

# FY2023 First Half Financial Results

November 13, 2023



1. Financial Results and Forecast

2. Progress on Kajima Group Medium-Term Business Plan (FY2021-2023)

3. Supplementary Materials

# 1. Financial Results and Forecast

### FY2023 First Half Financial Results

- **Consolidated Revenues Increased 14.8% YoY and Operating Income Increased 2.4% YoY**
  - Non-consolidated revenues and income increased YoY due to steady progress in the domestic building construction business and improvement in gross profit margin (gross profit margin of non-consolidated building construction business for FY2023 1H was 9.8%), and profit from the sale of one property in the real estate development business
  - Operating income, ordinary income, and net income of overseas subsidiaries and affiliates, which had been high in the same period of the previous fiscal year, declined. However, overseas real estate development business made steady progress, mainly due to the sale of seven properties in the U.S. distribution warehouse development business
- **Consolidated Contract Awards Reached 1,411.6 Billion Yen, a Record High for 1H**
  - This represents a 25.8% YoY increase, driven by strong domestic construction demand and orders for large-scale construction projects overseas

### FY2023 Forecast

- **The Full-Year Consolidated Net Income Forecast Was Revised Upward to 107.0 Billion Yen**
  - Consolidated revenues and income are expected to exceed the initial forecast due to steady progress on construction work in the non-consolidated construction business as well as improved profitability of the real estate sales business in domestic subsidiaries and affiliates
  - Overseas subsidiaries and affiliates are expected to have lower profits than the initial forecast mainly due to a decline in profits in some construction projects in Southeast Asia, and changes in the timing of sales of assets from this fiscal year to the next fiscal year in the U.S. real estate development business

# FY2023 First Half Financial Results

1. Financial Results and Forecast

## Consolidated Revenues and Operating Income Increased, Driven by Increase in Non-Consolidated Revenues and Income

### FY2023 1H Results Financial Highlights

Billions of yen

	Consolidated		
	FY2022 1H Result	FY2023 1H Result	YoY Change
Revenues	1,137.4	<b>1,305.8</b>	+168.3
Operating Income	64.9	<b>66.4</b>	+1.5
Ordinary Income	79.1	<b>72.8</b>	-6.2
Net Income Attributable to Owners of the Parent	54.7	<b>50.0</b>	-4.7
Construction Contract Awards	1,122.5	<b>1,411.6</b>	+289.0

Non-Consolidated		Domestic Subsidiaries and Affiliates		Overseas Subsidiaries and Affiliates	
FY2023 1H Result	YoY Change	FY2023 1H Result	YoY Change	FY2023 1H Result	YoY Change
792.9	+128.2	168.3	+4.1	402.6	+32.7
52.6	+16.3	7.6	-0.1	6.2	-14.7
60.8	+17.2	10.2	+0.4	7.3	-23.5
45.7	+13.0	7.5	+0.3	2.5	-17.5
825.6	+76.4	104.8	-4.0	520.9	+205.6

Exchange rates : US\$=

¥136.68

¥144.99

¥144.99

- Non-consolidated revenues and net income increased due to steady progress in the civil engineering and building construction businesses, as well as property sales in the real estate development business
- Even though sales in the distribution warehouse development business in the U.S. were in line with that of the full-year plan, operating income, ordinary income, and net income of overseas subsidiaries and affiliates overall were lower than that of the same period of the previous fiscal year when they reached a high point
- Consolidated operating income increased due to higher non-consolidated operating income, which offset the decrease in income of overseas subsidiaries and affiliates. Consolidated net income decreased YoY
- Construction contract awards reached their highest point in the 1H due to strong domestic construction demand and orders for large-scale construction projects in Europe and the U.S.

### Consolidated Net Income Forecast Was Revised Upward to 107.0 Billion Yen

#### FY2023 Forecast Financial Highlights

Billions of yen

	Consolidated		
	FY2022 Result	FY2023 Updated Forecast	Change from Initial Forecast
Revenues	2,391.5	2,610.0	+130.0
Operating Income	123.5	144.0	+2.0
Ordinary Income	156.7	153.0	+3.0
Net Income Attributable to Owners of the Parent	111.7	107.0	+2.0
Construction Contract Awards	2,196.9	2,650.0	+400.0

Exchange rates : US\$=

¥132.70

¥149.58

Non-Consolidated		Domestic Subsidiaries and Affiliates		Overseas Subsidiaries and Affiliates	
FY2023 Updated Forecast	Change from Initial Forecast	FY2023 Updated Forecast	Change from Initial Forecast	FY2023 Updated Forecast	Change from Initial Forecast
1,480.0	+40.0	360.0	+10.0	900.0	+80.0
99.0	+1.0	21.4	+1.9	25.0	-1.0
117.0	+2.0	26.0	+3.5	25.0	-3.0
87.0	+4.0	20.0	+3.0	15.0	-5.0
1,630.0	+130.0	200.0	+0.0	900.0	+250.0

