KAJIMA

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KAJIMA

KAJIMA Integrated Report 2024

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

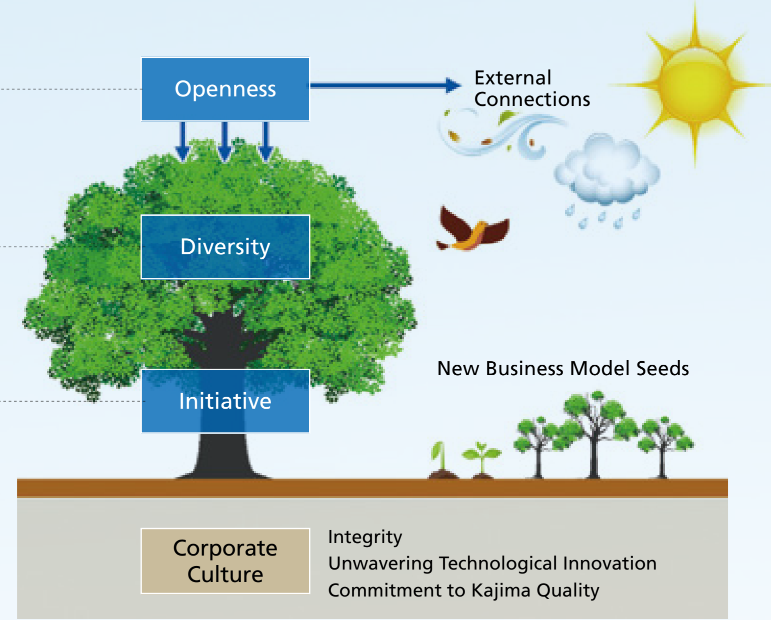
Willingness to take on new challenges
leveraging the power of ideas and technology
to make imagination and amazement a reality

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

We publish the *Kajima Integrated Report* to give stakeholders a better understanding of the Kajima Group's business model, strategies for growth, and other aspects, and as a communication tool to facilitate constructive dialogue.

The 2024 edition explains our strategies for growth and the status of concrete initiatives aimed at sustainable development, mainly in regard to the newly formulated Kajima Group Medium-Term Business Plan (FY2024–2026). It contains feature stories on "construction of semiconductor production facilities" in the domestic construction business, "Haneda Innovation City" in the domestic real estate development business, and "Kajima Europe" in the overseas business.

We will continue to strive to create a positive cycle by publishing an integrated report that is useful to investors and other stakeholders, fostering mutual understanding through dialogue, and enhancing corporate management.

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
FY2023
April 1, 2023 to March 31, 2024 in Japan
January 1, 2023 to December 31, 2023 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
December 2024

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.

How Kajima Creates Value

Part 1

Kajima consistently strives to create new value with the aim of enhancing the sustainability and evolvability of industry, economy, and life.

New Tomamae Winvilla Wind Farm (Hokkaido)

History of Kajima

A history of meeting the demands of the times: Our enterprising spirit

The history of Kajima extends back more than 180 years since its founding. We have pursued trailblazing initiatives that anticipated the needs of the times and have met the needs of society, thereby contributing to the development of Japan's industry and economy. This enterprising spirit is still passed down as our corporate culture as we continue to take on new challenges.


Color print showing the prosperity of the Ei-Ichiban Kan


Houraisha (completed in 1873, Tokyo)

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.


Tanna Tunnel (completed in 1934, Shizuoka)


Ohmine Dam (completed in 1924, Kyoto)

1880-

Establishing social 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.


Kasumigaseki Building (completed in 1968, Tokyo)


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

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.


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


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

1980-

In the face of globalization

Promoting overseas business

Kajima participated in the redevelopment of Little Tokyo in the city of Los Angeles in 1964 and entered the U.S. market. 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.


Shiki New Town (completed in 1988, Saitama)


Haneda Innovation City (completed in 2023, Tokyo)

▶ Page 51

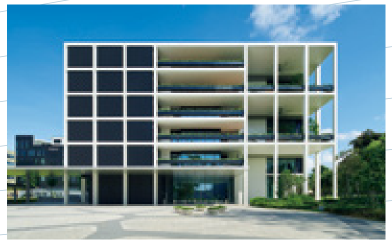
2000-

The rise in 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.


Construction of Offshore Wind Farms at Akita Port and Noshiro Port (completed in 2023, Akita)


The GEAR (completed in 2023, Singapore)

▶ Page 76

2020-

Aiming to achieve a more sustainable society

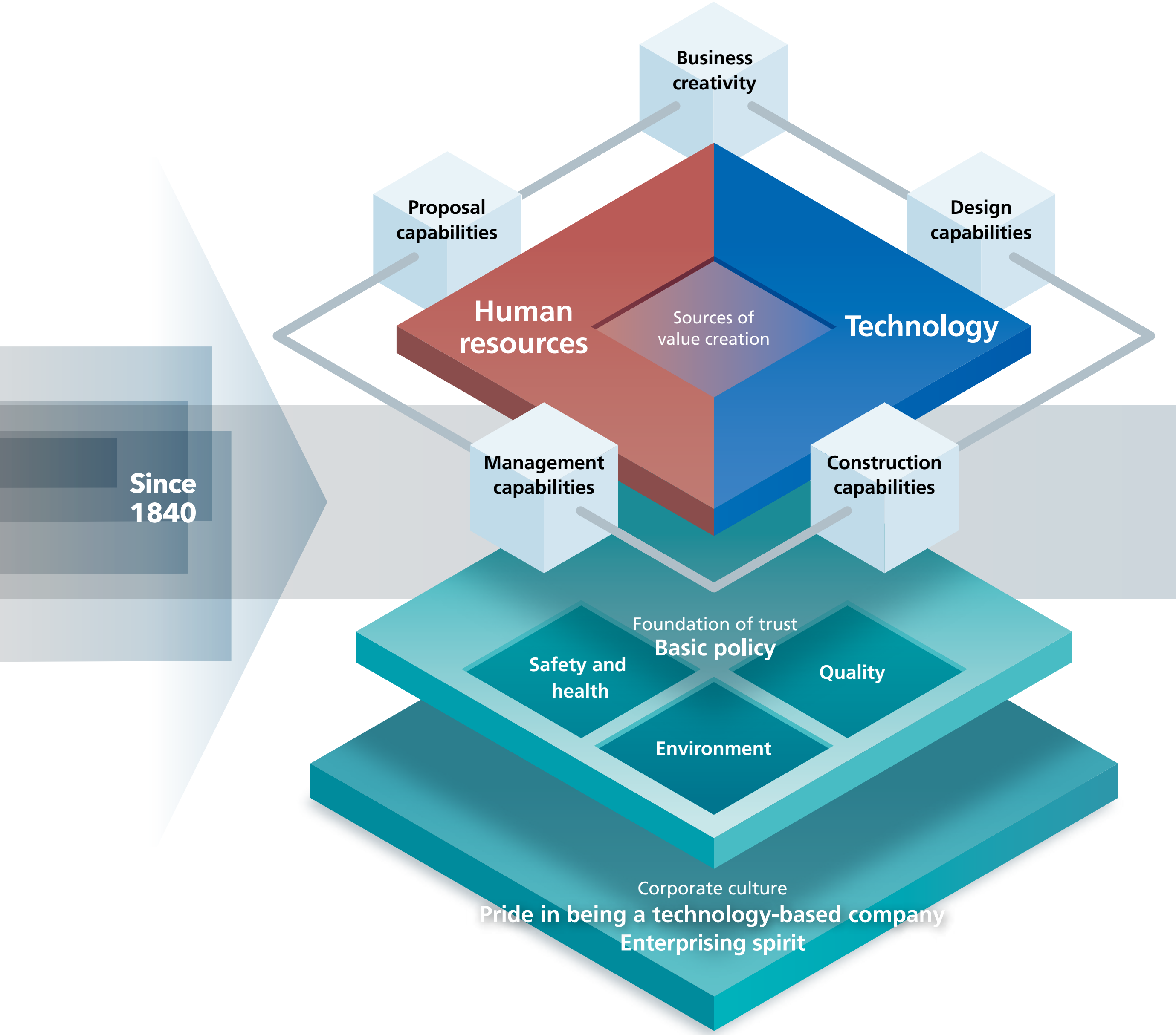
Opening up the future together with society and customers

We are working to build renewable energy generation facilities and production facilities, and develop carbon-neutral construction materials to address the growing need for environmental solutions, digitalization, and other essential services. Aligned with our new Medium-Term Business Plan, we are strengthening our core businesses, expanding our value chain, and investing in research and development, and promoting innovation to create new value and build a more sustainable future together with our customers and society.

Sources of Value Creation

Creating new value from human resources and technology

Since Kajima was founded, we have developed human resources and technology which are the sources of value creation, with a corporate culture of taking pride in being a technology-based company and having an enterprising spirit. We will continue to earn greater trust from society and customers by enhancing safety and health, the environment, and quality as the cornerstones of our corporate activities and creating new value.



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 build high-quality structures even when this entails difficult construction and construction in which we have no track record, using our professional expertise, cutting-edge technologies, and supply chain
Proposal capabilities	Our ability to propose optimal services by utilizing our understanding of customers' true needs, internal and external technology and knowledge, and our domestic and overseas networks
Management capabilities	Our ability to coordinate many stakeholders including society, customers, and partner companies, and ensure success in our 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 our customers and other stakeholders.

Group employees		23,873 (17,571 in Japan and 6,302 outside Japan)
Qualified personnel (Kajima Corporation only)	Professional engineers	854
	First-class architects	2,491
	First-class civil engineering works execution managing engineers	1,903
	First-class building operation and management engineers	2,669

P.89

Intellectual capital
Technologies to solve social and customer issues

As a technology-based 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)	¥110.0 billion for three years
Number of patents registered / published	241 / 236
Research and development centers	Kajima Technical Research Institute The GEAR (Singapore) Silicon Valley Office (U.S.)

P.74
P.75

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	¥3,135.1 billion
Total investment (Medium-Term Business Plan)	¥1,200.0 billion for three years
Issuer credit rating	A+ (R&I)

P.121
P.35

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	27 countries and regions

P.99

Natural capital
Environmentally responsible business activities

We are committed to conducting our business activities in a manner that protects and restores natural capital, a finite resource. To achieve this, we quantitatively assess our environmental footprint and take proactive measures to mitigate its impact. Recognizing the interconnectedness and trade-offs among carbon neutrality, resource circularity, and nature positivity, we strive for a balanced approach.

Achieving carbon neutrality, circular economy, and nature positivity by 2050

- Developing and using eco-friendly concrete P.85
- Appropriate maintenance and management of Group-owned forests and use of harvested lumber
- Ecosystem maintenance and improvement and blue carbon generation through seaweed and seagrass beds restoration technology P.87

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 forms of capital. We are making it possible to provide diverse services that add high value by generating many benefits through the promotion of our construction and real estate development businesses.

Inputs

Forms of capital

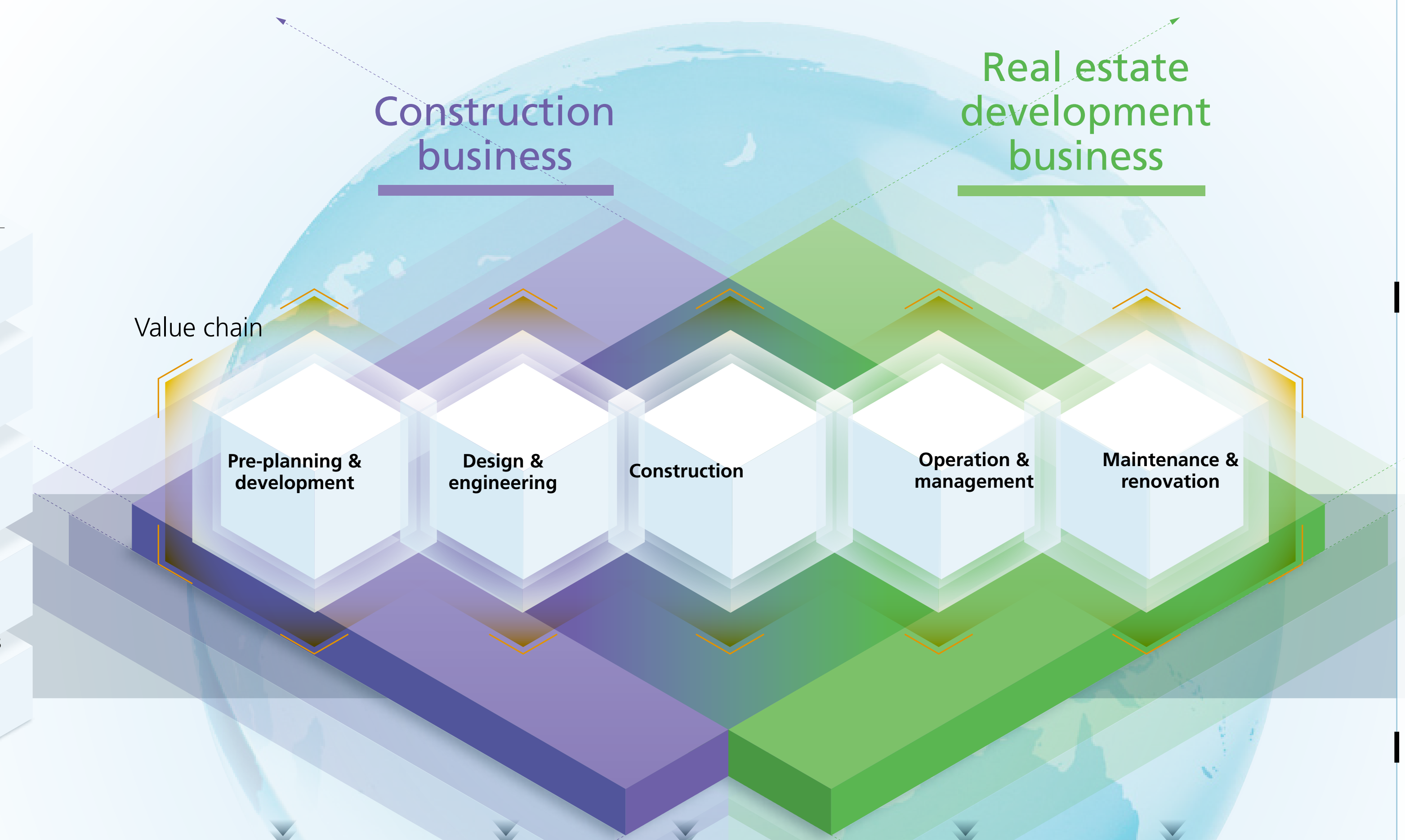
Human capital
Diverse human resources who live up to trust

Intellectual capital
Technologies to solve social and customer issues

Financial capital
Strong financial foundation that supports growth

Manufactured capital / Social and relationship capital
Structure for promoting businesses rooted in local communities

Natural capital
Environmentally responsible business activities



Pre-planning & development
- Survey
- Marketing
- Finance
- Master planning
- Project planning
- Business planning

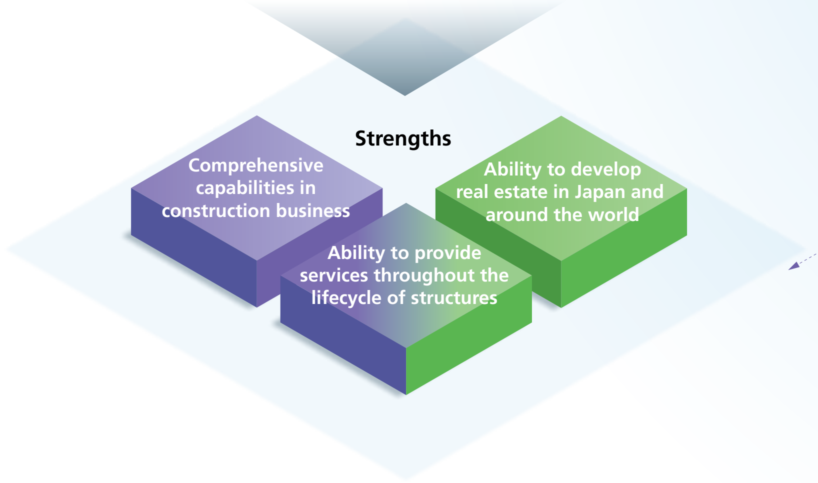
Design & engineering
- Schematic design
- Design development
- Contract documentation

Construction
- Procurement
- Construction planning
- Construction management
- Construction supervision

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

Maintenance & renovation
- Maintenance
- Renewal/Renovation

Strengths

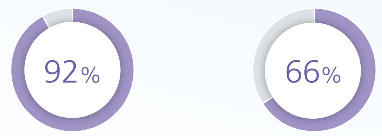


- Solve various challenges to meet customer needs and build high-quality structures by utilizing advanced and specialized technologies
- Create high added value by combining construction technologies with expertise of real estate development
- Deliver consistently high-quality services throughout the entire construction value chain, from upstream to downstream

Construction business, etc.*1

FY2023

Consolidated revenues	Net income*2
¥2,455.3 billion	¥75.8 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

FY2023

Consolidated revenues	Net income*3
¥209.7 billion	¥39.1 billion

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

Business development leveraging our global network

The Kajima Group global network is capable of providing services beyond national and regional boundaries. Through it we build greater trust with our customers and partners and expand business opportunities.

Strengthening technical capabilities and creating new value through collaboration with partners

Collaborating with partners who possess outstanding technologies and expertise drives the creation of new technologies and businesses, enhancing the services we provide to society and customers while expanding our offerings.

Technology development
- Automated construction technology
- Cutting-edge digital technology
- Development of eco-friendly materials
- Joint research on optimal construction methods

Business creation
- Redevelopment projects
- Smart cities
- Development of renewable energy generation facilities
- Distribution warehouse development

Fostering synergies through the integration of construction and real estate development

By collaborating across our construction and real estate development businesses, we generate significant business and financial synergies, enhance value for our stakeholders, and drive sustainable growth for 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

Value Creation Process

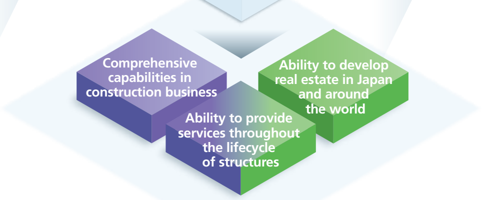
Leveraging our capital for a sustainable future

The Kajima Group creates economic value as well as social and environmental value that benefits society and the environment through corporate activities based in construction and real estate development. This leads to the sustainable growth of our Group and society.

Return added value created from social value to forms of capital

Inputs
Forms of capital

- Human capital
- Intellectual capital
- Financial capital
- Manufactured capital / social and relationship capital
- Natural capital



Strengths

Outputs

FY2023 Revenues ¥2,665.1 billion
- Civil engineering business 13.1%
- Building construction business 39.7%
- Real estate development business, etc. 3.1%
- Domestic subsidiaries and affiliates 13.2%
- Overseas subsidiaries and affiliates 30.9%

FY2023 Operating income ¥136.2 billion
- Civil engineering business 17.1%
- Building construction business 39.2%
- Real estate development business, etc. 13.5%
- Domestic subsidiaries and affiliates 17.8%
- Overseas subsidiaries and affiliates 12.4%

FY2023 Revenues by region
- Japan ¥1,803.3 billion
- North America ¥496.5 billion
- Asia ¥177.8 billion
- Europe ¥44.1 billion
- Oceania ¥140.1 billion
- Other regions ¥3.0 billion

Business segments / **Breakdown**

Civil engineering business ▶ Page 61
Revenues ¥363.3 billion
Operating income ¥23.2 billion
Gross profit margin 13.7%

FY2023 Revenues ¥363.3 billion: Road 34.3%, Railway 13.7%, Flood control 10.0%, Land development 6.5%, Potable/Wastewater 3.7%, Other 31.8%

Building construction business ▶ Page 63
Revenues ¥1,104.2 billion
Operating income ¥53.3 billion
Gross profit margin 9.2%

FY2023 Revenues ¥1,104.2 billion: Power plant / Factory 40.4%, Office (public/private) 28.9%, Education/Research/Culture 4.7%, Warehouse/Distribution facilities 4.5%, Other 21.5%

Real estate development business, etc. ▶ Page 65
Revenues ¥85.3 billion
Operating income ¥18.4 billion
Gross profit margin 25.3%

FY2023 Revenues ¥85.3 billion: Real estate development business 81.2%, Other businesses 18.8%

Domestic subsidiaries and affiliates ▶ Page 69
Revenues ¥367.4 billion
Operating income ¥24.1 billion
Gross profit ¥49.1 billion
Net income ¥22.7 billion

FY2023 Revenues ¥367.4 billion: Revenues Construction business 55.1%, Revenues Real estate development business, etc. 44.9%; Gross profit Construction business 44.3%, Gross profit Real estate development business, etc. 55.7%

Overseas subsidiaries and affiliates ▶ Page 67
Revenues ¥859.6 billion
Operating income ¥16.9 billion
Gross profit ¥69.7 billion
Net income ¥16.4 billion

FY2023 Revenues ¥859.6 billion: Revenues Construction business, etc. 86.0%, Revenues Real estate development business 14.0%; Net income Construction business, etc. 8.5%, Net income Real estate development business 91.5%

Outcomes

Employing and nurturing diverse human resources and giving them full play

	FY2020	FY2023
Group employees	18,905	23,873
Employees working at overseas subsidiaries and affiliates	5,786	6,302

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

	FY2020	FY2023
Number of Kajima Meisters ▶ Page 96	499	550

	March 31, 2021	March 31, 2024
Number of patents registered	231	241

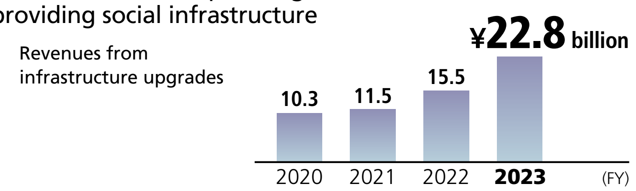
Creation of positive impacts on Kajima and society through businesses

Pursuing a balance between growth investment and returns

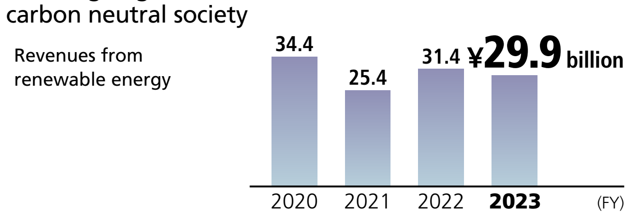
	FY2020	FY2023
Cash dividends per share	¥54	¥90
Dividend payout ratio	28.0%	37.7%

	FY2018 to FY2020	FY2021 to FY2023
Growth investment	¥518.0 billion	¥950.0 billion

Safe, resilient town planning and providing social infrastructure



Promoting migration to a carbon neutral society



Reinforce strengths through the process of solving social issues

Medium-Term and Long-Term Growth Strategies

Part 2

Pursuing four growth strategies, the pillars of our Medium-Term Business Plan, to contribute to society and enhance corporate value.

Kajima Head Office Buildings

As a technology-based company Kajima strives for sustainable growth by delivering solutions and new value that meet the demands of society and the times

Hiromasa Amano
President,
Representative Director

Kajima's corporate philosophy is: "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 our founding in 1840, Kajima has been a "technology-based company," earning the trust of society and our clients by emphasizing the development of technology and talent, while continuously delivering advanced construction technologies that meet the evolving needs of the times.

As I mark my third year as President, I launched the new Medium-Term Business Plan (FY2024–2026) this year. Going forward, we will continue to deliver solutions and new value that meet the demands of society and the times, and advance our management practices to achieve sustainable growth.

The Group Goals

In formulating our new Medium-Term Business Plan, we gathered input from employees and executives. Considering our corporate philosophy, inherited culture and values, we articulated the "Goals" for the Kajima Group. These goals represent how we will combine people and technology – the sources of value creation – to contribute to our customers and society at large. While these Goals align with the philosophy that has always underpinned our management and business operations, they also clarify our ongoing aspirations. Furthermore, the Goals are to be reflected in our management policies as the vision we should continue to pursue, even as times change.

Our Goals encompass four key categories. In the technology category, we emphasize the importance of ideas generated from the curiosity and insights of our frontline employees. We encourage them to actively leverage external knowledge and take on new challenges.

In the people category, we aim to foster a workplace culture that encourages employees to take on new challenges, allowing them to feel a sense of accomplishment in their work, fulfillment with their performance, and a natural drive to pursue these achievements further. This is part of our Goals to become a highly engaged corporate group.

The comments that employees and executives shared while putting the plan together revealed a common mindset of emphasizing the "integrity" of our corporate philosophy and culture. At the same time, the generation gap uncovered some interesting perspectives. In particular, younger employees prioritized environmental and social contributions over business performance. These findings are both encouraging and inspiring, reflecting a deeper understanding of our corporate philosophy. I look forward to continuing the dialogue between employees and executives, and particularly to engaging in various forms of communication with employees.

During the Board of Directors' discussions about the Goals, I also sought input from outside members of the Board. Their feedback was positive, including comments such as the Goals "represent the Kajima way" and "it's important to have input from employees and executives to create the Goals together as a company." This process of forming the Goals ensures that these principles remain top of mind for all of us, now and into the future.

▶Page 101 Discussion with Outside Directors

The new Medium-Term Business Plan

In FY2023, the final year of the previous Medium-Term Business Plan, we achieved record orders and sales, with net income reaching ¥115.0 billion, the second highest figure ever. We also made steady progress on the plan's strategic measures. Based on these results, we increased returns to stockholders, employees, and partner companies. We believe this will enhance stakeholders' expectations and trust, as well as our employees' loyalty.

The new Medium-Term Business Plan, titled "Further Strengthening the Core Business and Building the Future," aims to maintain the direction of the previous plan while further growing profits and strengthening the management foundation. The plan will enhance our core construction and real estate development businesses in Japan and overseas, and create new value by expanding our value chain and advancing R&D and innovation. Over the three-year period, we have budgeted a total of ¥1.2 trillion for R&D, digital technologies, and real estate development in Japan and overseas, as well as for investments in environmental and human capital. We will also strengthen our efforts to address sustainability issues, including promoting our new Kajima Environmental Vision 2050plus.

▶Page 29 Medium-Term Business Plan

Kajima Group Goals

Society	Sustainably develop our business by building a better world
Customers	Deliver value exceeding customer expectations along the entire process
Expertise / Technology	Value the expertise that emerges from onsite originality and ingenuity
Expertise / Technology	Combine the diverse knowledge of experienced people to create solutions for challenges
People	Secure high engagement from diverse human resources who leverage their unique abilities
People	Ensure every employee always takes the initiative in taking on new challenges

Responding to strong construction demand

Construction demand in our domestic and overseas markets remains strong, driven by energy and environmental challenges and digital advancements. In Japan, demand is particularly high due to redevelopment projects in Tokyo metropolitan area, semiconductor-related facilities, and foreign investments. Notably, we are engaged in two major projects: the JASM's semiconductor facility in Kumamoto, completed in December 2023, and the Rapidus IIM-1 project in Hokkaido, started in September 2023. These significant projects are expected to keep us fully committed for the foreseeable future.

The increase in demand is certainly a positive development for our Company. However, even in these favorable conditions, it is crucial that we maintain a strong focus on profitability when accepting new orders. We must also continuously update our risk management mechanisms and governance practices. This includes front-loading before accepting projects, utilizing BIM, ensuring optimal construction systems in place, and having our Head Office administration departments thoroughly review and approve each project. Currently, taking on ultra-large projects, which are planned across the country, involves more than just assessing the profitability of individual orders. These projects significantly impact the allocation of our production resources, including employees and partner companies, and influence our financial performance for several years. As president, one of my most critical responsibilities is to ensure that we make prudent and well-considered decisions regarding project acceptance.

Additionally, the strong construction demand is making it increasingly challenging to establish adequate project organization. Consequently, we are often compelled to ask our clients to adjust their schedules, including postponing the start dates of construction projects. In such cases, we are committed to maintaining our clients' trust and meeting their expectations by providing detailed and courteous explanations of the situation and offering alternative solutions.

▶Page 47 **Feature — Meeting Construction Demand in the Semiconductor and Digital Industries**

The growth areas of real estate development and overseas business

We have designated real estate development and overseas business as our key growth sectors, which we will continue to expand as integral parts of our construction value chain. For over fifty years, we have navigated economic fluctuations to establish these sectors as core components of our business. Today, they stand as our competitive advantage, setting us apart from our competitors.

Since 2015, the active reinvestment of funds generated by our domestic construction business into real estate development has significantly expanded our asset base and substantially increased our profit levels. Over the next three years, we plan to recoup these investments and leverage more external capital to improve investment efficiency, boost profitability, and hedge against risks.

In our domestic real estate development business, we are increasingly engaging in large-scale projects, both independently and in collaboration with major developers. For many of the projects we invest in, we take the lead in design and construction, resulting in significant efficiencies and accelerated timelines. Our efforts have yielded positive outcomes in both development and construction phases. Additionally, through our extensive network, we have embarked on new initiatives such as Haneda Innovation City, a hub for companies with cutting-edge technologies; Eaton Real Estate, established in 2022 to serve global and high-end real estate markets; and the KALOC logistics centers, with two facilities completed in October 2024. We remain committed to enhancing both in quality and quantity of our projects, leveraging the full capabilities of our Group.

Our overseas business continues to experience steady growth, with projected sales expected to reach ¥1 trillion level in FY2024, matching the sales of our building construction business in Japan. Historically, our regional headquarters have acquired companies to broaden their business areas and geographic reach. Recently, however, more of our subsidiary companies are acquiring businesses to expand and strengthen their own operations, marking a new phase of growth. As our overseas business expands, we are also enhancing our risk management framework. This includes strengthening governance over our operating companies, bolstering the Kajima Head Office's oversight and support systems for safety and quality, and improving our global audit and whistleblowing systems.

▶Page 51 **Feature — Haneda Innovation City**
▶Page 55 **Feature — Kajima Europe**

People and technology

As a technology-based company, it is crucial for us to continuously advance our research and development efforts to meet the evolving demands of society and the times. However, as exemplified by the recent rise of generative AI, specialized fields are becoming increasingly diverse, and the pace of technological innovation is accelerating. To stay ahead, we must embrace innovation by integrating cutting-edge external technologies, rather than relying solely on our in-house capabilities.

In terms of people, we focus on talent acquisition and retention, talent development, and improving engagement. We aim to be a company where individuals with diverse backgrounds and personalities can thrive and experience personal growth. I believe that valuing one's intuition and sense of style in their work, and approaching tasks in a way that feels smart and satisfying, often leads to superior results. I also strive to maintain values that make Kajima a place where employees feel proud to work.

▶Page 89 **Human Resources Strategy**

Technology and innovation

In August 2023, we opened the Kajima Lab for Global Engineering, Architecture & Real Estate (The GEAR) in Singapore. This facility serves three primary functions: it acts as the Kajima Group's regional base in Asia, houses the Singapore office of the Kajima Technical Research Institute, and functions as an open innovation hub for start-up companies. At the opening ceremony, which I attended, Ms. Low Yen Ling, Singapore's then Minister for Trade and Industry, expressed the government's support and high expectations for The GEAR to develop innovative solutions and foster talent. Since then, frequent visits by local ministers and government officials have underscored their continued interest and expectations for The GEAR. As a hub for creating new added value, this facility holds great potential, and we are eager to see the results it will achieve.

Recently, we have been collaborating with several remarkable overseas startups, including an energy company using geothermal technology in Canada and a forest drone company in Sweden. Open innovation can only be truly mutually beneficial if we possess attractive and advanced technologies. To sustain these collaborations, we must remain an appealing partner in every respect, from our core philosophy to our business practices.

In addition to company-wide technological development, it is crucial to value the innovations that arise from the insights, intellectual curiosity, and eagerness of each individual employee on the ground. These continuous challenges are the source of the Kajima Group's competitiveness and enhance our sustainability as a technology-based company. Therefore, we aim to foster an environment where frontline employees can leverage their intuition, explore new ideas, and take risks, even with the prospect of failure.

▶Page 75 **Focus — The GEAR**

Digitalization and workstyle reform

Digitalization is revolutionizing the manufacturing landscape, including the construction sector. As human-centered manufacturing undergoes transformation, we must aim to efficiently pass down and share our technology-backed wisdom and experience. I feel that the digitalization efforts I have been focusing on since becoming president are finally taking root within the Company. By digitalizing the accumulated knowledge and expertise of our employees, we have been able to utilize it effectively across the Company, leading to increased productivity and advanced technologies. Moving forward, we will use data as a source of value, incorporating new employee ideas and cutting-edge technologies such as generative AI to foster new value creation.

