

FY2021 First Half Financial Results

November 9, 2021



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FY2021 First Half Results

(April 1 - September 30, 2021)

1. Business Environment Review
2. Financial Highlights
3. Segment Performance

1. Business Environment Review

Business Environment Review

- Although stable construction orders were secured with public sector investment remaining firm and private capital investment on a recovery trend, the competitive environment remains challenging, particularly for private building construction projects.
- While labor prices were stable, prices for steel and other materials stayed high. The impact on construction costs was limited both in Japan and overseas as a result of various measures.
- Demand for distribution warehouses was strong due to advancement of e-commerce, leading to construction awards received for related facilities in Japan and overseas. The distribution warehouse development business progressed steadily in Europe and the U.S.
- COVID-19 continued to spread in Southeast Asia, making an ongoing impact on occupancy rates at operating facilities as well as construction business productivity.

Domestic construction business maintained an adequate profit margin despite the lack of completed construction projects. Overseas real estate development business made a significant contribution to business results thanks to earlier investments.

2. Financial Highlights

- Higher revenues in the face of lower profit than H1 2020
- Good progress toward the initial full-year forecast

Billions of yen	H1 2020 Result	H1 2021 Result	YoY Change	YTD % Progress	FY21 Initial Forecast
Revenues	912.6	956.1	43.5	47.6%	2,010.0
Operating Income	72.0	56.4	(15.5)	54.3%	104.0
Ordinary Income	79.3	65.4	(13.8)	57.4%	114.0
Net Income ^{*1}	51.8	49.8	(1.9)	62.3%	80.0
Construction Contract Awards	703.4	807.1	103.7	45.3%	1,780.0
Interest-bearing Debt	317.0 ^{*2}	297.7	(19.3) ^{*3}	—	430.0

*1 Net Income Attributable to Owners of the Parent

*2 As of Mar 31, 2021

*3 Change from Mar 31, 2021

3. Civil Engineering (Kajima Corp)

Contracts

- Equivalent level to H1 2020, due to award of large-scale road construction project

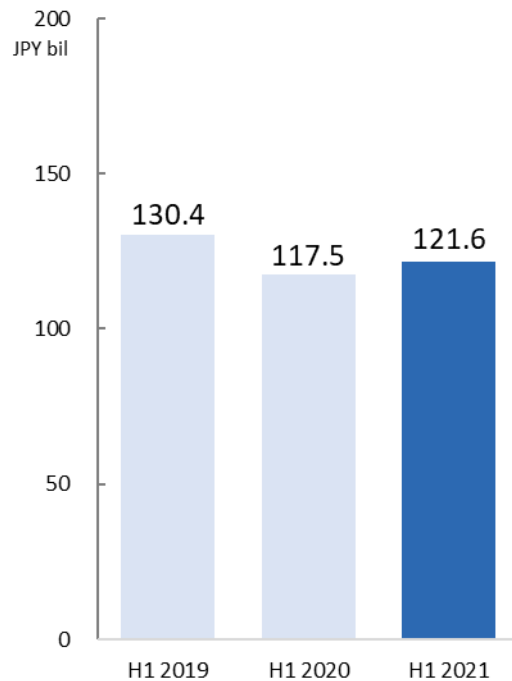
Revenues

- Decreased mainly due to fewer projects with significant progress

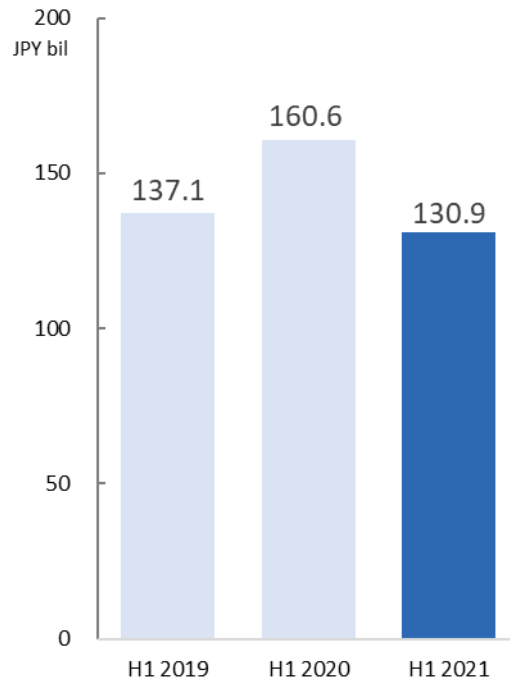
Gross Profit

- Decreased mainly due to fewer projects with improved profit margins such as completed projects

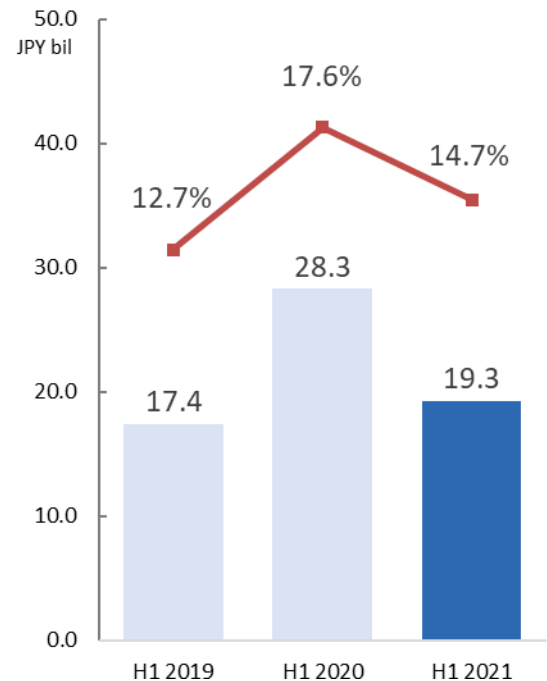
■ Contract Awards



■ Revenues



■ Gross Profit



3. Building Construction (Kajima Corp)

Contracts

- Recovered from the same period of the previous fiscal year, which was affected by the state of emergency declared due to COVID-19