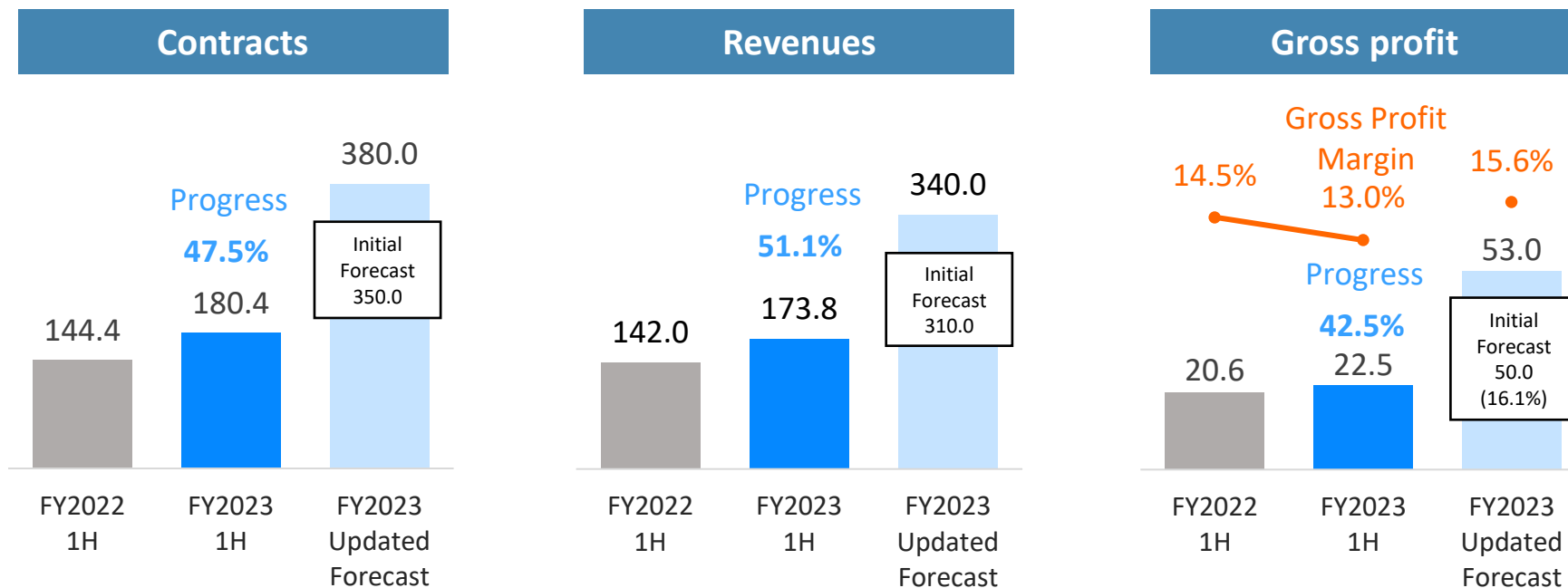
¥149.58

- Consolidated net income is expected to increase by 2.0 billion yen to 107.0 billion yen because the operating income, ordinary income, and net income of non-consolidated and domestic subsidiaries and affiliates are expected to exceed that of the initial forecast, offsetting the decline in profits of overseas subsidiaries and affiliates
- The non-consolidated construction business is expected to progress steadily and the property sales of domestic subsidiaries and affiliates are expected to proceed favorably
- Operating income, ordinary income, and net income of overseas subsidiaries and affiliates were revised downward mainly due to a decline in profits in some construction projects in Southeast Asia due to the COVID-19 pandemic, and changes in the timing of sales of assets from this fiscal year to the next fiscal year in the U.S. real estate development business
- The full-year forecast for construction contract awards was revised upward mainly due to multiple large construction orders in Japan and abroad

# Segment Performance Civil Engineering (Kajima Corp)

## 1. Financial Results and Forecast

Billions of yen



### FY2023 1H Results

- Contract awards increased YoY mainly due to orders for large-scale construction projects
- Although, gross profit margin was lower than in the same period of the previous year, gross profit increased YoY due to higher sales

### FY2023 Updated Forecast

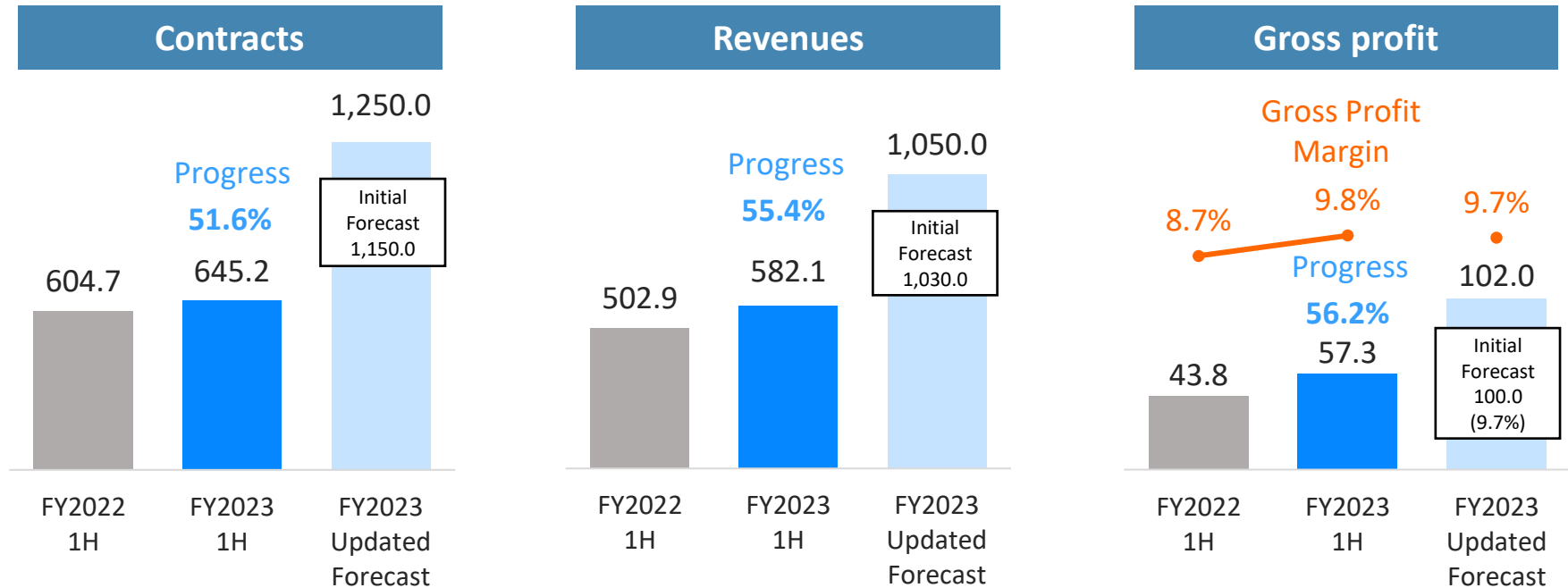
- Contract awards and revenues are expected to increase by 30.0 billion yen over the initial forecast thanks to steady progress
- Gross profit margin is expected to improve due to additional change contracts and other factors, which is expected to increase gross profit by 3.0 billion yen

# Segment Performance

## Building Construction (Kajima Corp)

### 1. Financial Results and Forecast

Billions of yen



#### FY2023 1H Results

- Contract awards increased YoY mainly due to orders for large-scale construction projects
- The gross profit margin was 9.8%, up YoY due to profit improvement, mainly in completed large-scale construction projects