This year, the construction industry has seen the implementation of an upper limit on overtime work. For several years, we have been driving workstyle reform across the Company, striving to create an environment where diverse talent can thrive through various work styles. While we have made some progress in improving operational efficiency, we view the current surge in construction demand as an opportunity to fundamentally reassess our operations, leveraging digital technology to drive this transformation.

▶Page 79 ▶Page 81 **Focus — DX**

Promoting women in the workplace and DE&I

I frequently emphasize in internal meetings the importance of creating an environment where life events do not impede career advancement, especially for female employees aspiring to become construction site managers. Since last year, I have been meeting with mid-career and young female site engineer supervisors to understand their career aspirations and the challenges they face, so we can reflect these insights in our policies and initiatives.

One step we took was to hold important on-site meetings generally between 9 a.m. and 4 p.m. This initiative ensures that employees with children, who may need to accompany them to and from school, can attend meetings and remain deeply involved in on-site operations. Additionally, it allows them to advance their careers as site supervisors with full confidence and without feeling burdened by their childcare responsibilities. We used to hold meetings after the construction workers finished their shifts, but now we hold them earlier. This helps us review work processes more effectively and reduces overtime. With increasing male participation in childcare and more dual-income families, we have made scheduling meetings a key initiative for improving the on-site working environment.

We have also introduced a program of interviewing employees before their return from childcare leave about their job preferences and future development. Based on these discussions, we determine their assignments upon return to enhance motivation and performance. I believe transforming our on-site management practices will help more employees advance their careers while managing childcare or caregiving responsibilities. This change will make our worksites more attractive and improve our future recruitment efforts.

▶Page 92 **Diversity, Equity & Inclusion**
▶Page 93 **Workstyle Reform**

Collaboration with partner companies

A construction site is a place where diverse professionals from various companies unite, dedicating themselves fully to the shared goal of completing the construction project. Here, relationships are built that go beyond the contractual ties between the prime contractor and subcontractors.

Our partner companies are also contractors, and while they may have been seen as subordinate to the prime contractor in the past, this relationship has evolved. With increasing demand and labor shortages, we must become the prime contractors that partner companies choose to work with. The relationship between prime contractors and subcontractors now goes beyond contractual ties, as they increasingly recognize their mutual support and aligned interests. This shared understanding fosters unity within the production team and drives joint innovation. Our collaboration with these companies is invaluable, as they support our business as general contractors and form the backbone of our production system.

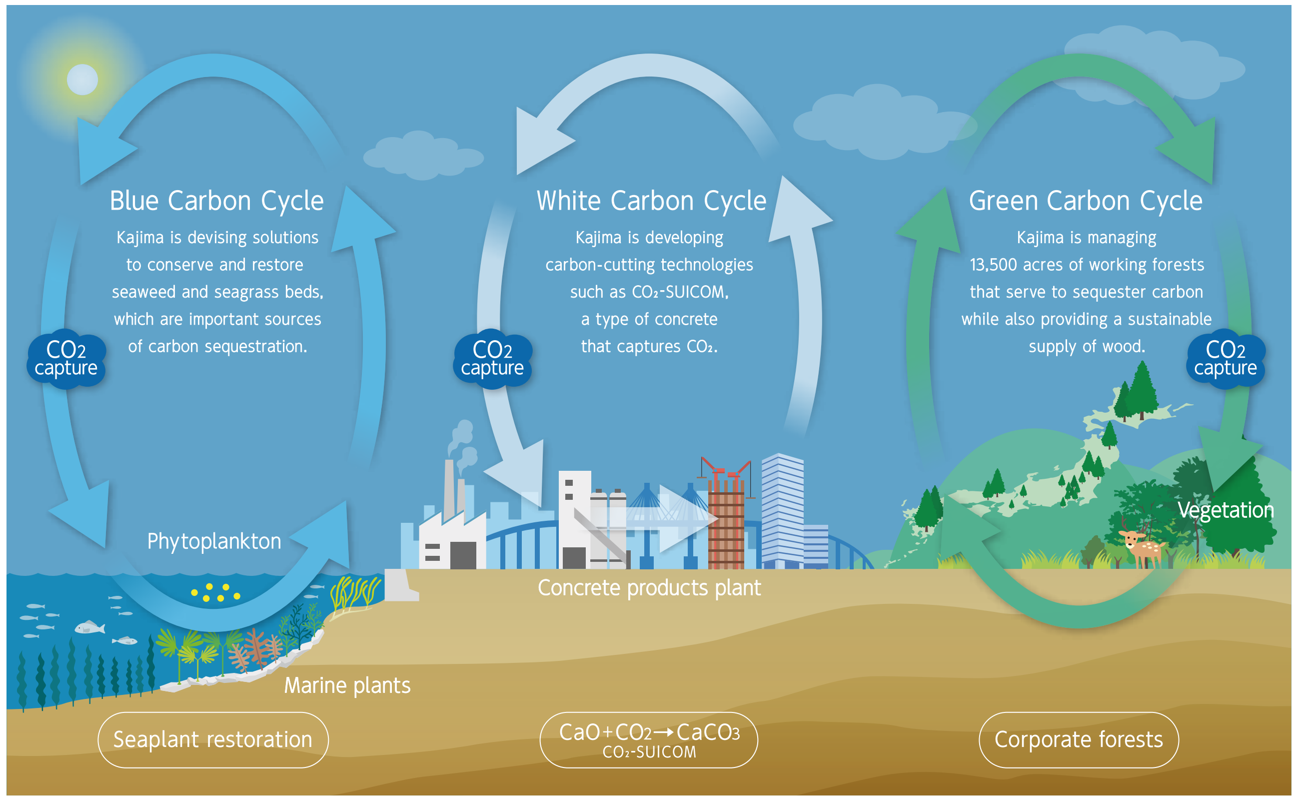
To achieve this, it is crucial to support the stable management of our partner companies. Particularly in areas related to personnel, we consider the workforce of our partner companies as part of our extended human capital. We assist with their recruitment and training efforts and focus on creating work environments that are appealing to younger generations. Additionally, we are committed to various initiatives aimed at building a sustainable supply chain. These include restructuring the multi-layer subcontracting system, implementing a two-day weekend system (eight days off every four weeks) at project sites, promoting, and utilizing the Construction Career Up System, and enhancing worker benefits through programs such as the Kajima Meister Program.

▶Page 96 **Human Resource Development (Partner Companies)**
▶Page 99 **Human Rights and Supply Chain Management**

Engaging environmental management

We have revised our environmental vision, now titled the Kajima Environmental Vision 2050plus. Acknowledging the interconnection between carbon neutrality, circular economy, and nature positivity, we have developed comprehensive roadmaps and redefined our goals and action plans for 2050. These ambitious targets were established after extensive discussions within the Sustainability Committee and the Board of Directors. While many uncertainties remain, we are committed to collaborating actively with other industries to meet these challenges and achieve our objectives.

We have been dedicated to developing environmentally friendly concrete building materials for many years. As a Bronze Partner at Expo 2025 Osaka, Kansai, we plan to construct the CUCO-SUICOM Dome using our innovative environmental concrete. We are also promoting the use of low-carbon concrete and our CO_2-SUICOM, a carbon-negative concrete that absorbs and fixes carbon dioxide, contributing to the realization of a carbon-neutral society.



The Kajima Group's three carbon cycles: Reducing CO_2 emissions and realizing a sustainable society

Our group manages approximately 5,500 hectares of company-owned forests, vital for CO_2 absorption. We maintain these forests, harvest timber for building materials, and replant trees to sustain this cycle. We also use these forests as a testbed for developing digital forest management services, highlighting our commitment to creating new value.

We are engaged in nature positive efforts and blue carbon activities to enhance oceanic carbon capture through the conservation and restoration of marine ecosystems. In Minamisanriku, Miyagi Prefecture, we are conducting joint research to restore and expand these habitats. In the Philippines, we launched the InCORE project to conserve and revitalize endangered coral reefs, aiming to develop region-specific methods for their preservation and restoration.

To fulfill the Kajima Environmental Vision, we recognize the necessity of collaborating with society and our customers, as well as engaging with partners beyond the scope of our regular business activities. By broadly communicating our initiatives, we aim to attract more supporters. This will not only enhance our contribution to achieving a sustainable global environment but also create new business opportunities, driving the growth of our Group.

▶Page 73 **Research and Technology Development**
▶Page 83 **Environment**
▶Page 81 **Focus — DX (Digital Forestry Management)**

Investor and stakeholder dialogue and enhanced information disclosure

In recent years, one of the most significant shifts in my perspective has been regarding market valuations. This change has been influenced by both external and internal factors. Externally, the market restructuring by the Tokyo Stock Exchange and their call for "Management Conscious of Capital Costs and Stock Prices" have played a role. Internally, advice from our outside directors, the expansion of our stock-based compensation system for officers, and the introduction of a stock incentive plan for employees have also contributed.

I actively engage with securities analysts and institutional investors. Feedback such as, "Aren't you positioning your company for the next decade, leveraging the current favorable environment?" and "The construction industry needs to enhance its valuation," provides us with invaluable insights. These dialogues offer ideas on our communication strategies and other areas of focus. We intend to continue these valuable interactions.

This is a belief I hold strongly: while the construction industry is a perpetual sector dedicated to developing social infrastructure, it is challenging to generate substantial profits from a single groundbreaking technology or service in the short term. At our company, we have been advancing technological developments to address customer and societal issues and to improve construction productivity. These efforts will gradually bear fruit as we overcome various challenges and seize opportunities. By enhancing information disclosure and providing thorough explanations, we aim to foster understanding and anticipation for our initiatives and future potential among stakeholders.

▶Page 128 **IR Activities**

Achieving sustainable growth

Japan's construction industry is often considered mature, but there is still room for development. By applying our philosophy of "scientific principles," we can improve the construction process from planning to on-site work. Leveraging our people, technology, and digital advancements, we aim to deepen and grow the concept of "construction" that we have inherited from our predecessors. Thus, we have designated "enhance domestic construction business" as a key strategy in our new Medium-Term Business Plan. Additionally, we plan to expand real estate development and overseas businesses, which are our unique strengths.

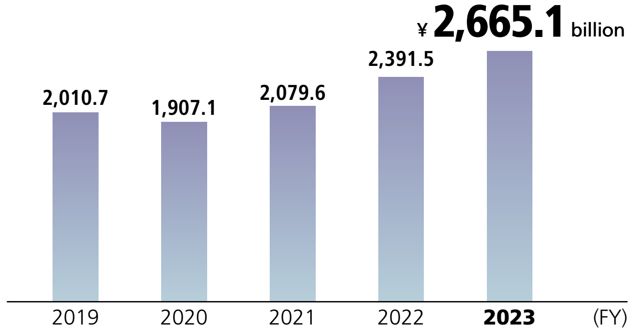
As we grow our Group's business, I aim to enhance the construction industry's image and strengthen society's trust in it. The construction industry supports social and industrial infrastructure, ensuring safety and creating comfortable living environments. It is a rewarding occupation that also contributes to solving social issues through national projects. I want our employees, partners, and the public to recognize and appreciate this important role.

I believe these initiatives will drive our Group's sustainable growth. To create new value, we need partners with unique strengths. Moreover, to attract top talent, we must be a desirable company and ensure the construction industry is seen as attractive. As president, I am committed to being aware of how our Company and the industry are perceived externally. I sincerely appreciate your continued understanding and support.

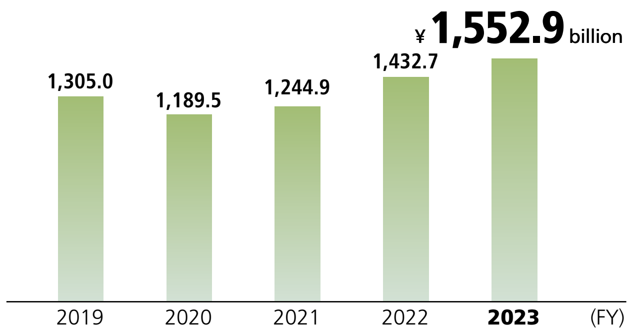
Financial Highlights

Revenues

Consolidated

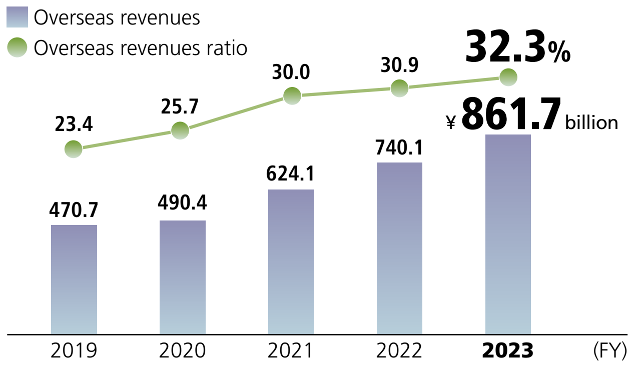


Non-consolidated

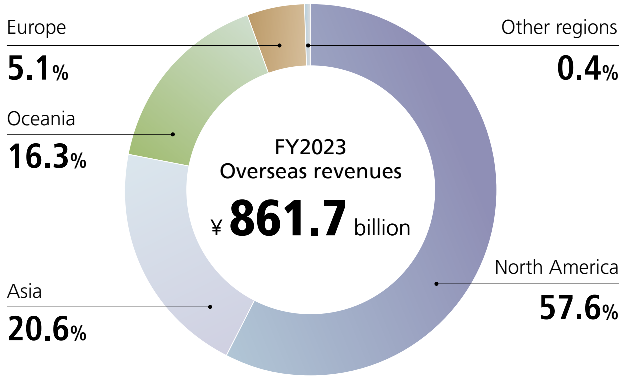


Revenues increased by 11.4% on a consolidated basis, hitting a record high, largely due to an increase in revenues from construction operations at overseas subsidiaries and affiliates, as well as steady progress of large-scale construction works by Kajima Corporation. Revenues rose by 8.4% on a non-consolidated basis, driven by growth in both the construction business and the real estate development business.

Overseas revenues / Overseas revenues ratio



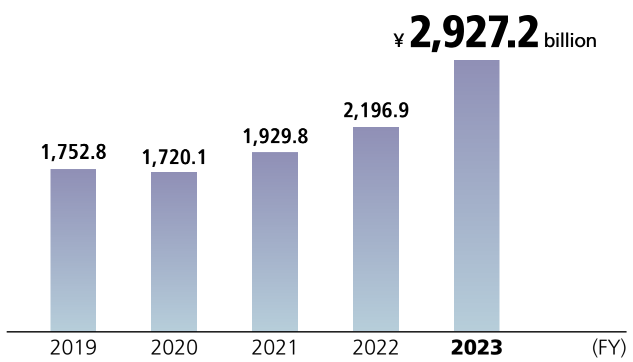
Revenues outside Japan, by region



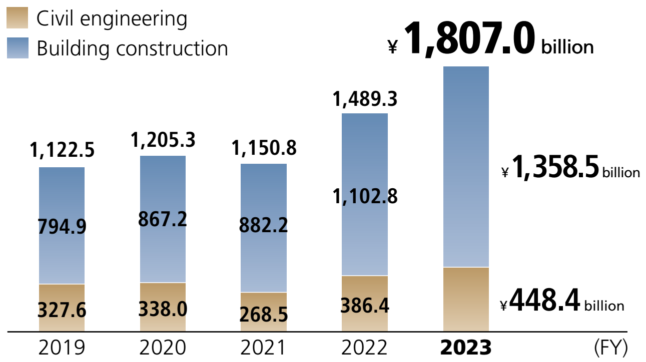
Revenues rose 16.4%, mainly due to steady progress on construction in North America, Asia, and Oceania, and the ratio of overseas revenues to total revenues increased by 1.4 points.

Construction contract awards

Consolidated

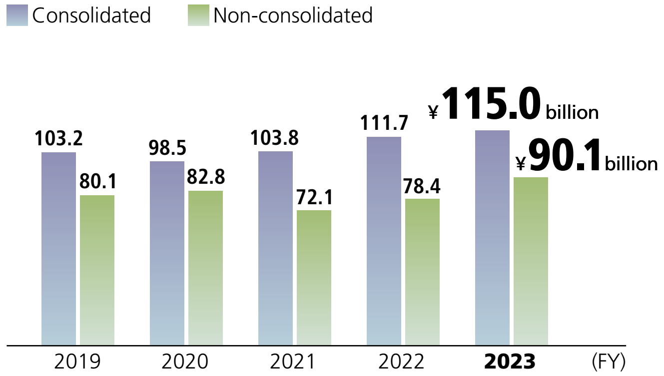


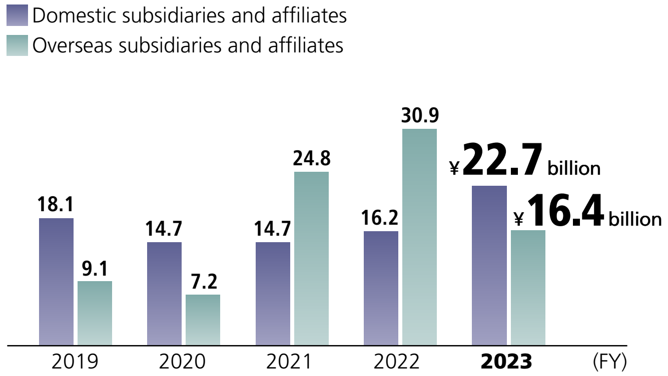
Non-consolidated



Construction contract awards rose 33.2% on a consolidated basis and 21.3% on a non-consolidated basis, due to multiple large-scale orders received by Kajima Corporation in the civil engineering and building construction businesses, and by overseas subsidiaries and affiliates.

Net income attributable to owners of the parent / Net income

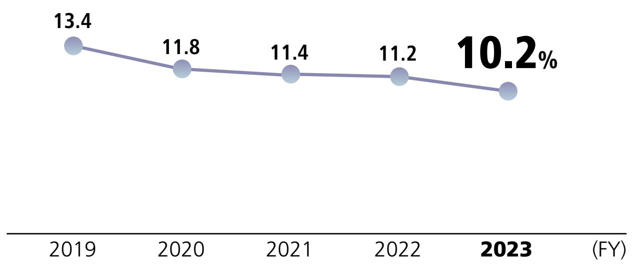




Net income rose by 2.9% to ¥115.0 billion on a consolidated basis, mainly due to improved profitability in the non-consolidated building construction business and gains on the sale of properties in the domestic and overseas real estate development businesses. Net income rose 14.9% on a non-consolidated basis, mainly due to higher revenues and improvements in the real estate development business.

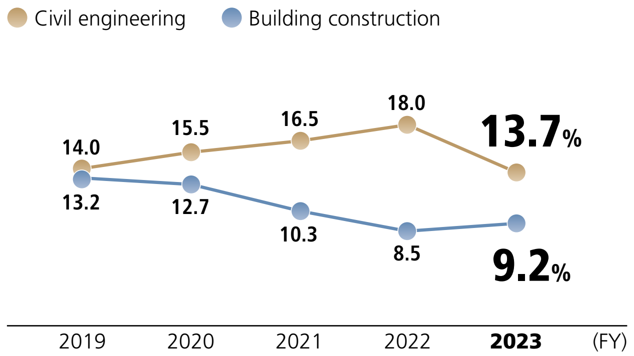
Domestic subsidiaries and affiliates saw a 40.2% increase in net income, mainly due to the sale of properties in the real estate development business. Although net income for overseas subsidiaries and affiliates declined by 46.8% compared to the high profit level of FY2022, they made steady progress in property sales within the U.S. real estate development business.

ROE



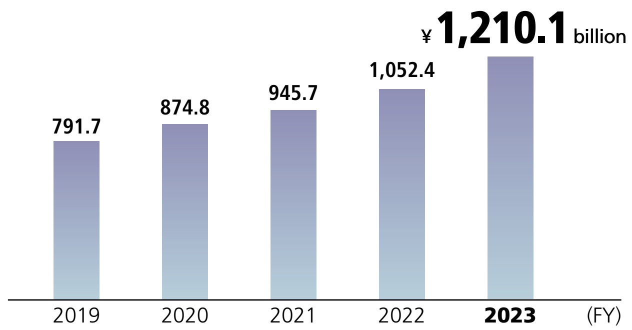
Return on equity remained over 10% due to steady business performance.

Gross profit margin for civil engineering and building construction businesses (non-consolidated)



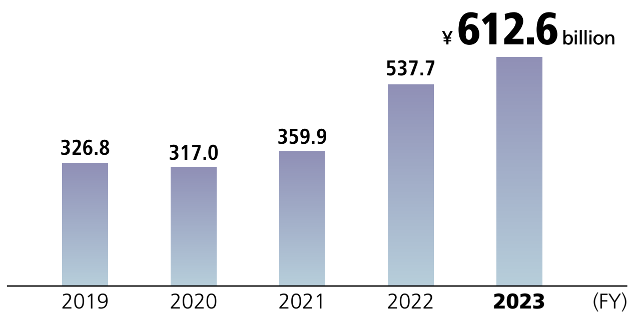
Although the civil engineering business saw a decline in gross profit margin due to decreased profits on certain construction projects, the gross profit margin for the building construction business increased, mainly due to profits from completed projects.

Owners' equity



Owners' equity remains above ¥1 trillion due to stable performance, and we are maintaining financial soundness while increasing assets in the real estate development business.
(Owners' equity ratio: 38.6%)

Interest-bearing debt

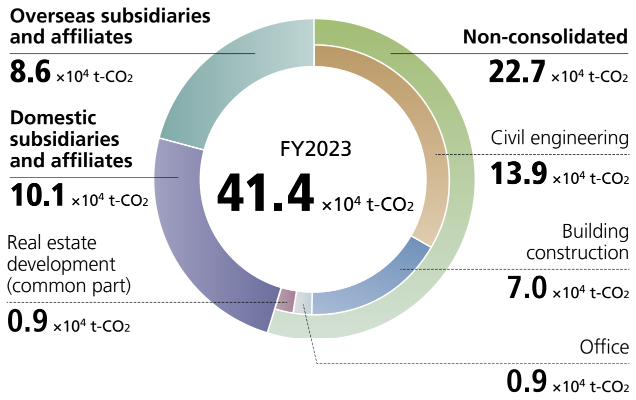


Interest-bearing debt increased by 13.9% due to the use of external funding for investments in real estate development projects, etc. and exchange conversion of foreign-currency debts.
(Debt-to-equity ratio: 0.51 times)

Non-Financial Highlights

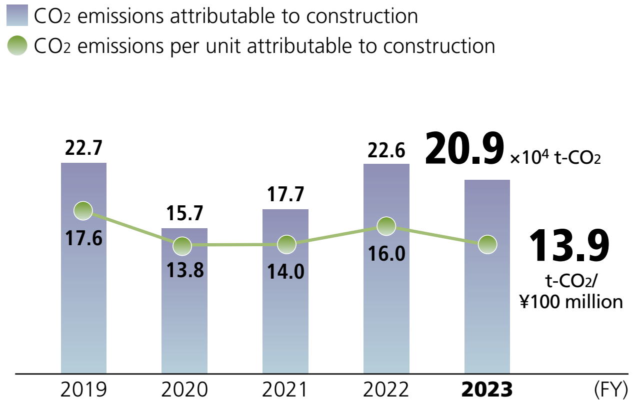
* Kajima Corporation only

Kajima Group CO_2 emissions (Scopes 1 and 2)



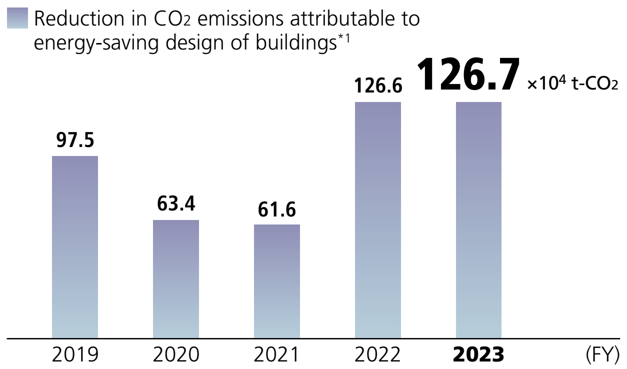
Emissions (Scopes 1 and 2) for Kajima Corporation, domestic subsidiaries and affiliates, and overseas subsidiaries and affiliates

CO_2 emissions attributable to construction/emissions per unit*



CO_2 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.

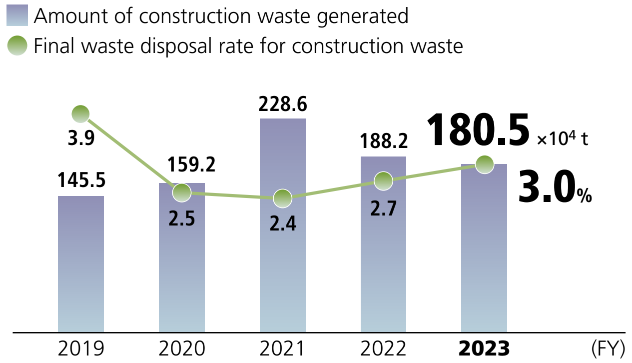
Reduction in CO_2 emissions attributable to energy-saving design*



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

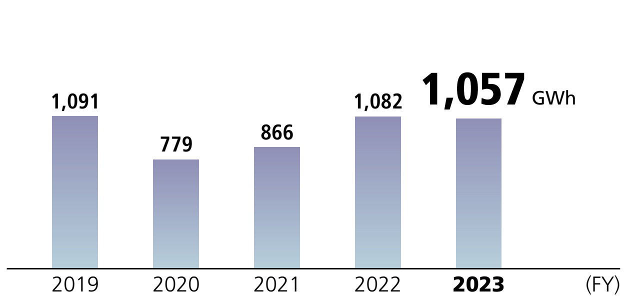
*1 The annual reduction achieved by the energy conservation measures of buildings designed by the Company and completed during the fiscal year, multiplied by building lifecycle (60 years)

Amount of construction waste generated / Final waste disposal rate (including sludge)*



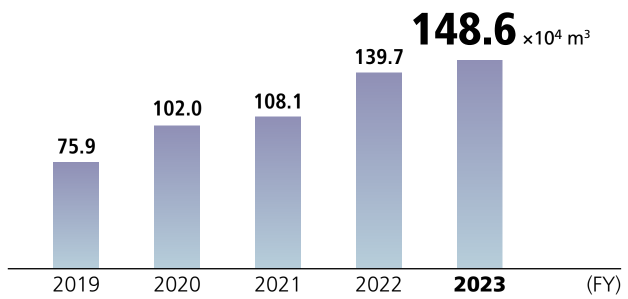
The amount of waste generated depends on the amount and type of construction conducted, but by taking steps to curb waste generation and to separate it by type for recycling, we are reducing the amount of final landfill waste disposal.

Energy consumption (construction sites and offices)*



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

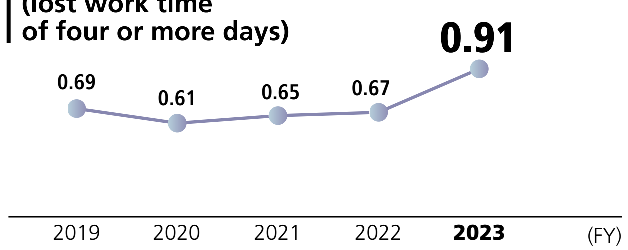
Water consumption (construction sites and offices)*



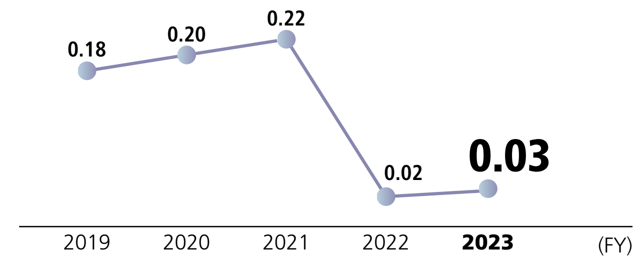
Significant year-on-year differences in water consumption result from changes including in the type, scale and method of construction. Consequently, we have not set reduction targets. However, each site works to reduce the amount of water it uses.

On-site safety*

Accident frequency rate*1 (lost work time of four or more days)



Accident severity rate*2

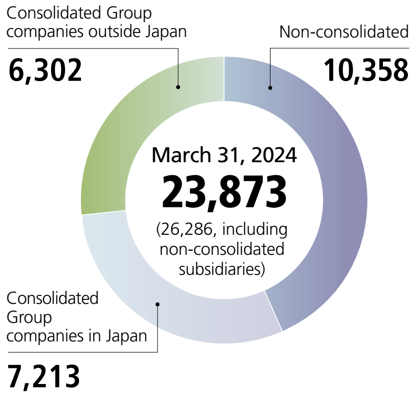


In our construction operations in Japan during FY2023, there were 83 accidents involving four or more days of lost work time (involving no fatalities), resulting in an accident frequency rate of 0.91 and an accident severity rate of 0.03. Under the slogan "Think safety! Make today accident free," we will continue to further enhance safety management activities.

*1 Accident frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours

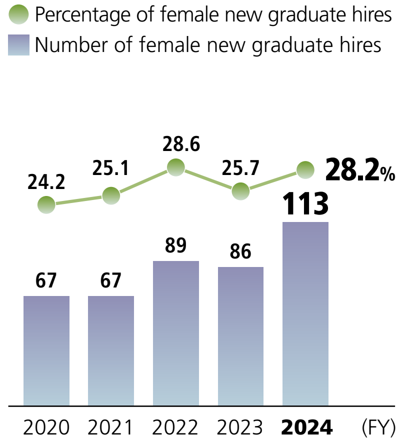
*2 Accident severity rate: The severity of illnesses and injuries represented by the number of workdays lost per one thousand cumulative working hours

Number of employees



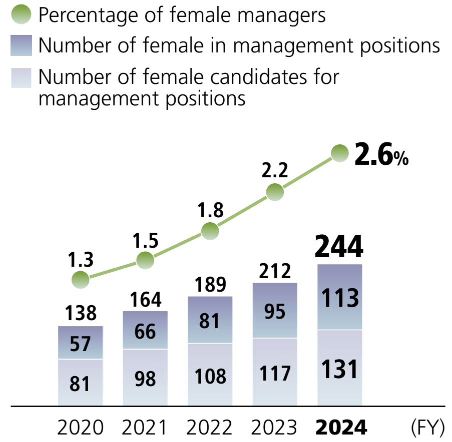
The number of employees increased on a non-consolidated basis and at consolidated Group companies, both inside and outside Japan, leading to a year-on-year increase of around 3% in Group employees.

