constantly communicating this idea that it is important for us to look ahead and strengthen our foothold, especially now that our business performance is favorable.

I also believe that we need society to recognize us as a good company. In our vision, we cite openness, diversity, and initiative as important values, expressing the importance of attracting a diverse range of people and co-creating value in collaboration with external parties for the company's sustainable growth. In order to create new value, we need business partners who have something we lack, and we need to be a good company to attract excellent people to work with us.

As president, I strive to be aware at all times of how the company is evaluated from the outside, and will always ensure that Kajima aspires to be a good company both internally and externally.

Sustainability

While the branch managers in Japan and the presidents of domestic and overseas group companies, who are closer to the frontlines, focus on responding to the challenges they face and on stable management, it is sustainability that I must take the lead in addressing. This means making not only our company and the construction industry sustainable, but society at large as well.

In addition to focusing on fields of business that solve social issues, the current Medium-Term Business Plan calls for establishing a strong management foundation and promoting ESG measures for growth. It places particular emphasis on addressing environmental issues, including carbon neutrality, in addition to the aforementioned initiatives for human resource development and reform of the multilayered subcontracting structure.

As a construction company, the first area where we can contribute to carbon neutrality is in the construction of renewable energy facilities. Japan's first commercial Offshore Wind Farms at Akita Port and Noshiro Port, for which we were in charge of construction, were successfully completed in March 2023. The valuable knowledge and technology gained in this project will be applied to future projects. In anticipation of market expansion, we are also strengthening our construction capabilities and cost competitiveness by building SEP vessel (self-elevating platform vessel) jointly with other companies, aiming to contribute further to this field.

▶Feature Story (Offshore Wind Power), page 41

With regard to reducing CO_2 emissions, we have set a new target to achieve carbon neutrality by FY2050 and obtained SBT certification, an international certification for greenhouse gas emission reduction targets. Based on a more accurate understanding of CO_2 emissions, we are actively promoting the reduction of CO_2 emissions during construction, development of energy-saving technologies and environmentally friendly materials, and efficient energy management. From FY2023, we have set branch-specific reduction targets for construction projects in Japan.

Of the total CO_2 emissions in the Kajima Group's supply chain, in-house emissions (Scopes 1 and 2) account for 2 to 3%, while the majority of other emissions are generated during upstream production of building materials (concrete, steel frames, rebar, etc.) and downstream building operations (Scope 3). For these reductions, collaboration with outside parties, such as material manufacturers, construction subcontractors, and customers who are building owners, is essential.

In the construction materials field, we are promoting technological development as the managing company of the consortium (CUCO) implementing the NEDO* Green Innovation Fund Project / Development of technology for manufacturing concrete and other products using CO_2. Recently, as its initial achievement, CUCO-SUICOM Formwork made of carbon-negative concrete, which emits virtually zero or less CO_2 emissions in the manufacturing process, was applied for the first time to a construction site. This formwork is made of concrete that has been improved from CO_2-SUICOM, a technology developed by Kajima and others that absorbs and fixes CO_2 in concrete, enabling further

reduction of CO_2 emissions. This project has attracted high levels of attention and anticipation, and we will advocate for further technological development with the aim of full-scale use in practice.

In addition to the development and application of various low-carbon materials and ZEB technologies, we are also strengthening our response to the field of GX, which helps to reduce CO_2 emissions throughout the supply chain, such as by using blockchain technology to visualize CO_2 emissions.

We will also seek to balance business opportunities with contributions to global environmental conservation through a multifaceted environmental approach that includes the conservation of biodiversity and the creation of blue carbon to restore and rehabilitate nature, as well as the utilization of Group-owned forests located throughout Japan.

▶Environment, page 82

* New Energy and Industrial Technology Development Organization

Strengthening Corporate Governance

In 2015 we invited our first outside director to join the Board of Directors. Since then, we have received a great deal of valuable advice, sometimes painful to hear, harsh and kind, from an independent standpoint, based on the outside directors' wealth of experience and high-level insight, as well as supervision of our management.

Specifically, the outside directors have been instrumental in strengthening our corporate governance by leading the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee (both chaired by outside directors), and have encouraged us to improve our management by promoting a culture of "bad news first" and "it is worse to hide accidents and scandals than to cause them" within the company. They have also provided advice on sustainability in the construction industry and on reform of the multilayered subcontracting structure.

We feel that having outside directors fulfill the roles society expects of them, and that we take them seriously, will help us to transform our Group from within, generate trust from outside, and ensure more sustainable growth. We consider the advice of outside directors with diverse backgrounds to be one of the most important elements of our corporate governance.

Closing Thoughts

Although the business environment remains uncertain due to various factors such as the situation in Ukraine and rising prices, in recent years we have been able to continuously secure profits exceeding our plans and expand returns to each stakeholder by increasing dividends, purchasing treasury stock, raising wages for employees, and improving compensation for skilled workers.

The Kajima Group is also making steady progress with the investment plans set forth in our Medium-Term Business Plan, including Japan and overseas real estate development business investments, R&D investments, and strategic investments, which we believe will strengthen our earning power and further enhance our management foundation in the future.

We will continue to secure profit levels that exceed the cost of capital, consider further expansion of stockholder returns and other measures while balancing them with investments for sustainable growth, and strive to improve our reputation in the stock market and other markets to meet their expectations.

While stock price and market capitalization are key indicators for evaluating a company, we believe that it is also important for the market to understand our future vision and growth potential in order to obtain an appropriate evaluation from it.

We will continue to listen to our stockholders and investors as well as to the stock market, and as president, I will strive to enhance the dissemination and disclosure of information.

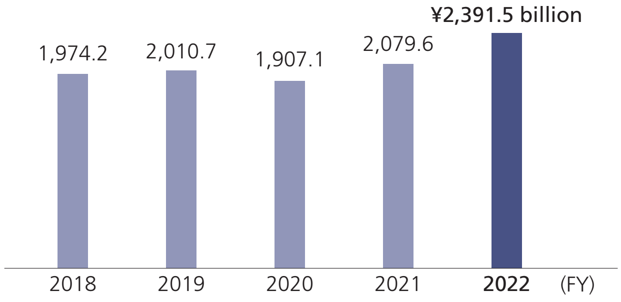
A new Medium-Term Business Plan will be launched in the next fiscal year. The current fiscal year serves as a preliminary stage of the plan, and we recognize that it is also the final year of the current Medium-Term Business Plan. We are counting on your continued understanding and support.

Financial Highlights

Revenues

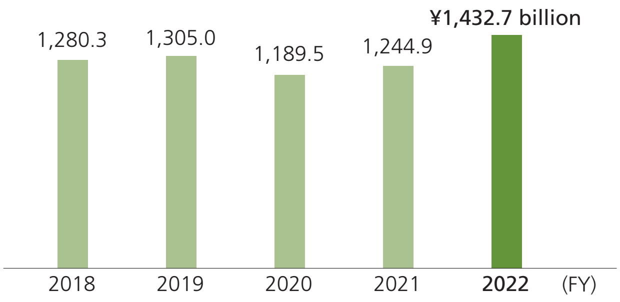
Consolidated

¥2,391.5 billion



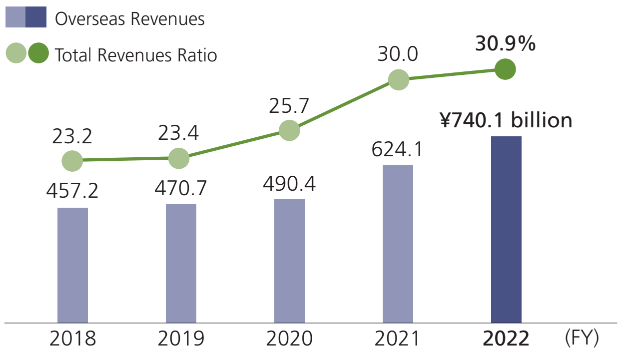
Non-consolidated

¥1,432.7 billion

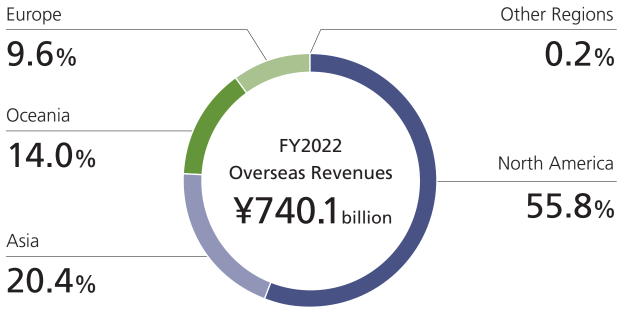


Revenues increased by 15.0% on a consolidated basis, hitting a record high, largely due to an increase in revenues from construction operations at overseas subsidiaries and affiliates, as well as steady progress of large-scale construction works by Kajima Corporation. On a non-consolidated basis, revenues increased by 15.1%, mainly arising from an increase in building construction business.

Overseas Revenues / Total Revenues Ratio



Revenues outside Japan, by Region

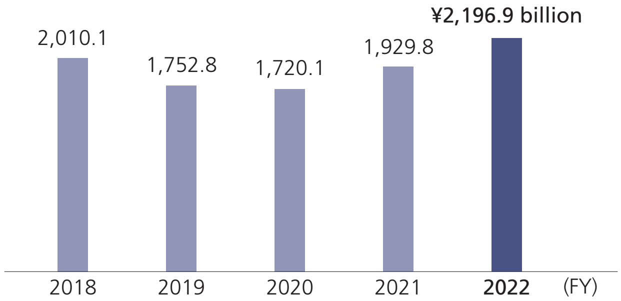


Revenues increased by 18.6% in all the business regions including Asia where the impact of the COVID-19 was overcome and economic activities are being rejuvenated. The total revenues ratio increased by 0.9 point.

Construction Contract Awards

Consolidated

¥2,196.9 billion

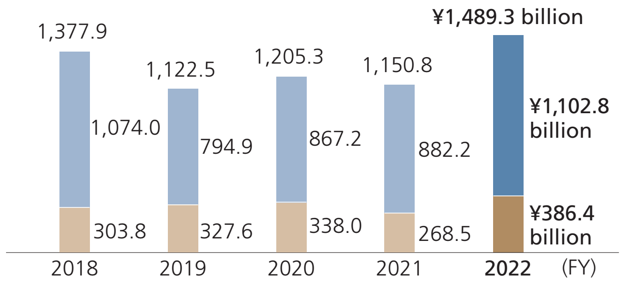


Non-consolidated

¥1,489.3 billion

Civil Engineering **¥386.4 billion**

Building Construction **¥1,102.8 billion**

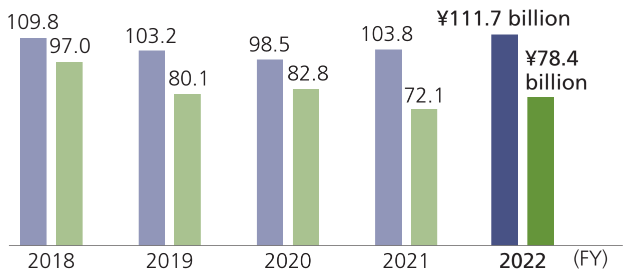


The construction contract awards increased by 13.8% on a consolidated basis and 29.4% on a non-consolidated basis because Kajima Corporation received orders for multiple large-scale works in the civil engineering and building construction businesses.

Net Income Attributable to Owners of the Parent / Net Income

Consolidated **¥111.7** billion

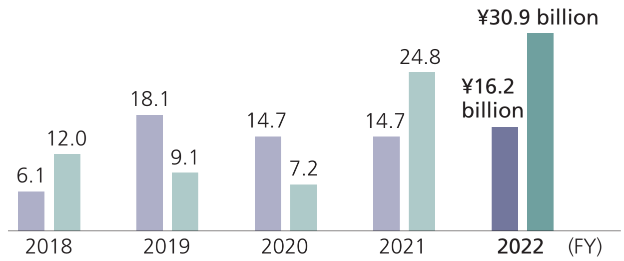
Non-consolidated **¥78.4** billion



The net income rose by 7.6% on a consolidated basis mainly due to gains in profits in the construction businesses of Kajima Corporation and overseas subsidiaries and affiliates. Around ¥100 billion has been stably generated as net income. The net income increased by 8.6% on a non-consolidated basis mainly due to rise in revenues and the improvement of the profit margin of the civil engineering business.

Domestic Subsidiaries and Affiliates **¥16.2** billion

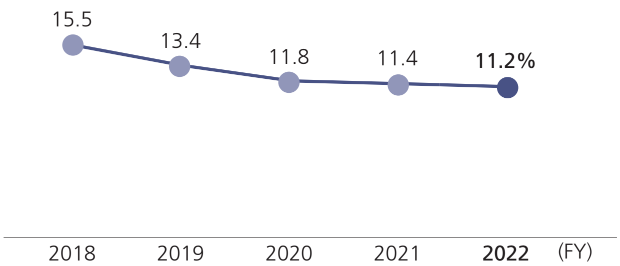
Overseas Subsidiaries and Affiliates **¥30.9** billion



The net income rose by 9.9% in Japan as the profits of both the construction business and the real estate development business increased. The net income increased by 24.7% overseas, hitting a record high, mainly due to the steady progress of the real estate development business in the U.S.

ROE

11.2%

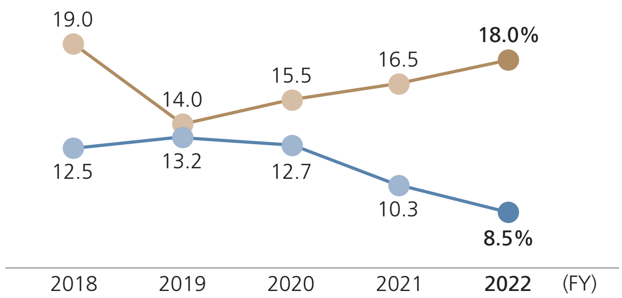


Return on equity remained over 10% due to steady business performance.

Gross Profit Margin for Civil Engineering and Building Construction Businesses (Non-Consolidated)

Civil Engineering **18.0%**

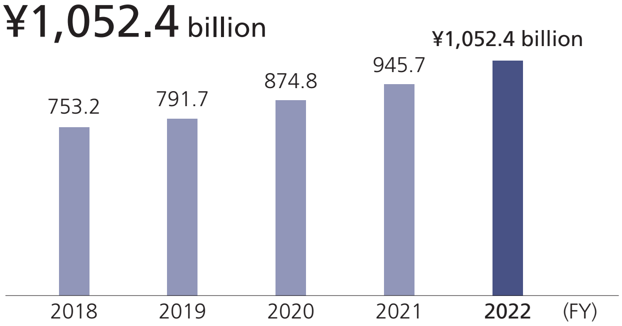
Building Construction **8.5%**



Gross profit margin in Kajima's civil engineering business increased due to improvements in productivity, but decreased in the building construction business due to soaring material prices.

Owners' Equity

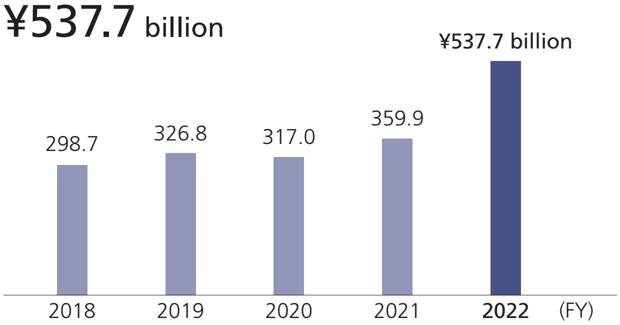
¥1,052.4 billion



Our financial soundness has increased with owners' equity exceeding ¥1 trillion. (Owners' equity ratio: 38.0%)

Interest-Bearing Debt

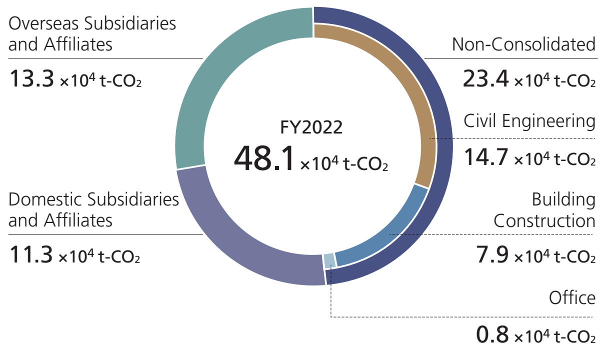
¥537.7 billion



Interest-bearing debt increased by 49.4% 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 CO_2 Emissions (Scopes 1 and 2)



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

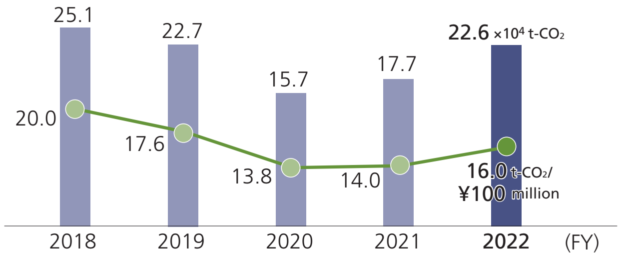
CO_2 Emissions Attributable to Construction / Emissions per Unit*

CO_2 Emissions Attributable to Construction

22.6 $\times 10^4$ t-CO_2

CO_2 Emissions per Unit Attributable to Construction

16.0 t-CO_2 / ¥100 million

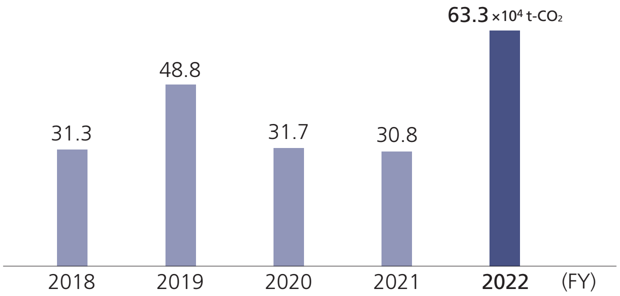


CO_2 emission equivalents have been calculated for all electric power and fuel used at Kajima construction sites in Japan. From FY2020, the calculation method is based on data collected from all sites.

Indirect Contributions to CO_2 Reduction*

63.3 $\times 10^4$ t-CO_2

Contribution to CO_2 emissions reduction attributable to energy-saving design of buildings*1



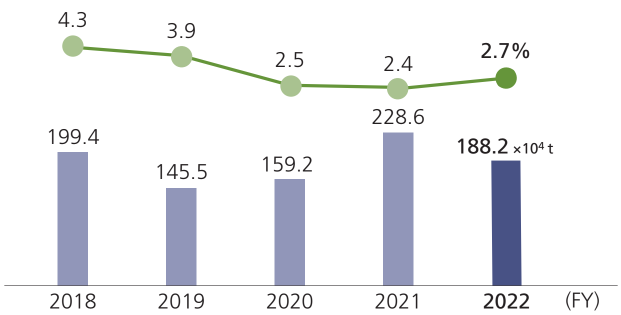
We measure indirect contributions to CO_2 reduction from designs that enable energy saving at the operation stage.

*1 The annual reduction contribution realized by the energy conservation measures of buildings designed by the Company and completed during the fiscal year, multiplied by building lifecycle (30 years)

Amount of Construction Waste Generated / Final Waste Disposal Rate (Including Sludge)*

Amount of construction waste generated **188.2** $\times 10^4$ t

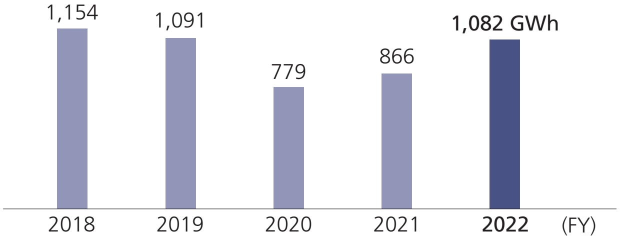
Final waste disposal rate for construction waste **2.7** %



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)*

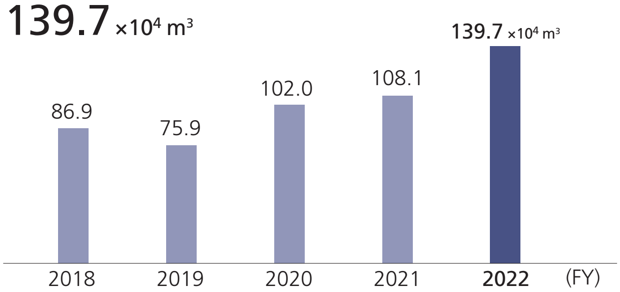
1,082 GWh



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

Water Consumption (Construction Sites and Offices)*

139.7 $\times 10^4$ m^3

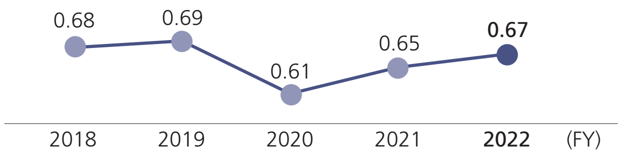


Significant year-on-year differences in water consumption result from changes including in the type, scale and method of construction. Consequently, we have not set reduction targets. However, each site works to reduce the amount of water it uses.

On-Site Safety*

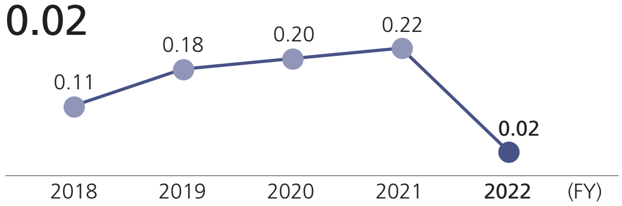
Accident Frequency Rate*1 (Lost Work Time of Four or More Days)

0.67



Accident Severity Rate*2

0.02



In our construction operations in Japan during FY2022, there were 61 accidents involving four or more days of lost work time (no involving fatalities), resulting in an accident frequency rate of 0.67 and an accident severity rate of 0.02.

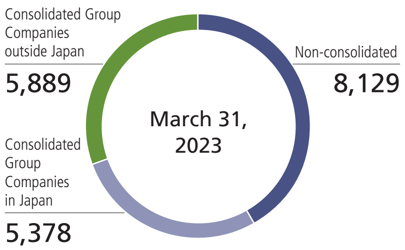
Under the slogan "Think safety! Make today accident free," we will continue to do our utmost to ensure a safety-first approach to work.

*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

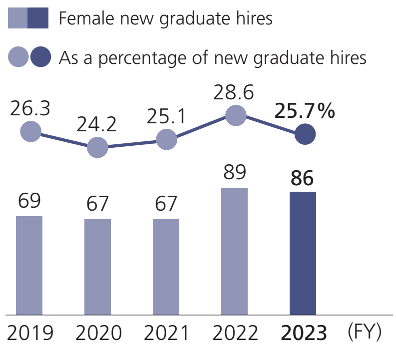
19,396

(21,580 including non-consolidated subsidiaries)



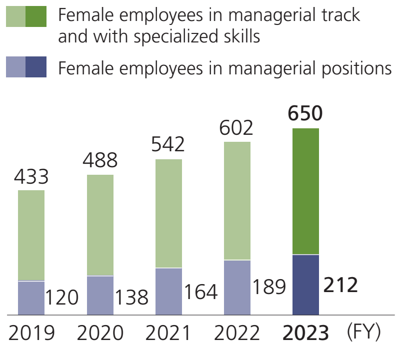
The number of employees at Kajima Corporation and consolidated Group companies in Japan increased. The number of employees is on the rise as a result of expansion of business domains.

Number of Female Employees among New Graduate Hires*



Of the 334 new graduate hires for FY2023, 25.7% are female new graduate hires.

Number of Female Employees in Managerial Positions*



In FY2021, we achieved of our goal of tripling the number of female employees in managerial positions over 10 years (from 54 in FY2014), three years ahead of schedule. We have continued to increase this number since then.

Human Resources Data*

(FY)

			2018	2019	2020	2021	2022
Employees	Number of employees*1		7,783	7,887	7,989	8,080	8,129
	Number of re-employed personnel*1		930	961	1,029	1,081	1,132
	Percentage of employees with disabilities*2		2.3	2.1	2.5	2.4	2.3
	Turnover rate (%)		0.5	0.7	0.7	0.8	1.1
	Turnover rate of new graduate hires within three years (%)		3.2	1.8	4.6	3.3	4.6
	Percentage of mid-career employees		18.3	23.6	22.4	25.8	19.8
Childbirth/ childcare/ caregiving	Percentage of employees taking extended childcare leave*3	Male	45.3	49.1	40.3	49.4	64.3
		Female	104.7	106.8	105.0	93.3	109.1
	Number of employees using flex-time or taking shortened work hours for childcare	Male	89	98	118	135	131
		Female	210	228	254	253	256
	Number of employees taking extended caregiving leave*4		19	63	40	35	45
Other	Number of employees using leave system for volunteering		15	24	4	15	18
	Percentage of paid leave taken		46.4	52.8	54.5	48.7	61.3

*1 As of March 31
*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

Promoting the Kajima Group Medium-Term Business Plan (FY2021–2023) based on the Goals for 2030 and Material Issues

The Kajima Group has defined vision as the long-term direction based on our corporate philosophy and material issues to grow with society in a sustainable way.
We have formulated important measures to realize them and through backcasting from the Goals for 2030 in the Kajima Group Medium-Term Business Plan (FY2021–2023), and are promoting initiatives to grow sustainably even in a rapidly changing social and economic environment.

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.

Vision

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
- **Corporate Culture:** Integrity
  Unwavering Technological Innovation
  Commitment to Kajima Quality

Material Issues

Society

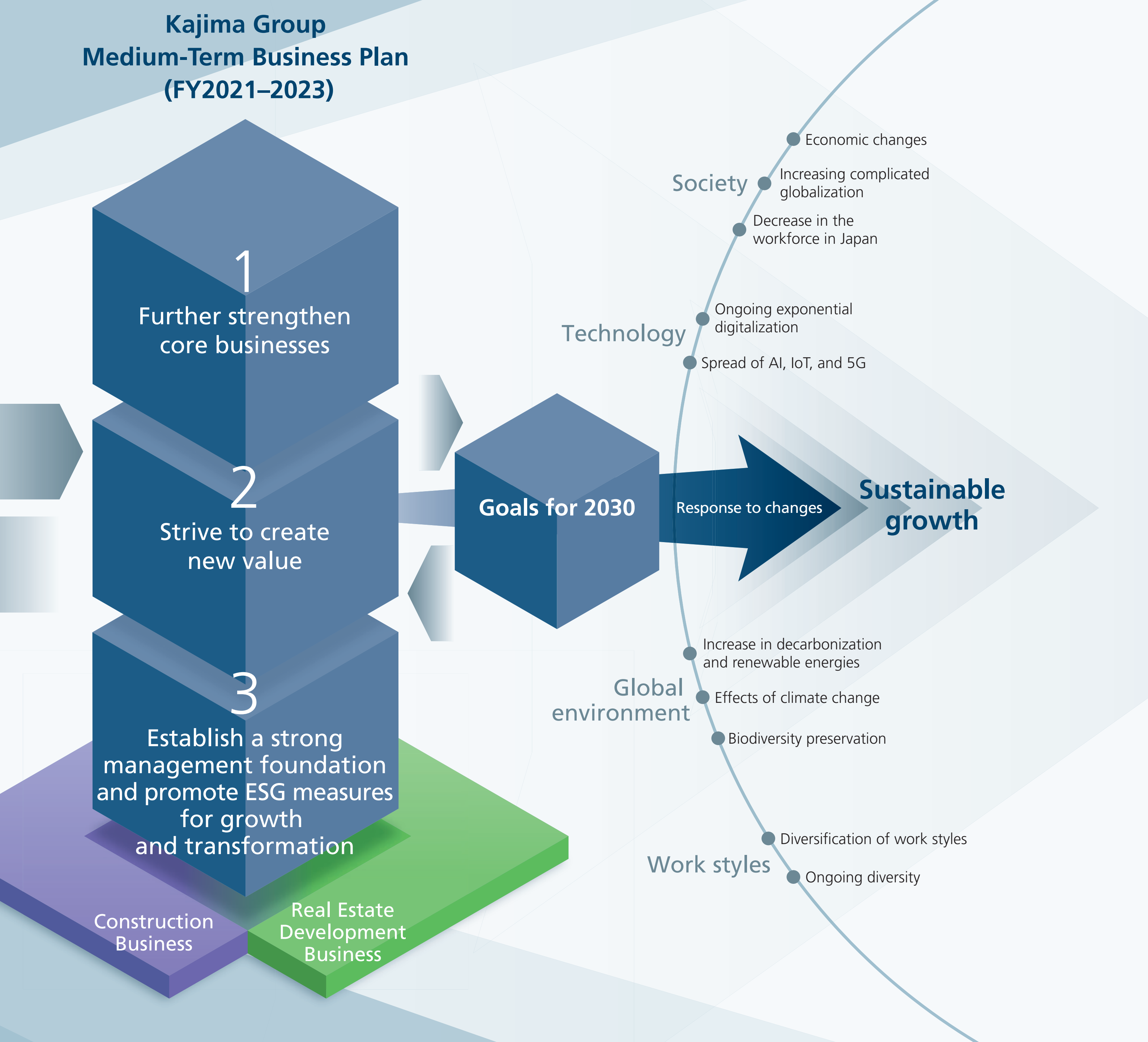
- Creating functional urban, regional and industrial infrastructure capable of meeting new needs
- Developing sustainable and long-lasting social infrastructure
- Providing technologies and services for disaster preparedness that support safety and security

Environment

- Contributing to society's transition to a carbon-free footprint

Platform for Business Sustainability

- Focusing on unwavering technological innovation and Kajima quality
- Construction that emphasizes people and partnerships
- Practicing corporate ethics

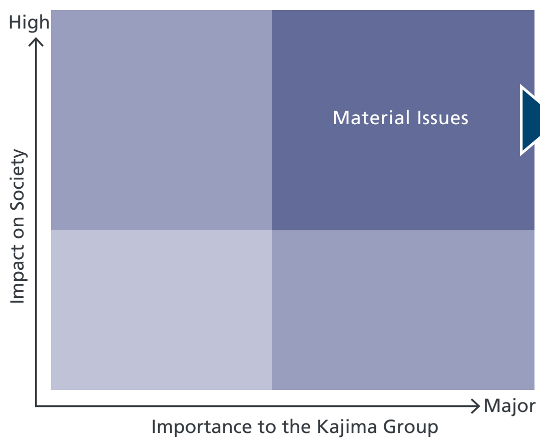


Kajima Group
Medium-Term Business Plan
(FY2021–2023)
1
Further strengthen core businesses
2
Strive to create new value
3
Establish a strong management foundation and promote ESG measures for growth and transformation
Construction Business
Real Estate Development Business
Goals for 2030
Response to changes
Sustainable growth
Society
Economic changes
Increasing complicated globalization
Decrease in the workforce in Japan
Technology
Ongoing exponential digitalization
Spread of AI, IoT, and 5G
Global environment
Increase in decarbonization and renewable energies
Effects of climate change
Biodiversity preservation
Work styles
Diversification of work styles
Ongoing diversity

In July 2019, we looked at the relationship between the Kajima Group's business activities, the measures in the Kajima Group Medium-Term Business Plan (FY2018–2020) and social issues, starting with the SDGs. We then grouped the results into seven categories to identify our material issues for both solving social issues and achieving sustainable growth for the Kajima Group. In March 2021, in conjunction with the formulation of the Kajima Group Vision and the Medium-Term Business Plan (FY2021–2023), we revised these material issues to take into consideration significant changes in the social environment, including the COVID-19 pandemic and accelerating shift toward carbon neutrality.

Determination of 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.

1
- Revitalization of local communities
- Responding to changing work styles
- Increasing sophistication of urban functions

2
- Maintaining and renewing social infrastructure

3
- Improving disaster preparedness and resilience
- Increasing sophistication of disaster preparedness measures
- Supporting disaster recovery

4
- Responding to climate change
- Promoting efficient use and ensuring a stable supply of energy
- Preserving biodiversity
- Promoting resource recycling

5
6
- Assuring and improving quality
- Increasing labor productivity
- Improving employment conditions for skilled workers
- Nurturing human resources
- Strengthening partnerships
- Ensuring occupational safety
- Championing diversity

7
- Conducting fair business practices
- Ensuring compliance
- Respecting human rights

Process for Revising Material Issues

1. Organize recent changes in the social environment and their impacts on the Kajima Group
2. Exchange opinions with external experts
3. Consider issues together with the Medium-Term Business Plan to identify points that should be revised, and create a revision proposal
4. Obtain feedback from each department on the proposed revisions
5. Reflect changes in the Medium-Term Business Plan and obtain approval from the Board of Directors
6. Review periodically

Our Material Issues and Related SDGs

		Direction of Initiatives for Material Issues	Specific Initiatives: Contribution through Customers' Businesses	Specific Initiatives: Contribution through Our Businesses	Related SDGs
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 resulting from changes in values and behavioral patterns. Combining experience and new technologies, Kajima creates functionality that facilitates life, work, and wellness.	• Creating comfortable and attractive spaces • Improving productivity and product quality through engineering technologies • Improving workplace productivity and wellness • Constructing smart cities and a smart society	• Conducting large-scale, mixed-use redevelopment projects	3, 8, 11
Society	2	**Developing sustainable and long-lasting social infrastructure** Kajima promotes technological development for repair, maintenance, renovation and extending the lifespan of buildings and infrastructure, and develops outstanding social infrastructure that can be used safely long into the future.	• Technologies for extending building lifespan • Technologies for maintaining and renewing infrastructure • Increasing sophistication of facility and building management	• Acquiring quality assets in the real estate development business • Participating in infrastructure operation and public-private partnerships	9, 11, 12
Society	3	**Providing technologies and services for disaster preparedness that support safety and security** Kajima provides disaster-resilient building and infrastructure construction, technology development, and services for rapid recovery and reconstruction in the event of a disaster. In light of the impact of climate change, we will increase the sophistication of disaster prevention technologies with a commitment to a safe society where people can live with peace of mind.	• Increasing sophistication of seismic damping and isolation technologies • Responding to climate change with resilient buildings and structures • Proposing BCP solutions	• Structuring supply chains that take BCP into account • Strengthening disaster response capabilities	9, 11
Environment	4	**Contributing to society's transition to a carbon-free footprint** Kajima contributes to society's transition to a carbon-free footprint by reducing CO_2 emissions during construction and by developing energy-efficient technologies and eco-friendly materials, as well as by building, developing and operating power generation facilities that use renewable energy, developing green buildings, and managing energy efficiently. We are also committed to recycling resources and harmoniously co-existing with nature based on Kajima Environmental Vision: Triple Zero 2050.	• Delivering zero-emission and other energy-efficient buildings • Structuring optimal energy systems • Constructing power generation facilities that use renewable energy • Promoting green infrastructure • Achieve Triple Zero 2050	• Reducing CO_2 emissions during construction • Developing green buildings • Renewable energy projects • Developing and using eco-friendly materials	7, 12, 13, 14, 15

		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 strives to build sustainable next-generation construction systems and create new value by developing technologies and carrying out digital transformation to improve productivity and safety. In addition, in order to deliver buildings and infrastructure to customers with confidence, we continuously improve the quality of inspection and assurance systems with a commitment to ensuring building, infrastructure and environment quality, safety and security.	• 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 • Mechanizing, automating and employing ICT in construction • Kajima Smart Future Vision	11, 12
Platform for Business Sustainability	6	**Construction that emphasizes people and partnerships** Kajima promotes work-style reform at construction sites, secures construction personnel, hires and nurtures human resources, and creates an attractive working environment in which every employee can excel. We create value in cooperation with our business partners and promote innovation through collaboration with external parties.	• Ensuring occupational health and safety • Promoting work-style reform and securing construction personnel • Reforming the multilayer subcontracting structure • Training and developing people with an emphasis on diversity • Using open innovation	3, 4, 5, 8, 10, 17
Platform for Business Sustainability	7	**Practicing corporate ethics** Kajima promotes fair and honest corporate activities by practicing thorough compliance and risk management. Each employee and director of the Group acts ethically and earns the trust of customers and society through initiatives in all parts of the supply chain.	• Ensuring rigorous compliance • Enhancing risk management systems and process management • Conducting fair supply chain management • Respecting human rights	16

Progress of the Kajima Group Medium-Term Business Plan (FY2021–2023)

In FY2021, we launched the Kajima Group Medium-Term Business Plan (FY2021–2023). It sets out important measures and financial targets for the Group, with due consideration for the medium- to long-term Goals for 2030, as based on the Kajima Group Vision and material issues. Despite the intensely competitive environment projected, the plan’s theme is supporting the Group’s future development by investing to drive medium- to long-term growth while maintaining and improving business performance.

We have generally performed well in FY2022, the second year of the Medium-Term Business Plan, and we will steadily continue to promote measures and investments aimed at medium- to long-term profit growth.

Three Pillars/Goals for 2030

1
Further strengthen core businesses

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

2
Strive to create new value

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

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

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

Financial Targets

	FY2021 results	FY2022 results	FY2023		FY2024-2026 target	FY2030 target
			Target	Forecast		
Revenues	¥2,079.6 billion	¥2,391.5 billion	Approx. ¥2,250 billion	¥2,480 billion	–	–
Net income attributable to owners of the parent	¥103.8 billion	¥111.7 billion	¥95 billion or more	¥105 billion	Reliably ¥100 billion or more	¥130–150 billion or more
Return on equity	11.4%	11.2%	–	–	Above 10% level	

Investment Plan Progress

The Kajima Group has positioned investment for the future as a priority item in the Medium-Term Business Plan, and plans to invest a total of ¥800 billion over three years and recoup ¥360 billion through the sale of properties in the real estate development business. The plan is making steady progress, with investment and payback in FY2022 exceeding those in FY2021.

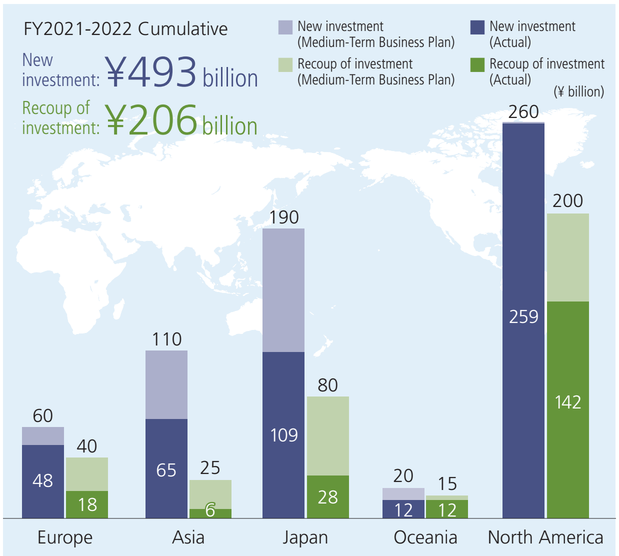
In particular, our investment in overseas real estate development projects is progressing at a faster pace than the rate of time elapsed relative to our three-year investment plan, partly because the yen has weakened more than when the plan was formulated. We have recorded a high level of gains on sales as a result of our investments, and we intend to continue our aggressive stance in this area.

Other capital investments exceeded the plan, but were due to investments for the expansion of human resource development facilities and technology development and open innovation centers. ▶Page 67 ▶Page 77

We will continue to promote investment in prime projects and investment that contributes to the strengthening of the management foundation in FY2023.

(¥ billion)	FY2021 results	FY2022 results	Medium-Term Business Plan (FY2021–2023)
Domestic/overseas real estate development businesses (Recoup of investment)	191 (105)	302 (101)	640 (360)
Domestic real estate development business (Recoup of investment)	51 (11)	58 (17)	190 (80)
Overseas real estate development business (Recoup of investment)	140 (94)	244 (84)	450 (280)
R&D and digital investment	18	18	55
Strategic investment	21	22	60
Other	20	31	45
Total	250	373	800
Net investment	145	272	440

Domestic/Overseas Real Estate Development Businesses



Strategic Investment

To enhance this business area, we founded a wholly-owned subsidiary, Eaton Real Estate Co. Ltd., and purchased Namikikan Ginza and CURA GINZA to provide high-end real estate and expand our lineup.

Property of Eaton Real Estate Co., Ltd.


Namikikan Ginza
(commercial facilities)


CURA GINZA
(offices and commercial facilities)

Financial Measures and Shareholder Returns

Reduction of Cross-Shareholdings

	FY2021 Results	FY2022 Results	Planned for FY2023
Number of stocks sold (including partial sales)	17 stocks	17 stocks	Approx. 20 stocks
Amount of sales	¥14.8 billion	¥10.0 billion	Cumulative total for 3 years Over ¥30 billion

Shareholder Returns

	FY2021 Results	FY2022 Results	Forecast for FY2023
Cash dividends per share	¥58	¥70	¥70
Net income per share	¥208.00	¥227.98	¥216.01
Dividend payout ratio	27.9%	30.7%	32.4%
Acquisition of treasury share	¥20 billion	¥10 billion	¥10 billion

Kajima Group Medium-Term Business Plan (FY2021–2023), and Material Issues and KPIs

Medium-Term Business Plan (FY2021–2023)	Key Measures for 2023	FY2022 Specific Results
1 Further strengthen core businesses	Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas	• Completed Offshore Wind Farms at Akita Port and Noshiro Port. Competitiveness in the renewable energy domain was strengthened. ▶Page 41 • Obtained patent for Smart Deck Renewal (SDR) System, a technology for replacing road bridge slabs. ▶Page 44 • Received multiple orders for large-scale production facility construction projects in priority fields, including design and construction of semiconductor plants and pharmaceutical and biotechnology-related plants. • Completed seismic damping work at YEBISU GARDEN PLACE TOWER. ▶Page 72
	Further promote the development of next-generation construction manufacturing systems	• Set a new domestic record for the monthly amount of casting at dam construction during the embankment construction at Naruse Dam by using the automated construction system A⁴CSEL. ▶Page 71 • Implemented face recognition entry/exit, smartphones for workers, and BIM as standard at all construction sites and promoted the development of robots and remote control tools that support smart construction.
	Maximize customer value by expanding the business domain	• Established sales and construction systems for renewal demand including aging, BCP, and energy-saving measures. • Conducted verification tests for the technology to assess critical locations on slopes with images, monitoring technology, and road facilities monitoring using optical fiber on the Atami Beach Line. Applied Field Browser to patrol activities. • Sold HAKATA CONNECTA to Kajima Private REIT. Expanded the scale of REIT assets. ▶Page 48
	Increase profits by proactive investment in the real estate development business	• Completed profitable properties including KUDAN-KAIKAN TERRACE, YOKOHAMA CONNECT SQUARE, and HILTON OKINAWA MIYAKO ISLAND RESORT. ▶Page 5 • Invested in the U.S. distribution warehouse development business (13 projects initiated) and sold property with advantageous terms (10 properties sold). • Acquired 55 Market Street (Singapore); opened Wink Hotel Hai Phong (Vietnam).
	Build and enhance global platforms	• Expanded the rental housing complex business in the U.S. (13 projects initiated). Launched a distribution warehouse development project in Vietnam (Core5 Vietnam). • Acquired equity interest in Polish renewable energy installation company.
2 Strive to create new value	Proactively promote businesses in solving social challenges	• Promoted renewable energy power generation facilities development projects in Poland (10 solar and 2 onshore wind projects). • Applied an embedded formwork using carbon-negative concrete developed by CUCO* to actual construction.
	Explore and create new businesses by promoting open innovation Enhance functions for envisioning future society	• Established Eaton Real Estate Co., Ltd., a subsidiary specializing in the domestic high-end real estate development business. • Construction RX Consortium membership grows to more than 160 companies. • Established a joint venture company to promote and develop A⁴CSEL. • Completed The GEAR (Singapore), an open innovation center. ▶Page 67
3 Establish a strong management foundation and promote ESG measures for growth and transformation	Accelerate Triple Zero 2050 activities	• Set new CO_2 reduction targets for 2050 carbon neutrality; obtained SBT certification (July 2023). • Established a technology to cultivate a large amount of large seaweed that contributes to the creation of blue carbon (carbon absorbed and stored by marine ecosystems).
	Secure next-generation workforce while maintaining and strengthening the supply chain	• The first class of students graduated from Kajima Partner College. ▶Page 79 • Continued efforts to reform the multilayered subcontracting structure. ▶Page 90
	Develop people and systems to promote growth and transformation	• Opened the Kajima Technical Center, a facility for practical experience and hands-on training, in Tsurumi-ku, Yokohama. ▶Page 77 • Collaborated with One Team Inc. to promote operation DX, including robot introduction, adoption of RPA, and paperless office. ▶Page 62 • Continued to raise wages for employees. Consider introducing a stock incentive plan for employees. • Promoted activities by the Work-Style Reforms Promotion Committee. ▶Page 80
	Strategically promote research and development and DX	• Launched the operation of a portal site for digital human resources development. Promoted DX education by level. • Started prize-giving for intellectual property as awards from the President. ▶Page 68

* Consortium established by 55 corporates, universities and research institutions as part of the Green Innovation Fund Project where NEDO (New Energy and Industrial Technology Development Organization) supports from research and development, demonstration to social implementation for 10 years to achieve carbon neutrality by 2050. The consortium is developing concrete for carbon utilization with the goal of 2030.

Material issues

Society
1 Creating functional urban, regional and industrial infrastructure capable of meeting new needs
2 Developing sustainable and long-lasting social infrastructure
3 Providing technologies and services for disaster preparedness that support safety and security

Environment
4 Contributing to society's transition to a carbon-free footprint

Platform for Business Sustainability
5 Focusing on unwavering technological innovation and Kajima quality
6 Construction that emphasizes people and partnerships
7 Practicing corporate ethics

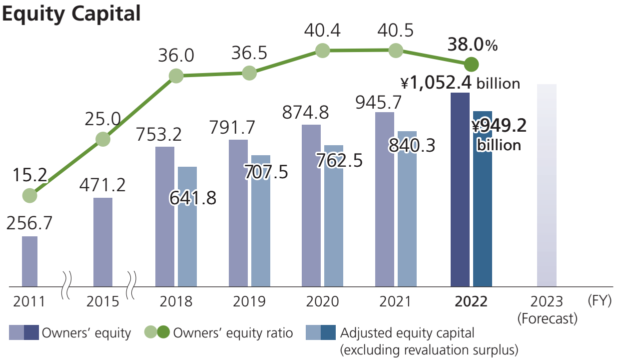
Material Issues and KPIs of the Medium-Term Business Plan		Progress of KPI	
		FY2022 results	FY2023 target
1	Civil Engineering: Renewable energy domain sales	¥31.4 billion per year	¥30 billion per year
2	Civil Engineering: Infrastructure upgrade domain sales	¥15.5 billion per year	¥20 billion per year
3	Number of projects that use optical fiber monitoring for disaster prevention	Two-year total: 10 projects	Three-year total: 10 projects
5	Building Construction: Smart construction under development Percentage of technologies actually applied to 5 sites or more	50%	60%
2	Building Construction: Renovation sales	¥196.9 billion per year	¥200 billion per year
2	Building Construction: Number of buildings installed with Kajima Smart BM	21 buildings per year	20 buildings per year
1	Investment by domestic and overseas real estate development businesses	¥302 billion per year Two-year total: ¥493 billion	Three-year total: ¥640 billion
1	Investment by overseas real estate development business	¥244 billion per year Two-year total: ¥384 billion	Three-year total: ¥450 billion
3	Number of buildings that employ BCP solutions	78 buildings per year	60 buildings or more per year
6	Strategic investment	¥22 billion per year Two-year total: ¥43 billion	Three-year total: ¥60 billion
4	Reduction of CO_2 emissions per unit of sales (Scope 1 and 2) vs. FY2021	1% reduction vs. FY2021	42% reduction in FY2030 vs. FY2021
6	Implementation of construction systems that limit the scope of contracts to secondary subcontractors, in principle	74.3%	100%
6	New E Award recipients (incentive system for outstanding skilled workers)	768 people per year	800 people per year
7	Kajima Group Conduct Guidelines for Business Partners survey coverage (major business partners)	60.4%	100%
7	Serious legal violations	0	0
6	Number of female employees in managerial positions	189	FY2024: 162 (three-fold increase from 54 in FY2014)
5	Investment in R&D and digitalization	¥18 billion per year Two-year total: ¥36 billion	Three-year total: ¥55 billion

Review of the Previous Fiscal Year and Response to Current Economic Conditions

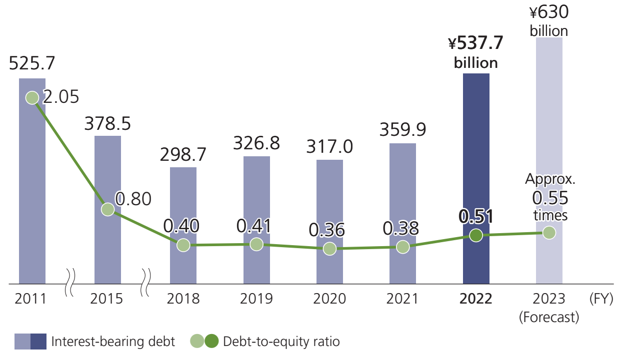
In FY2022, the second year of Medium-Term Business Plan (FY2021-2023) ("the current Medium-Term Business Plan"), we saw progress in the construction and renewal of public infrastructure, a recovery trend in capital investment in the manufacturing industry, and the realization of projects for private sector buildings such as offices and research facilities, as well as urban redevelopment projects, as the economy began to recover from the economic downturn caused by the COVID-19 pandemic. Under such conditions, the construction business was generally busy while managing the challenges of rising material prices and the shortage of skilled workers, and we focused on promoting projects for the real estate development business. In addition, in the Kajima Group which has a relatively high ratio of overseas operations, we managed our business operations while responding to changes in economic conditions, such as the rapid depreciation of the yen up to the middle of the fiscal year and the sharp rise in overseas interest rates. Fortunately, the exchange rate settled down in the second half of the fiscal year and has remained relatively stable since then, although some volatility remains. Therefore, in the final year of the current Medium-Term Business Plan, there has been no need to make major revisions to the business forecasts set at the beginning of the fiscal year. Accordingly, business operations for the current fiscal year are also proceeding based on the basic policies set out in the current Medium-Term Business Plan and the extension of measures implemented up to the previous fiscal year.

Looking back from the final year of six-year period of Medium-Term Business Plan (FY2018-2020) ("the previous Medium-Term Business Plan") and the current Medium-Term Business Plan, which evolved from the previous one, we have consistently strived to improve the profitability of the construction business, despite being affected by various external factors both in Japan and overseas. In the real estate development business, we have accelerated the capital cycle of short-term merchant development projects and continued to steadily develop long-term hold projects in accordance with our strategy.

Owners' Equity / Owners' Equity Ratio / Adjusted Equity Capital



Interest-Bearing Debt / Debt-to-Equity Ratio



Construction Business

The construction business is characterized by the use of human resources such as skilled workers and site supervisors, and resources such as construction materials and equipment, on actual land to build a unique construction product. In order to build high-quality buildings, whether they are infrastructure that provide safety and security, spaces that make people's lives more comfortable, or buildings and equipment that control global warming, it is essential to continuously reinforce research and technological development, including the creation of intellectual property, to build with the optimal technologies and construction methods. Our R&D expenditures have risen to around ¥20 billion annually, and this represents more than 1% of non-consolidated revenue. On the other hand, in terms of measures to secure workers, we have actively allocated funds to support the recruitment of skilled workers at partner companies, incentive programs for foremen with excellent skills, the training courses for young executives and foremen from partner companies (Kajima Partner College), and IT investments and operational efficiency improvements to reduce on-site operation hours in response to the overtime work limit regulations that will take effect in FY2024. We recognize the need to continually allocate funds to these measures. In addition to various initiatives at the Kajima Group, we are also promoting the activities of developing general purpose technologies and standardizing them to increase convenience through the Construction RX Consortium, in which general contractors, partner companies, and venture companies participate. With a view to the future of the construction system, we believe that this is another initiative to add rational reforms to the conventional prime contractor-subcontractor relationship framework, which is oriented toward increasing exclusivity to the prime contractor.

We believe that those who proactively invest and put their efforts to the structural reform of the construction industry can take the lead of this movement. In addition, given the institutional and commercial asymmetry between the receipt of construction payments from customers and payments to subcontractors, with the former lagging behind the latter, there is a large demand for funds to further improve payment terms to subcontractors. We recognize that the investment of such funds is also an important policy in terms of financial management.

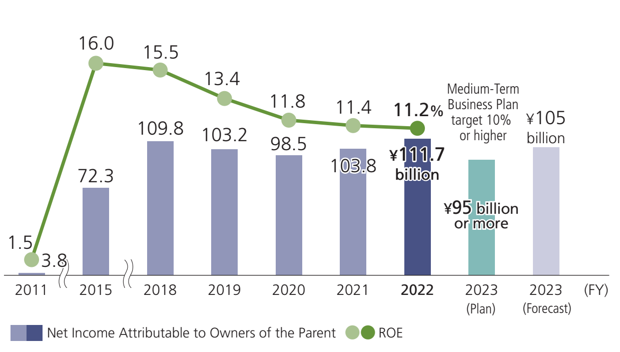
The non-consolidated construction business, the biggest profit driver of the Kajima Group, has a profit structure and profit level that can be shown as a following model. With the revenue of ¥1.5 trillion, we need to secure gross profit of ¥150 billion to ¥180 billion (gross profit margin of 10% to 12%), covering selling, general and administrative expenses of 5% to 6% including R&D expenses and measures to secure construction workers, and achieve an operating income of 5% to 7% or higher. We believe that it will become increasingly necessary to secure stable gross profits from construction projects, given the projected gradual increase in costs required to continue effective research and technological development, to reform the structure of the conventional prime contractor-subcontractor relationship, and to secure workers by encouraging new workers to join the construction industry.

Real Estate Development Business

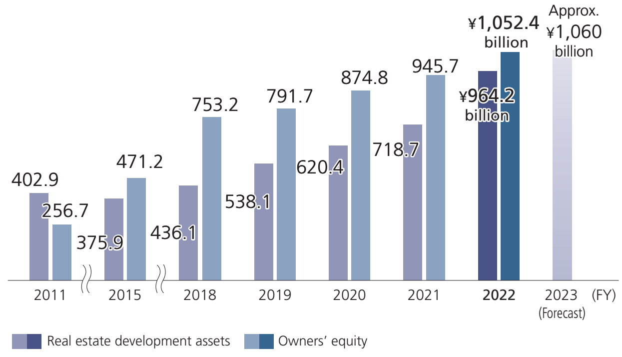
For the real estate development business, profitability varies greatly depending on the asset type. The main driver of the real estate development business in the current Medium-Term Business Plan is the distribution warehouses pursuing short-term merchant development business model in overseas operations. If we assume the total overseas real estate development business to be a model, with assets of ¥500 billion to ¥550 billion and revenue of ¥120 billion to ¥170 billion, or an average of ¥150 billion, from which we deduct 60% to 70% of development costs, selling, general and administrative expenses, interest expenses, and taxes, and add equity in earnings of partnership/unconsolidated subsidiaries and affiliates and gain on sales of marketable and investment securities related to the real estate development business, net income of at least ¥25 billion would result in a ratio of 15% to 20% of net revenues.

If asset efficiency is taken as a big picture measure, ROIC is more than 5% for an asset size of ¥500 billion to ¥550 billion, which is higher than our WACC (Weighted Average Cost of Capital: 4.0% to 5.5%). The target for the asset balance is to achieve high asset efficiency by maintaining turnover by selling assets in line with the increase in assets due to new business launches. In recent years, there have been changes in the business environment, such as rising construction costs, a higher financial burden due to the rise in interest rates, and

Net Income Attributable to Owners of the Parent / ROE



Real Estate Development Assets / Owners' Equity



fluctuations in the investors' appetite, and we are striving to ensure performance by promptly detecting these changes and responding to them in a flexible and agile manner.

The domestic real estate development business is at the same level as the overseas real estate development business in terms of scale, but its ratio of long-term hold operation is higher than that of the overseas business. Therefore, while striving to maintain and improve yields in individual leasing operations, etc., we are implementing improvement measures and asset replacement for properties with declining yields as appropriate. We are aiming to maximize returns on large projects currently at pre-construction stage by paying close attention to project preparation and absorbing changes in circumstances occurred from the project's initial approval. We need to obtain favorable borrowing terms from lenders and leverage against increasing project costs, and we will strive to make effective use of interest-bearing debt and properly manage balances, both at the individual project level and at the segment level as a whole.