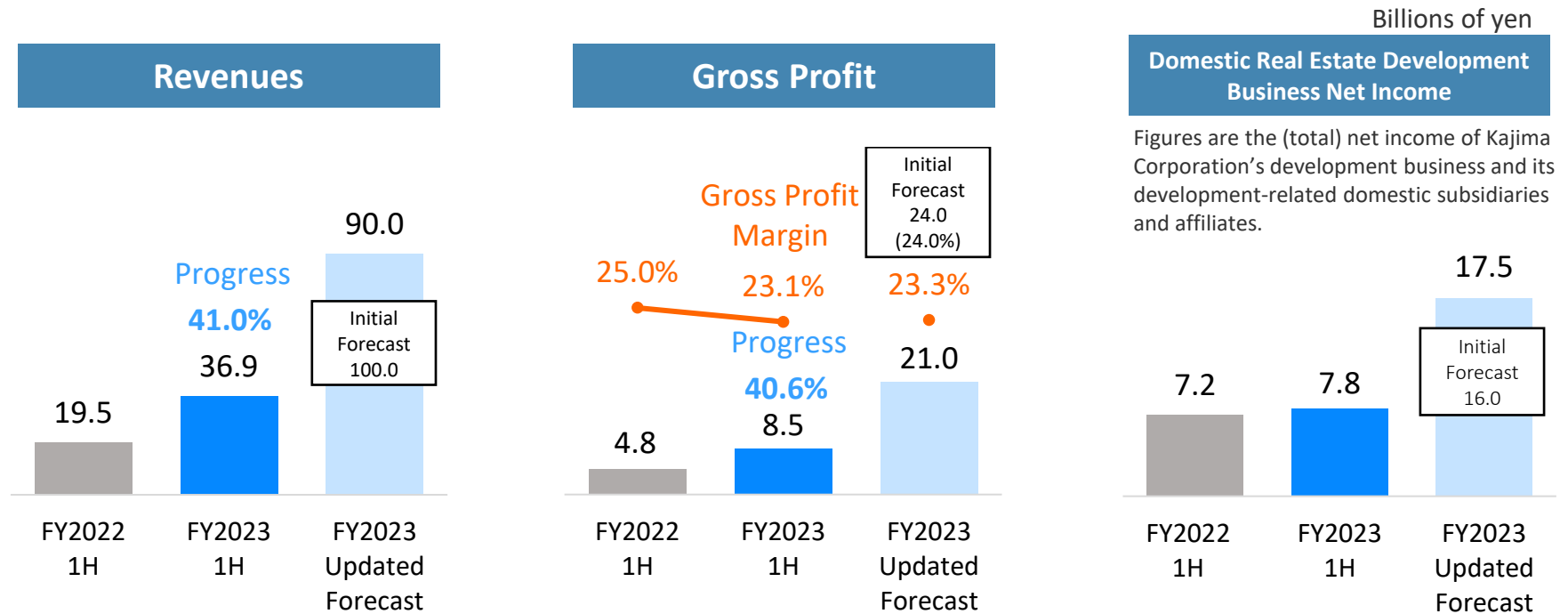
#### FY2023 Updated Forecast

- Contract awards are expected to increase by 100.0 billion yen over the initial forecast thanks to several large-scale construction orders scheduled to be received in 2H
- Revenues are expected to increase by 20.0 billion yen over the initial forecast, and gross profit margin is expected to remain at the level of initial forecast, resulting in 2.0 billion yen increase in gross profit



# Segment Performance Real Estate and Other (Kajima Corp)

## 1. Financial Results and Forecast



### Domestic Real Estate Development Business Net Income

Figures are the (total) net income of Kajima Corporation's development business and its development-related domestic subsidiaries and affiliates.

### FY2023 1H Results

- Revenues and gross profit increased YoY due to the sale of one office property in the real estate sales business

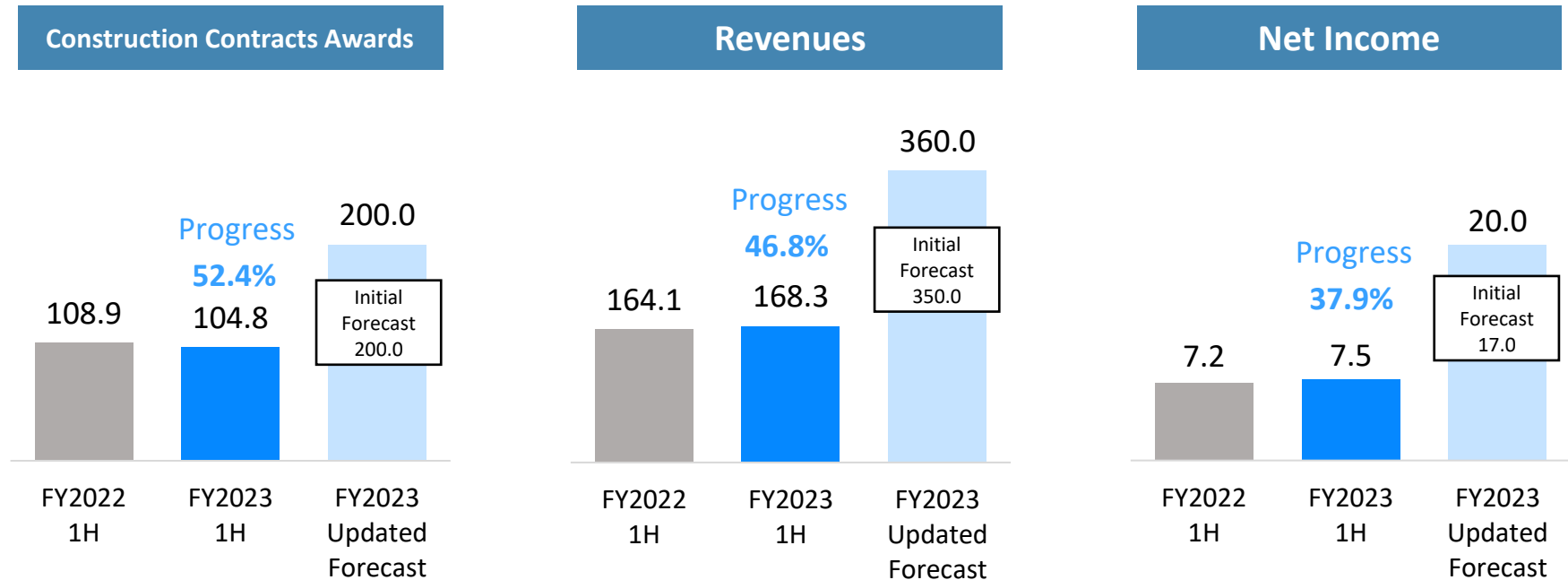
### FY2023 Updated Forecast

- Net income in the domestic real estate development business is expected to increase by 1.5 billion yen over the initial forecast along with gains on the property sales of real estate development-related domestic subsidiaries and affiliates

# Segment Performance Domestic Subsidiaries and Affiliates

## 1. Financial Results and Forecast

Billions of yen



### FY2023 1H Results

- Construction contract awards, revenues, and net income were largely unchanged YoY