Number of female employees among new graduate hires*



Of the 401 new graduate hires for FY2024, 28.2% are female. (As of April 1)

Percentage of female employees in management positions*



We have established a target of 10% female employees in management positions by FY2035 and are pursuing initiatives directed at achieving this. (As of April 1)

Human resources data*

(FY)

			2019	2020	2021	2022	2023
Employees	Number of employees*1		9,701	9,884	10,007	10,172	10,358
	Percentage of employees with disabilities*2		2.1	2.5	2.4	2.3	2.4
	Turnover rate (%)		0.7	0.7	0.8	1.1	1.1
	Turnover rate of new graduate hires within three years (%)		1.8	4.6	3.3	4.6	5.8
	Percentage of mid-career employees		23.6	22.4	25.8	19.8	18.9
Childbirth/ childcare/ caregiving	Percentage of employees taking extended childcare leave*3	Male	49.1	40.3	49.4	64.3	92.2
		Female	106.8	105.0	93.3	109.1	107.0
	Number of employees on flex-time work hours for childcare	Male	98	118	135	131	174
		Female	228	254	253	256	262
	Number of employees taking extended caregiving leave*4		63	40	35	45	48
Other	Number of employees using leave system for volunteering		24	4	15	18	26
	Percentage of paid leave taken		52.8	54.5	48.7	61.3	69.2

*1 As of March 31. Total number of employees, including temporary employees (excluding seconded employees and those on study abroad programs)

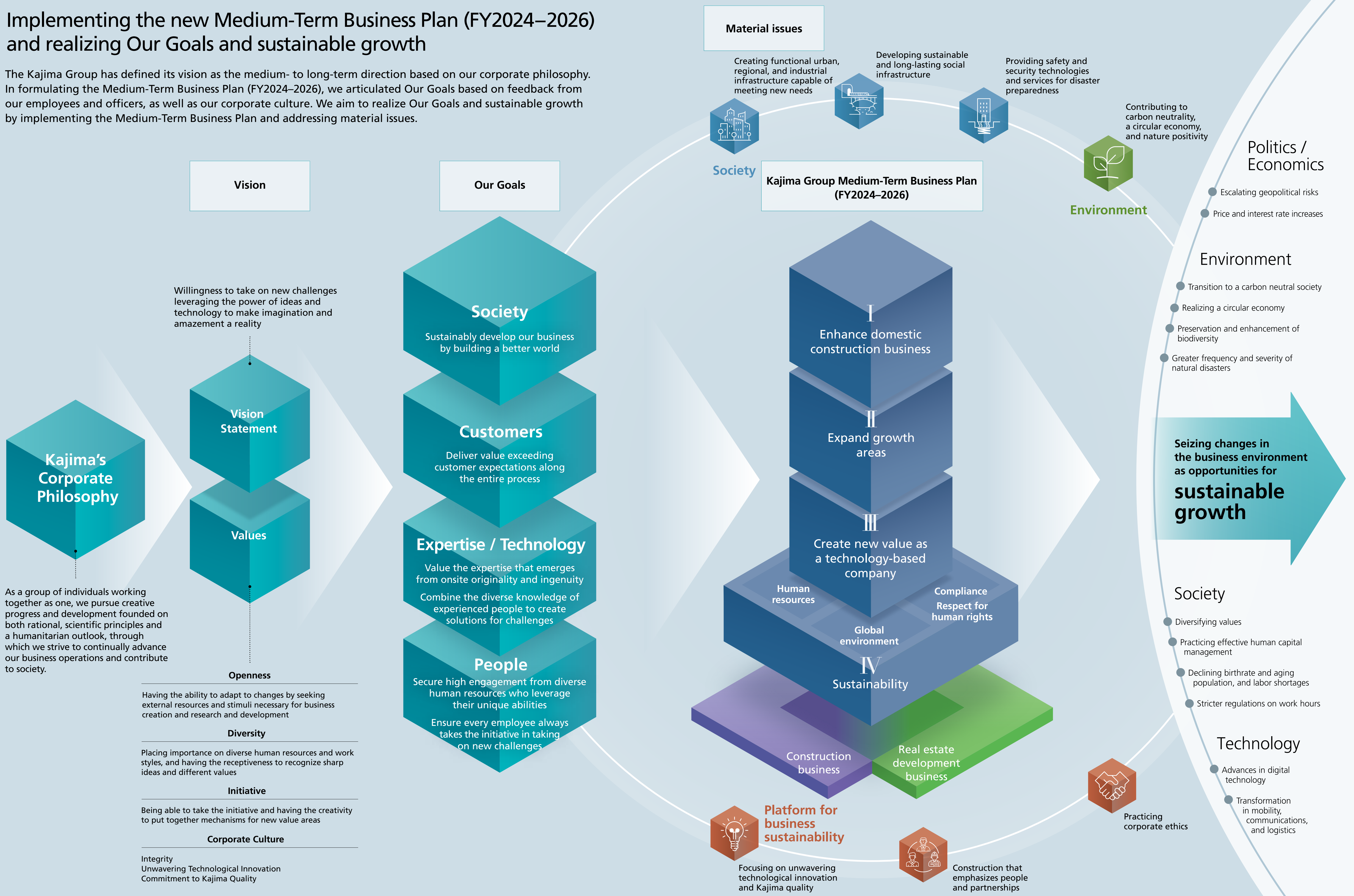
*2 As of June 1

*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

Implementing the new Medium-Term Business Plan (FY2024–2026) and realizing Our Goals and sustainable growth

The Kajima Group has defined its vision as the medium- to long-term direction based on our corporate philosophy. In formulating the Medium-Term Business Plan (FY2024–2026), we articulated Our Goals based on feedback from our employees and officers, as well as our corporate culture. We aim to realize Our Goals and sustainable growth by implementing the Medium-Term Business Plan and addressing material issues.



Progress on the Medium-Term Business Plan

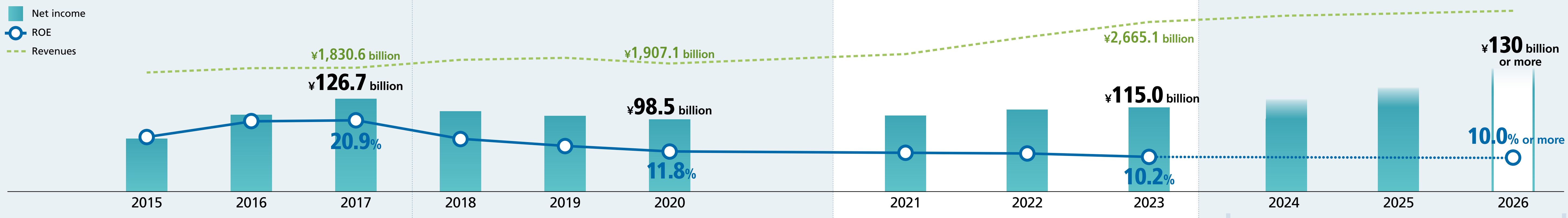
	FY2015–2017	FY2018–2020	FY2021–2023 Forward-Looking Investment	FY2024–2026 Further Strengthening the Core Business and Building the Future

Strategies for growth and priority areas

	FY2015–2017	FY2018–2020	FY2021–2023	FY2024–2026
	1. Improve the profitability of the non-consolidated construction business 2. Provide leading-edge, valuable construction and services 3. Establish a Group-wide business platform for growth	1. Create next-generation construction production systems 2. Provide construction and services of high value to society and customers 3. Establish a Group-wide business platform for growth	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. Enhance domestic construction business 2. Expand growth areas 3. Create new value as a technology-based company 4. Sustainability
Domestic construction business	• Revitalize and strengthen operations	• Improve productivity and enhance efforts in promising fields	• Strengthen earning power and production capacity	• Enhance engineering capabilities and refine the production processes
Domestic real estate development business	• Acquire strategic assets	• Generate quality projects	• Generate quality assets and diversified portfolio	• Develop a real estate development business unique to Kajima
Overseas business	• Enter new markets and expand business areas in existing markets	• Develop business according to market characteristics	• Expand the investment cycle for growth	• Provide services that utilize our network
Value chain	• Strengthen initiatives in upstream and downstream areas	• Provide integrated services from upstream to downstream	• Maximize customer value by expanding the business domain	• Create new businesses and collaborate with partners

Numerical targets and results

FY2015–2017	FY2018–2020	FY2021–2023	FY2024–2026
Ordinary income ¥65 billion or more	Net income ¥80 billion or more	Net income ¥95 billion or more	Net income ¥130 billion or more
ROE 8% or more	ROE 10% or more	ROE Above 10% level	ROE Above 10% level
Revenues Approx. ¥1,750 billion		Revenues Approx. ¥2,250 billion	



Review of FY2021–2023

Numerical targets	• Continued to exceed ¥100 billion in net income and achieve ROE of 10% or more every fiscal year
Further strengthen core businesses	• Obtained orders and performed construction in priority areas • Accumulated assets in worldwide real estate development business and profit through sales • Accelerated smart construction technologies and automated construction
Strive to create new value	• Opened The GEAR • Invested in the renewable energy field and strengthened systems • Acquired, operated, and conducted monitoring tests on Atami Beach Line
Establish a strong management foundation and promote ESG measures for growth and transformation	• Set new CO_2 emission reduction targets and acquired SBT certification • Commercialized CO_2-SUICOM, CO_2-absorbing concrete and pursued improvements • Opened Kajima Technical Center and other training facilities, and launched Kajima Partner College • Made progress in restructuring of multi-layered subcontracting system • Improved employee remuneration and benefits, and increased childcare leave uptake • Pursued work-style reforms company-wide

Ongoing issues for FY2024–2026

Domestic construction business	• Address the rising cost of construction • Expand procurement capabilities for M&E companies • Address overtime work limits • Improve safety performance
Growth areas and R&D	• Strengthen overseas business platform • Pursue results in investment and R&D • Expand into upstream and downstream segments of the construction industry and create new businesses
Business platform	• Hire and develop human resources and secure the future workforce • Promote diversity (DE&I) • Continue to ensure rigorous compliance • Further strengthen initiatives to address environmental issues

Overview of the Medium-Term Business Plan (FY2024–2026)

Theme: Further Strengthening the Core Business and Building the Future

With the Kajima Group's Goals in mind, we formulated the Medium-Term Business Plan, taking into account the external environment and ongoing issues from the previous plan. We will further strengthen our core construction and real estate development businesses in Japan and overseas, aiming to create new value by expanding our value chain and promoting R&D and innovation.

Our Goals

Our aim is to contribute to our customers and the broader society, by linking our people and our expertise/technology, which together are the source of value creation.

Society	• Sustainably develop our business by building a better world
Customers	• Deliver value exceeding customer expectations along the entire process
Expertise / Technology	• Value the expertise that emerges from onsite originality and ingenuity • Combine the diverse knowledge of experienced people to create solutions for challenges
People	• Secure high engagement from diverse human resources who leverage their unique abilities • Ensure every employee always takes the initiative in taking on new challenges

Awareness of the business environment

We ascertain the megatrends in politics/economics, environment, society, and technology, and analyze the impact on the Kajima Group from the perspective of the opportunities and risks.

Megatrends	Politics / Economics	• Geopolitical risks • Price and interest rate increases
	Environment	• Carbon neutrality, circular economy, nature positivity • Greater frequency and severity of natural disasters
	Society	• Human capital management • Changing personal values and work styles • Shortage of skilled workers and aging infrastructure in Japan
	Technology	• Advances in digital technology • Transformation in mobility, communications, and logistics

Opportunities	• Increasing demands and needs according to the trends • Improvement in productivity and skills, diverse human resources, etc.
Risks	• Rising costs and declining supply of resources • Intensified competition for securing human resources, entry of competitors from other industries, etc.

Strategies for growth

We have formulated the following four strategies for growth as pillars to maintain the basic direction of the previous Medium-Term Business Plan.

I Enhance domestic construction business

- Building on our expertise and technological capabilities as a design-build company, further develop the domestic construction business and increase sustainable profitability by enhancing value creation capabilities for society and customers, while improving productivity and operational efficiency through digital transformation

II Expand growth areas

- Expand earnings by demonstrating unique approaches in the real estate development business leveraging the Group's construction-related expertise and ensuring overseas businesses are closely attuned to local realities, while enhancing the value chain

III Create new value as a technology-based company

- Identify social, customer, and community issues, and then solve them by combining our own technologies with external cutting-edge technologies; and as a technology-based company, promote technological development utilizing open innovation to create new value

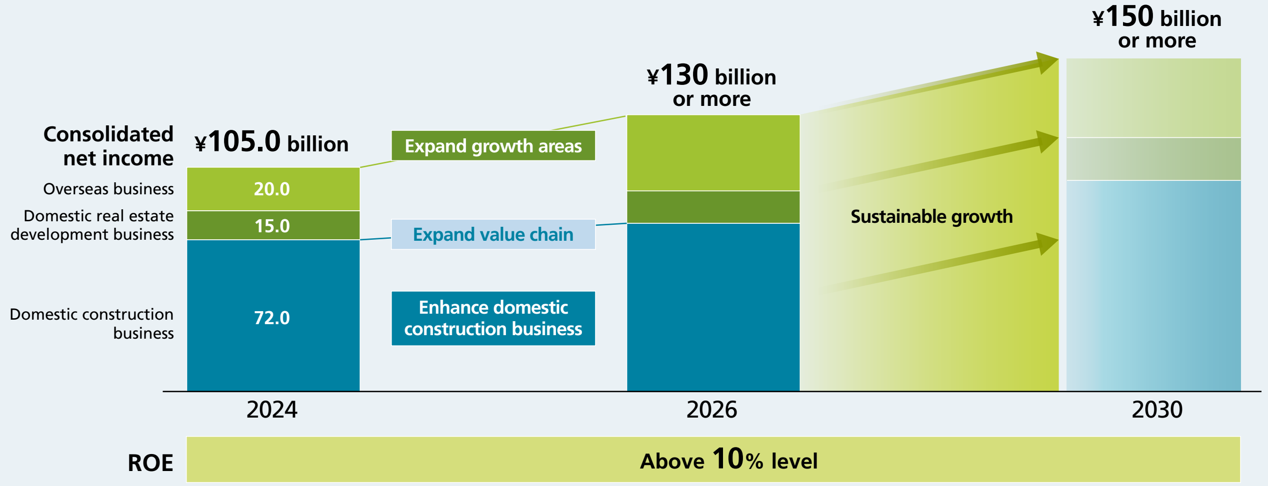
IV Sustainability

- Pursue Kajima Environmental Vision 2050plus and strengthen responses to natural disasters
- Create a positive cycle for further growth by building a system that contributes to the recruitment, development, and retention of human resources in core and new business areas
- Ensure thorough awareness that compliance is always the top priority and maintain the trust of society and customers

Financial targets

We aim to achieve our financial targets through profit growth in the domestic construction business, revenue expansion in the growing domestic real estate development and overseas businesses, and expansion of our value chain.

Consolidated net income	ROE
FY2026 target: ¥130 billion or more	Consistently above 10% level

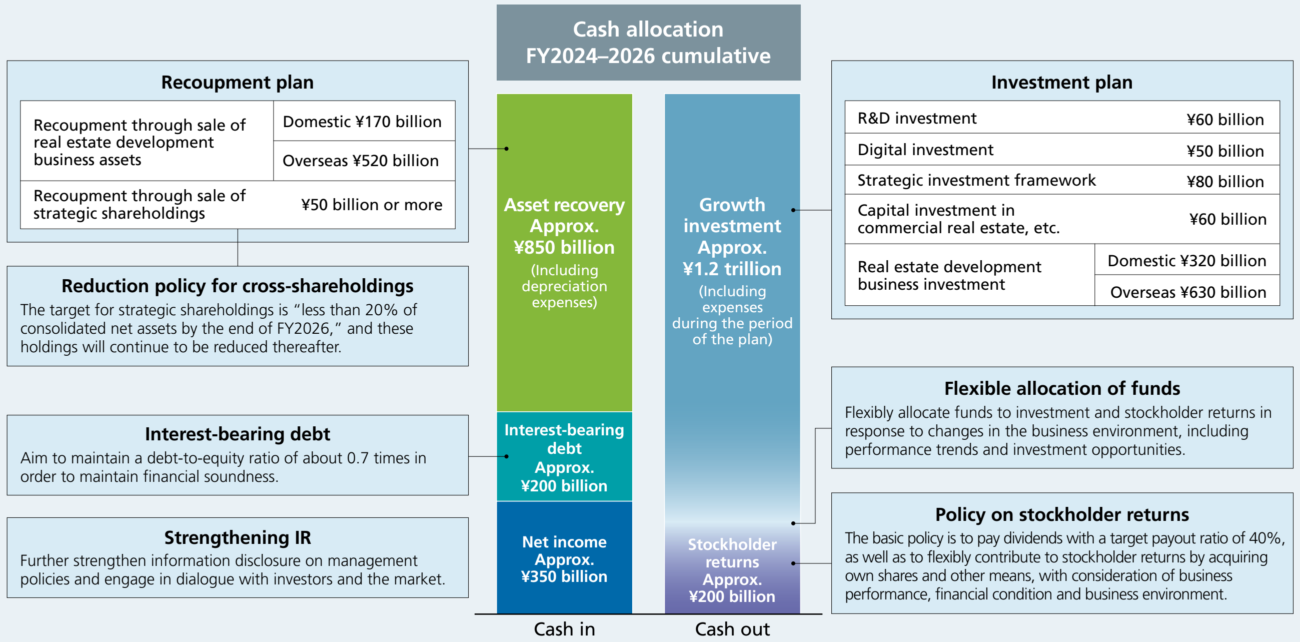


Notes:
1. Consolidated net income is net income attributable to owners of the parent. (As the bar graph breakdown shows the net income of each business segment before consolidation adjustments, the total does not match total consolidated net income.)
2. Assumed exchange rate is approximately ¥142/1USD.

Financial strategy

We plan to invest in strategies for growth to achieve our financial targets while providing balanced returns to stockholders alongside these investments.

Growth investment	Stockholder returns
Approx. ¥1.2 trillion	Pay dividends with a target payout ratio of 40% Acquire ¥30 billion of own shares in FY2024 (Continue with flexible own share acquisitions going forward)

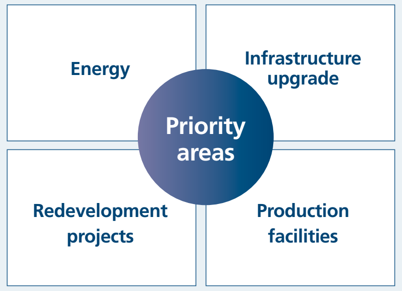


Medium-Term Business Plan (FY2024–2026) Strategies for Growth

I Enhance domestic construction business

(1) Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society

- Build track record and gather human resources and expertise in priority areas
- Improve proposal capabilities to help solve the issues and meet the needs of customers and society



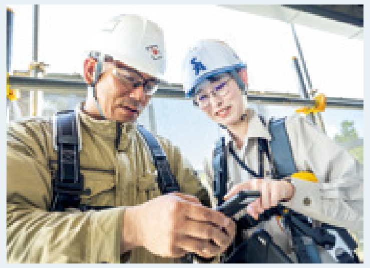
(2) Improve productivity and operational efficiency by promoting digital transformation

- Implement automation, robotics, and smart production onsite
- Improve operational efficiency through the utilization of generative AI, etc.

Automated construction system A⁴CSEL

(3) Create safe work sites that are desirable workplaces

- Implement worksite management that prioritizes safety
- Review worksite operations that contribute to reducing overtime work and enhance support provided by administrative departments
- Create worksites that are responsive to diverse human resources and working styles



II Expand growth areas

(1) Increase profits and improve investment efficiency in the real estate development business

- Secure profits by investing in and selling assets in response to market trends
- Improve investment efficiency through utilization of external funds, early recovery of invested funds, etc.

Domestic real estate development business

- Diversify profit opportunities by expanding into more project fields (hotels, residential, distribution warehouses, etc.)
- Create new profit opportunities through the growth of private REITs

Hamamatsucho 2-chome District 4, Block A

Overseas real estate development business

- Closely monitor market and financial trends and promote timely investment and recoupment through selling off
- Steadily expand the cycle of reinvestment of funds and profits recouped from selling off

Hendricks I, II, III, and IV
(distribution warehouses in the U.S.)

(2) Enhance global platforms

- Expand earning power and profit opportunities by leveraging multidimensional global network
- Develop a management foundation and strengthen governance to match business scale expansion

(3) Diversify revenue sources by expanding the value chain

- Enhance the value provided by strengthening collaboration within and outside the Kajima Group
  - Harness synergy between construction and real estate development businesses
  - Provide consistently high-quality services across the Kajima Group, from upstream to downstream areas
  - Develop and collaborate with promising external partners, etc.
- Enhance and expand the value chain through M&A, etc.

III Create new value as a technology-based company

(1) Strengthen the global R&D system

- Promote R&D that responds to social, customer and onsite issues
- Build an R&D system using our global network

(2) Create new value by promoting innovation

- Promote innovation activities through the fusion of our own technologies with external cutting-edge technologies.

NEDO (New Energy and Industrial Technology Development Organization)
Green Innovation Fund project
Eco-friendly concrete dome
"CUCO-SUICOM Dome"

(3) Create new businesses unique to Kajima

- Take on new business challenges that leverage the Kajima Group's resources and strengths
  - In the forestry sector, utilize the forests under our ownership
  - In the marine sector, utilize seaweed and seagrass beds regeneration and cultivation technologies
  - In the space sector, enhance and apply our automated construction technologies

Monitoring seaweed bed regeneration
(Hayama-cho, Miura-gun, Kanagawa)

IV Sustainability

Global environment

(1) Promote Kajima Environmental Vision 2050plus

- Recognizing the interlinkage between the three areas of "carbon neutrality," "circular economy," and "nature positivity" the goals and actions set out under the previous environmental vision have been restructured and newly formulated.
- Aim to realize a sustainable society where environmental conservation and economic activities can be pursued in tandem.

Kajima Environmental Vision 2050plus

Carbon neutrality

Targets set for carbon neutrality

FY2026 target (Compared to FY2021)
Scope 1+2 emissions **-23%**
(FY2030 target: 42% reduction)

Reduction measures
- Reduce emissions through improved productivity and energy conservation
- Secure and promote use of renewable electricity and biofuels
- Reducing fuel consumption at asphalt manufacturing plants (Kajima Road Co., Ltd.)

FY2026 target (Compared to FY2021)
Scope 3 emissions **-10%**
(FY2030 target: 25% reduction)

Reduction measures
Upstream supply chain
- Development and application of eco-friendly concrete, such as CO_2-SUICOM, etc.
- Promoting usage of electric furnace steel frames

Downstream supply chain
- Improving energy saving rate using ZEB

Circular economy

- Actively use recycled materials onsite, especially for main materials
- Expand construction of wooden/wood-based buildings and strengthen relevant systems
- Promote efforts to improve the recycling rate

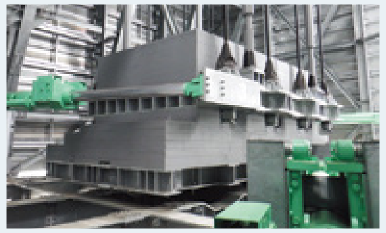
Nature positivity

- Proposing designs that take biodiversity and biological resources into consideration, minimizing dependence on water resources, etc., and proactively obtaining environmental certifications
- Promoting conservation activities in collaboration with customers and local communities, such as coral and seaweed bed restoration and rice terrace conservation
- Ecosystem conservation/regeneration on Kajima-owned land such as forests

(2) Ensure social and corporate sustainability in the case of natural disasters

- Take disaster prevention and mitigation measures for large earthquakes as well as wind and flood damage, which are becoming more frequent and severe due to climate change
- Development and application of both hardware and software technologies to support business continuity management (BCM)

Total engineering services for flooding disasters



Seismic damping technology

Human resources

(1) Develop people and create systems that will promote growth and change

Secure the necessary human resources	• Strengthen recruitment of new graduates who will support core businesses • Promote recruitment of career-oriented personnel in new fields and those with highly specialized skills
Develop human resources	• Encourage employee growth through provision of on-the-job training, systematically passing on experience and giving opportunities to take on challenges • Promote the improvement of management skills • Provide sufficient self-learning opportunities
Create workplaces and systems that incorporate new personal values	• Increase engagement by promoting quality communication • Encourage employees to form medium- and long-term careers • Support employees in fully demonstrating their abilities, based on qualities, aptitude and employees' own wishes
Create workplaces where everyone can thrive	• Promote work style reforms • Diversity, equity & inclusion (DE&I), employee health management • Enhance personnel systems that support employees engaging in childcare and nursing care, etc.
Establish human capital infrastructure	• Development of human resources information infrastructure • Strengthen intra-group linkage among personnel divisions • Improve employee remuneration and benefit

(2) Maintain and strengthen the supply chain and secure future workforce

- Improve the remuneration and benefit of skilled workers
- Promote further restructuring of multi-layered subcontracting system to create a construction system limited to secondary subcontracting in principle
- Enhance support for partner companies including human resource development and stronger collaboration

Kajima Partner College, a program to train skilled workers and successors at partner companies

Thorough compliance and respect for human rights

- Create an organization and culture where each individual maintains high ethical standards and integrity
- Ensure thorough compliance and respect for human rights, including in supply chain organizations

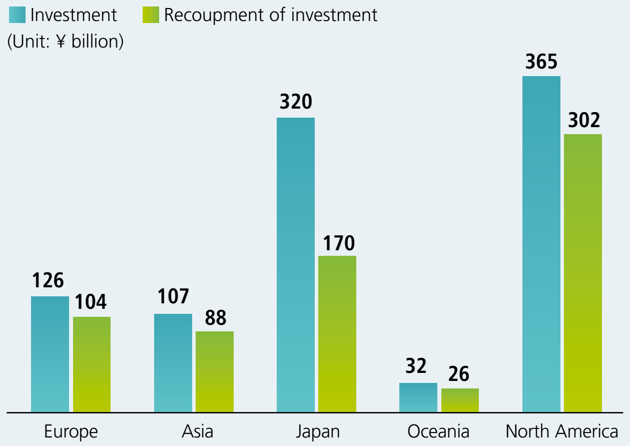
Medium-Term Business Plan (FY2024–2026) Financial Strategy

Investment plan

We have continued our investments to establish a strong financial foundation based on profits from the construction business and to achieve sustainable growth. In the new Medium-Term Business Plan, we plan to enhance the cycle of investment, recoupment, and reinvestment by strengthening our business platform and increasing investment in the real estate development business as a future profit source, while recouping funds through the sale of real estate development assets.

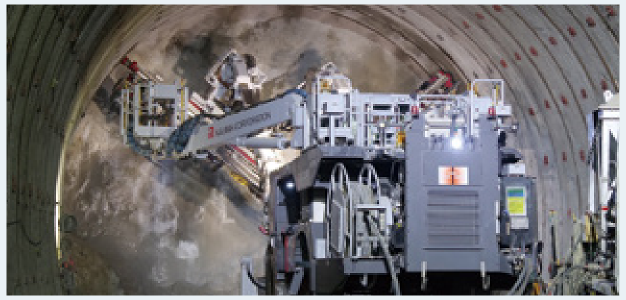
(Unit: ¥ billion)	FY2018–2020 (Results)	FY2021–2023 (Results)	FY2024–2026 (Plan)
R&D investment	49	52	60
Digital investment		41	50
Strategic investment framework	29	55	80
Commercial real estate, etc.	40	61	60
Domestic real estate development	400	158	320
(Recoupment of investment)	(60)	(66)	(170)
Overseas real estate development	200	583	630
(Recoupment of investment)	(100)	(269)	(520)
Amount to invest	718	950	1,200
(Net investment)	558	615	510

Real estate development business investment by region (FY2024–2026)



R&D and digital investment ¥60 billion + ¥50 billion

- Productivity improvements through automation and robotization of construction
- Efficiency improvements through use of generative AI, etc.
- Promote company-wide, global R&D and digital transformation for creation of new value



A⁴CSEL for Tunnel, automated rock bolt installation

Commercial real estate, etc. ¥60 billion

- Development of appealing working environments, dormitories and company housing
- Investment in construction machinery that contributes to automating construction and improving productivity

KX-LAB, a space for nurturing growth and innovation (Tokyo)

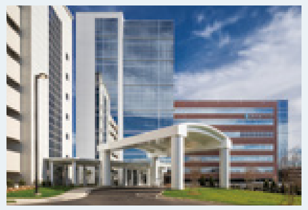
Strategic investment framework ¥80 billion

- Promote investments and M&A to expand the value chain, promote innovation, and create new businesses
- Includes environmental investments (¥20 billion), such as investments in renewable power generation projects

Activities to discover and collaborate with startups in The GEAR (Singapore)

(FY2024) Acquisition of Rodgers Builders, Inc., a medium-sized construction company in the U.S.

- Strong in the medical and education fields and has the Southeastern U.S. as a business territory (Established in 1963, around 280 employees)
- Annual revenues of around ¥80 billion
- Strengthen the medical and education fields where stable demand can be expected, as one of the strategies for growth of the U.S. construction business



Medical facility built by Rodgers Builders

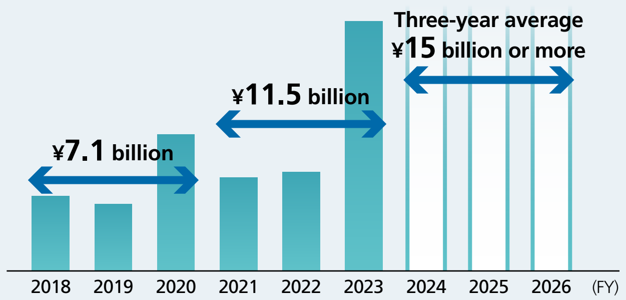
Domestic real estate development Investment: ¥320 billion; Recoupment of investment: ¥170 billion

To accumulate quality assets to secure future earnings, continue to utilize external funds for investment while thoroughly managing risk.

- Expand into more project fields and accumulate quality assets to diversify revenue sources and expand profit opportunities

Domestic real estate development business*1 net income
Target a three-year average of ¥15 billion or more, exceeding previous Medium-Term Business Plans

*1 Business management figures are the combined total net income for Kajima's real estate development business on a non-consolidated basis and real estate development-related domestic subsidiaries and affiliates.



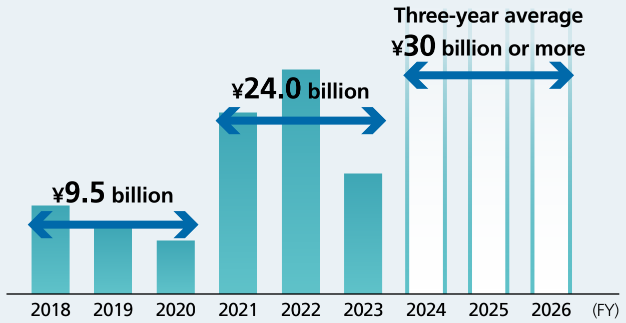
Overseas real estate development Investment: ¥630 billion; Recoupment of investment: ¥520 billion

Expand cycle of reinvestment of funds and earnings recovered from asset sales, and increase both investment and recoupment

- North America: Focus on short-term turnover business, including distribution warehouses and rental apartments, etc.
- Asia: In addition to the long-term holding business such as complex development and operation, strengthen sales business
- Europe: Build a diverse business portfolio, including distribution warehouses, student housing, and renewable energy

Overseas subsidiaries and affiliates*2 net income
Target a three-year average of ¥30 billion or more, exceeding previous Medium-Term Business Plans

*2 Including net income from the construction business, etc. of overseas subsidiaries and affiliates

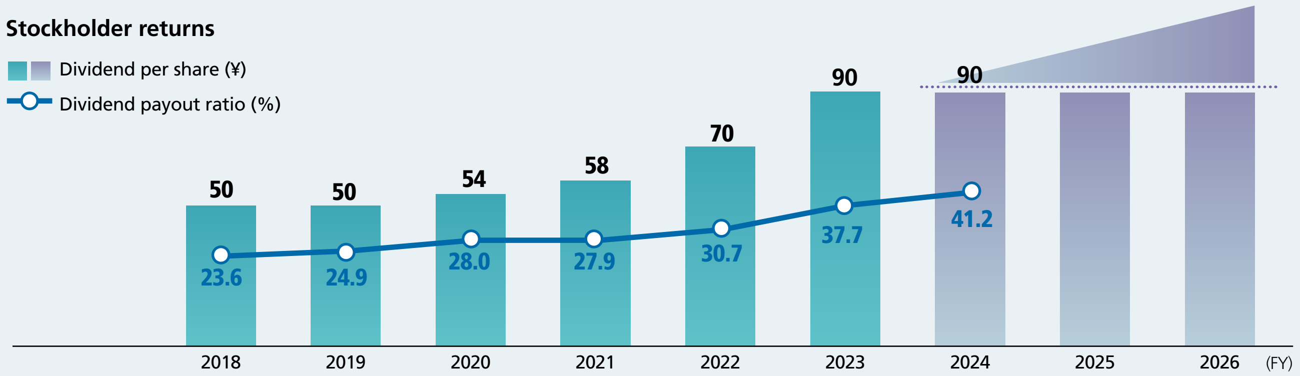


Stockholder returns

Due to steady profit growth, we have decided to raise the dividend payout ratio target and actuallry increased the dividends for four consecutive years since FY2020.
Since FY2019, we have continued to acquire treasury shares as a flexible way to return value to stockholders.
The new Medium-Term Business Plan focuses on balancing investment in growth with stockholder returns. We plan to allocate funds flexibly to both investment and stockholder returns based on performance trends, investment opportunities, and other changes in the business environment.

Policy on stockholder returns
The basic policy is to pay dividends with a target payout ratio of 40%, 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.