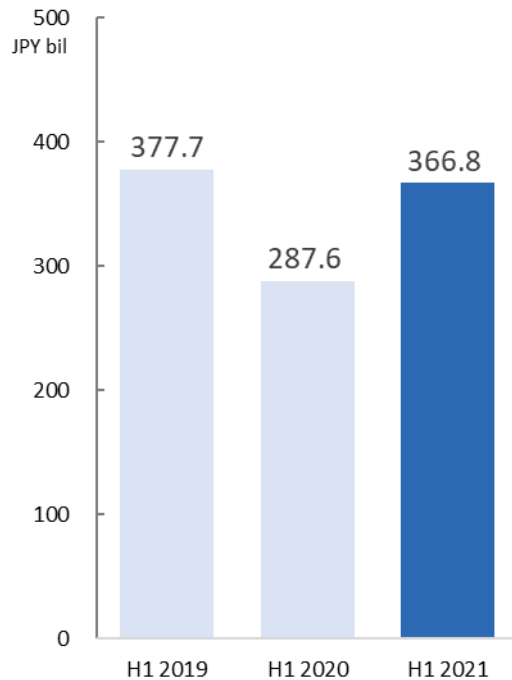
Revenues

- Increased due to the gradual progress of large-scale projects

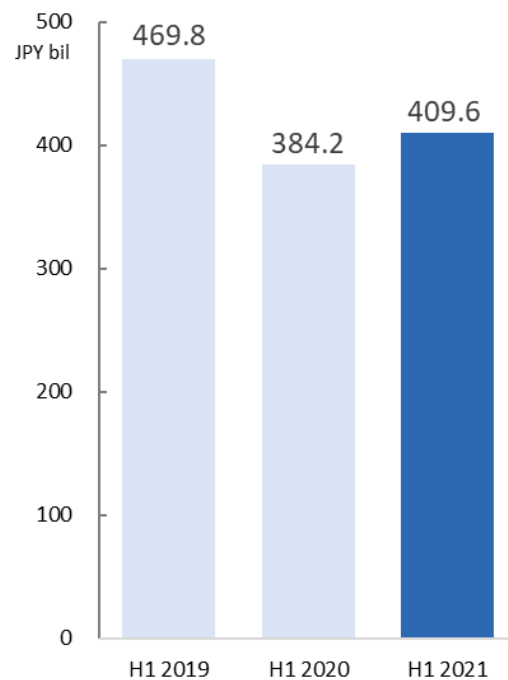
Gross Profit

- Decreased mainly due to fewer projects completed

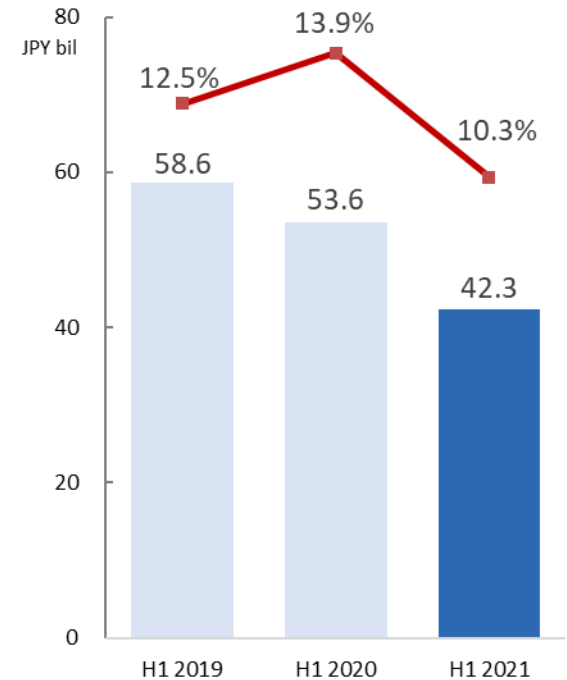
■ Contract Awards



■ Revenues



■ Gross Profit



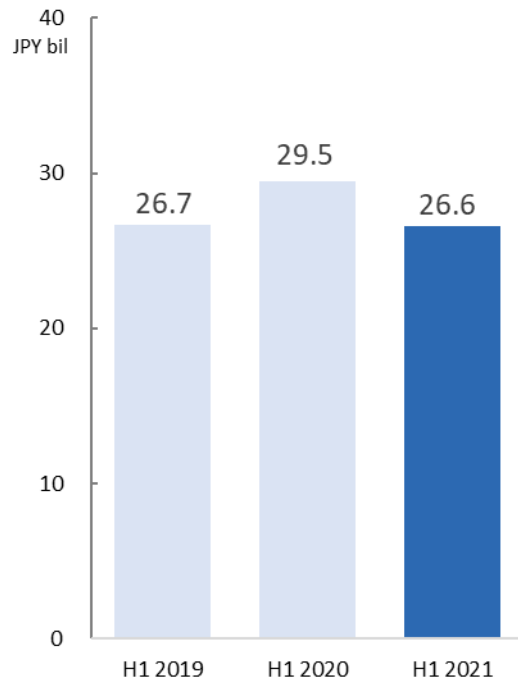
3. Real Estate and Other (Kajima Corp)

Contracts ➤ Slightly decreased, but remained stable

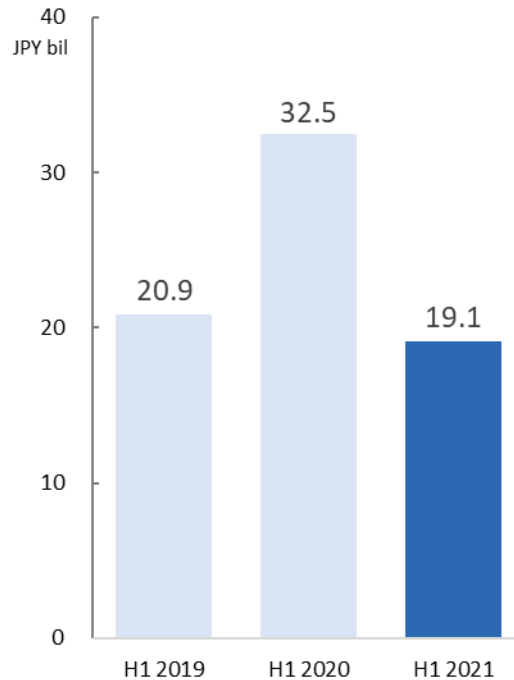
Revenues } ➤ Decreased due to the absence of successful disposition of a specific large-scale property

Gross Profit }

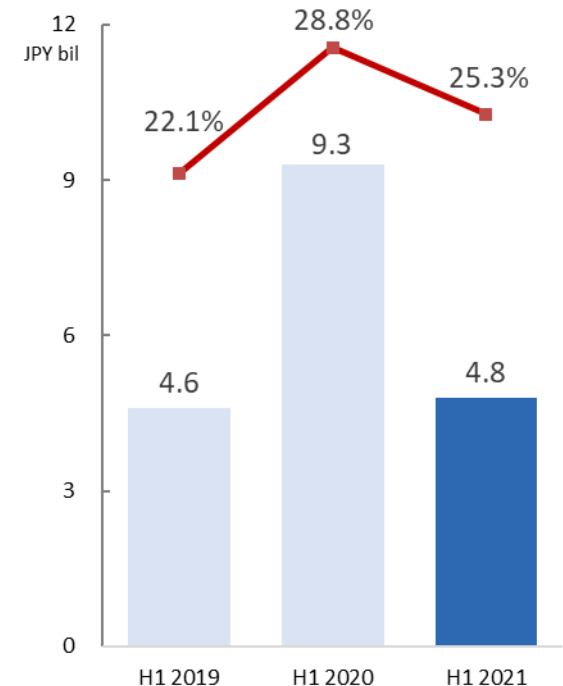
■ Contract Awards



■ Revenues



■ Gross Profit



3. Domestic Subsidiaries and Affiliates

Contracts

- Decrease in interior finish works and equipment works

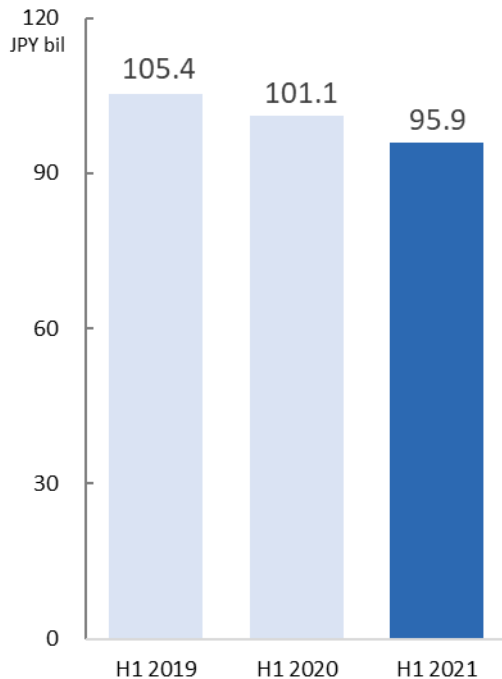
Revenues

- Decreased due to the impact of the adoption of the "Accounting Standard for Revenue Recognition"

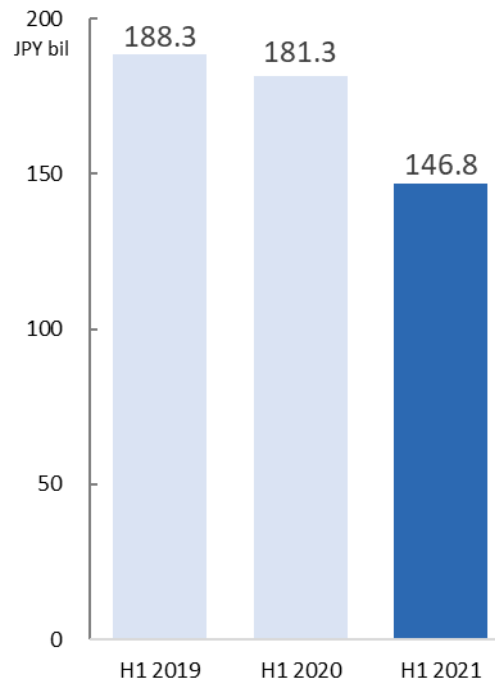
Net Income

- Decreased mainly due to lower profit in construction business

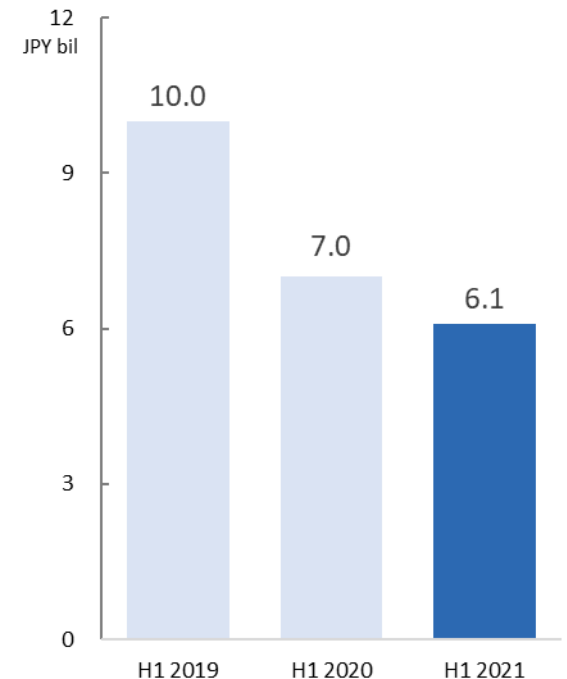
■ Construction Contract Awards



■ Revenues



■ Net Income



3. Overseas Subsidiaries and Affiliates

Contracts

- Increased mainly in the U.S. (KUSA)

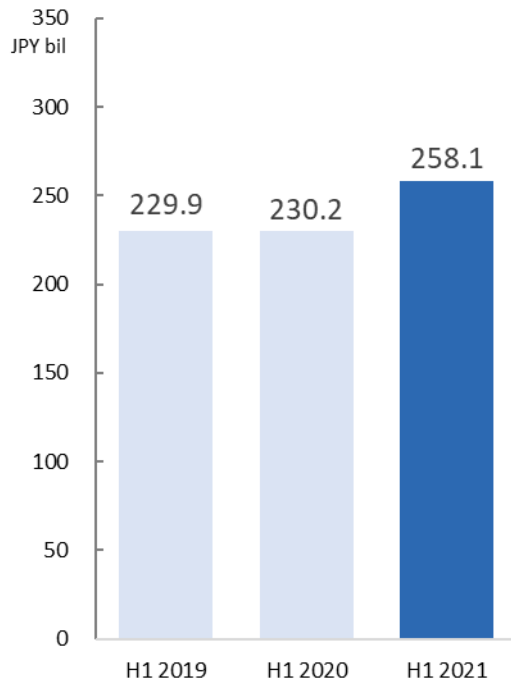
Revenues

- Increased in both construction and real estate development businesses in the U.S. (KUSA) and Europe (KE).