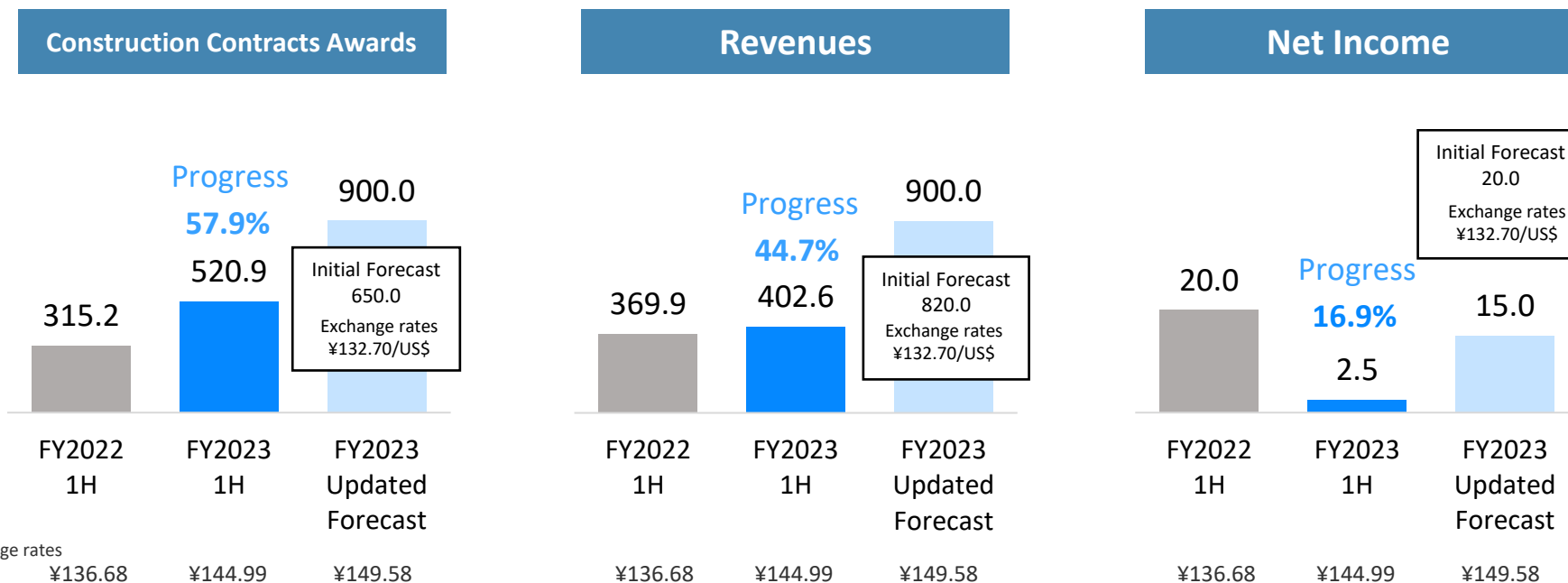
### FY2023 Updated Forecast

- Net income is expected to increase by 3.0 billion yen over the initial forecast mainly due to anticipated higher profitability at real estate development-related domestic subsidiaries and affiliates

# Segment Performance Overseas Subsidiaries and Affiliates

## 1. Financial Results and Forecast

Billions of yen



### FY2023 1H Results

- Overseas construction contract awards increased significantly YoY due to orders for large-scale construction projects in the Europe and U.S.
- Net income declined over the same period of the previous fiscal year, when it was at a high point especially in the U.S. real estate development business

### FY2023 Updated Forecast

- In view of the steady progress of the construction business and foreign exchange rate trends, revenues are expected to rise by 80.0 billion yen over the initial forecast
- Net income is expected to decline from the initial forecast due to lower profitability of construction projects in Southeast Asia and changes in the timing of sales of assets in the U.S.

# Segment Performance Overseas Subsidiaries and Affiliates

(breakdown by construction and real estate development segments)

## 1. Financial Results and Forecast

### Results Highlights — Overseas Subsidiaries and Affiliates

(Breakdown by construction and real estate development segments)

\*Figures for each business segment are before internal transaction adjustments

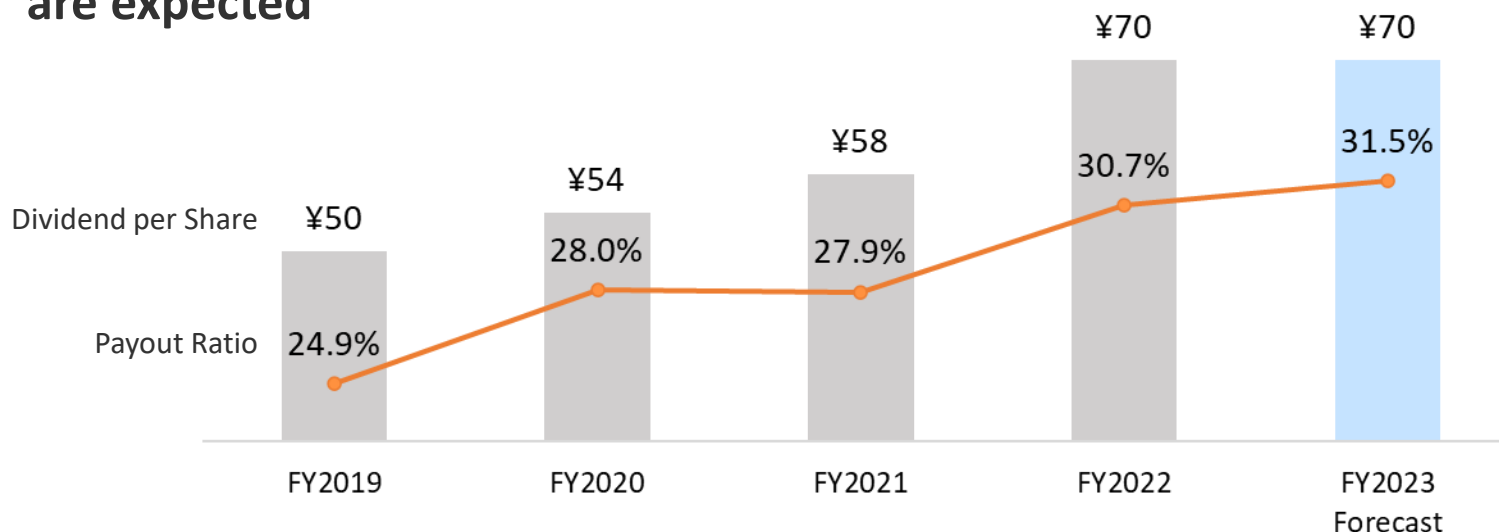
	Construction and Other				Real Estate			
	FY2023 1H Result	YoY Change	FY2023 Updated Forecast	Change from Initial Forecast	FY2023 1H Result	YoY Change	FY2023 Updated Forecast	Change from Initial Forecast
Revenues	339.2	+36.0	757.8	+61.1	68.4	-7.0	182.9	+12.5
Gross Profit	11.1	-1.0	31.3	-0.5	20.3	-11.2	45.7	+3.1
	3.3%	-0.7pp	4.1%	-0.5pp	29.8%	-12.0pp	25.0%	+0.0pp
Operating Income	(2.7)	-3.4	0.7	-3.9	10.6	-10.7	26.9	+2.8
Nonoperating Income	1.1	+0.1	1.6	+0.7	1.3	-7.4	1.2	-2.1
Equity in Earnings of Partnership	0.0	—	0.0	—	2.0	-4.8	2.9	-3.6
Ordinary Income	(1.5)	-3.3	2.4	-3.1	12.0	-18.1	28.2	+0.6
Extraordinary Income	0.0	+0.1	0.0	+0.0	(0.0)	-0.1	1.4	-0.4
Net Income Attributable to Noncontrolling Interests	(2.4)	-2.4	(0.4)	-3.8	7.8	-14.1	19.8	-0.7
Exchange rates: US\$=	¥144.99		¥149.58		¥144.99		¥149.58	

Billions of yen

- In the construction and other business, a loss was recorded mainly due to discussions and settlements with clients and subcontractors related to cost increases stemming with the COVID-19 pandemic in Southeast Asia. From 3Q onward, aim for performance recovery by improving profitability in each region.
- In the real estate development business, 1H profits declined from the high achieved in the same period of the previous fiscal year. Despite changes in the timing of sales of assets from this fiscal year to the next fiscal year, including joint development projects with partners in the U.S., full-year net income is expected to remain nearly unchanged from the initial forecast

# Stockholder Returns

- Dividend per share is 70 yen as initially forecasted, with an interim dividend of 35 yen per share
- In FY2023, a dividend payout ratio of 31.5% and a total payout ratio of 40.9% are expected