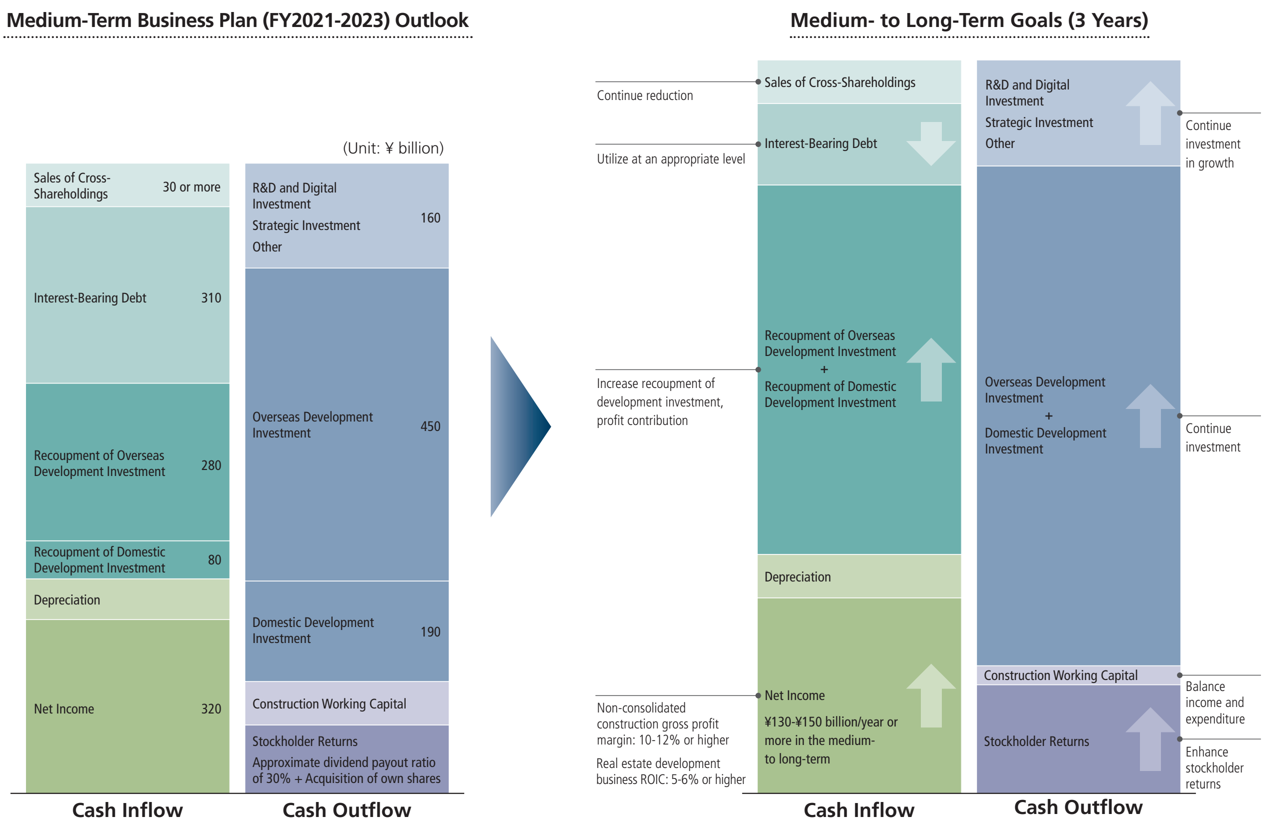
Cash Allocation

The diagram below shows the outlook for cash inflows and outflows, including construction and real estate development business, for the three years of the current Medium-Term Business Plan, as well as the medium- to long-term targets.

The strong demand for funds (cash outflow) for growth investments in R&D and digital investments, strategic investments, and capital investments, as well as development investments in Japan and overseas, is mainly covered by the funds from the recoupment of domestic and overseas real estate development projects and other funds, such as the active use of interest-bearing debt, funds from sales of cross-shareholdings, and the remaining funds of net income after allocating to stockholders (cash inflow). The next medium-term business plan will be formulated after due consideration. However, if we assume the future growth model as an extension of the current Medium-Term Business Plan by further strengthening the profit drivers, we will continue to focus on R&D and digital investments, investments in domestic and overseas real estate development projects, and stockholder returns as the main cash outflow. For the cash inflow, we are aiming to increase the recoupment of the domestic and overseas real estate development investments as a result of the previous and current Medium-Term Business Plan, while also aiming to converge interest-bearing debt to an appropriate level. However, in the case of new projects that go beyond framework of the currently envisioned real estate development business model, the flexible use of interest-bearing debt will again be an option.

With regard to net income, we expect that productivity improvements and cost reductions in the construction business as well as R&D and digital investments will lead to higher profits, and that the increased recoupment of real estate development investment will contribute to higher profits. The increase in net income will be the source of the higher returns to stockholders.

Cash Allocation



Holding of Listed Stocks Including Cross-Shareholdings

In response to the target in the current Medium-Term Business Plan of selling cross-shareholdings totaling ¥30 billion or more during the three years through FY2023, ¥24.9 billion has been sold over the past two years. We are continuing to sell cross-shareholdings in the final year of the Plan to achieve the target.

Against the backdrop of the revision of the Corporate Governance Code, more detailed disclosure in Securities Reports, and growing demand from the market to reduce cross-shareholdings, we have been able to make steady progress on selling cross-shareholdings year by year with the understanding of our customers (i.e., issuing companies). The Board of Directors deliberates on the appropriateness of holding stocks based on the basic policy to hold stocks only if they contribute to increase corporate value, and to sell them when that rationale weakens. We have been using various indicators such as order volume, future construction plans, construction profitability and dividend yield to determine the significance of holding these cross-shareholdings, but we have also independently defined an "overall yield" that takes into account gross construction profit, dividend yield, and the market value of stock holdings to compare with capital costs. The "overall yield" on our total cross-shareholdings is well above our cost of equity (6.5% to 8.0%). However, we have not used this as a reason for refraining from reductions, even if individual stocks have high ratings in the yearly selection of candidate stocks for sale. We have been reducing stocks "without exception" for the past two years as a result of returning to the necessity of reducing the cross-shareholdings.

On the other hand, venture investments in R&D and digital investments and strategic investments, as well as investments to acquire technologies and enhance the supply chain, are also increasing. Although the individual investment amounts are not large, cases do occur in which the number of unlisted stocks increases. We would like to carefully provide supplementary examples to distinguish between stocks held as cross-shareholdings to be reduced and unlisted stocks to be increased as a consequence of growth investment.

The reduction of cross-shareholdings in the next medium-term business plan needs to be an extension of the goals of the current Medium-Term Business Plan. With a view to the final year of the next medium-term business plan, we consider setting a target value for the ratio of cross-shareholdings to net assets is also an option.

Addressing Issues Related to Market Valuation and Stockholder Returns

For some time, the Board of Directors has analyzed and evaluated the profitability and cost of capital of our business. In light of the Tokyo Stock Exchange's request "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," we are also deepening our discussions on market valuation.

In recent years, we have continuously achieved ROE of 10% or higher, securing a return on capital that exceeds the cost of capital. However, in order to earn a further reputation in the stock market, we recognize that we must appropriately communicate the growth potential of our Group to the market to enhance its market value.

In response, we will continue and strengthen the measures and investments based on our Medium-Term Business Plan, and in addition to clarifying growth strategies in each of our businesses, we will enhance information disclosure regarding our response to environmental issues and human capital and actively hold careful dialogues with investors and other stakeholders to improve our market valuation.

We are also considering further enhancement of stockholder returns, taking into consideration of maintaining a balance with investment in growth. We have been returning profits to stockholders based on our stockholder return policy revised at the start of the current Medium-Term Business Plan, which stipulates, "we will strive for a dividend payout ratio of 30%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and business environment." In light of expectations from the stock market, we increased dividends significantly in the previous fiscal year and secured a dividend payout ratio of 30%. We believe that this approach must be passed on to the stockholder return policy in the next medium-term business plan.

While responding to various demands and challenges facing companies today, we are aiming to improve profitability as a result of investment in growth, to increase ROE and earnings per share (EPS), and to further enhance corporate value.

Reduction of Cross-Shareholdings

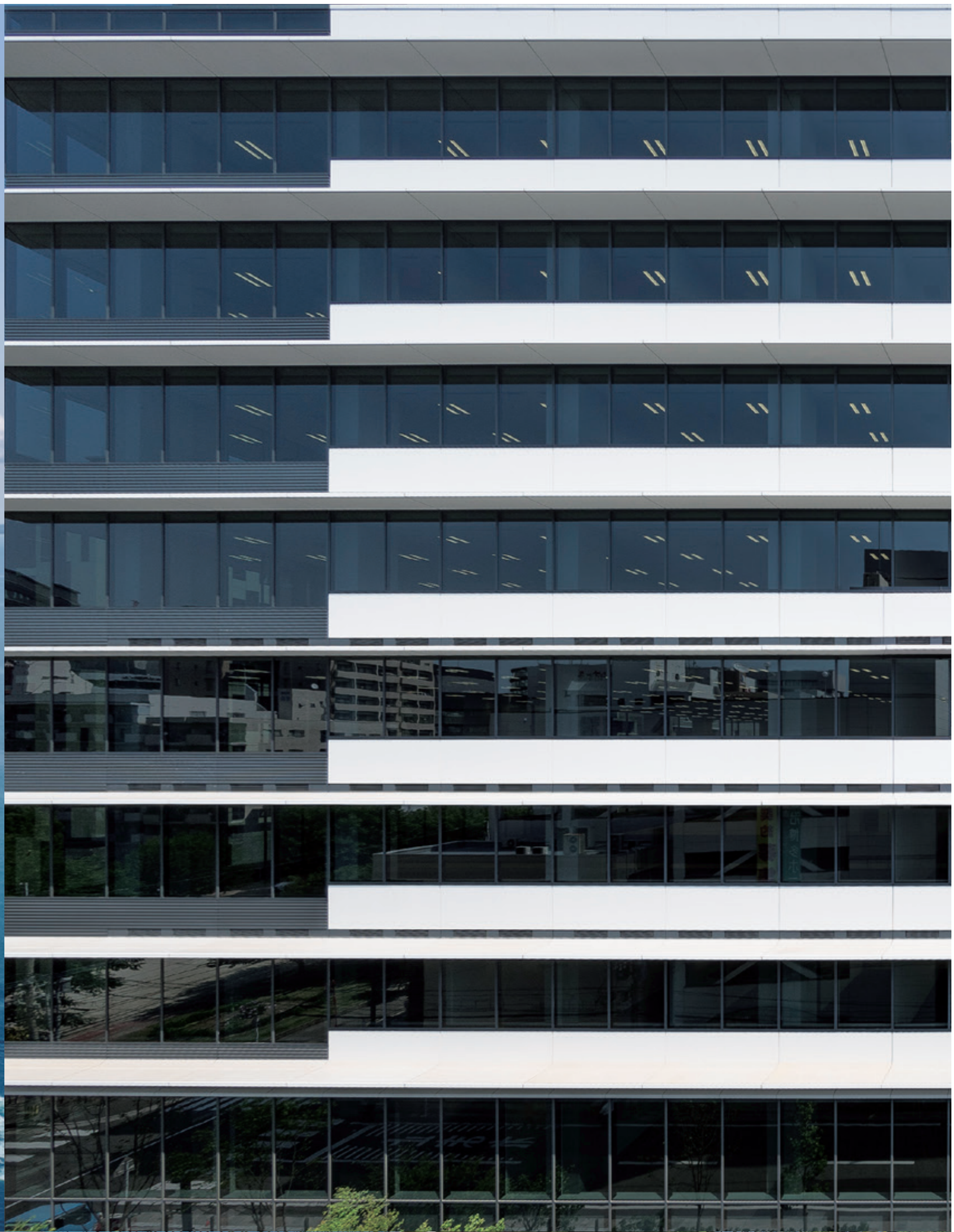
FY	Stocks held	Listed	Unlisted	Carrying amount	Stocks sold	Proceeds from sale
2015	385	181	204	¥224.4 billion	13	¥1.3 billion
2020	320	144	176	¥266.5 billion	20	¥9.4 billion
2021	316	135	181	¥258.7 billion	17	¥14.8 billion
2022	306	125	181	¥251.0 billion	17	¥10.0 billion
2023 (Planned)	-	-	-	-	Approx. 20	(FY2021–2023) ¥30 billion or more

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

Part 3

Implementing Medium-Term and Long-Term Growth Strategies

As a corporate group committed to addressing social issues within local communities, we are advancing initiatives to achieve a carbon-neutral society and foster a globally recognized, positive public image for the construction industry.




NORDST

Developing Technologies and Knowledge to Address the Growing Demand for Renewable Energy

Completion of Japan's First Commercial Offshore Wind Power Generation Facilities

Kajima views renewable energy as a new growth area and is focused on developing the necessary technologies and insights.
While successfully constructing numerous onshore wind power generation facilities, we completed the Offshore Wind Farms at Akita Port and Noshiro Port Project in 2023.
In pursuit of a carbon-neutral society, we are steadily bolstering our competitiveness in areas where market expansion is anticipated.

Past Initiatives for Wind Power Generation

Since undertaking the yard construction and windmill foundation work for Japan's first wind farm*1 , completed in Aomori Prefecture in 1992, Kajima has concentrated on securing orders for wind power-related construction projects with the aim of expanding the supply of clean energy. In addition to research and technological development, the company has encouraged the establishment of a system infrastructure to provide comprehensive engineering services—from planning and design to procurement, construction, and commissioning of wind turbines. Consequently, in the 2000s, we secured EPC (engineering, procurement, and construction) contracts for several large onshore wind power plants. To date, we have been involved in the construction of more than 30 onshore wind power plants across Japan.

Regarding offshore wind power, we participated in Japan's first bottom-fixed offshore wind power generation demonstration study, a joint initiative by NEDO*2 and the Tokyo Electric Power Company in 2009 off the coast of Choshi, Chiba Prefecture. We were responsible for structural design, foundation and tower fabrication, and offshore construction (excluding submarine cable laying) for the offshore wind turbine and wind observation tower construction work. This experience led us to participate in the construction of the Offshore Wind Farms at Akita Port and Noshiro Port.

*1 Tohoku Electric Power Company Tappi Wind Park
*2 New Energy and Industrial Technology Development Organization

Kajima's History in Wind Power Plant Construction (* indicates offshore wind-related projects)

1992		Completed Kajima's inaugural construction project for the Tappi Wind Park wind power generation facility
1995-2003		Developed wind simulation technology
2001		Completed Kajima's first construction project for a commercial wind farm, the Iwaya Wind Farm
2003		Completed construction of Japan's first concrete tower wind power generation plant, the Umiterasu Nadachi Wind Power Plant
2007		Completed construction of the Summit Wind Power Kajima Power Plant, Kajima's first project under the EPC contract
2008-2017	*	Developed design and construction technologies for super-large 5-MW offshore wind power generation facilities
2013	*	Completed the NEDO Offshore Wind Power Generation System Demonstration Study, Japan's first bottom-fixed offshore wind farm in open ocean
2018	*	Established streamlined design and construction technologies for offshore foundations
2019	*	Initiated construction of SEP vessels through joint investment by Penta-Ocean Construction, Kajima and Yorigami Maritime Construction
2020		Established the Renewable Energy Department within the Civil Engineering Management Division
2020		Completed construction of Wind Farm Tsugaru, Japan's largest wind farm
2021	*	Participated as a preferred negotiator in the first stage 3 project in the general sea area under the Act on the Use of Renewable Energy Marine Areas
2022	*	Launched the NEDO GI-funded project "Mass production and cost reduction of semi-submersible hybrid floating structures"
2023	*	Completed construction of Japan's first commercial offshore wind power generation facility, at Akita and Noshiro Ports
As of early 2023		Construction track record of wind farms in Japan Onshore: 28 Offshore: 4 Under construction Onshore: 10

Expanding the Offshore Wind Power Generation Market

Until now, offshore wind power generation in Japan has primarily involved facilities transferred to private companies after demonstration tests were conducted with government subsidies and other financial assistance. However, since the FIT*3 scheme, private companies have been increasingly active in the wind power market. In response to these changes, the government has set a target of 10 million kW of offshore wind power generation capacity in general sea areas by 2030. Consequently, projects costing between 50 and 100 billion yen are expected to be initiated at a rate of three to four per year.

*3 The "Feed-in Tariff Scheme for Renewable Energy" was launched by the Ministry of Economy, Trade and Industry in July 2012.

Gaining Experience in Constructing Bottom-fixed Offshore Wind Power Generation Facilities

Kajima was involved in the Offshore Wind Farms at Akita Port and Noshiro Port Project, which commenced in February 2020, from the initial planning stage. This involved ground investigation and support for obtaining wind farm certification, as well as detailed design, procurement, construction, and installation of foundations.

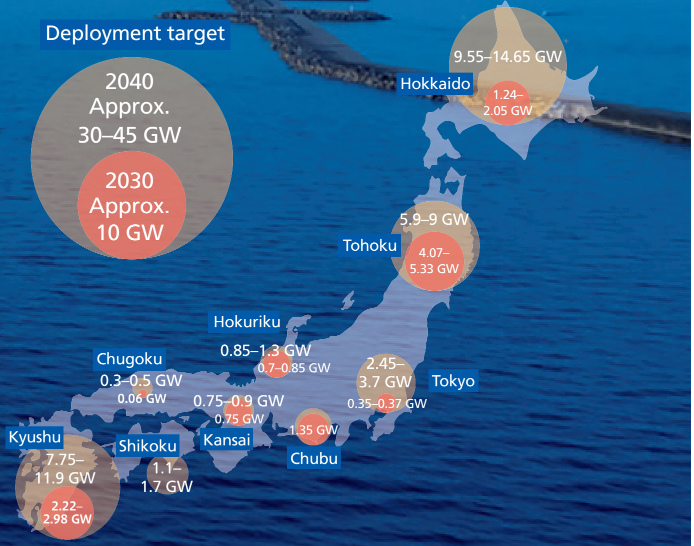
As Japan's first commercial offshore wind power generation project, it incorporated the latest technologies related to offshore wind power generation, which were advanced even by European standards, and tailored the technologies to suit the unique conditions in Japan. We achieved high-quality, efficient design and construction, and installed 33 wind turbines using earthquake-resistant design technologies developed by Kajima and Kobori Research Complex Inc., as well as construction technologies to prevent scouring, promoted at the Kajima Technical Research Institute and other facilities.

For this project, we utilized a SEP vessel from Seajacks, which has extensive construction experience in Europe, and employed 30 European engineers. Up to 120 multinational personnel were involved in the construction work. By having engineers and skilled workers experienced in wind farm construction undertake such projects, we are building a construction system that prioritizes safety, adheres to quality and deadline requirements, and accumulates technologies and expertise for future projects.

Construction of the Offshore Wind Farms at Akita Port and Noshiro Port

Location: Akita City and Noshiro City, Akita Prefecture (including the port area)
Client: Akita Offshore Wind Corporation
Design: Kajima Corporation, Sumitomo Electric Industries, Vestas Japan
Power generation capacity: 138.6 MW (4.2-MW Wind Turbine × 33 units – Akita Port 13 units, Noshiro Port 20 units)
Power generation method: Bottom-fixed offshore wind power (Monopile Format)
Construction: Kajima and Sumitomo Electric Industries Joint Venture Consortium (Foundations and underwater cables)
*Wind turbines are designed, manufactured, and assembled by Vestas Japan, and the Kajima JV takes care of transportation by SEP vessels, etc.
Construction period: February 2020 - March 2023

Government targets for offshore wind power
(Illustrative image of deployment, by area)



Reference: "Overview of the Vision for Offshore Wind Power Industry (1st), Public-Private Council on Enhancement of Industrial Competitiveness for Offshore Wind Power Generation, Ministry of Economy, Trade and Industry and Ministry of Land, Infrastructure, Transport and Tourism"

SEP Vessel Construction and R&D to Enhance Competitiveness

Kajima has founded PKY Marine Co., Ltd, a joint venture with Penta-Ocean Construction Co., Ltd. and Yorigami Maritime Construction Co., Ltd. to build large SEP vessels. This initiative's aim is to bolster construction capabilities for upcoming construction projects involving bottom-fixed offshore wind farms. The SEP vessel is equipped with a 1,600-ton all-swivel crane, which is expected to ensure safe, highly efficient construction and reduce costs associated with installing wind turbine foundations and large wind turbines.

In the medium to long term, demand is projected to rise for "floating" offshore wind turbines, which are moored to the seabed via ropes or chains and are appropriate for offshore areas where the water depth exceeds 100 meters. In collaboration with Hitachi Zosen Corporation, Kajima is researching and developing optimized and mass-produced floating foundations and hybrid mooring systems. These efforts have been selected for the Cost Reductions for Offshore Wind Power Generation project, a publicly solicited initiative under the Green Innovation Fund Project*4 run by NEDO.

*4 To achieve carbon neutrality by 2050, NEDO will establish a 2-trillion-yen fund, and the government and private companies will collaboratively pursue ambitious, specific goals, providing continuous support for 10 years, from R&D and demonstration to commercialization.

The SEP vessel built by Kajima in conjunction with Penta-Ocean Construction and Yorigami Maritime Construction

Participation in New Offshore Wind Power Projects

Following the Offshore Wind Farms at Akita Port and Noshiro Port Project, the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism publicly solicited applications for three projects*5 in general sea areas under the Act on the Use of Renewable Energy Marine Areas*6. In December 2021, operators were selected. Kajima is participating jointly with Van Oord Japan K.K.*7 as a cooperating company (preferred negotiator for offshore construction work for the offshore wind farm) for the three projects, and is working on the design and construction plans. Kajima will facilitate the smooth implementation of the project by demonstrating its technology and expertise, and will contribute to achieving carbon neutrality by 2050 through its participation in the project.

*5 Off Noshiro City, Mitane Town, and Oga City, Akita Prefecture; Off Yurihonjo City, Akita Prefecture; Off Choshi City, Chiba Prefecture
*6 Act on Promoting the Utilization of Sea Areas for the Development of Marine Renewable Energy Power Generation Facilities
*7 A Japanese subsidiary of Van Oord Offshore Wind BV in the Netherlands, which is involved in more than 40 offshore wind power projects in Europe

Developing Human Resources and Strengthening Competitiveness to Meet Growing Demand for Renewable Energy

Kajima has an abundance of experience in large-scale offshore construction projects, including the SEP-KAJIMA, one of the world's largest SEP vessels when it entered service in 1972, as well as advanced design and construction technology stemming from previous research and development. These factors were highly evaluated, and we secured the first commercial offshore wind power generation facilities project in Japan. In 2020, to better respond to social demand in the renewable energy sector, we established the Renewable Energy Department, a specialized division staffed with experienced construction workers. This department consolidates knowledge and information on renewable energy in a single centralized location, and will play a key role in achieving carbon neutrality by further strengthening human resource development and competitiveness in renewable energy.

Hisashi Miyamoto
General Manager,
Renewable Energy Department
Civil Engineering Management Division

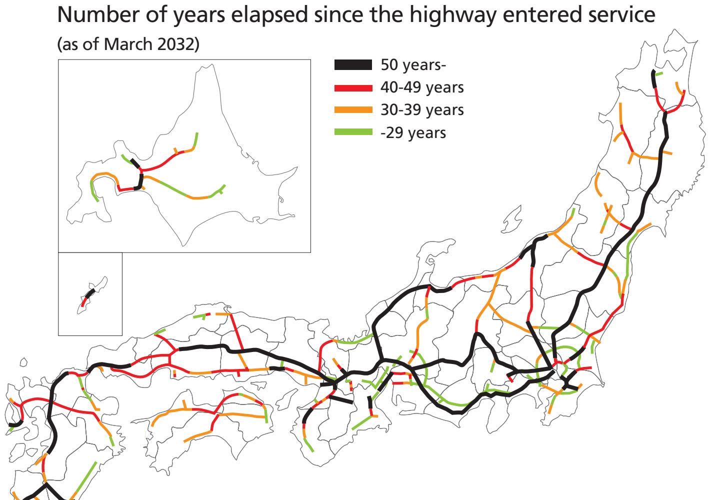
Tackling the Need to Update Aging Infrastructure

Developing state-of-the-art construction and maintenance management technology

Expansion of the Road Renewal Market

Japan's high-speed transportation network, which has developed since the period of rapid economic growth, now has around 30% of expressways that have been in service for over 40 years. This figure is expected to increase to approximately 60% by 2032. The expressway business has entered a new phase where maintenance and management are becoming increasingly important, with a focus not only on new construction but also on renewal.

Number of years elapsed since the highway entered service
(as of March 2032)



Reference: *East, Central and West Japan Expressway Renewal Plan,* NEXCO (Overview)

Developing Infrastructure Development, Renewal, and Maintenance Management Technologies Using Optical Fiber Sensing

Kajima is advancing the development of research and technology for infrastructure development and maintenance management using optical fiber sensing. Among its many advantages, optical fiber (1) can measure strain, temperature, and vibration distribution, (2) supports long-distance measurement, (3) is compact and lightweight and can be installed anywhere, and (4) is highly durable.

In the construction of the Yoshinogawa Sunrise Bridge (Tokushima Prefecture, opened in 2022), we used a PC cable incorporating optical fiber – the SmART Strand – to measure the tension applied to the bridge. We have initiated test measurements to utilize optical fibers for strain measurement to maintain and manage road bridges even after they enter service. Additionally, for the Atami Beach Line (Shizuoka Prefecture) ▶Page 62 , we demonstrated the optical fiber technology to manage road traffic and road surface condition anomalies in real time.

Moreover, we have developed technologies for measuring strain in tunnel steel supports, detecting strain behavior in dam embankments, and measuring tension in ground anchors. These technologies are being employed in actual construction projects.

Developed and Patented the SDR System Technology for Replacing Road Bridge Slabs

Kajima has developed and is promoting the Smart Deck Renewal (SDR) System, which significantly reduces social losses due to traffic restrictions and other factors associated with road bridge deck replacement work. The system features ultra-high-speed construction that simultaneously performs the four operations required when replacing slabs with precast slabs: (1) removing existing slabs, (2) cleaning to remove rust, etc. from the upper flange of the steel girders, (3) adjusting height, and (4) erecting the new slabs. It also includes features such as improved safety around the construction site and reduced impact on steel girders.

For full-section (two-lane restriction in case of a two-lane road) replacement, the process can be shortened to approximately 1/6 of the time required by conventional methods. In 2022, we also developed the variable-width orientation SDR System (one lane restriction for a two-lane road) for two-lane roads, which allows us to reduce the scope and duration of traffic restrictions by dividing the construction work by lane and shortening the replacement process to about 10%.

As of September 2023, Kajima has two ongoing road bridge slab replacement projects using the SDR System. We have also secured a patent for this system as the SDR System and plan to implement it for other companies' construction projects in the future.

SDR System demonstration test. Machine to install precast slab

To view the video "Structural Monitoring Using Optical Fibers."

To view the video "Smart Deck Renewal (SDR)System."

Our Unique Construction Value Chain

One of Kajima's strategies for sustainable growth is to expand the construction value chain. At each stage of the construction value chain, we provide value-maximizing urban spaces and buildings, as well as services of the highest standard, by demonstrating advanced technical capabilities and enabling the group network to function organically.

HAKATA CONNECTA, Hakata-ku, Fukuoka City

This project is a high-standard rental office development project that leverages the Kajima Group's construction value chain.

We provide buildings that maximize value by combining our expertise in planning, design, construction, and operation and management.

Land owner: Fukuoka Oxygen Co., Ltd.
Project partner: Real Estate Development Division, Kajima Corporation
Use: Offices
Structure: Steel structure, partly CFT, 9 stories, GFA 21,449 m^2
Design and construction: Kajima Corporation Kyushu Branch
Construction period: March 2020 - June 2021

	Customer-oriented business planning	Early consensus in development, design, and construction
HAKATA CONNECTA's value chain flow	Planning & Development	Design & Engineering
Functions and services	• Surveys/marketing • Finance • Master planning • Project planning / business planning	• Schematic design • Design development • Contract documentation
Specific initiatives	• Planning, proposal, and implementation of effective land utilization • Early-stage tenant research and selection • Reflecting customer requests into design and construction • Planning non-resident management while the building is operating	• Start design/construction planning ahead of schedule (front-loading) • Tailor-made design to meet tenants' needs
Project promotion and cooperation (Main departments, group companies, etc.)	• Real Estate Development Division • Kyushu Branch • Environmental Engineering Division • Kajima Tatemono Sogo Kanri Co., Ltd.	• Kyushu Branch • Architectural Design Division • Kajima Technical Research Institute • ARMO Co., Ltd. • K-PROVISION Co., Ltd.
Strengths and technologies	• Extensive networks that generate diverse business opportunities • Construction technologies combined with real estate development expertise • Long-term perspective based on building operation and maintenance data • Permit and leasing expertise fostered through urban development projects	• Front-loading through cooperation among development, design, and construction divisions • The superior quality of Kajima's design • Earthquake resistance and BCP technology • Greening technology, environmentally friendly design

State-of-the-art construction using smart construction	Efficiency and rationalization throughout the building lifecycle	Exit strategy using a private REIT
Construction	**Operation & Management**	**Maintenance & Renovation/Sales**
• Procurement • Construction planning • Construction management • Construction supervision	• Building management • Asset management • Facilities management • Property management • Energy services	• Maintenance • Renewal/renovation • Securitization of assets
• Front-loading streamlines construction, improves quality and safety, and reduces costs • Simultaneous construction of new buildings and eco-friendly construction for tenants that delivers high customer satisfaction • Smart construction through the use of robots and the pilot introduction of 3D K-Field	• Remote management system • Resource-recycling rooftop garden • Real-time information using the BIM-FM • Receives 100% renewable energy power • q-NAVIGATOR earthquake safety diagnostic system	• Maintaining green infrastructure • Sale of some assets to private REITs (real estate investment trusts)
• Kyushu Branch • Building Construction Management Division • Kajima Technical Research Institute • Machinery and Electrical Engineering Department • Kajima Information Communication Technology Co., Ltd. • Global BIM Inc. • Kajima Kress Corporation • Taiko Trading Co., Ltd. • Kajima Road Co., Ltd. • KATABAMI CORPORATION	• Real Estate Development Division • Building Construction Management Division • Kajima Tatemono Sogo Kanri Co., Ltd. • One Team Inc. • Kobori Research Complex	• Real Estate Development Division • Kyushu Branch • Kajima Tatemono Sogo Kanri Co., Ltd. • Kajima Real Estate Investment Advisors Inc.
• Extensive construction experience and track record • Smart construction using digital technologies and robotics • Outstanding network of partner companies	• Provision of comprehensive management services throughout the building lifecycle • BCP solutions • Carbon-neutrality initiatives	• Comprehensive management service, from building maintenance and management to repairs • Development and deployment of state-of-the-art maintenance and management technologies • Pursuit of investment efficiency through integrating real estate and finance, e.g. private REITs

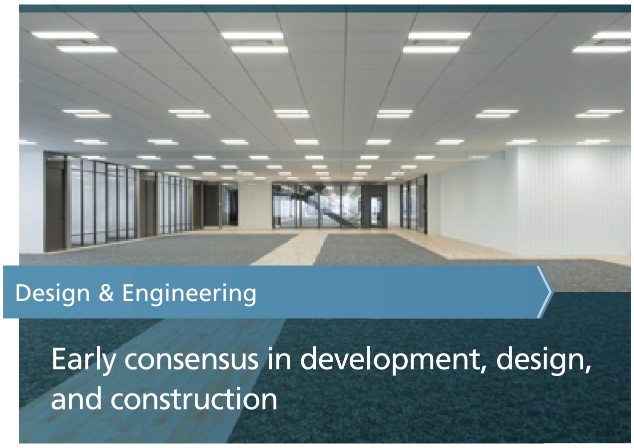
The Case: HAKATA CONNECTA

Planning & Development

Customer-oriented business planning

HAKATA CONNECTA project started with receiving information regarding Fukuoka Oxygen Co., Ltd. The company was planning to reorganize its offices in occasion of 100th anniversary. They also wanted to strengthen its business foundation by utilizing potential asset – over 3,500m^2 of land they owned. As we supported to develop their CRE* strategies, we proposed an office development project based on a fixed-term land lease (Kajima leases land from Fukuoka Oxygen on a 50-year fixed-term and constructs a rental office building. Fukuoka Oxygen moves in as a tenant.), which enables the company to move into the new building on a preferential basis without having to give up the land associated with the company's founding, and were selected as the project partner among the five companies in the proposition competition.

* CRE: Corporate real estate (Real estate owned by the company)



Design & Engineering

Early consensus in development, design, and construction

Applying our extensive real estate development expertise accumulated through numerous projects to deliver advanced and comfortable features, functionality, flexibility, high security, and BCP, such as long-span column-free spaces and seismic damping systems employing Honeycomb Damper.

Utilizing our network, a basic lease agreement was reached at the planning stage to lease all space, other than space used by Fukuoka Oxygen, to PayPay Card Corporation.

A tailor-made building plan was developed based on a detailed study of both tenants' requests and issues, such as layout, number of employees, and working styles, in order to both improve business performance and provide comfortable office space.

Our integrated approach to development, design, and construction during the design phase, sufficient information sharing and quick consensus building, resulting no demolition of the interiors that is usually done after delivery. This led to efficient and eco-friendly construction.

Furthermore, by using BIM* to implement front-loading and virtual (in digital space) completion, we improve construction efficiency and quality, accelerate material procurement, and reduce costs.

* BIM: Building Information Modeling

Construction

State-of-the-art construction using smart construction

As a construction site developed in-house, we embraced digital and robot technologies to practice the Kajima Smart Future Vision. ▶Page 70

We used robotics at the site on an experimental basis, such as for steel welding work and smoothing work on concrete surfaces, to prepare for the labor shortage. "3D K-Field," ▶Page 70 a real-time site management system, delivers equipment status data during operation, plus workers' locations and other vital data, from the site to a remote location for safe and efficient operation. Our BIM platform accelerated the process of information sharing and decision making through digitalization. To control quality, we developed a smart app that enables us to connect to the platform when on site.

These initiatives have led to a transformation in building processes at construction sites.

Operation & Management

Efficiency and rationalization throughout the building lifecycle

HAKATA CONNECTA operates its buildings through non-resident management using remote monitoring systems to make operations smarter. Kajima Tatemono Sogo Kanri Co., Ltd., which specializes in building management, participated from the planning phase, and collaborated closely with us to formulate a building and facility plan for non-resident building management.

In addition, we have introduced BIM-FM, a facility management system that converts BIM applied during design and construction into management. By linking the 3D model BIM data with equipment information and daily records, real-time information on buildings and facilities is centralized and visualized, enabling faster response to problems and improving management quality. Such data will be fed back to the planning and development teams, leading to comprehensive ways to reduce building lifecycle costs.

Maintenance & Renovation/Sales (fund collection)

Exit strategy using a private REIT

As an exit strategy, we sold a portion of our equity (trust beneficiary interests) in HAKATA CONNECTA to Kajima Private REIT, Inc., which is managed by Kajima Real Estate Investment Advisors Inc.

This REIT, established in 2018, is the first private REIT in the construction industry. We are expanding our asset scale by acquiring prime assets, mainly office buildings, in the Tokyo metropolitan area and major regional cities too.

By selling properties through private REIT, we recover funds for the next investment. This forms our construction value chain of investment, recovery, and reinvestment.

Mobilizing all the Kajima Group's resources to create a model case for development projects

Yuichiro Ota
Deputy General Manager, Project Department
Real Estate Development Division

As a first-time project manager, I was responsible for the HAKATA CONNECTA project, which required me to smoothly link together all aspects of the construction value chain. To ensure success, we began searching for large tenants early, and were fortunate to find PayPay Card. During the design and construction phase, we mobilized all Group resources to meet the requests of Fukuoka Oxygen and PayPay Card. After completion, we sold a portion of the equity to the REIT. This project has been a model case for development in large regional cities, and has reaffirmed the Kajima Group's strength in delivering high-quality results through its people, technologies, and network.

From an SDGs perspective, building workers and children from the building's nursery school grow vegetables in a rooftop garden ("Tenku Saien"), and we make original shochu with sweet potatoes harvested there. We plan to maintain a long-lasting relationship with this project, as well as with all parties involved.

See here for more information about HAKATA CONNECTA's "Tenku Saien."

Strategies of KUSA, the Kajima Group's Growth Driver

Kajima's overseas business has become one of the growth drivers for the Kajima Group, with steady business development in each of its locations.
In particular, the U.S. business, the core of our overseas operations, has flexibly adapted to and transformed itself in response to diverse changes in the external environment, including the country's economic ups and downs and paradigm shifts in the market, since our local subsidiary was established in 1964.
We will continue to grow strongly by executing Kajima's unique growth strategies.
(Net sales ¥413.2 billion, net income ¥27.5 billion, number of employees 1,552 in KUSA's FY2022)

* Company names are abbreviations. Please see the organizational chart below for the official names.

Optimizing the Business Portfolio and Restructuring the Organization to Adapt to Changes in the External Environment

In 1964, Kajima established KII in response to a request by the City of Los Angeles to rebuild "Little Tokyo," a Japanese neighborhood. This redevelopment project enabled us to enter the U.S. market at full scale.

In the 1970s, as Japanese companies accelerated their expansion into the U.S., we met requests from Japanese clients for integrated design and construction services, and in addition to the existing design function, pushed development of a construction function. The company earned the trust of its clients by providing comprehensive support for site selection, planning, design, and construction. In the 1980s, the company's construction business grew dramatically as it received orders for a series of large Japanese-affiliated automobile plants. The real estate development business has expanded since the days of the luxury condominium business in Minneapolis. Since establishing KDC in 1979, our real estate development business has also expanded to office buildings, commercial facilities, and condominium.

We further expanded our local presence as the yen appreciated following the Plaza Accord in 1985 and more Japanese companies entered the U.S. market. In 1986, we established KUSA as a regional holding company to oversee a wide range of businesses in the U.S. and to handle financing functions.

During the real estate recession around 1990, we founded IDI in 1989 in anticipation of the U.S. logistics revolution. Establishing a shorter-term merchant development model of land acquisition, warehouse construction, leasing, and sale to investors, our distribution warehouses, with their outstanding locations and state-of-the-art specifications, gained the trust of tenants and investors and grew significantly during the 1990s. In addition, KUD (now DVG) has developed a model of fee development business from finance scheme planning to design and construction and has completed projects such as the San Francisco Giants Stadium.

The collapse of Japan's bubble economy in the early 1990s caused a significant drop in Japanese investment in the U.S., which led to KII's difficulties. The company attempted to shift its focus to the local market by hiring experienced executives from major U.S. contractors and expanding business with U.S. clients. However, this new strategy led to a divergence from our traditional focus on service quality and client relationship, and we reorganized and restructured our business with a focus on expanding business with Japanese clients.

In 1999, we restructured our organization in order to make more efficient use of our resources, enhance our financial strength, and revitalize our organization. We have consolidated the group's corporate planning, financial management and

KUSA's organizational chart

- Regional holding company: **KUSA** Kajima U.S.A. Inc. — Incorporated in 1986
  - Headquarters for the Construction Business Unit: **KII** Kajima International Inc. — Incorporated in 1964
    - Design and construction: **KBD Gr.** Kajima Building & Design Group, Inc. — Incorporated in 2007; Southeast plant and distribution warehouse
    - Construction contractor: **KCS West** KCS West, Inc. — Incorporated in 2007; Hotels and distribution warehouses on the west coast
    - Construction contractor: **HDCC** Hawaiian Dredging Construction Company, Inc. — 2002 M&A; Hotels, condominiums, highways, bridges
    - Design & construction engineering: **Austin** The Austin Company — 2005 M&A; Pharmaceuticals, food plants, aviation
    - Construction contractor: **BCC** Batson-Cook Company — 2008 M&A; Hospital, school, office, condominium
    - Construction contractor: **FCG** Flournoy Construction Group, LLC — 2018 M&A; Rental Housing
  - Headquarters for the Real Estate Development Business Unit: **KRD** Kajima Real Estate Development Inc. — Incorporated in 1999
    - Distribution warehouse development: **Core5** Core5 Industrial Partners LLC — Incorporated in 2015; Distribution warehouse
    - Commercial real estate housing development: **BCDC** Batson-Cook Development Company — 2008 M&A; Rental housing, family support, commercial facility
    - Commercial real estate development, investment: **DVG** Development Ventures Group, Inc. — Incorporated in 2017; Student dormitories, university facilities, and hotels
    - Commercial real estate development, operation: **KDC** Kajima Development Corporation — Incorporated in 1979; Building ownership, offices, small aircraft hangar
    - Housing development: **FDG** Flournoy Development Group, LLC — 2018 M&A; Rental housing development, operation

The Westin Nanea Ocean Villas (constructed by HDCC; Hawaii)

governance functions within KUSA, enabling KUSA to establish an integrated management structure overseeing KII's construction business and KRD's real estate development business. Since then, KUSA has been expanding its business areas organically and through M&A and optimizing its business portfolio in response to changes in the market environment.

Developing New Markets and Cultivating Existing Markets through "Platforms"

Kajima defines a platform as a business infrastructure that combines a value-creating business model with human resources and organization to execute it. Kajima's overseas subsidiaries, including KUSA, are identifying their target markets, capturing business opportunities, and building their respective platforms.

In 2008, BCDC joined KUSA Group through M&A and became a real estate development company under KRD. After the financial crisis, BCDC partnered with a housing development specialist to develop high-rise rental apartment complexes. The SkyHouse series in well-located urban center with high-quality product planning was well-received and generated high profits. BCC, BCDC's former parent company and reorganized under KII after M&A, also participated as a contractor, realizing group synergies.

Within the same rental apartment segment, FDG, which joined the group in 2018, specializes in suburban, wooden, medium- to low-rise rental housing complexes. KUSA acquired FCG, a former subsidiary of FDG, in anticipation of the future potential of the business that would allow us to provide integrated services from planning, development, construction through operation.

Thus, in its development business, KUSA aims to identify competitive business platforms, create them in-house if necessary, expand these businesses, and further optimize its portfolio. Another major advantage is that the group has construction companies with different strengths, whether they were former parent or subsidiary companies of the real estate arm.

Expanding the Business Domains through M&A

In the United States, where construction has become a mature industry with deep local roots, it is an extremely difficult endeavor to build from scratch a relationship with customers, partner companies, and the community, and a system that drives people and organizations. With this understanding, KUSA has expanded its business areas through M&A. When selecting target companies, we place importance on their competitive advantages in specific business domains or regions, their alignment with Kajima Group's corporate culture, and the potential for synergy with group companies.

For example, we welcomed HDCC into our group because of its business base in Hawaii, which has high entry barriers, and its corporate culture that values customer relationships and emphasizes quality. KUSA's post-M&A support for credit granting, capital investment, and human resource development has led to higher employee morale, productivity, and business expansion, and the company continues to maintain its position as the top construction company in the state of Hawaii.

In addition, in order to expand our group business operations, we welcome companies that excel in specific fields including Austin, which has strong engineering capabilities and excels in factory construction in the food, pharmaceutical, and aviation industries, BCC, a company based in the Southeast that has high-rise construction capabilities and handles a wide range of buildings, including hospitals, educational facilities and hotels, and both FCG and FDG, which excel in construction and development of timber frame rental housing complexes.

KŌ'ULA (constructed by HDCC; Hawaii)

Photo Courtesy of Ward Village

Human Resource Management and Governance to Support Sustainable Growth

KUSA fosters an environment that facilitates mutual understanding among group companies and encourages collaborations. KUSA achieves this by organizing events like Presidents Meeting of the group companies and cross-functional meetings involving business leaders. KUSA also has the president of each company serve as an outside director for other companies in the group. As a result, the management teams of the group companies have developed a relationship where they can directly contact each other and have open discussions.

The governance of KUSA Group companies is conducted through the control of each company's Board of Directors. It is made clear what requires the approval of the Board of Directors of each company, which has been diligently followed in operation. The overall management of each company is entrusted to the president and the management team, and important matters are deliberated on and decided by the Board, a majority of which is served by employees seconded from Kajima.

Both the construction and real estate development businesses are typical of the local industry, and in light of achieving sustainable growth of each company, it is essential to secure outstanding individuals who are rooted in the local area and train them as candidates for future executives. Developing those candidates is another important task entrusted to each president.

Discipline and trust are important to maintain beneficial relationships with companies that join the group through M&A. When we contemplate on M&A, we always assess whether the target company can blend in with us as one team, sharing the same core value, not as a mere investment destination. We recognize that KUSA is on an important mission to ensure that the next-generation management of each company will build on such trust.

Presidents Meeting of top management of KUSA Group companies

Overcoming Crises and Aiming to Ensure Stable Performance and Sustainable Growth

Since the COVID-19 pandemic, the business environment has been more uncertain than ever before, with supply chain disruptions, labor shortages, soaring energy prices due to the situation in Ukraine, inflation, and repeated interest rate hikes.

The construction business has been affected by rising construction costs and longer procurement periods for materials and equipment. However, construction demand in the United States is expected to remain strong for production facilities, distribution warehouses, and rental housing complexes. KUSA is seeking to increase new sales, enhance the quality of construction management and improve the profitability of the business. KUSA promotes the horizontal deployment of effective technologies and best management practices within the group companies to achieve stable and robust business expansion with a focus on both quality and quantity.

The real estate development business is moving well. With the e-commerce market remaining strong, Core5 was able to sell prime properties at a profit in 2021 and 2022, while rents were rising and cap rates were falling. Although investors are becoming more cautious about purchasing properties as interest rates rise, tenant demand remains high. Core5 is monitoring market trends and optimizing the sales activities at any given period of time.

KUSA is also investing in a variety of asset types, including hotels, student dormitories, and self-storage, in addition to distribution warehouses and rental housing complexes. Future challenges include deciding what and where to invest in light of the future market trend and how to accumulate more income-producing properties.

KUSA has expanded its business by adjusting targets, adapting to changing external environment, reorganizing, and overcoming numerous crises. The construction and real estate development businesses leverage and combine each other's strength to provide unique, high value-added services that other companies cannot imitate. We aim to create an organization with competitive edge, able to achieve stable performance and sustainable growth.

Message from Top Management of the KUSA Group's Operating Companies

Core5

Timothy J. Gunter
President & CEO
Core5 Industrial Partners, LLC

Secured stable earnings by leveraging our strengths and thorough risk management

Our strengths include the credibility that comes from being a member of the Kajima Group, experienced and dedicated employees who are among the best in the industry at developing distribution warehouses, and the high regard investors and tenants have for the buildings we provide. These have resulted in trust from players in the industry. We have conservative business plans for all of our projects that have been properly vetted to ensure a prescribed level of profitability should unexpected events arise. In addition, several financial indicators have been established to ensure that risk is managed at both project and portfolio levels.

Hendricks Gateway Park (Indiana)

KBD Gr.

Jeff Stiner
President & CEO
Kajima Building & Design Group, Inc.

Strengthened management foundation through information sharing and cooperation with group companies

Our focus is on building manufacturing plants and distribution warehouses, and we are equipped with talented design, construction, and engineering professionals. Each time, the company provides its clients with service that exceeds their expectations, and currently approximately 75% of its orders come from repeat clients. As a member of the Kajima Group, we have an important Japanese client base, as well as opportunities to learn from and work with other construction and real estate development companies in the group. This leads to growth in human resources and business opportunities, further elevating our capabilities to a higher level.

UPS Middletown (Pennsylvania)

FDG

Blake Breimann
President & CEO
Flournoy Development Group, LLC

Becoming a member of the Kajima Group and achieving many synergies

Since becoming a member of the Kajima Group in 2018, our brand and reliability as a company with top-class development business execution and financial strength in the development of rental housing complexes have increased. This has boosted our competitiveness in many aspects, including our ability to secure land at premier locations and to attract talented professionals. Through cooperation with group companies, we have been able to participate in projects that would not have been possible on our own, and we expect to launch many successful projects in times to come. The long-term partnership between us and Kajima has resulted in remarkable synergies on many fronts, and is a driving force for us to achieve results as a member of the group.

SEA SOUND (Florida)

Aiming to provide high value-added services through collaboration among businesses with their own unique strengths

KUSA has become a collection of operating companies engaged in diverse businesses in various fields, a small conglomerate so to speak. The essence of our strategy is for group companies to have unique strengths in specific business domains, provide high-value services through collaboration within the group, and ultimately maximize competitiveness and profitability as a whole. The recent strong performance is the result of implementing this strategy, nurturing people and organizations with a long-term perspective, and leveraging the strengths of each company. KUSA, as the holding company, finds it important to provide a "Map and Compass" to implement proper governance while encouraging autonomous operations. Our intention is for all employees to understand the processes and procedures of their work (Map) and, on top of that, perform their work while adhering to Kajima's core values (Compass), which are "customer-centric" and "valuing trust." As changes in the business environment intensify, I believe that sharing the strategic direction and placing trust in the autonomy and flexibility of each company are crucial to maximize competitiveness and achieve sustainable growth.

Motohiro Umehara
President & CEO
KAJIMA U.S.A. INC.

Part 4

Business Overview and Outlook

While responding to changes in the business environment, we are steadily evolving our business model, which is based on both the construction and real estate development businesses, to provide services with high added value.





Civil Engineering

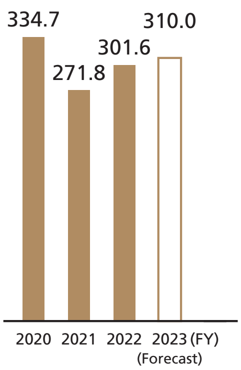
We will promptly adapt to changes in existing markets and persist with initiatives to resolve social issues.

Given Japan's need to address intensifying natural disasters and the renewal of aging infrastructure, we will keep contributing to society by engaging in measures to strengthen national resilience as well as delivering quality infrastructure that ensures people's safety and security. As the world shifts toward carbon neutrality, in the field of renewable energy we will leverage the knowledge and expertise we have acquired through the design, construction, procurement and contracting of offshore and onshore wind power projects to create a medium- to long-term revenue stream.

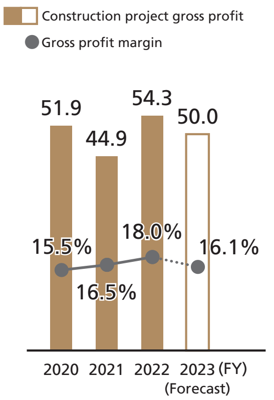
Masaru Kazama
Representative Director, Executive Vice President,
General Manager, Civil Engineering Management Division

Business Overview

Revenues
(¥ billion)

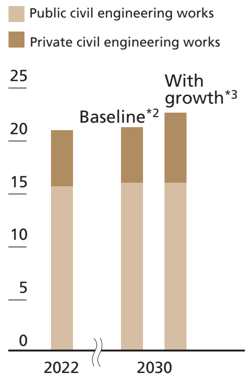


Construction Project Gross Profit
(¥ billion) /Gross Profit Margin



Market Environment

Medium-Term Forecast for Construction Investment in the Civil Engineering Field*1 (¥ trillion)



Outlook for Kajima Construction Amount by Field

	Construction field	Outlook
Existing markets	Dams, roads, railways, bridges, water and sewage facilities, other	→
Social issues solution-type area	Renewable energy generation facilities ▶Page 41	↗
Social issues solution-type area	Renewal/Renovation (Renewal & Repair) ▶Page 44	↗

*1 Source: 1.2 Medium- to long-term forecasts for construction investment and supply and demand through 2035, *Construction Economics Report No. 74,* Research Institute of Construction and Economy
*2 Economic expansion at the current potential growth rate
*3 Market performance reflecting the effects of economic policies

Strengths

- Extensive construction track record and industry presence
- Management foundation (human resources, technology, etc.) to take on and realize new technologies and fields
- Engineering capabilities that meet all customer needs

Risks

- Decrease in the existing workforce due to implementation of upper limits on overtime work
- Shortages in the next-generation workforce due to aging of skilled workers and fewer people entering the industry
- Rising construction costs, including prices of materials and equipment

Opportunities

- Increased demand for infrastructure maintenance and renewal due to measures to strengthen national resilience
- Growth of the renewable energy market toward carbon neutrality
- Increased appreciation of labor-saving technologies using ICT and growing social needs

Business Policies	Key Measures of the Related Medium-Term Business Plan
(a) Strengthen efforts to target projects that leverage comprehensive engineering capabilities (b) Focus on growth areas and new business fields (c) Further innovation of production systems that utilize ICT (d) Enhance construction capabilities and expand the scale of business in collaboration with Group companies and external construction companies possessing specialized skills	**1 Further strengthen core businesses** • Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas • Further promote the development of next-generation construction manufacturing systems • Maximize customer value by expanding the business domain **2 Strive to create new value** • Proactively promote businesses in solving social challenges • Explore and create new businesses by promoting open innovation **3 Establish a strong management foundation and promote ESG measures for growth and transformation** • Secure next-generation workforce while maintaining and strengthening the supply chain

See pages 31-34 for details of the Medium-Term Business Plan.

FY2022 Results and Future Initiatives

Continued orders for ECI projects ··························(a)

For technically challenging projects, the ordering method is shifting from the conventional general evaluation bidding method to the ECI* method. This approach allows us to plan the most appropriate construction method and shorten the overall process.

Demonstrating our comprehensive engineering capabilities, we signed four contracts in FY2022 using the ECI method and secured preferential negotiation rights for several other projects. Our design and construction departments will continue their technical collaboration, aiming to maintain our order flow for ECI projects.

* ECI (Early Contractor Involvement): A type of construction contract where the prime contractor gets involved and provides input from the design phase.

Initiatives in the field of infrastructure renewal ▶Page 44 ··························(b)

Infrastructure built during the period of rapid economic growth is aging rapidly, and the demand for large-scale renewal and repair is increasing.

In FY2022, we secured a contract for the replacement of large deck slabs and seismic reinforcement of a highway bridge, for which we had earned preferential negotiation rights. Additionally, we have received orders for several infrastructure renewal projects through general bidding. We have set an annual sales target of ¥20.0 billion for FY2023 in the infrastructure renewal field and will persistently work towards achieving this target.

Initiatives in the renewable energy field ▶Page 41 ······(b)

The first commercial offshore wind power generation project in Japan, located at Akita and Noshiro Ports, was completed in March 2023.

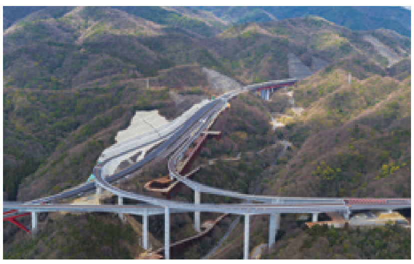
Anticipating future expansion of the offshore wind power market, three companies — Penta-Ocean Corporation, Yorigami Maritime Construction Co., Ltd, and Kajima Corporation — are collaboratively building a large SEP vessel. Additionally, we have been selected as the preferred negotiator for three upcoming offshore wind power generation projects and are examining construction plans and additional details. As a part of NEDO*-adopted project for technological development, we are conducting research on floating offshore wind turbines in collaboration with Hitachi Zosen Corporation.

* New Energy and Industrial Technology Development Organization

Construction with automated construction machinery ▶Page 71 ··························(c)

The Naruse Dam construction project in Akita Prefecture achieved a new national monthly record for concrete poured in October 2022 using automated construction system to enable large-scale and high-speed construction. The A⁴CSEL automation construction system generates an efficient construction plan based on simulation and then autonomously and accurately executes it by moving construction machineries according to the plan. This technology is being expanded to tunnel construction, and a full-scale construction test is underway at the Kamioka Test Tunnel in Gifu Prefecture.

Nagano Expressway Okaya Viaduct (infrastructure renewal)



Hanwa Expressway Onoyama Viaduct (infrastructure renewal)

Automation of spraying operation (Kamioka Test Tunnel)

Building Construction

We will mobilize the Group's comprehensive capabilities to meet growing demand and new customer needs, and to evolve our production processes.

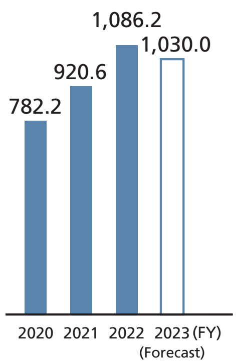
The domestic building construction market is entering a new phase, with redevelopment projects, supersized production facilities, and growing demand for a decarbonized society. It is also facing implementation of upper limits on overtime work, starting in FY2024. Based on its accumulated technological capabilities and expertise, the Kajima Group will provide services with high added value to meet the changing market environment. We will also bring together a diverse range of people and technologies, including from those of Group companies, to further advance the construction process, including the progress in digital twin and smart construction technologies through BIM.