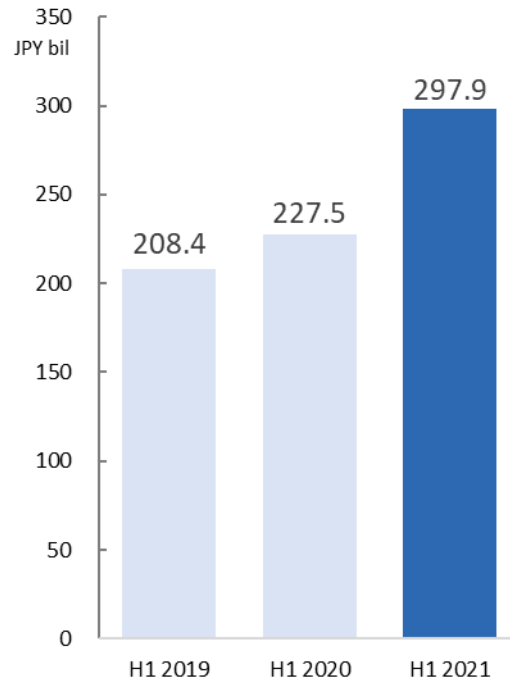
Net Income

- Contribution from warehouse property business in the U.S. (KUSA) and Europe (KE) (KUSA: ¥12.8 billion, KE: ¥3.2 billion)

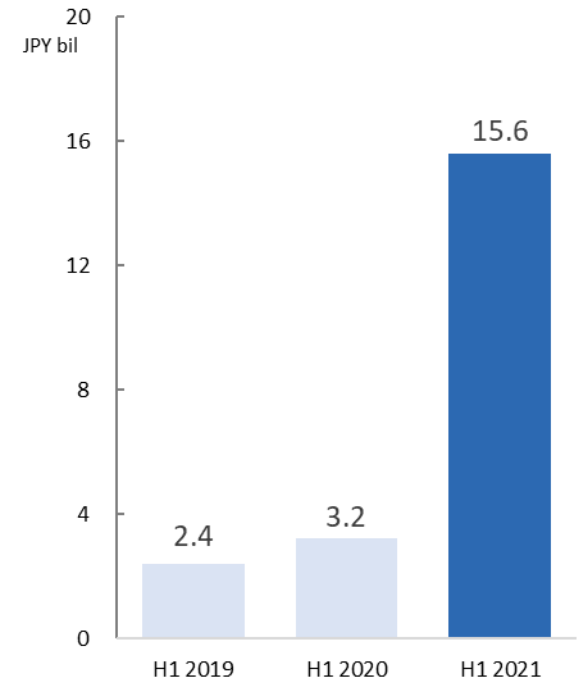
■ Construction Contract Awards

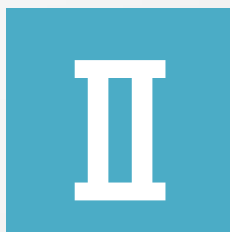


■ Revenues



■ Net Income





FY2021 Forecast

(April 1, 2021 - March 31, 2022)

1. Business Environment Outlook
2. Financial Highlights
3. Segment Performance

1. Business Environment Outlook

Business Environment Outlook

- Public sector investment will remain firm. Private capital investment is expected to recover mainly due to redevelopment plans in urban areas and in regional urban centers, and industries that are improving their business performance.
- As construction demand recovers, environment requiring close attention to the rise in material and labor prices will continue.

Updates on Full-Year Forecast

- Consolidated net income is expected to exceed the forecast made at the beginning of the fiscal year, driven by the overseas real estate development business, including the distribution warehouse development business in Europe and the United States.
- At Kajima Corporation, net sales are expected to decline slightly, but the profit margin is expected to stay steady due to the effect of productivity improvements and other factors.

In accordance with the medium-term business plan, we will achieve sustainable growth by promoting global expansion with the construction and real estate development business at the core.

2. Financial Highlights

■ Updated in light of H1 result and foreseeable business environment

Billions of yen	FY20 Result	FY21 Initial Forecast	FY21 Updated Forecast	YoY Change	Change from Initial Forecast
Revenues	1,907.1	2,010.0	2,050.0	142.8	40.0
Operating Income	127.2	104.0	109.5	(17.7)	5.5
Ordinary Income	139.7	114.0	120.0	(19.7)	6.0
Net Income ^{*1}	98.5	80.0	86.0	(12.5)	6.0
Construction Contract Awards	1,720.1	1,780.0	1,900.0	179.8	120.0
Interest-bearing Debt	317.0	430.0	430.0	112.9	0.0

*1 Net Income Attributable to Owners of the Parent

3. Civil Engineering (Kajima Corp)

Contracts

- No changes from the initial forecast

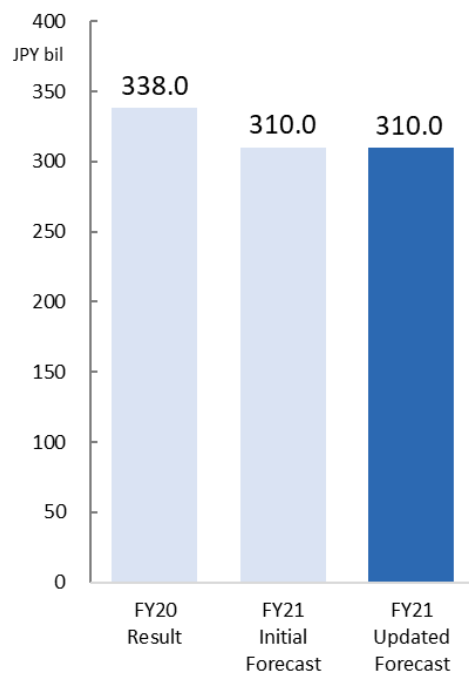
Revenues

- Expect to slightly decrease due to delays in order placement and commencement of construction

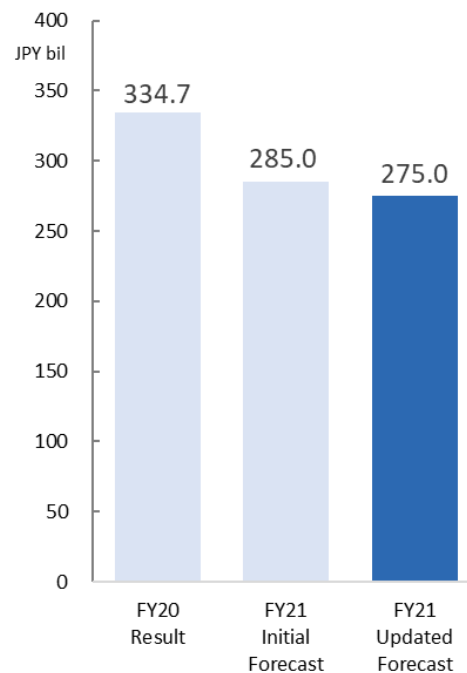
Gross Profit

- Expect to decrease due to lower revenues, but the profit ratio in the initial forecast will be maintained

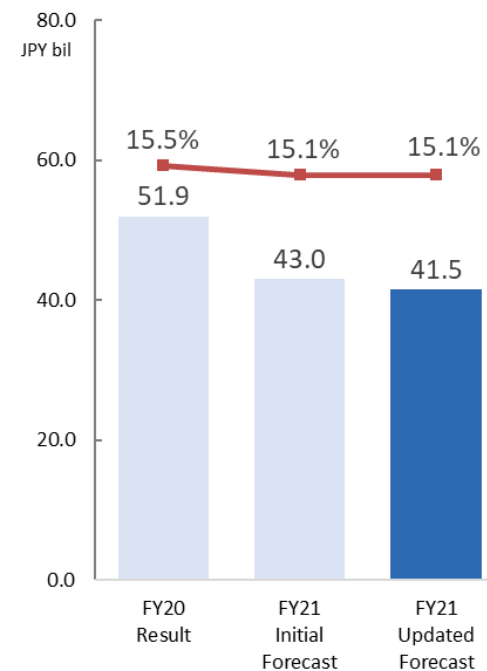
■ Contract Awards



■ Revenues



■ Gross Profit



3. Building Construction (Kajima Corp)

Contracts

- No changes from the initial forecast

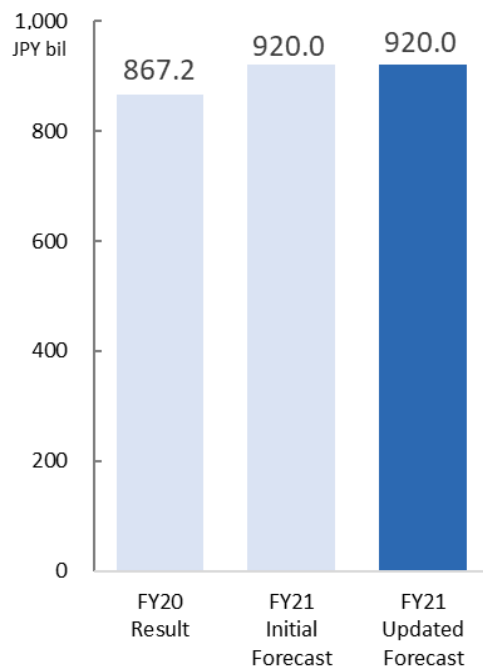
Revenues

- Expect to slightly decrease due to delays in order placement and commencement of construction