Stockholder returns



Target dividend payout ratio	20–30% target			30% target			40% target		
Acquisition of own shares	¥10 billion	¥10 billion	¥20 billion	¥10 billion	¥10 billion	¥30 billion	Implement flexibly		

Medium-Term and Long-Term Growth Strategies

Further enhancing corporate value and market valuation

Takashi Kumano
Director, Managing Executive Officer,
General Manager, Treasury Division

My name is Takashi Kumano, and I was appointed General Manager of the Treasury Division in June 2024. I have been participating in meetings of the Board of Directors and the Management Committee as a Standing Audit & Supervisory Board Member since June 2020, for a period of four years. In the course of my work, including during audits of the Kajima Group, it has been my pleasure to meet with numerous Kajima Group officers and employees in Japan and overseas. I look forward to drawing on these experiences as a guide for managing the Group's financial operations.

Review of the previous Medium-Term Business Plan

During the three years of the Kajima Group Medium-Term Business Plan (FY2021–2023), we achieved our management targets for net income and ROE. Our ongoing investment in growth raised the profitability of each business segment. In addition, PBR, a key indicator of market valuation, has improved to above 1x.

When we created the business plan, many of our customers were still recovering from the impact of the COVID-19 pandemic, and we were expecting to face headwinds during the next three years. However, we view our performance as relatively strong during the three years, supported by solid activity in the domestic construction business and better-than-expected earnings contribution from our domestic and overseas real estate development businesses. Domestic construction demand has been on an upward trend, supported by the resilience of Japanese companies and government economic stimulus measures.

Although the situation in Ukraine led to soaring prices for materials and equipment, I believe our disciplined efforts to secure construction orders under appropriate conditions and to proactively manage material and equipment procurements were a major reason we were able to maintain stable profits. In addition, the stable and consistent level of earnings in the domestic construction business became a reliable source of funds for investment in real estate development in Japan and overseas, R&D, and digital technologies, as well as in human resources, including employees and skilled workers. These investments strengthened our management foundation and generated further profits. Specifically, regarding the real estate development business, we invested total of ¥741 billion during the three years, as we made steady progress in accumulating assets and expanding our asset portfolio. I also think the investments the Company made prior to the previous business plan contributed significantly to profits during the three years.

The new Kajima Group Medium-Term Business Plan (FY2024–2026) builds on and further evolves the directions of the previous plan. Formulated with a medium- to long-term perspective, the plan aims to establish profitability and sustainability for the construction business. For the real estate development business, the plan calls for accelerating the investment recoupment cycle in the short-term turnover businesses while allocating cash to steadily accumulate long-term holdings that will support medium- to long-term profits. Over the next three years, we plan to increase investment in real estate development projects to raise the level of development asset return in the future. As we do so, we will maintain an appropriate level of owners' equity relative to the total development risk while avoiding holding an excessive amount from the perspective of capital efficiency.

Strengthening the domestic construction business

The scale of individual construction projects in the domestic construction business has been increasing in recent years. This is due to such factors as joint ventures among clients, consolidation of facilities, and enhancement of functions. Larger projects mean more issues and risk for us, the contractor. We face particular risk from the amount of time it takes to progress from submitting a project estimate or signing a contract to the actual start of construction. We therefore need to hedge against potential rises in prices and shortages of skilled workers. The longer the interval from estimate or signing a contract to the start of construction, the greater the risk. This risk, which we need to ensure our clients are aware of, has become an important factor in contract negotiations.

In addition, as a common business practice and system, the proportion of payments to be received from clients in private construction projects is generally skewed towards completion. Meanwhile, payments to subcontractors are made on a monthly basis, and regulatory authorities are requesting further acceleration of these payments. These practices mean that increases in project scale and duration could massively impact cash flow. To address this, we are continuously working to improve payment terms with our clients to receive payments in line with the progress of construction. This will not only enhance our capital turnover rate but also help secure the supply chain because it will improve the cash flow of subcontractors.

Domestic construction demand remains strong, but many issues related to the sustainability of the construction industry, including securing future workforce, still need to be addressed, and we believe it is necessary to allocate sufficient funds to handle these issues. Investment we make in human resources must not only cover wages and training for our own employees, but also extend to our Group and partner companies. We currently support partner companies in hiring skilled workers and offering incentive programs, while also implementing initiatives such as training to cultivate multi-skilled workers, restructuring of multi-layered subcontracting system, and offering Kajima Partner College courses for young executives and forepersons. Along with these ongoing efforts, we will continue taking steps to improve working conditions, including compensation, which will enhance the sustainability of the construction industry as well as increase loyalty to our company.

Investment in technology is critical. Kajima is a technology-based company, and it is essential that we continue and strengthen our research and technology development activities to meet society's expectations for the advancement of infrastructure technology. We are continuing to invest in R&D in areas including optimal technologies and construction methods, as well as the development of environmentally friendly construction materials. We are also taking the new approach to strategically invest in start-up companies as a way to promote technological development. In addition, we believe it is necessary to continuously allocate funds to digital investments aimed at reducing labor, increasing efficiency, and improving visualization in on-site operations, as well as to improving overall operational efficiency.

In FY2024, we expect the domestic construction business to generate non-consolidated revenues of approximately ¥1.4 trillion and gross profit of ¥146 billion with a gross profit margin of 10.7%. At the same time, we expect selling, general and administrative expenses, including the costs related to sustainability of construction industry mentioned above, to also increase gradually. Improving the gross profit margin will be key to cover the rising costs and secure operating income. We will do this by enhancing project profitability at the time of order receipt and improving our production efficiency. It will also be essential to ensure quality and safety and to prevent loss of profits due to unanticipated troubles by accepting an appropriate volume of orders that matches our resources.

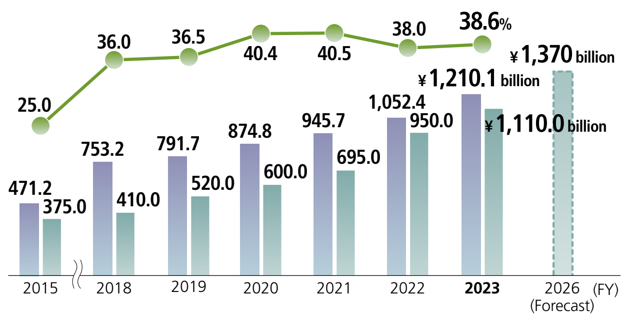
Taking action in the real estate development and other growth areas

The real estate development business has a greater investment element than the construction business and is therefore more influenced by market conditions at any given time. Because of this, we believe investment decisions must be even more cautious with the long-term perspective and that we must have a system and mindset flexible enough to change plans even while a project is underway. In FY2023, we postponed planned sales for some projects due to the sluggish real estate markets overseas. We determined that postponing a plan would be an acceptable management decision from the medium- to long-term perspective if a project is expected to produce greater profit in the future or if revenue from other operations or projects could compensate for the delayed profits.

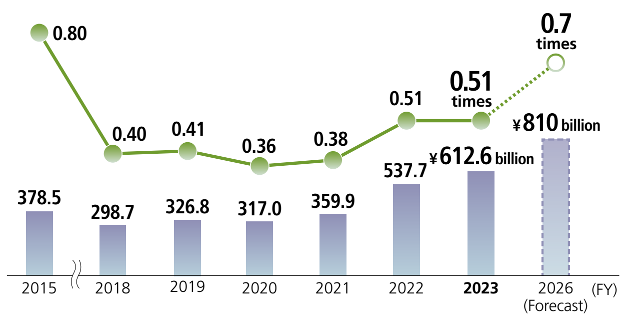
The Medium-Term Business Plan positions the real estate development business as one of the growth drivers, and the investment plan was formulated after intense discussions at the Board of Directors' Meetings. Profitability and capital turnover rates vary depending on the country and asset type, but we always instruct our business managers to constantly be mindful of capital turnover.

In the overseas real estate development business, we are planning investment and recoupment not only in long-term holdings but also in short-term turnover businesses, which include developing distribution warehouses in the United States and Southeast Asia and renewable energy facilities in Europe. We are planning to invest ¥630 billion over the next three years, which is an increase of ¥47 billion from the three years under the previous Medium-Term Business Plan. We also plan to increase

Owners' equity / Owners' equity ratio / Real estate development assets



Interest-bearing debt / Debt-to-equity ratio



recoupment from property sales by ¥251 billion to ¥520 billion, which will result in net investment roughly ¥200 billion less than under the previous plan. These plans are an indication that the investment and recoupment cycle is beginning to turn.

The next three years for the domestic real estate development business will be a period of accumulating quality assets and replacing with more profitable assets, and we plan to invest ¥320 billion. The active redevelopment market centered around the Tokyo metropolitan area is presenting many opportunities to participate in projects, including in collaboration with partners. We believe this is the right time to lay the groundwork for future revenue and create synergies with our construction business. At the same time, we are developing housing, hotels, logistics facilities, and other projects aimed at generating short-term capital gains, and we plan to recoup ¥170 billion in funds over the next three years.

Business decisions are primarily made in consideration of the IRR, NOI yield, and other indicators for each development project. We also take an overall perspective of the domestic and overseas real estate development activities and make comprehensive management decisions based on capital efficiency and financial soundness, taking necessary actions as needed. Although there are some differences between domestic and overseas operations, two standard guidelines we use for capital efficiency are that ROIC should exceed weighted average cost of capital (WACC, about 4-5%) and ROE should be above the cost of equity (about 7-8%). We also consider financial soundness to be a level at which the total risk amount of projects is less than the net assets. While these levels may be higher or lower in a given year, our business assessments and decisions are made based on a medium-term perspective over multiple years.

We have also earmarked ¥80 billion for strategic investment aimed at future growth. This investment allocation is intended for investments and M&A aimed at expanding the value chain, promoting innovation, and creating new businesses, including ¥20 billion for environmental-related investments, such as renewable energy generation projects. Investment in new fields other than construction and real estate development are deliberated by the Business Investment Committee, whose decisions are primarily guided by capital efficiency, growth potential, and synergies. Under the previous Medium-Term Business Plan, the committee deliberated and green-lighted the acquisition of a road operation business and the investment in a geothermal power-related company. After investments are made, the committee regularly monitors them and discusses issues and responses, including potential withdrawal from the investment if necessary.

Cash allocation

The Medium-Term Business Plan presents cash allocation shown for a three-year period. The ¥1.2 trillion for growth investments is a feature of the plan, but from a financial perspective, the plan to recoup the investments through asset sales is also a key point. Over the past six years, including the previous Medium-Term Business Plan and the three years before that (FY2018-2020), we invested approximately ¥1.1 trillion (net investment of ¥640 billion) in domestic and overseas real estate development businesses. Evaluating these investments requires not only a measurement of the investment return, but a comprehensive assessment that encompasses the recoupment cycles and capital efficiency. In addition to targeting overall ROE above 10%, we are also monitoring and evaluating the ROE and ROIC of each business.

We anticipate carrying interest-bearing debt of roughly ¥810 billion on a consolidated basis. We seek a balance of financial soundness and financial leverage, and aim for a debt-to-equity ratio of about 0.7x to maintain our corporate bond rating. Fundamentally, the construction business does not require a large amount of capital, but the real estate development business uses interest-bearing debt to improve capital efficiency, and the debt-to-equity ratio for both the domestic and overseas real estate development businesses is around 1x. Although the environment in Japan is favorable (i.e., low cost) for procuring funds through domestic financial institutions and corporate bonds, our overseas businesses, in principle, borrow locally to meet their funding needs due to various risks such as exchange rate fluctuations.

We have revised our stockholder return policy by raising our target dividend payout ratio from 30% to 40%, based on expectations in the stock market while securing capacity for growth investment to strengthen our ability to generate cash in the future. We maintain the previous plan's policy to "flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and business environment." Our cash allocation plan is to return approximately ¥200 billion to stockholders over the next three years and provide a total return ratio exceeding 50%. Assuming these levels will be attained, we will also consider flexibly allocating and expanding stockholder returns depending on the business conditions, such as our performance and changes in the investment opportunities.

Continuing reduction of cross-shareholdings

Under the previous plan, we set a target to sell cross-shareholdings totaling over ¥30 billion during the three years to FY2023. We actually sold cross-shareholdings totaling ¥53.3 billion and lowered the ratio to consolidated net assets from roughly 30% at the end of FY2020 to roughly 25% at the end of FY2023. The current Medium-Term Business Plan calls for reducing over ¥50 billion worth of the cross-shareholdings and lowering the ratio to less than 20% by the end of FY2026 and continuing to sell the shares thereafter.

I believe that the customers (i.e., issuing companies) whose shares we are selling increasingly understand the need to reduce cross-shareholdings, driven by growing market demands for reduction. Our policy on cross-shareholdings is to "retain only shares that contribute to enhancing our corporate value and sell shares that are no longer meaningful to retain." The Board of Directors determines which shares to sell based on this policy and specific indicators, such as actual orders received from the customers, future construction plans, project profitability, and dividend yield. As the General Manager of the Treasury Division, in accordance with the imperative to reduce the cross-shareholdings, I will strictly enforce these criteria.

While the timing of the reductions will differ depending on the customers' business conditions and other circumstances, we intend to continue steadily reducing our holdings in FY2024.

Although the scale of each investment may not be especially large, we also actively look to strategically invest in start-up companies for the purpose of acquiring cutting-edge technology through open innovation and creating new businesses, as well as investments aimed at strengthening the supply chain. We will enhance information disclosure of our objectives and the backgrounds for these investments so that our stakeholders will support our decisions for increasing the number of unlisted companies' shares in our portfolio of growth investments.

Addressing issues related to market valuation

The Board of Directors verifies the profitability and growth potential of the overall Group and each business, regularly reports the content of dialogue with institutional investors, and examines and discusses market demands and valuation.

In recent years, ROE has remained continuously above 10% and we have secured a return on capital exceeding our evaluation of cost of equity (7-8%). However, considering that the main businesses in the Group's portfolio are construction and real estate development, maintaining ROE above 10% will not be easy.

The reason for this is that there are times when spending to accumulate development assets coincides with a period of low construction sales and profits due to numerous projects being in the initial stages. In those times, because of the need to retain owners' equity commensurate with the risks involved with developing assets, owners' equity (the ROE denominator) will likely rise while net income (numerator) may not be rising. To solve these challenges and maintain a high level of ROE, we will need to secure higher and stable profitability and carefully control owners' equity. The Treasury Division's duty is to ensure funds and assets are managed properly.

Before FY2022, we felt the Company's value was not being sufficiently recognized in the stock market. We believe that the market valuation of the Group has been improving due to the increased reliability of the Group's performance, enhanced information disclosure, and increased dialogue with the market to convey the Group's growth potential since the first quarter of FY2023. These initiatives contribute to reduce the cost of equity and will continue our efforts going forward.

We will continue advancing the strategies in the Medium-Term Business Plan to improve profitability, raise expectations for our contributions to society and our customers through business activities, and steadily implement sustainability measures and enhance information disclosure, to further improve our market valuation.

Reduction of cross-shareholdings

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

FY	Stocks held	Listed	Unlisted	Carrying amount (market value)	Consolidated net assets ratio	Stocks sold	Proceeds from sale
2015	385	181	204	¥224.4 billion	47.3%	13	¥1.3 billion
2020	320	144	176	¥266.5 billion	30.1%	20	¥9.4 billion
2021	316	135	181	¥258.7 billion	27.1%	17	¥14.8 billion
2022	306	125	181	¥251.0 billion	23.7%	17	¥10.0 billion
2023	291	113	178	¥316.1 billion	25.8%	27	¥28.4 billion
2024–2026					Less than 20%	Over ¥50 billion	

Further improvement of corporate value and market valuation, and financial strategies

1. Evaluation and analysis of the current situation

Because we have made investments to drive our sustainable growth under the Medium-Term Business Plan (FY2021–2023), profits exceeded our targets, and we also exceeded our ROE target of 10%. We also believe that our market valuation is growing due to improved information disclosure and better dialogue with investors and the market. We recognize the Group's cost of equity to be approximately 7-8%.

2. Our initiatives

We will implement the growth strategies contained in our new Medium-Term Business Plan (FY2024–2026), with the aim of contributing to society and customers through business activities of the Group, in addition to sustainable growth of our group. At the same time, we will work to further raise our corporate value and market valuation by executing our financial strategy that balances growth investments with stockholder returns.

3. Financial strategy of the Medium-Term Business Plan (FY2024–2026)

Growth investments	Capital structure	Stockholder returns and IR
• Invest about ¥1.2 trillion over the next three years to promote growth strategies • Continue to meet the ROE target of over 10%	• Aim for a D/E ratio of about 0.7x to maintain financial soundness • Sell at least ¥50 billion of cross-shareholdings with the goal of reducing them to less than 20% of consolidated net assets by the end of FY2026, and continue to reduce them after achieving this target	• Pay dividends with a target payout ratio of 40% and link dividends to profit growth • Continue to flexibly acquire own shares while maintaining an awareness of capital costs Acquire ¥30 billion of own shares in FY2024 • Further strengthen information disclosure on management policies and engage in dialogue with investors and the market

Material Issues and Main Initiatives

In July 2019, we looked at the relationship between the SDGs and the Kajima Group's business activities, Medium-Term Business Plan measures, and other activities. We then grouped the results into seven categories of material issues for both addressing social issues and achieving sustainable growth for the Kajima Group. We continued to regularly review the material issues and in 2024 conducted a full review while framing the Medium-Term Business Plan (2024–2026) and Kajima Environmental Vision 2050plus. We have partially revised our issues of materiality related to the environment as well as some other areas after considering the changes in social environment, opinions from external specialists, and input from our internal departments.

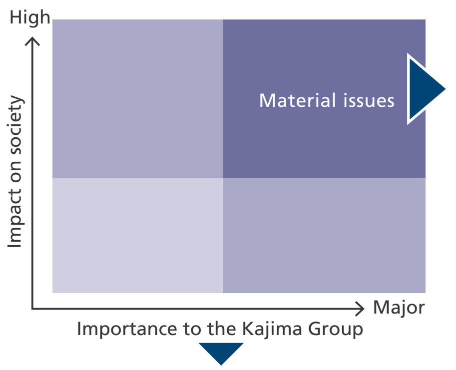
Awareness of the business environment

Risks	Megatrends		Opportunities
• Rising cost of construction and real estate development • Postponement and freezing of new projects	Politics / Economics	• Price and interest rate increases • Geopolitical risk and conflicts between nations	• Increase in demand related to economic security (E.g.: Semiconductors, EVs/rechargeable batteries, and pharmaceuticals)
• Need for systematic reduction of CO_2 emissions • Decline in trust due to lack of environmental friendliness	Environment	• Carbon neutrality, circular economy, nature positivity • Greater frequency and severity of natural disasters	• Increase in demand for renewable energy • Need for environmentally friendly technology and design • Increase in demand for national resilience and disaster preparedness/mitigation
• Intensified competition for acquiring human resources and increase in employee turnover • Insufficient supply resources to meet construction demand	Society	• Human capital management • Changing values and work styles • Aging buildings and infrastructure • Decline in skilled workers and application of overtime work limits (in Japan)	• Enhanced skills resulting from investment in human resources • Acquisition of diverse human resources aligned with business strategy • Increase in demand for design of spaces with wellness in mind • Increase in demand for redevelopment and renewal/renovation
• Entry of other industries into the construction industry	Technology	• Advancement of digitalization and proliferation of general-purpose technologies • Transformation in mobility, communications, and logistics	• Improvements in productivity from use of automation, robots, digital twins, and generative AI • Access to the latest general-purpose technology • Increase in demand for logistics facilities due to advancement of e-commerce

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. Discuss in Board of Directors and Sustainability Committee meetings and reflect in the Medium-Term Business Plan

Issue mapping



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 • Contributing to the transition to a carbon neutral society • Preserving biodiversity • Promoting resource recycling
5. • Assuring and improving quality • Increasing labor productivity • Improving employment conditions for skilled workers
6. • Nurturing human resources • Strengthening partnerships • Ensuring occupational safety • Championing diversity, equity & inclusion
7. • Conducting fair business practices • Ensuring compliance • Respecting human rights

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.

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 emerging from the changing values and behavioral patterns of society. Combining experience and new technologies, Kajima creates functionality that facilitates lifestyles, 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 • Constructing smart buildings	• Conducting large-scale, mixed-use redevelopment projects	3, 8, 11
Society	**2 Developing sustainable and long-lasting social infrastructure** Kajima develops technology for building and infrastructure repair, maintenance, renovation, and lifespan extension. We develop the highest quality social infrastructure designed to be reliable and 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 safety and security technologies and services for disaster preparedness** Kajima provides disaster-resilient building and infrastructure construction, advances technology development, and provides services for recovery and reconstruction in the event of a disaster. We are responding to climate change by developing more sophisticated disaster prevention technologies as part of our commitment to supporting a safe society where people can live with peace of mind.	• Increasing sophistication of seismic damping and isolation technologies • Constructing buildings and structures resilient to climate change • Proposing BCP solutions	• Incorporating BCP into supply chain operations • Strengthening disaster response capabilities	9, 11
Environment	**4 Contributing to carbon neutrality, a circular economy, and nature positivity** Kajima helping decarbonize society by reducing CO_2 emissions during construction projects, developing energy-efficient technologies and eco-friendly materials, building, engineering, and operating renewable-energy power generation facilities, developing green buildings, and enabling efficient energy management. We are promoting resource recycling and the use of recycled materials to establish a circular economy and also engaging in nature-positive activities to help revitalize the natural environment, such as preserving and regenerating coral and seaweed beds and using company-owned forests. We are seeking to realize the synergistic effects and accommodate the trade-offs from carbon neutrality, circular economy, and nature positivity.	• Delivering zero-emission and other energy-efficient buildings • Structuring optimal energy systems • Constructing renewable-energy power generation facilities • Promoting green infrastructure • Promoting wider use of eco-friendly concrete • Providing technology for coral and seaweed bed conservation and regeneration • Kajima Environmental Vision 2050plus	• Reducing CO_2 emissions during construction • Developing green buildings • Developing renewable energy power generation projects and facilities • Developing and using ecofriendly materials • Using recycled construction materials • Utilizing Kajima-owned forests in a sustainable and responsible way	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 uses its worldwide R&D network to advance its technologies and digital transformation and continue improving productivity and safety when formulating sustainable next-generation construction systems that provide new value. We are also constantly improving our quality inspection and assurance systems so we remain confident that we are delivering high-quality and safe buildings and infrastructure to our customers.	• 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 • Leveraging our worldwide R&D network • 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 workstyle reform at construction sites, secures construction personnel, hires and nurtures human resources, and creates an attractive working environment in which every employee can excel. In Japan and worldwide, we co-create value with our business partners and promote innovation through collaboration with external parties including universities, research institutes, companies and other industries, and start-ups.	• Ensuring occupational health and safety • Promoting work-style reform • Securing construction personnel, and reforming the multilayer subcontracting structure • Supporting diversity, equity, and inclusion in our workforce • Training and developing human resources • Using open innovation	3, 4, 5, 8, 10, 17
Platform for business sustainability	**7 Practicing corporate ethics** Kajima practices thorough compliance and risk management to ensure fair and honest corporate activities. All Group employees and officers are expected to act at an ethically high level, and initiatives throughout the supply chain are implemented to earn and maintain the trust of our customers and society. We respect the human rights of all stakeholders, including in all areas of the supply chain.	• Ensuring rigorous compliance • Enhancing risk management systems and process management • Conducting fair supply chain management • Respecting human rights	16

Medium-Term Business Plan (FY2024–2026), Material Issues and KPIs

*1 FY2021–2023 *2 FY2024–2026 *3 July 2024

	Material issues	Medium-Term Business Plan (FY2024–2026) Strategies for growth: I Enhance domestic construction business / II Expand growth areas / III Create new value as a technology-based company / IV Sustainability		KPIs	FY2026 targets	FY2023 results
Society	1 Creating functional urban, regional, and industrial infrastructure capable of meeting new needs	Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society	I	Civil engineering: Revenues from the fields of infrastructure renewal and renewable energy	¥55.0 billion	¥52.7 billion
				Building construction: Development and installation of wellness technology	Pursuit of people-centered building and town planning	Began joint research on wellness using digital technology such as the metaverse
		Create new value by promoting innovation	III	Strategic investment	Three-year total*2: ¥80 billion	Three-year total*1: ¥55.0 billion
		Create new businesses unique to Kajima	III			
		Increase profits and improve investment efficiency in the real estate development business	II	Total investment in the real estate development business over three years	Three-year total*2: ¥320 billion in Japan Three-year total: ¥630 billion overseas	Three-year total*1: ¥158.0 billion in Japan Three-year total*1: ¥583.0 billion overseas
		Enhance global platforms	II			
	2 Developing sustainable and long-lasting social infrastructure	Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society	I	Civil engineering: Verification testing and installation of infrastructure maintenance and management technology	Contribution to infrastructure lifespan extension through development and installation of maintenance and management technology	Revenues from infrastructure upgrades ¥29.9 billion
				Building construction: Renovation sales	¥200 billion or more	¥257.3 billion
		Diversify revenue sources by expanding the value chain	II	Pursuit of initiatives as a Group to expand operations in the building management area		Number of buildings managed by Kajima Tatemono Sogo Kanri Co., Ltd. 2,835
	3 Providing safety and security technologies and services for disaster preparedness	Ensure social and corporate sustainability in the case of natural disasters	IV	Expansion of application of total engineering services for BCP and flooding disasters		Number of buildings that employ BCP solutions 98 buildings per year
		Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society	I			
Environment	4 Contributing to carbon neutrality, a circular economy, and nature positivity	Promote Kajima Environmental Vision 2050plus	IV	Scope 1+2 CO_2 emissions Scope 3 CO_2 emissions	288 kt-CO_2 (23% reduction vs. FY2021) 11,080 kt-CO_2 (10% reduction vs. FY2021)	414 kt-CO_2 (11% increase vs. FY2021) 17,730 kt-CO_2 (44% increase vs. FY2021)
				Recycling rate	97%	96.4%
				Provision of nature-based solutions (NbS; number of environmental certificates acquired, number of external awards)	10 projects	8 projects
Platform for business sustainability	5 Focusing on unwavering technological innovation and Kajima quality	Improve productivity and operational efficiency by promoting digital transformation	I	Number of projects involving mutual use of construction ICT and robots in the industry	10 projects	–
				Digital investment	Three-year total*2: ¥50 billion	Three-year total*1: ¥41.0 billion
		Strengthen the global R&D system	III	R&D investment	Three-year total*2: ¥60 billion	Three-year total*1: ¥52.0 billion
	6 Construction that emphasizes people and partnerships	Maintain and strengthen the supply chain and secure future workforce	IV	Implementation of construction systems that limit the scope of contracts to secondary subcontractors, in principle	At or above the level in the previous fiscal year	77.2%
				Number of people who have completed Kajima Partner College	Three-year total*2: 18 people who have completed the management course Three-year total*2: 60 people who have completed the technical course	Three-year total*1: 11 people who have completed the management course Three-year total*1: 80 people who have completed the technical course
				New E Award recipients (incentive system for outstanding skilled workers)	800 people	768 people
		Increase engagement	IV	Engagement survey response rate	90% or more	89%
		Promote diversity, equity, and inclusion (DE&I)	IV	Percentage of female new graduates in the managerial track	30% by FY2028	21.1%
				Percentage of female managers	10% by FY2035	2.2%
				Percentage of male employees taking extended parenting leave and leave for childcare purposes	100% (Men who take extended childcare leave of 30 days or longer: 50%)	92.2% (33.2%)
		Create safe work sites that are desirable workplaces	I	Number of fatal accidents	0	0
	7 Practicing corporate ethics	Thorough compliance and respect for human rights	IV	Percentage of employees who have completed compliance training	100%	100%
				Performance of human rights due diligence	Implementation of Group-wide measures to reduce, avoid, and mitigate risks, and pursuit of initiatives which include the supply chain	Kajima Group human rights issues were identified, including issues in the supply chain, and measures were considered to reduce the risk of human rights issues
				Response rate on Kajima Group Conduct Guidelines for Business Partners survey (major business partners)	Pursuit of measures based on response results and improvement in response rate on the next survey	77%*3

Implementing Medium-Term and Long-Term Growth Strategies

Part 3

We are promoting global initiatives to provide technology exceeding customer expectations and develop appealing communities.

Construction of Kouchigawa Bridge on the Shin-Tomei Expressway (Kanagawa)

Feature 1

Kajima's comprehensive construction capability meeting the demands of the semiconductor and digital industries

The Kajima Group leveraged its proposal, design-build, and engineering capabilities to construct the 1st Fab of Japan Advanced Semiconductor Manufacturing (JASM) in Kumamoto Prefecture. The factory is a national project and one of the largest semiconductor production facilities in Japan. Kajima constructed the main factory building, utility facilities building, several auxiliary buildings, and office building, completing all construction on schedule in December 2023.

Project details
The 1st Fab of JASM
Location: Kikuyo Town, Kikuchi District, Kumamoto Prefecture
Client: Japan Advanced Semiconductor Manufacturing Inc.
Design and supervision: Kajima Corporation
Facilities: Offices, factory, parking lot
Construction: Kajima Corporation
Construction period: April 2022 to December 2023

Increasing construction of semiconductor factories

The Japanese government's Strategy for Semiconductors and the Digital Industry launched in 2021 positioned the development and growth of the domestic semiconductor industry as a national project. The government set a target to increase domestic semiconductor-related sales to over ¥15 trillion by 2030, roughly three times the level in 2020. The 1st Fab of JASM marks the beginning of a wave of construction in the industry as numerous companies are advancing plans for large semiconductor production facilities.

When construction of production facilities for electronic devices ramped up in the 2000s, Kajima developed design methods for clean rooms and techniques to prevent operational microvibrations in production facilities, as well as construction methods with minimized microvibrations. We continued accumulating technologies and solutions as we responded to each new emerging need, such as developing energy-efficient designs for reducing CO_2 emissions and business continuity plans. In 2022, we combined these technologies and our design-build capabilities to construct several electronics manufacturing sites, including a major production plant for semiconductor memory. ►P.50

One of the largest semiconductor plant in Japan

The 1st Fab of JASM completed in December 2023 is a semiconductor production complex of Japan Advanced Semiconductor Manufacturing (JASM) Inc., which is a majority-owned subsidiary of Taiwan Semiconductor Manufacturing Company (TSMC), one of the world's leading contract semiconductor foundries. The plant, which is TSMC's first semiconductor factory and manufacturing operation in Japan, is a national-level project with investment partners including Sony Semiconductor Solutions Corporation and Denso Corporation and to which the Japanese government is providing up to ¥476 billion in subsidies. The plant, which is planned to commence operations by the end of 2024, will manufacture 22/28 and 12/16 nanometer semiconductors with an expected monthly production capacity of 55,000 wafers (300 mm wafers) and is expected to employ approximately 1,700 personnel.

Global standard for quality and speed

The construction of the 1st Fab of JASM was a monumental project that required a comprehensive effort by the Kajima Group. The construction order had explicit conditions—construct the facilities based on Japanese building standards and TSMC's specifications and adhere to the challenging 20.5-month construction period. We immediately gathered teams of engineers experienced with projects related to electronic device manufacturing and began formulating a plan to fulfill the client objectives. Kajima Group company Chung-Lu Construction, which like TSMC is based in Taiwan, worked with us from the initial proposal stage as the whole Group joined forces to fully identify TSMC's objectives and quickly formulate a construction plan. Our ability to collaborate seamlessly across borders and our commitment to delivering tailored proposals were key factors in our selection.

Demonstrating Kajima's comprehensive strength

We established an on-site organizational structure headed by an officer in charge of construction acting as the general manager providing prompt assessment and job instructions for the 304 employees brought to the project from eight Kajima branches nationwide. Our nationwide network of partner companies delivered materials, equipment, and skilled workers from inside and outside Japan and, at the peak construction period, the number of on-site workers in a single day often surpassed 7,500. The Kajima Group value chain encompassed 20 group companies providing technologies and services to the project.

■ Taiko Trading Co., Ltd.	Pile construction, material and equipment procurement
■ Kajima Road Co., Ltd.	Road and exterior construction
■ Chemical Grouting Co., Ltd.	Earth retaining and ground improvement
■ Clima-Teq Co., Ltd.	Facility construction
■ Kajima Fit Co., Ltd.	Fireproof coating
■ ARMO Co., Ltd.	Design collaboration
■ Ilya Corporation	Furniture design, construction and delivery ►P.70
■ Global BIM Inc.	BIM modeling

Feature 1

Kajima's comprehensive construction capability meeting the demands of the semiconductor and digital industries

BIM used for visualization and to enhance productivity

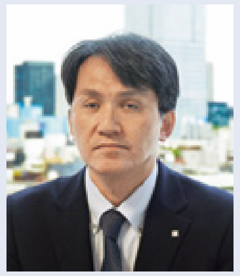
Completing the project presented innumerable challenges including constructing with world-class quality and speed, building consensus with the client in Taiwan, simultaneously constructing multiple buildings with different uses, simultaneously designing and preparing for the start of construction, and gathering and coordinating information from over 30 separate facility construction companies. We made full use of Building Information Modeling (BIM) to make it all possible.