Koichi Matsuzaki

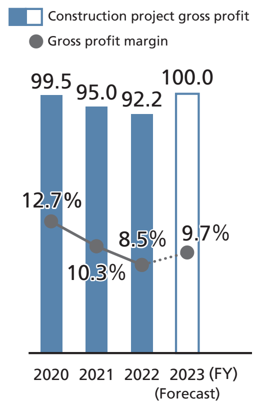
Executive Vice President,
General Manager, Building Construction Management Division

Business Overview

Revenues
(¥ billion)

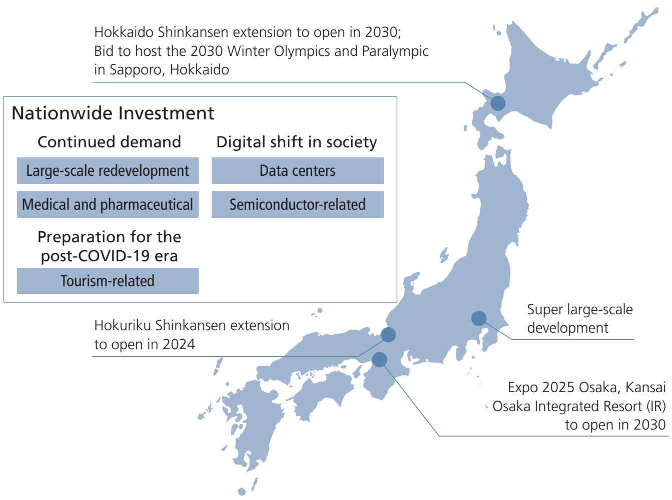


Construction Project Gross Profit
(¥ billion) /Gross Profit Margin



Market Environment

Construction Investment in the Building Construction Field



Strengths

- Reliability of established smart construction technologies, BIM and digital twin technologies
- Project execution expertise leveraging comprehensive design-build capabilities
- Collaboration with Group companies covering the entire value chain from upstream to downstream in the construction business

Risks

- Rising construction costs, including prices of materials and equipment
- Shortage of supply resources in response to strong construction demand
- Decrease in the existing workforce due to the application of upper limits on overtime work
- Shortages in the next-generation workforce due to aging of skilled workers and fewer people entering the industry

Opportunities

- Expansion of capital investment by domestic and foreign companies, especially digital-related companies
- Increasing demand for large-scale redevelopment and renewal in metropolitan areas and regional urban centers
- Expanding needs for environmentally friendly technologies for carbon neutrality

Business Policies	Key Measures of the Related Medium-Term Business Plan
(a) Develop and advance next-generation construction manufacturing systems (b) Deepen digital twin technologies through BIM (c) Respond to customer needs by leveraging comprehensive design-build capabilities (d) Build a sustainable management foundation and construction system	**1 Further strengthen core businesses** • Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas • Further promote the development of next-generation construction manufacturing systems • Maximize customer value by expanding the business domain **2 Strive to create new value** • Explore and create new businesses by promoting open innovation **3 Establish a strong management foundation and promote ESG measures for growth and transformation** • Secure next-generation workforce while maintaining and strengthening the supply chain • Develop people and systems to promote growth and transformation

See pages 31-34 for details of the Medium-Term Business Plan.

FY2022 Results and Future Initiatives

Expanding the application of smart construction technologies ▶Page 70 (a)

We have selected more than 110 model sites across Japan and are promoting on-site work reduction techniques, lightweight materials and equipment, and the use of ICT tools according to the needs of each construction site. By promoting the Kajima Smart Future Vision*1 , we are addressing the upper limits on overtime work that will come into effect in FY2024 and the future shortage of skilled workers. In addition, the Construction RX Consortium*2 promotes mutual use and joint development of construction robots and BIM data utilization.

*1 A plan to achieve a 30% improvement in productivity based on the core concepts of "Half of the work with robots," "Half of project management done remotely," and "Digitalization of all processes."
*2 A consortium in which Kajima is one of the managing companies for technological collaboration in the field of construction robots and IoT.

Expanding the scope of application of digital twin technology ▶Page 70 (b)

We promote the use of BIM during the design phase. Along with streamlining design, structural, and facility design work, we are boosting production design efforts to ensure consistency and the input of construction information during the final design stage, in achieving virtual completion by the time construction starts.

In the construction phase, we are promoting "site digitization" using image data collected by 360° cameras, scanners, and sensors, and establishing remote construction management technology by integrating it with BIM to further improve quality and safety.

Meeting the rise in construction demand (c)

Private capital investment in FY2020 declined significantly due to the COVID-19, but recovered in FY2022 . In particular, large-scale redevelopment projects in the Tokyo metropolitan area and regional urban centers, digital-related projects such as semiconductor production facilities and data centers, and medical- and pharmaceutical-related demand are on the rise.

We provide valuable construction and services that meet the needs of our customers by leveraging our experience in design and construction, and by establishing an optimal design-build system armed with a wide variety of proposals on structure, cost, construction schedule, and seismic damping/seismic isolation technology.

Compliance with upper limits on overtime work ▶Page 80 (d)

In response to the implementation of upper limits on overtime work starting in FY2024, we are working to improve work efficiency and quality through digitalization, including the use of BIM and next-generation construction systems. We are also making company-wide efforts at the order stage to create and propose appropriate construction periods for private-sector projects, and to request and promote consensus building with client organizations.

Fireproof coating sprayer robot
(smart construction technologies)

Checking the construction alignment by overlaying the actual product and BIM (BIM utilization)

Chugai Life Science Park Yokohama
(pharmaceutical-related facility)

Real Estate Development

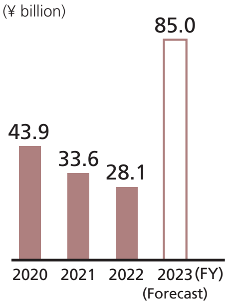
We will take approaches unique to Kajima, expand the construction value chain, enhance profitability and investment efficiency, and diversify assets.

We will take full advantage of our strengths in the real estate development business, which combines construction technology and real estate expertise. We will also strengthen profitability and improve investment efficiency by adding quality assets and further promoting the short-term turnover business model. In addition, we will further pursue synergies with the construction business and cultivate the construction value chain by expanding the Group's profit-earning opportunities through REIT management, etc. Furthermore, we will diversify our assets by developing high-end real estate and focus on initiatives to solve social issues such as environmental considerations and smart buildings.

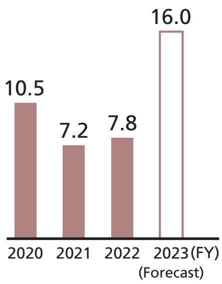
Takahiko Tsukaguchi
Executive Officer
General Manager, Real Estate Development Division

Business Overview

Revenues
(¥ billion)

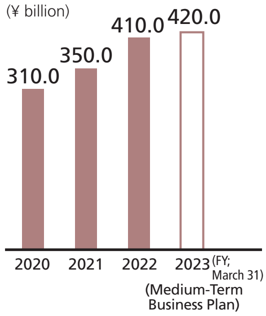


Net income*
(¥ billion)



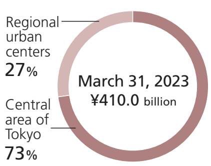
* A management accounting figure that combines the net income of Kajima's non-consolidated real estate development business and development subsidiaries and affiliates in Japan

Domestic Real Estate Development Assets
(¥ billion)

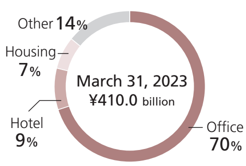


Domestic Real Estate Development Assets

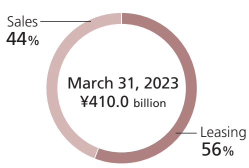
By Region



By Use



By Leasing and Sales



Market Environment

Medium-Term Outlook for Real Estate Market in Japan

Field	Current	Outlook
Investment markets (overall)	positive	Generally firm due to strong investor demand, mainly from the continuation of monetary easing policies.
Office	positive	Although there is overall market weakness, quality has become a clear differentiating factor so high-quality buildings are generally performing well.
Housing	positive	Residential condominiums are performing well, centering on high-end properties in central Tokyo, while rental housing continues to be generally solid with stable demand.
Hotel	positive	Market conditions are improving due to an increase in inbound travel and other factors, and further recovery is expected in the future.
Logistics facilities	positive	Although the increase in new supply has led to a greater selection of properties, demand continues to be strong and remains robust.

Strengths

- In-house businesses that focus on integrating construction technology from project inception to construction and commercialization
- Diverse business opportunities that leverage the Group's extensive information network
- Pursuit of investment efficiency through approaches integrating real estate and finance, including private REITs

Risks

- Decline in demand due to changes in social needs and the market environment
- Increased business costs due to inflation and higher interest rates

Opportunities

- Increase in redevelopment needs due to urban structural change
- Growing need for new real estate development in line with the trend toward digitalization and carbon neutrality
- Post-pandemic inbound tourism recovery and changes in the business environment

Business Policies

(a) Create quality assets that generate stable revenues

(b) Improve profitability by acquiring new real estate for sale and promoting short-term turnover-type businesses

(c) Conduct business planning and diversify portfolios to address new social and customer needs

(d) Expand Group profit opportunities by tapping into the growth of private REITs

Key Measures of the Related Medium-Term Business Plan

1 **Further strengthen core businesses**
- Maximize customer value by expanding the business domain
- Increase profits by proactive investment in the real estate development business

2 **Strive to create new value**
- Proactively promote businesses in solving social challenges
- Explore and create new businesses by promoting open innovation

See pages 31-34 for details of the Medium-Term Business Plan.

FY2022 Results and Future Initiatives

Accumulating quality assets and creating new business opportunities through steady business promotion ··· (a)(b)

In FY2022, three large-scale projects, KUDAN-KAIKAN TERRACE, YOKOHAMA CONNECT SQUARE, and HILTON OKINAWA MIYAKO ISLAND RESORT, were completed and are expected to contribute to our future performance. In addition, construction began on three projects, including the Yokohama City Hall District Redevelopment Project, and eight new business opportunities were acquired, including the New Prince Chichibu Memorial Rugby Stadium (tentative name) Construction and Operation Project. After investing approximately ¥58.0 billion and recovering approximately ¥17.0 billion through the sale of properties, the balance of assets as of March 31, 2023 was approximately ¥410.0 billion, putting us on track to achieve the Medium-Term Business Plan target (¥420.0 billion). In FY2023, we plan to complete six projects and start construction on ten others. We will continue to expand our construction value chain by developing real estate development projects that are unique to Kajima and that combine our construction technology and real estate expertise.

In addition, to improve investment efficiency, we will establish a short-term turnover business model, replace assets appropriately, and utilize capital-saving project companies, and promote business operations with an awareness of ROIC and other indicators.

Establishing a subsidiary specializing in high-end real estate that appeals to the global real estate market ▶Page 32 ··· (c)

Recognizing the growing demand for high-end real estate that meets international standards in the domestic real estate market in recent years as a business opportunity, we established Eaton Real Estate Co., Ltd, a wholly owned subsidiary specializing in this field. Going forward, we intend to develop and invest in a variety of assets, including commercial facilities and high-end rental residences in central Tokyo, as well as create synergies through collaboration with our real estate development business.

In addition, we will actively engage in the development of environmental real estate and smart buildings, and provide products that adapt to future social and customer needs.

Increased profit opportunities through expansion of private REITs ▶Page 48 ··· (d)

Kajima Private REIT purchased two properties from us in FY2022, resulting in an asset scale of approximately ¥70.0 billion. Our goal is to expand the asset scale to ¥80.0 billion as of March 31, 2024 and to ¥100.0 billion as soon as possible, and we will provide full support as a sponsor, aiming for the Kajima Group to expand profit opportunities in the fee business.

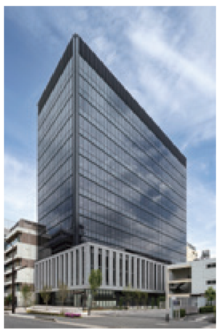
Real Estate Development Project Schedule

Project name	Primary use	Completion
KYUKAN SUEHIRO DORI Building	Office	April 2023
Omiya SORAMICHI KOZ	Office	May 2023
HANEDA INNOVATION CITY (Phase II)	Office	June 2023
FUKUOKA K SQUARE	Office	June 2023
Park Tower Kachidoki South	Housing	August 2023
HILLSIDE FOREST Yokohama Totsuka	Housing	October 2023

Project name	Primary use	Completion (planned)
Kajima Minami Rokugo Logistics Center (tentative name)	Logistics facilities	October 2024
Kajima Tomiya Logistics Center (tentative name)	Logistics facilities	October 2024
Ginza 1-chome Office Project (tentative name)	Office	January 2025
Sapporo 4-chome Project (tentative name)	Office and Commercial	January 2025
Sendai Chuo 3-chome Project (tentative name)	Office	March 2025
Yokohama City Hall District Redevelopment Project	Office	FY2025

Note: Completion dates are subject to change.

HANEDA INNOVATION CITY



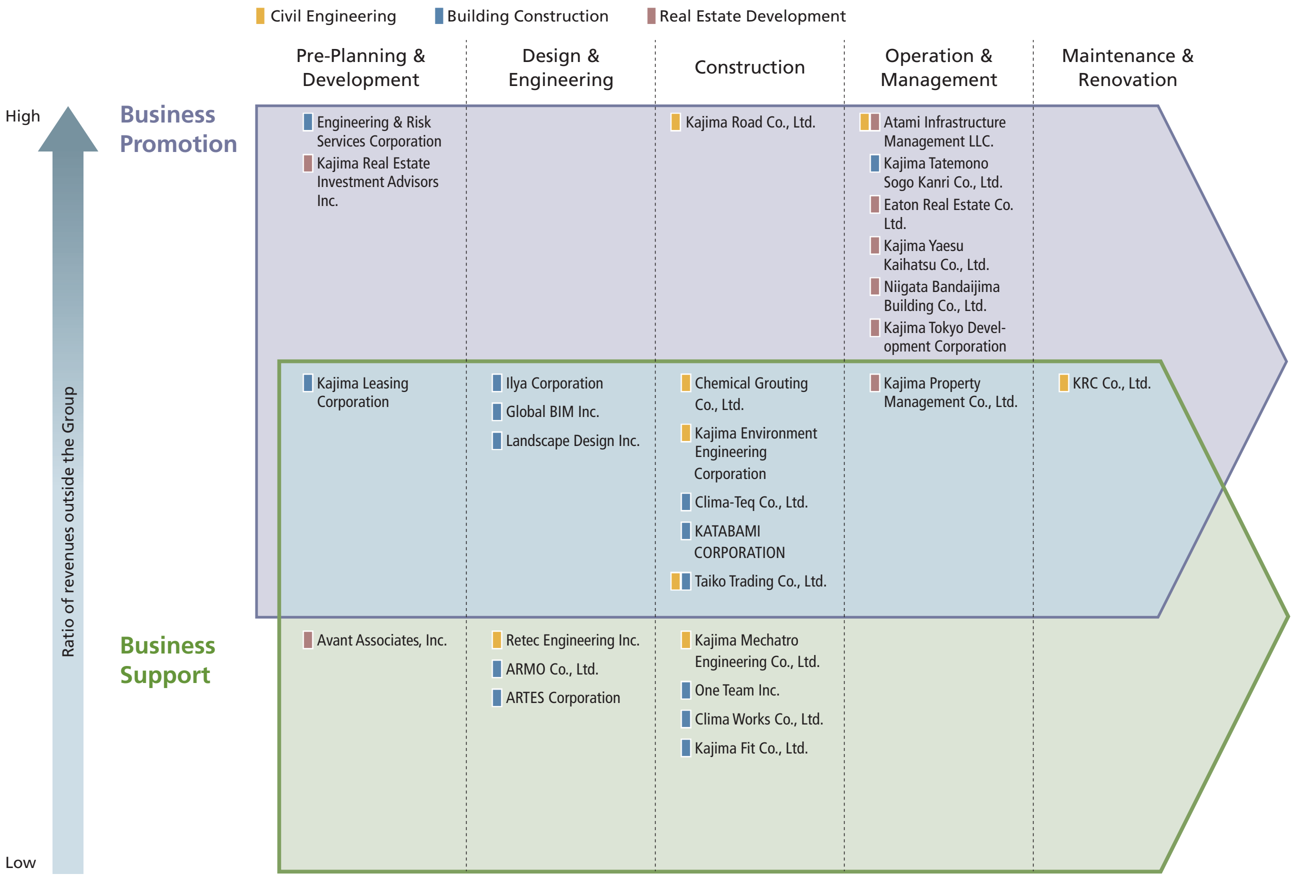
Omiya SORAMICHI KOZ

Domestic Subsidiaries and Affiliates

The Kajima domestic Group companies will cooperate with each other to strengthen and expand their businesses

As of March 31, 2023, the Kajima Group has 107 domestic subsidiaries and affiliates (47 subsidiaries and 60 affiliates) in a wide range of fields, from pre-planning and development to design and engineering, construction, operation and management, and maintenance and renovation, and the organic collaboration among these companies makes up the construction value chain of Kajima Group. We will continue to strengthen the core businesses of the Kajima Group by enhancing cooperation within the Group, and at the same time, we will take on the challenge of entering new business domains that meet the needs of society.

Principal Subsidiaries and Affiliates



Pre-Planning & Development: Kajima Leasing Corporation helps customers make their projects a reality through a menu of financing options, including building leases. Avant Associates, Inc. is a think tank for urban and community development.
Design & Engineering: Ilya Corporation is responsible for high-grade interior design and construction. Landscape Design Inc. aims to create high-quality urban environments through the design of exterior spaces.
Construction: In the civil engineering field, Kajima Road Co., Ltd. has developed pavement construction as its core business, while Chemical Grouting Co., Ltd. is responsible for comprehensive underground engineering. In the building construction field, Clima-Teq Co., Ltd. is responsible for water supply, drainage, sanitation, air conditioning, and electrical installation work. Taiko Trading Co., Ltd. is a general trading company for construction materials and equipment.
Operation & Management: Kajima Tatemono Sogo Kanri Co., Ltd. provides comprehensive building life-cycle management. Atami Infrastructure Management LLC. operates the Atami Beach Line. Kajima Tokyo Development Corporation operates Tokyo East 21.
Maintenance & Renovation: KRC Co., Ltd. repairs, reinforces, and extends the service life of infrastructure structures.

One Team Inc. to support every aspect of construction site operations

Construction sites are facing increasing workloads due to higher quality requirements, while at the same time, overtime work restrictions require shorter working hours. One Team was established in 2019 to address these challenges, and has dispatched dedicated units to many sites to support all aspects of construction site operations.

Until now, site managers have been responsible for the various inspections that occur during the construction phase. One Team has divided the work into separate tasks and trained experts in each of these inspections, including on-site inspections (reinforcement inspection, interior in-process inspection, and finish inspection) and factory inspections (steel frame inspection).

In addition, as part of promoting Kajima Smart Future Vision, the company is supporting the introduction and operation of 3D K-Field ▶Page 70, a real-time location information service within the construction site.

In addition, One Team supports Kajima Smart Future Vision in various areas, such as providing operational support for K-Mobile and supporting the introduction of various types of construction robots. The company's workforce increased to 138 as of March 31, 2023 (32 as of March 31, 2021), helping to maintain and improve the Kajima Group's construction capabilities and take construction site operations to a new level.


Reinforcement inspection by One Team

Atami Infrastructure Management LLC. to provide a venue for demonstrating new technologies

Atami Infrastructure Management LLC., established in 2021, has begun operating the Atami Beach Line toll road in Shizuoka Prefecture. Kajima Group is conducting demonstrations of road maintenance and renovation, as well as environmentally responsible technologies, on the Atami Beach Line to strengthen its competitiveness in the field of infrastructure renewal and maintenance, a market that is expected to grow in the future. One of these is the use of high-performance distributed optical fiber measurement technology, which can be used as a road management tool to supplement on-site checks by surveillance cameras and patrols by monitoring the road pavement conditions in real time.

Kajima Group will continue to work toward solving social issues such as infrastructure renewal and a decarbonized society, based on the technological demonstration and achievements made on the Atami Beach Line.


Atami Beach Line

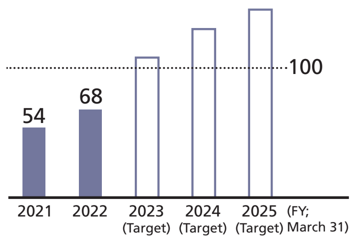
Global BIM Inc. to support the spread and expansion of BIM

Global BIM was established in 2017 as a company dedicated to BIM for the purpose of acquiring advanced BIM technologies in Japan and abroad, securing BIM engineers, and promoting and advancing BIM on construction sites.

In line with the promotion of BIM use within and outside the Kajima Group, Global BIM provides BIM consulting and other services with advanced technical and support capabilities, including construction planning and quantity calculation using modeling data, comprehensive coordination and construction drawings that take into account process and procurement information and construction performance, and CDE* implementation support.

Global BIM will continue to contribute to the advancement of the Kajima Group's production technology and productivity improvement by recruiting and training engineers with advanced BIM skills to meet the growing demand for BIM in the construction industry.

* CDE: Common Data Environment



Number of BIM engineers (Global BIM)

Overseas Operations

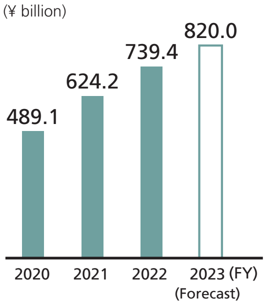
We will utilize our global network of subsidiaries, deeply rooted locally, to provide high-quality, value-added services.

The Kajima Group operates in 28 countries and regions across North America, Asia, Europe, and Oceania. With over 100 local subsidiaries adapting to their respective markets, we have established a multi-dimensional network that enables us to deliver globally renowned, high-quality services. Our strength lies in our ability to handle all stages of real estate development, from design and construction to operation and property sales, in an integrated manner. With a focus on growth, we are committed to managing risks effectively, expanding our business platforms, and diversifying our revenue sources as the best local player in a well-defined business domain.

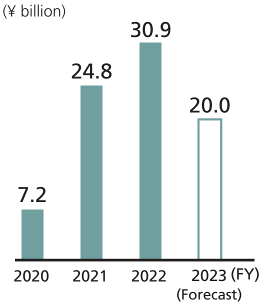
Keisuke Koshijima
Representative Director, Executive Vice President,
General Manager, Overseas Operations Division

Business Overview

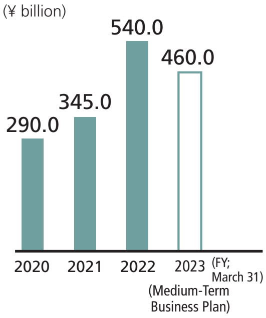
Revenues
(¥ billion)



Net income
(¥ billion)

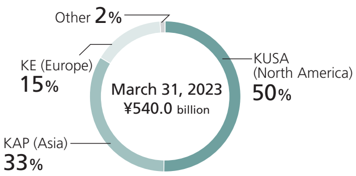


Overseas Real Estate Development Assets
(¥ billion)

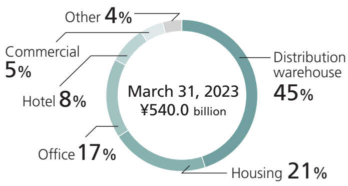


Overseas Real Estate Development Assets

By Region



By Use



Market Environment

Medium-Term Outlook for the Regional Real Estate Development and Construction Markets Kajima Serves

Field	Current	Outlook
North America	positive	Generally solid due to resilience in the U.S. economy
Asia	positive	Recovering trend due to resumption of economic activity after COVID-19
Europe	neutral	Need to keep a close watch on the impact of the situation in Ukraine, etc.
Oceania	positive	Generally solid with stable demand

Strengths

- Multi-dimensional global network based on organizations and businesses well-rooted in each country and region
- Trusted relationships with global customers and local partners fostered over a long history
- Own development platform capable of creating appealing real estate development business

Risks

- Responding to changes in market environments due to inflation and high interest rates
- Geopolitical risks in specific regions
- Recruitment and development of local human resources for the next generation

Opportunities

- Abundant sales projects backed by active investment related to production facilities
- Improvement in occupancy rates of properties under development and management due to recovery in human flow and economic activity
- Projects with future revenue potential proposed by customers and partners

Business Policies	Key Measures of the Related Medium-Term Business Plan
(a) Aim to be the best player in the markets and fields each business is focused on	**1 Further strengthen core businesses** • Increase profits by proactive investment in the real estate development business • Build and enhance global platforms
(b) Create unique business opportunities through collaboration within the Group	**2 Strive to create new value** • Explore and create new businesses by promoting open innovation
(c) Create a multi-dimensional global network	**3 Establish a strong management foundation and promote ESG measures for growth and transformation** • Develop people and systems to promote growth and transformation

See pages 31-34 for details of the Medium-Term Business Plan.

FY2022 Results and Future Initiatives

Progress of Overseas Businesses in FY2022 Results and Development Investments

Driven by the real estate development business, primarily in the U.S., we achieved a record net income of ¥30.9 billion. Construction orders remained strong, driven by demand for production facilities and distribution warehouses. Revenues increased in all regions due to ongoing construction projects and foreign exchange rate fluctuations. For FY2023, we forecast a net income of ¥20 billion, surpassing the ¥16 billion target outlined in our Medium-Term Business Plan and ensuring profitability beyond projections. We are actively investing in real estate projects, with a planned total investment of ¥384 billion for 2021-2022. By March 31, 2023, our overseas real estate assets will reach ¥540 billion. The sale of properties, particularly distribution warehouses, has generated substantial revenue. Through our global network, we will continue to invest in profitable projects, aiming to expand our portfolio and consistently achieve profits.

Risk Mitigation and Management ▶Page 103

To manage risks effectively, we have implemented measures such as Head Office special-purpose committee deliberations before starting new projects, strengthening and expanding overseas audits, and operating a quality control system similar to Japan's. Our workforce includes exceptional individuals from mergers and acquisitions of like-minded companies. They actively contribute to the business operations of our local companies, collaborating with expatriates from Japan and locally hired staff.

Initiatives in Each Business Area

■North America ▶Page 49

Demand for construction related to carbon neutrality and the digital society remains strong. We have secured orders for EV-related plants, logistics facilities, and other projects in sectors where these factors are crucial. In the real estate development business, we focus on earning from investment and sale of distribution warehouses and rental housing complexes, closely monitoring market trends.

■Europe

We are creating a platform of unique characteristics in different regions and markets, including distribution warehouses and student accommodations. Additionally, we are actively venturing into renewable energy facility site development as a new business domain. In 2021, we acquired PAD-RES, and in 2023, we further acquired a 70% stake in Hymon, a specialist in installing solar panels and other renewable energy facilities.

■Southeast Asia ▶Page 67

As COVID-19 restrictions are lifted, our business operations are experiencing improved earnings. In Vietnam, to capitalize on Asia's economic growth, we are developing distribution warehouses under the Core5 brand and our original boutique hotel brand, Wink Hotels.

Additionally, we aim to attract and collaborate with talented local individuals and establish new businesses at The GEAR, a cutting-edge hub for fostering open innovation opened in Singapore in August 2023.


Hymon (Poland)


Magnolia Apartments (Texas, U.S.)


Core5 Hải Phòng (Vietnam)

Part 5

Strengthening the Foundation that Supports Sustainable Growth
—ESG Initiatives

Aiming to realize lifestyles and cities that share abundance for a sustainable global environment. We continue to refine our strengths in people, technology, and organization based on our enterprising spirit.

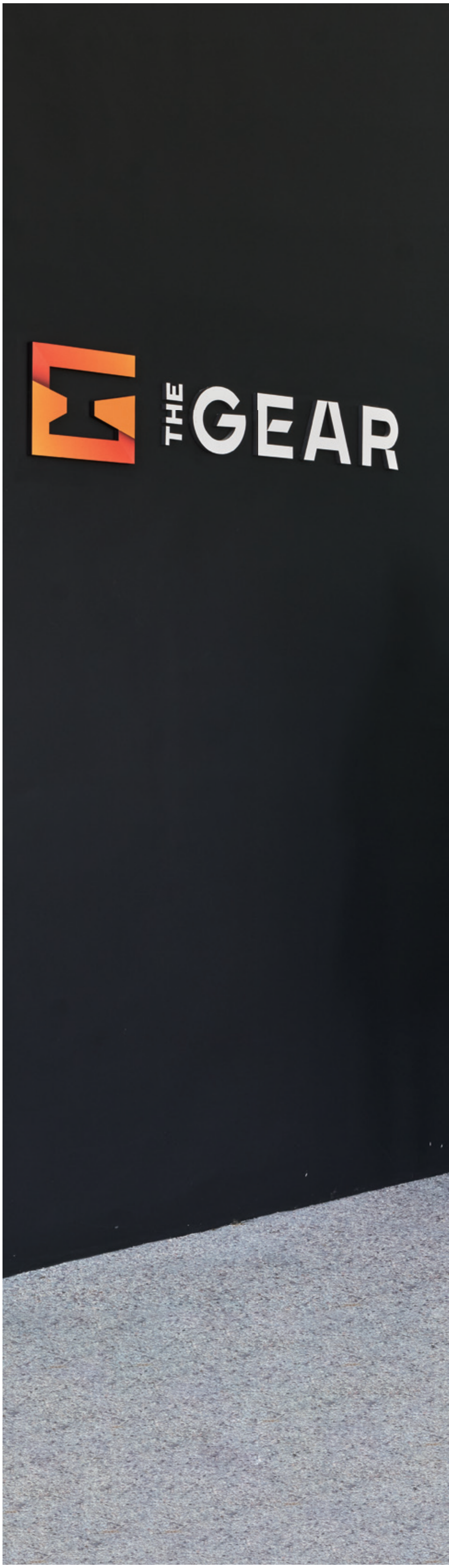
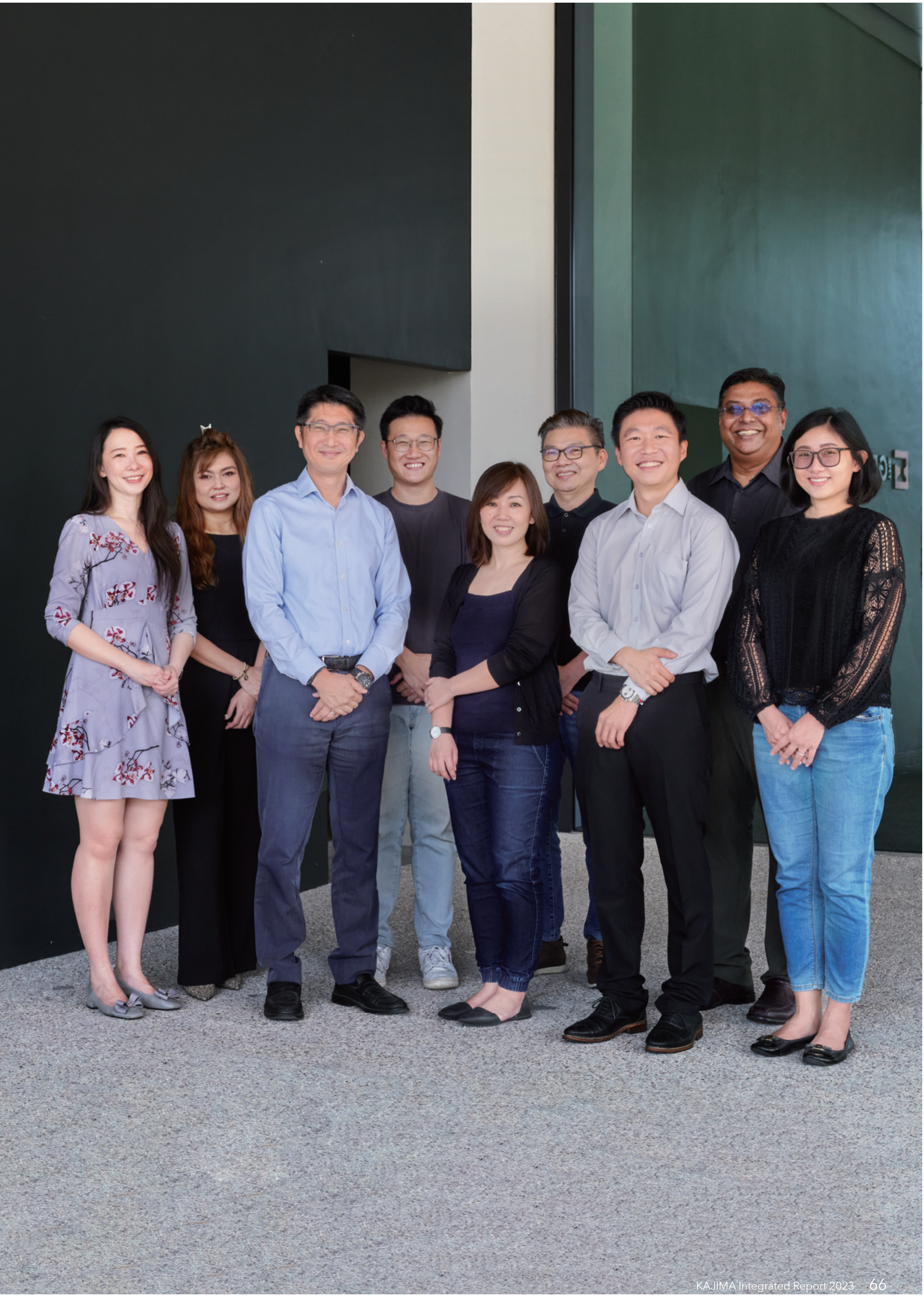


Photo: Employees at the newly opened innovation hub The GEAR in Singapore



Research and Technology Development

Sources of Value Creation: Technology

Technology is essential in creating buildings and civil engineering structures that must withstand the tests of time and serve multiple generations. For over 180 years, Kajima has used its portfolio of advanced 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 foundation of a technology-driven company that has taken on difficult construction projects such as Western-style buildings and railroads since its founding
- Foresight in inviting leading experts in structural dynamics (Kiyoshi Mutoh) and seismic damping structure research (Takuji Kobori, etc.)

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 abroad
- Exploring advanced technologies through open innovation networks in Japan, Singapore, and the U.S.

Research and Technology Development to Address Social Issues

Kajima established its Technical Research Institute in 1949, and since then has met the expectations of society and customers by completing difficult projects through the development of superior technologies.

In recent years, in addition to developing technologies to build conventional social infrastructure, we have been focusing on addressing new social issues. For example, the shortage of successors due to the declining birthrate and aging population is a major challenge. To improve productivity and safety, we are developing technologies to reduce labor through mechanization and automation, as well as using unmanned labor. We are introducing various digital technologies such as AI, ICT, and even robotics in these developments. Our next-generation construction system A^{4}CSEL and Kajima Smart Future Vision are typical examples.

New Value Created by R&D

By establishing a system of technological development centered on our own research laboratories, we are able to develop new technologies on our own, as well as take a long-term view and incorporate many advanced technologies from outside the company. To this end, we are promoting open innovation beyond the scope of the construction industry with startups, universities, and advanced technologies from different industries around the world. We are also leveraging outside expertise to provide a variety of new values, such as reducing environmental impact, including decarbonization, realizing safety and security in light of natural disasters such as typhoons and torrential rains, which are becoming more severe due to global warming, and creating spaces for wellbeing, including a sense of health and happiness.

R&D Promotion Structure

New R&D Base, The GEAR

Opened in Singapore in August 2023, The GEAR aims to serve as a global innovation hub for the entire Kajima Group. In addition to the partnerships with local universities and government agencies that we have cultivated since opening the Kajima Technical Research Institute's Singapore office in 2013, we are advocating for the creation of new value through collaboration with cutting-edge technologies in Japan, Silicon Valley, and other parts of the world.

The GEAR (Opened in August 2023)

Intellectual Property Management

Kajima places importance on intellectual property and intangible assets as the foundation for new value creation and sustainable business growth. We are working on the creation, protection, utilization, and risk management of intellectual property, while being aware of using them as tools to promote competition in the construction business and co-creation in situations such as open innovation. In addition, we have measures in place to minimize the intellectual property risks inherent in construction companies.

System for Promoting Intellectual Property Activities

The Intellectual Property Promotion Meeting is held twice a year, with management and department managers as members, to deliberate on management policies for intellectual property activities and report on the implementation status and results. Under policies formulated at the meeting, the Intellectual Property and License Department, the R&D functions, and business divisions work together to promote intellectual property activities.

Creation, Protection and Utilization of Intellectual Property

Kajima's R&D achievements cover a wide range of fields, including civil engineering, building construction, and the environment. Over and above these, ideas are "created" from out in the field. We protect them as intellectual property and apply them in our business. Our intellectual property drives the revenue and growth of our business and is a source of open innovation.

Risk Management for Intellectual Property

Kajima does construction at many sites in Japan and overseas, each using different construction methods, materials, equipment, etc., so there is a wide variety of intellectual property risks. We therefore monitor and evaluate the intellectual property of other companies to identify and reduce intellectual property risks and prevent infringements and disputes.

Intellectual Property Education

We provide extensive intellectual property education to ensure that employees recognize the importance of intellectual property and intangible assets and incorporate an intellectual property perspective into their own work.

Regular Training	New employee training, job-specific training, selection training, intellectual property search training, etc.
Special Training	Training for specific departments, training for group companies, training for compliance with legal amendments, etc.

Reward System and Internal Recognition System

We promote intellectual property activities by providing filing, registration, and performance incentives for employee inventions.

In addition, three new internal awards (President's Award) related to intellectual property were established in 2022 to raise employee awareness and stimulate intellectual property activities.

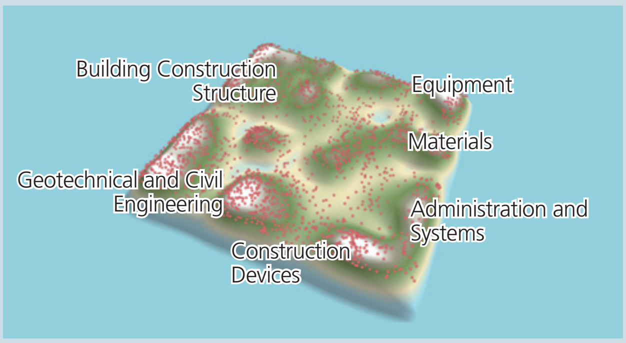
(1) Intellectual Property Achievement Award	For inventions that have made an outstanding contribution to the business
(2) Intellectual Property Merit Award	For employees who have made long-standing contributions in the field of intellectual property, such as by training younger employees
(3) Intellectual Property Encouragement Award	For mid-career and young employees with a promising future in the field of intellectual property

TOPICS

Business Support with IP Landscapes

We are promoting efforts to utilize IP landscapes when devising business strategies, etc. We apply intellectual property information to analyze our strengths and weaknesses, search for key technological fields that will become sources of competitiveness, and provide the information in meetings related to technological development.

In cooperation with each division, we discuss the results of IP information analysis, while taking into account market information, etc., to strengthen core businesses, create new businesses, and search for business partners.



Analysis by IP Landscapes (created by Kajima using PatSnap)

Focus ■ **Strengthening the Future Foundation** 1 DX of Kajima

Creating value through three forms of DX to support customers, society, and the construction industry in resolving issues

Aiming to Realize the Kajima DX Vision

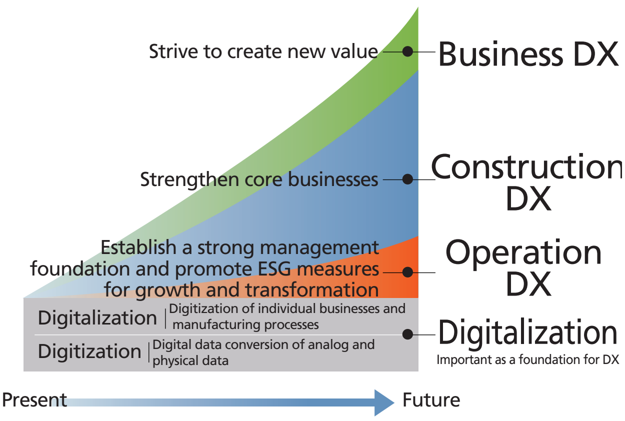
To meet the new needs of society and customers, against the backdrop of emerging advanced digital technologies such as AI, robotics, and the metaverse, as well as the advent of a data-centric society, Kajima has committed ¥55 billion to R&D and digital domains in the Kajima Group Medium-Term Business Plan (FY2021–2023).

With the Digital Strategy Office, established in January 2021 under the direct control of the president, at its core, we are working to disseminate our digital strategy throughout the company and promote DX in an integrated manner in each division, aiming to realize three forms of Digital Transformation: Construction DX, Business DX, and Operation DX, in cooperation with external companies and research institutions.

Image of Kajima DX Vision and Progress of Initiatives

Kajima DX Vision

Connect digitally with customers and society, proactively discover and solve problems, and create a more convenient, comfortable, and safe world.



Construction DX

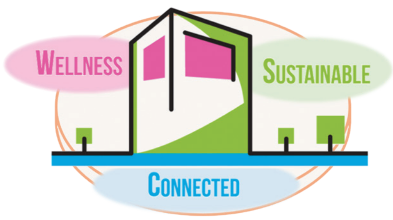
We strive to create a better industry, by addressing its key challenges, including enhancing productivity, quality, and safety, as well as ensuring the acquisition of skilled workers.

In addition to the Kajima Smart Future Vision in the building construction business, the conversion of construction sites into factories in the civil engineering business, and data linkage throughout the entire construction value chain using BIM/CIM. We are also working to empower the next generation by efficiently leveraging our construction expertise, transforming tacit knowledge into digital formats for easy accessibility and learning.

Business DX

We are enhancing the value of the Kajima Group's physical structures by integrating digital solutions, thereby creating a new dimension of value.

We are reinforcing our response to the growing needs for smart buildings with new forms of value such as wellness spaces and carbon neutrality, and smart cities that provide safety and security through city-scale risk assessment and area management using urban OS, utilizing advanced technologies such as digital twin.



Kajima's Smart Building Concept

Operation DX

To deal with the urgent issue of the Work-Style Reforms, we are working to bring about appealing work styles by reforming business processes through the use of RPA, AI/OCR, etc. and developing a remote work environment.

Improving the Management Foundation towards the Kajima DX Vision

Developing Digital Human Resources

In terms of human resource development, we are strengthening our education system to integrate construction and digital knowledge, ranging from e-learning for all employees to promote acquisition of basic knowledge and improve literacy, to a program to train people with advanced digital skills so they can implement DX measures in the field by applying data science. To date, more than 5,000 employees have taken the course.

Technology Development and Risk Management Related to DX

Led by the Kajima Technical Research Institute, the entire construction process is being digitized through the use of AI and robots. We are actively co-creating with universities and other research institutions as well as leading external companies, including start-ups, to promote DX through open innovation. We are also working to effectively take advantage of the latest technologies, such as generative AI and metaverse, while addressing risks they present.

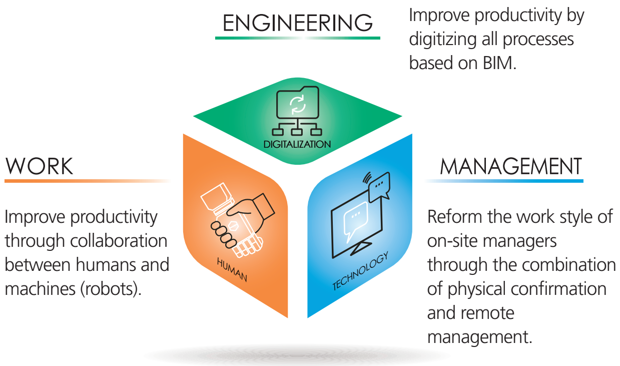
Toward Strategic Promotion of DX: Building Construction Business

Basic Strategy

Kajima Smart Future Vision

Kajima has been an early adopter of production process reforms in building construction, including the commercialization of welding robots in 2016. Based on these achievements, the Kajima Smart Future Vision was announced in 2018 with three core concepts. We are working to develop robotics and automation technologies and innovate on-site management methods for repetitive and hazardous tasks, as well as tasks where automation can improve efficiency and quality.

Three Core Concepts

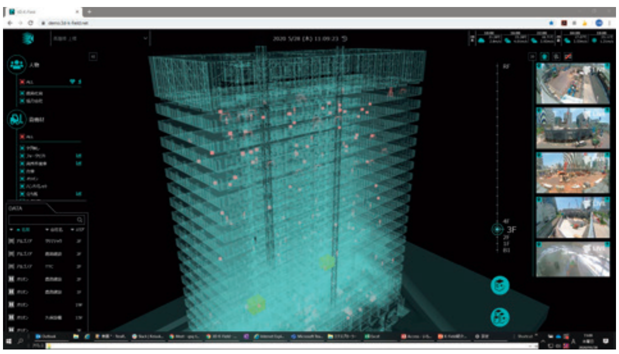


Development Technology Case Study

3D K-Field

A digital twin digitizes all information generated in the building process from pre-planning and design to construction, maintenance, and operation, and reproduces the construction site and facility operation status in a virtual space using BIM. Using this technology, Kajima has developed 3D K-Field, a construction site remote-management system that combines data of the location of materials, equipment, and workers at a construction site with data on the operation of equipment and building drawings. It enables multiple parties to remotely check the site and the status of individual pieces of equipment in detail.

In addition to use at construction sites, this will enable visualization, analysis, and improvement of human movement and building facility operating conditions in offices, hospitals, and other facilities after construction is completed, and is being developed for a wide range of applications.

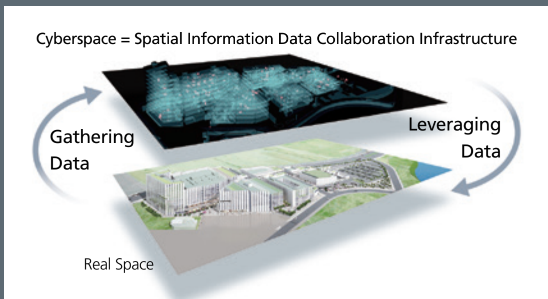


3D K-Field

Creating Innovation in Smart Cities with Digital Twin

HANEDA INNOVATION CITY, a large-scale complex operated by Haneda Mirai Kaihatsu Co., Ltd., in which nine companies including Kajima have invested, is implementing various smart city technologies in our society.

3D K-Field is applied in facility operations. The digital twin is deployed at the area level to visualize the congestion and operational status of facilities, autonomous buses, facility management staff and service robots, and analyze the collected data to streamline facility operations.



In addition, as cutting-edge research and demonstrations in the mobility and robotics fields, for example, we have achieved more than 800 regular and accident-free operations on public-road routes between HANEDA INNOVATION CITY and Haneda Airport, in preparation for the regular operation of Level 4 automated buses.

Automated Bus Routes and Vehicles

Toward Strategic Promotion of DX: Civil Engineering Business

Basic Strategy

Conversion of Construction Sites into Factories

The Civil Engineering DX project aims to transform construction sites into factories by leveraging digitalization and data in the virtual space, as well as mechanization and automation in the physical space.

This enables us to accelerate construction accuracy and efficiency, while dramatically improving productivity and safety.

We are committed to transforming construction sites from qualitative to quantitative systems, creating a safer and more efficient infrastructure for the future.

Development Technology Case Study

A4CSEL Next-Generation Construction System

The A4CSEL Next-Generation Construction System is the world's first construction production system that enables autonomous and automated operation of multiple machineries without a break. It is expected to improve productivity, safety, and quality, while also saving on labor.

Full-scale application was carried for the Naruse Dam embankment casting work, with five models and more than 10 heavy machines working together to perform automated construction. In October 2022, we recorded the highest monthly amount of casting at a dam embankment construction project in Japan.

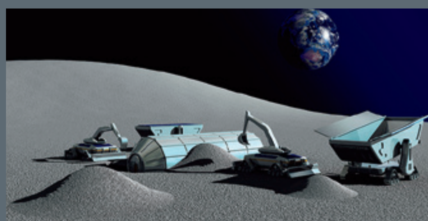
We are also developing A4CSEL for Tunnels technology and conducting full-scale construction tests at the Kamioka Test Tunnel in Gifu.

Three Technologies Comprising A4CSEL

To promote the deployment of automated construction systems outside the company, we have established a joint venture company, KNC Planning Co., Ltd. with NEC Corporation.

Toward Unmanned Construction on the Moon – A4CSEL for Space

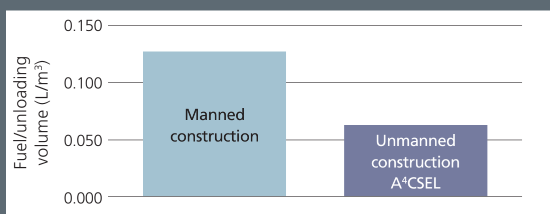
Since 2016, JAXA and Kajima have been promoting joint research on a remote construction system to build a manned base for space exploration using A4CSEL. In 2021, Development of Autonomous Remote Construction Technology Adaptable to the Construction Environment utilizing A4CSEL was also selected as an R&D project under the Space Unmanned Construction Innovative Technology Development Promotion Project led by the Ministry of Land, Infrastructure, Transport and Tourism. Kajima plans to develop a simulation platform that can reproduce construction work in a lunar environment in virtual space.



Confirmed CO_2 Emission Reduction Effects

The introduction of A4CSEL in the Naruse Dam embankment casting work resulted in significant labor savings and increased pouring volume, as well as improved operating efficiency and accuracy of construction machinery, leading to a reduction in travel distance. Fuel consumption per 1 m^3 of CSG* unloading work can be reduced by approximately 40-50% compared to manned operation, which has been confirmed to reduce CO_2 emissions.

* CSG: Material made by mixing local materials (stone or sand rubble) with cement and water.

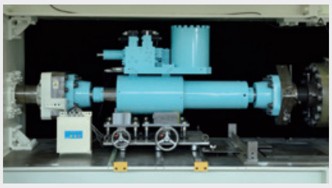


Comparison of fuel consumption during CSG bedding (maximum vs. minimum)

Leading the field of seismic damping technology in Japan, including the development of technology to cope with long-period seismic motion in skyscrapers

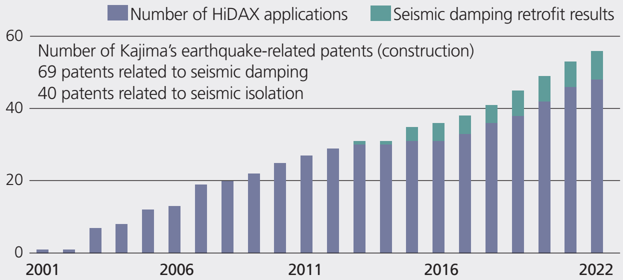
Pioneer in Seismic Damping Technology

Kajima has been an industry leader in seismic damping technology in Japan, a country known for its earthquakes. Kajima's mainstay seismic damping device, HiDAX*1, is a device that controls building sway by applying oil damper technology. It has been adopted in approximately 60 skyscrapers, mainly in urban areas. The HiDAX-R developed in 2015 is equipped with the world's first vibration energy regeneration system, a revolutionary technology that temporarily stores a building's vibration energy in the device and converts it into control energy, making it about four times more efficient at seismic damping than ordinary oil dampers.



HiDAX-R oil damper for seismic damping

Number of HiDAX applications (new construction) and seismic damping retrofit results



D³SKY Series Technology for Countermeasures against Long-Period Seismic Motion

After the Great East Japan Earthquake, long-period seismic motion, in which skyscrapers in the central area of Tokyo swayed slowly and significantly for a long time, attracted great interest. In 2013, Kajima developed D³SKY, a technology for countermeasures against long-period seismic motion in existing skyscrapers. This device improves the seismic damping performance of a building by installing ultra-large weights called TMD*2 on the roof of the building. The scope of work is generally limited to the rooftop, so seismic retrofitting can be performed with minimal impact on tenants, views, and effective floor area.

D³SKY-L with multi-layered rubber

The newly developed D³SKY-L*3 was applied to the YEBISU GARDEN PLACE TOWER seismic damping work completed in August 2022 in Shibuya-ku, Tokyo. Three large multi-layered rubber TMDs (weighing 450 t) were connected to achieve a significant space saving, and it was confirmed that the shaking of the building in all directions was reduced by half against the same level of seismic motion as that of the Great East Japan Earthquake.

*1 HiDAX: High DAmping system in the neXt generation
*2 TMD: Tuned Mass Damper
*3 D³SKY-L: Dual-direction Dynamic Damper of Simple Kajima stYle-Layered system

Technology Developers behind Kajima's Seismic Damping Brand

Haruhiko Kurino

Duputy Director, Kajima Technical Research Institute and Principal Engineer, Architectural Design Division

For more than 30 years since joining Kajima, I have been responsible for research and development on Kajima's seismic damping technology. HiDAX, created in 2000, realized a vibration energy absorption capacity twice that of vibration control systems available at the time, and was adopted in many skyscrapers, including the Roppongi Hills Mori Tower. Since then, we have developed the HiDAX-e, which does not use electricity for its control mechanism, and the HiDAX-R, the world's first and highest-efficiency model with an energy regeneration mechanism, and have expanded the range of variations to provide technology that meets customer requirements. This is also true for D³SKY.

One of Kajima's strengths is its ability to collect seismic data from the abundant properties we have built and feed it back into technological development. We are also proud that we can provide optimal tailor-made services for buildings by integrating sales, design, and construction. Japan's seismic damping technology is highly regarded overseas, and HiDAX-R and D³SKY have attracted a great deal of attention at international conferences on seismic control (World Congress on Structural Control).

(Photo courtesy of Asahi Shimbun)

Human Resources Strategy

Human Resources: Source of Value Creation

Kajima's people have a proactive and resolute enterprising spirit that has led the industry in taking on challenges in new fields. The mindset cultivated through the fusion of knowledge and experience is passed down to the next generation. We develop professionals who can create buildings and structures to the highest standards.

Our Starting Points

- An enterprising spirit passed along since our foundation
- A family-oriented corporate culture based on a humanitarian outlook

How We Encourage Cultural Continuity

- Incorporation of systems to retain diverse employees, support various work styles, and encourage them to take on challenges
- Development of talent management system
- Expanding facilities to train the next generation leaders

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." To prepare for the upper limits on overtime work to be implemented from FY2024, we pursue further labor streamlining and continue to enhance individual employees' abilities and take on challenges, with the aim of building a win-win corporate culture to sustain growth and competitive advantage.

To achieve one of the goals we have set for 2030, which is to build free and open organizations with diverse human resources, we will swiftly encourage developing people and systems to promote growth and transformation.

Human Resource Strategy Overview

Goals for 2030 Free and Open Organizations with Diverse Human Resources

Medium-Term Business Plan (FY2021–2023) Develop People and Systems to Promote Growth and Transformation

Collaborate
Systems that encourage diverse people to collaborate and improve through mutual development.

Hiring and Retention
- Steadily recruit people with excellent potential, retain senior employees, and secure skilled professionals who are familiar with new markets

Diversity & Inclusion
- Maintain and enhance systems for a workplace environment in which employees can work with peace of mind as they navigate life events, such as childcare and nursing care

Upgrading the Group-wide Business Platform
- Upgrade and enhance the information infrastructure and governance for flexibly deploying across the Group

Develop
Encourage employees to be self-directed who continuously take on challenges, and deploy this talent flexibly.

Transition to Self-Directed Training and Human Resource Development
- Utilize talent management systems and expand self-directed learning options for employees
- Enhance the coaching and mentoring skills and active listening skills of managerial employees

Flexible Deployment and Transfers
- Promote flexible transfers and personnel exchanges across the group

Flexible
Achieve high productivity through flexible work styles.

Promotion of Work-Style Reforms
- Promote self-directed and flexible work styles through teleworking and working hours set at the discretion of supervisors
- Enhance administrative efficiency and streamline labor to support the implementation of the upper limits on overtime work in FY2024

Enhancement of Organizational Capabilities and Productivity
- Enhance the operating efficiency and productivity of administrative departments through digital transformation

Collaborate
Systems that encourage diverse people to collaborate and improve through mutual development

Hiring and Retention

Kajima's recruitment policy is to consistently secure high-potential human resources who can inherit the knowledge, technologies, values, and customer trust that we have accumulated over time, and who can help create the future of Kajima together. We have proactively employed diverse human resources, including those who promote our core businesses of construction and real estate development, as well as highly specialized human resources who can adapt to technological advancements and business globalization.

To enhance our human resources foundation that is essential to business development, we have increased the number of both new graduate and mid-career hires, taking into account factors such as the medium- and long-term business scale and personnel outlook, and compliance with the upper limits on overtime work to be implemented from FY2024.

Diversity & Inclusion

We emphasize the building of an environment in which human resources with diverse backgrounds and characteristics can achieve their full potential.

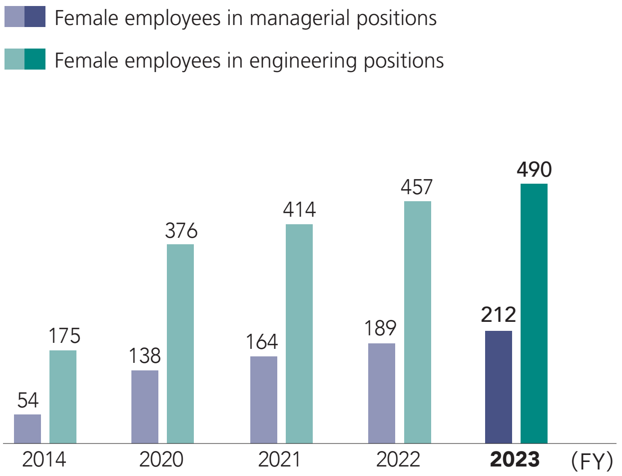
Kajima has increased the employment of women on the managerial track since the revision of the Equal Employment Opportunity Law in 1999. We have expanded the scope of employment to construction management in 2005 and have assigned female engineers to construction sites. In 2014, we set the goal of doubling the number of female engineers and managers in 5 years from FY2014 and tripling it in 10 years so that they can play active roles. The ratio of female employees among new graduate hires has improved and remained above 20% since 2016. Furthermore, we continuously organize career training across job types for networking to retain female employees. As a result, we achieved the initial goal for women in managerial positions in FY2021 and have continued to increase their number. We have also steadily increased female engineers to nearly 500.