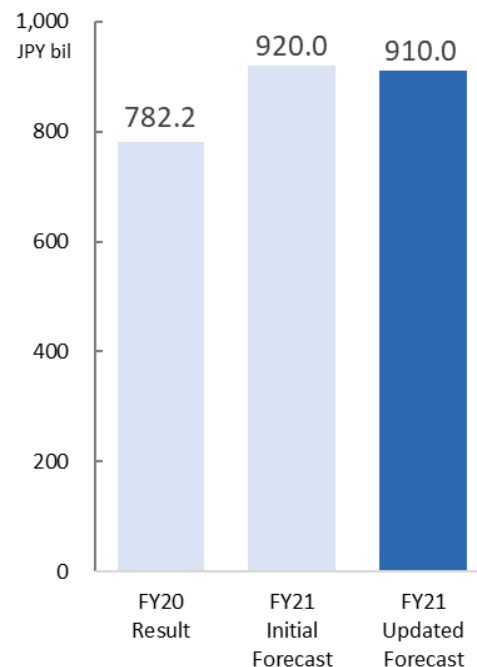
Gross Profit

- Expect to maintain profit margins in the 10% range despite the competitive environment

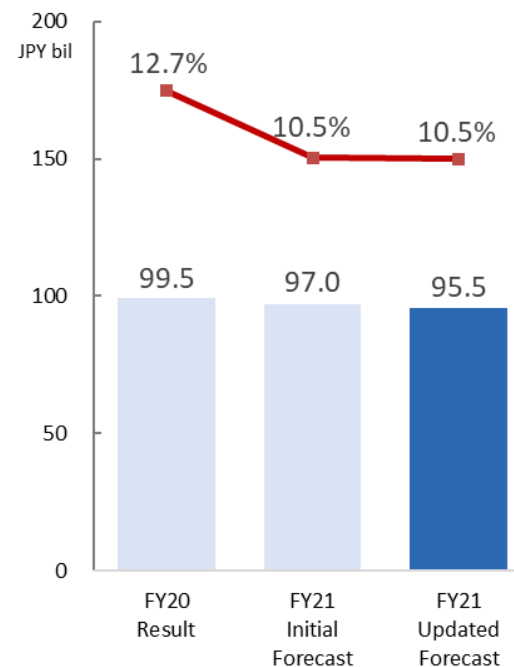
■ Contract Awards



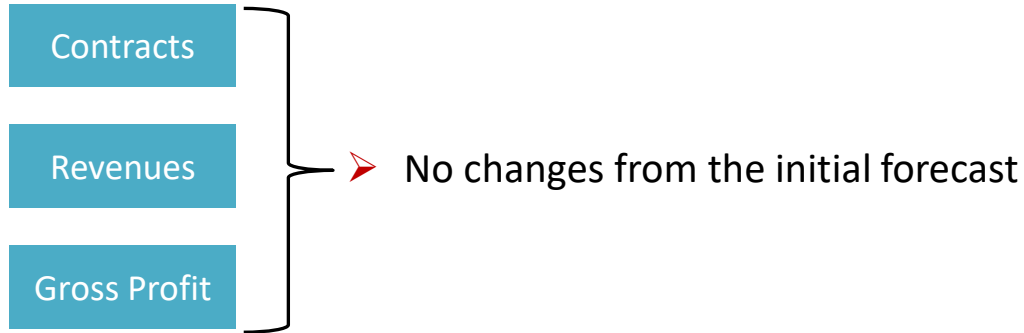
■ Revenues



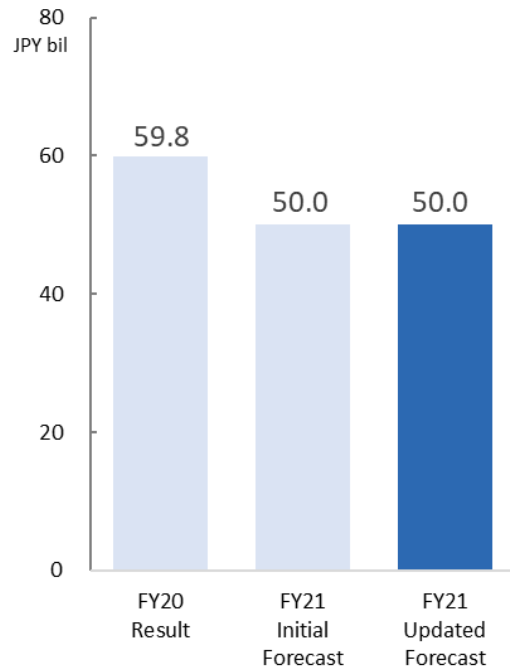
■ Gross Profit



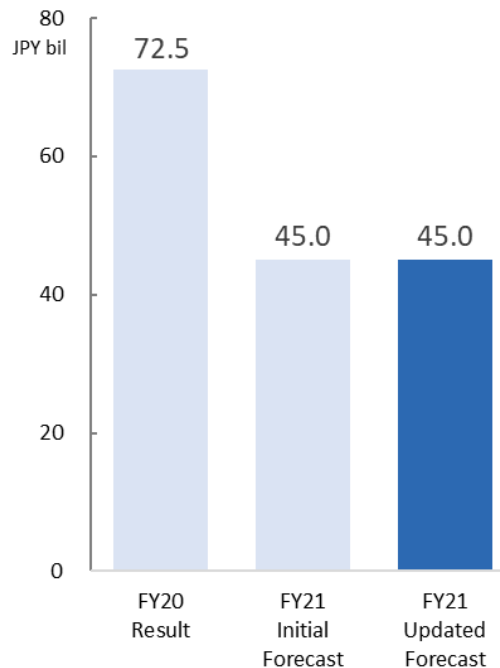
3. Real Estate and Other (Kajima Corp)



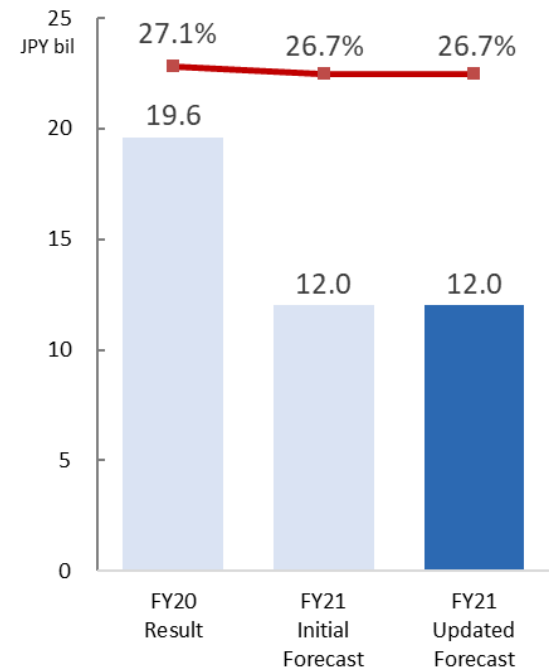
■ Contract Awards



■ Revenues



■ Gross Profit



3. Domestic Subsidiaries and Affiliates

Contracts

- No changes from the initial forecast

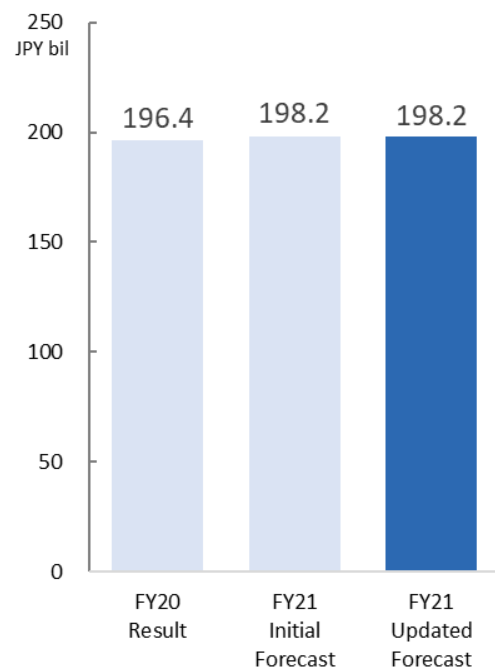
Revenues

- Expect to decrease due to the impact of the adoption of the "Accounting Standard for Revenue Recognition" exceeding the initial forecast