An essential tool for digitalizing construction projects, BIM is an integrated management system for creating three-dimensional building shape information on a computer and incorporating specific information details, such as specifications and performance values for each building section; names, uses, and final images of each room; and cost information. We made extensive use of BIM in every phase of the project, from client consultations and negotiations to the integrated coordination of architectural, structural, and MEP design, material quantity calculations, and construction management. The enhanced visualization and productivity facilitated by BIM played a pivotal role in ensuring efficient construction and the overall success of the project.

A testament to meticulous planning and teamwork

The primary challenge of this project was to efficiently manage a large workforce and numerous resources while ensuring smooth transitions between project phases. My extensive construction experience has taught me that meticulous planning and effective communication are paramount. This was a major project, and we were able to complete and deliver it on time because of our ability to accurately interpret client needs and to develop sound plans that we then executed effectively. BIM enhanced our collaboration and streamlined processes so our experienced design and construction teams, along with seven thousands of engineers, were able to successfully complete the project on time.

Construction workers at the topping-out ceremony



Koichiro Kitamura
Assistant to General Manager
Building Construction Management Division

Diverse human resources

The project's challenging timeline and substantial scale necessitated mobilizing a significant workforce and efficiently managing extensive documentation. Some 400 partner companies, including those directly engaged by the client, contributed to this endeavor. The project benefited significantly from the diverse skills and perspectives of our workforce, which included foreign workers, particularly welders from our group companies. To foster a safe and inclusive workplace, we implemented multilingual signage, intuitive safety measures, and an on-site information center. Additionally, our IT specialists facilitated the digitalization of on-site operations, enabling remote work and enhancing overall efficiency.

Preparing for growing demand

The project provided Kajima with new expertise in the construction of large semiconductor plants garnered from our efforts to coordinate engineering, construction, and Group companies and to collaborate with partner companies to meet client specifications. The vast size of the project also allowed us to gain critical expertise dealing with issues in areas not directly involved in construction, such as managing a large workforce from across the country, protecting the environment, and handling risk to the surrounding environment from the large volume of materials and equipment being transported on and off site. We will horizontally leverage the knowledge and know-how accumulated through this project to make our operations more competitive and productive to respond to the growing demand for semiconductor factory construction.

Topics

TSMC recognition as an excellent supplier

TSMC recognized Kajima with the Excellent Performance Award for completing the 1st Fab of JASM on schedule. TSMC presents the annual award to suppliers in fields ranging from semiconductor manufacturing equipment to materials, inspections, components, and facility management services in recognition of outstanding support and contributions over the previous year. In 2023, TSMC presented 20 awards, including seven awards to Japanese companies.

TSMC CEO C. C. Wei, who became chairman and CEO in June 2024, presented Kajima President Amano a commemorative gift at the 2023 Supply Chain Management awards ceremony held on December 7, 2023.

TSMC CEO C. C. Wei and Kajima President Amano at the awards ceremony

Meeting domestic demand for construction of semiconductor production facilities

Plans are under way across Japan to construct manufacturing sites for semiconductors, semiconductor manufacturing equipment, and related components.

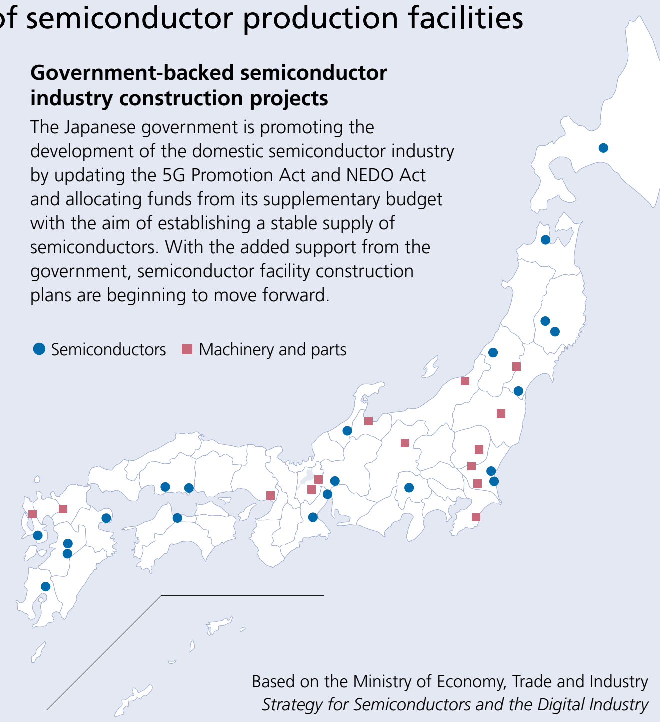
Kajima has an extensive track record constructing manufacturing facilities for the semiconductor industry. Prior to the 1st Fab of JASM, we designed and constructed the new Y7 Building at the Yokkaichi Plant of Kioxia Corporation. The Kajima Group Medium-Term Business Plan (FY2024–2026) sets semiconductor industry projects as a priority area for which we are strengthening our capabilities.


The new Y7 Building at the Kioxia Yokkaichi Plant (Mie Prefecture, completed in 2022)


TDK Kitakami Factory (Iwate Prefecture, completed in 2024)

Government-backed semiconductor industry construction projects

The Japanese government is promoting the development of the domestic semiconductor industry by updating the 5G Promotion Act and NEDO Act and allocating funds from its supplementary budget with the aim of establishing a stable supply of semiconductors. With the added support from the government, semiconductor facility construction plans are beginning to move forward.



Based on the Ministry of Economy, Trade and Industry *Strategy for Semiconductors and the Digital Industry*

Feature 2

Evolving from town planning to innovation creation Creating the future for Haneda Innovation City with our construction value chain

Following our growth strategy of "diversifying revenue sources by expanding the value chain," we are creating a unique value chain in the real estate development business by leveraging the Group's comprehensive strength and collaborations with external partners in project processes upstream and downstream.
In this feature, the leader of the Haneda Innovation City development project provides insight to operations at the project site.

Haneda Innovation City (Ota City, Tokyo)

Kajima and eight investor companies established the Haneda Future Development Co., Ltd. to develop and operate the 5.9-hectare municipal land adjacent to Haneda Airport, Japan's international gateway. The large-scale complex houses a diverse range of facilities, including R&D laboratories, offices for mobility and robotics firms, a cutting-edge medical research center, hotels, convention facilities, and various dining options.

Project summary
Project name: The Former Haneda Airport Site 1st Zone Development Project (phase 1 project)
Facility name: Haneda Innovation City (HICity)
Business operator: Haneda Future Development Co., Ltd.
Site area: approximately 5.9 ha
*Total area of the Zone 1 former airport site is about 16.5 ha
Scale: Concrete filled tube (CFT) and partially reinforced concrete structure, 11 floors above ground, 1 floor underground. Total floor area: approximately 131,000 m²
Design: Kajima Corporation, Daiwa House Industry Co., Ltd.
Construction: Kajima Corporation, Daiwa House Industry Co., Ltd.
Construction period: December 2018–June 2023
Grand opening: November 2023

The Kajima value chain at Haneda Innovation City

Planning & development	Design & engineering	Construction	Operation & management	Maintenance & renovation
• Business plan taking advantage of the location features and a grand design plan as "Japan's first smart airport city"	• Exterior design that turns height restrictions into a positive factor • Maximized digital technology potential for high quality and productivity	• Construction expertise backed by our extensive track record in airport adjacent projects • Construction planning accounting for construction risk	• Built-in testbed functionality • Streamlined operations using unique digital tools	• Long-term perspective for enhancing the value of facilities

The objective of the Haneda Innovation City complex is to use Haneda Airport as the gateway for creating and stimulating new industries. The complex, which is divided into Zones A through L, is designed to take advantage of its prime location just a one minute walk from Tenkubashi Station of the Tokyo Monorail and Keikyu Electric Railway Airport Line, which are next to Haneda Airport Terminal 3.
Website: https://haneda-innovation-city.com/en/

Atsushi Kato
General Manager, Project Development, Real Estate Development Division, Kajima Corporation
General Manager, Haneda Future Development Co., Ltd.

Planning and development

Smart airport city where state-of-the-art and culture come alive

Haneda Innovation City is a public-private partnership project launched by Ota City, Tokyo, to revitalize the local community. Located on the former Haneda Airport site, the project leverages its prime location adjacent to the current international airport to advance "state-of-the-art tech industry" and "cultural industry." Leased for 50 years, the land is a designated National Strategic Special Zone contributing to Japan's national growth strategy.

Kajima's history of numerous large-scale redevelopment projects in central Tokyo has provided with expertise in identifying the characteristics of a region and bringing out the full potential of specific sites targeted for development. In creating the master plan for the Haneda project, we sought to revive local industries that are currently shrinking due to the aging population and shortage of industry professionals to carry the operations into the future. We focused mainly on the machine metal processing industry, which is the largest industry in Ota City.

With "cutting edge" as our theme, we set out to develop an R&D hub that generates and emanates innovation by creating connections between the human resources and technologies of the local small urban factories and the leading technologies like mobility and robotics that Japan is famous for. We also incorporated facilities for health care R&D to stimulate exchange with the high concentration of medical research institutes just across the river in Kawasaki. Cultural exchange and inbound tourism demand were also key planning points. Targeting travelers using Haneda Airport, we created a stage for disseminating Japanese culture through contemporary art, music, entertainment, and food to stimulate cultural exchange and add to the site's vibrancy.

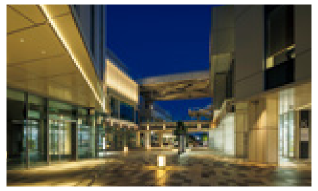
Leveraging Kajima's strength in selecting and collaborating with outstanding business partners, Haneda Innovation City is the result of the shared vision of nine companies: Kajima Corporation, Daiwa House Industry, Keikyu Corporation, Japan Airport Terminal, Airport Facilities, East Japan Railway Company, Tokyo Monorail, Nomura Real Estate Partners, and Fujifilm Corporation. Our strong brand, built on experience and a successful track record, enables us to form alliances with leading industry players.

Design & engineering

Designed to highlight the advantages of the nearby airport

Kajima oversaw all of the project's planning, development, design, and construction. Our ability to oversee all aspects of a project is highly effective for ensuring an urban development project is of the highest quality and for demonstrating our superiority in competitions for projects. Our presentation for this project was very well received. We presented a highly cogent grand design plan that we had formulated with the design team from the initial planning stage along with a perspective image of the final buildings showing both the interiors and exteriors.

From a distance, Haneda Innovation City is designed to appear like a dynamic group of structures that gently stretch from the airport terminal toward the sky like a plane taking off. The Civil Aeronautics Act has strict height limits for buildings near airports, but our design team skillfully turned the restrictions into a positive element. In addition, the flow line plan included a 200-meter-long main street called the Innovation Corridor connecting the entire facility. This grand design fully express the Haneda Innovation City concept of "diverse people, things, and information coming together and interacting to stimulate innovation."



Top: Haneda Innovation City as seen from the Tama River
Bottom left: Innovation Corridor connecting the entire facility
Bottom right: An outdoor open space with a large roof

Front loading by combining design and construction

For the Haneda Innovation City project, we took advantage of our strengths in design and construction to engage in "front loading," in which construction plans are examined ahead of schedule. In the design stage, design and construction teams use building information modeling (BIM) to examine buildings and construction in detail, such as potential conflicts between building utilities and piping, as well as determining the necessary workforce, machinery, materials, and work processes. By planning every aspect of a project early on, including construction methods and technology needs, we are able to ensure safety, improve productivity, reduce costs, and maintain the highest quality.

Construction

Construction capabilities backed by abundant experience and enhanced with digital technology

Since the Haneda Airport offshore development project began in the 1980s, Kajima has been responsible for the construction of several airport-related facilities, including preparing landfill infrastructure, constructing surrounding expressways, constructing Runway D, and constructing and expanding the Terminal 3 building.

For the construction of Haneda Innovation City, we applied the full depth of our experience and expertise in airport-related construction and incorporated the latest digital technologies with the aim of our on-site management having zero impact on airport operations. In addition, the department managers of the Real Estate Development Division, the Architectural Design Division, and the Tokyo Architectural Construction Branch, which was in charge of construction, communicated closely and worked together as a tight unit to carry out the project.

We faced several significant challenges, including simultaneously handling multiple major projects in the Tokyo metropolitan area and the impact of the COVID-19 pandemic. At the same time, labor and material costs were soaring, but early procurement and real-time modifications made possible by our cost management system enabled us to stay ahead of price fluctuations and keep costs under control.


Haneda Innovation City under construction in July 2022

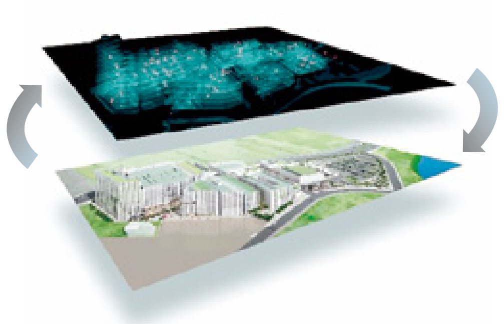
Operation & management

Testbed for the social implementation of advanced technologies

Haneda Innovation City, which held its grand opening in November 2023, features offices and laboratories of some 50 companies and universities conducting advanced research on mobility, robotics, and other innovative technologies with the aim of creating "state-of-the-art tech industry." The facilities were carefully designed to accommodate demonstrating testing of R&D innovations. Kajima has always integrated new technologies into its development projects, and we have a corporate culture of always seeking evidence-based and reliable technologies. The "testbed function" we built into Haneda Innovation City is our way of sharing this culture with research institutes.

The complex's operation and management uses the Kajima "3D K-Field" technology enabling BIM-based management using digitalized data from all of the building planning, design, construction, maintenance, and operation processes. The 3D K-Field serves as a digital twin for visualization using data from camera and sensors combined with a virtual space for monitoring the flow of people—facility visitors, security, logistics, and cleaning staff—and the location and operating status of self-driving buses and service robots. The system increases facility management efficiency, while information boards improve convenience for visitors by showing the availability of conference rooms and restrooms and by providing directions to each building.

One of the testbed functions is being fulfilled by facility operations manager Kajima Tatemono Sogo Kanri Co., Ltd. The company plans to incorporate emerging big data and AI technologies to create a reliable and efficient operating management tool. Combining this with open data provided by the government and corporations, it is seeking to generate a virtuous cycle leading to smart offices, smart hospitals, smart factories, and smart parking facilities and the creation of new value.


The 3D K-Field technology links facility management tools and spatial data

Maintenance & renovation

Enhancing facility value for the long term

Haneda Innovation City was designed to make full use of the high-quality service capabilities of Kajima Group companies to build the value of the facilities into the long term. Avant Associates, Inc. is the secretariat and formulates guidelines for area management to maintain and improve a good environment in the complex. For overall property management, which is indispensable for improving asset value, Kajima Property Management Co., Ltd. manages office spaces and Kajima Tokyo Development Corporation is in charge of commercial facilities, formulating and implementing management and operation plans from the initial planning stage. Kajima Tatemono Sogo Kanri Co., Ltd. is in charge of building management, and Katabami Corporation is in charge of greening and landscaping.

Together with the consortium companies and in dialogue with Ota City, local communities, research partners, and commercial tenants, we will continue the evolution of the Smart Airport City.

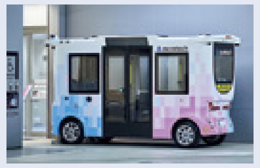
Japan's first Smart Airport City presenting state-of-the-art and culture

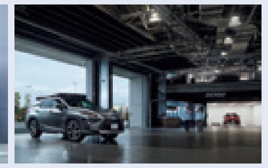
Haneda Innovation City, which is located in a designated National Strategic Special Zone, was selected in 2020 to be a Smart City Leading Model Project by the Ministry of Land, Infrastructure, Transport and Tourism. The complex is the first Smart Airport City in Japan and was certified as a Project for Promoting Data Collaboration and a Development Partner. Haneda Innovation City serves as a platform to showcase Japanese culture while driving advancements in cutting-edge technologies and offers a unique experience to travelers visiting Japan.

Advancing in three directions

Smart Mobility

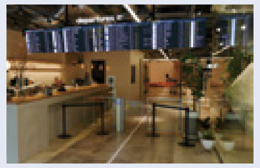
An innovative company in R&D and development of cutting-edge mobility technologies has a test course and is using Haneda Innovation City as a testbed for autonomous buses and personal mobility.


A self-driving bus


The autonomous driving test course and office of the Denso Corp. Global R&D Tokyo, Haneda

Smart Robotics

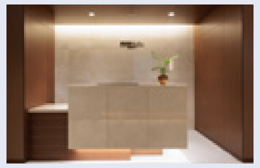
A company conducting research in advanced robotics technology development has set up a laboratory to develop automated equipment used in Haneda Airport operations. The company also operates restaurant service robots that prepare and serve meals to customers.

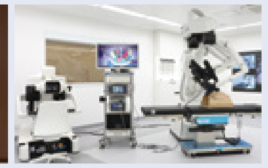

The "terminal.0 HANEDA" R&D facility


A robot server at the AI_SCAPE restaurant

Smart Healthcare

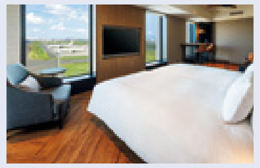
Healthcare companies at the complex are researching next-generation medicine, engaging in joint research with medical devices and drug discovery manufacturers, and conducting demonstration experiments of healthcare innovations. Medical tourism services are also accommodated by the attached hotel and facilities.


Fujita Medical Innovation Center Tokyo

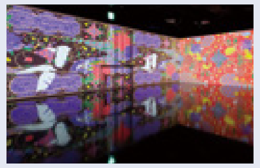

Provide medical tourism services

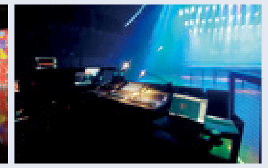
A stage for experiencing Japanese culture

Haneda Innovation City is vibrant with opportunities to experience the latest trends in Japanese culture ranging from contemporary art to music, movie and theater entertainment, Japanese cuisine, and sightseeing.


Two hotels


Flying car exhibit


Digital experience facilities
The Haneda Dejima digital experience


Live entertainment

Message

Making Haneda Innovation City an airport town that moves people's hearts

I joined Haneda Innovation City project to be a part of injecting new energy into my hometown of Ota City and Haneda. The project's lead company, Kajima, oversaw construction of the Haneda Airport Passenger Terminal and is an irreplaceable partner for the airport. We have received warm guidance and support throughout the entire process, from the initial stage of forming the consortium to planning, development, design, construction, and opening to the present.

In March 2024, we opened "terminal.0 HANEDA" R&D facility based on the concept of "Everything the airport can do to move people's hearts." Our purpose is to develop solutions for issues facing the airport and co-create solution businesses with Kajima and the other 32 companies, one organization, and two universities participating in the project. We are aiming to build the solutions our project develops out from passenger terminals to create an "airport community that moves people's hearts" and continue expanding to develop airport communities around the world.

Yoko Koyama
Senior Managing Director
Executive Officer
Japan Airport Terminal Co., Ltd.

Feature 3

Kajima Europe's strategy to create new business and continue its growth

Kajima's overseas operations have become a linchpin of Group earnings through each business site's steady business development. Kajima Europe (KE) has been consistently generating earnings by flexibly shifting its business regions and diversifying its business portfolio in response to changes in political, economic, social, and market conditions. European countries are advanced in virtually every field, including addressing environmental issues, and the company is accordingly pursuing new business directions to broaden its business growth.

(KE FY2023: Revenue ¥41.3 billion, net income ¥7.0 billion, number of employees 508)

Student accommodation in Poland developed and operated by Student Depot

The starting point for business growth

Kajima extended its reach to Europe in 1976 with the construction of the World Trade Center in Berlin, a project to commemorate the establishment of diplomatic relations between Japan and the former East Germany. Kajima was selected for the project based on its technologies exhibited in the construction of the Kasumigaseki Building in Japan and other high-rise buildings. After various construction projects in East Germany, including three major hotels, KE was fully established in 1987 with its business headquarters for building construction and real estate development projects across Europe.

KE was originally located in the Netherlands, where it oversaw operations in the United Kingdom and Western Europe. From its current headquarters in London the company has adapted its business regions and strategies in response to changing regional, social and economic conditions. KE currently has construction businesses in Poland and two other countries, and real estate development operations in nine countries, centered in the United Kingdom and Poland.

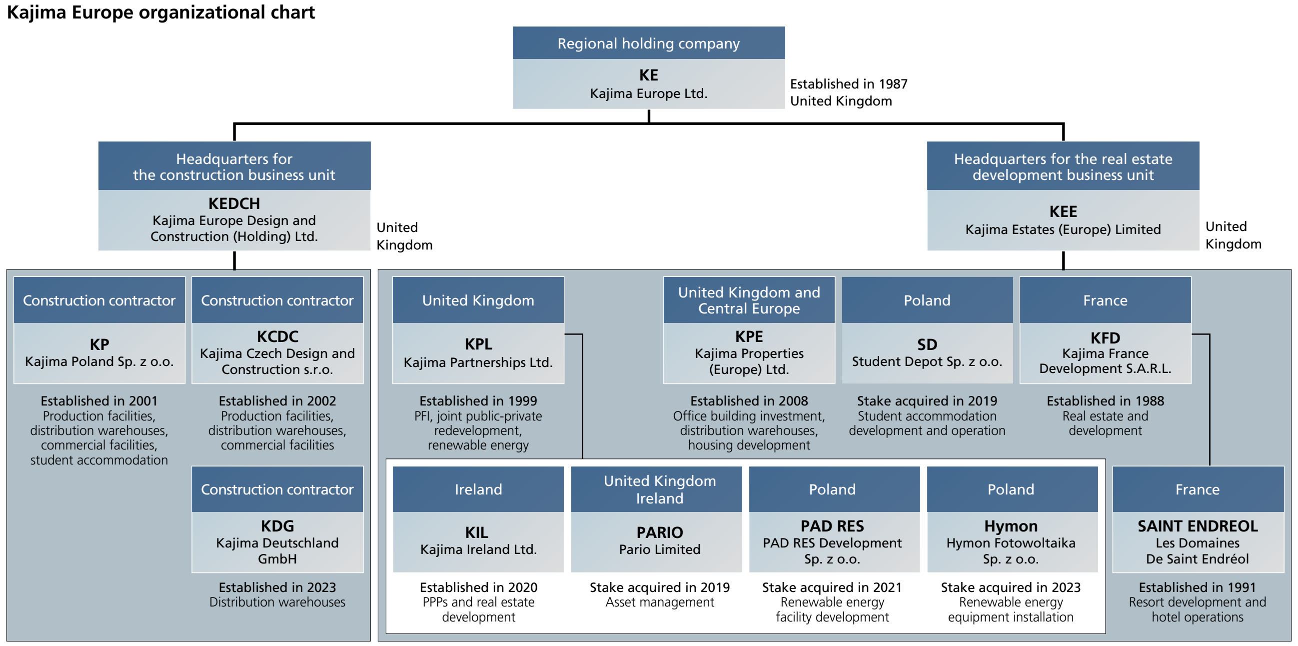
Economic conditions in Europe are always fluctuating, and KE's construction business started growing in the 2000s when it shifted its focus from Western to Central Europe and localized the management of its operating companies. Since European countries have long-held traditions and customs, construction companies must establish themselves as local general contractors by fostering strong ties to the community and gaining the trust of local customers and supply chain companies. KE therefore formed Kajima Poland (KP) with a management structure rooted in the community and led by a president from the area. This approach combines Kajima's corporate culture and strengths with the local company brand power. KP has since grown into one of Poland's leading construction companies and is a rare European company providing fully integrated design and build services.

Kajima's real estate business in Europe started growing in 2000 when Kajima Partnerships (KPL) launched its private finance initiative (PFI) business in the United Kingdom. KPL, whose employees have always been primarily British nationals, has established a stable earnings base by accumulating PFI projects and securitizing completed properties, as well as accumulating expertise in joint public-private ventures. KPL's success, led by locally employed managers, was the impetus for Kajima Properties (Europe) (KPE) to enter the distribution warehouse development business which provided another boost to KE's real estate development business growth. The business started as a joint development project with Panattoni Europe, one of Europe's largest distribution warehouse development companies. Panattoni had been impressed by our Kajima Czech Design and Construction's level of construction technology for distribution warehouses and the Kajima Group's track record developing distribution warehouses in the United States. KPE is currently broadening the business region from Central to Western Europe.

Our relationship with Panattoni Europe then led to a collaboration with Griffin Capital Partners, the largest venture capital firm in Central Europe. This partnership opened new vistas for business, including the development and operation of student accommodation and development of renewable energy facilities in Poland.

KE's local management structure and strong network of operating companies continues to be a fruitful source of new growth and business creation.

Kajima Europe organizational chart



Note: Many joint ventures with partners in the real estate development business are recorded as non-operating income and extraordinary income.

Diverse business portfolio

Construction business

KE shifted its business axis from constructing factories for Japanese companies in Western Europe and PFI projects in the United Kingdom to the constructing of warehouses and factories in Central Europe. After the Central European countries joined the European Union we established local subsidiaries in Poland and the Czech Republic. Our current operations center on distribution warehouse and production facility projects, mainly in Poland, for European companies, which account for about 30% of KE's total net profit. In 2023, we added to our business foundation by establishing a local subsidiary in Germany.

PFI and regeneration businesses

Anticipating a growing market for PFI after its inauguration in the United Kingdom, we participated in a PFI project in 2000 for the Cambridge Government Building of the Department for Environment, Food and Rural Affairs (DEFRA). We have since been involved in numerous PFI projects for schools, hospitals, libraries, and other public facilities in the United Kingdom and Ireland, and our assets under management currently total close to ¥210 billion. Profits from long-term public institution PFI contracts support stable business operations because they provide a revenue base that is not affected by economic trends. We are currently applying our PFI expertise to public-private partnership urban regeneration projects with local governments in the United Kingdom.

Value-added office investment business

The value-added office investment business acquires and fully renovates aged office buildings to expand floor space and update facilities which are then sold or leased. The business started in 2008 with an office building in the Mayfair district of London and has grown to five office buildings in Central London.

Distribution warehouse business

Since launching the business in Poland with Panattoni Europe in 2016, the distribution warehouse business has expanded from Poland to encompass the Czech Republic, Germany, the Netherlands, France, Spain, and Italy. We have worked on 34 development projects, 17 of which have been sold, 8 which are currently in operation, and 9 under development. Our development assets currently amount to roughly ¥37 billion. Upon completion of a project, we implement measures to improve asset efficiency, such as forming and managing funds, and selling or reinvesting in the development properties to take advantage of market conditions.

Residential development and operational business

In 2019 we entered the student accommodation development and management business with the acquisition of a majority stake in Student Depot in Poland. The company's nine dormitories, which are operating at close to 100% occupancy rates, account for about 30% of the country's student accommodation market. In 2021 the residential development and management business participated in a rental housing development project in Ireland. This was a new direction for the business, and we are considering pursuing it further due to the strong demand for rental housing in the country.

Renewable energy facility development business

KE entered the renewable energy business in 2021 with the acquisition of a majority stake in PAD RES, a Polish developer of wind and solar power generation facilities. KE conducts its operations by purchasing land, obtaining permits, constructing the facilities and then formulates a structure to sell the facilities to power companies and investors. We have developed 18 projects to date and sold our first solar power generation facility in FY2023. Anticipating growing demand in the EU market for solar panels and heat pumps, in 2023 we acquired a majority stake in Hymon, which is Poland's leading installer of solar panel generation facilities.

Feature 3

Kajima Europe's strategy to create new business and continue its growth

The large-scale solar power generation facility in Sztum, Poland, developed by PAD RES

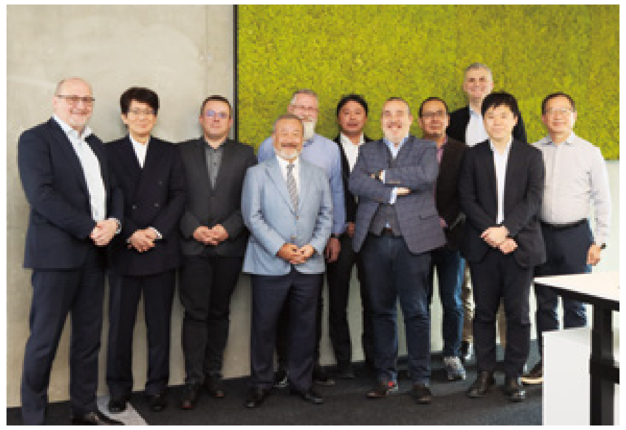
Strengthening governance and human resource development

Success in construction and real estate development projects in Europe requires a deep understanding of each country's history and culture. To ensure businesses accord with local business culture, KE appoints local individuals as presidents of their operating companies, who along with their management teams, conduct daily operations in conformance with local customs. Governance is executed through daily meetings between the companies' Board of Directors, comprised mainly of local executives, and directors of KE assigned from Kajima.

KE's construction division additionally convenes a Continental Meeting attended by directors from KE and executives of operating companies in Poland, Czech Republic and Germany. At the conference the directors share information and issues related to current construction projects and business opportunities. The cross-organizational communication at the conferences strengthens overall divisional management.

Project selection in the real estate development division starts with special-purpose committees comprised of KE executives examining the commercial feasibility of potential projects. Following deliberation by the Board of Directors of each operating company, KE scrutinizes and selects projects to propose to the Kajima Head Office where special-purpose committees review and determine whether or not to proceed.

Governance by the Kajima Group also includes Head Office audits of workflow, building quality and monthly information-sharing meetings about risks and issues to prevent problems from arising.



Continental Meeting participants

KE's comprehensive local management and the close cooperation between executives sent from Kajima and local executives have led to a successful joint effort to fulfil our business plans. This long-standing relationship of trust gives us a strong management foundation. We also provide opportunities for local staff, who are promising candidates for future executive positions, to train at the Kajima Head Office so they can broaden their global perspectives and deepen their knowledge of the Kajima Group. Since KE's operations span a diverse range of businesses, the Kajima Group systematically assigns individuals with special skills or knowledge, such as employees with experience at overseas subsidiaries and engineers who have worked on projects in Japan.

Pursuing further growth

The business environment in Europe is stabilizing, even though energy and prices continue to soar and interest rates have risen partially due to the situation in Ukraine. In the building construction business we have a stable earnings foundation in Poland and are strengthening our operations in the Czech Republic with the aim of building it into a core profit center. We are currently focusing on the construction of production facilities, where we are leveraging the Kajima Group's global network to win orders from clients in the United States and Japan.

The real estate development business is seeing growing demand for distribution warehouses following the rise of e-commerce during the pandemic. However, investors have tended to take a wait-and-see approach to trade transactions due to the rising interest rates and inflation. KE's business model starts construction projects only after securing a certain amount of tenants. In the current conditions we are taking a flexible approach of holding assets that are generating rental income and waiting to sell assets until the investment market improves. At the same time, soaring energy prices and a growing movement to address environmental issues are leading to rapidly rising demand for renewable energy. We are therefore preparing to actively develop solar power generation facilities as a growth area for our business.

KE's business growth in recent years has been the result of collaboration with business partners to diversify our portfolio and optimizing our business domains to follow market trends. Continuing this growth will require us to refine both our local and global networks and to constantly and boldly pursue new business opportunities.

Messages from a partner company president

Panattoni Europe **We look forward to expanding our collaborative partnership in Europe and new markets**

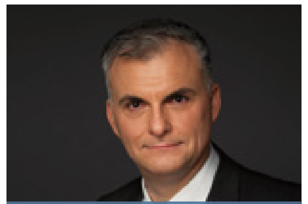
Robert Dobrzycki
CEO & Co-Owner
Panattoni Europe, United Kingdom, Middle East and India

Our relationship with the Kajima Group began as a construction contractor and client of a project in Poland. The success of these joint ventures ultimately led us to the level of strategic partnership. Our deep trust in the Kajima Group as a business partner comes from the Group's insight and expertise in the real estate development market, which improves project efficiency and contributes greatly to successful completion. We strongly hope our partnership will continue to grow through collaborations in Europe, and we look forward to the potential to expand our collaboration into new markets.