Basic Net Income per Share	¥200.99	¥193.13	¥208.00	¥227.98	¥222.09
Acquisition of Own Shares	10.0 bil. Yen	10.0 bil. Yen	20.0 bil. Yen	10.0 bil. Yen	10.0 bil. Yen
Total Payout Ratio	34.6%	38.1%	47.1%	39.6%	40.9%

## Policy on Stockholder Returns

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

# Reduction of Strategic Shareholdings

1. Financial Results and Forecast

- Sold shares totaling 5.9 billion yen in FY2023 1H, achieving the medium-term business plan target (total sales of more than 30.0 billion yen over three years)
- Our strategy is to further reduce strategic shareholdings in 2H and beyond

## Reduction Status

	FY2021 Result	FY2022 Result	FY2023 1H Result	Total
Number of Stocks Sold	17 stocks	17 stocks	15 stocks (about 20 stocks planned for the full year)	-
Amount of Sales	14.8 bil. yen	10.0 bil. yen	5.9 bil. yen	30.8 bil. yen

## 2. Progress on Kajima Group Medium-Term Business Plan (FY2021-2023)

# Progress on Investment Plan

## 2. Progress on Medium-Term Business Plan

The amount invested is expected to exceed the plan due to the effects of a weak yen and increased investment to strengthen the management foundation

Billions of yen

	FY2021 + FY2022 Result	FY2023 1H Result	Total	Medium-Term Business Plan (FY2021-2023)
Domestic / Overseas Real Estate Development	<b>493.0</b>	<b>115.0</b>	<b>608.0</b>	<b>640.0</b>
<i>Recoup of Investment</i>	206.0	60.0	266.0	360.0
Domestic	109.0	29.0	138.0	190.0
<i>Recoup of Investment</i>	28.0	13.0	41.0	80.0
Overseas	384.0	86.0	470.0	450.0
<i>Recoup of Investment</i>	178.0	47.0	225.0	280.0
R&D and Digital Investment	<b>36.0</b>	<b>8.0</b>	<b>44.0</b>	<b>55.0</b>
Strategic Investment Framework	<b>43.0</b>	<b>7.0</b>	<b>50.0</b>	<b>60.0</b>
Other	<b>51.0</b>	<b>7.0</b>	<b>58.0</b>	<b>45.0</b>
<b>Total</b>	<b>623.0</b>	<b>137.0</b>	<b>760.0</b>	<b>800.0</b>
Net Investment	417.0	77.0	494.0	440.0



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

1

**Further Strengthen  
Core Businesses**



2

**Strive to Create  
New Value**



3

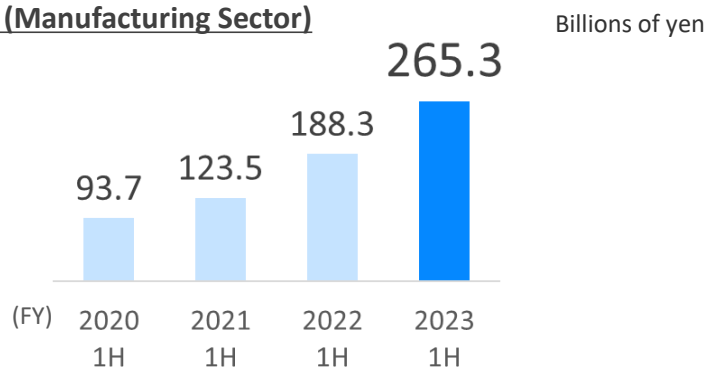
**Establish a Strong  
Management Foundation and  
Promote ESG Measures for  
Growth and Transformation**



### 1 Further Strengthen Core Businesses | Construction Business

Revenues from projects in the manufacturing sector, a priority field, were high

**Revenues (Manufacturing Sector)**



Order for a large semiconductor plant is scheduled to be booked in 2H



Rapidus IIM-1 plant Construction Project (Hokkaido)

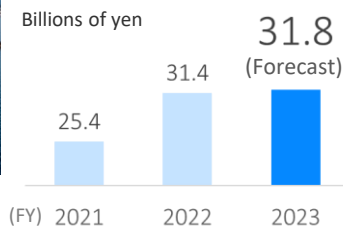
Strengthening our readiness to respond in the renewable energy sector



Offshore Wind Farms at Akita Port and Noshiro Port (Akita Prefecture)

Expect to achieve medium-term business plan target of 30.0 billion yen/year in FY2023.

**Revenues from renewable energy-related construction**



Automated Construction System Increased Productivity and Reduced CO<sub>2</sub> Emissions

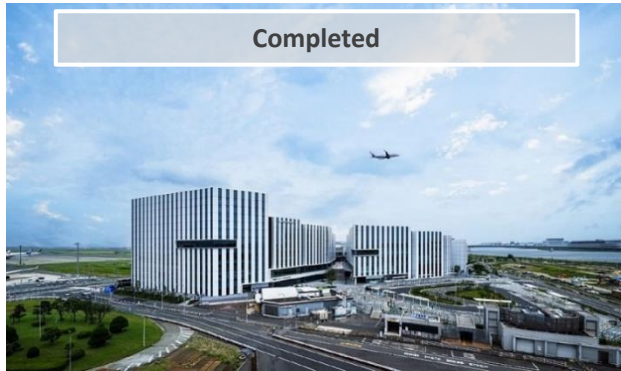


Naruse Dam Construction Project progressing with the use of automated construction technology A<sup>4</sup>CSEL (Akita Prefecture)

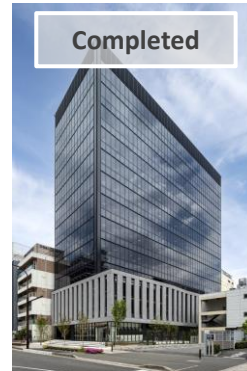
Confirmed the improvement of safety and productivity as well as CO<sub>2</sub> emissions reduction effects (around 40-50% reduction compared to manned operation)

### 1 Further Strengthen Core Businesses | Domestic Real Estate Business

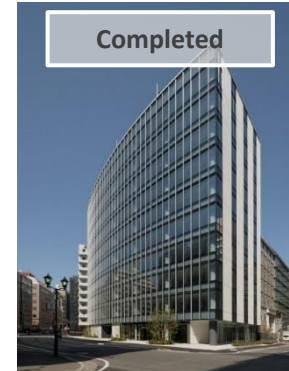
Multiple projects completed that will become future revenue sources, and one office project was sold



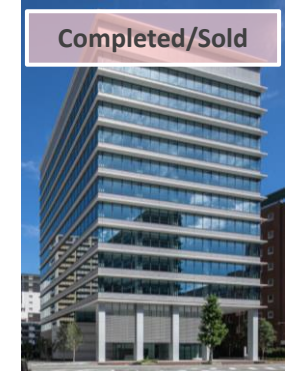
HANEDA INNOVATION CITY (Tokyo)



Omiya SORAMICHI KOZ  
(Saitama Prefecture)



KYUKAN SUEHIRO DORI Building  
(Fukuoka Prefecture)



FUKUOKA K SQUARE  
(Fukuoka Prefecture)

Began distribution warehouse development business to expand our portfolio of domestic real estate development assets



Kajima Minami-Rokugo Logistics Center (tentative name)  
(Tokyo)



Kajima Tomiya Logistics Center (tentative name)  
(Miyagi Prefecture)

These facilities will be named  
KALOC™ (Kajima Logistics Center)

### 1 Further Strengthen Core Businesses | Overseas Real Estate Business

#### Distribution warehouse development business in the U.S. remains steady

Distribution warehouse development business of Core5 (U.S.)