Recently, we have particularly been promoting various measures to help employees balance work and childcare. We started a pilot temporary childcare service for infants to elementary school pupils, using company housing in Tokyo in August 2023, which was in addition to enhancing flex-time hours for parents, organizing workshops on balancing work and childcare (targeting employees taking extended parenting leave and their supervisors), and operating the Childcare Community, which is a bulletin board for information sharing among employees.

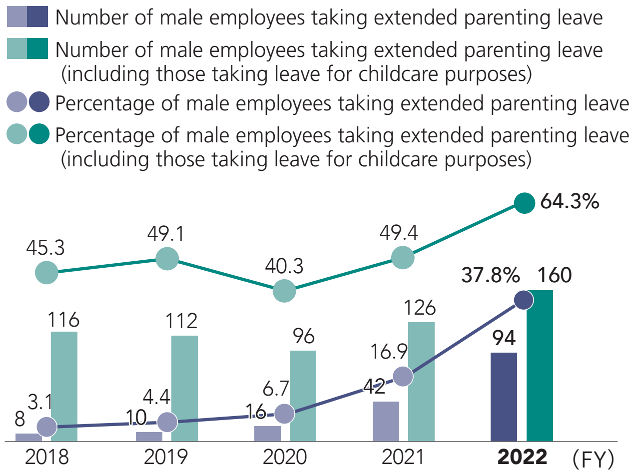
In October 2022, we started a new postnatal extended parenting leave (extended parenting leave for fathers after childbirth) system. As we have encouraged male employees to take extended parenting leave, the percentage of male employees taking extended parenting leave (37.8%) and the percentage including those who took leave for childcare purposes (64.3%) increased significantly in the same fiscal year. We will continue to upgrade the work environment while the person in charge of work-life balance in each department proactively supports employees in taking extended parenting leave.

We are also continuing educational activities related to diversity & inclusion. We are working on realizing a work environment in which diverse human resources can work comfortably, for example by providing opportunities for training and discussion for employees to become aware of unconscious biases, while promoting further understanding through online courses on human rights, diversity & inclusion, and harassment, targeting the whole Kajima Group.

Number of Female Employees in Managerial and Engineering Positions



Trend in the Number/Percentage of Male Employees Taking Extended Parenting Leave



Develop

Encourage employees to be self-directed who continuously take on challenges, and deploy this talent flexibly

Ability Development

Kajima is actively cultivating human resources with both high levels of specialism to consistently meet the expectations of customers and society and management capabilities to organize operations and promote projects.

For new graduate hires, we define the 13 years after employment as the critical development period to gain specialisms, and we provide annual OFF-JT group training in addition to OJT education at workplace. We carefully support reliable ability development and career formation for young employees. For management, we provide training intended to improve management capabilities for each ability level according to changes in social conditions.

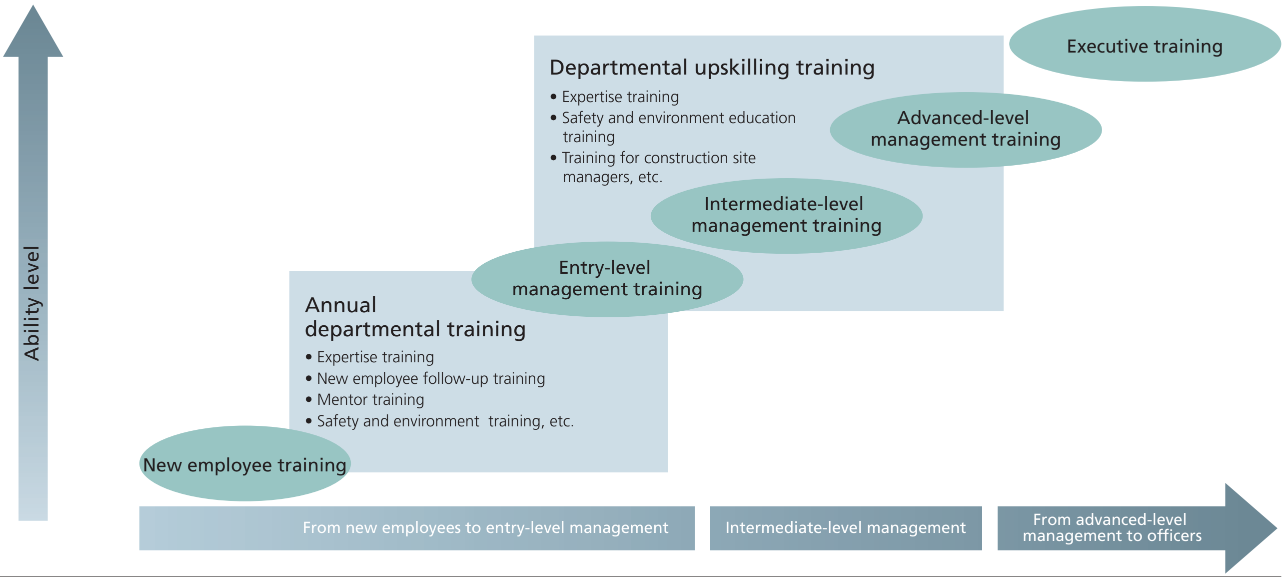
We have also enhanced video lectures and online course contents on subjects including various business skills, liberal arts, and digital transformation, as well as the domestic and overseas study system and language study support. Thus we are upgrading this environment to address the diversifying learning needs and study initiatives of employees.

Talent Management

In the talent management system introduced in 2020, employees can register information on their own experience, skills, and special qualifications, mutually view their information, and periodically have an interview with their supervisor based on their registered career goals. We are using it as a strategic system to understand accurately the diversification of the attitudes toward work, particularly among young employees, to develop engineers in the civil engineering and construction fields, and to explore, develop, and allocate the human resources who will take on new business domains.

We organize workshops and events at our training facilities, KX-LAB and KX-SQUARE in Tokyo, which have expanded since FY2020. These events provide opportunities for self-development and encourage employees to participate. For example, in an online event "KX CAREER TALKS," we send information based on the theme to employees, such as male employees who have taken extended parenting leave and engineers who work at construction sites, which resulted in nearly 100 participants from across Japan.

Education and Training System Diagram



All employees	Compliance, the Anti-Monopoly Act, harassment, mental health, diversity, information security, etc.
Selection and open request	Accounting, logical thinking, new business creation, domestic and overseas study, overseas subsidiary training, etc.
Self-development	Business skills, liberal arts, digital transformation (DX), design thinking, etc.

Flexible Achieve high productivity through flexible work styles and other measures

Work-Style Reforms

Kajima is building work environments that adapt to changes in social structure and enable diverse human resources to play active roles. To realize flexible work styles in which employees who have children and family members to take care of can produce good results and improve career within a limited time, we provide a support system for babysitter users, in addition to promoting male employees taking extended parenting leave and the use of flex-time hours. We have also started introducing a hybrid work system combining office work and telework.

Compliance with the upper limits on overtime work to be implemented from FY2024 is an urgent issue. We have positioned the three years from FY2021 as the preparation period, and departments and branches have each formulated a roadmap to achieve their goals. The Work-Style Reforms Promotion Committee chaired by the President is taking the initiative in working on this matter.

These upper limits on overtime work are also a good opportunity to shift to work-styles that can produce good results within a limited time. We are currently digitalizing operations across the Company by breaking down internally accumulated heuristic experience and tacit knowledge into factors by using ICT tools. This facilitates business transfers between employees and of course also leads to a daily reduction in working hours and leave acquisition as well as to the realization of diverse work styles for employees experiencing time pressure to take care of children or family members.

Health and Productivity Management

Kajima understands that healthy employees are an important management resource and is continuously implementing health and productivity management. Our clinic treats employees who are physically or mentally sick and proactively provides preventive healthcare to maintain and improve health, such as health guidance.

We are also actively involved in the mental healthcare of employees through stress checks, etc. In FY2022, 94.5% of our employees took a stress check and the comprehensive health risk was 82. These figures have remained at the same level since the Company started the stress check in 2017. In particular, the comprehensive health risk score has continued to be good and below the nationwide average of 100.

Health and Productivity Management Cycle of the Kajima Group

VOICE

The extended parenting leave period for good childcare

Daisuke Nagashima
Assistant Manager
Kaminokuni Second Wind Power Plant
Hokkaido Branch

In February 2022, I took a one-month parental leave when my second child was born. During my leave, I mainly took care of my first child. I was able to take leave without disrupting my work because I had a supportive workplace. As my wife and I had a baby in an unfamiliar place, I learned about my wife's hardships that continue day and night, such as feeding times, during my parental leave. It also helped to understand my children better. This experience has led to my continued work-life balance.

If you try, you can do it! Raising a child while working at a construction site

Ikumi Nakano
Assistant Manager
Kyukan Hakata Ekimae 3-chome Building (tentative building name)
Construction project office
Kyushu Branch

I took an 8-month maternity leave in 2021 and am now involved in construction management. During my pregnancy, I worked with my boss and colleagues to identify tasks that pregnant women could safely perform on site. After returning from maternity leave, I was able to adjust my work hours to accommodate childcare, and I could transfer my duties to my coworkers when my child was sick. Thanks to such support, I can continue working at construction sites which I love while raising my children.

Focus ■ **Investment in Human Capital** 1 New Facility for Practical Experience and Hands-on Training

Kajima Technical Center to Develop the Special Skills and Judgement Capabilities of Technical Employees at Construction Sites

Learning the Knowledge and Techniques that are Difficult to Gain through Hands-off Programs

To address the workforce shortage, Kajima is promoting various initiatives to improve employment, training and education, and productivity under the concepts of Collaborate, Develop, and Flexible. One example of this is the purpose-specific training facility established to enhance the development of the next-generation of human resources who will support the construction industry.

The Kajima Technical Center, which opened in April 2023, is a training facility for employees involved in building construction and equipment in Kajima Corporation and the Kajima Group. The center aims to help employees gain the skills needed to maintain and enhance construction quality and to inherit the spirit of Kajima, of valuing quality.

We face a difficulty when developing technical employees due to a characteristic of the construction industry of being one-of-a-kind production, which is behind the establishment of this training facility. You cannot learn the whole work of construction management in university lectures and must learn through hands-on experience, because the scale and usage of building, as well as the technologies used and construction method, will be different depending on the project.

However, if we only rely on OJT education, the techniques and expertise that can be learned will be different depending on the construction site to which employees are assigned.

Developing Judgement Capabilities at Construction Sites from the Concept of Feel & Think

Kajima opened the Kajima Technical Center as a hands-on training facility to help employees develop the ability to feel and think independently and make accurate decisions about diverse issues related to SEQDC (safety, environment, quality, delivery and cost) at construction sites under different conditions. The center is part of Kajima's human resources development program, which focuses on developing judgment capabilities in building construction engineers during the first 13 years of employment.

Development System for Building Construction Engineers (for the First 13 Years)

Number of years worked at Kajima	1–5 years	6–10 years	11–13 years
Position	•New employees •Staff	•Construction chief	•Deputy construction manager
Process of proficiency	Construction manager at general construction site		General manager at small construction site
Things to learn and do	• Experience basic construction sites (offices, housing complexes, small-scale construction, RN construction, RC, SRC, and S) • Acquire first-class national qualifications • Learn framework construction techniques • Learn equipment techniques related to waterproofness and framework Critical development period	• Experience small-scale / renewal work • Experience overseas assignment (selected employees) • Learn exterior work techniques • Learn M&E equipment systems • Experience the branch office administration department	• Experience medium-scale construction work • Experience construction sites with a small number of workers as a manager • Learn M&E equipment work techniques • Experience profit and loss management at construction sites
Training and education	Annual group education at the Head Office (such as introductory basics and construction management techniques) * Provided at the Kajima Technical Center		
	Education to gain the first-class architect qualification Basic education on safety and environment Onsite tour and training at a branch office, etc. Online courses (BIM education, safety and environment, and quality)	Training in the Kajima Technical Research Institute (selected attendees) Wholehearted construction training (cafeteria-style technical education)	Manager management training Employee safety and environment manager training




A training center where you can experience construction sites with all five senses

The facility features a training center where real structures are reproduced with various construction methods and technologies. The center is designed to help learners sharpen their five senses and learn with their body. Employees can experience the weight of materials and equipment, assemble scaffolds, rebars, and formworks, and find errors in RC mockups and steel frames for inspection.

Questions and new ideas from the workplace and equipment can be immediately discussed at the workshop space next to the training center. In this workshop space, various events are also organized, such as topic-specific workshops and lectures by employees dispatched from offices across Japan.

MESSAGE

We proactively support highly-motivated human resources who actively work to improve their skills.

Satoru Nakachi
Principal
Kajima Technical Center
Building Construction
Management Division

In the construction industry, the number of people involved is decreasing year by year, and the upper limit on overtime work is approaching. In this context, we need to improve labor productivity while improving safety and quality management accuracy at construction sites. We believe that companies need to change not only the provision of learning contents but also the way of learning.

To address these challenges, we have devised a training style that centers on "learning by noticing," which is the driving force behind learning. We also came up with the idea of using whole actual buildings as educational materials. We aimed to create a facility that can support active human resources who work to improve their skills.

The Kajima Technical Center, which was born as a result of these efforts, is a place where we can develop the awareness to be able to see the workplace, equipment, and site conditions carefully and to make accurate decisions in a timely manner and properly. In the future, we will continue to link the autonomous career formation of engineers who have realized growth on their own initiative to the further improvement of construction quality and productivity and the creation of new value. ▶Page 75

Opening Two Places for New Transformation

KX-LAB

In November 2020, we opened KX-LAB to develop the next generation of leaders under the concept of it being a place for independent growth through insight, learning, and practice. Here, mid-career employees and executives who will forge the future of Kajima come together and talk about diverse topics in the conference hall, lounge, cafeteria, and meeting rooms.

The concept is for it to be a place for independent growth through insight, learning, and practice.

KX-SQUARE

In May 2022, Kajima opened KX-SQUARE as a facility for communications that every employee can use regardless of their department or generation. KX-SQUARE consists of a multi-purpose space, satellite office, and relaxation space, and it is used as a place to find new possibilities where employees interact with each another on their own initiative.

DX Challenge Program for Interaction across Lines of Work at KX-SQUARE

Focus ■ **Investment in Human Capital** 2 Development of Skilled Workers

Continuously Developing Skilled Workers at Partner Companies — Kajima Partner College

Practical Programs Provided in Two Courses

It is essential to develop and secure human resources systematically based on a plan in cooperation with partner companies to continue to demonstrate high level construction capabilities and to ensure safety and quality in the future.

As one of the specific measures, Kajima opened the in-house training system "Kajima Partner College" in cooperation with the Kajima Business Partners' Association ▶Page 89 in April 2021. The college offers two courses: the technical course to develop future Kajima Meisters and the management course to develop executive candidates. The college aims to develop human resources with leadership skills and a broad vision to see the big picture of construction projects and the construction industry as a whole, as well as master their own job type and the construction project of which they are in charge.

In the management course, attendees are coached by employees who are familiar with each field, including at our state-of-the-art construction sites, and they attend a wide range of lectures and practical training, from construction in general to management and liberal arts at partner universities or educational institutes.

A total of 34 people completed the predefined training and graduated from either the technical course or management course in the 2 years up until FY2022.

	Technical Course – To develop future Kajima Meisters	Management Course – To develop future management executives
Eligible persons	For Kajima Meister candidates • In principle, members of the Kajima Business Partners' Association (members of Rokueikai and secondary subcontracting partner companies with exclusive agreements are also eligible) • A company employee for at least 3 years and under 36 years old (in principle) • CCUS* skilled worker registered individuals (mandatory)	For executive management candidates • Member of Kajima Business Partners' Association (primary subcontracting partner companies only) • A company employee for at least 3 years and under 41 years old (in principle) • CCUS* skilled worker registered individuals (mandatory)
Overview	Attend short-term and one-off training including classroom lectures and practical classes organized by branch offices while working at construction sites and aim to acquire predefined credits within three years. This course has been well received by both trainees and their company owners and education managers, as it "leads to the enhancement of technological skills, safety management, leadership, and other capabilities as well as improving operations."	Managerial track candidates will work just like employees of Kajima at branches and state-of-the-art construction sites for two years in principle, and attend lectures and practical training on construction management, business, and liberal arts at the Head Office and partner educational institutes.

* The Construction Career Up System (CCUS) is an industry-wide registration system and database for skilled construction workers that tracks qualifications, social insurance enrollment status, on-site work histories, and other information. It is a registered trademark of the Fund for Construction Industry Promotion.

Promoting Support to Enhance the Productivity of Partner Companies and to Improve the Working Conditions of Skilled Workers

Kajima has operated the Incentive System for Activities to Strengthen Productivity for members of the Kajima Business Partners' Association since FY2021. Through this system, we subsidize the costs of initiatives that help to strengthen productivity. We share subsidized activities as model cases with partner companies.

To improve working conditions for skilled workers, we operate the Kajima Meister System, which is a registration and direct financial incentive system for outstanding forepersons that offers incentives that are among the highest in the construction industry, and the New E Award, which is an incentive system for outstanding skilled workers. For the New E Award, we have established a youth quota (as a temporary measure from FY2021 to FY2023) in which we prioritize the selection of skilled workers under the age of 40.

Registration and Direct Financial Incentive System for Outstanding Forepersons (Kajima Meister System)	
Supermeister Approx. 100 Supermeisters certified from among the Meisters (FY2023: 140 people) Per-day incentive of ¥4,000	Meister Approx. 500 Meisters (FY2023: 410 people) Per-day incentive of ¥2,000

Incentive System for Outstanding Skilled Workers (New E Award)
Approx. 400 people each year (Quota increased from FY2021 to FY2023 to include youth quota; FY2023: 768 people) Per-year incentive of ¥100,000

Accelerating Work-Style Reforms to Realize an Appealing Construction Industry

Productivity Improvements Using ICT

Construction sites characterized by one-of-a-kind production face the issue of the difficulty of streamlining uniform operations because employees in charge of construction management perform many different tasks at the same time under various conditions and environment.

To solve this issue, we have established the Work-Style Reforms Promotion Committee chaired by the President to further enhance activities to reduce working hours and to implement productivity improvement measures across the Company.

For example, in the area of Operation DX ▶Page 69, whose expansion is being accelerated by the Digital Strategy Office under the direct control of the President, we visualize expertise and knowledge related to construction that we have accumulated over time through digitalization and standardization using ICT tools to reduce time employees spend in planning and considering various construction projects.

Furthermore, we are reducing employee workloads through outsourcing general-purpose operations, such as by establishing One Team Inc., a company dedicated to construction site support to assist with the inspection and establishment of IT infrastructure at construction sites.

Initiatives for a Five-Day Work Week

As the entire construction industry will be required to comply with the overtime work limit regulations starting in the FY2024, it is essential to achieve a five-day workweek at construction sites (closing sites for 104 days annually). In addition, to attract more young workers, it is also required to improve working conditions to make it easier for employees to take leave.

In FY2022, the implementation rate of a five-day work week at our construction sites was 32%, remaining the same level as the previous year, due to causes such as busy periods associated with high construction demand and construction periods requested by clients.

To enhance the effectiveness of work-style reforms at construction sites, including those of partner companies, we need not only the self-help efforts of the construction companies, but also the understanding of clients. To this end, Kajima uses a brochure to promote the understanding of clients about the construction industry's situation and the importance of work-style reforms.

Kajima will also work with partner companies to improve productivity and maintain a strong production base, while seeking the understanding of clients, designers, and other parties with the sustainable development of the construction industry in mind.

Work-Style Reforms in Smart Construction Project Offices

The Omiya Sakuragicho 1-chome Project (tentative name) is a model construction site of the Kajima Smart Future Vision and a smart construction project office equipped with various functions that utilize IT. We have realized remote monitoring through construction site information projection using a triple multi projector and a communication environment that connects construction sites and office employees through a large screen, which is rarely used in construction site offices, as proposed by the Digital Strategy Office. In addition, operations are automated with RPA (robotic process automation) and documentation, including drawings, are paperless in this office. We have realized both productivity improvements and work-style reforms.

Reducing the travel time between construction sites and offices using digital tools

Sustainability Promotion System

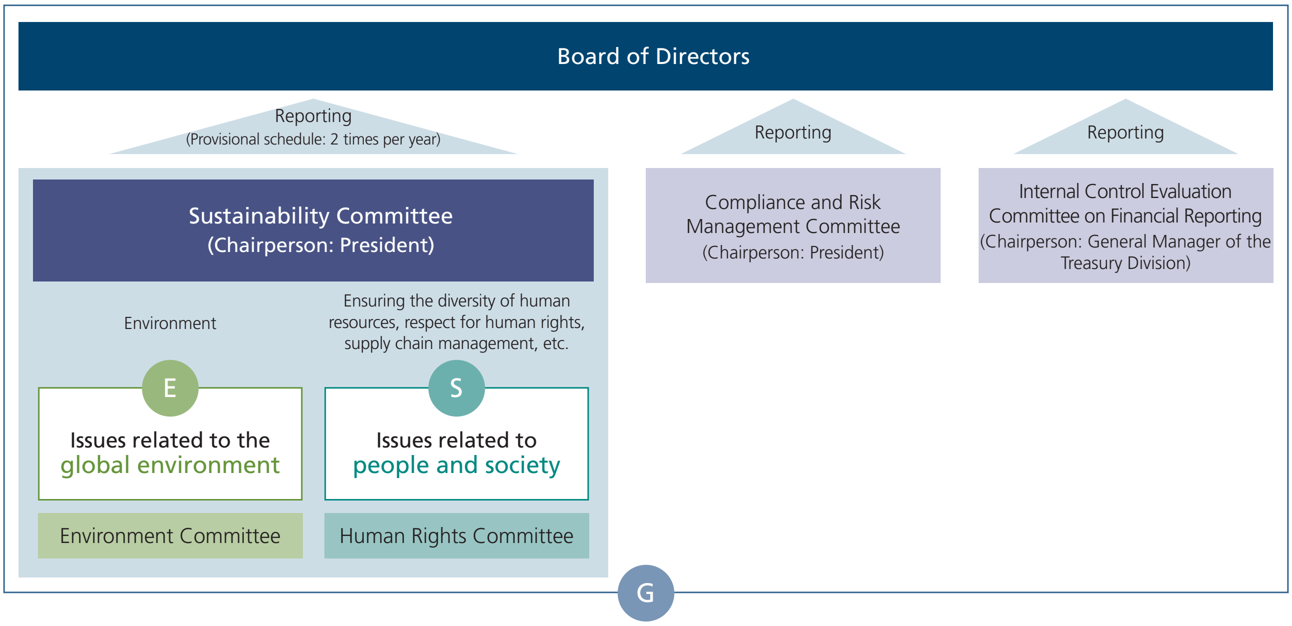
Sustainability Committee

Kajima has established the Sustainability Committee with the aim of increasing the Group-wide commitment to ESG management and improving corporate value.

The Sustainability Committee is chaired by the President, and its members include relevant executive officers. The Committee is responsible for considering and making decisions on sustainability policies covering fields such as the environment (E), ensuring the diversity of human resources, respect for human rights, and supply chain management (S), as well as monitoring their implementation, and it regularly reports to the Board of Directors (G). Based on the Sustainability Committee's discussions, we are working to further promote ESG management through cooperation within the Company, as well as with subsidiaries and affiliates in Japan and overseas.

For the management of sustainability-related risks and other risks, the Compliance and Risk Management Committee, which is chaired by the President, encompasses and verifies every risk and promotes activities according to their importance. ▶Page 103

Promotion Structure



Number of Meetings and Main Themes in FY2022

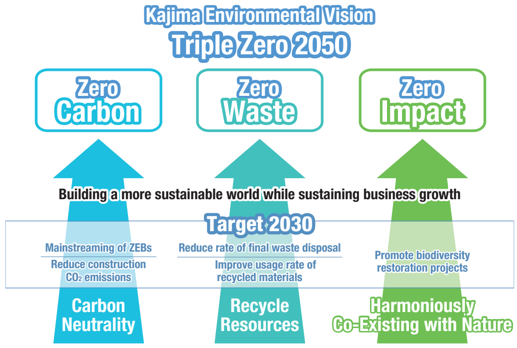
Number of meetings: 4   Number of reports to the Board of Directors: 2

Typical Themes in FY2022

Topic	Description
Carbon Neutrality	• Review of the CO_2 reduction goal to acquire SBT certification • Determination of FY2023 reduction policies in light of actual CO_2 emissions in FY2022 (identification of construction projects subject to priority measures, suppression of emissions, and goal setting by branch office) • Consideration to introduce internal carbon pricing in domestic construction projects
Human Capital and Diversity	• Setting of goals for the ratio of female employees on the managerial track in total employment, the ratio of male employees who take extended parenting leave and leave for childcare purposes, etc. • Checking the progress of initiatives to achieve the goals
Ensuring Workers (Skilled Construction Workers)	• Checking the progress and policy for future initiatives to ensure workers and to maintain and enhance the supply chain (such as the operations of Kajima Partner College and promoting the spread of the Construction Career Up System (CCUS)) • Checking the progress and policy for future initiatives to promote the multilayered subcontracting structure reforms and closing sites for 8 days out of every four-week period (closing sites for 104 days each year)

Kajima Environmental Vision: Triple Zero 2050

In June 2023, we partly revised the carbon neutrality targets in the Kajima Environmental Vision: Triple Zero 2050. To realize carbon neutrality (in Scopes 1, 2, and 3) in 2050, we set the goal of reducing CO_2 emissions from the whole Group in FY2030 by 42% compared to FY2021 in Scopes 1 and 2. (The goal in Scope 3 remains unchanged.)



Kajima Environmental Vision: Triple Zero 2050 (Formulated in 2013; revised in June 2023)

	Social Goals	Triple Zero 2050	Target 2030
Achieving a More Sustainable World	Carbon Neutrality A society that balances greenhouse gas emissions from human activities with the Earth's capacity for CO_2 absorption	Zero Carbon We are aiming to achieve **carbon neutrality** for the Kajima Group's greenhouse gas emissions (Scope 1, 2 and 3 emissions).	**[Group-wide]** Reduce Group-wide greenhouse gas emissions (Scope 1 and 2 emissions) per unit of sales by **42% or more** compared to FY2021 (equivalent to a 42% reduction of total emissions with a fixed construction amount). Reduce Scope 3 emissions (classed as Category 1 during construction material production and Category 11 during building operations) by **25% or more**. **[Architectural Design]** Implement ZEB/ZEH levels for all building construction projects starting in or after FY2030 Note: The target for contracts for construction projects starting in or after FY2025 is for at least 50% to meet ZEB/ZEH levels.
	Recycle Resources A society that pursues zero emissions by employing state-of-the-art infrastructure maintained and operated using sustainable resources	Zero Waste We are aiming to eliminate waste from construction operations by ensuring zero final waste disposal during construction, utilizing sustainable materials, and making buildings last longer.	• Completely eliminate final waste disposal from construction operations • Achieve a usage rate of recycled materials of at least 60% for principal construction materials (steel, cement, ready-mixed concrete, crushed stone and asphalt)
	Natural Symbiosis Society A society that values the continuous benefits of ecosystem services by minimizing the impact of human activities on the environment and living creatures	Zero Impact We are aiming to minimize the overall environmental impact of construction operations by limiting their effect on nature and living creatures while promoting the restoration of biodiversity and new ways to make use of its benefits.	• Promote biodiversity restoration projects • Build a portfolio of effective projects and make them hubs for biodiversity-related networking
		Management of hazardous substances: Thoroughly implement preventative measures (especially for soil contamination and asbestos)	
	Common Foundation Initiative Areas	• Conduct technology development • Actively distribute information in and outside the Company	

Summary of Environmental Activities for FY2022

The environmental activities of Kajima Corporation (non-consolidated) are managed with three-year goals (FY2021 to FY2023) and fiscal year goals. In FY2022, the CO_2 emissions per unit of sales during construction increased by 14.9% against the goal of a 3.5% reduction compared to FY2021. One of the factors behind the rise was that we had undergone processes with high CO_2 emissions in large-scale construction projects. For resource recycling, the final waste disposal rate including sludge was 2.7% compared to the goal of less than 3%. There were no environmental problems affecting the natural environment.

▶ For details, see Environmental Data 2023.
https://www.kajima.co.jp/english/sustainability/data/pdf/data_report2023.pdf

Acquiring SBT Certification

In July 2023, the CO_2 emissions reduction goal in FY2030 of the Kajima Group was certified as a 1.5°C standard of SBT (Science Based Targets).

Kajima's Environmental Management Systems

Kajima operates environmental management systems (EMS) that are ISO 14001 compliant. The Environment Committee implements initiatives in five sectors; civil engineering, building construction, environmental engineering, engineering, and research and development. The subcommittees and working groups, including for environmental management, construction environments, resource recycling, and harmonious co-existence, are organized to address cross-sector issues.

Zero Carbon | Aim to Reduce CO_2 Emissions from the Whole Supply Chain by 25% with M+3R

A large amount of CO_2 is emitted throughout the lifecycles of buildings. The fuel of heavy machinery and electricity used at construction sites also emit CO_2, in addition to the large CO_2 emissions during the production of construction materials such as concrete and iron. Buildings are used for a long time after they are delivered to customers, during which time a large amount of CO_2 is again emitted. The emissions for which we are directly responsible as a construction company and to which we can easily reflect reduction efforts are the CO_2 emitted during construction (Scopes 1 and 2), but the CO_2 emissions in these scopes only account for 2 to 3% of lifecycle emissions.

On the other hand, carbon neutrality during operations is a big issue for building owners because CO_2 emissions during a building's operations are their responsibility and the emission period is long.

Kajima has set the goal of reducing CO_2 emissions by 25% of FY2021 by FY2030, including emissions in Scope 3, during construction material production and building operations. Specifically, we are promoting reductions, for example by developing low-carbon construction materials and proposing thorough energy-saving buildings such as ZEB. In addition, we have internally set up a cross-departmental organization named the Carbon Neutrality Task Force that makes proposals combining the four carbon neutrality methods of M+3R (Monitor, Reduce, Replace, and Remove) in a comprehensive way with the aim of achieving carbon neutrality across the whole construction supply chain.

M+3R, the four carbon neutrality methods that achieve carbon neutrality

	Monitor	Reduce	Replace	Remove
Scope 3 (Supply chain upstream) During construction material production, and more	• Platform to calculate CO_2 emissions during concrete production and transportation • Calculation of CO_2 emissions from construction materials in individual construction projects	• More efficient construction site logistics	• Wood-frame, mass-timber construction materials • Eco-friendly concrete • Development and procurement of low-carbon materials	• CO_2-absorbing concrete CO_2-SUICOM
Scopes 1 and 2 Construction and real estate development projects, and more	• Calculation of CO_2 emissions during design and estimation • Planning and tracking of CO_2 emissions edes and Genba de Eco	• Optimal design • Reduction in CO_2 emissions during construction • Optimization of construction machinery operations • Low-carbon soil remediation construction method • Low-carbon demolition construction method • Thorough materials recycling	• Achievement of carbon neutrality in construction machinery Motorization and alternative fuel to diesel oil • Use of green electricity	• Carbon-zero construction Combination of technologies to reduce CO_2 emissions and carbon offsets to achieve virtually zero CO_2 emissions • Creation of carbon credits from Group-owned forests
Scope 3 (Supply chain downstream) During building operations, and more	• Tracking of energy used for building operations Kajima Smart BM and Ene-Viz for predicting energy consumption, etc. with AI	• ZEB/ZEH and energy-saving design • Optimization of building management and operation	• External procurement of renewable energy • Renewable energy generation business • Onsite energy generation and storage	• Carbon offset support • Blue carbon Restoration and conservation of large seaweeds, creation of carbon offset credits

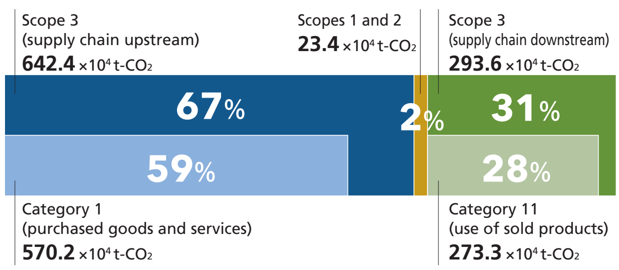
Development of CO_2 Emissions Calculation System During Construction Material Production, Construction, and Building Operations

Monitor

It is important to first ascertain the status of CO_2 emissions in order to reduce them efficiently. Kajima tracks energy usage during construction by using an internally developed environmental data evaluation system (edes). We have also developed a system to calculate CO_2 during construction material production and have started a trial run. In addition, we publish the indirect reductions in CO_2 emissions from the contributions of energy-saving designs for buildings designed by us.

Supply Chain CO_2 Emissions in FY2022

Non-consolidated: Total of 959.5 ×10⁴ t-CO_2 (Entire group: Total of 1,605.2 ×10⁴ t-CO_2)



* Life cycle after delivery is calculated at 30 years. For the 60 -year period, 546.6 ×10⁴ t-CO_2 for the non-consolidated.

Accelerating Reduction in CO_2 Emissions from Our Business through Internal Carbon Pricing

Reduce

We have set goals for each branch office that reflect their construction details and processes to reduce CO_2 emissions during construction. Since FY2023, we have assisted introductions of alternative fuel to diesel oil and low-carbon heavy machinery that cost more than conventional fuel and machinery by evaluating the CO_2 reduction amount using a fuel and certain unit price.

Developing Low-Carbon Concrete That Leads to Carbon Neutrality of Construction Materials

Replace

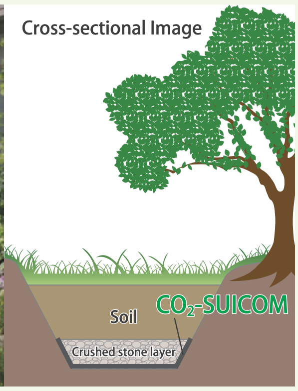
The construction material used the most in the construction industry is concrete, and a large amount of CO_2 is emitted during its production. Kajima has developed various types of low-carbon concrete that reduces CO_2 emissions by replacing part of the cement with blast furnace slag, which is an industrial by-product, and we use one of them according to application conditions.

Adopting Carbon-Negative CO_2-SUICOM in the Kajima Technical Center

Remove

CO_2-SUICOM is the ultimate environmentally friendly concrete that emits less than zero net CO_2 emissions by absorbing and fixing CO_2 during the concrete solidification process. The amount of CO_2 absorbed and fixed by 1 m^3 of CO_2-SUICOM is equivalent to the CO_2 absorbed by a 20-m high cedar tree in one year.

In addition, while ordinary concrete is highly alkaline with a pH of 12-13, CO_2-SUICOM is characterized by its plant-friendly characteristics, as it has a near-neutral pH and does not raise soil pH during the carbonation curing process. Taking advantage of this feature, CO_2-SUICOM was used for the bottom and side panels of the exterior greenery at the Kajima Technical Center ▶Page 77 completed in 2022. This is a new application and is expected to spread and develop in the future.

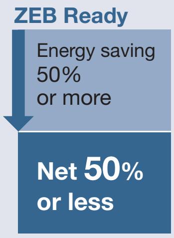


Adopted CO_2-SUICOM for the bottom and side panels of the exterior greenery system, DEW Rain Garden

Toward the Promotion and Expansion of ZEB

Reduce

Kajima proposes the Zero Energy Building (ZEB) concept to reduce energy during building operations, which is when a large amount of CO_2 is emitted for the longest period in the lifecycles of buildings. Mita S-Garden (Minato-ku, Tokyo), which was designed and constructed by Kajima and completed in November 2022, acquired the ZEB Ready certification by approximately halving primary energy consumption compared to standard office buildings. We save energy, for example, by introducing LED lighting and monitor sensors, installing highly efficient outdoor units, and normalizing lighting intensity. This building became a model case for the acquisition of ZEB certification in medium-scale tenant buildings in the center of Tokyo.



Mita S-Garden

Joint Development of FR Wood, a Laminated Pure-Wood, Fire-Resistant Structural Lumber

Replace

Wood materials are construction materials that contribute significantly to carbon neutrality because they keep carbon fixated with them when they are changed from standing timber to wooden parts. Kajima has jointly developed* FR Wood, a laminated pure-wood, fire-resistant structural lumber made of cedar material in Japan to promote the use of thinned wood. In March 2023, we completed the Jutec headquarters building (Minato-ku, Tokyo), an eight-story above-ground office building that uses this FR Wood as a structural material.

* Joint development with Tokyo University of Agriculture and Technology, Forestry and Forest Products Research Institute, and T.E. Consulting Inc.

Use of Group-Owned Forests

Remove

The Kajima Group owns forests covering 5,500 hectares across Japan. Lumber from Group-owned forests is used as a construction material in Group-owned facilities, such as an interior material for the Kajima Technical Center.

In addition, we perform sustainable forest management using the multidimensional values of forests, including by creating carbon credits through appropriate forest operation and management.

Zero Waste | Initiatives for a Circular Economy

Although the construction industry emits a large amount of waste from construction sites, Kajima thoroughly separates and manages waste to recycle as much waste as possible and properly treats waste that is difficult to recycle to reduce the final disposal rate to 2.7%.

In addition, Kajima publishes data such as the generation amount and recycle rate of waste plastic as an operator that emits a large amount of industrial waste of plastic products, and it promotes high-quality recycling by separating PVC pipes and other items. In addition to the systematic collection and recycling of used helmets and work clothes, we have also started collecting and recycling plastic badges since FY2021.

▶ See Environmental Data 2023 for more details.
https://www.kajima.co.jp/english/sustainability/data/pdf/data_report2023.pdf

Zero Impact | For the Restoration and Reclamation of Nature

At Kajima, we aim to minimize the overall environmental impact of construction operations by reducing their effect on nature and living creatures while promoting the restoration of biodiversity and new ways to make use of its benefits.

Acquiring J Blue Credit

The activity to create seaweed beds by the Hayama Eelgrass Council, of which Kajima is a member, acquired the J Blue Credit* in February 2023. Carbon credits were generated for a total of 46.6 t-CO_2/year (equivalent to 3,300 cedar trees) absorbed by the beds for wakame seaweed and sea trumpet using Kajima's seaweed bed regeneration technology and seaweed cultivation. The 31st Global Environment Award by the Fujisankei Communications Group was granted to these technologies in March 2023.

* Distinct carbon credit that the Japan Blue Economy Association (JBE) certifies, issues, and manages in light of a review by and opinions of a third-party committee independent of the JBE

Acquiring the (Ranked as) Accreditation in the OECM Project of the Ministry of the Environment

At a harmonious co-existence site (a zone where biodiversity is conserved by private initiatives, etc.), demonstration project that the Ministry of the Environment conducted in 2022 to achieve the 30 by 30 global target to conserve at least 30% of the Earth's land and oceans, one of our Group-owned forests, Hikageyama and Bonari forest (Fukushima Prefecture, 111.2 hectares), was certified to be ranked as accredited. We are preparing for official accreditation in cooperation with Fukushima University in FY2023.

We not only conserve Group-owned forests to contribute positively to nature to stop the loss of biodiversity and restore it, but we also use our biodiversity maintenance expertise obtained through this initiative to manage customers' land.

Starting Consideration According to the TNFD (Taskforce on Nature-related Finance Disclosures) Framework

Kajima has trialed the identification and evaluation of nature-related risks and opportunities in the direct operations of the construction and real estate development businesses and the supply chain of cement, which is the main construction material, according to the β version of the TNFD framework (v0.4).

Although we confirmed that the environment management framework works effectively to control direct operation risks during construction, the result showed that risk management using indices needs to be improved for risks associated with the supply chain of cement. On the other hand, we confirmed that the development of ecosystem regeneration technologies and alternative products of cement is effective in terms of opportunities.

In the future also, we will set strategies and goals related to natural capital and take other initiatives in light of social demands, such as nature positivity.

Identified Risks and Opportunities

		Risks and opportunities	Countermeasures
Natural risks	Direct Business	Damage to the ecosystem caused by construction	• Thorough environment management during construction
	Supply Chain	Damage to the ecosystem caused by resource mining	• Engagement with mining companies (such as cooperation for ecosystem regeneration)
Transition risks	Supply Chain	Decrease in the supply amount and cost increase due to more stringent mining restrictions	• Distribution of suppliers that comply with mining restrictions • Development and deployment of alternative products to cement
		Accused of causing damage to the ecosystem at resource mines (reputation damage)	• Engagement with mining companies (such as cooperation for ecosystem regeneration)
Physical risks	Supply Chain	Occurrence of disasters due to mining (such as landslides) and decrease in the supply amount	• Distribution of suppliers • Cooperation for disaster recovery
Opportunities	Direct Business	Expansion of ecosystem regeneration and mitigation markets	• Development and deployment of ecosystem regeneration technologies
	Supply Chain	Cement saving technologies to address the decrease in the supply amount	• Development and deployment of alternative products to cement

* The supply chain analysis was only conduced for cement materials.

Disclosure of Climate Change-Related Information (Disclosure in line with the TCFD Recommendations)

Kajima recognizes that addressing environmental issues including climate change is a key management issue and includes "providing technologies and services for disaster preparedness that support safety and security" and "contributing to society's transition to a carbon-free footprint" among its material issues. Having expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2019, we have been establishing a governance structure to manage the issue of climate change, which is a major risk factor for the Group.

Furthermore, we have identified risks and opportunities associated with climate change, clarified their impacts, and strengthened our efforts by setting targets.

▶ For more information on the TCFD, see the following page.
https://www.kajima.co.jp/english/sustainability/environment/tcfd/index.html

Governance Measures	Important policies and measures related to the environment, including responses to climate change, are discussed and decided on by the Sustainability Committee, which is chaired by the President. The committee reports the details of those discussions and other information regularly (about twice a year) to the Board of Directors, which then discusses and makes decisions on particularly important policies. In addition, in order to ensure substantial discussions and flexible follow-ups, the Environment Committee has been established as a special-purpose subcommittee under the Sustainability Committee, and it is comprised of the heads of business divisions and the general managers of related departments as its members. Under the Medium-Term Business Plan (FY2021–2023), carbon neutrality measures are positioned as a priority initiative, and as such their implementation has been incorporated into each department's business plan. Moreover, the Sustainability Committee and the Environment Committee will continue to work across the PDCA cycle, which will lead to further improvements and new initiatives.
Strategy	The construction industry uses materials that conventionally emit a large amount of greenhouse gases during manufacture, such as cement and steel, while the long operating lives of buildings and structures have a significant impact on the greenhouse gas emissions of clients. Accordingly, we have identified public policies related to carbon pricing and carbon emissions, zero energy buildings (ZEB) and renewable energy-related construction markets, and low-carbon construction technologies as highly relevant transition risks and opportunities. Due to the social mission of the construction industry, which includes contributing to disaster prevention and mitigation, as well as the frequent outdoor work characteristic of the industry, we have identified the impact of changing weather patterns, the intensification of extreme weather events, the effect of rising temperatures on labor productivity, and the corresponding labor legislation as physical risks and opportunities. In March 2021, Kajima revised the setting of the 2°C scenario to a 1.5°C scenario and estimated the impact on domestic construction projects in FY2030.
Risk Management	The Office of Global Environment of the Environmental Engineering Division, which serves as the secretariat for the Environment Committee, leads cross-organizational assessments of environmental impact by the Environmental Management Subcommittee and other relevant internal departments. Lastly, the Environment Committee deliberates on and determines risks and opportunities. All operational risks, including climate change-related risks, are assessed by the Compliance and Risk Management Committee, which is chaired by the President and reports to the Board of Directors twice a year. In addition, Kajima is working to further improve its disaster preparedness and business continuity capabilities through means such as practical BCP drills for torrential rain and other scenarios.
Indicators and Targets	In 2013, Kajima formulated and announced the Kajima Environmental Vision: Triple Zero 2050 as the basis for its environmental initiatives. At the same time, Kajima is implementing activities under Target 2030, which sets specific quantitative milestones for FY2030. In 2023, Kajima revised its CO_2 emissions reduction targets and is now aiming to reduce the amount of CO_2 emitted during construction (Scopes 1 and 2) by 42% compared to FY2021 by FY2030 and to achieve total elimination (carbon neutrality) by FY2050. Kajima manages its environmental activities by assessing climate change-related risks and opportunities and reviewing indicators and targets every three years based on this environmental vision. The period for environmental targets is synchronized with the Medium-Term Business Plan. Kajima thus aims to increase its corporate value and help to solve environmental issues in an integrated manner.

Risks, Opportunities, and Countermeasures

+: Positive impact on profit and loss
–: Negative impact on profit and loss

Category		Risks and opportunities	Impact on FY2030 profit and loss: 1.5°C scenario	Impact on FY2030 profit and loss: 4°C scenario	Countermeasures
Transition risks	Policy	Increase in costs due to carbon tax	– – –		(1) Promotion of activities to reduce CO_2 emissions during construction ▶edes ▶Page 83 (2) Development and introduction of low-carbon construction materials ▶CO_2-SUICOM ▶Page 84 (3) Securing of renewable electricity supplies
		Contraction of construction market due to higher taxes	–		
		Restrictions on business based on CO_2 emission allowances	–		
	Markets	Change in the energy mix (reduction of fossil fuels)	–		(1) Selection of focus fields based on the energy mix (2) Development of design and construction technologies for renewable energy facilities ▶ Offshore wind power generation facilities ▶Page 41
		Increase in demand for renewable energy	+ +	+ +	
		Expansion of ZEB market	+ +	+	(3) Pursuing ZEB business feasibility and comfort ▶ ZEB ▶Page 84
Physical risks	Chronic	Effects of rising temperatures on working conditions	–	– –	(1) Development of labor-saving construction technologies ▶ A^{4}CSEL ▶Page 71
	Acute	Disaster prevention and mitigation, and national resilience	+ +	+ +	(1) Promotion of technological developments related to disaster prevention and mitigation, and BCP (2) Development and application of hazard maps that leverage proprietary knowledge (3) Construction work that contributes to national resilience and the resilience of buildings and structures
		Relocation from disaster risk areas		– +	

Quality Vision

Kajima's quality policy is to provide construction and services that satisfy clients, from marketing to follow-up services, enabling them to place orders with a sense of reassurance and trust.

Societal demand for ensuring good quality has increased year by year due to the revisions to the relevant laws, such as the Civil Code and the Construction Business Act, as well as the diversification of customers' requirements and the higher level of demanded standards.

We properly address requirements and other requests from customers and thoroughly repeat the PDCA process to ensure and improve product quality.

We also improve both quality and productivity and operational efficiency by advancing technological developments and improvement activities.

Initiatives for Quality Assurance

Quality assurance is essential for our construction activities, along with safety, health, and environmental protection. Each division establishes and improves management systems to comply with relevant laws and regulations. We strive to conduct efficient construction activities that earn the trust of clients and society. We have maintained and improved quality by providing continuous quality education ▶Page 77 for engineers and promoting digitalization, including BIM. ▶Page 69

Civil Engineering

For civil engineering work, we have defined a quality control system based on ISO standards in the Civil Engineering Work Manual, Civil Engineering Work Management Procedure, and Construction Plan Creation Procedure. We control quality according to the system, clarify problems and preventive measures in the construction plan, and perform follow-ups through appropriate construction site management and periodic internal inspections. We improve and reform processes as needed.

Building Construction

In our building business, we have defined the KTMS (Kenchiku koji (building construction) Total Management System) as a unique quality control method based on ISO standards, and we control quality according to this system.

For design and construction projects, the design and construction departments work together to assure building quality. In the design phase, the DR (design review) and drawing check processes are strictly operated and managed based on the KTMS. Design and construction risk management is progressed for early solutions through cooperation with the construction department in the early phase (front loading) and information feedback after construction. In addition, construction supervision operations are conducted to confirm that the construction is conducted according to the design documentation and assure quality.

For building construction, we create documentation such as working drawings and plans based on the KTMS guidelines, clarify important management points, and manage production processes to build quality. We also provide an organizational quality control method in the KTMS Basic Operation Procedure. The branch office administration department conducts and follows up the periodic internal inspection, in addition to the daily quality control at construction sites. Furthermore, the administration department in the Head Office conducts a strict audit to confirm that quality is controlled based on the KTMS and improves processes at branch offices and construction sites if it finds a problem.

Overseas Operations

For overseas construction, we deploy and operate the overseas version of the KTMS. Through specialized committees such as the Overseas Building Construction Project Review Committee, we strive to anticipate and prevent quality risks and take follow-up actions against the risks. We are establishing a system linked with overseas subsidiaries so that the Head Office can check quality control records and other data in a timely fashion if quality problems occur.

Action in Case of Quality Problem

Preventing quality problems, we hold construction reviews before groundbreaking and have a rigorous reporting system in place to notify branch office and Head Office immediately of quality incidents. We identify root cause and take measures to prevent problems from spreading across the Group. We also prevent recurrence by sharing information and providing training using quality incident cases.

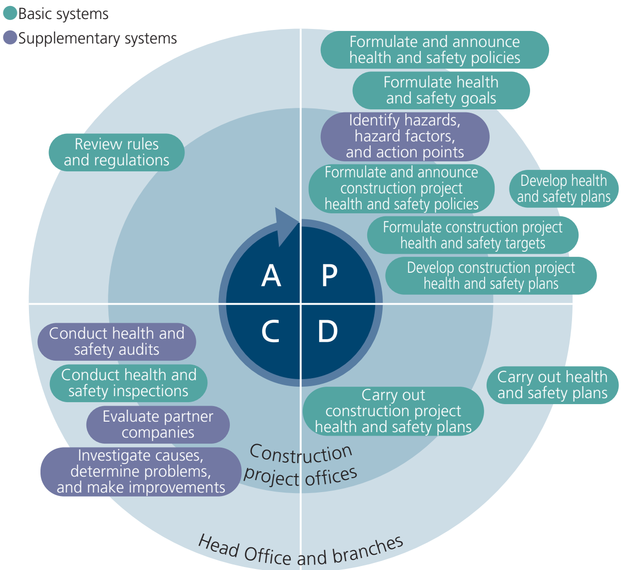
Occupational Safety and Health

Framework for Ensuring Safety and Results in FY2022

Kajima implements safety and health management in conformance with the Construction Occupational Health and Safety Management System (COHSMS).

We review our safety and health policies as necessary based on the performance and circumstances of the previous fiscal year, and then formulate Company-wide safety and health targets and plans for the current fiscal year. Starting from the Company-wide policies formulated through the PDCA (plan, do, check, and action) cycle, we narrow down the range of issues to determine the priority items to be implemented at individual construction project offices, as well as those for the Head Office, branches and partner companies supporting them. We then use these priority items to be implemented as the foundation for establishing construction safety and health policies, targets, and plans for each construction site, and we share them with our partner companies carrying out the construction work.

In FY2022, there were 61 occupational accidents (lost work time of 4 or more days) at Kajima construction sites in Japan. The frequency rate of accidents resulting in lost work time of four or more days was 0.67, and the rate for accidents resulting in lost work time of one or more days was 1.34, resulting in a severity rate of 0.02. There were no accidents involving fatalities.



Safety Performance

(FY)

		2020	2021	2022
Accident frequency rate	Lost work time of 4 or more days	0.61	0.65	0.67
	Lost work time of 1 or more days	1.13	1.21	1.34
Accident severity rate		0.20	0.22	0.02
No. of accidents		52	55	61
Cumulative working hours	(millions of hours)	84.80	85.11	91.28
No. of fatalities	Non-consolidated (domestic)	2	2	0
	Non-consolidated (overseas)	0	0	0
	Domestic Group companies*1	0	0	0
	Overseas Group companies*1	0 (1)*2	0 (0)*2	1 (0)*2

- Accident frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours
- Accident severity rate: The severity of illnesses and injuries represented by the number of workdays lost per one thousand cumulative working hours
  Note: Calculations include partner company workers.

*1 Subsidiaries involved in construction
*2 Figures in parentheses indicate the number of fatal accidents for which the local authorities did not hold the Group responsible.

Improving Safety and Hazard Awareness

In recent years, more safety equipment than ever before has been installed at construction sites. Now that construction workers experience fewer incidents and occupational accidents, their risk sensitivity, that is their sense of danger, is said to be lower. It is important to raise this sensitivity.

Kajima holds safety dialogues in which employees of Kajima Corporation, forepersons of partner companies, and other workers gather to talk about safety only, based on real cases involving past accidents at construction sites, and we also provide accident simulation training that fosters an understanding of what happens when an accident occurs to improve safety awareness and risk sensitivity.


Impact experience training for falls

Preventing Occupational Accidents through Risk Assessment

Kajima conducts risk assessments to identify dangers and harms that could cause occupational accidents or diseases, estimates and evaluates the scale of these risks, and considers the needs and details of risk reduction measures.

Specifically, we examine disaster risks depending on the progress of the construction process in light of its particular circumstances, such as past disaster cases during similar types of construction, items pointed out during safety and health patrols, and construction conditions at the construction site. At each construction site, we make sure to conduct a risk assessment during the hazard prediction activity in which all workers participate when planning the construction, creating the construction procedure, and starting work. Kajima and partner companies work together to set up safe work environments to reduce occupational accidents.

At overseas construction sites, we conduct activities to strengthen safety management, such as holding the disaster prevention conference every six months (mainly for local subsidiaries in Asia), with the purpose of further raising and harmonizing safety management standards.

Human Rights

Kajima Group Human Rights Policy

In March 2021, we formulated the Kajima Group Human Rights Policy based on the UN Guiding Principles on Business and Human Rights to clarify our approach to respecting human rights. This policy applies to all the officers and employees of the Kajima Group. We also expect our business partners making up our global supply chain to understand and support this policy.

In the construction industry, construction activities are conducted on various lands with the help of many specialized construction companies (partner companies) according to customers' requests. We recognize that the construction industry is characterized by this regionality and wide scope and that it is important to respect the human rights of a wide range of stakeholders, including not just our employees but also local residents, partner companies, and skilled workers.

Human Rights Due Diligence

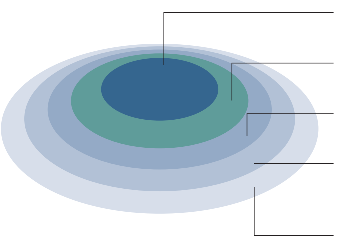
We undertook human rights due diligence in FY2021 and examined and identified serious potential issues in the Kajima Group from the perspectives of "internal structures and systems" and "individual issues" related to respect for human rights up to the end of FY2022. We conducted a self-assessment of Kajima Corporation and a risk analysis of domestic and overseas Group companies based on the results of the above activities in FY2023. In the future, we will reduce, avoid and mitigate the identified human rights risks.

In addition, the Japanese government is currently considering reviewing the Technical Intern Training Program, etc. After the revision of the system, we will not only continue to comply with laws but also work with partner companies to ensure appropriate working conditions for foreign human resources.

Supply Chain Management

Working with Partner Companies

Kajima's partner companies have formed the Kajima Business Partners' Association, which engages in various projects in the spirit of mutual aid, and also Rokueikai, whose primary purpose is accident prevention activities. By coming together with partner companies through these organizations, Kajima is forming strong partnerships that will ensure safety and quality, and provide other benefits.



Opinion exchanges with partner companies

Kajima Group Conduct Guidelines for Business Partners

Details of the Guidelines

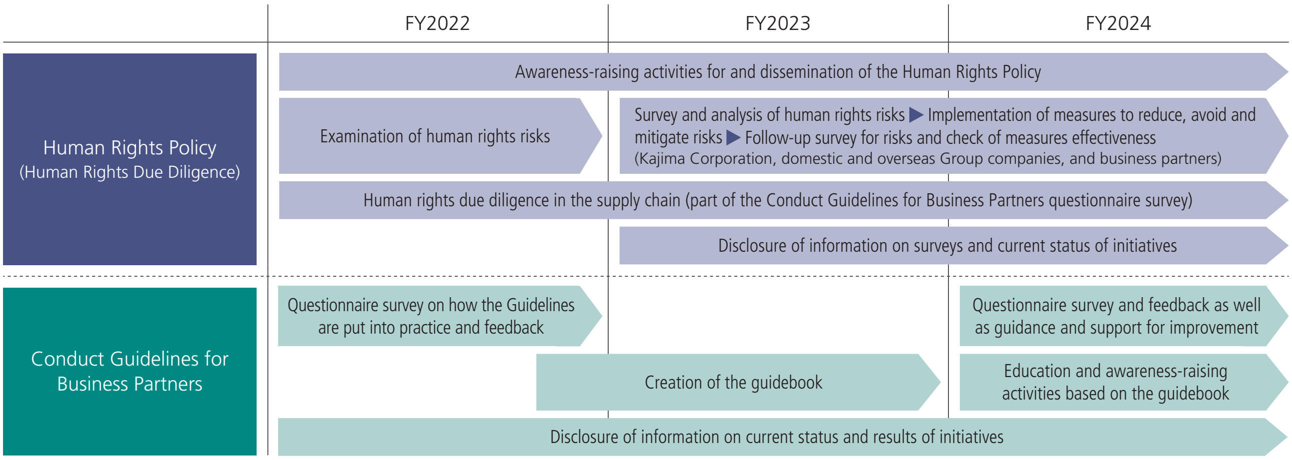
We have established the Kajima Group Conduct Guidelines for Business Partners and share them with business partners who make up our supply chain. The Guidelines set forth matters we request their compliance with, respect for, and strict adherence to—in particular, compliance with laws and regulations, respect for human rights, consideration for the environment, ensuring quality, and other matters.