Świebodzin Fulfillment Center (Poland, developed by Panattoni-KPE joint venture, constructed by KP)

Message from KE Group operating company presidents

Kajima Poland **Collaborating with Group companies to continue growing in the uncertain conditions**

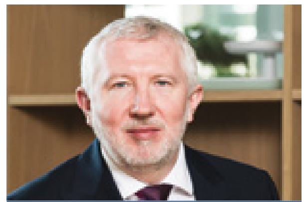


Maciej Runkiewicz
President
Kajima Poland Sp. z o.o.

Kajima Poland has completed hundreds of projects and is widely recognized as a design and build company in the country with strengths in production facilities. By combining our passion and creativity with the Kajima Group's expertise and network, we have attracted construction orders from both local companies as well as well-known global companies. Our connections with the Group companies and real estate developers have allowed us to maintain steady operations even in these uncertain business conditions. We look forward to sharing information and implementing innovations with the Group to continue growing our business.

Designer Outlet Warsaw in Poland

Kajima Properties (Europe) **Implement new strategies in response to changes in the market to secure stable earnings and expand into growth areas**



John Harcourt
Managing Director
Kajima Properties (Europe) Ltd.

Our European real estate business has benefited enormously from Kajima's support and commitment to innovation, enhancing our development and investment expertise while also exploring new growth sectors. Despite the uncertainty in the European real estate market, we are generating continuous profit through diligent application of our methods for identifying excellent investment opportunities and managing risks. We have built a high-performance value-add platform and are implementing new strategies for navigating the market changes as we look forward to increasing our contribution to earnings.

77 Coleman Street, United Kingdom

Maximizing operating company strengths and pursuing sustainable growth in the changing business environment

Europe is a combination of ancient traditions and progressiveness in various fields. KE pursues business stability and growth by deepening its operations in regions and business domains where its operating companies have strengths. It also pursues various promising business opportunities by proactively and flexibly collaborating with partners and acquiring companies. The broadening of our business content in recent years is the result of the evolution of our business portfolio that has occurred from following this strategy. As president of KE, I place importance on instilling a clear management system, fostering a venture-like corporate culture, and maintaining communication transparency to maximize the operating company strengths while ensuring their effective governance. For us to continue growing as we adapt to the ever-changing business environment, we need to constantly reinvent ourselves. To do this, Kajima must respect each company's autonomy and commitment, and each company must have a strong trust in Kajima.

Hiroto Ichiki
President and CEO
Kajima Europe Ltd.

Business Overview and Outlook

Part 4

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

1: The Brewery (Australia)
2: New building at Senzoku Gakuen College of Music (Kanagawa)
3: Music Terrace (K-Arena Yokohama, Hilton Yokohama, and K-Tower Yokohama; Kanagawa)
4: The Woodleigh Residences, The Woodleigh Mall (Singapore)
5: Grand Marina Tokyo Park Tower Kachidoki South (Tokyo)
6: SABO in the Akadani District of Oto Town, Gojo City (Nara)

Civil engineering business

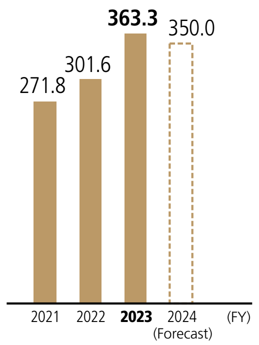
Resolving social issues and achieving business growth through the enhancement of our technological and design-build capabilities and quality infrastructure

Given Japan's need to address intensifying and increasingly frequent natural disasters and the renewal of aging infrastructure, we believe the role of our civil engineering departments is to deliver quality infrastructure that ensures people's safety and security, including the implementation of measures to strengthen national resilience. We will strive to further strengthen our technological and design-build capabilities and marshal the engineering capabilities of the Kajima Group to respond to environmental, energy, and other social issues, increasingly sophisticated diverse customer needs, and changes in the external environment. We believe that these efforts will lead to creating new opportunities for growth and profitability.

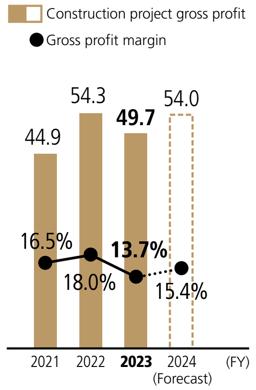
Masaru Kazama
Representative Director, Executive Vice President,
General Manager, Civil Engineering Management Division

Business overview

Revenues
(¥ billion)



Construction project gross profit (¥ billion) / Gross profit margin



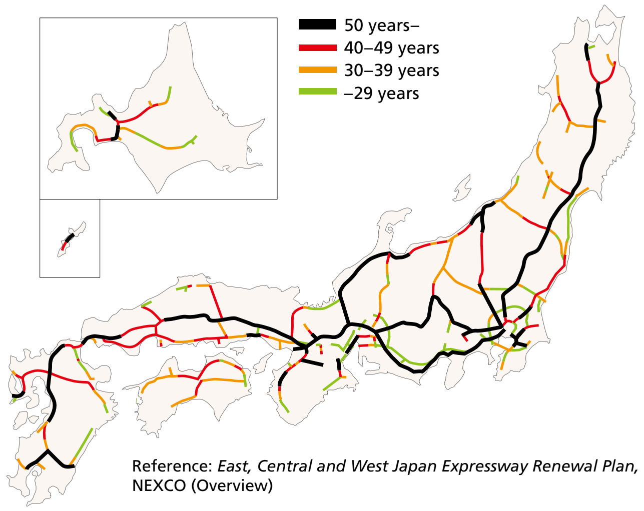
Market environment

	Construction field	Outlook
Existing markets	Dams, roads, railways, bridges, water and sewage facilities, other	Stable
Social issues solution-type area	Renewable energy generation facilities	Positive
	Renewal/Renovation (renewal and repair)	Robust

Japanese government's offshore wind power introduction targets

2023 Beginning operation of first commercial offshore wind farm
2030 Approx. 10 GW
2040 Approx. 30–45 GW

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



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

Strengths

- Technological capabilities based on our extensive construction track record and industry presence
- Management foundation capable of responding to changes in the external environment (human resources, technology, supply chain, etc.)
- Engineering capabilities that meet all customer needs

Risks

- 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
- Increase in the value of technology that can address carbon neutrality and other social issues and meet the needs of customers
- Expansion of demand for energy facilities that provide a stable energy supply and contribute to decarbonization

Business policies

(a) Strengthen efforts to target projects that leverage comprehensive engineering capabilities	Bolster technology proposal capabilities by strategically developing technology, maintaining the design-build system, cooperating with Group companies, and other efforts
(b) Ensuring reliable revenue generation from growth sectors and international operations	Generate new profit opportunities by strengthening the areas of energy and infrastructure renovation, and acquiring ODA projects and other projects overseas • Revenues for renewable energy and infrastructure renovation: ¥55 billion (FY2026)
(c) Promotion of R&D toward the industrialization of construction sites	Apply automated construction technology to land development and tunnel construction, and pursue systematization of infrastructure renovation technology
(d) Expansion of revenues from construction-related businesses and the establishment of a robust management foundation for the future	Cooperate with Group companies on establishing an organizational framework for pursuing commercialization of owned technology and developing next-generation construction technology

FY2023 results and future initiatives

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

To enhance the planning and design of technically challenging projects, we have fully adopted the ECI* method, leveraging the construction company's expertise. This has enabled us to secure two major ECI contracts in FY2023, including the Sapporo rail yard for the Hokkaido Shinkansen, showcasing our comprehensive engineering capabilities. Our design and construction teams are committed to expanding our ECI project portfolio.

* ECI (Early Contractor Involvement): A type of construction contract where the contractor participates early in the design phase.

Initiatives in the field of infrastructure renewal ······· (b)

To address the aging infrastructure built during Japan's postwar economic boom, we have been implementing our patented Smart Deck Renewal (SDR) system on highway bridges. Successful applications on the Okuhatagawa and Anogawa bridges have demonstrated significant reductions in construction time and social disruptions. We have secured three new orders for deck replacement and are actively promoting SDR, including licensing the technology.

We are also responding to the growing need for water treatment plant upgrades. We are involved in projects to modernize and downsize facilities in areas with declining populations.

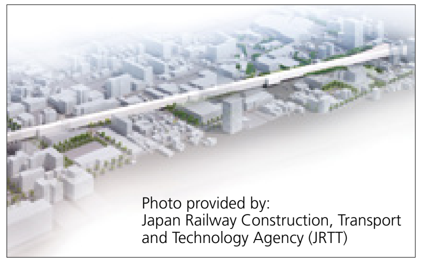
Initiatives in the renewable energy field ·················· (b)

We have been selected as the preferred contractor for four offshore wind power projects*1 and are developing design and construction plans. To support these projects, we completed a large self-elevating platform (SEP) vessel in partnership with Penta-Ocean and Yorigami in FY2023. We also formed a consortium*2 for the Floating Offshore Wind Turbine Demonstration Project off the coast of Aichi, a NEDO*3-funded initiative to reduce offshore wind power generation costs.

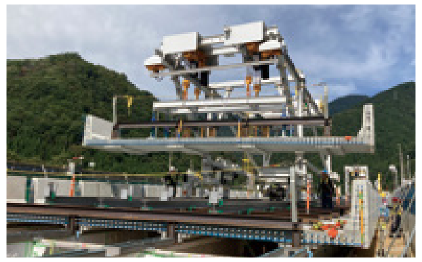
*1 Off the coast of Noshiro City, Mitane Town, and Oga City in Akita; off the coast of Yurihonjo City in Akita; off the coast of Choshi City in Chiba; and off the coast of Oga City, Katagami City, and Akita City in Akita
*2 C-Tech Corporation, Hitachi Zosen Corporation, Kajima Corporation, Hokutaku Co., Ltd., and Mitsui O.S.K. Lines, Ltd.
*3 New Energy and Industrial Technology Development Organization

Construction with automated construction machinery ··(c)

We used our proprietary A4CSEL automated construction system in embankment casting work on the Naruse Dam in Akita Prefecture and are planning to introduce it to other development and construction projects in the future. We are also proceeding with a verification test on automating construction of mountain tunnels at the Kamioka Test Tunnel in Gifu Prefecture to expand the areas of application. Some of the multiple construction steps have already been put to practical use, including automation of blasthole drilling, and we have begun to apply this at construction sites nationwide. We aim to improve safety and productivity by automating construction and performing it remotely.



Sapporo rail yard for Hokkaido Shinkansen
Note: This design is conceptual and for illustrative purposes only.



Erecting the new deck for the Anogawa Bridge on the Kan-Etsu Expressway

J-Wind Co., Ltd. New Tomamae Winvilla Wind Farm

Building construction business

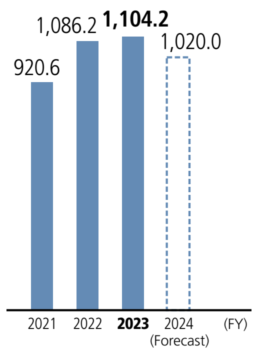
Refining the production process while handling super large-scale construction and addressing increasingly diverse customer needs

Construction demand is at a high level, and we must have the capabilities to enhance functions and address carbon neutrality, well-being, and other increasingly diverse customer needs in addition to the increasing size of production facilities and urban redevelopment projects. Meanwhile, we also need to pursue better benefits for skilled workers and take other steps to secure the personnel to perform work in the future. Along with initiatives to ensure appropriate construction periods and secure profitability, we will strengthen earning power and the management foundation by using digital technology to refine the production process.

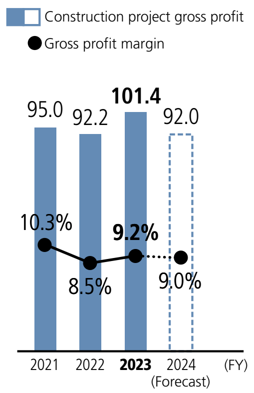
Katsuhisa Takekawa
Senior Executive Officer,
General Manager, Building Construction Management Division

Business overview

Revenues
(¥ billion)



Construction project gross profit (¥ billion) / Gross profit margin



Market environment

	Construction field	Outlook
Priority areas	Production facilities, redevelopment projects, renewal/renovation, etc.	Robust
Ongoing areas	Logistics facilities, hotels, etc.	Positive
	Commercial facilities, hospitals, schools, housing, etc.	Stable

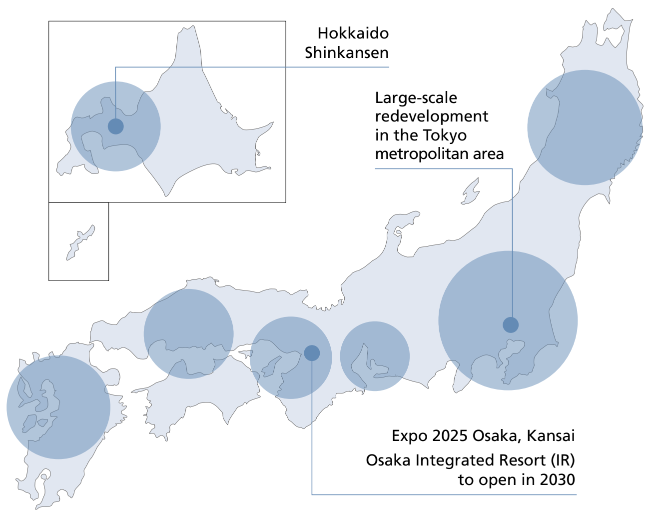
Construction investment in the building construction field

Nationwide investment

Response to urban renewal, disaster prevention, and aging buildings
- Large-scale redevelopment
- Renewal/Renovation

Response to inbound demand
- Tourism-related

Response to digitalization, increasing sophistication, and the environment
- Semiconductor-related
- Data centers
- Medical and pharmaceutical
- Relating to EVs and rechargeable batteries
- Relating to logistics



Strengths

- Established smart construction technologies, Building Information Modeling (BIM) and digital twin technologies
- Project execution expertise leveraging comprehensive design-build capabilities
- Group collaboration covering the entire construction value chain

Risks

- Rising construction costs, including prices of materials and equipment
- Shortage of supply resources in response to strong construction demand
- 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

(a) Focus on high-demand construction sectors	Continue Company-wide decisions on orders and building a design-build system, pursue risk mitigation, and strengthen initiatives in priority areas • Revenues for renewal/renovation: ¥200 billion or more (per year)
(b) Refine the architectural production process centered around BIM	Adopt BIM production design to design-build upstream and utilize BIM data with specialty contractors downstream
(c) Advance smart construction technologies through digitalization and automation	Improve productivity and achieve labor savings by expanding applications of robotic technology and remote management methods, and digitalizing the building production processes using BIM data and others
(d) Foster a sustainable business foundation and strengthen the supply chain	Build a resilient supply chain that also includes overseas manufacturers, while continuing to close sites for eight days out of every four-week period and reform multi-layered subcontracting system

FY2023 results and future initiatives

Focus on high-demand construction sectors (a)

We are capitalizing on robust demand for construction in priority sectors like production facilities and redevelopment. In FY2023, we successfully completed major projects including the 1st Fab of JASM in Kumamoto and the TDK Kitakami Factory. We have also secured the Rapidus IIM-1 project in Hokkaido.

Recognizing the increasing demand for integrated design-build services in the production facility sector, we have enhanced our capabilities to provide integrated solutions from initial planning to completion. By leveraging our extensive experience in various industries, including semiconductors and pharmaceuticals, we are able to offer tailored engineering and construction solutions that meet our clients' unique needs.

Refine the architectural production process centered around BIM (b)

We are enhancing our design-build capabilities through advanced BIM-based production design, which involves detailed planning considering constructability and quality assurance. By coordinating architecture, structure, and engineering during the design phase, we improve design accuracy and minimize rework. On-site, by digitalizing and sharing real-time data from sensors and cameras with partners, we ensure that our projects are executed efficiently, safely, and to the highest quality standards.

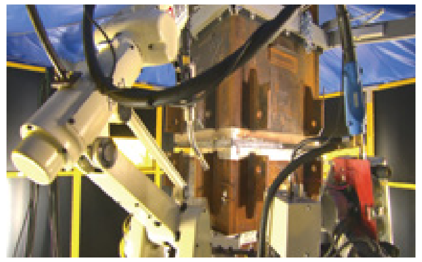
Expand onsite application of smart construction technology (c)

We are introducing robotic technology and lightweight equipment at over 120 construction sites nationwide, leveraging ICT tools to streamline on-site operations and enhance labor efficiency and productivity. By systematically gathering feedback after implementing each tool, we have been able to refine our technologies, promote best practices across Kajima Group, and foster a culture of innovation among our employees. Additionally, as a member of the Construction RX Consortium*, we are collaborating with 248 companies to advance the development and shared use of construction robots and IoT solutions. These collective efforts are driving industry-wide improvements in productivity, safety, and cost-effectiveness.

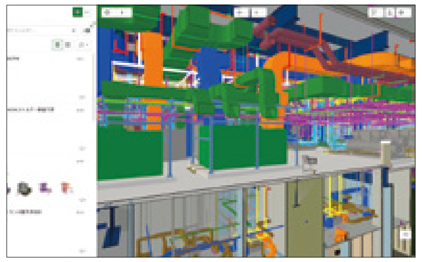
* A consortium in which Kajima is one of the managing companies for technological collaboration in the field of construction robots and IoT.

Build a sustainable management foundation (d)

Initiatives aimed at closing sites for eight days out of every four-week period and ensuring appropriate construction periods are being accelerated to comply with overtime rules and build a sustainable industry. We are hiring mid-career professionals and expanding our recruitment to enhance construction capabilities. To strengthen our supply chain, we are improving worker benefits and creating more attractive sites. We are also diversifying our supply chain to reduce reliance on specific sources for materials.



Next-generation welding robot
(smart construction technologies)



Preparing a BIM data-sharing environment

Shibuya Sakura Stage (large-scale urban redevelopment)

Real estate development business

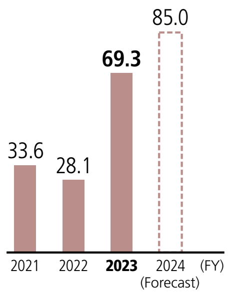
We will approach real estate development in a manner unique to Kajima, and strive to expand the construction value chain and strengthen earning power

We will take full advantage of our strengths in the real estate development business, which combines construction technology and real estate expertise. Our aim is to increase investment efficiency by adding quality assets to secure stable profitability, selling assets according to the appropriate timing based on our plans, and utilizing external funding. We will also focus on expanding the construction value chain and further strengthening earning power through REIT management to expand Group profit opportunities and development of diverse assets, including office buildings, high-end real estate, hotels, housing, and logistics facilities.

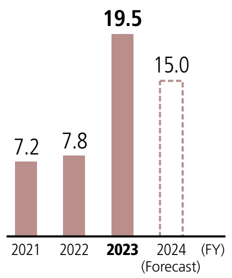
Katsunori Ichihashi
Senior Executive Officer,
General Manager, Real Estate Development Division

Business overview

Revenues
(¥ billion)

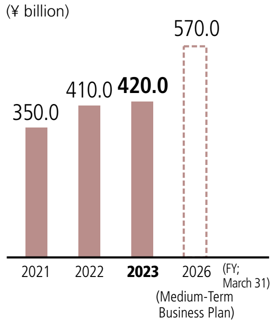


Net income*
(¥ billion)



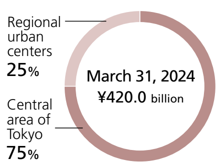
* A management accounting figure that combines the net income of Kajima's non-consolidated real estate development business and development subsidiaries and affiliates in Japan

Domestic real estate development assets
(¥ billion)

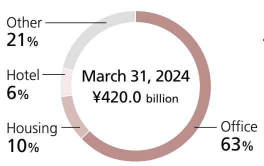


Domestic real estate development assets

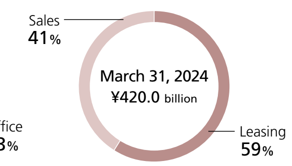
By region



By use



By leasing and sales



Market environment

Medium-term outlook for real estate market in Japan

Field	Current	Outlook
Investment markets (overall)	Positive	Investment markets are anticipated to be supported by investor demand both in Japan and overseas, remaining generally firm despite rising interest rates, which necessitate close monitoring of the environment.
Office	Stable	Vacancy rates and rents are expected to improve, despite ongoing selectivity by grade, with high-quality buildings likely to perform 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 expected to improve with the increase in inbound travel, and this favorable environment is likely to continue.
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
- Increase in inbound travel and changing business environment

Business policies

(a) Secure profits by investing in and selling assets in response to market trends	Pursue advantageous sale of properties and create new projects with advantageous terms, thereby securing steady profits from sales
(b) Improve investment efficiency through utilization of external funds, early recovery of invested funds, etc.	Strive to increase investment efficiency, mainly through use of external funds for large development projects and monitoring return on invested capital (ROIC)
(c) Expand the portfolio to diversify profit opportunities	Pursue development of hotels, logistics warehouses, etc. in addition to development of high-end real estate utilizing domestic subsidiaries and affiliates
(d) Create new profit opportunities through growth of private REITs	Continue support for incorporating Kajima Private REIT properties and strive to expand profit opportunities

FY2023 results and future initiatives

Accumulate quality assets through profits from sale of real estate and steady business promotion ········· (a) (b)

In FY2023, the completion of six projects, including Haneda Innovation City, and sale of FUKUOKA K SQUARE, Omiya SORAMICHI KOZ, and others resulted in record high net income in the domestic real estate development business of ¥19.5 billion and roughly ¥420 billion in the balance of assets as of March 31, 2024. We also began construction of 10 new projects, including the Nishiki-dori Kuwana-cho Building Project and the Onarimon Project (both tentative names).

We plan to add more high-quality assets and invest ¥320 billion in development over three years, beginning in FY2024, to diversify profit sources and expand profit opportunities. Our policy is to utilize external funds and other means while exercising thorough risk management, striving to improve investment efficiency as measured by ROIC. We will also proceed with recouping our investments through planned asset sales totaling ¥170 billion, aiming to achieve ¥15 billion or more in net income per year over the three years of the Medium-Term Business Plan. In the future, we will continue to strengthen our earning power and expand our construction value chain by conducting high value-added real estate development projects unique to Kajima that combine our construction technology and real estate expertise.

Expand our portfolio by newly entering logistics facility development ········· (c)

Recognizing the need to diversify our domestic real estate development business portfolio, we began developing two logistics facilities in FY2023. The name of the facilities is KALOC, and we plan to develop a series of these facilities. In addition, Eaton Real Estate Co., Ltd., a wholly owned subsidiary established in FY2022 that operates a high-end real estate development business, acquired several new business opportunities in FY2023. The company intends to proceed with development of a variety of assets, including high-end rental residences and hotels, and aims to contribute to Kajima Group profits and create synergies through collaboration with Kajima's real estate development business.

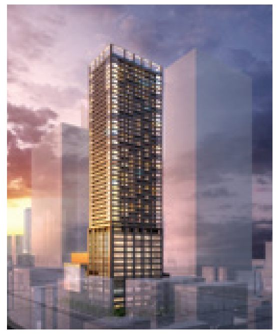
Increased profit opportunities through expansion of private REITs ········· (d)

Kajima Private REIT purchased a property from us in FY2023, resulting in an asset scale of approximately ¥80.0 billion. Our goal is to swiftly expand the asset scale to ¥100 billion, and we will continue to provide comprehensive 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 (planned)*1
Kajima Tomiya Logistics Center (tentative name)	Logistics facilities	October 2024
Hamamatsucho 2-chome Type-1 Urban Redevelopment Project	Housing, office, and commercial	November 2024*2
Kajima Minami Rokugo Logistics Center (tentative name)	Logistics facilities	January 2025
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	May 2025
Onarimon Project (tentative name)	Office	July 2025
Nishiki-dori Kuwana-cho Building Project (tentative name)	Office	October 2025
NIHONBASHI HON-CHO M-SQUARE	Office	November 2025
Miyakojima Twuriba District Phase 2 Hotel Project (tentative name)	Hotel	2025
Sakae Trid Square	Office	March 2026
Yokohama City Hall District Redevelopment Project	Office	FY2025

*1 Completion dates are subject to change. *2 Full completion is scheduled for December 2026.



Hamamatsucho 2-chome Type-1 Urban Redevelopment Project

Sapporo 4-chome Project (tentative name)

Overseas business

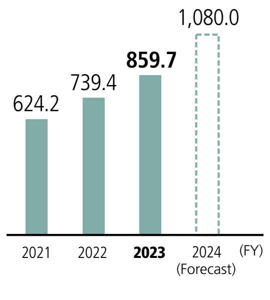
Providing high-quality, value-added services by utilizing our multi-dimensional global network of subsidiaries

The Kajima Group operates in 27 countries and regions across North America, Asia, Europe, and Oceania. Over 100 local subsidiaries operate businesses adapted to their respective markets, and we have established a multi-dimensional network that enables us to deliver high-quality services globally. We will continue to strive to grow as a leading player in specific markets and areas where we can leverage our strengths and network to expand our business base and create new profit opportunities.

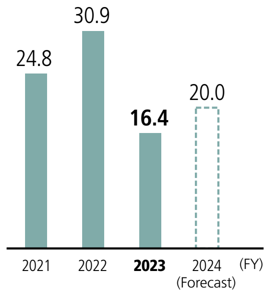
Keisuke Koshijima
Representative Director, Executive Vice President,
General Manager, Overseas Operations Division

Business overview

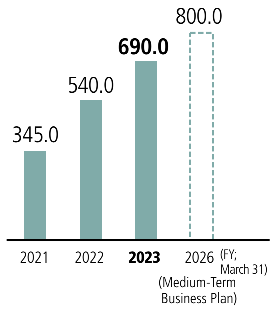
Revenues
(¥ billion)



Net income
(¥ billion)

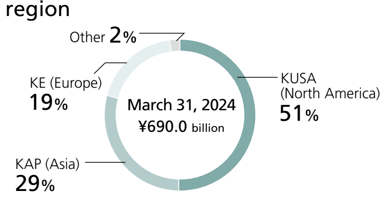


Overseas real estate development assets
(¥ billion)

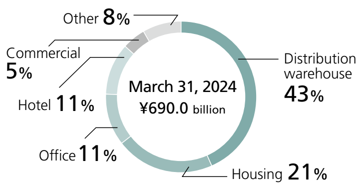


Overseas real estate development assets

By region



By use



Market environment

Medium-term outlook for the regional real estate development and construction markets Kajima serves

Region	Current	Outlook
North America	Stable	Steady growth is expected to continue despite prolonged monetary tightening.
Asia	Stable	The market is expected to rebound to the pre-COVID-19 rate of growth, supported by both domestic and overseas demand.
Europe	neutral	Low growth is projected to persist due to monetary tightening, despite visible signs of recovery.
Oceania	neutral	High prices and high interest rates are expected to continue, resulting in only marginal positive growth.

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
- Our proprietary real estate development platform enabling the creation of attractive real estate business opportunities

Risks

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

Opportunities

- Construction demand backed by active investment related to production facilities and the environment
- Improvement in occupancy rates of facilities we manage as human flow and economic activity return to normal levels
- New projects through our customer and partner networks

Business policies

(a) Aim to be the best player in the markets and fields each business is focused on	Strive to secure steady profits and achieve efficient business management by focusing on highly profitable, high-growth areas tailored to the market characteristics of each region
(b) Create unique business opportunities through collaboration within the Group	Create new profit sources by expanding to new domains beyond the confines of construction and real estate development and through overseas academic-industrial-government collaboration
(c) Create a multi-dimensional global network	Promote collaboration among the overseas subsidiaries in each region, between construction and real estate development businesses, and with other companies outside of the Group

FY2023 results and future initiatives

Overseas business results and investments

We recorded net income of ¥16.4 billion, driven by steady profits in the real estate development business, mainly in the U.S. This was achieved despite a challenging business environment marked by inflation and high interest rates, as well as the lingering impact of COVID-19 on certain construction segments. Demand for large construction projects, including defense-related projects, housing complexes, and production facilities, remains high across various regions. Revenues continue to increase, mainly due to steady construction activities.

We invested ¥583.0 billion in real estate development over the three-year period from FY2021 to FY2023, resulting in an asset balance of roughly ¥690 billion. We also opened The GEAR (Singapore) as our new R&D and open innovation hub.

During the Medium-Term Business Plan (FY2024–2026), we aim to increase resilience to the changing business environment and build a framework for securing stable profit. We plan to invest ¥630 billion in real estate development and recoup ¥520 billion from the sale of assets over the three-year period, targeting average net income of ¥30 billion or more during this time.

Risk management and governance

Each regional headquarters establishes a governance system adapted to the characteristics of each country and region to ensure proper operation. Before launching a new project, the special-purpose committee is held at the Head Office to perform legal, accounting and quality audits. This process ensures our risk management and governance systems.

Initiatives in each business area

■ North America

In the construction business, aiming to focus on the stable demand anticipated in the medical and educational sectors, we have acquired Rodgers Builders, Inc., which excels in these areas. We have also won a large-scale civil engineering defense project in Hawaii currently under construction. In the real estate development business, we are exploring the accumulation of assets for long-term retention in addition to our existing short-term turnover model for greater stable profit.

■ Europe

In the construction business, we are stepping up our efforts in commercial facilities and data centers, in addition to our core focus on warehouse and plant construction. In the real estate development business, we are expanding our portfolio to include renewable energy site development in addition to distribution warehouses and school dormitories, while pursuing investment opportunities based on the market trends we observe.

■ Southeast Asia

Construction demand and the occupancy rates of managed facilities are rebounding. In the construction business, we are diversifying our customer base and differentiating the Group from competition by cooperating with regional general contractors, actively promoting local executives in-house among other measures. In the real estate development business, we aim to increase earning power and investment efficiency through our short-term-turnover businesses like distribution warehouses as well as through selective investment in projects and regions with higher expected returns.

We are also promoting collaboration with startups, universities, and other entities, and promoting open innovation activities at The GEAR.

Medical facility at Emory University (U.S.)

Genowefa solar PV facility (Poland)

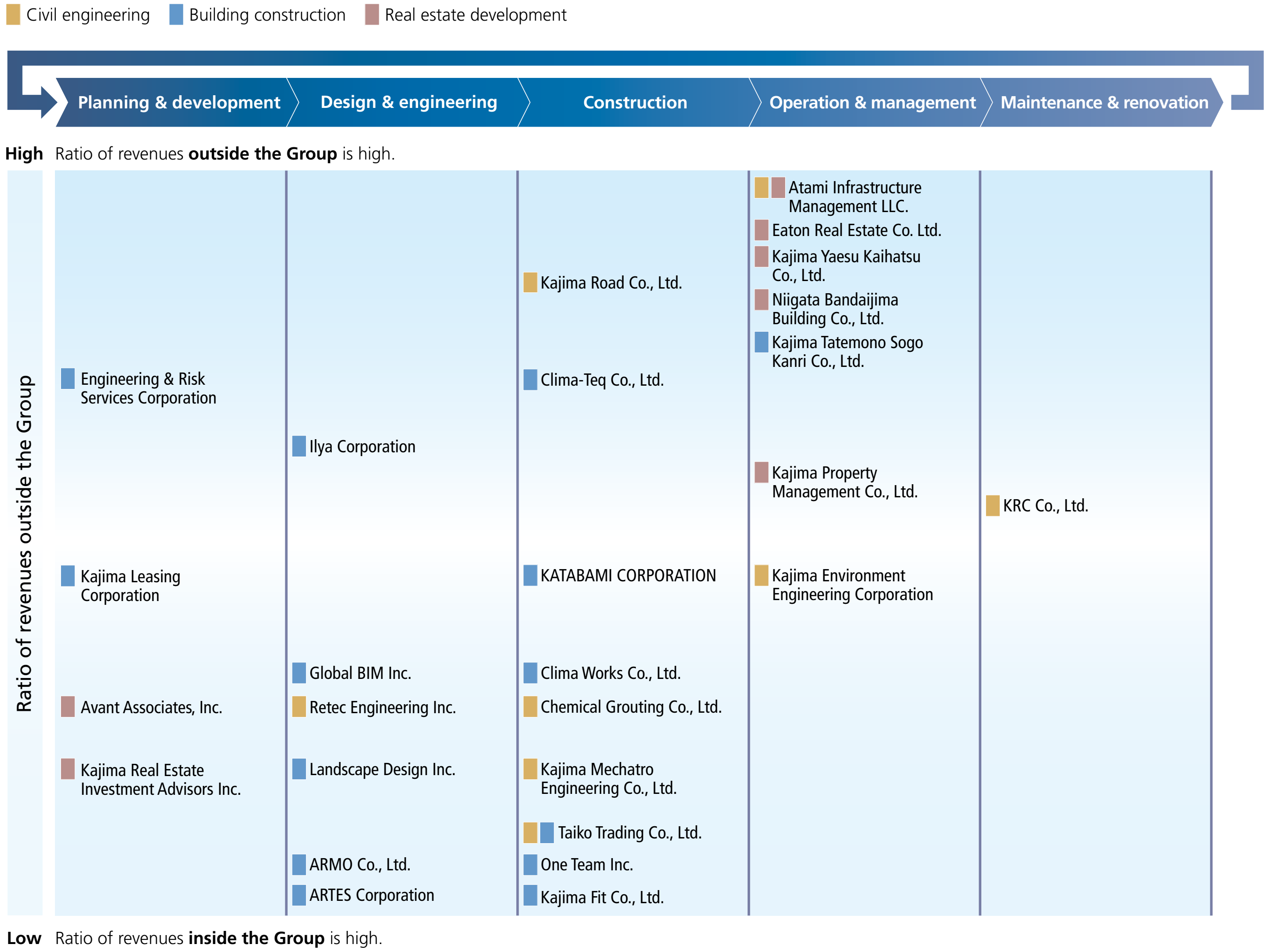
Commonwealth Kokubu frozen and refrigerated distribution warehouse (Singapore)

Domestic subsidiaries and affiliates

Strengthening cooperation among our domestic Group companies and striving to diversify profit sources by expanding the value chain

As of March 31, 2024, the Kajima Group has 108 domestic subsidiaries and affiliates (49 subsidiaries and 59 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 and ratio of revenues outside the Group



The above figure shows the distribution of main Group companies according to the percentage of revenues derived from inside and outside the Group.