Bourbon Building 3 (Kentucky, U.S.)

FY2023 1H Results

- 8 projects started
- 7 projects sold
- 49 projects under development/ operation (As of June 30, 2023)

#### Occupancy rates at operated facilities in Southeast Asia are recovering

Senayan Square (Indonesia)



Hotel occupancy

2020 average  
45.8%

Jan-Jun 2023 average

72.5%

#### Reached to sell one solar power generation facility in renewable energy power plant development business in Europe

PAD-RES (Poland)

Renewable energy facility development business

PAD | RES

Projects on hand by type as of June 30, 2023

Solar power 10 projects

Onshore wind power 2 projects

Pioneering developer of power plants that use renewable energy  
Kajima acquired approx. 70% equity in 2021

Projects Sold (Project No. 1)



Genowefa Photovoltaic (Poland)  
Completed and delivered in Sep. 2023

### 2 Strive to Create New Value

The GEAR, our new center in Southeast Asia, opened



Eight startup companies have moved into this incubation office where the discovery and creation of new businesses is expected.  
(Singapore)

Strengthen renewable energy-related services



Hymon

A company installs renewable energy facilities in Poland  
Kajima acquired 70% equity in March 2023

Synergies achieved by jointly proposing to that Hymon's solar panels and heat pumps be installed at the sites of Kajima Poland's existing customers.

### 3 Establish a Strong Management Foundation and Promote ESG Measures for Growth and Transformation

Obtained SBT certification for 2030 greenhouse gas reduction targets



	Target 2030	Triple Zero 2050 (Target for 2050)
Kajima's emissions (Scope 1 and 2)	-42%	-100%
Supply chain emissions (Scope 3)	-25%	Carbon neutrality

Baseline year: 2021

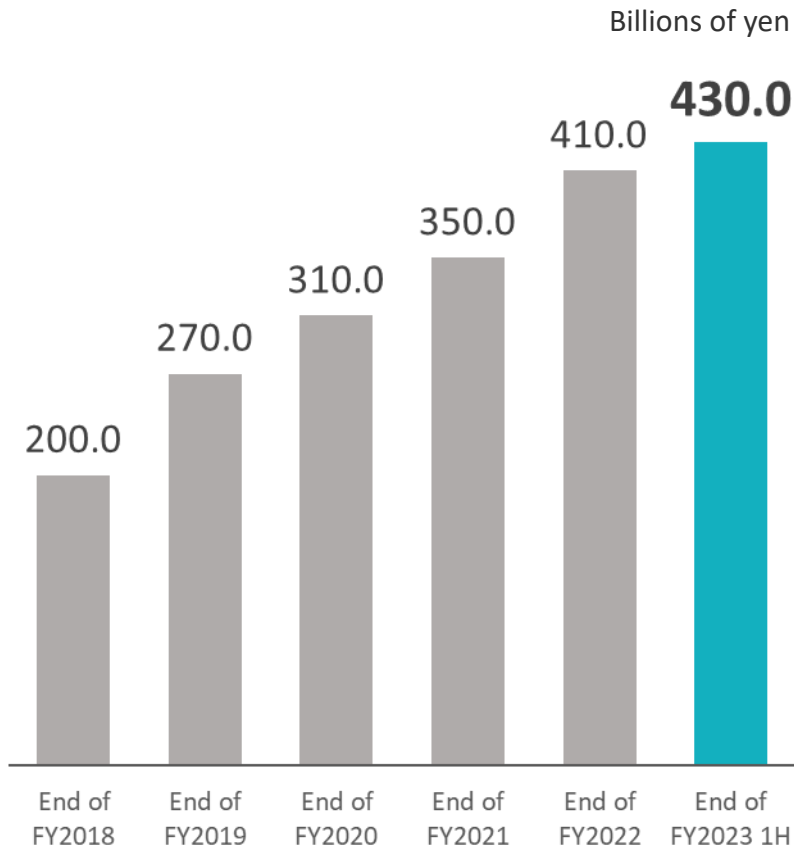
#### Other Initiatives

- Introducing Kajima ChatAI, a dedicated interactive AI, to promote work efficiency
- Expanded the range of applications of buried mold using CO<sub>2</sub>-SUICOM (CO<sub>2</sub>-negative concrete) by introducing it into expressway bridge pier construction
- Promoting carbon credit acquisition through the use of company-owned forests and environmentally friendly concrete

# 3. Supplementary Materials

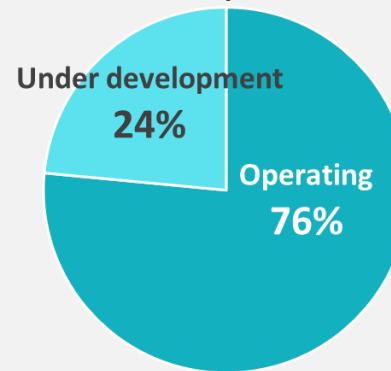
## Domestic Real Estate Development Business Assets