In addition to items related to compliance with laws and regulations, safety, elimination of involvement with antisocial forces, prevention of corruption, and restrictions on child labor, which are included in the basic construction subcontracting agreements, and the basic labor safety and health pledges that we ask our partner companies to sign, the Guidelines also incorporate the Kajima Group Code of Conduct.

Approach to Partner Companies

To check our partner companies' understanding of and compliance with these Guidelines, we conducted a questionnaire survey of 906 members of the Kajima Business Partners' Association (equivalent to approx. 60% of monetary value of orders) in FY2022. We will continue to conduct this survey regularly. We are also creating a guidebook that clearly explains the Guidelines with specific cases to support partner companies' active initiatives. We will put the Guidelines into practice in concert with partner companies through education and awareness-raising activities using the guidebook.

Putting the Human Rights Policy and the Conduct Guidelines for Business Partners into Practice



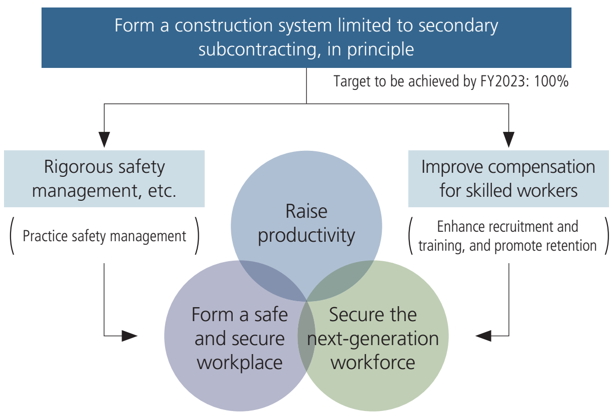
Restructuring Multilayered Subcontracting

In Japan, the construction industry's subcontracting structure, which has been in place for many years, is multilayered, consisting of primary subcontractors, secondary subcontractors, and lower-tier subcontractors who are responsible for intermediate construction management, provision of labor, and other direct construction functions under the prime contractor, which in turn is responsible for the overall management and supervision of the entire construction project.

This multilayered subcontracting structure not only hinders construction facilitation and productivity improvements, but it also prevents safety and quality in guidance and management advancing to the latest levels, and it keeps the wages of skilled workers low.

Since FY2021, Kajima has been tackling the challenge of restructuring multilayered subcontracting (while complying with all laws and regulations) by clarifying where responsibility lies in the construction process to ensure rigorous safety management, etc., and to improve compensation for skilled workers and to raise productivity.

First, we organized opinion exchange meetings with partner companies at branch offices and construction sites across Japan to identify the causes of the multilayered structure, and we found that its causes include the need to assign additional skilled workers for aid in response to sudden requests from construction sites and projects of which the prime contractor is a trading company or a manufacturer that is not involved in construction.

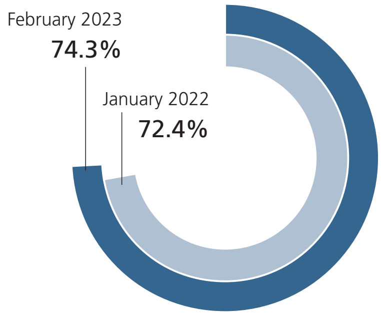


We have implemented various measures to remove these causes. For example, we have tried to allocate proper construction periods, constantly place orders, and eliminate middlemen with little effective involvement. We have also been supporting primary subcontractors' initiatives for direct employment, as well as upskilling and the multi-skill development of skilled workers in medium- to long-term. The ratio of the scope of contracts to secondary subcontractors has improved slowly but steadily for the past two years as a result of these measures. As partner companies engaged in equipment work that requires high expertise and that tends to be multilayered have also actively taken initiatives to avoid multilayered structures, and construction systems with fourth-order subcontractors or higher have dramatically decreased in equipment work.

A construction system limited to secondary subcontracting will lead to improved compensation (higher wages for skilled workers) and make the construction industry more attractive to work in, and by extension, it is expected to increase the number of young workers who will lead the next generation. In addition, we believe that creating a management system in which the prime contractor can more effectively keep an eye on the entire project will lead to appropriately focused safety management that enables the primary subcontractor's foreperson to properly supervise the secondary subcontractors' forepersons, and to provide appropriate instruction and guidance.

Kajima will continue to work to ensure a construction system that limits the scope of contracts to secondary subcontractors.

Progress in Establishing a Construction System with Only Primary or Secondary Subcontracting*



* The ratio of primary and secondary subcontractors among all partner companies entering the site.

Dialogue with Outside Directors

Kiyomi Saito, an outside director who chairs the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee, and Tamotsu Saito, a Kajima outside director since 2022, discussed a variety of topics ranging from discussions during Board of Directors' meetings and other occasions, diversity, and challenges to be overcome for future growth.

Tamotsu Saito
Outside Director
Member of the Governance and Remuneration Advisory Committee
Member of the Nomination Advisory Committee

Kiyomi Saito
Outside Director
Chairperson of the Governance and Remuneration Advisory Committee
Chairperson of the Nomination Advisory Committee

Impression and Observed Characteristics of Kajima

Tamotsu Saito I am strongly impressed that Kajima truly values customers. As I have gradually come to understand Kajima as a director, I feel that the company can maintain high profitability precisely because of work that is of course backed up by our technologies. I was especially surprised to see a large percentage of sole-source orders, which show customers' trust in us.

Kiyomi Saito Your perspective is different from mine, as I expected. I have been an outside director for eight years and now strongly feel that Kajima is an unyielding company in a good sense. Kajima sticks to its policy no matter what happens. In this sense, my impression is that the company is extremely serious. In other words, Kajima's culture is to never cut corners. In some cases, the company seems to be too concerned with quality and accuracy.

Tamotsu Saito I believe that our long history has led to self-confidence. A common point of engineering companies is that engineers never compromise. Even if they know that costs will be temporarily high, they do not compromise from a long-term standpoint. This is a good aspect of the Kajima brand.

For example, initial design specifications are often changed later in construction projects. How flexibly the company addresses such changes is an important evaluation point from the customers' viewpoint. It is necessary to consider how to deal with a redesign within budget rather than simply increase costs. Kajima has superior capabilities to handle such situations. Communication and relationships of trust with customers and construction sites are critical for this.

Discussions during Board of Directors' Meetings

Kiyomi Saito As you may expect, other Kajima officers seemed somewhat defensive when the first outside directors were appointed in 2015. However, as communication between them gradually progressed, they became ready for a mutual understanding after a few years had passed. While I wouldn't go so far as to say there was conflict between executive officers and non-executive officers, but there was that sort of atmosphere on the Board of Directors. It no longer has this atmosphere. In this sense, the Board of Directors has become very sound. Because my remarks at Board of Directors' meetings and meetings before them are properly accepted inside the company and related actions are considered, I obtain a large sense of satisfaction from being an outside director.

Tamotsu Saito We must break down the functionality of the Board of Directors into the supervision function and the function to be involved in management. The supervision function works sufficiently, as issues are brought up for discussion according to rules. However, when it comes to the function of advising management, they should probably propose more topics to be deliberated, since outside directors have many different experiences. After all, it is difficult for us to understand every detail because we have less information. If inside directors propose topics on which they want advice, we will surely have meaningful discussions.

Kiyomi Saito I don't feel that anything is wrong, because topics on the agenda are selected according to standards. In particular, many medium- to long-term topics have recently been included on the agenda and the discussion on a topic leads to another discussion on its medium- to long-term effects, rather than staying on the same topic. So, I think we can pat ourselves on the back as we have become a good Board of Directors.

Tamotsu Saito It is not really effective for the Board of Directors to discuss issues that management has already sufficiently deliberated. Instead, we should determine and discuss topics such as medium-term and long-term plans or how we conduct businesses outside Japan as the Japanese market shrinks as a result of the low birthrate. Then, we can have active discussions with directors inside and outside the company. How to determine topics is important. We may as well have an informal gathering, etc., after Board of Directors' meetings.

Kiyomi Saito Certainly. If we have offsite opinion exchange meetings, the situation will be quite different because everyone can express their opinions freely.

Tamotsu Saito Although the Board of Directors is operated very respectably, if I were to say something about its composition, we should increase the ratio of female directors. The company will also have to consider foreign directors or executive officers in the future.

Kiyomi Saito The Board of Directors may change greatly if foreign directors join it. Foreign nationals may be able to join as observers instead of directors. I hope that the Board of Directors will change little by little in this way. We could consider starting by inviting the presidents of overseas subsidiaries to Board of Directors' meetings to create opportunities to exchange opinions.

Governance and Remuneration Advisory Committee and Nomination Advisory Committee

Kiyomi Saito The Governance and Remuneration Advisory Committee has discussed the recent revision of the officer remuneration system. Remuneration sends a message to show what the company prioritizes. Evaluation must cover every aspect, including the promotion of ESG and diversity, in addition to profit. I am sure that a system in which the people who contributed in development and growth of the company are appreciated and that this appreciation is reflected in their remuneration will be understood both inside and outside the company. All committee members agree on introducing the performance-linked part into the stock remuneration.

We will continue to consider better evaluation methods, such as personal evaluation. ▶Page 102

Tamotsu Saito I think that evaluation should be basically based on performance, although evaluation factors could change over time. On the other hand, the evaluation for

medium-term and long-term incentives should be based on long-term growth, rather than be completely in proportion to performance.

Kiyomi Saito　Our future challenge is to balance evaluation in terms of medium-term and long-term growth and an evaluation based on an increase in the contribution to society as well as to the company.

In the Nomination Advisory Committee, we have recently discussed what human resources Kajima needs with an eye to the future. The people selected as management sends a message outside the company to show how the company will change. So we should actively continue this discussion from a long-term perspective. We must consider a development plan for two generations later, in addition to immediate nominations. We will go as far as to examine how to develop and select candidates from the young generation.

Tamotsu Saito　Kajima has three main business units; civil engineering, building construction, and overseas businesses. It is important to determine which business unit future management executives must gain experience in. We should determine core posts, select candidates for the next generations of two generations later and so on, and create career plans. Meanwhile, we are having some candidates experience overseas businesses and others experience working at subsidiaries to develop them. In addition, the Nomination Advisory Committee must regularly report what they have discussed to the Board of Directors, although specific details are not necessary.

Kiyomi Saito　Although presidents often come from Kajima's business divisions, we will probably have to increase opportunities for future presidents to experience working in the administration departments in the Head Office as part of the successor plan.

Diversity

Kiyomi Saito　I have an impression that women who choose the construction industry are aspirational from the start and many of them are active and powerful. However, in my opinion, the company is not yet utilizing 100% of their abilities.

We might have to wait for a while to assign female employees as directors or executive officers because excellent candidates are currently being developed. At first, I thought that male employees did not understand female employees at all based on my impression that the general contractor world is male dominated. However, I was happy to find out that many male employees actually look out for female employees. Kajima also provides reliable training to support female employees who play active roles and has a properly organized personnel system and other services for those who raise children.

Tamotsu Saito　Regarding the promotion of female employees, it is important to create career models for each job type and steadily increase the number of female executives.

Many employees of engineering companies majored in math and science, but female students account for only about 10% of students on science courses at universities and graduate schools. There are inherently fewer female students. As a result, engineering companies tend to be male dominated. For example, it would be difficult for female employees to improve their career without a special performance evaluation for those who take maternity leave. The company may need to change these parts.

Recognition of Medium- to Long-Term Issues as Outside Directors

Tamotsu Saito　Unlike many companies, Kajima does not add its name to the beginning of the company name when acquiring overseas companies. Kajima is strongly committed to keeping high levels of independence among acquired companies and letting them exercise their autonomy. However, one issue is how to increase the awareness of the Kajima brand across the world at such a time. However, we cannot unconditionally deny independence because construction is local work in which human networks are emphasized.

Kiyomi Saito How to balance them is a major topic. Kajima's success with M&As has been based on human relationships and trust relationships, and we have entrusted local management to acquired companies. In other words, each acquired company conducts its business independently. The next step is to consider how to progress large-scale businesses with the Kajima brand in the future.

The world has changed greatly in the past three years. First, AI is becoming greatly recognized and is being applied a lot in fields relevant to Kajima. In this sense, Kajima is transforming from a company based on people to a company that masters AI and other tools. If we consider Kajima from today, we may fall off if we consider a line extending into the future. How should the company ride out the storm into this new world? To do so, the company must overcome what could not be overcome so far. For example, how to overcome the labor shortage and other challenges will be decisive factors to take a commanding lead in the industry.

Tamotsu Saito Immediate large issues are the 2024 issue and the low birthrate, which have been recently talked about. As you may expect, the construction industry must largely rely on manpower. How can we proceed with construction if the number of workers decreases? Although one of the solutions is to invite foreign human resources, they will not easily come to Japan because effective wages are low due to the recent weak yen. In addition, many foreign nationals now want to play active roles in their own countries. In this situation, action for GX (green transformation) is also essential. We must specifically consider how to reduce CO_2 emissions and solve the labor shortage.

On the other hand, on a global scale, infrastructure has not yet been established in many regions, particularly in the Global South. Although infrastructure will be eventually established, how to address this issue is a major point.

Kiyomi Saito For example, although the current businesses of many companies are now different from the classifications by industry on the Tokyo Stock Exchange, in terms of the construction field, it is basically the same as the classification. In this sense, the industry has remained unchanged so far, but this cannot continue forever. Although Kajima will not only conduct business in Japan but locally expand overseas to areas that will develop, we must prepare for other new businesses and changes in business category.

Tamotsu Saito In this sense, the meaning of the company's growth may not be limited to growth only of sales and profits. How the company grows and improves its corporate value is the most important issue that the Board of Directors should continue to discuss in the future.

Kajima is committed to fair and transparent corporate activities. To this end, it strengthens its corporate governance through enhanced management supervision by the Board of Directors and the Audit & Supervisory Board, as well as through risk management and accountability achieved via internal controls and systematic compliance measures. Kajima will continue to strengthen its corporate governance based on the Corporate Governance Code outlined by the Tokyo Stock Exchange.

Overview of the Corporate Governance Structure

Kajima has elected to use a Company with an Audit & Supervisory Board structure, in which the Board of Directors makes key business decisions and monitors business execution and its Audit & Supervisory Board audits the execution of duties by directors.

To strengthen the management supervisory function, Kajima has established two advisory committees to the Board of Directors: the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee. In addition, an executive officer system has been introduced to separate and bolster the supervisory and operational execution functions, as well as to increase the efficiency and speed of management. To further improve the efficiency of operational execution, Kajima has established the Management Committee and the Joint Committee of Directors and Executive Officers.

Governance Structure: Company with an Audit & Supervisory Board

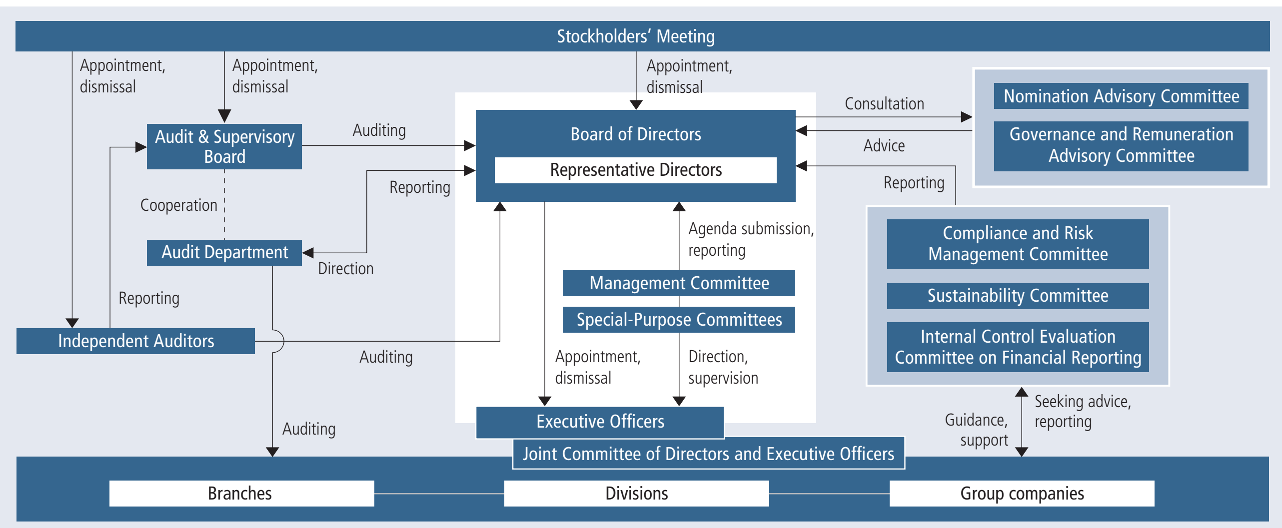
Directors	12 persons (including 5 outside director)
Term	1 year
Number of Board of Directors' meetings (FY2022)	14 meetings
Audit & Supervisory Board members	5 persons (including 3 outside members)
Number of Audit & Supervisory Board meetings (FY2022)	15 meetings
Executive officer system	Yes
Independent directors	8 persons

Progress in Strengthening Corporate Governance

(FY)

	To 2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of outside directors [ratio]			3		4	3	4	5 [38%]	5 [42%]
Improving effectiveness of the Board of Directors		Implemented effectiveness evaluation						Conducted questionnaire survey for effectiveness evaluation	
Improving the objectivity and transparency of the nomination and remuneration decision-making processes					Governance Committee	Nomination Advisory Committee and Governance and Remuneration Advisory Committee			
Officer remuneration					• Introduction of a system for allotting stock with a restriction on transfer	• Bonus KPIs review			• Bonus KPIs review • Introduction of performance-linked stock remuneration

Corporate Governance Structure



Nomination Advisory Committee and Governance and Remuneration Advisory Committee

The Nomination Advisory Committee, which is comprised of outside directors and the President, deliberates on personnel-related matters for directors and other officers. The Governance and Remuneration Advisory Committee, which is comprised of outside directors and outside members of the Audit & Supervisory Board, deliberates on important matters related to corporate governance, including the remuneration of directors and other officers. Both committees were established to provide recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.

	Nomination Advisory Committee	Governance and Remuneration Advisory Committee
Roles	The Nomination Advisory Committee was established as a meeting body that deliberates on personnel-related matters for directors and other officers, and it provides recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.	The Governance and Remuneration Advisory Committee was established as a body that deliberates on important matters related to corporate governance, including the remuneration of directors and other officers, and it provides recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.
Main themes for discussion	• Composition of the Board of Directors, executives on management team, requirements, and nomination guidelines	• Officer remuneration system (including composition, standards, and guidelines for determining remuneration) • Diversity • Promotion of Work-Style Reforms
Meeting administration	The Executive Office functions as secretariat and is responsible for providing support.	The Executive Office serves as secretariat and provides administrative support. The President and other executives may also be invited to attend Governance and Remuneration Advisory Committee meetings to provide briefings, depending on the content of the meeting agenda.
Number of meetings in FY2022	3 meetings	4 meetings
Chairperson	Outside director	Outside director
Members	President 3 outside directors	5 outside directors 3 outside members of the Audit & Supervisory Board

Appointment of Outside Directors and Outside Members of the Audit & Supervisory Board

Kajima has appointed five outside directors and three outside members of the Audit & Supervisory Board, with an emphasis on securing a high degree of independence. Appointees must satisfy certain requirements for independent directors / auditors as defined by stock exchanges, and all are registered with the Tokyo Stock Exchange and the Nagoya Stock Exchange as independent officers.

Outside Director and Outside Member of the Audit & Supervisory Board Support System

The Executive Office is responsible for providing support to outside directors and the Office of Audit & Supervisory Board Members is responsible for providing support to outside members of the Audit & Supervisory Board. In addition to providing briefings prior to Board of Directors' meetings, these offices also supply outside officers with the information they need to serve in their positions.

Outside officers meet regularly with Kajima management. In addition, they receive tours of branch offices and construction sites. This enhances management supervision by ensuring that the outside officers have an accurate understanding of Kajima's business.

Skills Matrix

Appointees to the Board of Directors must have the ability to apply the knowledge they have cultivated in their respective fields, such as business, finance, and technology. Candidate selection takes into consideration the diversity and appropriate size of the Board of Directors, while pursuing a balance of knowledge, experience and abilities as a whole. To ensure objectivity and transparency in selecting candidates for Director, the Nomination Advisory Committee deliberates on the basic approach to the nomination and the composition of the Board of Directors, among other matters, and it provides advice and recommendations, based on which the Board of Directors deliberates and makes final decisions.

Name	Positions and assignments at the Company	Main areas of expertise and experience							
		Corporate management	Finance/ Accounting	Technology/ IT	Sales/ Marketing	Legal/Risk management	Government and public policy	Global business	Knowledge of the construction and real estate development business
Yoshikazu Oshimi	Chairman, Representative Director	✓		✓	✓				✓
Hiromasa Amano	President, Representative Director	✓		✓	✓				✓
Keisuke Koshijima	Representative Director, Executive Vice President, General Manager, Overseas Operations Division	✓			✓	✓		✓	✓
Masaru Kazama	Representative Director, Executive Vice President, General Manager, Civil Engineering Management Division, Overseeing Machinery and Electrical Engineering Department	✓		✓	✓			✓	✓
Hiroshi Ishikawa	Director, Executive Vice President, General Manager, Sales and Marketing Division	✓			✓				✓
Takeshi Katsumi	Director, Senior Executive Officer, General Manager, Administration Division, Overseeing Audit Department, Safety and Environmental Affairs Department and IT Solutions Department	✓	✓			✓			✓
Ken Uchida	Director, Senior Executive Officer, General Manager, Treasury Division	✓	✓					✓	✓
Kiyomi Saito Outside Director Independent Director	Director	✓	✓					✓	
Yoichi Suzuki Outside Director Independent Director	Director					✓	✓	✓	
Tamotsu Saito Outside Director Independent Director	Director	✓		✓				✓	
Masami Iijima Outside Director Independent Director	Director	✓				✓		✓	
Kazumine Terawaki Outside Director Independent Director	Director					✓	✓		

Evaluating the Effectiveness of the Board of Directors

Kajima evaluates the effectiveness of its Board of Directors once a year in order to enhance the Board's functions. The method for analyzing and evaluating the effectiveness of the Board as a whole and the results for the period from June 2022 to May 2023 are described below.

Analysis and evaluation method

(1) Entrust an external organization to conduct a questionnaire survey of all Directors and members of the Audit & Supervisory Board
(2) Based on the results of the questionnaire and quantitative and qualitative analysis of matters such as the content of agenda items submitted to the Board of Directors' meetings and the deliberation time, all members of the Board of Directors discuss actions taken in response to the recommendations and issues raised in the evaluation of effectiveness conducted in past fiscal years, the activities of the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee, as well as future issues and other topics
(3) Review by external experts to ensure objectivity

Evaluation results for the current period

The Board of Directors evaluated that the Board, the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee are functioning appropriately and their effectiveness is being ensured.

- The results of the quantitative and qualitative analysis, as well as the results of the questionnaire survey conducted by an external organization, confirm that the current composition, administration, and discussion of Board meetings are appropriate.
- Steady actions in response to the recommendations and issues raised in the previous fiscal year were confirmed.
- It was confirmed that the number of members and composition of the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee were appropriate and that the committees' discussions were substantial.

(Reference) Overview of questionnaire survey results

The questionnaire consists of ratings on certain issues (on a five-point scale) and open-ended responses to items regarding the composition, administration, and discussions of Board of Directors' meetings. The ratings improved for all the items from the previous fiscal year in the FY2022 questionnaire survey result.

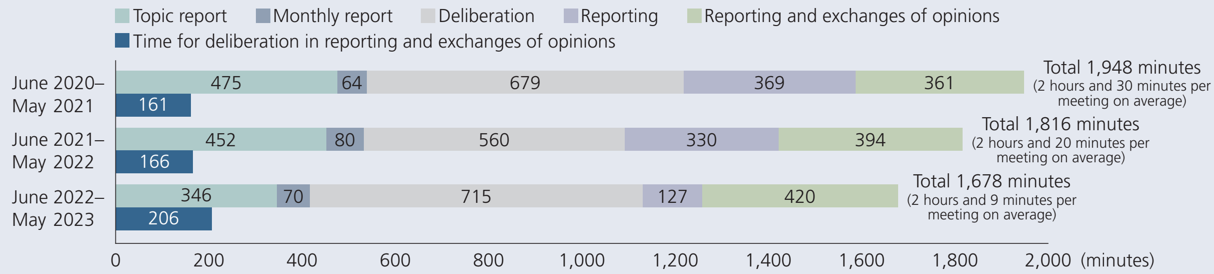
	vs. the previous fiscal year	Evaluation points
Composition of the Board of Directors	↗	• Increase in female officers (2 in FY2022 ▶ 3 in FY2023) • Increase in the ratio of outside directors (33.3% in FY2021 ▶ 38.5% in FY2022 ▶ 41.6% in FY2023)
Operation of the Board of Directors	↗	• Explanatory materials devised to sufficiently convey what the executive divisions have considered • Start of pre-board meeting briefings to outside members of the Audit & Supervisory Board
Discussions in Board of Directors' meetings	↗	• Enhanced discussions by securing time for deliberations • Discussions about medium- to long-term issues

Main Initiatives Implemented during the Evaluation Period (June 2022–May 2023)

(1) Efforts to Improve the Administration of Board Meetings

- It was confirmed that business execution-related agenda items are being submitted to the Board after sufficient discussions in the Management Committee, special-purpose committees and other committees, and that outside directors and outside members of the Audit & Supervisory Board attend Board meetings after appropriately receiving pre-meeting briefings.
- It was confirmed that, as a result of efforts to improve the administration of Board meetings, the time for deliberations increased compared to in the previous fiscal year for reporting and exchanges of opinions, thereby enhancing discussions.
- It was confirmed that the progress made by each division for the Medium-Term Business Plan (FY2021–2023) was reported and thoroughly deliberated, and that appropriate information was provided on risk management related to initiatives such as major investments and new businesses.

Changes to Times for Deliberation and Question-and-Answer Sessions by Agenda Item



Note: Analyzed 13 Board meetings held between June and May of the following year, all except the Board meeting held on the day of the Ordinary Stockholders' Meeting

(2) Actions Taken in Response to the Recommendations and Issues Raised in the Previous Fiscal Year

Recommendations and issues raised in the previous fiscal year	Progress made with initiatives during this evaluation period	Advice for improvements in the next fiscal year
Issue 1 Enhancement of discussions about medium- to long-term issues	The following topics were set for discussion at the Board of Directors' meetings. August: Overseas business strategies September: Reporting by the Sustainability Committee (carbon neutrality initiatives) November: Progress made for the Medium-Term Business Plan January: Research and technology development by Kajima March: Reporting by the Sustainability Committee (carbon neutrality initiatives and diversity) April: Issues related to market valuation; Kajima's intellectual property	• Could an explanation of the agenda be simplified at Board of Directors' meetings? • Could we freely deliberate outside the Board of Directors' meetings? • Could we consider gender equality and diversity in the composition of directors from a wider point of view without worrying too much about gender?
Issue 2 Continuous review of the composition of the Board of Directors	• Increase in the ratio of outside directors (33.3% in FY2021 ▶ 38.5% in FY2022) • Increase in female officers (2 in FY2022 ▶ 3 in FY2023)	
Issue 3 Greater opportunities to engage in dialogue other than at Board of Directors' meetings	Start of pre-board meeting briefings to outside members of the Audit & Supervisory Board * The requested construction site tour was postponed due to COVID-19.	

(3) Nomination Advisory Committee and Governance and Remuneration Advisory Committee

- The Nomination Advisory Committee met three times and the Governance and Remuneration Advisory Committee met four times, and it was confirmed that all the members of each committee, most of whom are outside directors, expressed their opinions at the respective meetings based on their expertise and experience and actively engaged in discussions.
- At the Board of Directors' meetings, the outside director serving as chairperson of both Committees explained the discussion results and made recommendations on officer personnel-related matters and remuneration. The Board of Directors further deliberated and made decisions based on these explanations and recommendations. This process helped to ensure the objectivity and transparency of the Board of Directors' meetings and to secure its effectiveness. The Governance and Remuneration Advisory Committee also tabled and deliberated on the officer bonus and monthly remuneration amounts, and the progress made for diversity and other issues. (Review of the officer remuneration system was discussed in FY2022.)

Future Issues

1	Further enhancement of deliberations at Board of Directors' meetings
2	Greater opportunities to engage in dialogue other than at Board of Directors' meetings (for example, tours of construction site and Group-owned facilities and free discussions)
3	Continuous review of the composition of the Board of Directors (ex., gender equality and diversity enhancement)

Officer Remuneration

Kajima has formulated a policy for determining officer remuneration. The content and methods of this policy are as indicated below.

Director Remuneration System

Basic Policy

- Remuneration standards are to be sufficient to secure and retain outstanding management personnel.
- Remuneration is structured to provide remuneration commensurate with the roles and responsibilities of each position.
- Remuneration linked to the achievement of management targets and to Kajima's stock price are to be introduced to increase medium- to long-term corporate value and to align officer values with those of stockholders.
- The remuneration decision-making processes must be objective and transparent.

To ensure objectivity and transparency in determining director remuneration, the Governance and Remuneration Advisory Committee, which is comprised of outside directors and outside members of the Audit & Supervisory Board and chaired by an outside director, discusses matters including the Basic Policy on Officer Remuneration, remuneration systems, and remuneration standards. The Board of Directors deliberates and decides on such matters based on the advice and recommendations of the Committee.

Kajima provides fixed remuneration to directors in the form of monthly remuneration, performance-linked remuneration in the form of bonuses, and stock remuneration, determined by position (including the executive officer position for directors concurrently serving in that role).

The composition of respective forms of remuneration as percentages of total remuneration is as indicated below (assuming bonuses and stock remuneration equal to standard amounts).

The director remuneration system was revised in FY2023. (Main revisions to the director remuneration system ▶Page 102

	Fixed remuneration (monthly remuneration)	Performance-linked remuneration (bonus)	Stock remuneration
President	50%	35%	15%
Other directors	The higher the position, the higher the percentage of the performance-linked bonus and stock remuneration.		

Fixed Remuneration (monthly remuneration)

(1) The total amount of fixed remuneration (monthly remuneration) shall not exceed ¥60 million per month. (Decided at the 108th Ordinary Stockholders' Meeting held on June 29, 2005; number of directors at the time: 14)
(2) The amount of monthly remuneration depends on the position.
(3) Revisions to the monthly remuneration amounts due to the appointment of new directors or the resignation of current directors shall be applied from the month following the appointment of the director at the Stockholders' Meeting.
(4) The monthly remuneration of directors who have received a promotion shall, in principle, be revised effective the day of said promotion.

Performance-linked Remuneration (bonus)

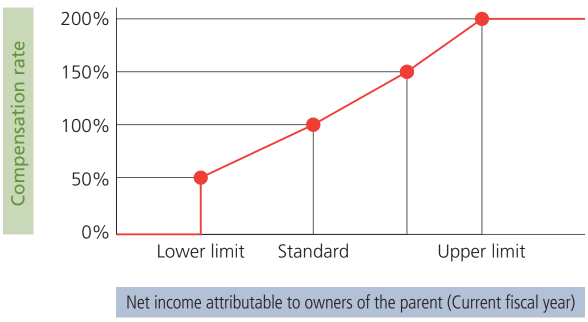
(1) The total amount of bonuses shall not exceed ¥500 million per year. (Decided at the 126th Ordinary Stockholders' Meeting held on June 28, 2023; number of directors (excluding outside directors) at the time: 7)
(2) Bonuses for the fiscal year (April 1–March 31) shall be based on officers' positions at the end of March and, following a resolution by the Board of Directors, be paid as a lump sum at the end of June the following year.
(3) In principle, bonuses are calculated by multiplying the standard bonus amount determined for each position by the evaluation coefficient calculated determining the supply rates for net income attributable to owners of the parent for the current fiscal year, safety performance (accident frequency rate and accident severity rate), and employee health (stress check) based on the evaluation weight of 8:1:1. The upper limit of each supply rate is 200% and values below a certain standard are regarded as 0%.
(4) The President can propose a bonus reduction or another action if the supply based on the above calculation formula raises questions; for example, if the company committed a major compliance infraction.
(5) In the event of an officer being newly appointed or resigning during the course of the fiscal year, in principle, the full calculation amount is to be paid if the officer is in office for nine months or longer, half of the calculation amount is to be paid if the officer is in office for six to nine months, and no bonus is to be paid if the officer is in office for less than six months.

We selected this evaluation coefficient as the index of bonuses paid as performance-linked remuneration to take safety performance and employee health into consideration, in addition to consolidated performance in light of the importance of actions for sustainability.

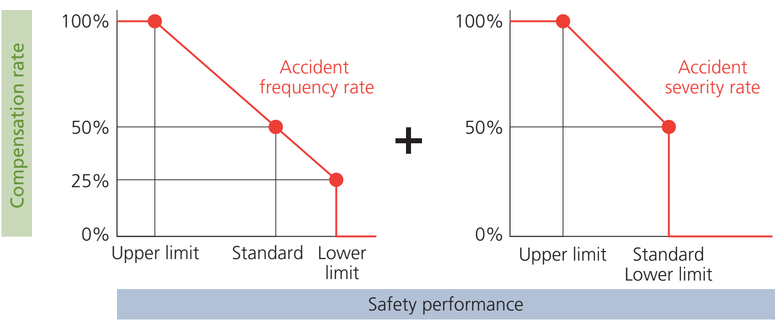
Formula
Bonus amount = Standard bonus amount × Evaluation coefficient

Evaluation coefficient:
Compensation rate based on the net income attributable to owners of the parent for the current fiscal year × 80% + supply rate based on safety performance (accident frequency rate[*1], accident severity rate[*2]) × 10% + supply rate based on employee health (stress check[*3]) × 10%

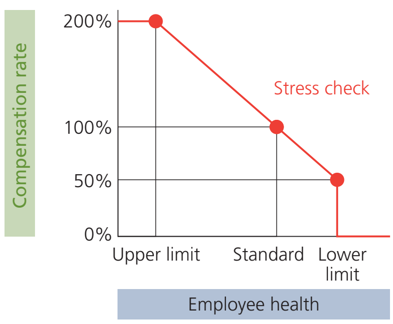
*1 Accident frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours.
*2 Accident severity rate: The severity of illnesses and injuries represented by the number of workdays lost per one thousand cumulative working hours.
*3 Stress check: Annual examination to understand the degree of psychological load on employees. The lower the score (health risk), the lower the stress level.



Evaluation weight: 80%



Evaluation weight: 10%



Evaluation weight: 10%

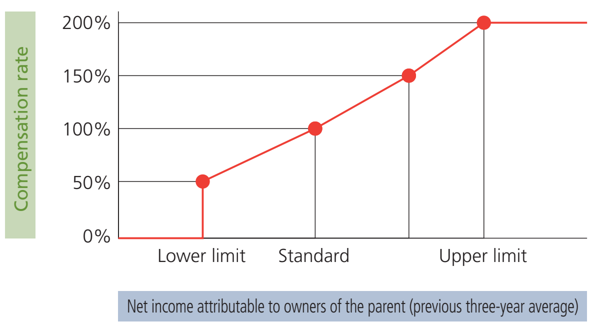
Stock Remuneration

(1) The total amount of stock remuneration shall not exceed ¥300 million per year. (Decided at the 126th Ordinary Stockholders' Meeting held on June 28, 2023; number of directors (excluding outside directors) at the time: 7)
(2) The stock remuneration consists of the fixed remuneration for the position and the performance-linked remuneration. (The ratio is 1:1 for the standard amount.)
(3) The fixed remuneration for the position depends on the position.
(4) The performance-linked remuneration for the fiscal year (April 1–March 31) shall be based on officers' positions at the end of March. The performance-linked remuneration is calculated by multiplying the standard stock remuneration amount determined for each position by an evaluation coefficient. The evaluation coefficient shall be the supply rate calculated based on the average net income attributable to owners of the parent for the previous three fiscal years. The upper limit of the supply rate is 200% and values below a certain standard are regarded as 0%.
(5) In principle, remuneration of stocks with a restriction on transfer, consisting of the fixed remuneration for the position and the performance-linked remuneration, is paid as a lump sum in July or August.
(6) The transfer restriction period shall extend from the day the shares are allotted through the day the recipient resigns from his/her position as director and/or executive officer.
(7) The total number of stocks with a restriction on transfer shall not exceed 600,000 per fiscal year.

We selected this evaluation coefficient as the index of the performance-linked stock remuneration to provide management with incentives from a medium-term perspective.

Formula
Stock remuneration amount (performance-linked remuneration) = Standard stock remuneration amount × Evaluation coefficient

Evaluation coefficient:
Compensation rate based on the average net income attributable to owners of the parent for the previous three fiscal years (including the current fiscal year)



Audit & Supervisory Board Member Remuneration System

Members of the Audit & Supervisory Board are paid fixed remuneration in the form of monthly remuneration. The monthly remuneration amount paid to individual members of the Audit & Supervisory Board is decided through deliberations among Audit & Supervisory Board members according to working conditions and other considerations.

The total amount of monthly remuneration shall not exceed ¥15 million per month. (Decided at the 97th Ordinary Stockholders' Meeting held on June 29, 1994; number of Audit & Supervisory Board members at the time: 5)

Details of Officer Remuneration

	Total remuneration	Directors*	Outside directors	Audit & Supervisory Board members
Monthly remuneration	Directors: Up to ¥60 million/month Audit & Supervisory Board members: Up to ¥15 million/month	●	●	●
Performance-linked remuneration (bonus)	Up to ¥500 million/year	●	—	—
Remuneration in stocks with a restriction on transfer	Up to ¥300 million/year	●	—	—

* Excluding outside directors

FY2022 Remuneration for Directors and Audit & Supervisory Board Members

(¥ million)

Position	Total remuneration	Monthly remuneration	Bonus	Stock remuneration	Recipients
Directors (excluding outside directors)	618	355	189	74	8
Audit & Supervisory Board members (excluding outside members)	57	57	—	—	2
Outside directors and outside members of the Audit & Supervisory Board	129	129	—	—	8

Notes: 1. Performance-linked remuneration (bonus) above shows the amount expensed in FY2022 for officers' bonuses paid to seven directors.
2. Stock remuneration above shows the amount expensed in FY2022 for the remuneration in shares with a restriction on transfer allotted to six directors and the monetary equivalent of compensation for one director who resided overseas.

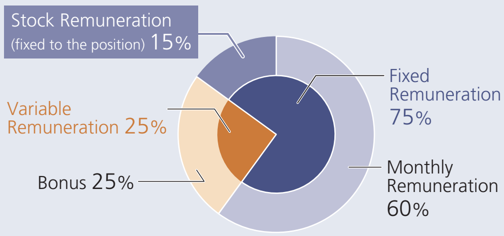
Main Revisions to the Director Remuneration System

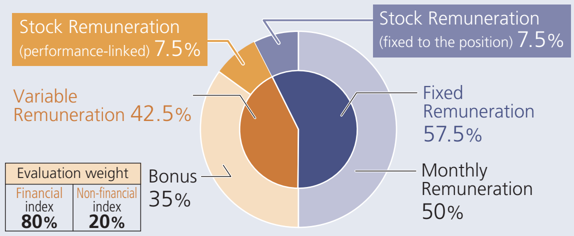
(1) Increase in the composition percentage of performance-linked remuneration

The composition percentage of remuneration is roughly as follows.

* When the President's and variable remunerations are the standard amounts

Before revision	After revision





(2) Change to the evaluation standard of the performance-linked bonus

Before revision

Net income attributable to owners of the parent (Current fiscal year)	50%
+	
Net income attributable to owners of the parent (Three-year average)	50%

After revision

Net income attributable to owners of the parent (Current fiscal year)	80%
+	
Safety performance	10%
+	
Employee health	10%

(3) Change to stock remuneration from "fixed to the position" to "part fixed to the position and part performance-linked"

Before revision

Fixed to the position	100%

After revision

Fixed to the position	50%
+	
Net income attributable to owners of the parent (Three-year average)	50%

Risk Management

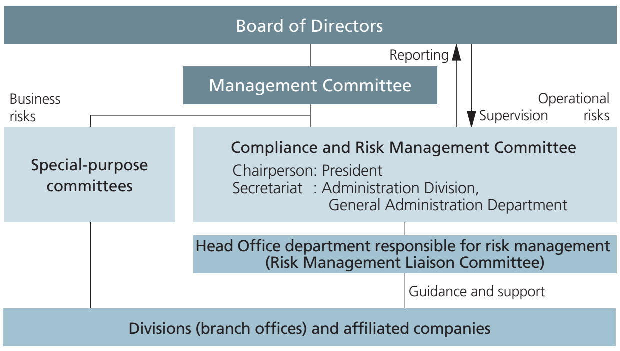
Based on effective and efficient risk management systems, the Kajima Group strives to identify risks in its businesses and operations and to prevent them from materializing. The Group also works to keep improving corporate value by winning the trust of stockholders, customers, and others with timely information disclosure.

Group-Wide Risk Management System

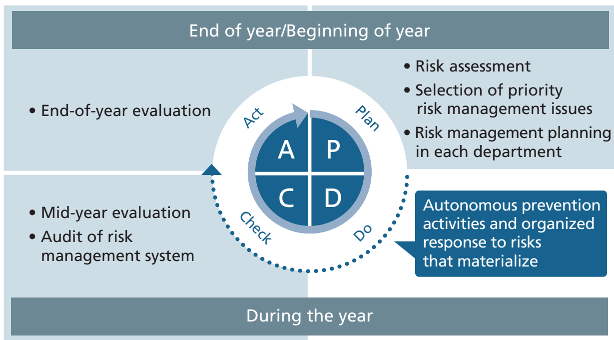
The Management Committee and special-purpose committees ascertain business risks and deliberate on countermeasures, including for new businesses and real estate development investments. With respect to operational risks such as those related to legal or regulatory compliance violations, a department is designated to be responsible for each risk, and the Compliance and Risk Management Committee (chaired by the President) ascertains and evaluates the operational status of the risk management system and deliberates on the risk management policy and how to address major risks, among other matters. Results are reported to the Board of Directors, which supervises the operational status of the risk management system. The Risk Management Liaison Committee, which is comprised of the persons in charge at the Head Office department responsible for risk management, meets regularly to report and share risks that have materialized in the Group, revisions to laws and regulations, social trends, circumstances at other companies, and risk communication methodologies, and it reports important information to the Compliance and Risk Management Committee as appropriate.

To improve the effectiveness of risk management activities, Kajima analyzes risks based on the frequency of their materialization and the impact, selects operational risk aspects of corporate activities requiring priority management as "priority risk management issues" to be applied across the Group, and implements risk management from the perspective of prevention at the beginning of each fiscal year. For risks that have materialized, we perform effective activities based on the PDCA cycle, including mandatory early reporting and organization-level measures to contain risks and to prevent them from recurring. The General Administration Department (Administration Division), which serves as the secretariat for the Compliance and Risk Management Committee, continually follows up on the measures addressing these materialized risks. The main domestic and overseas Group companies adopt standardized systems in line with those of Kajima, and they independently introduce risk management initiatives.

Risk Management Framework



Risk Management Activity Cycle



Special-Purpose Committees to Ascertain Business Risks and Deliberate on Measures

Committee name	Purpose
Overseas Business Steering Committee	It deliberates and reports on important matters concerning overseas business (overseas subsidiaries and overseas operations directly controlled by Head Office).
Overseas Development Project Steering Committee	It deliberates and reports on plan content and profitability, etc., related to investment in the major real estate development projects of overseas subsidiaries and of the Overseas Operations Division, as well as major plan changes, and any transfer of a relevant development project.
Overseas Civil Engineering Project Review Committee Overseas Building Construction Project Review Committee	It investigates and reports on technical, construction, and contractual risks at when an order is received for major overseas construction projects. It also investigates and reports on measures to address any serious problems that may occur during construction.
Development Steering Committee	It deliberates and reports on investments in Japanese real estate development projects, and on the commercialization or sale of important real estate properties and other ongoing projects.
Important Construction Project Review Committee	It confirms the technical, construction and contractual risks prior to estimates being submitted for important construction projects in Japan, and it clarifies the policy for submitting estimates.
PFI Civil Engineering Committee PFI Building Committee	It deliberates and reports on Group-wide response policies and frameworks related to PFI projects and other, individual projects involving business risks such as investment, and response policies concerning the formation of consortia of companies.
Business Investment Committee	It identifies and deliberates on risks and issues regarding alliances, M&A, company establishment and new investment projects other than the above, and it also provides support for the promotion of such projects.

Information Security

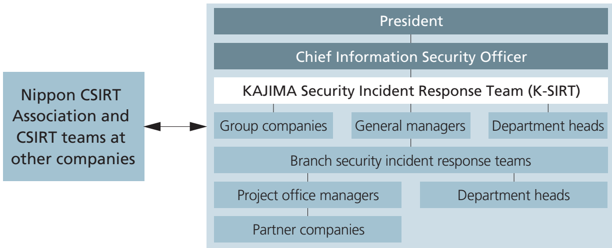
The Kajima Group handles a wide range of information, including that relating to buildings, customers, management, technology and intellectual property. The Group adheres to an information security policy and conducts thorough risk management in order to protect such information, including from external attacks or leakage due to negligence. Employees throughout the Group take an annual online course on information security, which raises awareness to prevent incident recurrence. Course education and training topics include risks associated with the use of cloud services and threats such as targeted email attacks. At its offices, Kajima conducts regular inspections and audits to evaluate and improve physical, personal and technical measures. For partner companies, Kajima also distributes standard check sheets, awareness posters, and educational materials, such as video provided by the Japan Federation of Construction Contractors, to improve the level of information security at its partners.

Kajima is addressing today's increasingly diverse and sophisticated cybersecurity threats in accordance with the Cybersecurity Management Guidelines from Japan's Ministry of Economy, Trade and Industry. The KAJIMA Security Incident Response Team (K-SIRT) is a member of the Nippon CSIRT Association and stays on top of the latest trends in security and cyber-attacks, cooperating on a regular basis with external organizations and CSIRT teams at other companies.

Kajima is also strengthening its protection and detection measures, as well as its systems for monitoring unauthorized access, computer viruses and other events, and it quickly addresses all potential threats to minimize potential damage. We also conduct cyber-attack simulation drills to enhance Kajima's organizational response and business continuity capabilities.

FY2022 results
- Training on targeted email attacks
  - · Conducted for 29,169 persons
- Online course on information security
  - · Participants: 24,294 persons (including 9,680 persons from 84 Group companies)
  - · Participation rate: 100%

Information Security Management Framework



Multi-Hazard Business Continuity Plan (BCP)

When a major earthquake, wind or flood damage, or other natural disaster occurs, the construction industry must quickly mobilize to ensure business continuity and the rapid recovery of vital social infrastructure, including the reopening of roads and the repair of bridges.

As a member of the Japan Federation of Construction Contractors that receives requests from the Government of Japan, Kajima operates and updates a BCP and conducts regular drills to prepare for contingencies. The Company has earned the Business Continuity and Disaster Recovery Certification for Construction Companies*1 and the Resilience Certification*2. Kajima is enhancing its cooperation with local governments and public infrastructure operators via disaster preparedness agreements to support recovery after a disaster, as well as preparing Group-wide frameworks capable of rapidly responding to foreseeable disasters, such as wind and flood damage. Furthermore, Kajima continues to enhance its supply chain and business continuity capabilities by formulating and providing BCP manuals to partner companies.

*1 A program offered by the Kanto Regional Development Bureau under the Ministry of Land, Infrastructure, Transport and Tourism to evaluate and certify the basic business continuity capabilities of construction companies.
*2 With the aim of enhancing disaster preparedness in Japan, this program provides certification to entities that are actively engaged in business continuity efforts. They are certified as organizations that contribute to national resilience through their preparations for large-scale natural disasters.

Action for Overseas Risks

Kajima has established an International Emergency Response Committee (Chairperson: President) to ensure the safety of employees and their families when emergencies arise outside of Japan.
In the event of a terrorist attack, large-scale natural disaster, conflict or other emergency outside of Japan, Kajima focuses first on gathering information to verify the safety of employees and their families and next on providing aid to the affected area. Kajima is raising awareness of the manual on preparedness measures and emergency response among employees on assignment outside of Japan and is providing information and alerts on security, epidemics and other concerns to employees traveling internationally.

Business and Other Risks

Risk factors	Risks and opportunities	Response
Risks of changes in the business environment	• If there are significant changes in the construction, real estate development or other business environments, such as a significant decrease in construction demand or a rapid contraction of the real estate market due to factors such as an economic downturn, there could be a decline in construction contract awards and a decrease in real estate sales and lease income. • If competition with other general construction companies intensifies and the Group is unable to maintain its competitiveness in aspects such as quality, cost or service content, there could be a deterioration in the Group's business performance.	• The Group will continue to advance the measures in the Kajima Group Medium-Term Business Plan (FY2021–2023), which was formulated based on changing conditions and market trends, in order to achieve management targets and increase corporate value. Medium-Term Business Plan Progress ▶Page 31
Risks of fluctuation in construction costs	• Construction projects are subject to fluctuations in construction costs because they require the procurement of materials, equipment and labor over a long period of time. If a rapid rise in the prices of the main materials and labor costs results in unexpected increases in construction costs that the Group is unable to reflect in the contracted amount, there could be a deterioration in the profitability of construction work.	• The Group implements measures such as early procurement, diversifying suppliers and including price adjustment clauses in contracts with clients, in order to minimize the impact of construction cost fluctuations. Building Construction ▶Page 57
Risks of fluctuations in prices and profitability of assets held	• In the event of a decline in the profitability of real estate for sale (consolidated balance sheet balance of ¥144.7 billion as of March 31, 2023), or a significant decline in the market value of assets such as real estate for lease (¥252.3 billion) and investments in securities (¥356.1 billion), the Group could be required to register a valuation loss or an impairment loss.	• The Group manages real estate development business assets by ascertaining the risk of a decline in asset value for each project and maintaining total risk below a defined level in proportion to its consolidated equity capital. • For consolidated equity capital, the Group maintains a financial foundation that can sufficiently accommodate future growth in domestic and overseas real estate development business assets during the period of the Medium-Term Business Plan. • When investing in individual projects, the Head Office special-purpose committees (Development Steering Committee and Overseas Development Project Steering Committee) and others ascertain risks and deliberate on countermeasures. The Board of Directors and the Management Committee then deliberate on these investments in accordance with defined standards. • Each fiscal year, the Board of Directors deliberates on all the listed shares held for strategic purposes based on an assessment of the rationality of continuing to hold them and asset efficiency from a medium- to long-term perspective, and it sells off, in principle, shares that no longer satisfy the relevant criteria. During the period of the Medium-Term Business Plan, the Group's policy is to sell at least ¥30 billion in cross-shareholdings. Message from the General Manager of the Treasury Division ▶Page 35
Risks related to changes in political and economic conditions in other countries	• As the Group develops its construction and real estate development businesses overseas in regions including North America, Europe, Asia and Oceania, the Group's policy is to further localize human resources and enhance business platforms worldwide by forming business and capital alliances in accordance with the Medium-Term Business Plan. If there are significant changes in political and economic conditions, legal systems or foreign exchange rates, in the countries in which the Group operates, there could be an impact on the Group's business performance.	• When conducting M&A and entering into new markets overseas, a Head Office special-purpose committee (Overseas Business Steering Committee) ascertains risks and deliberates on countermeasures. The Board of Directors and the Management Committee then deliberate on these matters in accordance with defined standards. • Kajima has established an International Emergency Response Committee to ensure the safety of employees and their families and to provide local support in the event of incidents such as a terrorist attack or civil disturbance. Risk Management ▶Page 103
Risks associated with the shortage of workers in the construction industry	• In Japan, the number of skilled construction workers in the construction industry is on the decline, and unless sufficient measures are taken, it will be difficult to maintain the construction system. This could lead to effects including a decline in revenues or a decrease in the profit margin on construction projects due to higher labor procurement costs.	• The Group is further improving operational efficiency through greater productivity and improving working conditions through measures such as closing construction sites for a total of eight days out of every four-week period, while ensuring adherence to construction schedules. The Group is also implementing various measures to establish an environment that facilitates the creation of construction systems that limit the scope of contracts to secondary subcontracting, in principle, and that have other benefits in terms of improving employment conditions for skilled workers, stabilizing their income and making the profession more attractive to work in. • The Group is implementing measures to support partner companies in improving employment conditions for skilled workers. The Group is also systematically developing automation, labor-saving and robot technologies to compensate for the shortage of construction workers. Human Rights and Supply Chain Management ▶Page 89

Risk factors	Risks and opportunities	Response
Legal and regulatory risks	• The Group's business activities are subject to a variety of laws and regulations, including the Construction Business Act, the Building Standards Act, occupational health and safety laws, environmental laws and the Anti-Monopoly Act. Therefore, in the event of revisions of laws and regulations, the enactment of new laws and regulations, or changes in applicable standards, there could be an impact on the Group's business performance due to the effect on the contract award environment and costs, depending on the content of these changes. • In the event of the violation of a law or regulation by the Group, there could be losses due to criminal or administrative penalties, business restrictions, or damage to the Group's reputation, which could have an impact on the Group's business performance.	• In response to the enactment or revision of relevant laws and regulations, the content is disseminated by the departments in charge and necessary measures are taken. For example, we sufficiently consider the construction system including personnel allocation and submit estimates after considering the required construction period while taking various measures, such as work-style reforms, improvement of operational efficiency and quality through digitization, concentration suitable for work contents, and outsourcing to address the implementation of the upper limits on overtime work in the construction industry from April 2024. • As its compliance manual, the Group updates the *Handbook for Practical Application of the Kajima Group Code of Conduct* as necessary to reflect revisions to laws and regulations and changes in social conditions. It is disseminated to all officers and employees. • In order to further improve and instill an awareness of compliance, the Group conducts ongoing training on the Kajima Group Code of Conduct online for its officers and employees. In addition, the departments responsible for each field formulate rules and guidelines, and conduct training and audits to further ensure appropriate business activities. Compliance ▶Page 107
Safety and health, environmental, and quality risks	• In the event of a serious personal injury, environmental accident, or quality accident in the course of providing our services, including design and construction, there could be an impact on the Group's business performance due to the damage to its reputation, compensation for damages, delays in construction, and re-working costs.	• Safety and health, environmental management, and quality assurance are fundamental to production and corporate survival. Therefore, the Group has established a basic policy as well as a Safety and Health Policy, Environmental Policy, and Quality Assurance Policy, and it carries out production activities based on appropriate and effective management systems that comply with relevant laws, regulations and other social requirements. • To ensure safety, Kajima has been implementing safety and health management in conformance with the Construction Occupational Health and Safety Management System (COHSMS). • In terms of the environment, Kajima operates environmental management systems that are compliant with ISO 14001. • With regards to quality, Kajima has received ISO 9001 certification in both its civil engineering and building construction operations. Individual overseas subsidiaries and affiliates have also obtained the relevant certifications. Occupational Safety and Health ▶Page 88 Environment ▶Page 82 Quality ▶Page 87
Information security risks	• The Group handles a wide range of information, including that relating to buildings, customers, management, technology and intellectual property, as well as personal information, in the course of providing various services, including design and construction. If such information is leaked, lost, or otherwise due to an external attack or the negligence of an employee, there could be an impact on the Group's business performance due to the damage to its reputation, compensation for damages, restoration costs, etc.	• The Group has established an information security policy and conducts intensive risk management. • The Group conducts cyber-attack simulation drills to enhance our organizational response and conducts online education for its officers and employees, inspections, audits and awareness-raising activities targeting partner companies. Risk Management ▶Page 103
Business partner credit risks	• In the event of credit uncertainty at business partners such as clients and partner companies, there could be an impact on the Group's business performance due to the inability to collect payments for construction work, delays in construction, etc. The impact could be particularly significant if the payment for a large construction contract becomes uncollectible.	• Whenever the Group enters into a new project agreement, it reviews the creditworthiness, financial planning, and payment terms of the customer to avoid the risk of a payment becoming uncollectible. In the event of new forms of contract or unfavorable payment terms in which payments for construction work would still need to be collected after the completion of the construction, the Head Office ascertains the risks and takes countermeasures. The Management Committee also deliberates on these matters in accordance with defined standards. • Whenever the Group enters into a new transaction with a partner company, in principle, it examines the financial position and other characteristics of the partner company before entering into a basic construction subcontracting agreement. In addition, the Group conducts regular visits to major partner companies to confirm their management conditions including their financial position.
Hazard risks (natural disasters, pandemics, etc.)	• In the event of a large-scale natural disaster such as a major earthquake or wind or flood damage, there could be an impact on the Group's business performance due to damage to construction in progress, delays in construction, or damage to Group-owned buildings. • In the event of a pandemic, there could be an impact on the Group's business performance, including a decline in construction contract awards due to an economic downturn or a decrease in revenues due to the suspension of construction work.	• The Group is working to further improve its disaster preparedness and business continuity capabilities through means such as the formulation of a BCP in the event of a disaster and conducting practical BCP drills assuming an earthquake directly under the Tokyo metropolitan area, torrential rain, and other scenarios. • In response to the COVID-19 pandemic, the Group positioned preventing both initial infections and the spread of infections as top priorities. Moreover, in order to ensure business continuity and minimize damage, the Group is gathering information, assessing risk scenarios, and instructing employees in Japan and overseas and partner companies on the necessary measures. Risk Management ▶Page 103

* Physical risks associated with climate change and risks to transition to a carbon-neutral society are disclosed in line with the TCFD Recommendations. ▶Page 86

The Kajima Group recognizes that compliance is the foundation of all its corporate activities. To articulate this stance and to provide a common frame of reference for the directors, officers and employees of the Group, it has established the Kajima Group Code of Conduct, under which the entire Kajima Group works to promote compliance.

