

FY2021 3rd Quarter Analyst and Investor Briefing (Tele-Conference)

Summary of Q&A Session

February 10, 2022

Q What is the current profitability of new contracts and competitiveness in the construction business at Kajima Corporation?

A For the civil engineering business, demand remains stable, particularly with regard to public-sector contracts, and the environment has not changed. The profitability of new building construction contracts has held at the same level as the first half of the fiscal year, and there has been little change from fiscal 2020. Although the fiercely competitive environment has continued, we believe that it will eventually return to normal levels as demand remains strong.

Q What is the reason for the slight downward revision of the forecast for the gross profit margin in the building construction business at Kajima Corporation?

A As a result of carefully examining the status of backlog projects, we revised the forecast to reflect actual conditions. This does not indicate any major concern on our part. Rather, this is primarily due to the effect of boosting profits being little, caused by fewer projects scheduled for completion in fiscal 2021 than average.

Q What is your approach to the offshore wind farm business?

A We plan to aggressively pursue orders for offshore wind-related projects by utilizing the SEP vessels being built jointly with Penta-Ocean Construction Co., Ltd. and the know-how and data gained in the construction for the offshore wind farm project at Akita Port and Noshiro Port.

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Q What level of profitability do you expect in the building construction and civil engineering businesses in fiscal 2022?

A We are now examining current conditions, so we will refrain from giving a detailed answer. There has been no significant change in civil engineering business conditions, and we expect our stable performance in recent years to continue in fiscal 2022. In the building construction business, although the fiercely competitive environment may continue, we will work to maintain and improve the performance levels of fiscal 2021.

Q What is your progress on the goal of keeping construction sites closed for eight days out of every four weeks? And how will this be implemented going forward?

A In the first half of fiscal 2021, we achieved this goal in 35% of all sites. Although we have not achieved the goal overall due to the COVID-19 pandemic and other factors, we believe that improving the work environment is essential for securing future construction workers and will therefore keep working on the program.

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Q What is the outlook for performance in the real estate development business in Japan and overseas in fiscal 2022?

A As profits of some projects are recorded as non-operating income or extraordinary income, our development business is managed with net income as a measurement, rather than gross profit or operating income. We will continue to pursue the same approach of aggressively building our business foundation and making strategic investments. We hope to maintain the fiscal 2021 level of combined construction and development business net income at our overseas subsidiaries and affiliates. In Japan, a series of large-scale development projects are proceeding to completion, and we expect the completion of these projects to contribute to earnings at a gradually increasing rate in fiscal 2022 and beyond.

Q There is a view that the distribution warehouse market overseas will slowdown. What is the outlook for this business?

A In Europe and the U.S., tenant leasing and land purchases for new developments are on track, and we do not foresee a slowdown in demand for distribution warehouses. Utilizing the know-how we gained in Europe and the U.S., we entered this business in Southeast Asia. We will continue to actively engage in the development of distribution warehouses, whilst expanding our portfolio such as retail housing.

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Q What is the reason behind the decision to conduct additional share buybacks? Is there a set standard regarding the scale of acquisition?

A The decision to conduct additional share buybacks was made in light of the facts that net income is expected to be 15 billion yen higher than forecast at the beginning of the fiscal year and that we recovered overseas development investments early. We do not have set quantitative criteria for the scale or timing of share buybacks. Our policy is to promote flexible stockholder returns whenever possible, based on a comprehensive assessment of business performance, financial conditions, business environment, and other factors.