Companies primarily focused on design and engineering and construction generate a significant portion of their revenue from within the Group. Our close collaboration with Kajima significantly enhances our design-build capabilities, contributing substantially to our domestic construction business amidst robust market demand.

In contrast, companies in upstream sectors like planning and development and downstream sectors like operation, management, and maintenance rely more on external revenue. We view these areas as promising growth opportunities and aim to expand our construction value chain through strategic initiatives, including M&A, to further contribute to consolidated performance.

Ilya Corporation: The leading company in the interior design industry

A comprehensive interior company that is rare in Japan

Ilya Corporation, a group company, was established in 1985 with a vision of becoming a true specialist in interior design. Beyond traditional building interiors, Ilya focuses on human-centric design, encompassing everything from furniture, fixtures, and equipment to artwork. This commitment to excellence has led to steady growth, culminating in recognition as a prominent Japanese company in Newsweek International in 2023.

Article as published in *Newsweek International, August 2023*

Ilya specializes in high-specification interiors for offices and hotels, particularly catering to the discerning tastes of foreign companies. The company's expertise extends beyond design and construction to include comprehensive consulting services. For offices, this encompasses workstyle consulting, design, construction, and furniture procurement. In the hotel sector, Ilya offers interior design services alongside consulting and procurement of artwork, tableware, and operational equipment. This unique combination of design expertise, procurement capabilities, and consulting services has positioned Ilya as one of the few truly comprehensive interior design companies in Japan.

Ilya was responsible for the interior design and procurement of furniture, etc. for the VIP room in K-Arena Yokohama (opened in 2023)

Diverse services in the construction value chain

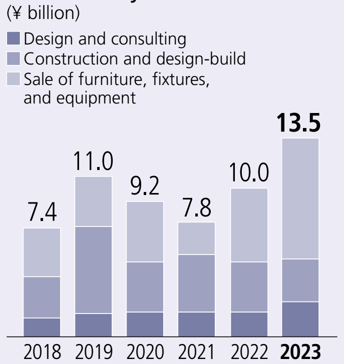
In Kajima's construction projects, such as the semiconductor production facility showcased on ▶ page 47, Ilya takes responsibility for the entire spectrum of office interior design, from layout planning to procurement and installation. This comprehensive approach streamlines the process for clients, eliminating the need for coordination with multiple vendors and enabling the creation of detailed, cost-effective delivery schedules. As a result, Ilya has earned high praise from clients. In recent years, Ilya has expanded its services to include consulting on the selection and placement of specialized equipment for research laboratories, a capability that was previously beyond the scope of the Kajima Group.

At the Shiseido Global Innovation Center, Ilya was responsible for selecting specialized equipment, as well as consulting and procurement, in addition to design.

Ilya is currently collaborating with Kajima on various R&D projects, including Renovation While Occupied, which minimizes noise, vibration, and odor during construction. Traditionally, renovation work in occupied buildings has been limited to weekends and nighttime. By employing advanced, low-impact tools and techniques, Ilya and Kajima can now perform construction during weekdays, delivering significant value to clients and enabling more flexible workstyles for employees and partners.

Ilya remains committed to providing Total Design Solutions that blend technical innovation with aesthetic appeal, ensuring that our solutions precisely meet the evolving needs of our clients and society.

Revenues by business area
(¥ billion)



Ilya Corporation

Established: June 1985

FY2023 revenues:
¥13.5 billion

Number of employees:
207
(as of March 31, 2024)

Foundation for Sustainable Growth

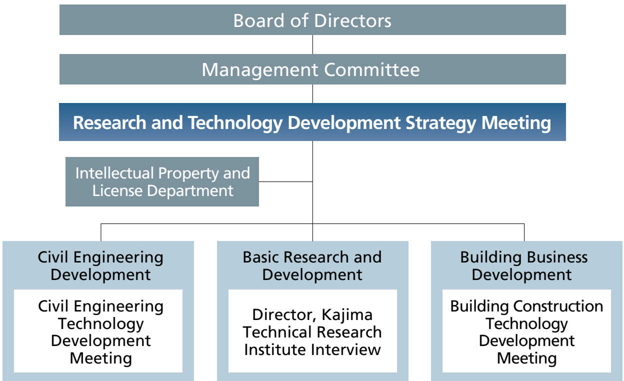
Part 5

To create abundant lifestyles and cities for a sustainable global environment, we are continuously cultivating our human resources and technologies as the driving force behind value creation.

R&D and management strategy

The Kajima Group Medium-Term Business Plan (FY2024–2026) sets "Creating new value as a technology-based company" as a growth strategy. We're enhancing our global R&D ▶page 75 and incorporating a balance perspective of business needs, field insights, and researcher expertise to ensure our R&D aligns with both our short- and long-term societal goals.

R&D promotion structure



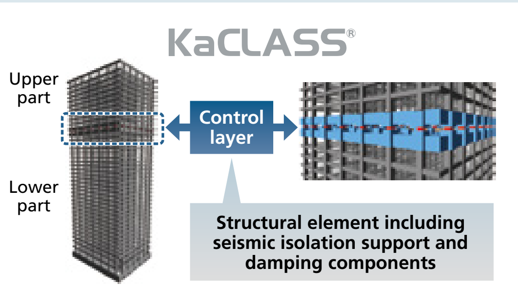
Research and technology development to address social issues

Kajima is using its wealth of R&D achievements as a foundation for integrating the latest AI, ICT, and robotics technologies as we actively advance R&D to address social issues in areas ranging from the environment, energy, and disaster prevention and mitigation to infrastructure maintenance and renewal, and labor shortages.

Topics

KaCLASS: A New Frontier in Seismic Control and Isolation Structure

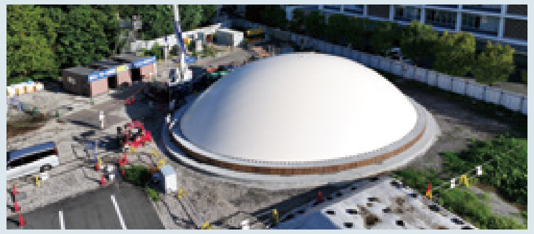
Kajima's seismic control technology continues to evolve. The KaCLASS seismic damping control-layer structure introduced in FY2023 provides ultra high-rise buildings with a seismic control layer that seismically isolates the upper part, which acts as a damping weight for the lower part, enhancing both building safety and comfort.



Topics

CUCO-SUICOM dome reduces CO_2 emissions by 70%

The CUCO-SUICOM Dome was test-constructed adjacent to the Kajima Technical Research Institute in Chofu, Tokyo, as part of the New Energy and Industrial Technology Development Organization's (NEDO) "Green Innovation Fund Project." The dome features a reinforced concrete shell structure constructed using our KT Dome method, which allows construction in any weather. Made from environmentally friendly CUCO-SUICOM shot concrete that reduces, absorbs, and fixes CO_2, the dome lowers CO_2 emissions by approximately 70%. The dome is scheduled to be constructed at the site of World Expo 2025 to demonstrate the feasibility and social implementation of construction technology using environmentally friendly concrete.



The test-constructed CUCO-SUICOM dome

Topics

BCP-ComPAS

Kajima developed and operates the BCP-ComPAS emergency information sharing system for centralized and easy to use communications, including real-time SNS information and damage estimates, during earthquakes, floods, and emergency events. The system enables, coordinated management using a geographic information system (GIS) that collects and displays location data for the headquarters and branch offices, project sites, and completed sites. BCP-ComPAS also has a function for checking on employees who can gather together in emergency situations and for verifying transportation routes. During the 2024 Noto Peninsula Earthquake, the system was used to gather information in real time from the afflicted area, the Hokuriku Branch, and the Kajima Earthquake Response Headquarters. We are continuing to develop BCP-ComPAS as an important tool for ensuring the safety of our workers and local communities.

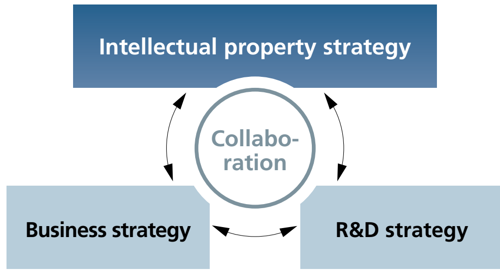
The BCP-ComPAS screen

Promotion of intellectual property activities

The Intellectual Property Promotion Meeting, chaired by the officer in charge of R&D and Intellectual Property and License Department, and comprised of management and department managers, consolidates the opinions of each department, determine policies, and promotes measures related to intellectual capital for the Group, including planning R&D themes utilizing the intellectual property (IP) landscape and proactively securing IP. Major topics discussed in FY2023 included the promotion of rights (formalization) of ideas (tacit knowledge) generated at our operating sites.

Our IP promotion structure includes the Intellectual Property and License Department, which is responsible for supporting the IP strategy and IP management in the business units. We particularly focus on acquiring and using patents associated with our business and R&D strategies in our priority fields, which is also related to our efforts to promote open innovation. Many of our construction operations use very different methods and materials at different work sites, which presents a broad range of IP risks. Our policy is to minimize our IP risk while fully respecting IP rights held by other companies.

Department collaboration in strategic intellectual property activities



Intellectual property education and awareness

To cultivate the "people" who will be responsible for creating IP and to continue generating new value, we provide extensive IP education, including training geared to specific jobs and divisions, and provide monetary rewards for inventions. We have also established an in-house award system to nurture and recognize young and mid-career inventors with promising IP achievements.

Comments from the FY2023 winner of the President's Award encouraging intellectual property development

Maiko Kawano
Senior Research Engineer
Environmental Engineering and Bioengineering Group
Kajima Technical Research Institute

My research field of soil and groundwater will be facing new issues in ten years, which will present opportunities to develop new technologies. Winning this award is encouraging to continue developing new ideas that will meet the needs of the changing society and environment.

Topics

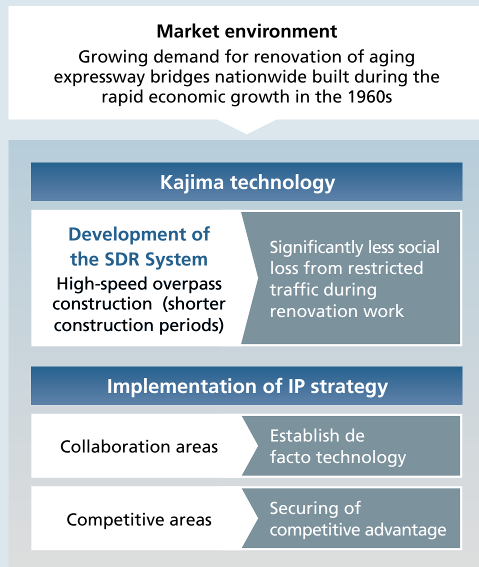
Case study: Intellectual property strategy

Civil engineering priority areas (Infrastructure renewal)

When developing the Smart Deck Renewal (SDR) System for replacing bridge decking, which is a priority area in the civil engineering field, we found and carefully examined prior art and acquired rights (basic patents) for the fundamental aspects of the technologies.

We then opened the patents for collaborative activities by deploying them at the construction sites of other companies, which positioned the SDR system as the de facto system to use. We are also using peripheral patents and our wide-ranging expertise in our proprietary technology to secure advantageous positions for attracting construction project orders in competitive areas.

An SDR System demonstration test



FOCUS Strengthening Our Global R&D Structure

Promoting R&D at our new innovation hub in Singapore

Advanced and practical R&D activities at 5 laboratories in The GEAR

Kajima Technical Research Institute Singapore (KaTRIS)

Kajima established Kajima Technical Research Institute Singapore (KaTRIS) in Singapore in 2013. We were the first Japanese construction firm to open an overseas R&D office.

In recent years, the Singapore government has been increasing its emphasis on innovation as a strategy to accelerate economic growth. In order to solve issues being faced by its city and to drive sustainable economic growth, they have been focusing on the advanced technology, R&D expertise, and human resources of global enterprises. Accordingly, government agencies are seeking to stimulate innovation through a variety of programs to connect startup companies capable of providing innovative solutions to companies facing challenges.

In this vibrant environment, KaTRIS has endeavored to understand and gather the market needs of Asia, centered on Singapore, as well as seed technologies from around the world.

Through our efforts, we have worked with government agencies and universities to foster the development of world-leading technologies and apply them to meet the needs of Singapore and the Southeast Asian region.

KaTRIS plays a central role in advancing the three core strategies of the Kajima Group Medium-Term Business Plan (FY2024–2026) to strengthen the global R&D system, create new value by promoting innovation, and create new businesses unique to Kajima.

The consolidation of our operations in August 2023 at The GEAR as our new Asia regional headquarters marked the start of a new phase in our global operations, in which we will more actively collaborate with a greater number of partners for R&D in a wider range of more advanced fields.

The GEAR, Asia regional headquarters

In August 2023, Kajima opened The GEAR (Kajima Lab for Global Engineering, Architecture & Real Estate) in Singapore. The GEAR is Kajima's regional headquarters for Asia, serving as a hub for (1) corporate operations, (2) R&D activities and (3) open innovation. Located in the Changi Business Park adjacent to Changi Airport, Asia's largest hub airport, the building is an RC construction with six floors above ground and one below, with a total floor area of 13,000 m^2. The new building provides high quality technology and services by consolidating Kajima Development (KD), a real estate development company, Kajima Overseas Asia (KOA), a building construction company, and various other dispersed business companies, as well as KaTRIS. KD was responsible for the planning and development of the project, our Architectural Design Division was in charge of the design, and KOA Singapore was in charge of the construction.

The GEAR's future activities and research and development are highly anticipated by the Singapore Government, and the grand opening ceremony was attended by the Singapore Senior Minister of State for the Ministry of Trade and Industry, other government officials and the Japanese Ambassador to Singapore.

The front view of The GEAR building

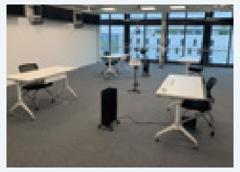
The grand opening ceremony of The GEAR was attended by the then Minister of State for the Ministry of Culture, Community and Youth & Trade and Industry Ms. Low Yen Ling (front row, third from right) and many other local dignitaries. Kajima President Hiromasa Amano is the second right at the front row.

Global advanced R&D

KaTRIS at the GEAR houses five cutting-edge laboratories conducting collaborative practical research with government agencies, universities, industries, and startups to address the needs of society.

The entire GEAR building also serves as a testbed for technology demonstration and PoC. Through the testbed, we persistently and repeatedly validate our ideas with our external partners and evolve The GEAR into a state-of-the-art smart wellness building, and implement the R&D results in society, thus contributing to our core and new businesses.

Co-creation with external partners at five laboratories



Human Centric Design Lab

Enhancing not only livability and energy efficiency but also well-being by recreating diverse building environments through virtual space technology

Construction Robotics Lab

Developing automation technology and solutions for digitalization to improve construction productivity with optimizing the entire construction process

Digital Tech Lab

Developing solutions for realizing smart buildings and smart cities by collecting data through IoT and analyzing it through AI

Environmental Engineering Lab

Promoting greening technologies and high-efficiency waste and wastewater treatment for a sustainable society

Urban Space Construction Lab

Contributing to the creation of a resilient society through the development of sustainable construction materials and structural monitoring techniques adapted to local ground conditions and materials.

FOCUS Strengthening Our Global R&D Structure

KaTRIS R&D projects

1. Development of next-generation construction system for productivity improvement

We are aiming to change the construction system that requires human effort and manual operation to autonomous manufacture and digitalized management using AI and robotic technologies.

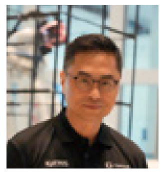
In Singapore, the usage level of Building Information Modeling (BIM) and digitalized tools is higher than other countries. These platforms stimulate prompt circulation for development of reliable applications through testing and improving process with accumulated digital data seamlessly.

KaTRIS is developing a platform and data analysis method for full and effective use of digital data. The system is currently being tested in actual projects to verify its practical viability. KaTRIS is also advancing research on modular component design, human-robot collaboration, and multi-dimensional data platforms toward realizing flexible and easy application of construction robotics.

The accomplishment of comprehensive system is not just making an application for reducing single problem. We are going to apply at actual projects and improve continually for providing practical systems that contribute to productivity improvement and streamline the whole construction process.

PPVC (Prefabricated Prefinished Volumetric Construction) method

Challenging for global R&D

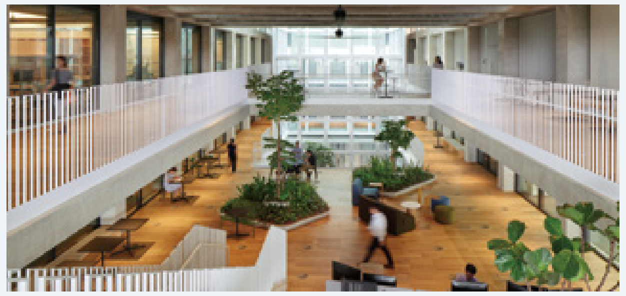


Chae Soungho
Chief Research Engineer
Head of Construction Intelligence Team

In Japan, I worked on the development of construction management system at Kajima Technical Research Institute, and I joined KaTRIS as the head of Construction Intelligence Team to build a global research and dissemination base on construction robotics and digitalization. As the construction industry is facing labour shortage, there is an urgent need for ways to solve the problem from developed countries such as Japan and Singapore, so we are collaborating with global research teams to develop new applications efficiently and effectively. KaTRIS is co-working with overseas group companies in Asia, Europe, the United States, and Oceania in the same way to implement and disseminate the developed application in actual project to create the next generation of built environment.

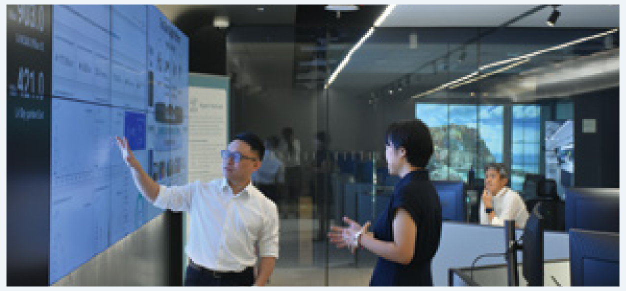
2. Achieving both energy-saving and occupants well-being in tropical climates

In 2019, KaTRIS supported National University of Singapore (NUS) to realize the first net-Zero Energy Building (ZEB) in Singapore. And we continued to develop energy-saving technologies such as hybrid cooling systems combined with conventional air-conditioning systems and ceiling fans. Furthermore, at The GEAR, we attempted to realize the first semi-outdoor office, which is a particular challenge in tropical climates. Called "K/PARK," the space can be switched between an air-conditioned space and a semi-outdoor space by opening and closing movable partitions. Surrounded by pleasant breezes and abundant greenery, this space is also a testing workspace for biophilic design. By eliminating the need for a cooling system, significant energy savings have been achieved, and The GEAR obtained Singapore Green Mark Super Low Energy (SLE) certification.



The K/PARK semi-outdoor workplace at The GEAR

We are also developing and introducing various types of well-being technologies, including air-conditioning and lighting systems that use sensing technology to automatically adjust based on occupant's behaviour and biometric data. These technology can be "nudged" by smartphone intervention technology that uses human behavioural characteristics and psychology to encourage occupants to take breaks. Technologies like these improve work efficiency and comfort while also overcoming seemingly conflicting issues by both lowering a building's environmental footprint and requiring less labour for building management. The GEAR became the first newly constructed building in Singapore to receive the highest Platinum Level of the international WELL Building Standard system for certifying spaces that advance human health and well-being.



KaTRIS researchers discuss smart wellness using the digital platform at The GEAR

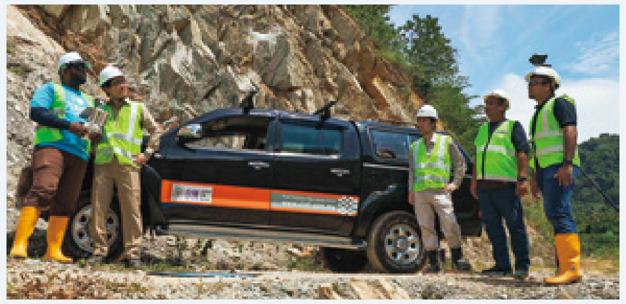
Innovation activities aimed at solving social issues

Innovation at The GEAR has been taken to a new level. Kajima Asia Pacific Holdings KAP, our regional headquarters in Asia, has established a new company to operate an open innovation hub floor where internal and external innovators can interact, form new collaborations and create new businesses.

KaTRIS is an active participant in open innovation, working to advance research and technology to address social issues.

Current collaborations with startup companies aim to improve the sustainability and resilience of society through joint research and proof of concept (PoC) of low carbon concrete and structural diagnostics technology using fiber optic sensor measurements.

Learning event with VC for innovative startups in Residency Programme at The GEAR



Digital geological survey using drone technology

Cultivating global R&D human resources

In order to strengthen the global R&D structure, it is essential to secure and develop high-level, internationally competent human resources. The Singapore government is promoting strategic initiatives to attract excellent human resources from inside and outside the country. Singapore is one of the world's leading countries in human talent, ranked number one in Asia in the IMD World Talent Ranking 2023. KaTRIS seeks to attract local talent by conducting research and creating an innovation environment that stands out from the rest. One of these initiatives is joint research with research institutes in the USA, Europe, Australia and other Asian countries, utilizing the Kajima Group's rich global business base.

In the Philippines, with support from the Asian Development Bank, we are involved in initiatives to promote the conservation and restoration of coral reefs in collaboration with local stakeholders.

Through such technology-oriented sustainable activities, human resources who can realize a sustainable society are nurtured and connected around KaTRIS.

KaTRIS will motivate our own researchers and attract new high-level talent from inside and outside the Company through a variety of exchanges, such as expanding open innovation activities with startups, thus promoting global R&D activities at The GEAR.

Global research activities that embody a technology-based company

Yuichi Takemasa
Deputy Director (Overseas) and General Manager of Global Expansion Group
Kajima Technical Research Institute

In the nine years after KaTRIS was established in 2013, I worked to strengthen its functions through exchanges with local universities and government officials, R&D of advanced technologies, and technical cooperation with local subsidiaries. Currently, I am in charge of promoting global activities of the entire technical research institute.

The business environment is changing dramatically on the global level from digital technology, AI and other technological innovations, as well as the new needs of society to realize sustainable development amid climate change. Our R&D departments must now be able to quickly incorporate and deploy world-leading technologies to their business units and to make R&D results available to clients around the world. KaTRIS, which started activities from its new base in The GEAR, is expected to pave the way for the future of R&D for Kajima Group. I hope that KaTRIS, Kajima Technical Research Institute in Japan, and the Group's technology development related divisions will work together to take on the challenge of growing Kajima as a global technology-based company.

FOCUS The Forefront of Construction DX

Transforming construction sites into factories using automated construction machinery

A⁴CSEL*-guided automated construction machinery building an embankment at Naruse Dam (August 2023)
* A⁴CSEL: Automated/ Autonomous/ Advanced/ Accelerated Construction system for Safety, Efficiency and Liability

Revolutionizing construction production systems by transforming construction sites into “factories”

Kajima is transforming construction sites into highly efficient on-site factories to address the shortage of labor and skilled workers and to eliminate occupational accidents in the construction industry.

Construction work efficiency often depends on the individual skills of the technicians in charge, which is difficult to quantify. Elevating construction work to the efficiency level of a factory requires converting intuitive and experiential knowledge into quantifiable and standardized processes. By restructuring and standardizing on-site work into routine and repetitive tasks, and strictly adhering to work procedures and manuals, we can improve productivity and stabilize construction quality. We take this a step further by modifying the manuals daily based on the construction progress and conditions, which further enhances productivity and effectively transforms the construction site into a highly efficient factory. Creating a coherent construction method and developing applicable software are essential for formulating a highly productive universal construction method.

Automated construction system “A⁴CSEL”

Kajima introduced the A⁴CSEL (pronounced “quad-accel”) autonomous construction machinery operation system in 2009 and have continuously refined and improved the system through real-world applications at dams and other construction sites. A⁴CSEL automates not only construction machinery, but also on-site work. The system uses the day’s work area, the type and number of machines in operation, and other information to optimize construction planning, including machine placement and work procedures, and performs the work automatically. A⁴CSEL has the potential to enable a single person to simultaneously operate multiple machines, dramatically increasing on-site productivity and safety. With the cooperation of the clients, we conducted demonstration tests and full-scale implementation in the embankment construction for the Gokayama Dam and Koishiwaragawa Dam in Fukuoka Prefecture and the Oitagawa Dam in Oita Prefecture and worked to improve functionality and performance. At the Naruse Dam embankment construction project in Akita Prefecture, which began in 2020, A⁴CSEL enables three or four “IT pilots” to control more than ten automated construction machines, significantly reducing labor costs. In October 2022, the monthly concrete placing volume for the dam construction project reached 271,000 m^3, a substantial increase from the previous Japanese record of 147,000 m^3 in 62 years. During our peak period in 2023, we successfully achieved full automation of all processes from material manufacturing to placing by automating three models of construction equipment (14 vehicles) and the transport of cemented sand and gravel (CSG)* from the on-site production plant to the embankment site. This marks one form of the “on-site factory” that Kajima aims to achieve.

* CSG material is made by mixing rock and sand gravel available at a construction site with water and cement.

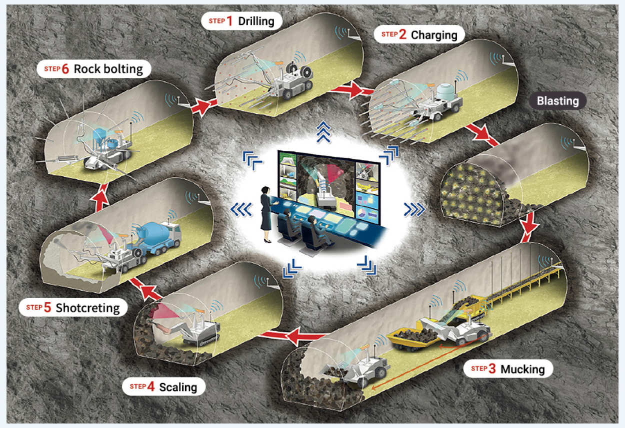
Constantly evolving A⁴CSEL

Remote centralized control system

We are using A⁴CSEL in projects of all sizes, from small to large, to expand its application range in various situations. One way we are doing this is by using a remote centralized control system that controls A⁴CSELs installed at multiple construction sites from a single location. From the remote control room at the Kajima Seisho Experimental Field in Kanagawa Prefecture, five pilots remotely operated several machines at three sites, including Naruse Dam. The system also contributes to workstyle reform by providing comfortable remote work environments.

A⁴CSEL for tunnel construction

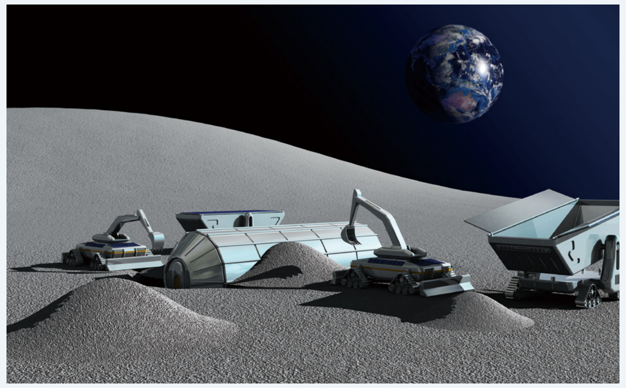
Kajima began developing the “A⁴CSEL for Tunnel” automated construction system for mountain tunnel construction in 2017. After extensive testing at a simulation tunnel in Shizuoka Prefecture and on bedrock at the Kamioka Test Tunnel in Gifu Prefecture, we successfully automated and remotely controlled operations for the six steps in mountain tunnel construction. The system enhances safety by enabling unmanned tunnel face operations, reducing risks, such as from collapses. We intend to deploy A⁴CSEL for Tunnel to more sites to further improve its performance and capabilities.



A⁴CSEL for Tunnel operations

A⁴CSEL for space exploration

We began collaborating with the Japan Aerospace Exploration Agency (JAXA) in 2016. Our R&D using A⁴CSEL has expanded from lunar base construction to lunar resource development. Guided by the principle of “what cannot be done on Earth cannot be done on the Moon,” we initiated research by testing automation technologies at the Kajima Seisho Experimental Field and have since progressed to simulating practical lunar construction scenarios.



Concept image of project site on the moon

Expanding the A⁴CSEL system

Satoru Miura
Principal Researcher
Kajima Technical Research Institute

In the construction industry, increasing productivity is critical as Japan confronts a growing labor shortage, shrinking labor force, and stricter regulations on overtime work hours. The manufacturing industry began incorporating automation in the 1980s to reduce defects and increase efficiency. By automating with industrial robots and devising production processes that required less human input, manufacturing companies successfully realized mass production systems that were less labor-intensive, safer, and produced fewer defects. We started developing A⁴CSEL with the aim of achieving the same effect in construction. Unlike manufacturing operations, construction sites were thought to be virtually impossible to automate due to their constantly changing conditions. A⁴CSEL’s success is attributable to its ability to adapt quickly to changing construction plans and autonomous driving programs, as well as our dedicated team and robust organization. A⁴CSEL R&D started with five people, and we now have dozens of team members. We will continue to take on new challenges.