Compliance Framework and Implementation

The Compliance and Risk Management Committee (chaired by the President) receives reports on the progress of measures for compliance throughout the Group as appropriate, as well as on important matters as they arise, promptly gives instructions on necessary responses and improvement measures, and reports the details of its recommendations to the Board of Directors.

The Legal Department, which is part of the Administration Division, is in charge of compliance. It has formulated and regularly reviews a compliance manual and conducts training through online courses, while the departments responsible for each business field formulate rules and guidelines and conduct training as necessary. In addition, the Audit Department, which is an internal audit division independent of operational divisions, conducts internal audits as part of its business audits.

Each Group company has also established and implements a compliance framework in line with that of Kajima.

Major Initiatives in FY2022

Revision of compliance manual (8th edition)

- Online course on compliance
  - Participants: 24,612 employees (including 10,464 employees from 47 Group companies)
  - Participation rate: 100%

Anti-Corruption Initiatives

Kajima has signed the United Nations Global Compact and supports the principle that "Businesses should work against corruption in all its forms." We have also established the Kajima Group Anti-Bribery Principles to further clarify our stance on anti-corruption initiatives.

Maintaining Fair Relationships with Partner Companies

The Kajima Group Code of Conduct states that we shall maintain healthy and fair relationships with partner companies such as subcontractors and suppliers.

Specifically, we established and began enforcing strict Company-wide rules that not only prohibit coercion of partner companies but also, as a general principle, prohibit the acceptance of hospitality, entertainment, or gifts from partner companies. In addition, we work with partner companies to ensure thorough compliance, including anti-corruption measures, by requesting that they comply with the Kajima Group Conduct Guidelines for Business Partners as part of our quotation and ordering conditions. At the same time, we carefully examine and assess the details of individual transactions with the aim of ensuring fairness and appropriateness in the selection of partner companies and the drafting of contracts.

Maintaining Appropriate Relationships with Public Officials in Japan

For payments made to public officials in Japan and similar situations, we make sure that all employees are aware that they must act in accordance with the National Public Service Ethics Code. In addition, we require all employees to submit applications for entertainment expenses in advance, and also conduct strict checks regarding the legality and appropriateness of expenditures during subsequent expense processing.

Maintaining Appropriate Relationships with Public Officials Overseas

Regarding foreign public officials and the like, Kajima has established the Kajima Corporation Anti-Bribery Policy for Foreign Public Officials, etc., and has developed guidelines that define specific procedures and criteria for each type of conduct. Group companies in Japan and overseas are also working to formulate regulations and guidelines in line with those of Kajima, and they are implementing activities to prevent bribery risks in the Kajima Group.

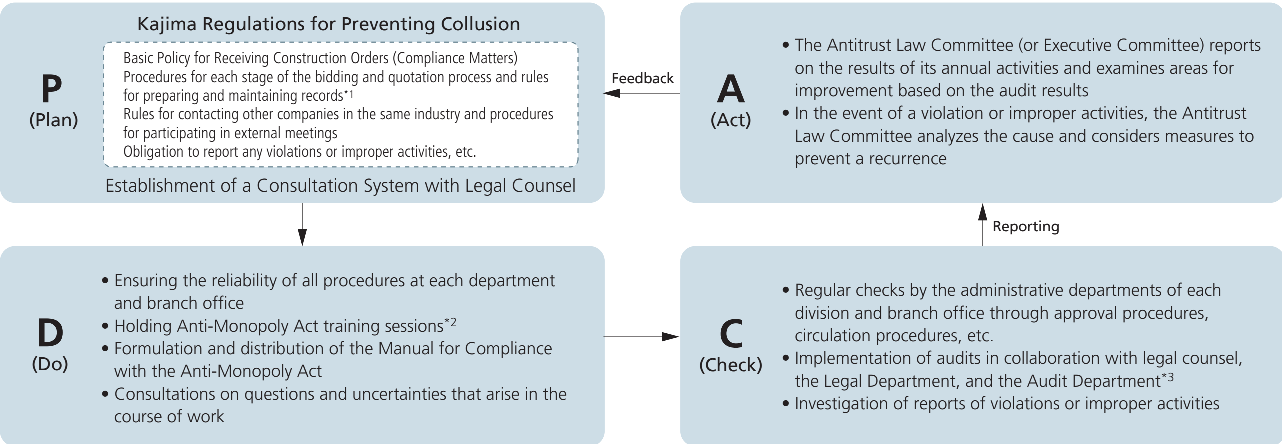
In FY2022, we organized a foreign public officials anti-bribery training session for the executives in relevant departments and domestic and overseas Group companies, inviting a lawyer well-versed in this field as the lecturer. About 150 people attended the session.

Ensuring Strict Compliance with the Anti-Monopoly Act

Kajima has established an Antitrust Law Committee under the Compliance and Risk Management Committee. The Legal Department, which serves as the Head Office secretariat, and the administration departments of each branch office, which serve as the branch office secretariats, play central roles in the ongoing initiatives to establish a bid-rigging prevention framework.

Group companies that are engaged in activities to receive orders related to public procurement have also established and are abiding by regulations in accordance with the Kajima Regulations for Preventing Collusion, and we are actively involved in confirming the implementation status of each company by assisting them in their anti-bid-rigging audits and checking their audit reports.

Cycle of Activities for Compliance with the Anti-Monopoly Act



*1 For public works and selected construction works ordered by private companies (such as subsidized construction work and construction work for clients acting in the public interest)
*2 Participants in FY2022: 1,892 employees (including 519 employees from 25 Group companies)
*3 Implemented for all 12 branches and 2 relevant Head Office departments in FY2022

Current Status of Trial Proceedings

- In March 2023, the Tokyo High Court rejected our appeal against the guilty judgement rendered by the Tokyo District Court (the first court) in the case involving violations of the Anti-Monopoly Act in connection with the construction of the Linear Chuo Shinkansen. We appealed to the Supreme Court against this judgement. In addition, Kajima filed a lawsuit with the Tokyo District Court to revoke the cease-and-desist order it received from the Japan Fair Trade Commission in December 2020. The trial is ongoing.
- Our subsidiary Kajima Road Co., Ltd. appealed to the Tokyo High Court after the Tokyo District Court rejected its claim to revoke the cease-and-desist order issued by the Japan Fair Trade Commission in connection with a violation of the Anti-Monopoly Act in relation to the manufacture and sale of asphalt mixture in March 2023.

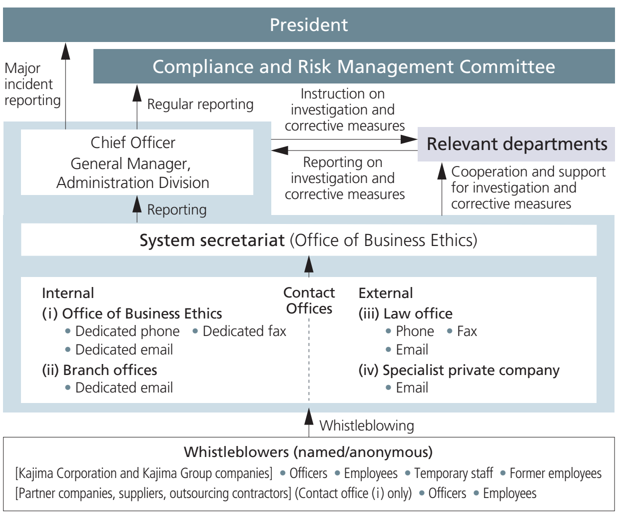
Whistleblower System

We have established a whistleblower system (a corporate ethics hotline) through which employees of Kajima, Group companies, partner companies, and others are able to report facts or suspicions concerning wrongdoing in the Group. Anyone can report, anonymously if they prefer, misconduct or legal violations, including corruption such as bribery involving officers or employees. In order to ensure the ease-of-use and effectiveness of this system, we have also established multiple contact offices outside the Company.

We provide online courses and distribute information leaflets throughout the Group to raise awareness of this system, foster an environment where employees can safely use this system for appropriate whistleblowing, and improve the effectiveness of the system.

FY2022 Whistleblowing Reports: 23

Corporate Ethics Whistleblower System Framework



Note: Each Group company also operates its own whistleblower system.

Officers (As of June 28, 2023)

Board of Directors

Yoshikazu Oshimi

Chairman, Representative Director

1974 Joined the Company
2005 Executive Officer, General Manager, Yokohama Branch
2008 Managing Executive Officer
2009 General Manager, Building Construction Management Division
2010 Senior Executive Officer
2013 General Manager, Kansai Branch
2015 Executive Vice President
President, Representative Director
2021 Chairman, Representative Director (to the present)

Hiromasa Amano

President, Representative Director

1977 Joined the Company
2009 Executive Officer, General Manager, Planning Department, Building Construction Management Division
2012 General Manager, Chubu Branch
2013 Managing Executive Officer
2014 Senior Executive Officer, General Manager, Tokyo Architectural Construction Branch
2017 Executive Vice President
2021 President (to the present), Representative Director (to the present)

Keisuke Koshijima

Representative Director, Executive Vice President
General Manager, Overseas Operations Division

1978 Joined the Company
2005 President and CEO, Kajima U.S.A. Inc.
2009 Executive Officer
2010 General Manager, Overseas Operations Division (to the present)
2012 Managing Executive Officer
2015 Senior Executive Officer
2018 Executive Vice President (to the present)
2021 Representative Director (to the present)

Masaru Kazama

Representative Director, Executive Vice President
General Manager, Civil Engineering Management Division,
Overseeing Machinery and Electrical Engineering Department

1981 Joined the Company
2013 Executive Officer, Deputy General Manager, Civil Engineering Management Division
2015 Managing Executive Officer, Deputy General Manager, Kansai Branch
2017 Managing Executive Officer, General Manager, Tokyo Civil Engineering Branch
2021 Senior Executive Officer, General Manager, Tokyo Civil Engineering Branch
2022 Senior Executive Officer, General Manager, Civil Engineering Management Division (to the present)
2023 Executive Vice President (to the present)
General Manager, Civil Engineering Management Division (to the present)
Overseeing Machinery and Electrical Engineering Department (to the present)
Representative Director (to the present)

Hiroshi Ishikawa

Director, Executive Vice President,
General Manager, Sales and Marketing Division

1989 Joined the Company
1997 Representative Director, Vice President, Kajima Leasing Corporation
2000 Director
2002 Managing Director
2004 Senior Managing Director
2005 Director (to the present), Senior Executive Officer, General Manager, Sales and Marketing Division
2007 Responsible for Sales and Marketing
2016 Executive Vice President (to the present)
2019 General Manager, Sales and Marketing Division (to the present)

Takeshi Katsumi

Director, Senior Executive Officer
General Manager, Administration Division, Overseeing Audit Department, Safety and Environmental Affairs Department and IT Solutions Department

1980 Joined the Company
2007 General Manager, Affiliated Business Department
2014 Executive Officer, General Manager, Corporate Planning Department, Overseeing Affiliated Business Department and IT Solutions Department (to the present)
2017 Managing Executive Officer
2020 Senior Executive Officer (to the present)
General Manager, Administration Division (to the present)
Overseeing Safety and Environmental Affairs Department (to the present)
2021 Director (to the present), Overseeing Audit Department (to the present)

Ken Uchida

Director, Senior Executive Officer
General Manager, Treasury Division

1979 Joined the Company
2012 Managing Director, Kajima Europe Ltd.
2015 Executive Officer
2017 Director (to the present),
Managing Executive Officer, General Manager, Treasury Division (to the present)
2021 Senior Executive Officer (to the present)

Kiyomi Saito

Director*1

1973 Joined Nikkei Inc.
1975 Joined Sony Corporation
1984 Joined Morgan Stanley
1990 Executive Director, Morgan Stanley
2000 President, JBond Co., Ltd. (currently JBond Totan Securities Co., Ltd.)
2015 Director (to the present)
2021 Representative Director, JBond Totan Securities Co., Ltd. (to the present)

Yoichi Suzuki

Director*1

1975 Joined the Ministry of Foreign Affairs, Japan (MOFA)
2003 Deputy Director-General, Economic Affairs Bureau of MOFA
2005 Consul-General in Boston
2008 Director-General, Economic Affairs Bureau of MOFA
2010 Ambassador to Singapore
2013 Ambassador to France
2016 Government Representative and Ambassador in charge of the Kansai region
2017 Government Representative and Ambassador for International Economic Affairs
2018 Retired from MOFA
2021 Director (to the present)

Tamotsu Saito

Director*1

1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)
2008 Director, Executive Officer, President of Aero-Engine & Space Operations, IHI Corporation
2009 Director, Managing Executive Officer, President of Aero-Engine & Space Operations, IHI Corporation
2011 Executive Vice President, Representative Director, IHI Corporation
2012 President, Representative Director, CEO, IHI Corporation
2016 Chairman of the Board, Representative Director, CEO, IHI Corporation
2017 Chairman of the Board, Representative Director, IHI Corporation
2020 Senior Counselor, IHI Corporation (to the present)
2022 Director (to the present)

Masami Iijima

Director*1

1974 Joined MITSUI & CO., LTD.
2008 Representative Director, Executive Managing Officer, MITSUI & CO., LTD.
Representative Director, Senior Executive Managing Officer, MITSUI & CO., LTD.
2009 Representative Director, President and Chief Executive Officer, MITSUI & CO., LTD.
2015 Representative Director, Chair of the Board of Directors, MITSUI & CO., LTD.
2021 Director, MITSUI & CO., LTD.
Counselor, MITSUI & CO., LTD. (to the present)
2023 Director (to the present)

Kazumine Terawaki

Director*1

1980 Public Prosecutor, Tokyo District Public Prosecutor's Office
2014 Director-General, Public Security Intelligence Agency
2015 Superintending Prosecutor, Sendai High Public Prosecutors Office
2016 Superintending Prosecutor, Osaka High Public Prosecutors Office
2017 Retired from Public Prosecutors Office, registered as attorney
2019 Audit & Supervisory Board member
2023 Director (to the present)

*1 Outside Director as defined in Article 2, Item 15, of the Companies Act.

Audit & Supervisory Board

Masahiro Nakagawa

Audit & Supervisory Board member*2

1981 Joined the Sumitomo Bank, Limited
2010 Executive Officer and General Manager, Real Estate Corporate Business Office, Sumitomo Mitsui Banking Corporation
2013 President and CEO, SMBC Trust Bank Ltd.
2015 Representative Director, Deputy Chief Executive and Deputy Chief Executive Officer, SMBC Trust Bank Ltd.
2018 Audit & Supervisory Board member (to the present)

Takashi Kumano

Audit & Supervisory Board member

1983 Joined the Company
2011 General Manager, Nagano District Office, Kanto Branch
2015 General Manager, Administration Department, Kanto Branch
2017 General Manager, Audit Department
2020 Audit & Supervisory Board member (to the present)

Kazushi Suzuki

Audit & Supervisory Board member

1984 Joined the Company
2009 Group Leader, Internal Control Group, Corporate Planning Department
2013 Group Leader, Management Group, Corporate Planning Department
2014 General Manager, Affiliated Business Department
2021 Audit & Supervisory Board member (to the present)

Yukiko Fujikawa

Audit & Supervisory Board member*2

1988 Joined Chuo Shinko Audit Corporation
1992 Registered as Certified Public Accountant
1998 Financial Securities Inspector, Inspection Department, Financial Supervisory Agency (currently the Financial Services Agency)
2000 President, Yukiko Fujikawa CPA Office (to the present)
2004 Registered as Certified Public Tax Accountant
2012 Representative Member, Kaikei Jissen Kenkyujo (tax accountancy corporation) (to the present)
2020 Audit & Supervisory Board member (to the present)

Emiko Takeishi

Audit & Supervisory Board member*2

1982 Joined the Ministry of Labour (currently the Ministry of Health, Labour and Welfare)
1992 Joined NLI Research Institute
2003 Assistant Professor, Institute of Social Science, the University of Tokyo
2004 Senior Researcher, NLI Research Institute
2006 Assistant Professor, Faculty of Lifelong Learning and Career Studies, Hosei University
2007 Professor, Faculty of Lifelong Learning and Career Studies, Hosei University (to the present)
2023 Audit & Supervisory Board member (to the present)

*2 Outside Audit & Supervisory Board member as defined in Article 2, Item 16, of the Companies Act.

Executive Officer

■ President

Hiromasa Amano

■ Executive Vice Presidents

Keisuke Koshijima
General Manager, Overseas Operations Division

Masaru Kazama
General Manager, Civil Engineering Management Division, Overseeing Machinery and Electrical Engineering Department

Hiroshi Ishikawa
General Manager, Sales and Marketing Division

Takao Nomura
General Manager, Yokohama Branch

Koichi Matsuzaki
General Manager, Building Construction Management Division

■ Senior Executive Officers

Jun Matsushima
General Manager, Tokyo Architectural Construction Branch

Takeshi Katsumi
General Manager, Administration Division, Overseeing Audit Department, Safety and Environmental Affairs Department and IT Solutions Department

Ken Uchida
General Manager, Treasury Division

Takaharu Fukuda
Responsible for Research and Development and Building Structures, Overseeing Digital Strategy Office and Intellectual Property and License Department

Norio Kita
General Manager, Architectural Design Division

Takeshi Tadokoro
General Manager, Kanto Branch

Yoshihiko Riho
Director, Kajima Technical Research Institute

Hiroshi Shoji
General Manager, Tohoku Branch

■ Managing Executive Officers

Yasuhiko Yamada
Deputy General Manager, Tokyo Architectural Construction Branch

Osamu Shimoyasu
Senior Supervisory Engineer, Civil Engineering Management Division

Koh Kimura
Senior Supervisory Engineer, Civil Engineering Management Division

Masahito Tanaami
Deputy General Manager, Architectural Design Division

Katsunori Ichihashi
General Manager, Executive Office, Overseeing Human Resources Department, Affiliated Business Department and Center for Shared Administrative Services

Eiichi Tanaka
Responsible for Nuclear Power

Michiya Uchida
General Manager, Environmental Engineering Division

Shuichi Oishi
CEO, Kajima Development Pte. Ltd.

Kazuyoshi Yonezawa
Deputy General Manager, Tokyo Architectural Construction Branch

Mitsuharu Kodoi
Deputy General Manager, Civil Engineering Management Division

Katsuhisa Takekawa
Deputy General Manager, Building Construction Management Division

Takeshi Kayano
General Manager, Kansai Branch

Nobuhiro Kobayashi
Deputy General Manager, Tokyo Architectural Construction Branch

Hidemitsu Yoshihiro
General Manager, Tokyo Civil Engineering Branch

Koji Ikkatai
General Manager, Engineering Division

Ryuzo Ikegami
Deputy General Manager, Building Construction Management Division, Responsible for Safety (Construction)

Tetsuya Ashida
Deputy General Manager, Civil Engineering Management Division

Hiroyuki Komori
General Manager, Kyushu Branch

Masami Moriguchi
Deputy General Manager, Civil Engineering Management Division, Responsible for Safety (Civil Engineering)

Jun Shimai
Deputy General Manager, Sales and Marketing Division

■ Executive Officers

Munehisa Yoshimi
Deputy General Manager, Sales and Marketing Division

Mitsuru Niizuma
Deputy General Manager, Administration Division, Overseeing Public Relations Office

Tadashi Fujimura
Deputy General Manager, Architectural Design Division

Miki Ito
Deputy General Manager, Building Construction Management Division

Takahiko Tsukaguchi
General Manager, Real Estate Development Division

Yoshinori Moriyama
Senior Supervisory Engineer

Noboru Sakata
General Manager, Technology Development Department, Civil Engineering Management Division

Kenichi Nakajima
General Manager, International Division

Yasuo Murakami
Deputy General Manager, Sales and Marketing Division

Yasushi Kurokawa
Deputy General Manager, Architectural Design Division

Toru Yamamoto
General Manager, Hokkaido Branch

Masaya Hiraoka
Deputy General Manager, Architectural Design Division

Hirotaka Takabayashi
General Manager, Corporate Planning Department

Toshio Taikoji
General Manager, Planning Department, Civil Engineering Management Division

Nobuaki Yoshioka
Deputy General Manager, Tokyo Architectural Construction Branch

Masafumi Kiryu
Deputy General Manager, Tokyo Architectural Construction Branch

Yoshinobu Ozaki
General Manager, Shikoku Branch

Yukio Chida
Deputy General Manager, Tokyo Architectural Construction Branch

Jirou Tsuneoka
General Manager, Chugoku Branch

Hiroto Ichiki
President and CEO, Kajima Europe Ltd.

Naoshi Nishizawa
Deputy General Manager, Administration Division

Shoichi Nomura
Deputy General Manager, Kanto Branch

Junji Kimura
General Manager, Hokuriku Branch

Daijiro Akita
General Manager, Chubu Branch

Daisuke Horiuchi
General Manager, Planning Department, Building Construction Management Division

Yukio Tada
General Manager, Civil Engineering Design Division

Tsuneo Narumi
Deputy General Manager, Sales and Marketing Division

10-Year Highlights

(FY)	2013	2014	2015	2016
Financial Results				
Construction Contract Awards	1,573.5	1,474.8	1,795.8	1,728.3
Revenues	1,521.1	1,693.6	1,742.7	1,821.8
Operating Income	23.0	12.6	111.0	155.3
Ordinary Income	27.0	21.3	113.3	163.4
Net Income Attributable to Owners of the Parent	20.7	15.1	72.3	104.8
Operating Margin (%)	1.5	0.7	6.4	8.5
R&D Costs	7.8	7.7	7.8	8.2
Capital Investment	19.8	25.4	32.9	29.4
Kajima Corporation				
Civil Engineering				
Gross Profit Margin (%)	17.2	(0.1)	14.6	18.2
Building Construction				
Gross Profit Margin (%)	0.3	1.1	10.8	13.4
Financial Position				
Total Assets	1,789.4	1,839.2	1,886.7	1,992.8
Owners' Equity	368.2	434.9	471.2	548.5
Total Equity	364.1	436.9	474.0	552.5
Interest-Bearing Debt	444.7	385.0	378.5	372.9
Cash Flows				
Cash Flows from Operating Activities	32.9	59.2	36.3	187.5
Cash Flows from Investing Activities	17.3	8.3	(27.8)	(31.9)
Cash Flows from Financing Activities	(17.1)	(70.7)	(13.1)	(20.5)
Stock Information				
Basic Net Income per Share (¥)*1	19.98	14.58	69.66	101.01
Owners' Equity per Share (¥)*1	354.62	418.86	453.93	528.46
Cash Dividends per Share (¥)	5.0	5.0	12.0	20.0
Management Benchmarks				
Ratio of Net Income to Owners' Equity (ROE) (%)	6.0	3.8	16.0	20.6
Owners' Equity Ratio (%)	20.6	23.6	25.0	27.5
Debt-to-Equity Ratio (times)	1.21	0.89	0.80	0.68

Non-Financial Information				
Number of Employees (Consolidated)	15,391	15,383	15,810	16,422
Kajima Corporation	7,657	7,546	7,527	7,611
Consolidated Group Companies in Japan	3,945	4,068	4,144	4,442
Consolidated Group Companies outside Japan	3,789	3,769	4,139	4,369
CO_2 Emissions Attributable to Construction ($\times 10^4$ t-CO_2)*2 *3	22.8	26.2	26.2	25.8
CO_2 Emissions per Unit of Sales Attributable to Construction (t-CO_2/¥100 million)*2 *3	22.0	22.2	21.5	21.5
Final Disposal Rate for Construction Waste (Incl. Sludge) (%)*3	6.9	7.1	6.5	5.8

Note: From the beginning of FY2018, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting." Accordingly, the figures for FY2017 were recalculated to reflect this change.

*1 The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the figures for FY2017 and FY2018 are calculated as if the consolidation of shares had been conducted at the beginning of FY2017.

*2 The method for compiling data on CO_2 emissions attributable to construction and CO_2 emissions per unit of sales attributable to construction changed as of FY2020. ▶Page 25

*3 Kajima Corporation Non-consolidated

(¥ billion)

2017	2018	2019	2020	2021	2022
1,685.9	2,010.1	1,752.8	1,720.1	1,929.8	2,196.9
1,830.6	1,974.2	2,010.7	1,907.1	2,079.6	2,391.5
158.3	142.6	131.9	127.2	123.3	123.5
179.7	162.9	146.6	139.7	152.1	156.7
126.7	109.8	103.2	98.5	103.8	111.7
8.7	7.2	6.6	6.7	5.9	5.2
10.3	13.9	16.4	15.0	17.3	18.2
16.1	28.4	86.3	52.7	58.0	85.8
21.2	19.0	14.0	15.5	16.5	18.0
14.0	12.5	13.2	12.7	10.3	8.5
2,051.2	2,091.1	2,172.1	2,164.8	2,337.7	2,769.7
666.0	753.2	791.7	874.8	945.7	1,052.4
669.7	756.9	796.0	884.8	953.5	1,061.1
344.8	298.7	326.8	317.0	359.9	537.7
120.4	30.3	53.0	153.0	30.2	(29.1)
(47.3)	(25.3)	(101.8)	(65.4)	(51.1)	(81.7)
(53.0)	(75.0)	(10.8)	(39.1)	(20.9)	111.8
244.29	211.67	200.99	193.13	208.00	227.98
1,283.38	1,451.66	1,544.71	1,731.16	1,920.45	2,165.12
48.0	50.0	50.0	54.0	58.0	70.0
20.9	15.5	13.4	11.8	11.4	11.2
32.5	36.0	36.5	40.4	40.5	38.0
0.52	0.40	0.41	0.36	0.38	0.51
17,730	18,297	18,673	18,905	19,295	19,396
7,686	7,783	7,887	7,989	8,080	8,129
4,674	4,816	4,976	5,130	5,260	5,378
5,370	5,698	5,810	5,786	5,955	5,889
27.4	25.1	22.7	15.7	17.7	22.6
21.4	20.0	17.6	13.8	14.0	16.0
2.4	4.3	3.9	2.5	2.4	2.7

Principal Subsidiaries and Affiliates

Japan

	Company name	Business description
Design and Consulting	Ilya Corporation	Interior design, consulting, interior and furniture businesses
	ARMO Co., Ltd.	Architectural design, facility design, and presentation
	ARTES Corporation	Building structure design, consulting, and construction engineering
	Engineering & Risk Services Corporation	Risk management service, due diligence service, soil environment service, and energy management service
	Landscape Design Inc.	Property exterior structure design, landscape planning, greening consulting, and town planning proposals
	Retec Engineering Inc.	Survey and diagnosis of civil engineering structures, new construction and repair/reinforcement design, and measurement management
	Avant Associates, Inc.	Urban planning, town planning support, public real estate utilization (PRE), public-private partnerships (PPP), and area management
	Global BIM Inc.	BIM-related information processing, software sales, and operational consulting
Procurement and Construction	Taiko Trading Co., Ltd.	Sale and lease of construction equipment and materials, and subcontracting for various construction projects
	Chemical Grouting Co., Ltd.	Ground improvement, foundation construction, and soil remediation
	Kajima Road Co., Ltd.	Paving of roads, bridges, airports, etc., and manufacture and sale of paving materials
	Japan Sea Works Co., Ltd.	Ocean port and coastal protection work, and geological surveying
	Kajima Kress Corporation	Temporary staffing, subcontracting for construction projects, calculation and preparation of construction plans
	Kajima Environment Engineering Corporation	Environmental and consulting work focused on water and waste
	Kajima Mechatro Engineering Co., Ltd.	Construction machinery manufacture
	KRC Co., Ltd.	Repair and reinforcement work for civil engineering structures, and sales of repair materials
	Clima-Teq Co., Ltd.	Integrated facility construction, and renovation
	Kajima Fit Co., Ltd.	Subcontracting for various construction projects by providing directly employed skilled workers, and development of skilled construction workers
	Clima Works Co., Ltd.	Subcontracting for various facility construction projects by providing directly employed skilled workers
Operation & Management	Kajima Tatemono Sogo Kanri Co., Ltd.	Building management
	Kajima Tokyo Development Corporation	Leasing and operational management of real estate, and hotel management (Hotel East 21 Tokyo)
	Kajima Property Management Co., Ltd.	Leasing, management, brokerage and appraisal of real estate
	Kajima Yaesu Kaihatsu Co., Ltd.	Real estate leasing and operational management
	Niigata Bandaijima Building Co., Ltd.	Real estate leasing and operational management
	Kajima Real Estate Investment Advisors Inc.	Real estate asset management, consulting, and buying, selling, and brokerage of beneficial interests of a trust
	Atami Infrastructure Management LLC.	Toll road operation (Atami Beach Line)
	Eaton Real Estate Co. Ltd.	Real estate development, investment and operation
Sales and Services	Kajima Services Co., Ltd.	Travel agency, product sales, and business services
	Act Technical Support, Inc.	Temporary staffing and human resources placement, and events planning
	Kajima Leasing Corporation	Planning of construction projects, building and equipment leasing
	Kajima Information Communication Technology Co., Ltd.	Design, operation and management of the Kajima Group's information communication technology infrastructure and various computer systems
	Toshi Kankyo Engineering Co., Ltd.	Collection, transportation and processing of waste
	K-PROVISION Co., Ltd.	Public relations and advertising planning and production, as well as video production
	One Team Inc.	Building production promotion support (inspection, IT promotion, survey, education) and temporary staffing
Book Publishing	Kajima Institute Publishing Co., Ltd.	Editing and publishing of books and publications
Hotel and Leisure	Azuma Kanko Kaihatsu Co., Ltd.	Golf course management (Takasaka Country Club)
	Hotel Kajima no Mori Co., Ltd.	Hotel management in Karuizawa, Nagano Prefecture
	Kajima Resort Corporation	Sale and management of vacation home properties in Tateshina, Nagano Prefecture, as well as golf course management (Kajima Minamitateshina Golf Course)
	Atema Kogen Resort, Inc.	Hotel and golf course management (Atema Kogen Resort Belnatio)
	Nasu Resort Corporation	Golf course management (Nasu Chifuriko Country Club)
	Shinrinkohen Golf Club Co., Ltd.	Golf course management
	Kajima Karuizawa Resort, Inc.	Management of a golf course, hotel, and ski resort (President Resort Karuizawa)
Greening and Insurance	KATABAMI CORPORATION	Mountain forest and greening landscaping, and agency handling of property, casualty, and life insurance

Overseas

Kajima Europe Ltd.

1 United Kingdom	Kajima Europe Ltd.
	Kajima Partnerships Ltd.
	Kajima Properties (Europe) Ltd.
	Pario Limited
2 France	Kajima France Development S.A.R.L.
	Les Domaines De Saint Endréol
3 Czech Republic	Kajima Czech Design and Construction s.r.o.
4 Poland	Kajima Poland Sp. z o.o.
	Student Depot Sp. z o.o.
	PAD RES Development Sp. z o.o.
	Hymon Fotowoltaika Sp. z o.o.
5 Ireland	Kajima Ireland Ltd.

Kajima Asia Pacific Holdings Pte. Ltd.

6 Singapore	Kajima Asia Pacific Holdings Pte. Ltd.
	Kajima Overseas Asia Pte. Ltd.
	Kajima Design Asia Pte Ltd
	Kajima Overseas Asia (Singapore) Pte. Ltd.
	Kajima Development Pte. Ltd.
	International Facility Engineering Pte. Ltd.
	Kajima Ventures Pte. Ltd.
7 Indonesia	PT Kajima Indonesia
	PT Senayan Trikarya Sempana
	PT Jimbaran Greenhill
8 Thailand	Thai Kajima Co., Ltd.
	Ramaland Development Co., Ltd.
	Bang Tao Beach Ltd.
9 Malaysia	Kajima (Malaysia) Sdn. Bhd.
10 Vietnam	Kajima Vietnam Co., Ltd.
	Indochina Kajima Development Ltd.
11 The Philippines	Kajima Philippines Inc.
12 Hong Kong	Allied Kajima Ltd.
13 India	Kajima India Pvt. Ltd.
14 Myanmar	Kajima Myanmar Co., Ltd.
	Kajima Yankin PPP Co., Ltd.

Kajima Australia Pty Ltd

15 Australia 16 New Zealand	Kajima Australia Pty Ltd
	Icon Co Holdings Pty Ltd
	Icon Developments Australia Pty Ltd
17 Shanghai	Cockram Projects (Shanghai) Construction & Engineering Co Ltd
18 Hong Kong	Scenario Cockram Limited

Kajima Corporation (China) Co., Ltd.

19 Shanghai	Kajima Corporation (China) Co., Ltd.

Chung-Lu Construction Co., Ltd.

20 Taipei	Chung-Lu Construction Co., Ltd.

Kajima U.S.A. Inc.

21 Atlanta	Kajima U.S.A. Inc.
	Kajima International Inc.
	Kajima Building & Design Group, Inc.
	Kajima Associates, Inc.
	Batson-Cook Company
	Kajima Real Estate Development Inc.
	Core5 Industrial Partners LLC
	Batson-Cook Development Company
22 Columbus	Flournoy Construction Group, LLC
	Flournoy Development Group, LLC
23 Orlando	Development Ventures Group, Inc.
24 New York	Anglebrook Golf Club
25 Cleveland	The Austin Company
26 Los Angeles	KCS West, Inc.
	Kajima Development Corporation
27 Honolulu	Hawaiian Dredging Construction Company, Inc.
28 Mexico City	TAC Diseno Y Construir, S.A. de C.V.

Based on the Kajima corporate philosophy of striving to continually advance our business operations and contribute to society, the Kajima Group is contributing to advancing the sustainable development of society by engaging in business operations and addressing social and regional issues as a good corporate citizen.
Under the Kajima Group Social Contribution Activity Policy established in April 2021, our activities encompass disaster preparedness and recovery, community support, environmental preservation, education for the next generation, and the promotion of academia, culture and art through foundations.

Education for the Next Generation

Receiving the Career Education Award Grand Prize for “Power to Create a Century”

Kajima’s “Power to Create a Century” teaching and exploratory learning materials received the Grand Prize in the 12th Career Education Awards. The materials were created to teach the skills required to conduct research, including setting issues, collecting information, organization, analysis, summary, and representation.

The materials are used in work sessions on four themes: urban development, UNESCO World Heritage Sites, passing down traditions, and harmonious coexistence. They utilize real projects in which Kajima has been involved. In FY2022, the materials were provided to about 11,200 high school students in 61 schools to support their studies.

The materials won the Grand Prize for their embodiment of the continuous PDCA cycle and quantitative KPI to assess changes in the motivation and ability of students through classes. Kajima will continue to implement initiatives to support the education of the next generation as part of its social contribution activities.

At the award ceremony of the Career Education Awards. The Kajima Executive Officer received the award.

Promotion of Academia, Culture and Art

Opening of Kajima Hall at the University of Tokyo

In March 2023, Kajima completed the renovation of Lecture Room 15 and the foyer in the Faculty of Engineering Building 1 on the Hongo Campus, the University of Tokyo. The renovated lecture room, now named Kajima Hall - Lecture Room 15, is equipped with advanced equipment suitable for a state-of-the-art research and education facility, while retaining its historical space. Sensor equipment will be added in the future to use the room for demonstration experiments linked to each laboratory.

Sign at the entrance

Kajima Hall - Lecture Room 15

Kajima Foundations Promote Academia, Culture and Art

The Kajima Foundation
Established in 1976, the Kajima Foundation offers grants for general and specific subject research and supports researcher exchanges (dispatch and invitation), international joint research and international research conferences in a wide range of fields across the natural sciences, the humanities and social sciences, to promote academic development in Japan and international academic exchanges.

In FY2022, it funded 79 projects through grants and assistance totaling ¥157.4 million. It organizes a presentation ceremony for selected researchers and a symposium to present their research results every year.

The Kajima Foundation for the Arts
Established in 1982, the Kajima Foundation for the Arts provides grants for research in the arts, related publications, international exchange, and projects to promote art dissemination, aiming to foster the arts and enrich Japanese culture.

In FY2022, a total of 79 projects were funded, with a total value of ¥71.6 million. Every year, the Kajima Foundation for the Arts Prize and Excellence Prize are awarded to those who have achieved outstanding results from among researchers funded by the foundation, and a symposium is organized for the prize winners to present their research. The Foundation has enhanced and developed its operations, including by updating its website in 2022 to allow viewers to search for funded research projects and publications and to present the research and activities of the funded researchers.

Kajima Ikueikai Foundation
Established in 1956, the Kajima Ikueikai Foundation provides scholarships to economically disadvantaged undergraduate and graduate students in Japan, including students from other countries. In FY2022, it awarded a total amount of ¥107.24 million in scholarships to a total of 134 students.

Kajima Institute of International Peace
Established in 1966, the Kajima Institute of International Peace aims to support Japan’s domestic readiness in a changing environment by conducting and publishing research on matters fundamental to future security and prosperity, contributing as much as possible to Japan’s peaceful role in Asia and the world.

Atsumi International Foundation
Established in 1994, the Atsumi International Foundation provides scholarships to international students and develops international exchange programs. To date, it has granted scholarships to 366 students from 53 countries and regions, and Japanese students also became eligible from FY2022. In addition, with the aim of building an international exchange network, the Foundation implements a variety of international exchange events in Japan and overseas, including the Asia Future Conference, as well as academic conferences, workshops, and study tours led by former scholarship recipients who now actively teach and pursue research at universities worldwide.

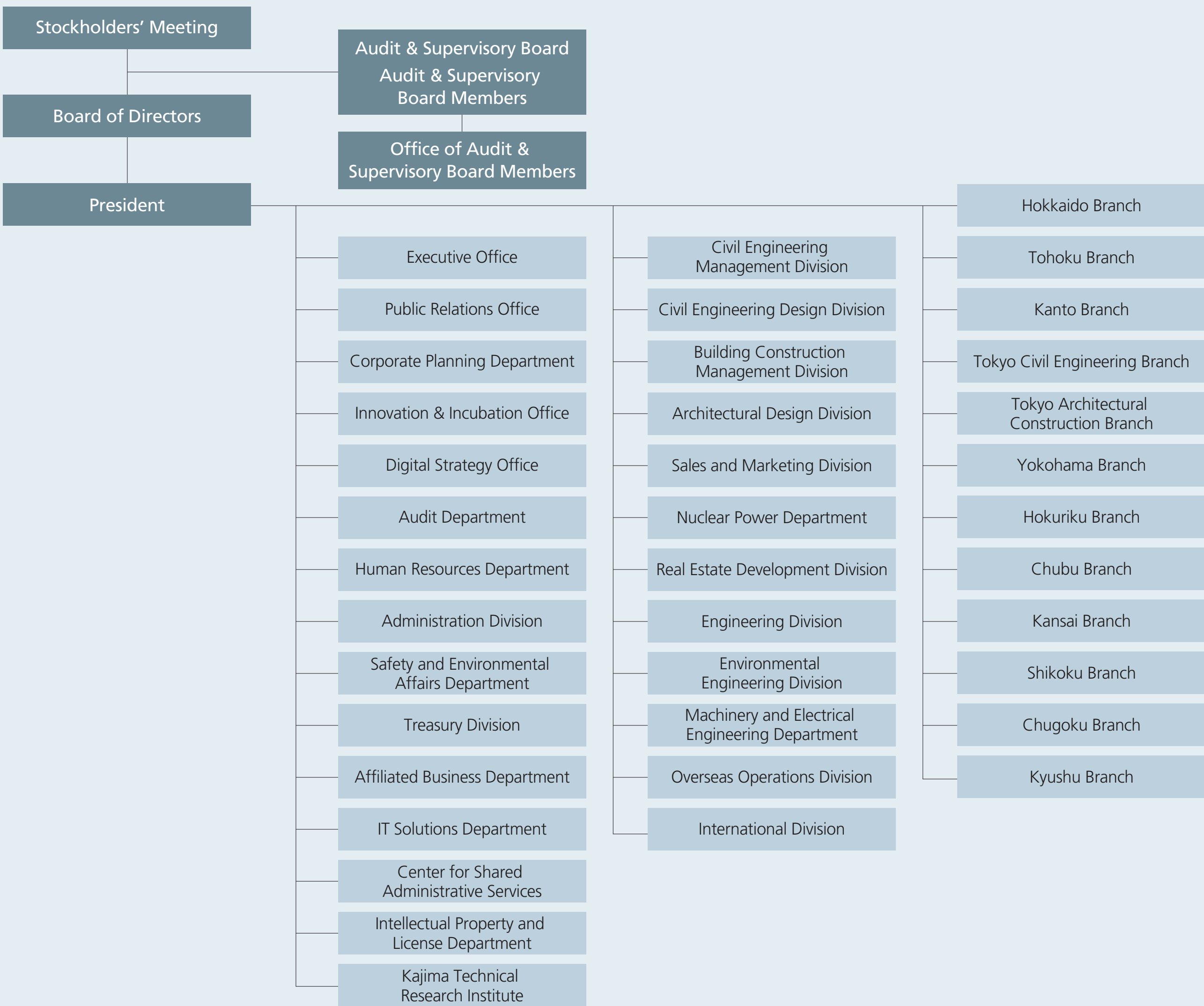
Company Information

(As of March 31, 2023)

Corporate Profile

Company Name	Kajima Corporation
Head Office	3-1, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan
Established	1840
Incorporated	1930
Paid-in Capital	Over ¥81,400 million
Number of Employees	8,129 (non-consolidated), 19,396 (consolidated)
Business Domains	Construction, real estate development, architectural design, civil engineering design, engineering, and other
Offices	Head Office; Real Estate Development Division, Engineering Division, and Overseas Operations Division; Kajima Technical Research Institute; Mechanical Technology Center; 12 branches; 27 offices in Japan; 48 offices outside of Japan (in 21 countries and regions)
Group Companies	296 companies (including 107 in Japan and 189 outside of Japan)

Corporate Organization



Stockholder Information

(As of March 31, 2023)

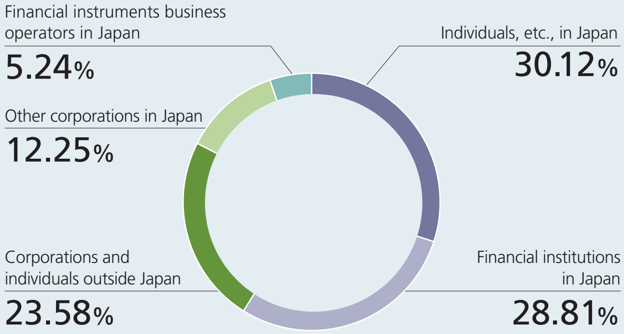
Number of Shares – Authorized	1,250,000,000
Number of Shares – Issued and Outstanding	528,656,011 (including 41,624,210 shares of treasury stock)
Number of Stockholders	60,631 (up 1,910 from end of fiscal 2022)
Administrator of Shareholder Registry	Sumitomo Mitsui Trust Bank, Limited
Stock Exchange Listings	Prime Market, Tokyo Stock Exchange; Premier Market, Nagoya Stock Exchange (Code: 1812)

Major Stockholders

Stockholders	Number of shares (Thousand shares)	Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	77,499	15.91
Custody Bank of Japan, Ltd. (Trust Account)	35,876	7.37
Kimiko Kajima	15,849	3.25
Kajima Employee Stock Ownership	9,747	2.00
JP Morgan Securities Japan Co., Ltd.	9,282	1.91
Sumitomo Mitsui Banking Corporation	8,331	1.71
The Kajima Foundation	7,235	1.49
State Street Bank West Client - Treaty 505234	7,028	1.44
TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.	6,288	1.29
Katabami Kogyo Co., Ltd.	5,800	1.19

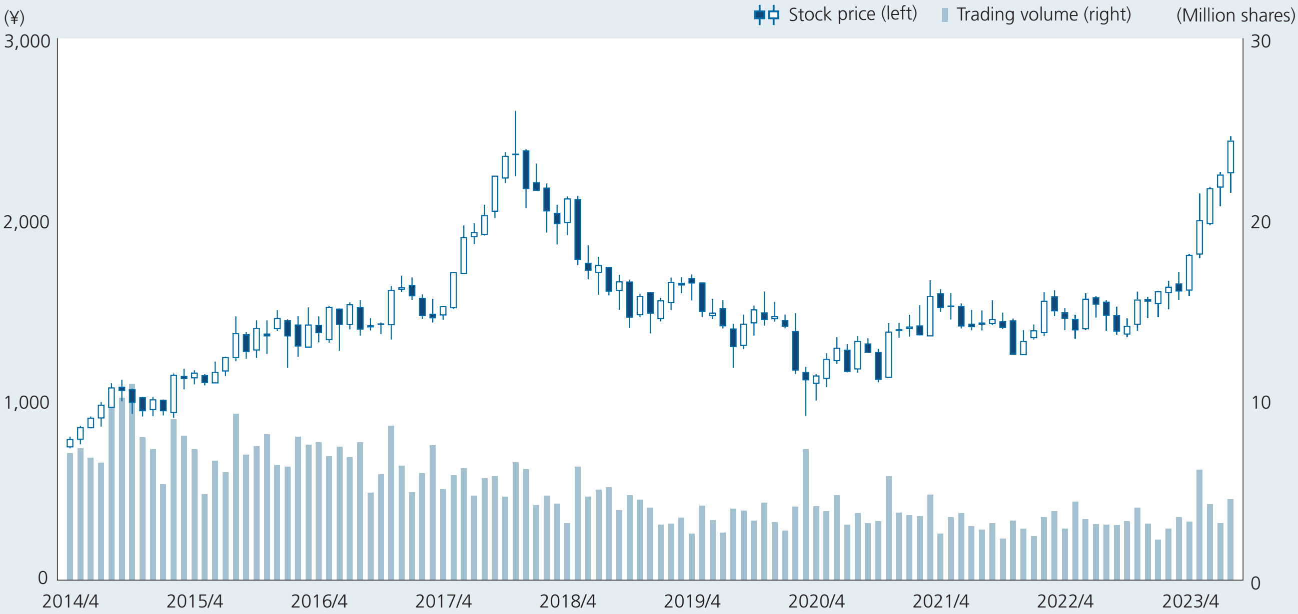
Notes: 1. In addition to the above, Kajima Corporation has 41,624 thousand shares of treasury stock.
2. Shareholding was computed excluding total treasury stock.

Stock Ownership Breakdown



Note: The 416,242 units of treasury stock are included under "Individuals, etc., in Japan." The 25 units of stock held in the name of the Japan Securities Depository Center, Incorporated, are included under "Other corporations in Japan."

Stock Price and Trading Volume



Note: On October 1, 2018, a reverse split was made (two shares consolidated into one) and the stock unit was changed (from 1,000 shares to 100 shares). The above stock prices have been calculated with April 1, 2014 as the supposed date of the reverse split.

Achievements of Major IR Activities

We have established a "Policy for Constructive Dialogue with Stockholders" and strive to proactively disclose information and promote constructive dialogue through financial results briefings, site tours, and individual interviews, in addition to the Ordinary Stockholders' Meeting. The opinions of stockholders and investors obtained through dialogue are reported regularly, timely, and appropriately to the Board of Directors and the Management Committee, and are reflected in improvements in management and IR activities.

FY2022 Results

Dialogue with Stockholders and Investors	Number of Times	Status of Activities
Financial results briefing for institutional investors and securities analysts	4	Two financial results briefings attended by the President and directors and executive officers in charge of business divisions, finance, and the corporate planning department (at the end of the second quarter and at the end of the fiscal year).
		Two financial results briefings attended by the director in charge of finance and the executive officer in charge of the corporate planning department (at the end of the first and third quarters)
Small meetings with securities analysts	Once	Held a small meeting attended by the President. The director in charge of finance and the executive officer in charge of the corporate planning department also attended the meeting and had a dialogue with six securities analysts.
Individual dialogue with institutional investors' voting right exercisers, and others	18	In addition to the executive officer in charge of the corporate planning department, relevant directors, executive officers, and the investor relations division attend the meetings and engage in regular dialogue as part of Shareholder Relations.
Individual dialogue with institutional investors and securities analysts	215	The executive officer in charge of the corporate planning department and the investor relations division take the lead in individual dialogues, including dialogue specific to ESG topics.
(Institutional investors in Japan)	(106)	
(Institutional Investors outside Japan)	(73)	
(Securities analysts)	(36)	
Conferences sponsored by securities firms	2	Investor relations division participated in a conference for institutional investors outside Japan hosted by a securities company

Participation in Initiatives

WE SUPPORT UN GLOBAL COMPACT

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Forum Member

External Recognition

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2023

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2023 Sompo Sustainability Index

レジリエンス認証 事業継続および社会貢献 認証・登録番号D0000012

INTEGRATED REPORT

Financial Review 2023

Year ended March 31, 2023

The consolidated financial statements of Kajima Corporation and its consolidated subsidiaries and the notes to consolidated financial statements are audited by Deloitte Touche Tohmatsu LLC. They have been prepared for the purpose of construction contract awards outside Japan.

Of the contents in the Financial Review (with the exception of the Summary and Forecast of Business Performance), the consolidated financial statements, notes to consolidated financial statements, and independent auditor's report, have been copied from documents prepared and issued for the aforementioned purpose.

Contents

Summary and Forecast of Business Performance

Amounts less than ¥0.1 billion have been rounded down.

Overview of Business Performance

In the fiscal year ended March 31, 2023, despite the easing of the various restrictions in many countries and regions that were intended to prevent the spread of COVID-19, and despite the increasing normalization of social and economic activities, the pace of global economic growth slowed and stagnated due to mounting geopolitical risks, including the situation in Ukraine, and rising inflation and interest rates, mainly in Europe and the United States. The Japanese economy continued to show ups and downs in reaction to COVID-19 trends, but the impact of COVID-19 on the economy is receding, and personal consumption, especially for services, is picking up, indicating a moderate recovery is underway.

In the domestic construction market, public investment remained steady, and corporate investment in both manufacturing and non-manufacturing industries steadily advanced, which led to a rise in construction demand. With regard to construction costs, material and equipment prices remained high overall, and labor costs showed an upward trend.

In this environment, the Kajima Group operated its business in Japan and overseas with a focus on the construction and real estate development businesses, under the Kajima Group Medium-Term Business Plan (FY2021-2023).

The Group's financial results for the fiscal year ended March 31, 2023 were as follows.

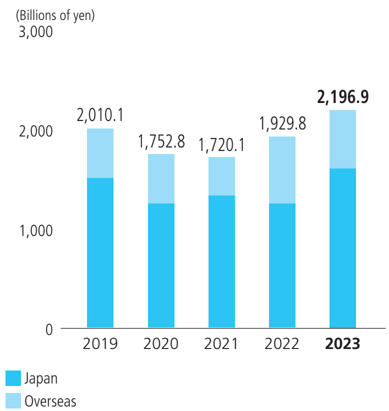
Consolidated construction contract awards increased 13.8% year on year to ¥2,196.9 billion (compared with ¥1,929.8 billion in the previous fiscal year) due to an increase in contract awards in the Company's building construction and the civil engineering businesses. Non-consolidated contract awards, including those for real estate development and other projects, increased 26.6% year on year to ¥1,535.7 billion (compared with ¥1,213.4 billion in the previous fiscal year).

Revenues increased 15.0% year on year to ¥2,391.5 billion (compared with ¥2,079.6 billion in the previous fiscal year) mainly due to higher revenues by the Company's construction business and its overseas subsidiaries and affiliates.

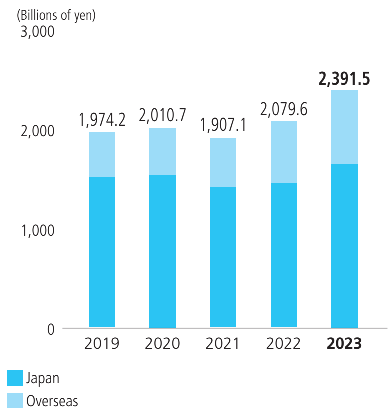
As for profit figures, operating income increased 0.1% year on year to ¥123.5 billion (compared with ¥123.3 billion in the previous fiscal year), as increased gross profit for the non-consolidated construction business, domestic subsidiaries and affiliates, and overseas subsidiaries and affiliates offset higher selling, general and administrative expenses such as R&D expenses. Net income attributable to owners of the parent climbed 7.6% to ¥111.7 billion (compared with ¥103.8 billion in the previous fiscal year) thanks to an improvement in other income – net. Also in the period under review, the Company sold cross-shareholdings (17 stocks, ¥10.0 billion), and recorded a gain on sales of marketable and investment securities as other income.

In the non-consolidated construction business during the fiscal year, mainly the building construction business was affected by rising prices of materials and equipment. To address this, we took measures to counter rising costs, conduct early procurement, and improve productivity, and we also held discussions with clients about changes in contract prices and design changes. As a result of these efforts, the gross profit margin for the building construction business remained within the range expected at the beginning of the period. The gross profit margin in civil engineering improved and exceeded the forecast due to the conclusion of additional amended contracts, cost reductions, and other factors. In the real estate and other businesses, revenues and gross profit from the real estate leasing business increased compared with the previous fiscal year. In addition, the planned sale of domestic real estate development assets (noncurrent assets)

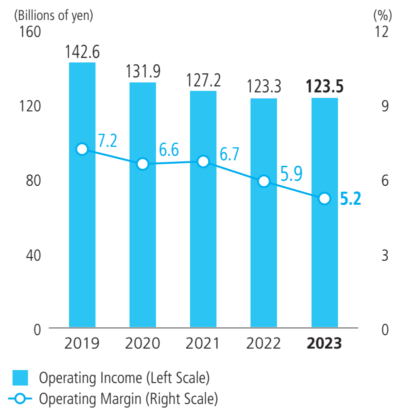
Construction Contract Awards
Years ended March 31



Revenues
Years ended March 31



Operating Income / Operating Margin
Years ended March 31



and other assets resulted in a gain on sales of property and equipment (¥4.9 billion) that was recorded as other income and contributed to earnings.

In domestic subsidiaries and affiliates, both construction business and real estate development and other businesses outperformed previous fiscal year due to orders for large-scale construction projects, and steady progress in construction. In addition, the construction equipment and materials sales business and the building leasing business performed well.

Overseas subsidiaries and affiliates continued to face a difficult business environment due to the slowdown in economic growth in the United States and Europe and broad foreign exchange rate fluctuations. However, as a result of conducting the business with thorough risk management, solid performance was achieved in the United States, mainly in the real estate business, and in Southeast Asia, performance recovery progressed as the impact of COVID-19 decreased.

Overview of Performance by Business Segment

Segment results were as follows. (Segment results include internal sales or transfers between segments.)

Civil Engineering

(Civil engineering in the construction business operated by the Company)

Revenues increased 11.0% year on year to ¥301.6 billion (compared with ¥271.8 billion in the previous fiscal year) due to steady progress in the construction of large-scale projects.

Segment profit jumped 48.9% to ¥29.3 billion (compared with ¥19.6 billion in the previous fiscal year) due to higher gross profit margin in addition to increased revenues.

(Billions of yen)

(Years ended March 31)	2023	2022	2023/2022 (%)
Revenues	**301.6**	271.8	11.0
Segment profit	**29.3**	19.6	48.9

Building Construction

(Building construction in the construction business operated by the Company)

Revenues increased 18.0% year on year to ¥1,086.2 billion (compared with ¥920.6 billion in the previous fiscal year) due to steady progress in large-scale construction projects including those ordered in the period under review.

Segment profit decreased 6.8% to ¥46.6 billion (compared with ¥50.1 billion in the previous fiscal year) due to a decline in the gross profit margin from the previous fiscal year, which was partly due to rising prices for materials and equipment, despite the impact of higher revenues.