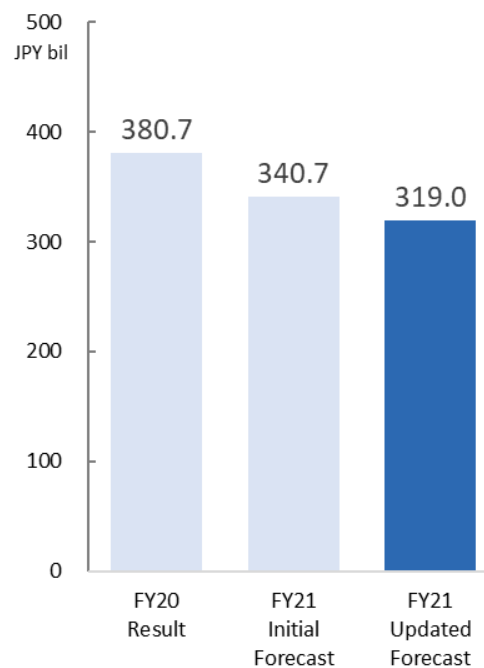
Net Income

- No changes from the initial forecast

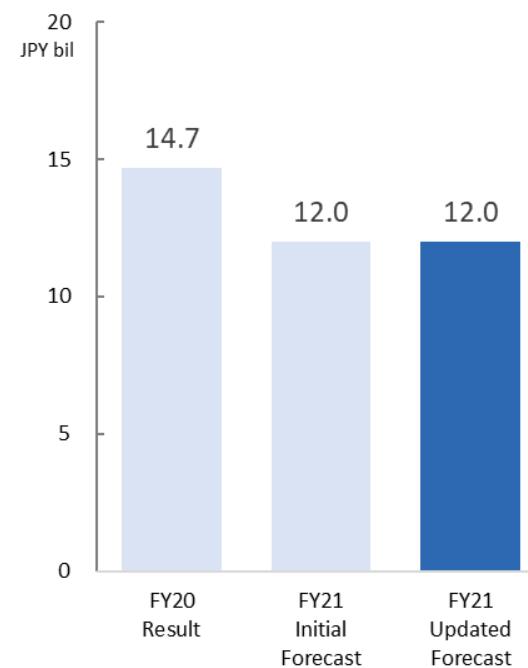
■ Construction Contract Awards



■ Revenues



■ Net Income



3. Overseas Subsidiaries and Affiliates

Contracts

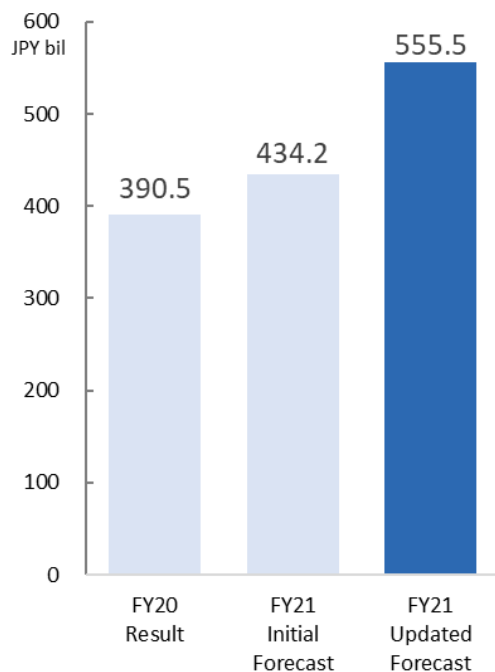
➤ Expect to increase in the U.S. (KUSA) and Europe (KE) considering H1 result and foreseeable business environment

Revenues

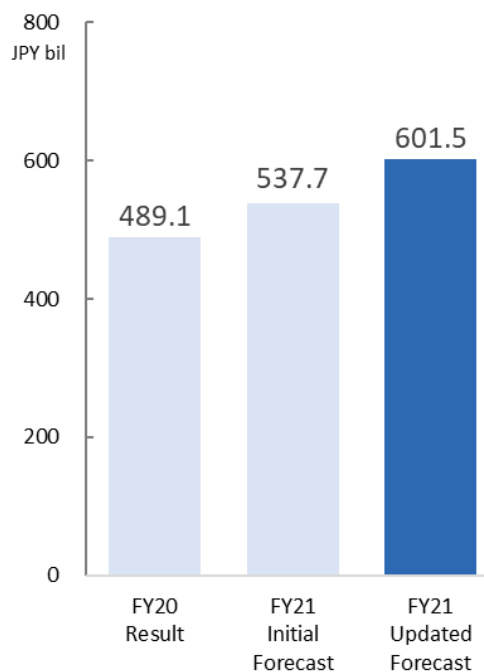
Net Income

➤ Expect to increase based on steady progress in construction and real estate development projects, mainly in the U.S. (KUSA) and Europe (KE)

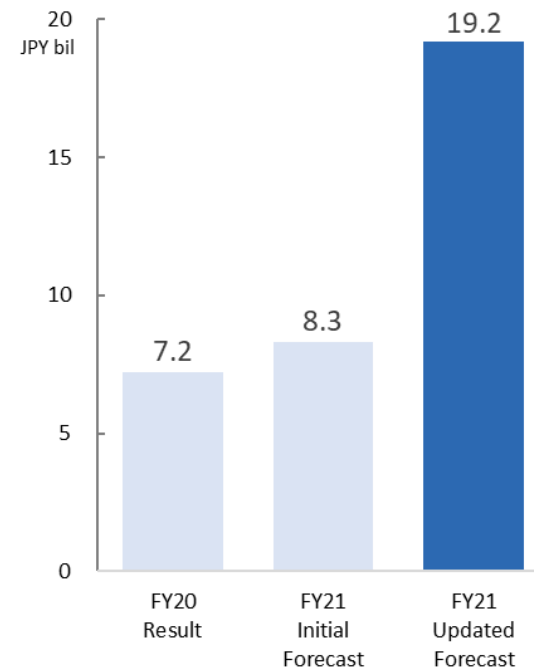
■ Construction Contract Awards



■ Revenues



■ Net Income





Progress on Medium-Term Business Plan

1. Progress on Key Measures
2. Progress on Investment Plan
3. Financial Measures and Stockholder Returns

1. Progress on Key Measures

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. Progress on Key Measures

1 Further strengthen core businesses

- Won contract awards for large-scale projects in priority areas



Contract awards for logistics facilities in the first half of FY21

56.5 billion yen



Contract awards for production facilities in the first half of FY21

82.3 billion yen

- Promoted offshore wind power projects



- Accumulated **knowhow** and **data** by engaging in actual construction work
- Established a structure to utilize in projects going forward

- Developed next-generation construction manufacturing systems

- Automated construction system "A⁴CSEL"

Applied to sites (dams and earthworks); commenced proof of concept testing (tunnel)

- Kajima Smart Production

Applied to more sites
Technical collaboration launched on robot development



Proof of concept testing for automated construction (tunnel)

1. Progress on Key Measures

1 Further strengthen core businesses

Promoted **investment in real estate development** in collaboration with **construction business** both in Japan and overseas

■ Yokohama Gate Tower Project, etc.



- Actively introduced new technologies of digital and smart production in both design and construction phases
- Created quality assets with disaster prevention features such as high performance seismic control technology, etc. Ensured continued contribution to business performance after completion

■ Distribution warehouse development in Europe and the U.S.



- Reduced construction risks and created a highly competitive business scheme by having subsidiary construction company responsible for construction
- Established an investment, sale, reinvestment cycle that developed into a revenue-generating platform

1. Progress on Key Measures

2 Strive to create new value

Promoted business that solves social challenges

- Acquired infrastructure management business



Atami Beach Line (Shizuoka)

Objectives

Upgrade infrastructure and enhance business in maintenance management field
Carry out proof of concept testing and implement environmentally friendly technologies

- Acquired a stake in a Polish company that focuses on the development of renewable energy power generation facility

Objective

Participate in development projects of renewable energy power generation facilities

Business scope

Acquisition of permits and licenses, construction of facilities, sale of completed facilities, etc.

Promoted open innovation

- Established a dedicated organization
“Innovation & Incubation Office”
- Constructing a new base in Southeast Asia



The GEAR (Singapore)

- To promote public-private-academia collaboration
- To strengthen incubation functions

- Established a Construction RX Consortium

- To promote technological collaboration among 16 construction companies* for construction robots and IoT.