### Changes in Assets



### Breakdown of assets at the end of FY2023 1H

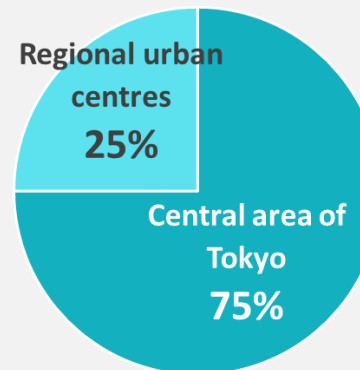
#### In-operation vs under development



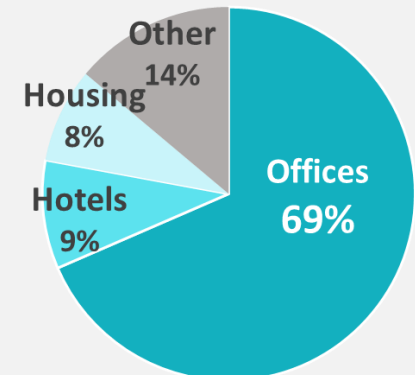
#### By sales and lease



#### By area

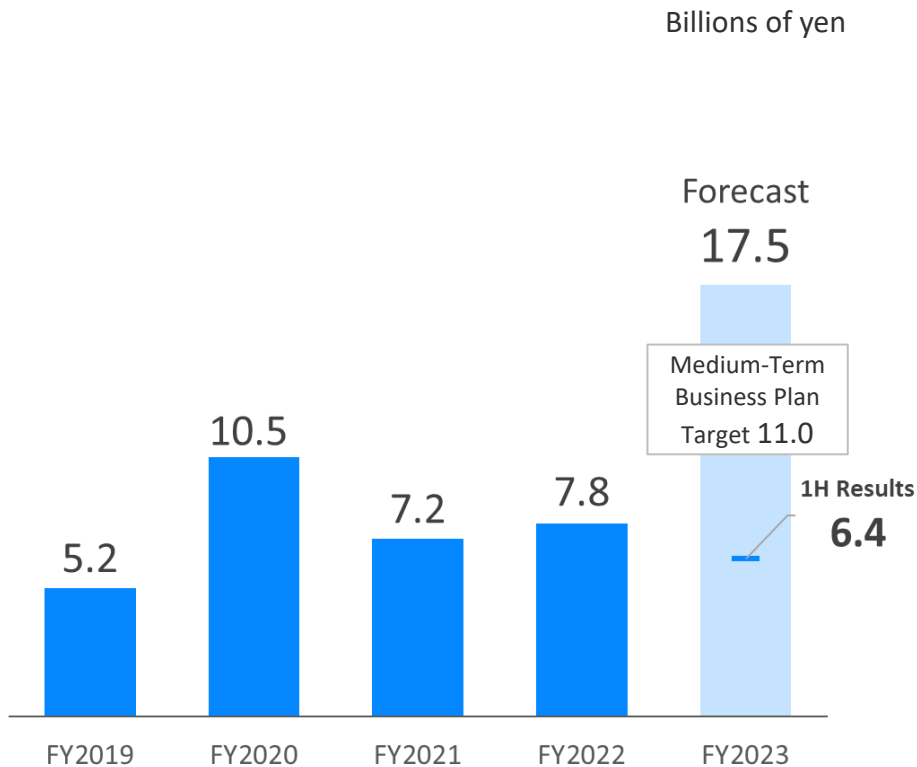


#### By use



## Domestic Real Estate Development Business Net Income

### Net Income

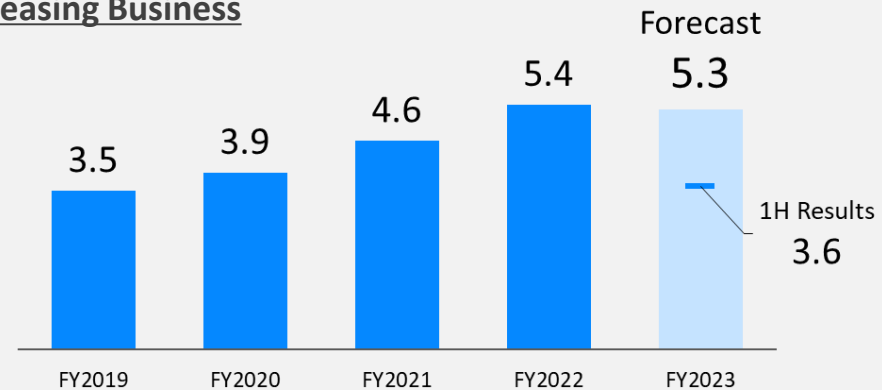


Figures are the (total) net income of Kajima Corporation's development business and its development-related domestic subsidiaries and affiliates.

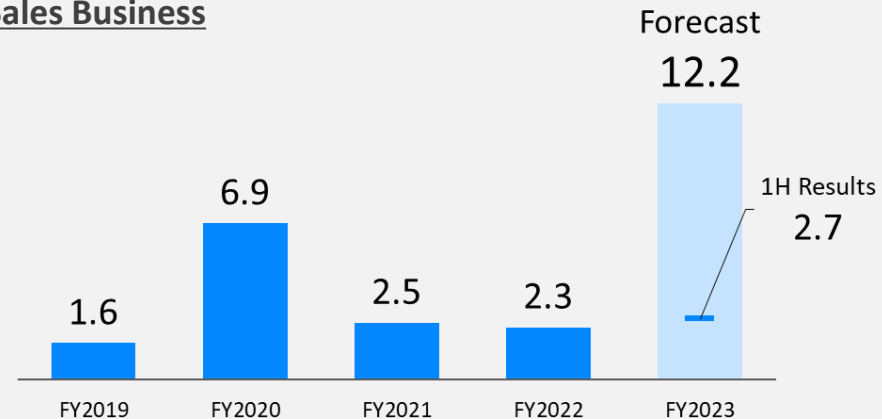
### Breakdown by Business Segment

Billions of yen

#### Leasing Business



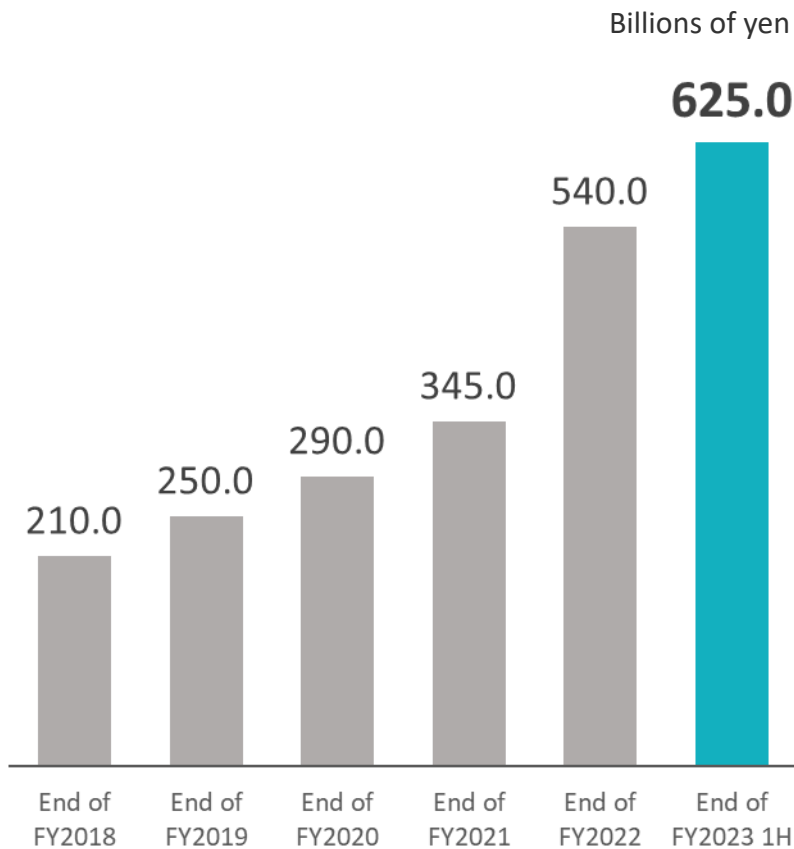
#### Sales Business





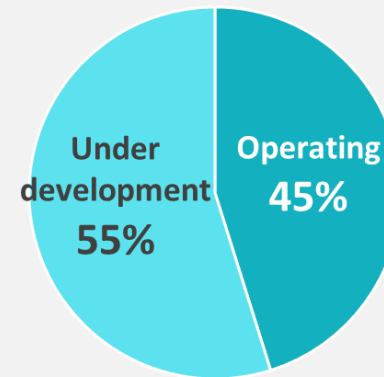
## Overseas Real Estate Development Business Assets