(Billions of yen)

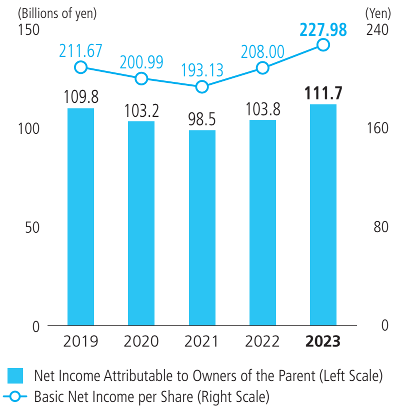
(Years ended March 31)	2023	2022	2023/2022 (%)
Revenues	**1,086.2**	920.6	18.0
Segment profit	**46.6**	50.1	(6.8)

Real Estate Development and Other

(Real estate development business, architectural, structural and other design business and engineering business operated by the Company)

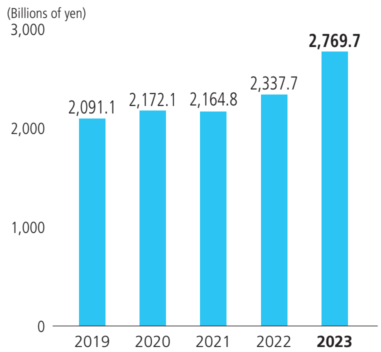
Despite the strong real estate leasing business, revenues declined 14.2% year on year to ¥44.9 billion (compared with ¥52.4 billion in the previous fiscal year) and segment profit decreased 36.3% to ¥7.1 billion (compared with ¥11.2 billion in the previous fiscal year) mainly due to fewer real estate sales projects in the period under review. In addition, the systematic sales of domestic real estate development assets (noncurrent

Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31

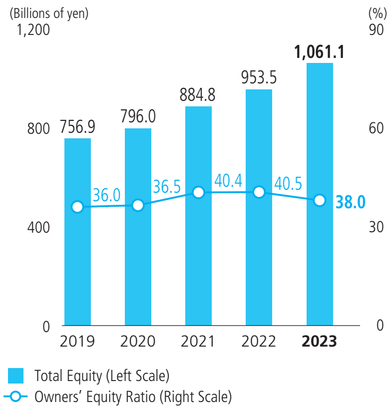


Note: The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, basic net income per share for the fiscal year ended March, 2019 is calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2019.

Total Assets
As of March 31



Total Equity / Owners' Equity Ratio
As of March 31



assets) and other assets resulted in the recording of a gain on sales of property and equipment of ¥4.9 billion as other income.

(Billions of yen)

(Years ended March 31)	2023	2022	2023/2022 (%)
Revenues	44.9	52.4	(14.2)
Segment profit	7.1	11.2	(36.3)

Domestic Subsidiaries and Affiliates

(Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates)

Revenues and gross profit increased in both the construction business and real estate development and other businesses. Revenues rose 11.5% year on year to ¥352.6 billion (compared with ¥316.1 billion in the previous fiscal year), while segment profit increased 6.9% to ¥17.4 billion (compared with ¥16.2 billion in the previous fiscal year).

(Billions of yen)

(Years ended March 31)	2023	2022	2023/2022 (%)
Revenues	352.6	316.1	11.5
Segment profit	17.4	16.2	6.9

Overseas Subsidiaries and Affiliates

(Construction business, real estate development business and others overseas such as in North America, Europe, Asia, Oceania, and other areas operated by overseas subsidiaries and affiliates)

Revenues increased 18.5% to ¥739.2 billion (compared with ¥623.9 billion in the previous fiscal year), with increases in all regions due to exchange rate fluctuations and other factors.

Segment profit decreased 14.1% year on year to ¥22.7 billion (compared with ¥26.4 billion in the previous fiscal year) due to lower segment profit than the high level of the previous year in North America and Europe, despite solid performance in both the construction and real estate development and other businesses.

(Billions of yen)

(Years ended March 31)	2023	2022	2023/2022 (%)
Revenues	739.2	623.9	18.5
Segment profit	22.7	26.4	(14.1)

Analysis of Financial Position

Assets, Liabilities and Equity

Total assets at the end of the fiscal year increased ¥431.9 billion year on year to ¥2,769.7 billion (compared with ¥2,337.7 billion at the end of the previous fiscal year). Main factors included an increase in notes and accounts receivable – trade, an increase in inventories and an increase in property and equipment.

Total liabilities increased ¥324.3 billion year on year to ¥1,708.5 billion (compared with ¥1,384.1 billion at the end of the previous fiscal year). This was due to an increase in interest-bearing debt and an increase in notes and accounts payable – trade as well as an increase in advances received on construction projects in progress.

Total equity increased by ¥107.5 billion year on year to ¥1,061.1 billion (compared with ¥953.5 billion at the end of the previous fiscal year).

In addition, the owners' equity ratio dropped to 38.0%, down 2.5 points compared with 40.5% at the end of the previous fiscal year.

Cash Flows

Cash flows from operating activities in the fiscal year resulted in a net cash outflow of ¥29.1 billion (compared with a net cash inflow of ¥30.2 billion in the previous fiscal year). This was mainly due to an increase in receivables, an increase in inventories and an outflow in income taxes – paid, etc. These outflows were partially offset by income before income taxes with adjustments including depreciation and amortization, an increase in payables and an increase in advances received.

Cash flows from investing activities resulted in a net cash outflow of ¥81.7 billion (compared with ¥51.1 billion in the previous fiscal year). This was mainly due to payment for purchases of property and equipment, disbursements for loans, payment for investments in unconsolidated subsidiaries and affiliates and payment for purchases of intangible assets. These outflows were partially offset by inflows including proceeds from sales and redemption of marketable and investment securities and proceeds from sales of property and equipment.

Cash flows from financing activities resulted in a net cash inflow of ¥111.8 billion (compared with a net cash outflow of ¥20.9 billion in the previous fiscal year). This was mainly due to inflows of the net of financing and repayment of short-term borrowings, long-term debt, commercial paper and bonds. These inflows were partially offset by cash dividends paid and payment for purchases of treasury stock.

As a result, the balance of cash and cash equivalents at the end of the fiscal year increased by ¥14.5 billion year on year to ¥282.2 billion (¥267.7 billion at the end of the previous fiscal year).

(Billions of yen)

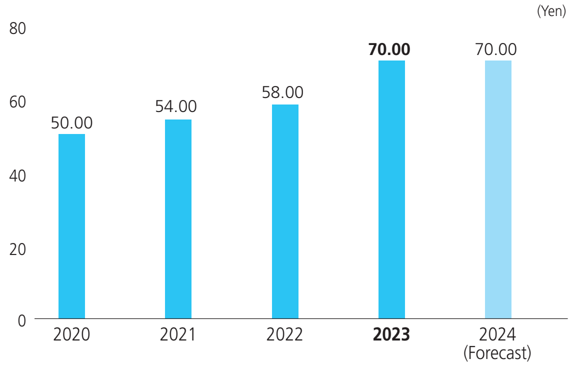
(Years ended March 31)	2023	2022	2021
Cash flows from operating activities	(29.1)	30.2	153.0
Cash flows from investing activities	(81.7)	(51.1)	(65.4)
Cash flows from financing activities	111.8	(20.9)	(39.1)
Cash and cash equivalents, end of year	282.2	267.7	300.9

Basic Profit Allocation Policy and Payment of Dividends*

The Company's basic policy is to strive for a dividend payout ratio of 30%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and business environment. The Company will utilize internal reserves for investments that achieve sustainable growth and increase corporate value while maintaining financial soundness.

In consideration of the aforementioned policy, and in light of the business performance of the fiscal year under review, the Company paid an annual dividend of ¥70 per share, consisting of a year-end dividend of ¥41 per share and an interim (end of second quarter) dividend of ¥29 per share. The Company also plans to pay an annual dividend of ¥70 per share (including an interim dividend of ¥35 per share) for the fiscal year ending March 31, 2024.

Cash Dividends per Share
Years ended/ending March 31



* The forecasts contained herein are based on information available as of the date of the announcement on May 15, 2023. Actual results may differ materially from the forecasts due to various factors.

Forecast for the Fiscal Year Ending March 31, 2024*

The global economic pace of growth has slowed, and uncertainty about the future remains high due to continued inflation, mainly in Europe and the United States, and geopolitical risks. At the same time, the Company anticipates further growth of investments to address sustainability issues such as achieving a carbon-free world, as well as economic revitalization through the creation of a social environment free of restrictions on people's activities and movement. Therefore, in the years ahead, it is important that we accurately assess changes in economic trends, social demands and needs to promote our business.

In the construction market, strong domestic construction demand is expected to continue for some time to come, and medium- to long-term construction investment related to digitalization and next-generation technologies is increasing both in Japan and overseas. To provide high-quality construction and real estate-related services while coping with rising material and labor costs, there are simultaneous needs to improve employment conditions for construction workers, reform work styles, and promote higher productivity in order to ensure sustainability in the construction industry.

In the fiscal year ending March 31, 2024, the domestic construction business is expected to make steady progress on abundant on-hand construction projects in both the civil engineering and building construction businesses. Profitability is also expected to improve, mainly for projects scheduled for completion, due to efforts to improve productivity and reduce costs, although the impact of rising construction costs will continue to require attention. The gross profit margin of the Company's construction business is forecast to be 16.1% for civil engineering and 9.7% for building construction. The gross profit margin of building construction in particular is expected to improve and exceed that of the current fiscal year. In the domestic real estate development business, revenues and profits are forecast to increase due to the sale of multiple properties. We expect that overseas business will continue to make a performance recovery in Southeast Asia. In the United States and Europe, the uncertain business environment is expected to continue, but we plan to steadily secure earnings while rigorously managing risks and taking needed measures.

Reflecting this outlook, results for the fiscal year ending March 31, 2024 are forecast to show on a consolidated basis higher revenues and operating income, and a high net income attributable to owners of the parent exceeding ¥100 billion for the third consecutive year.

(Billions of yen)

(Years ending/ ended March 31)	2024 (Forecast)	2023 (Results)	2024/2023 (%)
Revenues	**2,480.0**	2,391.5	3.7
Operating income	**142.0**	123.5	15.0
Net income attributable to owners of the parent	**105.0**	111.7	(6.1)

* The forecasts contained herein are based on information available as of the date of the announcement on May 15, 2023. Actual results may differ materially from the forecasts due to various factors.

Consolidated Balance Sheet

KAJIMA Corporation and Consolidated Subsidiaries

Note: In the financial statements and notes, all yen and U.S. dollar amounts are rounded to the nearest million yen and thousand dollars respectively, except where otherwise stated.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	**2023**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 20)	**¥ 282,253**	¥ 267,733	**$ 2,106,366**
Marketable securities (Notes 5 and 20)	**384**	187	**2,866**
Operational investments in securities (Notes 5 and 20)	**11,624**	11,898	**86,746**
Notes and accounts receivable—trade (Notes 4.a, 10, 17.c and 20)	**899,621**	726,564	**6,713,590**
Allowance for doubtful accounts (Note 20)	**(5,417)**	(1,958)	**(40,425)**
Inventories:			
Construction projects in progress	**9,955**	9,408	**74,290**
Development projects in progress, real estate for sale and other (Note 10)	**419,667**	261,831	**3,131,843**
Other current assets (Notes 10 and 20)	**133,497**	115,049	**996,246**
Total current assets	**1,751,584**	1,390,712	**13,071,522**
PROPERTY AND EQUIPMENT:			
Land (Notes 6, 7, 8 and 10)	**274,026**	239,280	**2,044,969**
Buildings and structures (Notes 7, 8 and 10)	**159,364**	158,112	**1,189,284**
Machinery, equipment and other (Notes 7 and 10)	**25,580**	21,079	**190,896**
Construction in progress (Notes 7 and 8)	**19,570**	9,110	**146,045**
Total property and equipment	**478,540**	427,581	**3,571,194**
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 5, 10 and 20)	**270,615**	282,506	**2,019,515**
Investments in unconsolidated subsidiaries and affiliates (Notes 10 and 20)	**85,527**	73,365	**638,261**
Long-term loans receivable (Notes 9, 10 and 20)	**6,273**	5,225	**46,813**
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 10 and 20)	**54,628**	64,652	**407,672**
Allowance for doubtful accounts (Note 20)	**(2,864)**	(3,177)	**(21,373)**
Deferred tax assets (Note 16)	**13,348**	10,145	**99,612**
Other (Notes 8, 10 and 14)	**112,067**	86,733	**836,321**
Total investments and other assets	**539,594**	519,449	**4,026,821**
TOTAL	**¥ 2,769,718**	¥ 2,337,742	**$ 20,669,537**

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	**2023**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 10 and 11)	**¥ 223,754**	¥ 148,475	**$ 1,669,806**
Commercial paper (Note 12)	**40,000**	40,000	**298,507**
Current portion of long-term debt (Notes 10, 11 and 20)	**23,440**	28,259	**174,925**
Notes and accounts payable—trade	**603,868**	501,962	**4,506,478**
Advances received:			
Construction projects in progress (Notes 4.b, 13 and 17.c)	**149,818**	124,112	**1,118,045**
Development projects in progress, real estate for sale and other (Notes 4.b and 17.c)	**7,608**	5,919	**56,776**
Income taxes payable	**25,279**	22,702	**188,649**
Accrued expenses	**60,328**	56,076	**450,209**
Other current liabilities (Notes 3, 4.b and 17.c)	**185,673**	180,163	**1,385,620**
Total current liabilities	**1,319,768**	1,107,668	**9,849,015**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10, 11, 20 and 26.d)	**262,449**	150,480	**1,958,575**
Deferred tax liabilities (Note 16)	**254**	1,662	**1,896**
Deferred tax liabilities on revaluation surplus of land (Note 6)	**20,628**	20,689	**153,940**
Liability for retirement benefits (Note 14)	**62,099**	63,185	**463,425**
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	**1,205**	1,205	**8,993**
Other long-term liabilities (Note 10)	**42,170**	39,286	**314,701**
Total long-term liabilities	**388,805**	276,507	**2,901,530**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 19, 21 and 22)			
EQUITY (Notes 15 and 26.a):			
Common stock, authorized, 1,250,000,000 shares; issued, 528,656,011 shares	**81,447**	81,447	**607,813**
Capital surplus	**41,990**	42,314	**313,358**
Retained earnings	**813,653**	731,275	**6,072,037**
Treasury stock—at cost, 42,570,843 shares in 2023 and 36,217,562 shares in 2022 (Note 18)	**(55,673)**	(45,921)	**(415,470)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 5)	**103,272**	105,356	**770,687**
Deferred loss on derivatives under hedge accounting (Note 21)	**(31)**	(731)	**(231)**
Revaluation surplus of land (Note 6)	**21,357**	21,498	**159,381**
Foreign currency translation adjustments	**44,820**	10,589	**334,477**
Defined retirement benefit plans (Note 14)	**1,596**	(122)	**11,910**
Total	**1,052,431**	945,705	**7,853,962**
Noncontrolling interests	**8,714**	7,862	**65,030**
Total equity	**1,061,145**	953,567	**7,918,992**
TOTAL	**¥ 2,769,718**	¥ 2,337,742	**$ 20,669,537**

See notes to consolidated financial statements.

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	**2023**
REVENUES:			
Construction projects (Notes 3 and 17)	**¥ 2,106,971**	¥ 1,797,794	**$ 15,723,664**
Real estate and other (Notes 8 and 17)	**284,608**	281,901	**2,123,940**
Total revenues	**2,391,579**	2,079,695	**17,847,604**
COST OF REVENUES:			
Construction projects (Note 3)	**1,910,877**	1,613,910	**14,260,276**
Real estate and other (Note 8)	**213,602**	210,070	**1,594,045**
Total cost of revenues	**2,124,479**	1,823,980	**15,854,321**
Gross profit	**267,100**	255,715	**1,993,283**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**143,573**	132,332	**1,071,440**
Operating income	**123,527**	123,383	**921,843**
OTHER INCOME (EXPENSES):			
Interest and dividends	**16,514**	11,881	**123,239**
Interest expense	**(4,829)**	(2,363)	**(36,037)**
Foreign currency exchange loss	**(759)**	(523)	**(5,664)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**5,625**	6,966	**41,978**
Equity in earnings of partnership	**17,116**	11,853	**127,731**
Provision for doubtful accounts	**(304)**	(21)	**(2,269)**
Gain (loss) on sales or disposals of property and equipment—net (Note 8)	**3,821**	(1,138)	**28,515**
Gain on sales of marketable and investment securities—net (Note 5)	**6,488**	13,511	**48,418**
Valuation loss on marketable and investment securities—net (Note 5)	**(1,405)**	(223)	**(10,485)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates	**1,959**	4,181	**14,619**
Loss on impairment of long-lived assets (Notes 7, 8 and 27.c)	**(337)**	(16,453)	**(2,515)**
Litigation settlement	**(3)**	(1,611)	**(22)**
Other—net	**(158)**	927	**(1,179)**
Other income —net	**43,728**	26,987	**326,329**
INCOME BEFORE INCOME TAXES	**167,255**	150,370	**1,248,172**
INCOME TAXES (Note 16):			
Current	**57,533**	48,961	**429,351**
Deferred	**(4,343)**	1,259	**(32,410)**
Total income taxes	**53,190**	50,220	**396,941**

See notes to consolidated financial statements.

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	**2023**
NET INCOME	**114,065**	100,150	**851,231**
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(2,276)**	3,717	**(16,985)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 111,789**	¥ 103,867	**$ 834,246**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 25):			
Basic net income	**¥ 227.98**	¥ 208.00	**$ 1.701**
Cash dividends applicable to the year	**70.00**	58.00	**0.522**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	Years Ended March 31		
	2023	2022	**2023**
NET INCOME	¥ **114,065**	¥ 100,150	$ **851,231**
OTHER COMPREHENSIVE INCOME (Note 23):			
Unrealized loss on available-for-sale securities	**(2,090)**	(6,883)	**(15,597)**
Deferred gain (loss) on derivatives under hedge accounting	**603**	(92)	**4,500**
Foreign currency translation adjustments	**36,511**	23,061	**272,470**
Defined retirement benefit plans (Note 14)	**1,696**	456	**12,657**
Share of other comprehensive loss in unconsolidated subsidiaries and affiliates	**(1,100)**	(1,037)	**(8,209)**
Total other comprehensive income	**35,620**	15,505	**265,821**
COMPREHENSIVE INCOME	¥ **149,685**	¥ 115,655	$ **1,117,052**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ **146,355**	¥ 118,294	$ **1,092,201**
Noncontrolling interests	**3,330**	(2,639)	**24,851**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2023 and 2022

	Thousands	Millions of Yen				Accumulated Other Comprehensive Income	
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2021(as previously reported)	505,348	¥ 81,447	¥ 43,272	¥ 654,129	¥ (26,172)	¥ 112,242	¥ (659)
Cumulative effects due to revision of accounting standards	—	—	—	1,404	—	—	—
BALANCE, APRIL 1, 2021 (as restated)	505,348	81,447	43,272	655,533	(26,172)	112,242	(659)
Net income attributable to owners of the parent	—	—	—	103,867	—	—	—
Cash dividends paid:							
Final for prior year, ¥29.00 per share	—	—	—	(14,655)	—	—	—
Interim for current year, ¥27.00 per share	—	—	—	(13,470)	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	(1,003)	—	—	—	—
Purchase of treasury stock	(13,121)	—	—	—	(20,007)	—	—
Disposition of treasury stock as restricted stock remuneration	211	—	45	—	258	—	—
Net change in the year	—	—	—	—	—	(6,886)	(72)
BALANCE, MARCH 31, 2022	492,438	81,447	42,314	731,275	(45,921)	105,356	(731)
Net income attributable to owners of the parent	**—**	**—**	**—**	**111,789**	**—**	**—**	**—**
Cash dividends paid:							
Final for prior year, ¥31.00 per share	**—**	**—**	**—**	**(15,265)**	**—**	**—**	**—**
Interim for current year, ¥29.00 per share	**—**	**—**	**—**	**(14,287)**	**—**	**—**	**—**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**—**	**(370)**	**—**	**—**	**—**	**—**
Reversal of revaluation surplus of land	**—**	**—**	**—**	**141**	**—**	**—**	**—**
Purchase of treasury stock	**(6,566)**	**—**	**—**	**—**	**(10,026)**	**—**	**—**
Disposition of treasury stock as restricted stock remuneration	**213**	**—**	**46**	**—**	**274**	**—**	**—**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**(2,084)**	**700**
BALANCE, MARCH 31, 2023	**486,085**	**¥ 81,447**	**¥ 41,990**	**¥ 813,653**	**¥ (55,673)**	**¥ 103,272**	**¥ (31)**

	Millions of Yen					
		Accumulated Other Comprehensive Income				
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2021(as previously reported)	¥ 21,498	¥ (10,353)	¥ (565)	¥ 874,839	¥ 9,968	¥ 884,807
Cumulative effects due to revision of accounting standards	—	—	—	1,404	1	1,405
BALANCE, APRIL 1, 2021 (as restated)	21,498	(10,353)	(565)	876,243	9,969	886,212
Net income attributable to owners of the parent	—	—	—	103,867	—	103,867
Cash dividends paid:						
Final for prior year, ¥29.00 per share	—	—	—	(14,655)	—	(14,655)
Interim for current year, ¥27.00 per share	—	—	—	(13,470)	—	(13,470)
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	—	(1,003)	—	(1,003)
Purchase of treasury stock	—	—	—	(20,007)	—	(20,007)
Disposition of treasury stock as restricted stock remuneration	—	—	—	303	—	303
Net change in the year	—	20,942	443	14,427	(2,107)	12,320
BALANCE, MARCH 31, 2022	21,498	10,589	(122)	945,705	7,862	953,567
Net income attributable to owners of the parent	**—**	**—**	**—**	**111,789**	**—**	**111,789**
Cash dividends paid:						
Final for prior year, ¥31.00 per share	**—**	**—**	**—**	**(15,265)**	**—**	**(15,265)**
Interim for current year, ¥29.00 per share	**—**	**—**	**—**	**(14,287)**	**—**	**(14,287)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**(1)**	**(0)**	**(371)**	**1**	**(370)**
Reversal of revaluation surplus of land	**(141)**	**—**	**—**	**—**	**—**	**—**
Purchase of treasury stock	**—**	**—**	**—**	**(10,026)**	**—**	**(10,026)**
Disposition of treasury stock as restricted stock remuneration	**—**	**—**	**—**	**320**	**—**	**320**
Net change in the year	**—**	**34,232**	**1,718**	**34,566**	**851**	**35,417**
BALANCE, MARCH 31, 2023	**¥ 21,357**	**¥ 44,820**	**¥ 1,596**	**¥ 1,052,431**	**¥ 8,714**	**¥ 1,061,145**

See notes to consolidated financial statements.

Years Ended March 31, 2023 and 2022

	Thousands of U.S. Dollars (Note 1)					
					Accumulated Other Comprehensive Income	
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2022	$ 607,813	$ 315,776	$ 5,457,276	$ (342,694)	$ 786,239	$ (5,455)
Net income attributable to owners of the parent	—	—	**834,246**	—	—	—
Cash dividends paid:						
Final for prior year, $0.23 per share	—	—	**(113,918)**	—	—	—
Interim for current year, $0.22 per share	—	—	**(106,619)**	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**(2,761)**	—	—	—	—
Reversal of revaluation surplus of land	—	—	**1,052**	—	—	—
Purchase of treasury stock	—	—	—	**(74,821)**	—	—
Disposition of treasury stock as restricted stock remuneration	—	**343**	—	**2,045**	—	—
Net change in the year	—	—	—	—	**(15,552)**	**5,224**
BALANCE, MARCH 31, 2023	**$ 607,813**	**$ 313,358**	**$ 6,072,037**	**$ (415,470)**	**$ 770,687**	**$ (231)**

	Thousands of U.S. Dollars (Note 1)					
		Accumulated Other Comprehensive Income				
	Revaluation Surplus of Land	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2022	$ 160,433	$ 79,022	$ (910)	$ 7,057,500	$ 58,672	$ 7,116,172
Net income attributable to owners of the parent	—	—	—	**834,246**	—	**834,246**
Cash dividends paid:						
Final for prior year, $0.23 per share	—	—	—	**(113,918)**	—	**(113,918)**
Interim for current year, $0.22 per share	—	—	—	**(106,619)**	—	**(106,619)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**(7)**	**(0)**	**(2,768)**	**7**	**(2,761)**
Reversal of revaluation surplus of land	**(1,052)**	—	—	—	—	—
Purchase of treasury stock	—	—	—	**(74,821)**	—	**(74,821)**
Disposition of treasury stock as restricted stock remuneration	—	—	—	**2,388**	—	**2,388**
Net change in the year	—	**255,462**	**12,820**	**257,954**	**6,351**	**264,305**
BALANCE, MARCH 31, 2023	**$ 159,381**	**$ 334,477**	**$ 11,910**	**$ 7,853,962**	**$ 65,030**	**$ 7,918,992**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	**2023**
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 167,255**	¥ 150,370	**$ 1,248,172**
Adjustments for:			
Income taxes—paid	**(54,301)**	(54,067)	**(405,231)**
Depreciation and amortization	**24,712**	22,612	**184,418**
Increase in provision for doubtful accounts	**3,156**	1,117	**23,552**
Foreign currency exchange loss	**1,041**	1,327	**7,769**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(5,625)**	(6,966)	**(41,978)**
Valuation loss on marketable and investment securities—net	**1,405**	223	**10,485**
(Gain) loss on sales or disposals of property and equipment—net	**(3,821)**	1,138	**(28,515)**
Gain on sales of marketable and investment securities—net	**(6,488)**	(13,511)	**(48,418)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates	**(1,959)**	(4,181)	**(14,619)**
Loss on impairment of long-lived assets	**337**	16,453	**2,515**
Changes in operating assets and liabilities:			
Increase in operational investments in securities	**(2,944)**	—	**(21,970)**
Increase in receivables	**(154,642)**	(68,762)	**(1,154,045)**
Increase in inventories	**(140,649)**	(62,839)	**(1,049,619)**
Increase in payables	**87,943**	61,555	**656,291**
Increase (decrease) in advances received	**23,041**	(4,342)	**171,948**
(Decrease) increase in accrued expenses	**(135)**	11,569	**(1,007)**
Increase in liability for retirement benefits	**1,137**	1,052	**8,485**
Decrease (increase) in other assets	**17,073**	(21,511)	**127,410**
Increase (decrease) in other liabilities	**10,483**	(4,334)	**78,231**
Other—net	**3,865**	3,312	**28,842**
Net cash (used in) provided by operating activities	**(29,116)**	30,215	**(217,284)**
INVESTING ACTIVITIES:			
Decrease in time deposits excluding cash equivalents—net	**2,272**	1,883	**16,955**
Payment for purchases of marketable and investment securities	**(2,406)**	(7,431)	**(17,955)**
Payment for investments in unconsolidated subsidiaries and affiliates	**(20,685)**	(5,315)	**(154,366)**
Proceeds from sales and redemption of marketable and investment securities	**16,061**	17,648	**119,858**
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates	**10,084**	4,231	**75,254**
Payment for purchases of property and equipment	**(60,737)**	(49,415)	**(453,261)**
Proceeds from sales of property and equipment	**11,825**	4,006	**88,246**
Payment for purchases of intangible assets	**(16,213)**	(3,672)	**(120,993)**
Proceeds from sales of intangible assets	**1,702**	—	**12,701**
Payment for purchases of shares of subsidiaries resulting in change in scope of consolidation—net (Note 24)	**—**	(2,688)	**—**
Disbursements for loans	**(27,645)**	(22,018)	**(206,306)**
Proceeds from collection of loans	**11,533**	22,618	**86,067**
Other—net	**(7,534)**	(11,013)	**(56,222)**
Net cash used in investing activities	**(81,743)**	(51,166)	**(610,022)**
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net	**59,685**	8,061	**445,410**
Issuance of commercial paper—net	**—**	40,000	**—**
Proceeds from issuance of long-term debt	**114,096**	68,142	**851,463**
Repayment of long-term debt	**(46,404)**	(95,756)	**(346,299)**
Proceeds from issuance of bonds	**30,106**	10,000	**224,672**
Repayment of lease obligations	**(3,030)**	(2,281)	**(22,612)**
Payment for purchases of treasury stock	**(10,026)**	(20,007)	**(74,821)**
Cash dividends paid	**(29,552)**	(28,125)	**(220,537)**
Capital infusion from noncontrolling shareholders	**2,362**	1,695	**17,627**
Dividends paid to noncontrolling shareholders	**(4,936)**	(1,297)	**(36,836)**
Payment for purchases of shares of subsidiaries not resulting in change in scope of consolidation—net	**(277)**	(1,307)	**(2,067)**
Other—net	**(130)**	(55)	**(970)**
Net cash provided by (used in) financing activities	**111,894**	(20,930)	**835,030**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**13,485**	8,623	**100,635**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**14,520**	(33,258)	**108,359**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**267,733**	300,991	**1,998,007**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 282,253**	¥ 267,733	**$ 2,106,366**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2023

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Kajima Corporation (the “Company”) and its consolidated subsidiaries (together, the “Companies”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRSs”).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2022, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2023.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and mainly operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to $1, the approximate rate of exchange at March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2023, include the accounts of the Company and its 154 (148 in 2022) significant subsidiaries.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Companies have the ability to exercise significant influence are accounted for by the equity method.

Another 34 (34 in 2022) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 108 (97 in 2022) affiliates were accounted for using the equity method.

(The Company, its subsidiaries and affiliates are collectively referred to as the “Group.”)

Goodwill, the excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary or affiliate at the date of acquisition, is amortized using the straight-line method over its useful life that goodwill is expected to have an effect.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from intercompany transactions is also eliminated.

As of March 31, 2023, the Company had 1 special purpose entity (2 in 2022) which was established and is being operated for the purpose of liquidation of real estate, and as such is not consolidated in accordance with Japanese GAAP. The total assets and liabilities of such special purpose entities were ¥26,340 million ($196,567 thousand) and ¥26,335 million ($196,530 thousand), respectively, as of March 31, 2023, and ¥41,645 million and ¥41,636 million, respectively, as of March 31, 2022. The Company purchased real estate of ¥13,048 million ($97,373 thousand) in aggregate from a special purpose entity and received a refund of investment of ¥670 million ($5,000 thousand) during the year ended March 31, 2023. In addition, the Company recognized lease payments of ¥3,048 million ($22,746 thousand) and ¥3,581 million based on lease agreements of real estate for the years ended March 31, 2023 and 2022, respectively. Certain domestic subsidiaries recognized revenues of ¥102 million from repair works for the year ended March 31, 2022. The investment in silent partnership was ¥847 million ($6,321 thousand) and ¥6,352 million as of March 31, 2023 and 2022, respectively, and its related distributed profit was ¥5,423 million ($40,470 thousand) including profit due to liquidation of a special entity and ¥1,837 million for the years ended March 31, 2023 and 2022, respectively.

The breakdown and changes of fully consolidated companies and companies accounted for using the equity method are summarized below:

(1) Breakdown as of March 31, 2023

1) Number of consolidated subsidiaries	:	154 Taiko Trading Co., Ltd.; Kajima Road Co., Ltd.; Kajima Leasing Corporation; Chemical Grouting Co., Ltd.; Kajima Tatemono Sogo Kanri Co., Ltd.; Kajima U.S.A. Inc. (KUSA) and its 33 subsidiaries; Kajima Europe Ltd. (KE) and its 26 subsidiaries; Kajima Asia Pacific Holdings Pte. Ltd. (KAP) and its 48 subsidiaries; Kajima Australia Pty. Ltd. (KA) and its 25 subsidiaries; Chung-Lu Construction Co., Ltd. and 12 other subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	34 ARTES Corporation, Japan Sea Works Co., Ltd., Kajima Institute Publishing Co., Ltd., and 31 other companies
3) Number of affiliates accounted for using the equity method	:	108 Engineering and Risk Services Corporation, Azuma Kanko Kaihatsu Co., Ltd., Katabami Kogyo Co., Ltd. and 105 other companies

(2) Changes for the year ended March 31, 2023

1)	Newly consolidated companies	: Eaton Real Estate Co., Ltd (a subsidiary of the Company) and its 2 subsidiaries, 1 subsidiary of KE, and 4 subsidiaries of KAP due to establishment and acquisition
2)	Companies excluded from consolidation	: 1 subsidiary of KE due to transfer to affiliates resulting from accepting additional contribution from the JV partner and 1 subsidiary of KA due to liquidation
3)	Companies newly accounted for using the equity method	: 15 affiliates due to establishment, acquisition and transfer from consolidated companies resulting from accepting additional contribution from the JV partner
4)	Companies excluded from the equity method	: 4 affiliates due to sales of interests and liquidation

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Japanese accounting standards prescribe that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRSs or accounting principles generally accepted in the United States of America (“U.S. GAAP”) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (3) expensing capitalized costs of research and development; (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. Unification of Accounting Policies Applied to Foreign Affiliates for the Equity Method — Japanese accounting standards require adjustments to be made to conform the affiliate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate’s financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliates in accordance with either IFRSs or U.S. GAAP tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (3) expensing capitalized costs of research and development; (4) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (5) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign affiliate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

d. Business Combinations — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred.

e. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits and certificates of deposit, all of which mature or become due within three months of the date of acquisition.

f. Inventories — Construction projects in progress are stated at cost as determined on a specific project basis. Related general and administrative expenses and financial charges are principally excluded from such costs.

Japanese accounting standards require that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate.

As a result, gross profit for the years ended March 31, 2023 and 2022, decreased by ¥22 million ($164 thousand) and ¥22 million, respectively.

However, in the case of certain overseas subsidiaries, construction projects in progress, development projects in progress and real estate for sale are stated at cost, when not in excess of net realizable value.

g. Capitalization of Interest — Interest costs incurred for real estate development projects conducted by certain overseas subsidiaries have been capitalized as part of the development costs of such projects. Interest expenses capitalized were ¥3,450 million ($25,746 thousand) and ¥1,214 million for the years ended March 31, 2023 and 2022, respectively.

h. Marketable Securities, Operational Investments in Securities and Investments in Securities — Marketable securities, operational investments in securities and investments in securities are classified and accounted for, depending on management's intent, as follows:

(1) Trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value, and the related unrealized gains and losses are included in earnings;

(2) Held-to-maturity debt securities, for which there is a positive intent and ability to hold to maturity, are reported at amortized cost; and

(3) Available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

The securities held by the Companies are mainly classified as available-for-sale securities. The cost of securities sold is determined based on the moving-average method. Nonmarketable available-for-sale securities are mainly stated at amortized cost or at cost determined by the moving-average method according to their nature. For other-than-temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

i. Property and Equipment — Property and equipment are principally stated at cost, net of accumulated depreciation. Depreciation has been principally computed using the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016.

The estimated useful lives for buildings and structures range from 2 to 60 years, and for machinery, equipment and other, range from 2 to 20 years.

However, in the accounts of certain overseas subsidiaries, depreciation is principally calculated using the straight-line method over the estimated useful lives of the respective assets.

Accumulated depreciation totaled ¥362,054 million ($2,701,896 thousand) and ¥340,949 million as of March 31, 2023 and 2022, respectively.

j. Long-Lived Assets — The Companies review their long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

k. Allowance for Doubtful Accounts — Allowance for doubtful accounts provided by the Company and its domestic consolidated subsidiaries is stated in amounts considered to be appropriate based on each company's past credit loss experience and an evaluation of potential losses in the receivables and others outstanding. However, the overseas consolidated subsidiaries provide for such possible losses using management's estimate.

l. Retirement Benefits — The Company, its domestic consolidated subsidiaries, and certain overseas consolidated subsidiaries have funded and/or unfunded retirement benefit plans covering their employees. In addition, the Company, certain domestic and overseas consolidated subsidiaries have defined contribution plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss on a straight-line basis over 10 years no longer than the expected average remaining service period of the employees. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

m. Asset Retirement Obligation — An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Significant Basis for Recording Revenues and Costs — The main performance obligations of the Companies in their primary businesses and the point in time when the Companies typically satisfy the performance obligations (when the Companies typically recognize revenues) are as follows:

(1) Construction business

The Companies carry out civil engineering, building construction, equipment and other general construction work based on executed construction contracts, and have performance obligations to deliver products such as completed buildings to customers. When a control over the promised goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. The progress of the satisfaction is primarily measured based on the ratio of the cumulative construction costs incurred by the end of the financial year against the total estimated construction costs.

(2) Real estate development and other

The Companies carry out real estate development, architectural, structural and other design and engineering services based on executed real estate sales and outsourcing contracts, and have performance obligations to provide services or deliver properties/deliverables to customers. When a control over the promised goods or services is transferred to the customer over time, revenue is recognized over time as the performance obligation to transfer the goods or services to the customer is satisfied. In other cases, revenue is recognized at a point in time when such properties/deliverables are delivered because it is considered that the performance obligation is to be satisfied at a point in time and the revenue is recognized at the time when the properties/deliverables are delivered. In case of applying the method to recognize revenue over time, the progress of the satisfaction of the performance obligation is primarily measured based on the ratio of the cumulative costs incurred by the end of the financial year against the total estimated costs.

In the construction, real estate development and other business, the alternative treatment is applied in case the duration of transaction, such as from the beginning of the transaction to the point when the performance obligation is expected to be fully satisfied, is distinctively short. In such cases, the revenue is recognized at the point when the performance obligations are fully satisfied rather than being recognized over time.

o. Costs of Research and Development and Debenture Issuance — All research and development costs and debenture issuance costs are charged to income as incurred. Costs of research and development for the years ended March 31, 2023 and 2022, totaled ¥18,219 million ($135,963 thousand) and ¥17,359 million, respectively.

p. Leases — Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet. All other leases are mainly accounted for as operating leases.

q. Bonuses to Directors — Bonuses to directors are accrued at the end of the year to which such bonuses are attributable.

r. Income Taxes — The Company and certain domestic consolidated subsidiaries have applied the Group Tax Sharing System.

s. Accounting Principles and Procedures Adopted where the Relevant Accounting Standards are not Specified — Joint ventures, which the Company and its certain domestic consolidated subsidiaries form with other companies for the purpose of winning and managing construction projects, are not accounted as separate entities, but the construction revenue and the construction costs arising in the joint ventures are proportioned to individual financial statements in accordance with the share in the joint venture.

t. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the balance sheet date. The foreign currency exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts or currency swaps.

u. Foreign Currency Financial Statements — The balance sheet accounts and revenue and expense accounts of the overseas consolidated subsidiaries are translated into Japanese yen at the current exchange rates as of each balance sheet date except for equity, which is translated at the historical exchange rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

v. Derivatives and Hedging Activities — The Companies use derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency swaps and interest rate swaps are principally utilized by the Companies to reduce the risks arising from the factors mentioned above. The Companies do not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows:

(1) All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income; and

(2) For derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The derivative instruments applied for forecasted or committed transactions are measured at fair value, but the unrealized gains and losses are deferred until the underlying transactions are completed.

The monetary debts and credits denominated in foreign currencies, for which foreign exchange forward contracts or currency swaps are used to hedge the foreign currency fluctuations, are translated at the contracted rate if the forward contracts or currency swaps qualify for hedge accounting.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income.

w. Per Share Information — Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because the Companies did not have dilutive shares for the years ended March 31, 2023 and 2022.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective financial years including dividends to be paid after the end of the year.

x. Change in Accounting Policy — The Companies have applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Guidance No. 31 issued by the Accounting Standards Board of Japan ("ASBJ") on June 17, 2021, hereinafter, the "Guidance") from the beginning of the year ended March 31, 2023. In accordance with the transitional treatment stipulated in paragraph 27-2 of the Guidance, the new accounting policy set forth by the Guidance is applied prospectively. The application of the new accounting policy had an immaterial impact on the consolidated financial statements for the year ended March 31, 2023.

In accordance with the transitional treatment stipulated in paragraph 27-3 of the Guidance, notes regarding investment trusts in matters relating to financial instruments categorized by fair value hierarchy are not disclosed for the year ended March 31, 2022 as comparative information.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Estimate on total construction revenue, total construction costs and the progress of the contract concerning the method to recognize revenue over time as the performance obligation to transfer the promised goods or services to the customer is satisfied (hereinafter, "Percentage-of-Completion Method")

(1) Carrying amounts

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Construction revenue recognized by the Percentage-of-Completion Method	**¥ 1,984,311**	¥ 1,680,573	**$ 14,808,291**
Construction costs recognized by the Percentage-of-Completion Method	**1,808,322**	1,517,699	**13,494,940**
Provision for loss on construction projects in progress (recorded in other current liabilities)	**14,749**	13,837	**110,067**

(2) Information on the significant accounting estimate

The construction revenue is calculated by multiplying the total estimated construction revenue by the progress principally based on cumulative construction costs incurred by the end of the financial year against the total estimated construction costs.

The estimation of the total construction revenue and the total construction costs is based on the operational budget which is compiled at the beginning of the construction and updated in a timely manner. At the same time, the progress of the contract is principally estimated by the ratio of the cumulative construction costs incurred by the end of the financial year against the total estimated construction costs.

As construction progresses, the aforementioned estimation is influenced by factors such as: 1) the variation orders regarding changes in construction methods or scope; 2) the fluctuations of the price in the construction materials and labor market; and 3) the changes of construction costs led by condition changes related to projects. Such factors could have material impact on the amount of construction revenue, construction costs and provision for loss on construction projects in progress in the consolidated financial statements for the following financial year.

4. CONTRACT ASSETS AND LIABILITIES

Receivables from contracts with customers, contract assets, and contract liabilities as of March 31, 2023 and 2022, consisted of the following:

a. Receivables from contracts with customers and contract assets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Notes receivable—trade	**¥ 39,341**	¥ 17,741	**$ 293,590**
Accounts receivable—trade	**401,624**	324,923	**2,997,194**
Contract assets	**455,368**	380,934	**3,398,269**

b. Contract liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Advances received:			
Construction projects in progress	**¥ 149,818**	¥ 124,112	**$ 1,118,045**
Development projects in progress, real estate for sale and other	**5,175**	3,432	**38,619**
Other current liabilities	**21,767**	18,089	**162,440**
Total	**¥ 176,760**	¥ 145,633	**$ 1,319,104**

5. MARKETABLE SECURITIES, OPERATIONAL INVESTMENTS IN SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities, operational investments in securities and investments in securities as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Current:			
Government and corporate bonds	¥ **384**	¥ 187	$ **2,866**
Preferred equity investment	**9,771**	9,771	**72,918**
Other	**1,853**	2,127	**13,828**
Total	¥ **12,008**	¥ 12,085	$ **89,612**
Non-Current:			
Equity securities	¥ **259,863**	¥ 267,090	$ **1,939,276**
Government and corporate bonds	**1,059**	899	**7,903**
Other	**9,693**	14,517	**72,336**
Total	¥ **270,615**	¥ 282,506	$ **2,019,515**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2023 and 2022, were as follows:

As of March 31, 2023	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ **107,846**	¥ **150,938**	¥ **(5,940)**	¥ **252,844**
Government and corporate bonds	**1,499**	**5**	**(61)**	**1,443**
Other	**1,772**	**649**	**(81)**	**2,340**
Total	¥ **111,117**	¥ **151,592**	¥ **(6,082)**	¥ **256,627**

As of March 31, 2022	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 111,021	¥ 154,073	¥ (5,492)	¥ 259,602
Government and corporate bonds	1,069	19	(2)	1,086
Other	1,682	588	(5)	2,265
Total	¥ 113,772	¥ 154,680	¥ (5,499)	¥ 262,953

As of March 31, 2023	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	$ **804,821**	$ **1,126,403**	$ **(44,328)**	$ **1,886,896**
Government and corporate bonds	**11,187**	**37**	**(455)**	**10,769**
Other	**13,223**	**4,844**	**(605)**	**17,462**
Total	$ **829,231**	$ **1,131,284**	$ **(45,388)**	$ **1,915,127**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥213 million ($1,590 thousand) and ¥187 million as of March 31, 2023 and 2022, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2023 and 2022, was as follows:

Year Ended March 31, 2023	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 10,180**	**¥ 6,546**	**¥ (56)**
Government and corporate bonds	**31**	**0**	**(0)**
Other	**47**	**—**	**(2)**
Total	**¥ 10,258**	**¥ 6,546**	**¥ (58)**

Year Ended March 31, 2022	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 16,225	¥ 13,510	¥ (4)
Government and corporate bonds	33	1	(0)
Other	277	7	(3)
Total	¥ 16,535	¥ 13,518	¥ (7)

Year Ended March 31, 2023	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 75,970**	**$ 48,851**	**$ (418)**
Government and corporate bonds	**231**	**0**	**(0)**
Other	**351**	**—**	**(15)**
Total	**$ 76,552**	**$ 48,851**	**$ (433)**

The impairment losses on available-for-sale securities were ¥1,315 million ($9,813 thousand) and ¥227 million for the years ended March 31, 2023 and 2022, respectively.

6. REVALUATION OF LAND

Under the "Law of Land Revaluation," the Company and a domestic consolidated subsidiary adopted a one-time revaluation of their own-use land in Japan to a value based on real estate appraisal information as of March 31, 2002.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

7. LONG-LIVED ASSETS

For the year ended March 31, 2023, the Companies recognized impairment losses of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Land, Building and structures, etc.	Kochi Prefecture and others	4

For purposes of evaluating and measuring impairment, assets used for business are individually evaluated.

The carrying amounts of certain assets used for business were devalued to their recoverable amounts, due to substantial declines in their fair market value.

As a result, the Companies recognized impairment losses of ¥337 million ($2,515 thousand) for the year ended March 31, 2023.

The recoverable amounts of such assets were measured at the anticipated net selling price at disposition. The Companies principally used the appraisal value, less the cost of disposal, for calculating the net selling price at disposition.

For the year ended March 31, 2022, the Companies recognized impairment losses of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Other (Mountain forests and trees)	Miyazaki Prefecture and others	4
Assets held for rent	Land, Buildings and structures	Nagano Prefecture	1
Assets held for rent	Construction in progress, Other (Right of use assets)	Yangon, Myanmar	1

For purposes of evaluating and measuring impairment, assets used for business and assets held for rent are individually evaluated.

The carrying amounts of certain assets used for business and asset held for rent were devalued to their recoverable amounts, due to substantial declines in their fair market value.

As a result, the Companies recognized impairment losses of ¥16,453 million, which consisted of assets used for business of ¥216 million and assets held for rent of ¥16,237 million for the year ended March 31, 2022.

The recoverable amounts of such assets were measured at the anticipated net selling price at disposition. The Companies principally used the appraisal value, less the cost of disposal, for calculating the net selling price at disposition.

8. INVESTMENT PROPERTY

The Companies own certain rental properties such as office buildings and commercial facilities in Tokyo, other areas in Japan and overseas (Indonesia and others). The net of rental income and operating expenses for those rental properties was ¥10,653 million ($79,500 thousand) and gain on sales or disposals of property and equipment—net was ¥3,924 million ($29,284 thousand) for the year ended March 31, 2023. The net of rental income and operating expenses for those rental properties was ¥8,500 million, loss on sales or disposals of property and equipment—net was ¥68 million, and loss on impairment of long-lived assets was ¥9,441 million for the year ended March 31, 2022.

In addition, the carrying amounts, changes in such balances and fair values of such properties were as follows:

Millions of Yen			
Carrying amount			Fair value
As of April 1, 2022	**Increase/(Decrease)**	**As of March 31, 2023**	**As of March 31, 2023**
¥ 219,296	**¥ 33,075**	**¥ 252,371**	**¥ 471,962**

Millions of Yen			
Carrying amount			Fair value
As of April 1, 2021	Increase/(Decrease)	As of March 31, 2022	As of March 31, 2022
¥ 226,344	¥ (7,048)	¥ 219,296	¥ 436,335

Thousands of U.S. Dollars			
Carrying amount			Fair value
As of April 1, 2022	**Increase/(Decrease)**	**As of March 31, 2023**	**As of March 31, 2023**
$ 1,636,537	**$ 246,829**	**$ 1,883,366**	**$ 3,522,104**

Notes:

(1) Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.

(2) Increase during the financial year ended March 31, 2023, primarily consisted of the purchase of real estate of ¥39,130 million ($292,015 thousand).

(3) Fair value of properties as of March 31, 2023 and 2022, was measured as follows:

1) Fair value of domestic properties is principally measured by the Companies in accordance with its Real Estate Appraisal Standard, including adjustments using indexes.

2) Fair value of overseas properties is principally measured by third-party appraisal reports.

9. LONG-TERM LOANS RECEIVABLE

Long-term loans receivable primarily consists of loans to business partners and customers of the Companies.

10. PLEDGED ASSETS

As of March 31, 2023, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥398 million ($2,970 thousand), current portion of long-term debt of ¥2,403 million ($17,933 thousand), long-term debt of ¥131,016 million ($977,731 thousand) and other long-term liabilities of ¥2 million ($15 thousand) and to assure the performance by the Companies under certain agreements.

	Millions of Yen	Thousands of U.S. Dollars
Notes and accounts receivable—trade	¥ **784**	$ **5,851**
Inventories:		
Development projects in progress, real estate for sale and other	**203,393**	**1,517,858**
Other current assets	**71**	**530**
Land	**22,569**	**168,425**
Buildings and structures	**1,653**	**12,336**
Machinery, equipment and other	**21**	**157**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**10,947**	**81,694**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**666**	**4,970**
Intangible assets (recorded in "other" in investments and other assets)	**13,997**	**104,455**
Total	¥ **254,101**	$ **1,896,276**

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2023 and 2022, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2023 and 2022, were 3.19% and 0.50%, respectively.

Long-term debt as of March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Long-term loans, due 2023 – 2061	¥ **193,926**	¥ 121,430	$ **1,447,209**
Corporate bonds, due 2023 – 2028	**80,106**	50,000	**597,806**
Lease obligations	**11,857**	7,309	**88,485**
Total	**285,889**	178,739	**2,133,500**
Current portion included in current liabilities	**(23,440)**	(28,259)	**(174,925)**
Total	¥ **262,449**	¥ 150,480	$ **1,958,575**

Long-term loans as of March 31, 2023 and 2022, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2023 and 2022, were 4.02% and 1.65%, respectively. The Companies issue corporate bonds to meet the financial needs and the weighted-average interest rates for the outstanding balances of such corporate bonds as of March 31, 2023 and 2022, were 0.46% and 0.26%, respectively. Certain short-term and long-term bank loans of the Company and its domestic consolidated subsidiaries are made under agreements which, as is customary in Japan, provide that the bank may, under certain conditions, require the borrower to provide collateral (or additional collateral) or guarantors with respect to the loans, and that the bank may treat any collateral, whether furnished as security for short-term or long-term loans or otherwise, as collateral for all indebtedness to such bank. However, the Company and its domestic consolidated subsidiaries have never received such a request.

The aggregate annual maturities of long-term debt (including current portion) as of March 31, 2023, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2024	¥ **23,440**	$ **174,925**
2025	**87,410**	**652,313**
2026	**63,529**	**474,097**
2027	**33,735**	**251,754**
2028	**59,357**	**442,963**
2029 and thereafter	**18,418**	**137,448**
Total	¥ **285,889**	$ **2,133,500**

In addition, the Company entered into committed loan facility agreements aggregating ¥200,000 million ($1,492,537 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2023.

12. COMMERCIAL PAPER

Commercial paper was represented by 28-day paper issued by the Company with the weighted-average interest rate of 0.00% and 69-day paper with the weighted-average interest rate of (0.01)% as of March 31, 2023 and 2022, respectively.

13. ADVANCES RECEIVED ON CONSTRUCTION PROJECTS IN PROGRESS

The Companies normally receive payments from customers on a progress basis in accordance with the terms of the respective construction contracts.

14. RETIREMENT BENEFITS

The Company, its domestic consolidated subsidiaries, and certain overseas consolidated subsidiaries have funded and/or unfunded defined benefit plans covering their employees. In addition, the Company, certain domestic and overseas consolidated subsidiaries have defined contribution plans.

Under the defined benefit pension plans, which are all funded, employees terminating their employment are entitled to either a lump-sum payment or an annuity, determined based on the rate of pay at the time of termination and years of service.

The severance lump-sum payment plans, which are mostly unfunded, except for a certain plan that is deemed to be funded where a consolidated subsidiary contributes qualified plan assets to an employee retirement benefit trust, provide for a lump-sum payment to terminated employees, determined based on accumulated points allocated each month according to an employee's job classification and performance, or on the rate of pay at the time of termination and years of service.

Certain consolidated subsidiaries account for their retirement benefit plans using the simplified method.

a. Changes in defined benefit obligation

The changes in defined benefit obligation for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Balance at beginning of year	¥ **72,409**	¥ 69,924	$ **540,366**
Current service cost	**4,691**	4,730	**35,007**
Interest cost	**492**	378	**3,672**
Actuarial gains	**(2,430)**	(540)	**(18,134)**
Benefits paid	**(4,770)**	(3,983)	**(35,597)**
Increase due to acquisition of a newly consolidated subsidiary	**—**	1,750	**—**
Other	**89**	150	**664**
Balance at end of year	¥ **70,481**	¥ 72,409	$ **525,978**

Note: Retirement benefit plans accounted for using the simplified method are excluded.

b. Changes in plan assets

The changes in plan assets for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Balance at beginning of year	¥ **11,915**	¥ 10,267	$ **88,918**
Expected return on plan assets	**74**	60	**552**
Actuarial losses	**(126)**	(113)	**(940)**
Contributions from the employer	**191**	98	**1,425**
Benefits paid	**(254)**	(110)	**(1,896)**
Increase due to acquisition of a newly consolidated subsidiary	**—**	1,713	**—**
Refund of plan assets	**(535)**	—	**(3,993)**
Other	**56**	—	**419**
Balance at end of year	¥ **11,321**	¥ 11,915	$ **84,485**

Note: Retirement benefit plans accounted for using the simplified method are excluded.

c. Changes in net defined benefit liability accounted for using the simplified method

The changes in net defined benefit liability accounted for using the simplified method for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Balance at beginning of year	**¥ 1,380**	¥ 1,383	**$ 10,298**
Benefit cost	**212**	211	**1,582**
Benefits paid	**(156)**	(163)	**(1,164)**
Contributions to the funds	**(46)**	(50)	**(343)**
Other	**25**	(1)	**186**
Balance at end of year	**¥ 1,415**	¥ 1,380	**$ 10,559**

d. Reconciliation with the consolidated balance sheet

Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2023 and 2022, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Funded defined benefit obligation	**¥ 10,118**	¥ 10,909	**$ 75,507**
Plan assets	**(11,845)**	(12,438)	**(88,395)**
Total	**(1,727)**	(1,529)	**(12,888)**
Unfunded defined benefit obligation	**62,302**	63,403	**464,940**
Net liability for defined benefit obligation	**¥ 60,575**	¥ 61,874	**$ 452,052**

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Liability for retirement benefits	**¥ 62,099**	¥ 63,185	**$ 463,425**
Asset for retirement benefits	**(1,524)**	(1,311)	**(11,373)**
Net liability for defined benefit obligation	**¥ 60,575**	¥ 61,874	**$ 452,052**

Notes:
(1) Retirement benefit plans accounted for using the simplified method are included.
(2) Asset for retirement benefits is included in "other" in investments and other assets in the consolidated balance sheet.

e. Periodic benefit costs

The components of net periodic benefit costs for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Service cost	**¥ 4,691**	¥ 4,730	**$ 35,007**
Interest cost	**492**	378	**3,672**
Expected return on plan assets	**(74)**	(60)	**(552)**
Recognized actuarial losses	**172**	201	**1,284**
Benefit cost in simplified method	**212**	211	**1,582**
Other	**(79)**	(15)	**(590)**
Net periodic benefit costs	**¥ 5,414**	¥ 5,445	**$ 40,403**

f. Other comprehensive income

Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Actuarial gains	**¥ 2,452**	¥ 593	**$ 18,299**

g. Accumulated other comprehensive income

Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Unrecognized actuarial gains (losses)	**¥ 2,315**	¥ (137)	**$ 17,276**

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2023 and 2022, consisted of the following:

	2023	2022
Equity investments	**56 %**	55 %
Debt investments	**16**	19
Cash and cash equivalents	**14**	11
General accounts with life insurance companies	**9**	9
Other	**5**	6
Total	**100 %**	100 %

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

i. Assumptions

Assumptions used for the years ended March 31, 2023 and 2022, were set forth as follows:

	2023	2022
Discount rate	**0.5% to 0.8%**	0.0% to 0.6%
Expected rate of return on plan assets	**1.0%**	1.0% to 2.5%

j. Defined contribution pension plans

The costs of defined contribution plans were ¥3,504 million ($26,149 thousand) and ¥3,216 million for the years ended March 31, 2023 and 2022, respectively.

15. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the financial year in addition to the year-end dividend upon resolution at the stockholders' meeting. Additionally, for companies that meet certain criteria including: (1) having a Board of Directors; (2) having independent auditors; (3) having an Audit & Supervisory Board; and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the financial year if the company has prescribed so in its articles of incorporation. However, such article is not stipulated in the articles of incorporation of the Company.

Semiannual interim dividends can be paid once a year upon resolution by the Board of Directors as stipulated in the articles of incorporation of the Company.

b. Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the stockholders.

c. Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

At the Board of Directors' Meeting held on November 10, 2022, the Company resolved matters related to acquisition of its own shares in accordance with Article 156 of the Companies Act, applicable pursuant to Article 165, Paragraph 3 of the said Act. The number of shares acquired based on the resolution was 6,549 thousand shares.