*As of September 22, 2021



1. Progress on Key Measures

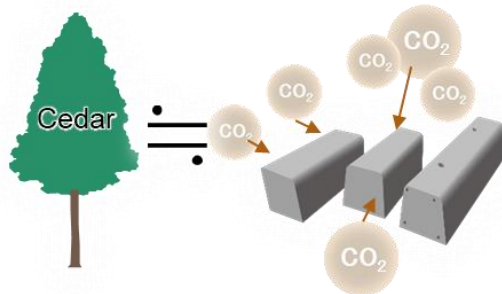
3

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

Accelerated "Triple Zero2050" activities

■ Eco-friendly material CO₂-SUICOM

Concrete that absorbs CO₂ like plants and reduces CO₂ down to less than zero



- Began joint research with a company that owns related technology with the aim of increasing sophistication
- Commenced CO₂-SUICOM manufacture using exhaust gas implemented NEDO* project "Research and Development of Concrete with Effective Use of CO₂ "

*New Energy and Industrial Technology Development Organization

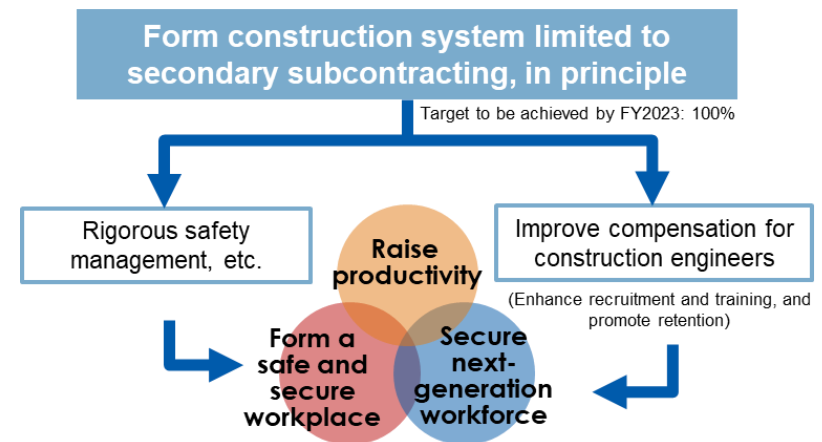
■ Measures to reduce CO₂ emission during construction

- Implemented reduction activities tailored to each site based on CO₂ emissions data for all sites in Japan ascertained through the "edes" environmental data evaluation system
- Commenced CO₂ emissions study at overseas model site with the aim of gaining SBT accreditation in 2023

Secured next-generation workforce

■ Restructured multi-layered subcontracting

- Held meetings to exchange opinions and analyze issues with subcontractors throughout Japan with the aim of forming a construction system limited to secondary contracting, in principle



■ Kajima Partner College

- Commenced training for partner company executive candidates and construction engineers

2. Progress on Investment Plan

Made steady progress on the investment plan outlined in the medium-term business plan

Billions of yen	FY2021~2023	H1 2021 Result	FY21 Forecast
■ Domestic/Overseas Real Estate Development	640.0	70.0	210.0
(Recoup of Investment)	360.0	49.0	73.0
Domestic	190.0	15.0	50.0
(Recoup of Investment)	80.0	2.0	8.0
Overseas	450.0	55.0	160.0
(Recoup of Investment)	280.0	47.0	65.0
■ R&D and Digital Investment	55.0	7.0	18.0
■ Strategic Investment Framework	60.0	14.0	23.0
■ Other	45.0	7.0	15.0
Total	800.0	98.0	266.0
(Net Investment)	440.0	49.0	193.0

2. Progress on Investment Plan

Domestic real estate development 1H performance: 15.0 billion yen

■ Projects in progress mainly in central Tokyo and bayside areas

- Central Tokyo and bayside areas: Yokohama Gate Tower, MM37 Tower (tentative name), Hamamatsucho 2-Chome District Type 1 Urban Area Redevelopment Project, Haneda Innovation City (Phase II), etc.
- Regional urban centres: Hakata Connecta



MM37 Tower
(tentative name)



Hamamatsucho 2-Chome
District Type 1 Urban Area
Redevelopment Project

■ Acquired new revenue sources through completion of investment projects



Hakata Connecta

Completed: June 2021

Use: Office

Total floor area: Approx. 21,400m²

Location: Fukuoka,
Fukuoka Prefecture

Held as rental income property
100% tenant occupancy



Hotel Grand Bach Tokyo Ginza

Completed: September 2021

Use: Hotel

Total floor area: Approx. 8,500m²

Address: Chuo-ku, Tokyo

Grand opening on November 30, 2021

2. Progress on Investment Plan

Overseas real estate development 1H performance: 55.0 billion yen

- Distribution warehouse development in the U.S. and Europe
 - North America (KUSA): 33 projects under development/operation, 9 projects sold (1H)
 - Europe (KE): 16 projects under development/operation, 2 projects sold (1H)
- Mixed-use real estate development in Southeast Asia
 - Southeast Asia (KAP): Woodleigh Development Project (Singapore), hotel and warehouse development (Vietnam), etc.



Woodleigh Development Project



Hotel development business in Vietnam

U.S. distribution warehouse development business

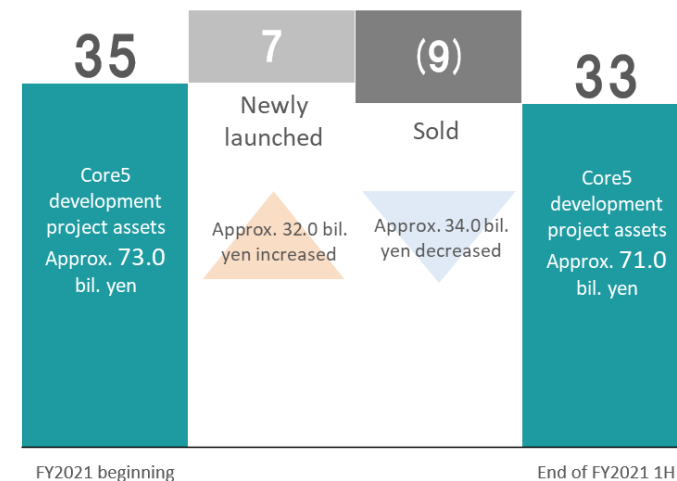


Established: 2015
Head Office: Atlanta
(KUSA subsidiary)



Distribution warehouse development through Core5
(Kajima Group construction)

Projects under development/operation (number)



Land acquisition

Construction start

Construction period:
around 10 months

Completion

Around 3 years

Around 18 months after completion
100% tenant occupancy

Around 3 months after occupancy

Sale

2. Progress on Investment Plan

R&D and digital investment 1H performance: 7.0 billion yen

■ Smart production and automated construction

- Developing BIM LOGI progress management system using BIM
- Commencing full-scale construction testing of A4CSEL for Tunnel in real-life tunnel
- Developing Kajima “Safe Navi” risk prediction activity system using AI analysis



Strategic investment 1H performance: 14.0 billion yen

■ Acquired toll road operation business

- Promoting infrastructure management business through acquisition of Atami Beachline

■ Constructing SEP vessel

- Construction well underway for completion in 2022

■ Investing in technology exploration

- Investing in fund that supports venture capital, etc.

■ Acquired stake in renewable energy development company

- Participating in Polish renewable energy power generating facilities development business



Atami Beach Line (Shizuoka)

3. Financial Measures and Stockholder Returns

■ Reduced cross-shareholdings

	FY2021 1H Results	FY2023 target
Number of stocks sold	14 stocks	—
Amount of sales	4.7 bil. Yen	At least 30.0 bil. Yen over 3 years

*Number of stocks sold includes partial sales

■ 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.

	FY19 Result	FY20 Result	FY21 Initial Forecast	FY21 Updated Forecast
Dividend per Share	¥50	¥54	¥54	¥54
Earnings per Share (EPS)	¥200.99	¥193.13	¥158.31	¥172.02
Payout Ratio	24.9%	28.0%	34.1%	31.4%
Own share acquisition	¥10 bil.	¥10 bil.	¥10 bil.	¥10 bil. (Implemented in H1)



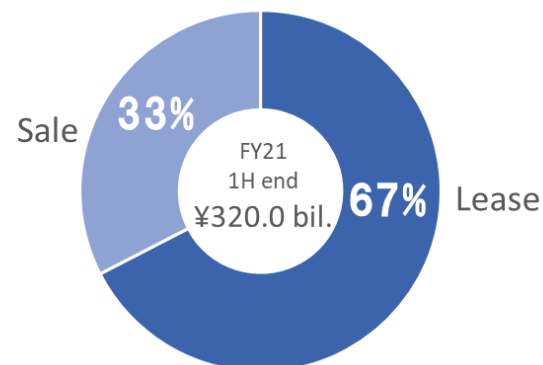
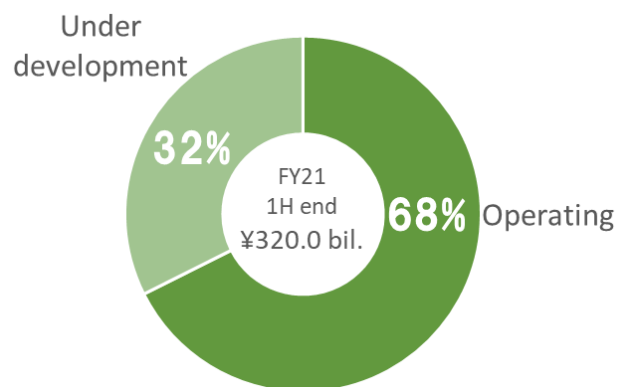
Supplementary Materials

- 1.Current Situation and Changes in the Domestic Real Estate Development Businesses
- 2.Current Situation and Changes in the Overseas Development Business
- 3.Main Projects Under Development