### Changes in Assets

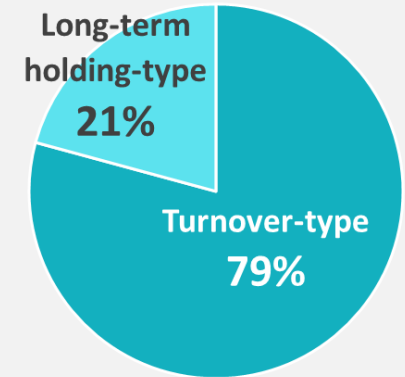


### Breakdown of assets at the end of FY2023 1H

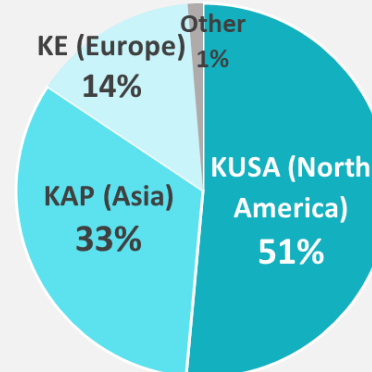
#### In-operation vs under development



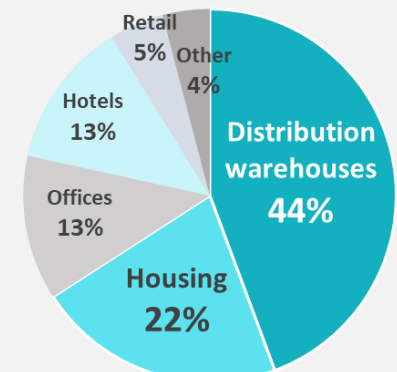
#### By holding period



#### By area

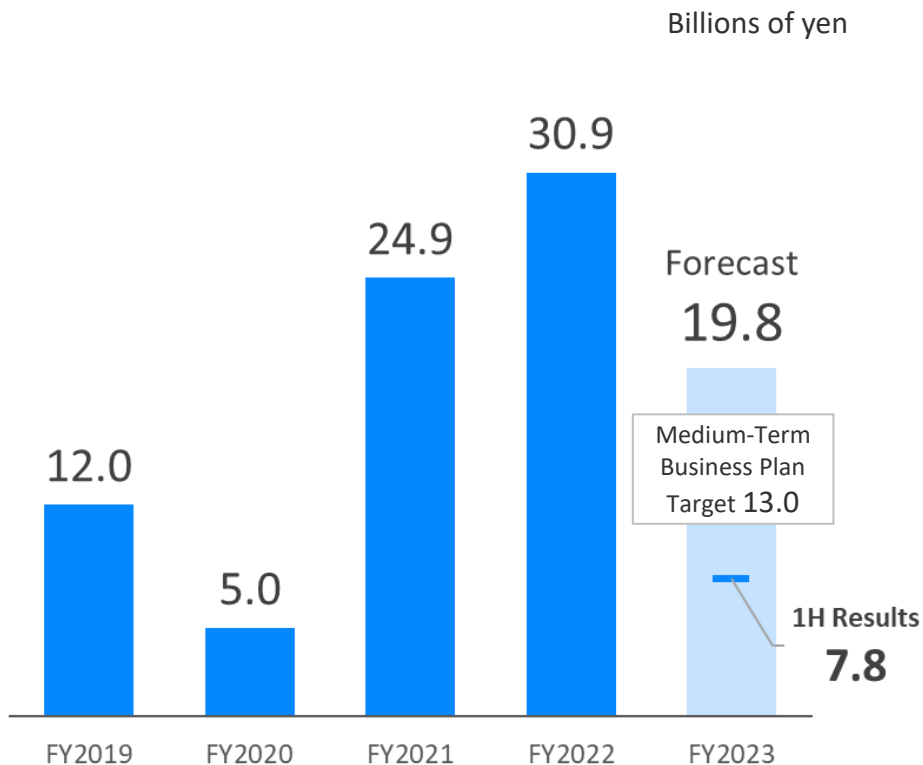


#### By use



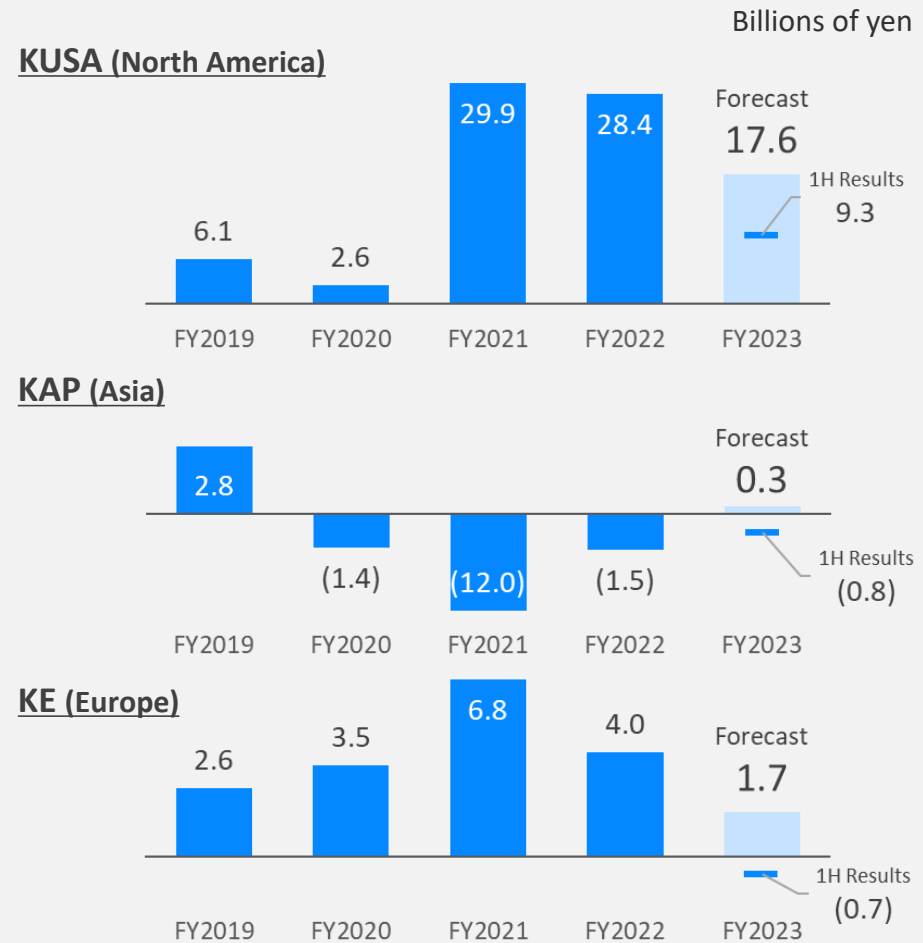
## Overseas Real Estate Development Business Net Income

### Net Income



Total of net income from real estate development business of each overseas subsidiary (before adjustment for internal transactions, etc.)

### Breakdown by Major Overseas Subsidiaries





Inquiries: Corporate Communication Group, Corporate Planning Department  
E-Mail : [ir@ml.kajima.com](mailto:ir@ml.kajima.com)

Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. While every attempt has been made to ensure the accuracy of information, forecasts contained in this slides are based on the judgments made with information available as at November 13, 2023, and are subject to risks and uncertainties that may cause the actual results to vary.