At the Board of Directors' Meeting held on July 14, 2022, the Company resolved to dispose of its own shares as restricted stock remuneration. The number of shares disposed of based on the resolution was 213 thousand shares.

16. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.5% for the years ended March 31, 2023 and 2022.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Deferred tax assets:			
Valuation loss on property and equipment	¥ **22,533**	¥ 19,829	$ **168,157**
Liability for retirement benefits	**19,257**	19,695	**143,709**
Other	**65,444**	58,912	**488,388**
Subtotal	**107,234**	98,436	**800,254**
Valuation allowance	**(39,658)**	(34,216)	**(295,955)**
Total	**67,576**	64,220	**504,299**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(45,014)**	(46,010)	**(335,925)**
Other	**(9,468)**	(9,727)	**(70,658)**
Total	**(54,482)**	(55,737)	**(406,583)**
Net deferred tax assets	¥ **13,094**	¥ 8,483	$ **97,716**

As of March 31, 2023, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2023. As for the domestic consolidated subsidiaries, their tax loss carryforwards will gradually expire by 2033. Due to the uncertainty in the realization of such tax loss carryforwards, the Companies have established a valuation allowance to offset part of the related deferred tax assets in the amount of ¥3,652 million ($27,254 thousand) and ¥2,910 million as of March 31, 2023 and 2022, respectively.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2022, was as follows:

	2022
Normal effective statutory tax rate	30.5 %
Expenses not deductible for income tax purposes	0.5
Valuation allowance	4.3
Tax benefits not recognized on equity in earnings or losses of unconsolidated subsidiaries and affiliates	(1.0)
Tax credits for research and development	(0.7)
Other—net	(0.2)
Actual effective tax rate	33.4 %

Information for the year ended March 31, 2023, is not disclosed, because the difference was not more than 5% of the normal effective statutory tax rate.

In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42 issued by ASBJ on August 12, 2021), the Company and certain domestic consolidated subsidiaries have adopted accounting treatment and disclosure of corporate and local corporate income taxes or relevant tax effect accounting from the beginning of the year ended March 31, 2023.

17. REVENUES

a. Disaggregation of Revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2023 and 2022, were as follows:

(1) Reportable segments

Year Ended March 31, 2023	Millions of Yen					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	**¥ 301,623**	**¥ 1,073,734**	**¥ —**	**¥ 121,653**	**¥ 609,666**	**¥ 2,106,676**
Real estate and other	**—**	**—**	**20,682**	**106,207**	**113,685**	**240,574**
Revenues from contracts with customers	**301,623**	**1,073,734**	**20,682**	**227,860**	**723,351**	**2,347,250**
Other revenues	**—**	**—**	**20,481**	**8,930**	**14,918**	**44,329**
Total	**¥ 301,623**	**¥ 1,073,734**	**¥ 41,163**	**¥ 236,790**	**¥ 738,269**	**¥ 2,391,579**

Year Ended March 31, 2022	Millions of Yen					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	¥ 271,840	¥ 915,217	¥ —	¥ 120,050	¥ 490,405	¥ 1,797,512
Real estate and other	—	—	29,634	91,029	121,965	242,628
Revenues from contracts with customers	271,840	915,217	29,634	211,079	612,370	2,040,140
Other revenues	—	—	18,673	10,109	10,773	39,555
Total	¥ 271,840	¥ 915,217	¥ 48,307	¥ 221,188	¥ 623,143	¥ 2,079,695

Year Ended March 31, 2023	Thousands of U.S. Dollars					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	**$ 2,250,918**	**$ 8,012,940**	**$ —**	**$ 907,859**	**$ 4,549,746**	**$ 15,721,463**
Real estate and other	**—**	**—**	**154,343**	**792,589**	**848,396**	**1,795,328**
Revenues from contracts with customers	**2,250,918**	**8,012,940**	**154,343**	**1,700,448**	**5,398,142**	**17,516,791**
Other revenues	**—**	**—**	**152,844**	**66,641**	**111,328**	**330,813**
Total	**$ 2,250,918**	**$ 8,012,940**	**$ 307,187**	**$ 1,767,089**	**$ 5,509,470**	**$ 17,847,604**

Note: Revenues from lease transactions, etc. are included in other revenues.

(2) Geographical areas

Year Ended March 31, 2023	Millions of Yen						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	**¥ 1,495,724**	**¥ 313,007**	**¥ 65,950**	**¥ 127,072**	**¥ 103,199**	**¥ 1,724**	**¥ 2,106,676**
Real estate and other	**126,710**	**95,135**	**4,462**	**14,099**	**94**	**74**	**240,574**
Revenues from contracts with customers	**1,622,434**	**408,142**	**70,412**	**141,171**	**103,293**	**1,798**	**2,347,250**
Other revenues	**28,970**	**5,007**	**448**	**9,904**	**—**	**—**	**44,329**
Total	**¥ 1,651,404**	**¥ 413,149**	**¥ 70,860**	**¥ 151,075**	**¥ 103,293**	**¥ 1,798**	**¥ 2,391,579**

Year Ended March 31, 2022	Millions of Yen						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	¥ 1,306,440	¥ 274,638	¥ 37,434	¥ 80,622	¥ 96,740	¥ 1,638	¥ 1,797,512
Real estate and other	120,611	111,917	3,466	6,543	67	24	242,628
Revenues from contracts with customers	1,427,051	386,555	40,900	87,165	96,807	1,662	2,040,140
Other revenues	28,463	2,280	559	8,253	—	—	39,555
Total	¥ 1,455,514	¥ 388,835	¥ 41,459	¥ 95,418	¥ 96,807	¥ 1,662	¥ 2,079,695

Year Ended March 31, 2023	Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	**$ 11,162,119**	**$ 2,335,872**	**$ 492,164**	**$ 948,299**	**$ 770,142**	**$ 12,867**	**$ 15,721,463**
Real estate and other	**945,597**	**709,963**	**33,299**	**105,216**	**701**	**552**	**1,795,328**
Revenues from contracts with customers	**12,107,716**	**3,045,835**	**525,463**	**1,053,515**	**770,843**	**13,419**	**17,516,791**
Other revenues	**216,194**	**37,366**	**3,343**	**73,910**	**—**	**—**	**330,813**
Total	**$ 12,323,910**	**$ 3,083,201**	**$ 528,806**	**$ 1,127,425**	**$ 770,843**	**$ 13,419**	**$ 17,847,604**

Note: Revenues from lease transactions, etc. are included in other revenues.

b. Basic Information to Understand Revenues from Contracts with Customers

(1) Information regarding contracts and performance obligations

The Companies operate businesses in the construction, real estate development and other businesses for domestic and overseas customers. In the construction business, the Companies carry out civil engineering, building construction, equipment and other general construction work based on executed construction contracts, and have performance obligations to deliver products such as completed buildings to customers. In addition, in the real estate development and other businesses, the Companies carry out real estate development, architectural, structural and other design and engineering services based on executed real estate sales and outsourcing contracts, and have performance obligations to provide services or deliver properties/deliverables to customers.

Because the payment conditions for the promised considerations with customers differ by each contract, there is no material relationship between the timing of satisfaction and the timing of payment for the performance obligations.

(2) Information regarding determination of the transaction price

Variable consideration based on price indexing clauses stipulated in contracts is included in the transaction price only to the extent where it is probable that, resolution of uncertainty over variable consideration will not cause significant reduction of revenue. In addition, for the financing components included in the promised considerations with customers, adjustment regarding the interest rate is not made as it is considered immaterial.

(3) Information regarding allocation of the transaction prices to performance obligations

When multiple performance obligations exist in a contract, such as partial delivery of a constructed product, the transaction price is allocated to each performance obligation. If the amount for each performance obligation is specified in the contract, such amount is considered as the individual transaction price. If the amount is not specified, the transaction price is allocated in a reasonable manner based on estimates.

(4) Information regarding the timing of the satisfaction of performance obligations

In the construction business, because building construction is mainly performed on the customer's land, it is considered that the customer has control of the constructed product as the work progresses. Therefore, the Companies consider the performance obligations to be satisfied over time, and estimate the progress of the satisfaction of the performance obligations, and recognize revenue based on the progress.

In sales of properties in the real estate development business, as the Companies have performance obligations to deliver properties based on real estate sales contracts, it is considered that the performance obligations are to be satisfied at a point in time and the revenue is recognized at the time when the properties are delivered. In addition, in the case of design services and other businesses, assets without an alternative use to the Companies, such as the design drawings are created as the work progresses and the Companies are considered to have an enforceable right to receive payment for the work completed to date. Therefore, the Companies consider the performance obligations to be satisfied over time, and estimate the progress of the satisfaction of the performance obligations, and recognize revenue based on the progress.

The progress of the satisfaction is primarily measured based on the ratio of the cumulative costs incurred by the end of financial year against the estimated total costs.

In cases where the progress of the satisfaction of performance obligations cannot be reasonably estimated, such as in the early stage of the contract when the operational budget has not yet been compiled, but at the same time, where the costs incurred to satisfy the performance obligations are expected to be recovered, the revenue is recognized only to the extent of the costs incurred to date that are expected to be recovered.

The alternative treatment is applied in case the duration of transaction, such as from the beginning of the transaction to the point when the performance obligation is expected to be fully satisfied, is distinctively short. In such cases, the revenue is recognized at the point when the performance obligations are fully satisfied rather than being recognized over time.

c. Contract Balances

Receivables from contracts with customers, contract assets and contract liabilities at the beginning and end of the years ended March 31, 2023 and 2022 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Receivables from contracts with customers:			
Balance at beginning of year	¥ **342,664**	¥ 337,138	$ **2,557,194**
Balance at end of year	**440,965**	342,664	**3,290,784**
Contract assets:			
Balance at beginning of year	**380,934**	290,549	**2,842,791**
Balance at end of year	**455,368**	380,934	**3,398,269**
Contract liabilities:			
Balance at beginning of year	**145,633**	132,756	**1,086,813**
Balance at end of year	**176,760**	145,633	**1,319,104**

Contract assets are the rights of the Companies related to the performance obligations satisfied based on construction contracts in the construction business and outsourcing contracts in the real estate development and other businesses. Contract assets are transferred to receivables from contracts with customers when such rights become unconditional. Considerations for such performance obligations have been invoiced and received in accordance with the payment condition set out in the individual agreements.

Contract liabilities are the advances received from customers before the provision of services based on construction contracts in the construction business and real estate sales contracts and outsourcing contracts in the real estate development and other businesses. Contract liabilities are released upon revenue recognition.

The amounts of revenues recognized in the years ended March 31, 2023 and 2022, which were included in the balance of contract liabilities at the beginning of the years, were ¥133,195 million ($993,993 thousand) and ¥122,877 million, respectively. In addition, changes in contract assets are mainly due to revenue recognition (an increase in contract assets) and transfers to receivables (a decrease in contract assets). The balance at the end of the year fluctuates due to the effect of the timing of the completion of large-scale construction projects in the construction business.

Revenues recognized for performance obligations satisfied (or partially satisfied) in the past years were immaterial.

d. Transaction Prices Allocated to Remaining Performance Obligations

The following table shows the summary of the transaction prices allocated to remaining performance obligations in the construction business that are unsatisfied as of March 31, 2023:

	Millions of Yen	Thousands of U.S. Dollars
	2023	**2023**
Transaction prices allocated to remaining performance obligations (construction business):		
Within one year	¥ **1,832,937**	$ **13,678,634**
After one to three years	**841,059**	**6,276,560**
After three years	**123,330**	**920,373**
Total	¥ **2,797,326**	$ **20,875,567**

18. RELATED PARTY TRANSACTIONS

Transactions of the Company with directors of the Company

Transactions for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Disposals of own shares	¥ **30**	¥ 30	$ **224**

Notes:

(1) The transactions are contribution-in-kind provided to the Company with monetary remuneration receivables by directors based on restricted stock remuneration plan.

(2) The disposal prices for the own shares were the closing price of a share of the Company's common stock in the Tokyo Stock Exchange on each business day immediately before the Board of Directors' Meeting at which the resolution of the disposal was made.

19. LEASES

The Companies have a number of operating lease agreements, primarily for office space and computer equipment, which are renewable upon expiration and mainly cancelable.

a. Operating leases as a lessee

The minimum rental commitments under noncancelable operating leases as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Due within one year	**¥ 7,793**	¥ 8,250	**$ 58,157**
Due after one year	**33,967**	34,846	**253,485**
Total	**¥ 41,760**	¥ 43,096	**$ 311,642**

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Due within one year	**¥ 20,603**	¥ 19,139	**$ 153,754**
Due after one year	**95,131**	118,741	**709,933**
Total	**¥ 115,734**	¥ 137,880	**$ 863,687**

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

a. Policy for financial instruments

The Companies use financial instruments, mainly loans from banks, commercial paper and bonds, based on their capital financing plans for construction and development businesses. Cash surpluses, if any, are invested in low-risk financial assets such as deposits. It is the Companies' policy to use derivatives only for actual operating requirements, not for speculation.

b. Nature, extent of risks arising from financial instruments, and risk management for financial instruments

Receivables, such as notes and accounts receivable—trade, are exposed to customer credit risks. The Companies thoroughly enforce credit risk management, which principally includes credit research at the time of obtaining work and timely monitoring of credit standings.

Payment terms of payables, such as notes and accounts payable—trade, are within one year.

Although marketable securities and investments in securities are exposed to the risk of market price fluctuations, the Companies use the internal management system to recognize their fair values periodically.

Loans from banks, commercial paper and bonds are used to raise funds for construction and development business.

Derivatives mainly include foreign exchange forward contracts, currency swaps and interest rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of future demand and collection of foreign-currency-denominated funds, and from changes in interest rates of loans from banks and bonds. Please see Note 21 for more details regarding derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥200,000 million ($1,492,537 thousand) with several Japanese banks to manage exposure to liquidity risks on raising funds.

c. Fair values of financial instruments

Fair values of financial instruments are as follows. The fair values of cash and cash equivalents, other current assets (time deposits due after three months of the date of acquisition), short-term borrowings, commercial paper, notes and accounts payable—trade and income taxes payable are not disclosed because the maturities of the said financial instruments are short and the carrying values approximate fair value. In addition, the fair values of investments in partnerships and other similar entities in which the net amount of equity interest is recorded on the consolidated balance sheet are not disclosed. The carrying amounts of such investments, including operational investments in securities, were ¥9,205 million ($68,694 thousand) and ¥14,379 million as of March 31, 2023 and 2022, respectively. Also, please see Note 21 for the details of the fair values of derivatives.

(1) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of financial instruments as of March 31, 2023 and 2022, were as follows. However, financial instruments that do not have a quoted market price in an active market are not included.

	Millions of Yen		
As of March 31, 2023	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	¥ **899,621**	¥	¥
Allowance for doubtful accounts	**(4,516)**		
	895,105	**894,498**	**(607)**
Marketable securities and investments in securities			
Available-for-sale securities	**256,627**	**256,627**	**—**
Long-term loans receivable	**6,273**		
Long-term loans to unconsolidated subsidiaries and affiliates	**54,628**		
Allowance for doubtful accounts	**(1,294)**		
	59,607	**59,295**	**(312)**
Total	¥ **1,211,339**	¥ **1,210,420**	¥ **(919)**
LIABILITIES			
Current portion of long-term debt	¥ **23,440**	¥ **23,440**	¥ **(0)**
Long-term debt	**262,449**	**259,230**	**(3,219)**
Total	¥ **285,889**	¥ **282,670**	¥ **(3,219)**

As of March 31, 2022	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	¥ 726,564	¥	¥
Allowance for doubtful accounts	(1,466)		
	725,098	724,970	(128)
Marketable securities and investments in securities			
Available-for-sale securities	262,953	262,953	—
Long-term loans receivable	5,225		
Long-term loans to unconsolidated subsidiaries and affiliates	64,652		
Allowance for doubtful accounts	(1,576)		
	68,301	68,103	(198)
Total	¥ 1,056,352	¥ 1,056,026	¥ (326)
LIABILITIES			
Current portion of long-term debt	¥ 28,259	¥ 28,259	¥ —
Long-term debt	150,480	152,911	2,431
Total	¥ 178,739	¥ 181,170	¥ 2,431

As of March 31, 2023	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	**$ 6,713,590**	**$**	**$**
Allowance for doubtful accounts	**(33,702)**		
	6,679,888	**6,675,358**	**(4,530)**
Marketable securities and investments in securities			
Available-for-sale securities	**1,915,127**	**1,915,127**	**—**
Long-term loans receivable	**46,813**		
Long-term loans to unconsolidated subsidiaries and affiliates	**407,672**		
Allowance for doubtful accounts	**(9,657)**		
	444,828	**442,500**	**(2,328)**
Total	**$ 9,039,843**	**$ 9,032,985**	**$ (6,858)**
LIABILITIES			
Current portion of long-term debt	**$ 174,925**	**$ 174,925**	**$ (0)**
Long-term debt	**1,958,575**	**1,934,553**	**(24,022)**
Total	**$ 2,133,500**	**$ 2,109,478**	**$ (24,022)**

(2) Carrying amount of financial instruments that do not have a quoted market price in an active market

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 7,019**	¥ 7,488	**$ 52,380**
Preferred equity investment	**9,771**	9,771	**72,918**
Investments in unconsolidated subsidiaries and affiliates	**85,527**	73,365	**638,261**
Total	**¥ 102,317**	¥ 90,624	**$ 763,559**

The carrying amounts mentioned above include the carrying amounts of operational investments in securities that do not have a quoted market price in active markets.

d. Maturity analysis for financial assets and securities with contractual maturities

As of March 31, 2023	Millions of Yen Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**¥ 282,253**	**¥ —**	**¥ —**	**¥ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**386**	**978**	**142**	**—**
Notes and accounts receivable—trade	**828,129**	**70,713**	**7**	**772**
Other current assets				
Time deposits due after three months of the date of acquisition	**3,527**	**—**	**—**	**—**
Long-term loans receivable	**39,600**	**5,520**	**5**	**748**
Long-term loans to unconsolidated subsidiaries and affiliates	**70**	**5,045**	**35,715**	**13,868**
Total	**¥ 1,153,965**	**¥ 82,256**	**¥ 35,869**	**¥ 15,388**

As of March 31, 2022	Millions of Yen Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	¥ 267,733	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	186	746	140	—
Notes and accounts receivable—trade	685,732	39,065	1,017	750
Other current assets				
Time deposits due after three months of the date of acquisition	5,571	—	—	—
Long-term loans receivable	3,354	4,320	4	901
Long-term loans to unconsolidated subsidiaries and affiliates	72	26,966	24,729	12,957
Total	¥ 962,648	¥ 71,097	¥ 25,890	¥ 14,608

As of March 31, 2023	Thousands of U.S. Dollars Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and cash equivalents	**$ 2,106,366**	**$ —**	**$ —**	**$ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**2,881**	**7,299**	**1,060**	**—**
Notes and accounts receivable—trade	**6,180,067**	**527,709**	**53**	**5,761**
Other current assets				
Time deposits due after three months of the date of acquisition	**26,321**	**—**	**—**	**—**
Long-term loans receivable	**295,522**	**41,194**	**37**	**5,582**
Long-term loans to unconsolidated subsidiaries and affiliates	**522**	**37,649**	**266,530**	**103,493**
Total	**$ 8,611,679**	**$ 613,851**	**$ 267,680**	**$ 114,836**

Please see Note 11 for annual maturities of long-term debt.

e. Financial instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

	Millions of Yen			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	**¥ 246,476**	**¥ —**	**¥ 6,368**	**¥ 252,844**
Government and corporate bonds	**1,197**	**246**	**—**	**1,443**
Other	**920**	**1,420**	**—**	**2,340**
Derivative transactions:				
To which hedge accounting is not applied	**—**	**175**	**—**	**175**
To which hedge accounting is applied	**—**	**212**	**—**	**212**
Total	**¥ 248,593**	**¥ 2,053**	**¥ 6,368**	**¥ 257,014**
LIABILITIES				
Derivative transactions:				
To which hedge accounting is applied	**¥ —**	**¥ 169**	**¥ —**	**¥ 169**
Total	**¥ —**	**¥ 169**	**¥ —**	**¥ 169**

	Millions of Yen			
	Fair value			
As of March 31, 2022	Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	¥ 254,099	¥ —	¥ 5,503	¥ 259,602
Government and corporate bonds	782	304	—	1,086
Other	388	—	—	388
Derivative transactions:				
To which hedge accounting is not applied	—	404	—	404
To which hedge accounting is applied	—	140	—	140
Total	¥ 255,269	¥ 848	¥ 5,503	¥ 261,620
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	¥ —	¥ 121	¥ —	¥ 121
To which hedge accounting is applied	—	848	—	848
Total	¥ —	¥ 969	¥ —	¥ 969

	Thousands of U.S. Dollars			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	**$ 1,839,374**	**$ —**	**$ 47,522**	**$ 1,886,896**
Government and corporate bonds	**8,933**	**1,836**	**—**	**10,769**
Other	**6,865**	**10,597**	**—**	**17,462**
Derivative transactions:				
To which hedge accounting is not applied	**—**	**1,306**	**—**	**1,306**
To which hedge accounting is applied	**—**	**1,582**	**—**	**1,582**
Total	**$ 1,855,172**	**$ 15,321**	**$ 47,522**	**$ 1,918,015**
LIABILITIES				
Derivative transactions:				
To which hedge accounting is applied	**$ —**	**$ 1,261**	**$ —**	**$ 1,261**
Total	**$ —**	**$ 1,261**	**$ —**	**$ 1,261**

The above figures as of March 31, 2022 do not include the fair values of investment trusts. The carrying amounts of investment trusts were ¥1,877 million as of March 31, 2022.

(2) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

	Millions of Yen			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	¥ —	¥ **894,498**	¥ —	¥ **894,498**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	**6,914**	**52,381**	**59,295**
Total	¥ —	¥ **901,412**	¥ **52,381**	¥ **953,793**
LIABILITIES				
Corporate bonds	¥ —	¥ **80,099**	¥ —	¥ **80,099**
Long-term loans	—	**170,082**	—	**170,082**
Derivative transactions:				
To which hedge accounting is applied	—	**39**	—	**39**
Total	¥ —	¥ **250,220**	¥ —	¥ **250,220**

	Millions of Yen			
	Fair value			
As of March 31, 2022	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	¥ —	¥ 724,970	¥ —	¥ 724,970
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	32,444	35,659	68,103
Total	¥ —	¥ 757,414	¥ 35,659	¥ 793,073
LIABILITIES				
Corporate bonds	¥ —	¥ 49,956	¥ —	¥ 49,956
Long-term loans	—	97,648	—	97,648
Derivative transactions:				
To which hedge accounting is applied	—	77	—	77
Total	¥ —	¥ 147,681	¥ —	¥ 147,681

	Thousands of U.S. Dollars			
	Fair value			
As of March 31, 2023	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	$ —	$ **6,675,358**	$ —	$ **6,675,358**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	**51,597**	**390,903**	**442,500**
Total	$ —	$ **6,726,955**	$ **390,903**	$ **7,117,858**
LIABILITIES				
Corporate bonds	$ —	$ **597,754**	$ —	$ **597,754**
Long-term loans	—	**1,269,268**	—	**1,269,268**
Derivative transactions:				
To which hedge accounting is applied	—	**291**	—	**291**
Total	$ —	$ **1,867,313**	$ —	$ **1,867,313**

The above figures do not include the current portion of long-term loans.

Notes:

(1) Description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities

Marketable securities and Investments in securities

The fair values of listed equity securities, listed investment trusts and government and corporate bonds are measured at the quoted market prices. The fair values of listed equity securities, listed investment trusts and government bonds are categorized as Level 1, because they are traded in active markets. The fair values of corporate bonds are categorized as Level 2, as the quoted market prices of corporate bonds are not considered to be observed in active markets due to low market transactions. The fair values of unlisted investment trusts are measured at net asset value per unit, and are categorized as Level 2. In addition, the fair values of unlisted equity securities held by certain overseas subsidiaries are principally measured by adjusted net asset method, and are categorized as Level 3.

Derivative transactions

The fair values of interest rate swaps and foreign currency forward contracts are measured by using discounted present value techniques considering observable inputs such as interest rates and foreign currency exchange rate, and are categorized as Level 2.

Notes and accounts receivable—trade

The carrying amounts of notes and accounts receivable—trade with short maturities approximate fair value, and are categorized as Level 2.

The fair values of notes and accounts receivable—trade with maturities of over one year are measured at the amount to be received at maturity discounted at the Companies' assumed corporate discount rate with consideration for the remaining terms and credit risks, and are categorized as Level 2.

Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates

The carrying amounts of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates with fluctuating interest rates approximate fair value because the variable interest rates reflect market rates in a short period of time and the credit standings of the borrowers are not substantially changed, and are categorized as Level 2.

The fair values of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates with fixed interest rates are principally measured by discounting the cash flows at the Companies' assumed corporate discount rates by adding the credit spread to the appropriate indexes, such as the yield of government bonds, and are categorized as Level 2 or Level 3 depending on the materiality of the effect of unobservable inputs in the measurement of fair value.

Corporate bonds

The fair values of corporate bonds issued by the Company are principally measured at the quoted market prices. The fair values of these corporate bonds are categorized as Level 2, as the quoted market prices of corporate bonds are not considered to be observed in active markets due to low market transactions. The fair values of other corporate bonds are measured by discounting the cash flows related to the debt at discount rates that take into account the remaining periods of the bonds and credit risks, and are categorized as Level 2.

Long-term loans

The carrying amounts of long-term loans with fluctuating interest rates approximate fair value because the variable interest rates reflect market rates in a short period of time and the credit standing of the Company is not substantially changed, and are categorized as Level 2.

The fair values of long-term loans with fixed interest rates are measured by discounting the cash flows related to the debt at the Companies' assumed corporate borrowing rates, and are categorized as Level 2.

(2) Information about the fair value of Level 3 financial assets and liabilities, that are measured at the fair values in the consolidated balance sheet

1) Quantitative information about significant unobservable inputs

As of March 31, 2023	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities		
Available-for-sale:		
Equity securities (unlisted equity securities)	Adjusted net asset method	Net asset value

As of March 31, 2022	Valuation technique	Significant unobservable inputs
Marketable securities and investments in securities		
Available-for-sale:		
Equity securities (unlisted equity securities)	Adjusted net asset method	Net asset value

2) Reconciliation of beginning and ending balances

	Millions of Yen		Thousands of U.S. Dollars
	Marketable securities and investments in securities Available-for-sale: Equity securities (unlisted equity securities)		
	2023	2022	**2023**
Balance at beginning of year	**¥ 5,503**	¥ 4,388	**$ 41,067**
Fair value gain recognized in other comprehensive income	**677**	508	**5,052**
Increase due to purchases	**188**	607	**1,403**
Balance at end of year	**¥ 6,368**	¥ 5,503	**$ 47,522**

Fair value gain recognized in other comprehensive income is included in unrealized loss on available-for-sale securities and foreign currency translation adjustments in other comprehensive income in the consolidated statement of comprehensive income.

21. DERIVATIVES

The Companies enter into derivative financial instruments ("derivatives"), including principally foreign exchange forward contracts, currency swap agreements and interest rate swap agreements.

The Companies do not hold or issue derivatives for trading or speculative purposes and it is the Companies' policy to use derivatives only for the purpose of reducing market risks and financing costs in accordance with internal regulations.

All derivative transactions are entered into to hedge interest and foreign currency exposures incorporated within the Companies' business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major domestic or overseas financial institutions, the Companies do not anticipate any losses arising from credit risk.

a. Derivative transactions to which hedge accounting is not applied

	Millions of Yen			
As of March 31, 2023	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	**¥ 2,306**	**¥ —**	**¥ 87**	**¥ 87**
Japanese Yen forward	**587**	**—**	**88**	**88**
Total	**¥ 2,893**	**¥ —**	**¥ 175**	**¥ 175**

	Millions of Yen			
As of March 31, 2022	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	¥ 51	¥ —	¥ 8	¥ 8
Selling:				
Euro forward	6,310	2,066	334	334
Japanese Yen forward	1,462	282	56	56
U.S. Dollar forward	280	—	6	6
Total	¥ 8,103	¥ 2,348	¥ 404	¥ 404
Interest rate swaps				
Pay—fix / Receive—float	¥ 15,873	¥ 15,873	¥ (121)	¥ (121)
Total	¥ 15,873	¥ 15,873	¥ (121)	¥ (121)

	Thousands of U.S. Dollars			
As of March 31, 2023	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	**$ 17,209**	**$ —**	**$ 649**	**$ 649**
Japanese Yen forward	**4,381**	**—**	**657**	**657**
Total	**$ 21,590**	**$ —**	**$ 1,306**	**$ 1,306**

b. Derivative transactions to which hedge accounting is applied

As of March 31, 2023	Hedged Item	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
Chinese Yuan forward	Accounts payable—trade	**¥ 3,944**	**¥ 257**	**¥ (22)**
U.S. Dollar forward	Accounts payable—trade	**1,063**	**22**	**19**
Euro forward	Accounts payable—trade	**21**	**—**	**1**
Selling:				
Euro forward	Accounts receivable—trade	**13,312**	**27**	**45**
Total		**¥ 18,340**	**¥ 306**	**¥ 43**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**¥ 3,933**	**¥ 3,933**	**¥ (39)**
Total		**¥ 3,933**	**¥ 3,933**	**¥ (39)**

As of March 31, 2022	Hedged Item	Millions of Yen Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	¥ 185	¥ —	¥ 20
Euro forward	Accounts payable—trade	8	—	0
Thai Baht forward	Accounts payable—trade	1	—	0
Selling:				
Euro forward	Accounts receivable—trade	43,151	4,880	(728)
Total		¥ 43,345	¥ 4,880	¥ (708)
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ 3,959	¥ 3,959	¥ (77)
Total		¥ 3,959	¥ 3,959	¥ (77)

As of March 31, 2023	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
Chinese Yuan forward	Accounts payable—trade	**$ 29,433**	**$ 1,918**	**$ (164)**
U.S. Dollar forward	Accounts payable—trade	**7,933**	**164**	**142**
Euro forward	Accounts payable—trade	**157**	**—**	**7**
Selling:				
Euro forward	Accounts receivable—trade	**99,343**	**202**	**336**
Total		**$ 136,866**	**$ 2,284**	**$ 321**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**$ 29,351**	**$ 29,351**	**$ (291)**
Total		**$ 29,351**	**$ 29,351**	**$ (291)**

22. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2023, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥15,960 million ($119,104 thousand).

23. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Unrealized loss on available-for-sale securities:			
Gains arising during the year	¥ **2,862**	¥ 2,983	$ **21,358**
Reclassification adjustments to profit or loss	**(6,079)**	(13,084)	**(45,366)**
Amount before income tax effect	**(3,217)**	(10,101)	**(24,008)**
Income tax effect	**1,127**	3,218	**8,411**
Total	¥ **(2,090)**	¥ (6,883)	$ **(15,597)**
Deferred gain (loss) on derivatives under hedge accounting:			
Gains (losses) arising during the year	¥ **523**	¥ (560)	$ **3,903**
Reclassification adjustments to profit or loss	**73**	471	**545**
Amount before income tax effect	**596**	(89)	**4,448**
Income tax effect	**7**	(3)	**52**
Total	¥ **603**	¥ (92)	$ **4,500**
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ **36,507**	¥ 23,061	$ **272,440**
Reclassification adjustments to profit or loss	**4**	—	**30**
Amount before income tax effect	**36,511**	23,061	**272,470**
Income tax effect	**—**	—	**—**
Total	¥ **36,511**	¥ 23,061	$ **272,470**
Defined retirement benefit plans:			
Adjustments arising during the year	¥ **2,280**	¥ 392	$ **17,015**
Reclassification adjustments to profit or loss	**172**	201	**1,284**
Amount before income tax effect	**2,452**	593	**18,299**
Income tax effect	**(756)**	(137)	**(5,642)**
Total	¥ **1,696**	¥ 456	$ **12,657**
Share of other comprehensive loss in unconsolidated subsidiaries and affiliates:			
Losses arising during the year	¥ **(871)**	¥ (1,213)	$ **(6,500)**
Reclassification adjustments to profit or loss	**(129)**	117	**(963)**
Adjustment for acquisition cost of assets	**(100)**	59	**(746)**
Total	¥ **(1,100)**	¥ (1,037)	$ **(8,209)**
Total other comprehensive income	¥ **35,620**	¥ 15,505	$ **265,821**

24. SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended March 31, 2022

The components of assets acquired and liabilities assumed of a consolidated subsidiary of KUSA which was acquired through the share acquisition during the year ended March 31, 2022, as well as reconciliation between the acquisition cost and the payment for the said acquisition were as follows:

	Millions of Yen
	2022
Current assets	¥ 1,026
Non-current assets	13
Goodwill	2,895
Current liabilities	(911)
Acquisition cost	3,023
Accounts payable	(262)
Cash and cash equivalents of the subsidiary	(142)
Net payment for acquisition	¥ 2,619

The components of assets acquired and liabilities assumed of a consolidated subsidiary of KUSA which was acquired through the share acquisition during the year ended March 31, 2022, as well as reconciliation between the acquisition cost and the payment for the said acquisition were as follows:

	Millions of Yen
	2022
Current assets	¥ 978
Non-current assets	13
Goodwill	475
Current liabilities	(808)
Non-current liabilities	(36)
Acquisition cost	622
Cash and cash equivalents of the subsidiary	(553)
Net payment for acquisition	¥ 69

25. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2023 and 2022, was as follows:

	Millions of Yen	Thousand of Shares	Yen	U.S. Dollars
	Net Income Attributable to Owners of the Parent	Weighted—Average Shares	EPS	
For the year ended March 31, 2023:				
Basic EPS				
Net income attributable to common stockholders	**¥ 111,789**	**490,342**	**¥ 227.98**	**$ 1.701**
For the year ended March 31, 2022:				
Basic EPS				
Net income attributable to common stockholders	¥ 103,867	499,372	¥ 208.00	

26. SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

On June 28, 2023, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥41.00 ($0.306) per share (final for the year ended March 31, 2023) for a total amount of ¥19,968 million ($149,015 thousand).

b. Acquisition of Own Shares

The Company, at the Board of Directors' Meeting held on May 15, 2023, resolved matters related to acquisition of its own shares in accordance with Article 156 of the Companies Act, applicable pursuant to Article 165, Paragraph 3 of the said Act, and the acquisition has been completed.

(1) Reason for acquiring own shares

To expand shareholder returns and improve capital efficiency

(2) Details relating to the acquisition

1) Type of shares to be acquired:	Common Stock of the Company
2) Aggregate number of shares to be acquired:	7 million shares (upper limit) (The ratio to the aggregate number of issued shares (excluding own shares): 1.4%)
3) Aggregate acquisition price of shares:	¥10,000 million ($74,627 thousand) (upper limit)
4) Acquisition period:	May 16, 2023 to September 30, 2023
5) Acquisition method:	Market purchase on the Tokyo Stock Exchange

(3) Results of the acquisition based on the above resolution

1) Type of shares acquired:	Common Stock of the Company
2) Aggregate number of shares acquired:	4,904,700 shares
3) Aggregate acquisition price of shares:	¥9,999,890,700 ($74,626,050)
4) Acquisition period:	May 16, 2023 to May 23, 2023 (on a trade basis)
5) Acquisition method:	Market purchase on the Tokyo Stock Exchange

c. Introduction of Performance-Linked Stock Remuneration Plan (RS Trust) for Directors and Executive Officers

The Company, at the Board of Board of Directors' Meeting held on May 15, 2023, resolved to introduce a performance-linked stock remuneration plan (the "Plan") for Directors (excluding Outside Directors; the same applies hereinafter) of the Company using a trust structure and abolish the current remuneration framework of restricted stock remuneration. This proposal concerning the Plan was submitted to the 126th Ordinary Stockholders' Meeting of the Company held on June 28, 2023, and was approved and resolved as originally proposed at the Stockholders' Meeting.

(1) Introduction of the Plan

The Plan makes interrelation between the remuneration of Directors and the Company's performance as well as stock value clearer. Therefore, the Plan enhances motivation of Directors to contribute to improve the performance and corporate value over the medium- to long-term by sharing the benefit and risk of stock value fluctuations with stockholders, at the same time, attached transfer restrictions until retirement (when he or she ceases to hold the office of either Director or Executive Officer of the Company; the "Retirement") incentivize Directors to sustainably improve corporate value even after deliveries of the stocks.

The Company also plans to introduce a similar performance-linked stock remuneration plan for its Executive Officers.

(2) Overview of the Plan

1) Structure of the Plan

The Plan is a stock remuneration plan under which the Company establishes a trust (hereinafter, the "Trust") through monetary contributions. The Trust acquires the Company's common stocks (hereinafter, the "Company's Stocks") for delivery of stocks by the Trust to each Director, corresponding to the points awarded by the Company to that Director. (The stocks delivered to each Director will carry transfer restrictions, effective until the Retirement, based on a transfer restriction agreement concluded between each Director and the Company, as described in (3) below)

Under the Plan, the Company's Stocks will be delivered to Directors in office during the three fiscal years from the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026 (hereinafter, the "Targeted Period"; the Targeted Period may be extended as set forth in 4) below.) Directors will receive the Company's Stocks, in principle, at a predesignated time of each fiscal year during the trust period.

2) Establishment of the Trust

The Company shall establish the Trust by contributing the funds needed to acquire the number of the Company's Stocks reasonably expected to be needed for delivery by the Trust, in accordance with 6) below, for a certain period of time into the future. The Trust shall use the funds contributed by the Company to acquire the Company's Stocks as described in 5) below.

Sumitomo Mitsui Trust Bank, Ltd., the trustee under the Plan, shall entrust (re-entrust) management of the trust property to Custody Bank of Japan, Ltd.

3) Trust period

The trust period shall be about three years from August 2023 (planned) to August 2026 (planned). The Company may extend the trust period as described in 4) below.

4) Maximum amount of money to be contributed to the Trust to fund the acquisition of stocks

During the Targeted Period, the Company shall contribute a total amount of money not exceeding ¥900 million ($6,716 thousand) as remuneration for Directors in office during the Targeted Period to fund the acquisition of the number of the Company's Stocks necessary to deliver to Directors based on the Plan. This contribution shall establish the Trust, of which the beneficiaries shall be the Directors who satisfy certain requirements.

Note: The amount of money that the Company entrusts to the Trust shall be the total of necessary expenses such as trust fees and remuneration for the trust administrator, in addition to funds for the acquisition of the Company's Stocks, as set forth above. When the Company introduces the performance-linked stock remuneration plan for its Executive Officers similar to the Plan as stated above, it shall also entrust the Trust the funds necessary to acquire the number of the Company's Stocks needed to deliver to Executive Officers under that plan.

The Company's Board of Directors may decide to continue the Plan by extending the Targeted Period for up to five fiscal years at each time and extending the trust period for a corresponding period (or effectively extending the trust period through the establishment of another trust with the same purpose, to which the Trust property is transferred; the same applies hereinafter). In such a case, the Company shall contribute an additional amount of money not exceeding ¥300 million ($2,239 thousand), multiplied by the number of years extended, to the Trust during the extended Targeted Period, as funds for the acquisition of the Company's Stocks to be delivered to Directors under the Plan. The Company shall then continue to award points and deliver the Company's Stocks as set forth in 6) below.

5) Method used to acquire the Company's Stocks by the Trust

The Company shall make the initial acquisition of the Company's Stocks by the Trust through the disposal of treasury stock by the Company or purchases on stock markets, within the maximum amount of funds for the acquisition of stocks set forth in 4) above.

During the trust period, in case the number of the Company's Stocks held in the Trust falls short of the number corresponding to the points awarded to Directors during the trust period, due to reasons such as an increase in the number of Directors, the Company may entrust additional funds to the Trust for the additional acquisition of the Company's Stocks, within the maximum amount set forth in 4) above.

6) Calculation method and maximum number of the Company's Stocks to be delivered to Directors

(i) Method used to award points to Directors

Based on the Stock Delivery Regulations established by the Company's Board of Directors, the Company shall award points to each Director on the day (once each fiscal year, in principle) designated for the award of points under the Stock Delivery Regulations during the trust period, based on factors such as position and the degree of achievement of performance targets.

The total number of points that the Company awards to Directors shall not exceed 600,000 points per fiscal year.

(ii) Delivery of the Company's Stocks in accordance with the number of points awarded

The number of stocks to be delivered shall correspond to the points awarded as described in (i) above. Directors shall follow the procedures set forth in (iii) below to receive the Company's Stocks. Each point shall correspond to one of the Company's Stocks. However, in an event such as a stock split or stock consolidation of the Company's Stocks, where adjustment is deemed reasonable, the number of the Company's Stocks to be delivered per point may be reasonably adjusted in accordance with the stock split ratio, consolidation ratio, or the like.

(iii) Delivery of the Company's Stocks to Directors

Each Director shall gain beneficiary rights to the Trust and receive the Company's Stocks from the Trust each fiscal year during the trust period, in principle, subject to the conclusion of the transfer restriction agreement set forth in (3) below and the completion of other designated procedures.

However, in case where the Company's Stocks held in the Trust have been converted to cash, such as where it has accepted and settled a tender offer for the Company's Stocks, money (the amount converted to cash) may be delivered in lieu of the Company's Stocks.

7) Exercise of voting rights

Based on instructions of the trust administrator, who is independent of the Company and its officers, no voting rights pertaining to the Company's Stocks held in the Trust shall be exercised. This regulation is designed for the exercise of voting rights associated to the Company's Stocks held in the Trust, to ensure the neutrality with regard to the Company's management.

8) Treatment of dividends

Dividends pertaining to the Company's Stocks held in the Trust shall be received by the Trust, and allocated to fund the acquisition of the Company's Stocks, as well as for trust fees payable to the trustee of the Trust.

(3) Transfer restriction agreement pertaining to the Company's Stocks delivered to Directors

When the Company's Stocks are delivered to Directors, as described in (2) 6) (iii) above, each Director shall conclude a transfer restriction agreement with the Company, containing the items shown below.

(i) Directors must not transfer, establish right of pledge or otherwise dispose of the Company's Stocks received under the Plan, from the date on which they receive until the date of the Retirement.
(ii) The Company may acquire the Company's Stocks without consideration where certain causes arise.
(iii) Content of the conditions for lifting the transfer restrictions preestablished by the Company's Board of Directors

However, no transfer restrictions shall be applied to the Company's Stocks if these are delivered on or after the date of the Retirement. Moreover, in this case, a certain proportion of the Company's Stocks to be delivered to Directors may be sold and converted into cash within the Trust, and withheld by the Company for the purpose of paying withholding tax, etc.

d. Issuance of Unsecured Bonds

The Company, at the Board of Directors' Meeting held on June 13, 2023, resolved to issue unsecured bonds with the following terms and conditions:

(1) Issue amount:	Maximum of ¥20,000 million ($149,254 thousand)
(2) Maturity:	3 to 10 years
(3) Issue price:	¥100 ($0.746) for face value of ¥100 ($0.746)
(4) Redemption price:	¥100 ($0.746) for face value of ¥100 ($0.746)
(5) Interest rate:	Not more than yield of government bond plus 1.0%
(6) Interest payment:	At the end of every six-month period
(7) Redemption schedule:	Redemption at maturity
(8) Issue date:	Any date between the date of resolution at the Board of Directors' Meeting and March 31, 2024
(9) Use of proceeds:	Capital investments, investments and loans, R&D investments, working capital, loan repayments, bond redemptions and commercial paper redemptions, etc.

In addition, the Board of Directors resolved that the General Manager of the Treasury Division (Director, Senior Executive Officer) of the Company be authorized to determine the issue amount, maturity, interest rate, issue date and other matters in accordance with the above terms and conditions.

27. SEGMENT INFORMATION

a. Segment Information

An entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Board of Directors of the Company is being performed in order to decide how resources are allocated among the Group and to assess performance of each reportable segment.

The Group operates in a wide and multilateral business. The Company organizes management divisions for each operating segment, such as civil engineering, building construction, real estate development and other, which strategize and develop their business. Also, the Company's domestic and overseas subsidiaries and affiliates cooperate with the Company to expand the range of the Group's business.

Therefore, the Group consists of five reportable segments as follows:

Civil Engineering:	Civil engineering in the construction business operated by the Company
Building Construction:	Building construction in the construction business operated by the Company
Real Estate Development and Other:	Real estate development business, architectural, structural and other design business and engineering business operated by the Company
Domestic Subsidiaries and Affiliates:	Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates
Overseas Subsidiaries and Affiliates:	Construction business, real estate development business and others overseas such as in North America, Europe, Asia, Oceania and other areas operated by overseas subsidiaries and affiliates

(2) Methods of measurement for the amounts of sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." The profit (loss) of each reportable segment is measured by its operating income (loss). The contracts between the reportable segments are entered into on an arm's-length basis and in the normal course of business.

(3) Information about revenues, profit (loss), assets, liabilities and other items is as follows:

Year Ended March 31, 2023 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	**¥ 301,623**	**¥ 1,073,734**	**¥ 41,163**	**¥ 236,790**	**¥ 738,269**	**¥ 2,391,579**	**¥ —**	**¥ 2,391,579**
Intersegment sales or transfers	**—**	**12,472**	**3,782**	**115,866**	**969**	**133,089**	**(133,089)**	**—**
Total	**¥ 301,623**	**¥ 1,086,206**	**¥ 44,945**	**¥ 352,656**	**¥ 739,238**	**¥ 2,524,668**	**¥ (133,089)**	**¥ 2,391,579**
Segment profit	**¥ 29,302**	**¥ 46,678**	**¥ 7,195**	**¥ 17,418**	**¥ 22,738**	**¥ 123,331**	**¥ 196**	**¥ 123,527**
Other:								
Depreciation	**¥ 1,204**	**¥ 4,336**	**¥ 3,375**	**¥ 6,755**	**¥ 9,148**	**¥ 24,818**	**¥ (106)**	**¥ 24,712**
Amortization of goodwill	**—**	**—**	**—**	**—**	**646**	**646**	**—**	**646**

Year Ended March 31, 2022 — Millions of Yen

	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	¥ 271,840	¥ 915,217	¥ 48,307	¥ 221,188	¥ 623,143	¥ 2,079,695	¥ —	¥ 2,079,695
Intersegment sales or transfers	—	5,455	4,105	94,957	804	105,321	(105,321)	—
Total	¥ 271,840	¥ 920,672	¥ 52,412	¥ 316,145	¥ 623,947	¥ 2,185,016	¥ (105,321)	¥ 2,079,695
Segment profit	¥ 19,684	¥ 50,109	¥ 11,297	¥ 16,293	¥ 26,461	¥ 123,844	¥ (461)	¥ 123,383
Other:								
Depreciation	¥ 1,317	¥ 4,459	¥ 2,890	¥ 6,310	¥ 7,742	¥ 22,718	¥ (106)	¥ 22,612
Amortization of goodwill	—	—	—	—	542	542	—	542

Year Ended March 31, 2023 — Thousands of U.S. Dollars

	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total	Reconciliations	Consolidated
Revenues:								
Sales to external customers	**$ 2,250,918**	**$ 8,012,940**	**$ 307,187**	**$ 1,767,089**	**$ 5,509,470**	**$ 17,847,604**	**$ —**	**$ 17,847,604**
Intersegment sales or transfers	**—**	**93,075**	**28,223**	**864,672**	**7,231**	**993,201**	**(993,201)**	**—**
Total	**$ 2,250,918**	**$ 8,106,015**	**$ 335,410**	**$ 2,631,761**	**$ 5,516,701**	**$ 18,840,805**	**$ (993,201)**	**$ 17,847,604**
Segment profit	**$ 218,672**	**$ 348,343**	**$ 53,694**	**$ 129,985**	**$ 169,687**	**$ 920,381**	**$ 1,462**	**$ 921,843**
Other:								
Depreciation	**$ 8,985**	**$ 32,358**	**$ 25,187**	**$ 50,410**	**$ 68,269**	**$ 185,209**	**$ (791)**	**$ 184,418**
Amortization of goodwill	**—**	**—**	**—**	**—**	**4,821**	**4,821**	**—**	**4,821**

Notes:

(1) The amount of reconciliations in segment profit, which was profit of ¥196 million ($1,462 thousand) and loss of ¥461 million for the years ended March 31, 2023 and 2022, respectively, mainly consisted of the elimination of intersegment transactions.

(2) Consolidated segment profit is equal to operating income in the consolidated statement of income.

(3) Assets are not allocated to operating segments.

b. Related Information

(1) Information about products and services

Year Ended March 31, 2023	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 2,106,971**	**¥ 160,568**	**¥ 124,040**	**¥ 2,391,579**

Year Ended March 31, 2022	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 1,797,794	¥ 165,404	¥ 116,497	¥ 2,079,695

Year Ended March 31, 2023	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 15,723,664**	**$ 1,198,269**	**$ 925,671**	**$ 17,847,604**

(2) Information about geographical areas

1) Revenues

Millions of Yen						
2023						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,651,404	**¥ 413,149**	**¥ 70,860**	**¥ 151,075**	**¥ 103,293**	**¥ 1,798**	**¥ 2,391,579**

Millions of Yen						
2022						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,455,514	¥ 388,835	¥ 41,459	¥ 95,418	¥ 96,807	¥ 1,662	¥ 2,079,695

Thousands of U.S. Dollars						
2023						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 12,323,910	**$ 3,083,201**	**$ 528,806**	**$ 1,127,425**	**$ 770,843**	**$ 13,419**	**$ 17,847,604**

Notes:

(1) Revenues are classified by country or region based on the location of customers.

(2) Revenues in North America for the year ended March 31, 2023, solely consisted of revenues in the U.S.A.

2) Property and equipment

Millions of Yen						
2023						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 398,308	**¥ 15,186**	**¥ 2,128**	**¥ 61,084**	**¥ 1,804**	**¥ 30**	**¥ 478,540**

Millions of Yen						
2022						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 361,417	¥ 9,782	¥ 2,195	¥ 52,858	¥ 1,320	¥ 9	¥ 427,581

Thousands of U.S. Dollars						
2023						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 2,972,448	**$ 113,328**	**$ 15,881**	**$ 455,851**	**$ 13,463**	**$ 223**	**$ 3,571,194**

c. Information about impairment losses of assets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	**2023**
Impairment losses of assets	**¥ 337**	¥ 16,453	**$ 2,515**

Notes:
(1) Impairment losses of assets of ¥337 million ($2,515 thousand) for the year ended March 31, 2023, consisted of assets used for business of ¥337 million ($2,515 thousand). Impairment losses of assets of ¥16,453 million for the year ended March 31, 2022, consisted of assets used for business of ¥216 million and assets held for rent of ¥ 16,237 million. Please see Note 7 for more details.
(2) Impairment losses of assets are not allocated to operating segments.

d. Information about goodwill
(1) Amortization of goodwill for the years ended March 31, 2023 and 2022

Millions of Yen		Thousands of U.S. Dollars
2023	2022	**2023**
¥ 646	¥ 542	**$ 4,821**

(2) Carrying amounts of goodwill as of March 31, 2023 and 2022

Millions of Yen		Thousands of U.S. Dollars
2023	2022	**2023**
¥ 1,398	¥ 3,699	**$ 10,433**

Note: Goodwill is not allocated to operating segments.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

Opinion

We have audited the consolidated financial statements of Kajima Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Revenue Recognition from Construction Contracts over Time	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As described in Note 2n. "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Significant Basis for Recording Revenues and Costs" to the consolidated financial statements, the Group's construction revenue and construction costs are recognized as the Group satisfies a performance obligation by transferring the promised goods or services to a customer if the control of those goods or services is transferred over time (hereinafter referred to as "the Percentage-of-Completion Method"). The Group measures progress towards complete satisfaction of a performance obligation, which is mainly based on the proportion that contract costs incurred for work performed to the date of the end of the year bear to the estimated total contract costs. As described in Note 3. "SIGNIFICANT ACCOUNTING ESTIMATE" to the consolidated financial statements, the Group recognized construction revenue of ¥1,984,311 million ($14,808,291 thousand) by applying the Percentage-of-Completion Method out of total construction revenue of ¥2,106,971 million ($15,723,664 thousand) for the year ended March 31, 2023. Out of the construction revenue balance under the Percentage-of-Completion Method, ¥1,301,837 million ($9,715,201 thousand) was recorded by Kajima Corporation (the "Company"). When applying the Percentage-of-Completion Method, construction revenue is calculated by multiplying the total estimated construction revenue by the progress principally based on the cumulative construction costs incurred by the end of the year against the total estimated construction costs. Total estimated construction revenue, total estimated construction costs, and the progress toward completion are affected by significant predictions and judgments made by management based on the business environment. The Company designs and operates internal controls such as reviewing and approving of operational budget related to the total construction revenues and the total construction costs at the beginning of the construction. The Company also designs and operates internal controls for modification and approval of the revised budget which includes estimation at the end of each period based on the actual progress of construction.	Our audit procedures related to testing the reasonableness of accounting estimates for total construction revenue, total construction costs, and percentage of completion included the following, among others: First, we obtained an understanding of the business environment of the Company and its industry. Then we assessed the design and operating effectiveness of controls over the processes for estimating total construction revenue and total construction costs in relation to recognizing revenue by applying the Percentage-of-Completion Method. We also involved our Information Technology ("IT") specialists to assist us with assessing the general IT controls and automated controls over IT systems used in the calculation of the construction costs and percentage of completion for each construction contract. When assessing the design and operating effectiveness of the controls, we paid particular attention to whether the operational budget was appropriately reviewed and approved at the beginning of the construction and whether budget was modified and approved after beginning construction to reflect changes in each construction's situation in an appropriate and timely manner. Next, we assessed the reasonableness of accounting estimates included in last year's total construction revenue and total construction costs by comparing the accounting estimates included in last year's total construction revenue and total construction costs with this year's finalized amounts or updated estimates. Further, we used data analysis tools to perform a risk assessment analysis for all construction projects where the Company applied the Percentage-of-Completion Method. We performed this assessment to identify any construction projects that might include the risks mentioned in the Key Audit Matter Description. We performed the following one or more audit procedures to the at-risk construction projects depending on the result of our analysis: **Audit procedures for total construction revenue** (1) We inspected evidence such as construction contracts and tested cash receipts for the total construction revenue.

In addition to the Company's construction contracts becoming higher in monetary value and longer in contractual terms, the construction costs are rising in the recent years mainly due to construction materials and labor market increasing. Therefore, if the following situations occur, there might be material impact to the consolidated financial statements. (1) The total construction revenue may include the estimates if the final agreement has not been reached regarding the construction contract with the customer on a scope change or a change in the construction method. Construction revenues might not be recognized appropriately at the end of each period if the Percentage-of-Completion Method is applied based on a contract that is to be revised due to modification, incomplete or unreasonable estimates, or if the feasibility of that contract is not high. (2) The total construction costs may increase significantly if unanticipated events occur, such as an unexpected event or construction delay that happened after the operational budget was initially complied, or construction materials and labor market fluctuate significantly during the construction progress. Uncertainty is involved in these forecasts and estimates. In such cases, it may take time to revise the total construction costs, and there is a possibility that the total construction costs are not updated in a timely manner. If the Percentage-of-Completion Method is applied under such circumstances, construction revenues might not be recognized appropriately at the end of each reporting period. (3) As percentage of completion at year-end is calculated based on the total construction costs, it might not be calculated appropriately if the total construction costs are not updated in a timely manner as mentioned in (2). We determined that the Company's revenue recognition by applying the Percentage-of-Completion Method was our key audit matter because accounting estimates for total construction revenues, total construction costs, and percentage of completion involved uncertainty and significantly relying on management forecasts and judgments.	(2) If the total construction revenue included accounting estimates, we assessed the basis and feasibility of the estimates by inquiring of appropriate construction managers and inspecting evidence and project management materials. **Audit procedures for total construction costs** (3) If a construction project's gross margin ratio was significantly higher or lower than previous ratios, we inquired with appropriate construction managers and inspected evidence and project management materials to evaluate whether the gross margin ratio was reasonable. (4) If estimated total construction costs were significantly higher or lower than the total construction costs in previous year, we inquired of appropriate construction managers and inspected evidence and project management materials to evaluate whether the estimate was reasonable. This evaluation includes the impact of construction cost increase has been appropriately reflected in the estimated total construction costs. **Audit procedures for percentage of completion (actual costs incurred)** (5) If the monthly trend analysis showed that the actual monthly costs increased or decreased significantly compared to the costs in previous month, we inquired of appropriate construction managers and inspected evidence such as invoices and project management materials to evaluate whether the increase or decrease was reasonable. (6) We inspected evidence such as invoices for the actual costs incurred. We also visited several construction sites and observed the consistency between the construction progress and accounting estimates.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

July 24, 2023

The consolidated financial statements of Kajima Corporation and its consolidated subsidiaries and the notes to consolidated financial statements are audited by Deloitte Touche Tohmatsu LLC. They have been prepared for the purpose of construction contract awards outside Japan.

Of the contents in the Financial Review (with the exception of the Summary and Forecast of Business Performance), the consolidated financial statements, notes to consolidated financial statements, and independent auditor's report, have been copied from documents prepared and issued for the aforementioned purpose.

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