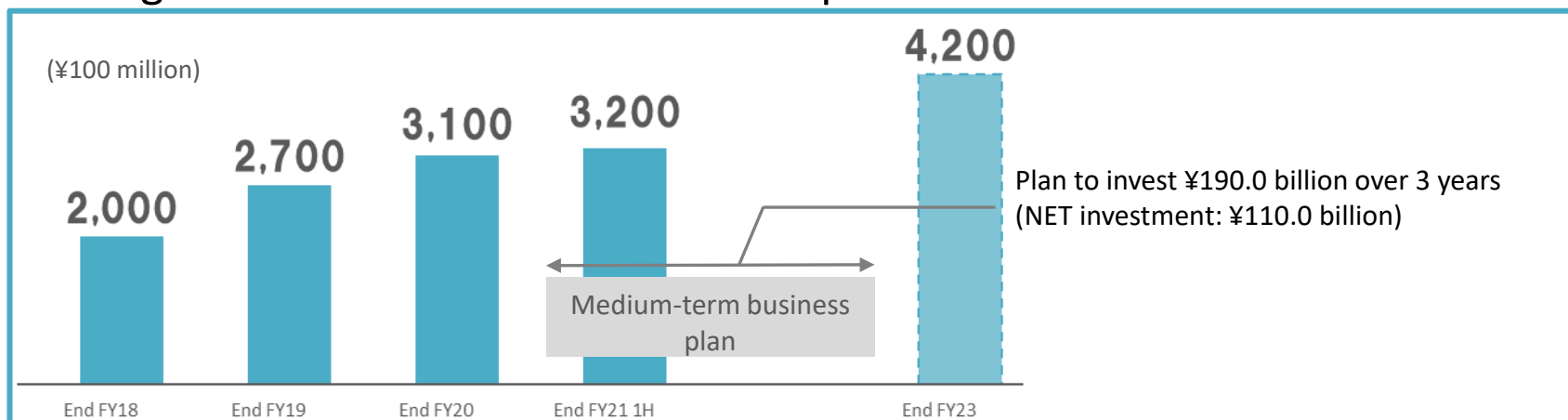
1. Current Situation and Changes in the Domestic Real Estate Development Business

■ Current situation of domestic real estate development assets

Promoting development business centered on offices, with a focus on central area of Tokyo and regional urban centres



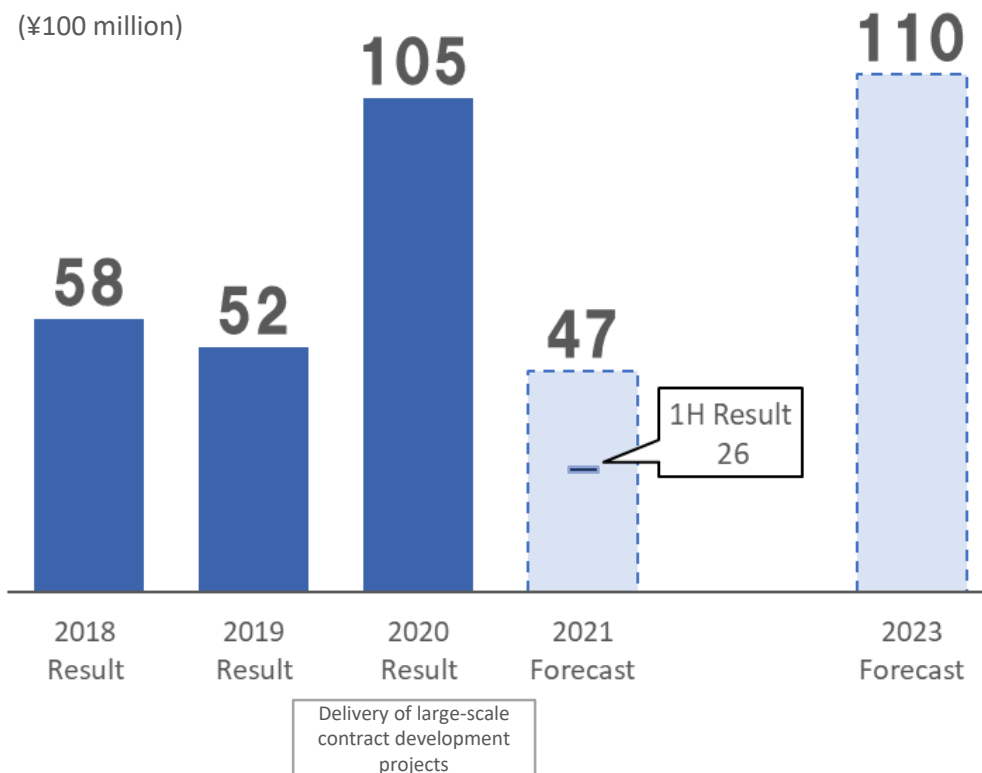
■ Changes in domestic real estate development assets



1. Current Situation and Changes in the Domestic Real Estate Development Business

■ Domestic real estate development business net income

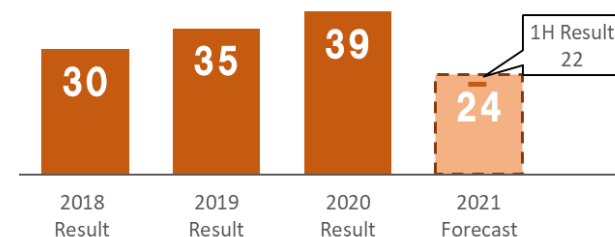
Figures are the sum of Kajima Corporation's development business and the net income of its development-related domestic affiliates.



(Breakdown by Business Segment)

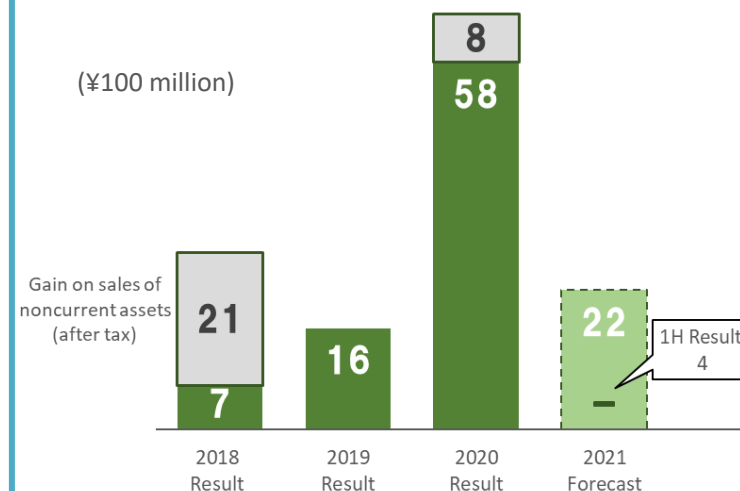
Leasing Business

(¥100 million)



Sales Business

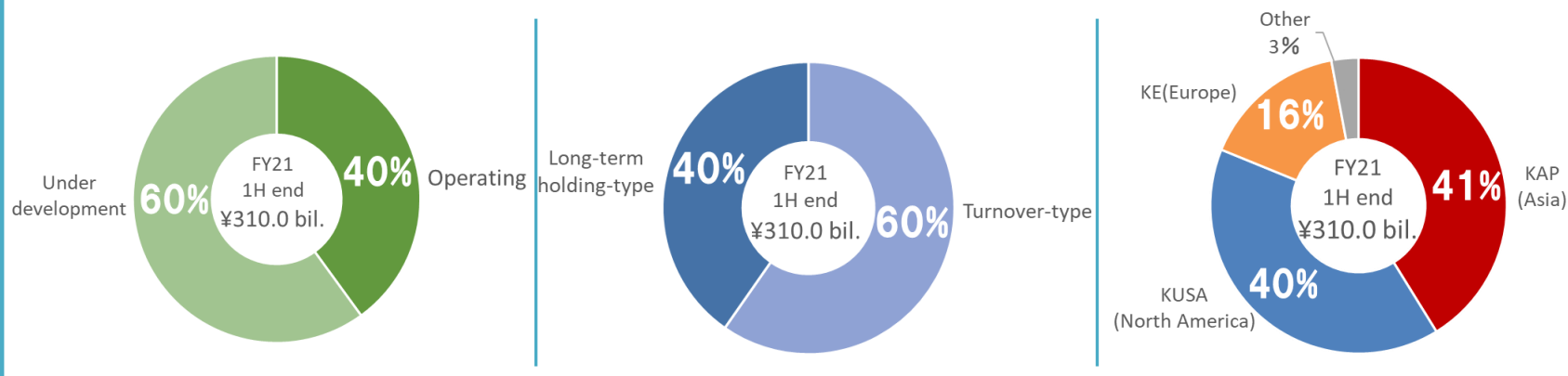
(¥100 million)



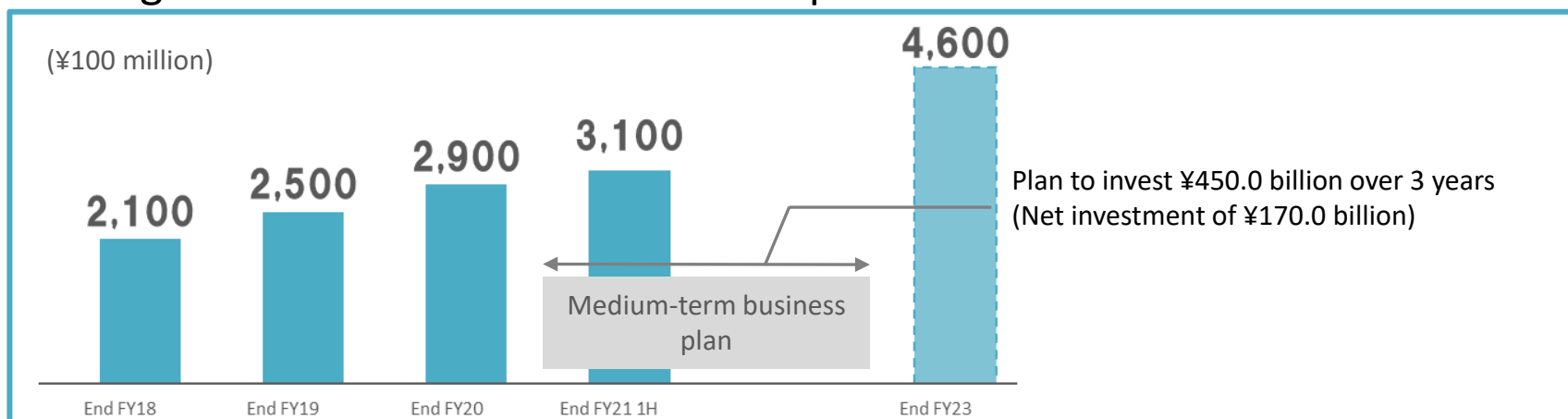
2. Current Situation and Changes in the Overseas Real Estate Development Business

■ Current situation of overseas real estate development assets

Promoting short-term turnover-type business such as distribution warehouse development in Europe and the U.S. and long-term holding-type businesses that aim for stable earnings over the medium to long term in Asia.



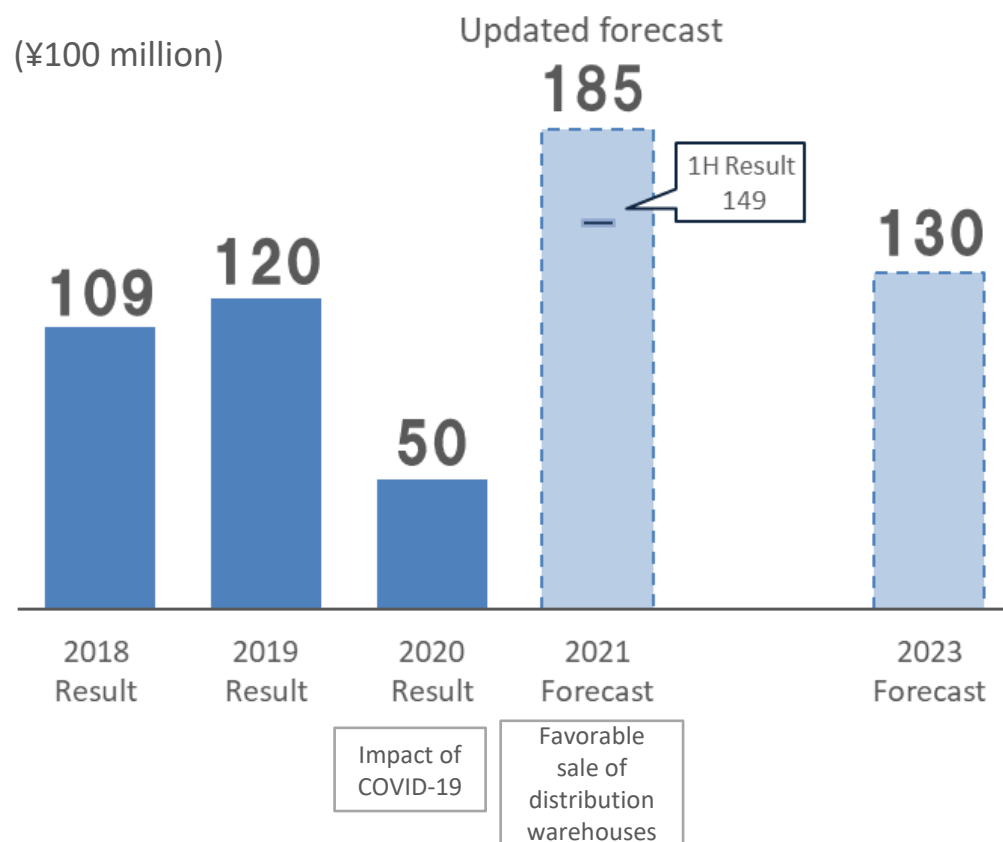
■ Changes in overseas real estate development assets



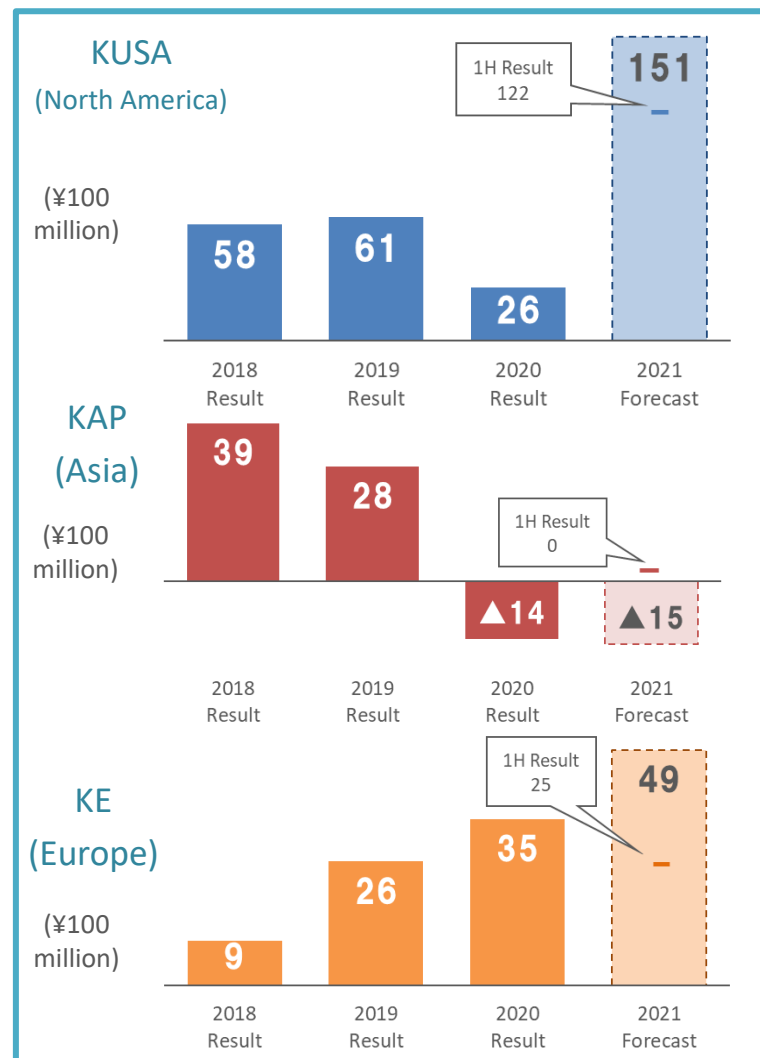
2. Current Situation and Changes in the Overseas Real Estate Development Business

■ Overseas real estate development business 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)



3. Main Projects Under Development

Major domestic development projects

Project Name	Primary Use	Location	Business Type	Total floor area	Completion
Yokohama Gate Tower	Office	Kanagawa prefecture	Joint project	Approx. 83,700m ²	Oct-2021
Kudan Kaikan Reconstruction Project	Office	Chiyoda-ku, Tokyo	Joint project	Approx. 68,000m ²	Jul-2022
MM37 Tower (tentative name)	Office and hotel	Kanagawa prefecture	Joint project	Approx. 122,000m ²	Jan-2023
Hilton Okinawa Miyakojima Resort	Hotel	Okinawa prefecture	Joint project	Approx. 28,400m ²	Feb-2023
Sakuragicho Office Project, Omiya-ku	Office	Saitama prefecture	Joint project	Approx. 20,700m ²	May-2023
Haneda Innovation City (Phase II)	Office	Ota-ku, Tokyo	Joint project	Approx. 130,000m ²	Jun-2023
Park Tower Kachidoki South	Residential	Chuo-ku, Tokyo	Joint project	Approx. 180,800m ²	Aug-2023
Yokohama City Hall District Redevelopment Project	Office	Kanagawa prefecture	Joint project	Approx. 117,200m ²	FY2025
Hamamatsucho 2-Chome District Type 1 Urban Area Redevelopment Project	Residential, office and commercial	Minato-ku, Tokyo	Joint project	Approx. 74,000m ²	Dec-2026
Yaesu 2-chome Central Area Type 1 Urban Redevelopment Project	Office	Chuo-ku, Tokyo	Joint project	Approx. 388,300m ²	FY2028
Tokyo Institute of Technology Tamachi Campus Redevelopment Project	Office and hotel	Minato-ku, Tokyo	Joint project	Approx. 250,200m ²	FY2030

Major overseas development projects

Project Name	Primary Use	Location	Business Type	Total floor area (number of projects)	Completion
Distribution warehouse development business in the U.S.	Logistics Facilities	United States	Partly joint projects	Approx. 1.70 mil. m ² (33)	2017-2022
Woodleigh Development Project	Residential	Singapore	Joint project	Approx. 95,400m ²	2023
Distribution warehouse development business in Europe	Logistics Facilities	Europe	Joint projects	Approx. 0.85 mil. m ² (16)	2017-2023
Development and operation of student dormitories in Poland	Student dormitory	Poland	Joint projects	Approx. 80,000 m ² (10)	2014-2023

The total floor space is the figure for the entire project.



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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 9, 2021, and are subject to risks and uncertainties that may cause the actual results to vary.