FOCUS Creating New Value with DX

Industry-academia co-creation to address social issues

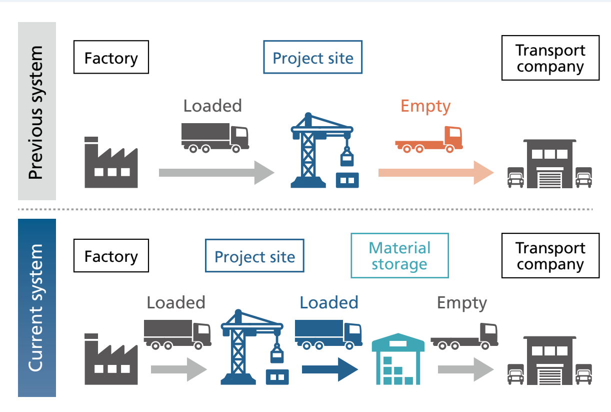
Case 1 Addressing the distribution labor shortage and reducing CO_2 emissions

Matching and relay systems for efficient material transport

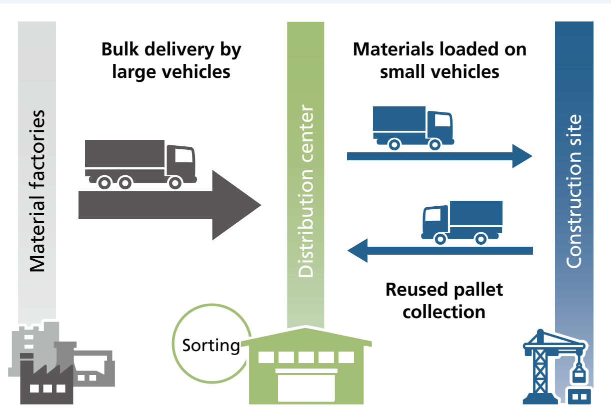
Kajima developed and launched the TraMatch platform that connects on-site subcontractors with transport companies alongside the Distribution Center Relay System, which enhances material transport efficiency. This system consolidates large shipments at logistics centers before delivering materials to construction sites using smaller vehicles as needed. Together, these systems address labor shortages in the logistics sector while also reducing CO_2 emissions.

These systems have significantly improved transportation efficiency. Key benefits include the elimination of underloaded trucks, a reduction in empty vehicle movements, and decreased wait times for vehicles at construction sites. These advancements contribute to more sustainable construction practices and help alleviate storage space shortages at project sites.

The TraMatch transport matching platform



Distribution center relay system



Case 2 Improving forest management productivity and added value

Comprehensive digital technology support for reforestation

Kajima has developed a technology to analyze high-resolution 3D point cloud data of forests, including individual tree species, location, and height. This technology leverages analytical techniques developed through joint research with Nagoya University and utilizes fully autonomous drones developed by Deep Forestry of Sweden to acquire precise data.

This technology is also the basis for our Forest Asset Service offering comprehensive support for forest management and utilization.

By integrating point cloud data obtained from the forest with our proprietary natural environment survey technology, we can measure and evaluate the various functions of forests. This enables us to propose tailored forest management plans, such as thinning to improve water retention, thereby enhancing forest management productivity and increasing added value.

The Kajima Group practices sustainable forest management across approximately 5,500 hectares of group-owned forests by conducting measurements, analyses, zoning, and utilizing harvested timber for wooden buildings. In June 2024, around 170 hectares of our forests in Fukushima, Miyazaki, and Kanagawa prefectures were registered under the J-Credit Scheme, using this technology. Leveraging this expertise, Kajima will extend these services to more local governments and corporate forest owners.

An autonomous forest survey drone

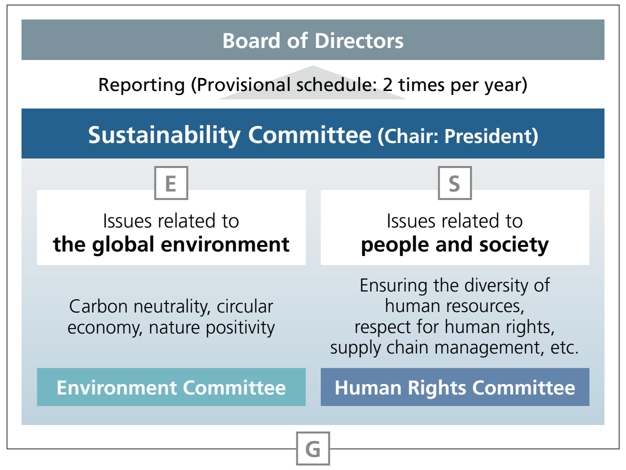
Sustainability Committee

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 regularly reporting to the Board of Directors (G). Specifically, environmental matters are discussed by the Environment Committee, while human rights issues are addressed by the Human Rights Committee. Both committees refer their findings and reports to the Sustainability Committee. Based on the Sustainability Committee's discussions, we work 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.

Promotion structure



Results of past meetings and topics for FY2024

The Sustainability Committee met six times in FY2023 and reported at three Board of Directors meetings. Discussions on the environment mainly focused on revising the Environmental Vision, while human resource discussions covered diversity, equity, and inclusion (DE&I), health and productivity management, and securing the future workforce. All discussions were open-minded, and Kajima's material issues were also revised in the meetings. From FY2024 onward, the committee will continue to address environmental issues, human resources, and the maintenance and strengthening of the supply chain, keeping in mind the sustainability approach outlined in the Medium-Term Business Plan's growth strategies. We plan to consider activity policies, targets, action plans, and a roadmap in light of various social trends and steadily pursue initiatives over the next three years.

Sustainability Committee topics: Results and plans

Topic	FY2022 Results	FY2023 Results	FY2024 Plans for issues to consider and topics to address
Overall	• Positioning and role of the Sustainability Committee	• Review of material issues	
Environment	• 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	• Formulating Kajima Environmental Vision 2050plus - Roadmap and KPIs for a circular economy and nature positivity - Environmental targets and key measures in the Medium-Term Business Plan (FY2024–2026) • Establishing the policy on investment in renewal energy	**Implementation of Kajima Environmental Vision 2050plus** • Determining concrete measures for achieving the environmental targets, checking the progress, and revising them
Human resources	• Establishing goals and checking the progress of the percentage of female employees in the managerial track and the percentage of male employees who take extended parenting leave and childcare leave, etc.	• Holding lectures by experts on managing diversity • Checking the current status and issues relating to DE&I, and considering and determining improvements in compensation and benefits to promote active participation of senior employees • Reporting scores on mental health issues and stress checks in the health and productivity management survey	**Develop people and create systems that will promote growth and change** • Promoting diversity, equity, and inclusion (DE&I) • Increasing engagement • Strengthening human rights initiatives
Maintaining and strengthening the supply chain	• Checking the progress and policy for future initiatives to secure 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 restructure multi-layered subcontracting system and closing sites for 8 days out of every four-week period (closing sites for 104 days each year)	• Checking the status of Kajima Partner College management and policies on future initiatives • Reporting on support for hiring foreign skilled workers • Checking the progress on initiatives to restructure multi-layered subcontracting system and closing sites for 8 days out of every four-week period (closing sites for 104 days each year)	**Develop people and create systems that will promote growth and change** • Securing future workforce • Continuing restructuring of multi-layered subcontracting system • Enhancing support for partner companies

Summary of environmental activities for FY2023

We formulated Kajima Environmental Vision: Triple Zero 2050 in 2013. This set out carbon neutrality, recycle resources (circular economy), and harmoniously co-existing with nature as the key aspects of a sustainable society and set three goals for Kajima to achieve by 2050: Zero Carbon, Zero Waste, and Zero Impact. This was our vision for the future, and the entire Company has been working to achieve these goals.

Kajima uses an ISO 14001-compliant environmental management system to oversee the environmental activities of Kajima Corporation, according to three-year (FY2021–2023) and annual targets. In FY2023, the final year of the three-year plan, CO_2 emissions per unit of revenues during construction decreased by 0.2% versus the goal of a 7% reduction, compared to FY2021. While the use of biofuels and initiatives to streamline construction reduced emissions per unit of revenue from the base year, the target was not met. For recycle resources, the final waste disposal rate including sludge was 3.0%, slightly below the target. There were no environmental problems affecting the natural environment.

	FY2021–2023 targets	FY2023 results
Carbon neutrality	CO_2 emissions per unit of revenues 7.0% reduction vs. FY2021	0.2% reduction
Recycle resources	Final disposal rate including sludge of under 3%	3.0%
Harmoniously co-existing with nature	Promotion of biodiversity-conscious projects	14 quality projects (Civil engineering: 1; Building construction: 11; New fields: 2)
	Reduction of impact from construction on the natural environment (particularly by management of hazardous substances and polluted water)	No serious legal violations or environmental impact, and no environmental accidents

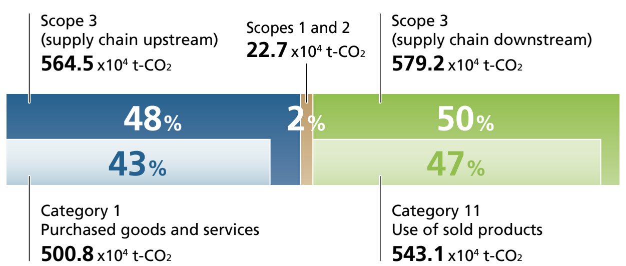
▶ See Environmental Data 2024 for more details.
https://www.kajima.co.jp/english/sustainability/data/pdf/data_report2024.pdf

CO_2 emissions from the Kajima Group's supply chain and results

Although CO_2 emissions during construction (Scopes 1 and 2) represent about 2% of total building lifecycle emissions, we, as a construction company, are directly responsible for these emissions and actively lead reduction efforts, primarily at construction sites.

Supply Chain CO_2 Emissions in FY2023

Non-consolidated: Total of **1,166.4** x10[4] t-CO_2 (Entire group: Total of **1,977.3** x10[4] t-CO_2)

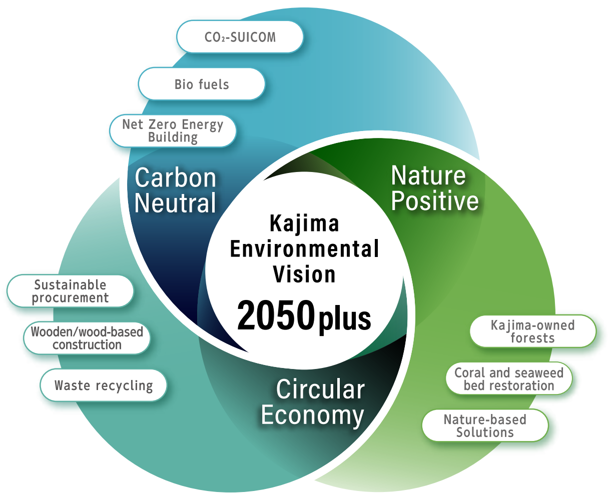


We will continue collaborating with construction materials manufacturers, clients, and other stakeholders to reduce supply chain emissions (Scope 3), which account for the majority of emissions, as it is challenging for the Kajima Group to achieve this alone.

Formulation of Kajima Environmental Vision 2050plus

We recently updated the environmental vision to the new Kajima Environmental Vision 2050plus. We have revised the Group's goals and action plans to reflect a new understanding of the interconnections among three initiative areas of carbon neutrality, circular economy, and nature positivity (changed from "harmoniously co-existing with nature"), recognizing their synergistic effects and trade-offs.

The word "plus" was added to the name of the new environmental vision because we acknowledge that we cannot fully implement the necessary initiatives alone. This signifies our intention to work together with customers and society, and to remain persistent, so that the vision goals can be achieved by 2050. Based on the new vision, Kajima will continue to promote initiatives to help build a sustainable world where economic activity is balanced with environmental conservation.



New KPIs and targets

Kajima Environmental Vision 2050plus set the 2050 goals of achieving carbon neutrality in decarbonization (no change), a circular economy in resource recycling, and nature positivity in restoring nature.

We have set KPIs and targets for FY2026 and FY2030 to achieve these goals. While there is no particular change in the FY2030 target for carbon neutrality, we have formulated measures to reduce CO_2 emissions and benchmarks. We will continue to pursue measures to achieve green electricity, use biofuels, and other measures by 2026.

As we gauge the international situation, we also plan to consider and establish methods to quantify the avoided emissions that cannot be measured under the GHG Protocol by FY2026.

KPIs and targets for 2050

1. Targets for businesses by Kajima (non-consolidated) and its domestic group companies 2. Targets for Kajima non-consolidated business

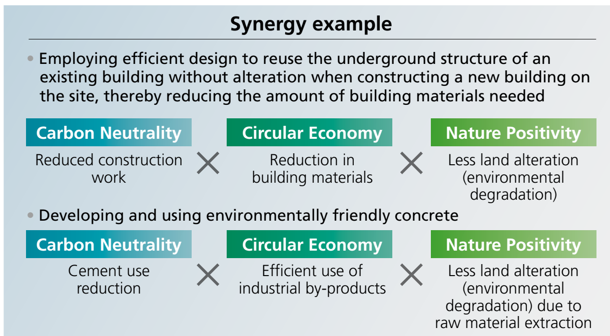
	Carbon Neutrality	Circular Economy	Nature Positivity
FY2050 targets	**Achieve carbon neutrality** Reduce the Kajima Group's greenhouse gas emissions (Scopes 1, 2, and 3) to net zero	**Build a circular economy** **(Recycling rate of 100%)** Update infrastructure using sustainable resources to create high-quality assets	**Promote nature positivity** Promote nature positivity throughout the supply chain and help build a society where ecosystem services can be enjoyed in a sustainable way
FY2030 targets	■ Emissions (compared to FY2021) Scopes 1 & 2: -42% Scope 3: -25% • 100% green electricity use • 65% biofuel adoption rate[2] • 40% usage rate for environmentally friendly concrete[2] • 20% usage rate for steel framework produced by electric furnaces[2] • 100% ZEB achievement[2]	■ 60% recycled material usage rate for main materials[1] ■ 99% recycling rate[1] ■ Full-scale adoption of wooden/wood-based buildings ■ Social adoption of waste recycling technology[1]	■ Cumulative total of nature-based solutions (NbS) to be provided to customers and society (environmental certification, etc.): 100[1] ■ Expansion of nature positive initiatives on Kajima-owned land[1]
FY2026 targets	■ Emissions (compared to FY2021) Scopes 1 & 2: -23% Scope 3: -10% • Adoption of green electricity • Use of biofuels[2] • Use of low carbon concrete[2] • Use of steel framework produced by electric furnaces[2] • 40% energy saving rate using ZEB[2]	■ 40% recycled material usage rate for main materials[1] ■ 97% recycling rate[1] ■ Expansion of wooden/wood-based buildings ■ Development of waste recycling technology[1]	■ Number of NbS to be provided to customers and society (environmental certification, etc.): 10 / year[1] ■ Nature positive initiatives starting on Kajima-owned land[1]

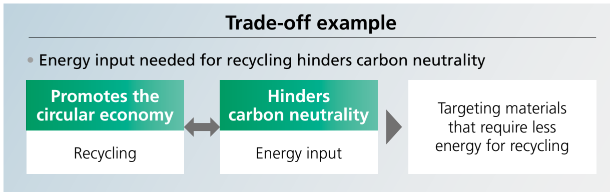
Synergies and trade-offs for the three initiative areas

In each of the three areas, some initiatives are expected to yield synergies, while others present trade-offs.

For example, repurposing existing underground structures can reduce CO_2 emissions, conserve resources, and minimize land disturbance, benefiting multiple areas. Similarly, eco-friendly concrete can lower emissions, promote recycling, and reduce mining, leading to positive environmental impacts in three areas.

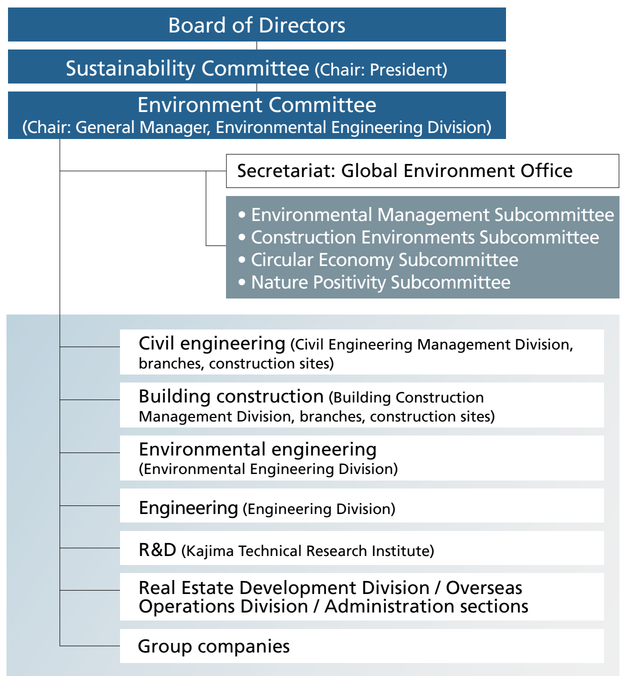
However, the energy input needed for recycling hinders carbon neutrality. We will continue to take a balanced approach to pursuing measures we expect to provide synergies while considering the trade-offs.





Environmental Vision implementation system

To achieve our Environmental Vision, we have established an Environment Committee under the Sustainability Committee. This committee, along with four specialized subcommittees (environmental management, construction environments, circular economy, and nature positivity), and cross-functional working groups coordinates activities across departments and Group companies.



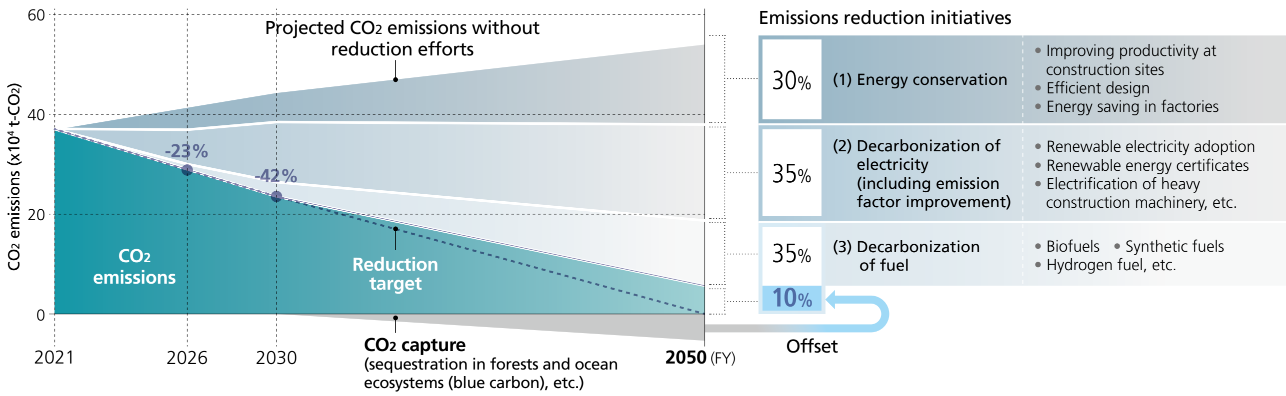
Carbon Neutrality | Targeting carbon neutrality | Kajima emissions

To reduce Kajima's CO_2 emissions (Scopes 1 and 2), we implement energy savings and measures to achieve net zero carbon neutrality in electricity and fuel. By FY2050, we aim to achieve a 30% reduction through energy savings, a 35% reduction through the decarbonization of electricity, and a 25% reduction from the decarbonization of fuel, which accounts for 35% of total emissions. We will offset 10% of emissions through CO_2 fixation, including absorption by Group-owned forests and seaweed beds, thereby achieving carbon neutrality.

The first priority is to improve productivity and achieve energy savings by reducing energy use at construction sites. We will promote the development and application of technology aimed at improving operational efficiency in both the civil engineering and building construction areas, with the aim of improving productivity. To achieve 100% green energy by FY2030, we will actively invest to ensure our renewable energy sources exceed our electricity needs in Japan, accounting for increased energy demand from business expansion and the electrification of heavy construction machinery, as well as potential shortages in renewable energy supply. Overseas investments will be guided by the proliferation of renewable energy, differences in systems, and other relevant factors.

We expect to curb fuel emissions since the electrification of heavy construction machinery will offset the increase in emissions from the expansion of business domains. More specifically, we have set a target of converting 65% of fuel to biofuels (non-consolidated basis) by 2030 and aim to achieve a 42% reduction in combined Scope 1 and Scope 2 emissions. We are introducing an internal carbon pricing system for the purchase of biofuels.

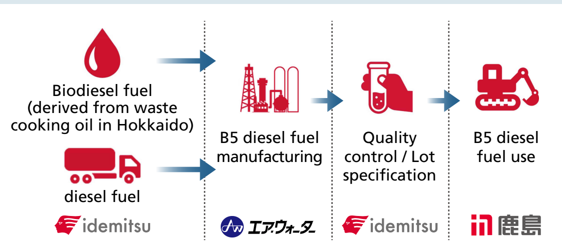
Roadmap for reduction of Scopes 1 and 2



Topics

Building a B5 diesel fuel local production and consumption system in Hokkaido

We have been using B5 diesel fuel as fuel for construction machinery and power generation at construction sites in Hokkaido since August 2024. B5 diesel fuel is produced at Air Water Life Solution Inc.'s plant by blending light oil from Idemitsu Kosan Co., Ltd. with biodiesel derived from waste cooking oil collected from Seicomart stores in Hokkaido. Local production of biofuel for local consumption was achieved by overcoming the challenges of building a supply structure and strict quality management.



Overview of the supply chain

Pursuing further proliferation and expansion of CO_2-SUICOM by adding a grade

CO_2-SUICOM is a concrete that stores CO_2 during manufacturing, reducing CO_2 emissions to zero or even below. In addition to our existing carbon-negative grade, we have begun providing a carbon-reducing grade as well. The carbon-negative grade has been mainly marketed for small precast concrete products such as paving blocks. The establishment of a carbon-reducing grade dramatically expands product variety, making it suitable for the infrastructure construction market, such as large block retaining walls and other large precast concrete products.

	CO_2-SUICOM	Grade	Estimated CO_2 storage*1 (kg/m³)
Existing	CO_2-SUICOM (P)*2	Carbon-negative	100 or more
New	CO_2-SUICOM (E)*2	Carbon-reducing	Less than 100

*1 The standard for volume of CO_2 absorbed and fixed by CO_2-SUICOM, compared to conventional concrete
*2 (P): Premium; (E): Economy

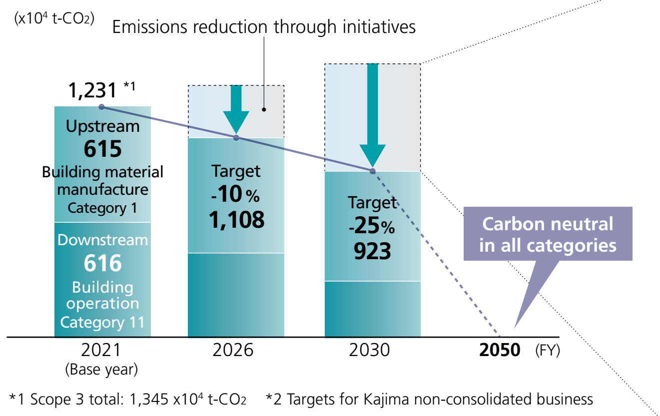
Carbon Neutrality | Targeting carbon neutrality | Supply chain emissions

To reduce Scope 3 emissions from the supply chain, we recognize the need for collaboration with other companies involved. Therefore, we first focus on the reductions Kajima can achieve independently, aiming to develop and use low-carbon construction materials in the upstream stage and expand zero energy buildings (ZEB) in the downstream stage.

Kajima has already introduced various low-carbon concrete types at construction sites, aiming for a 40% usage rate by FY2030. Additionally, we will increase steel framework produced by electric furnaces to 20% by FY2030.

At the downstream stage, we will minimize building energy consumption through energy-saving measures, renewable energy utilization, and ZEB proliferation. Our FY2030 targets for design-build projects are a 50% energy saving rate (vs. FY2013) and 100% ZEB achievement (Net ZEB, Nearly ZEB, ZEB Ready, ZEB Oriented).

KPIs and targets



*1 Scope 3 total: 1,345 x10⁴ t-CO_2 *2 Targets for Kajima non-consolidated business

Upstream: Category 1 (CO_2 from material manufacture)

Main materials	(1) Concrete • Low-carbon concrete → Focus Usage rate 40%*2 (Eco-Crete, blast furnace slag concrete, etc.) • CO_2-absorbing concrete (CO_2-SUICOM), etc.
	(2) Steel products • Use of steel framework produced by electric furnaces → Focus Usage rate 20%*2 • Adoption of steel materials produced with low CO_2 emissions
	(3) Other (wood frames, etc.)
Other materials	(4) Efforts by material manufacturers to reduce their own emissions and the adoption of products with low CO_2 emissions

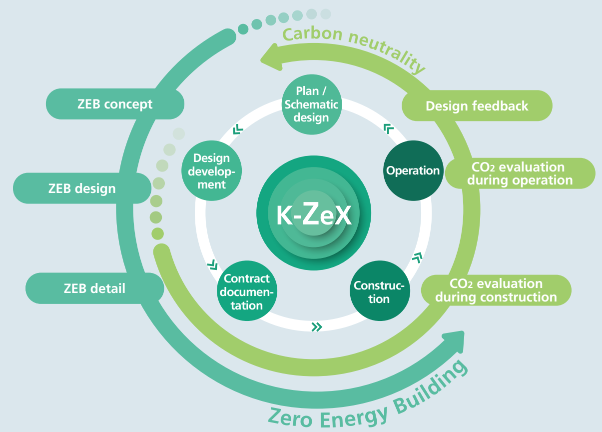
Downstream: Category 11 (CO_2 from building operation × 60 years)

Energy saving design	(5) Reduction of building energy consumption → Focus Design target -50%*2 (Compared to FY2013 level)
Green electricity	(6) Improvement of electricity emission factor

Topics

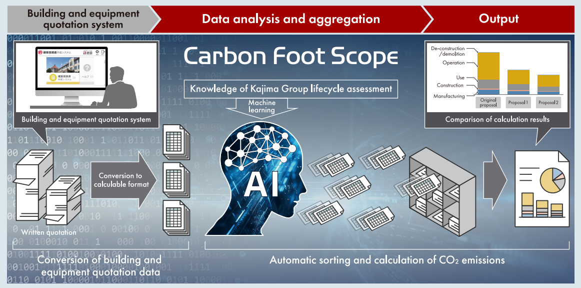
Developed K-ZeX system to support carbon neutrality throughout the building's lifecycle

K-ZeX is Kajima's integrated system that connects databases, knowledge, applications, and services across all stages, from building planning and schematic design to design development, construction, and operation. It enables integrated services to meet a customer's carbon neutrality needs over a building's lifecycle, facilitating efficient analysis of key focus areas to achieve carbon neutrality from the initial stage. Incorporating operating data into the next design phase in the optimal format enhances carbon neutral design and improves the building's overall environmental performance.



Development of Carbon Foot Scope to calculate CO_2 emissions from construction materials and equipment

The Kajima Group has developed a system that uses AI to accurately calculate CO_2 emissions from construction materials and equipment by learning from the expertise and data accumulated over years of building lifecycle assessments. Because the system automatically calculates emissions for tens of thousands of complex pieces of equipment in a short time, we can quickly propose multiple CO_2 reduction scenarios. This enables customers to explore various equipment options, making it easier for them to reduce CO_2 emissions efficiently and economically.



Circular Economy

Toward a circular economy

Kajima has been pursuing initiatives to reduce waste to zero through the "3 Rs" (reduce, reuse, and recycle). Kajima Environmental Vision 2050plus aims for a circular economy, minimizing resource input and consumption while maximizing resource utilization.

Though construction is resource-intensive, we balance carbon neutrality and nature positivity by reducing natural resource use and promoting reuse and recycling.

KPIs, targets, and roadmap

KPIs and targets	FY2026	FY2030	FY2050
	• Recycled material usage rate*1 40% • Construction waste recycling rate*2 97%	• Recycled material usage rate*1 60% • Construction waste recycling rate*2 99%	• Achieve sustainable procurement*3 for all materials • Construction waste recycling rate*2 100%

Roadmap		2026	2030	2050
Design/Procurement	Expanding the use of recycled materials			
	Investigation and adoption of sustainable procurement	Sustainable procurement expansion		
	Expansion and full-scale adoption of wooden/wood-based buildings			
	Efficient design (less building material input)			
Construction	Waste reduction			
	Separation and collection of construction waste			
	Development of construction waste recycling technology		Promotion of recycling of construction waste	

Circular economy achieved

*1 Recycled material usage rate: Percentage of recycled materials used

*2 Construction waste recycling rate: Percentage of construction waste sent for material, chemical, or thermal recycling

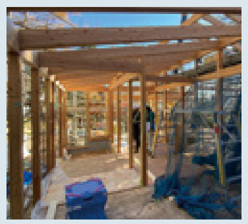
*3 Sustainable procurement means procurement of environmentally and socially friendly building materials throughout the supply chain.

Topics

Use of Group-owned forests and expansion of wood use

Promoting use of wood materials produced in Japan not only contributes to nature positivity; it also contributes to a circular economy as a sustainable construction material. Expansion of wooden and wood-based buildings is one of the targets in Kajima Environmental Vision 2050plus.

Kajima processes the timber harvested from Group-owned forests locally. At KX-FOREST KARUIZAWA, Kajima's corporate resort in Izuminosato, Karuizawa (scheduled for completion in October 2024), we are using timber harvested from the premises for the exterior and furniture of the lodging facilities. We also use timber from Mt. Hikage in Fukushima Prefecture for the lodging facilities' structures and exteriors, and other purposes.



Construction materials being used at the Izuminosato resort

Nature Positivity

Promoting nature positivity

The construction industry significantly impacts the environment, both directly through construction activities and indirectly through supply chains. To mitigate this, nature-positive initiatives are crucial.

Kajima Environmental Vision 2050plus adopts a two-pronged approach: reducing negative impacts to zero, such as proper hazardous material treatment, and increasing positive impacts, such as providing NbS to customers and society for environmental regeneration and recycling.

KPIs, targets, and roadmap

KPIs and targets	FY2026	FY2030	FY2050
	Number of NbS to be provided to customers and society (environmental certification, etc.): 10 / year	Cumulative total of NbS to be provided to customers and society (environmental certification, etc.): 100	Promote nature positivity Promote nature positivity throughout the supply chain and help build a society where ecosystem services can be enjoyed in a sustainable way

Roadmap	2026	2030	2050
	Proposals for biodiversity, etc., at the building design stage (environmental certification, etc.)		Further expansion of initiatives to increase positive impacts
	Expanding conservation activities in collaboration with customers and local communities, such as coral and seaweed bed restoration and rice terrace conservation		
	Nature positive initiatives starting on Kajima-owned land	Expansion of nature positive initiatives on Kajima-owned land	
	Appropriate treatment of hazardous materials onsite, and thorough water environment management		Further promotion of initiatives to reduce negative impacts
	Expansion and promotion of environmental restoration projects that involve measures such as remediating contaminated soil from construction sites, water treatment (water supply and sewage systems), and disaster prevention, etc.		

Promote nature positivity

Topics

Joint research on seagrass bed restoration and expansion

Four organizations*4 began a joint research for restoration and expansion of seagrass beds in the town of Minamisanriku, Miyagi Prefecture. This approach utilizes the eelgrass restoration technology developed by Kajima, which could protect the genes of native eelgrass. Along with restoration of seagrass beds, we aim to systematize the restoration technology and initiatives, maintain and improve the ecosystem, generate blue carbon, and derive other future benefits.

*4 Four organizations: Minamisanriku Town, Center for Sustainable Society, MS&AD Insurance Group Holdings, Inc., and Kajima Corporation

Eelgrass being preserved off the coast of Minamisanriku

TCFD-based information disclosure

Having expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2019, Kajima is establishing a governance structure to address climate change, 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 web page.
https://www.kajima.co.jp/english/sustainability/environment/tcfd/index.html

Governance	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 (FY2024–2026), 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 through the PDCA cycle, leading 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 2024, we updated the Kajima Environmental Vision: Triple Zero 2050, established in 2013, titling the new vision the Kajima Environmental Vision 2050plus. Regarding CO_2 emission reduction, Kajima has set targets to reduce Scope 1 and 2 emissions by 42% and Scope 3 emissions by 25% by FY2030 compared to FY2021 levels and to achieve net zero emissions and carbon neutrality by FY2050. The company has also established various benchmarks to achieve these targets.

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 (2) Development and introduction of low-carbon construction materials (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 (3) Pursuing ZEB business feasibility and comfort
		Increase in demand for renewable energy	+ +	+ +	
		Expansion of ZEB market	+ +	+	
Physical risks	Chronic	Effects of rising temperatures on working conditions	–	– –	(1) Development of labor-saving construction technologies
	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		– +	

TNFD-based information disclosure and future initiatives

Kajima participated in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum in August 2023 and has trialed the identification and evaluation of nature-related risks and opportunities in the supply chain of cement, which is the main construction material, in accordance with the ß version of the TNFD framework (v0.4).

Moving forward, we will continue to adhere to the final TNFD recommendations and assess and disclose information on Kajima's dependence and impact on the climate and natural capital, as well as the risks and opportunities arising from climate change and degradation of natural capital.

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

Human resource strategy overview

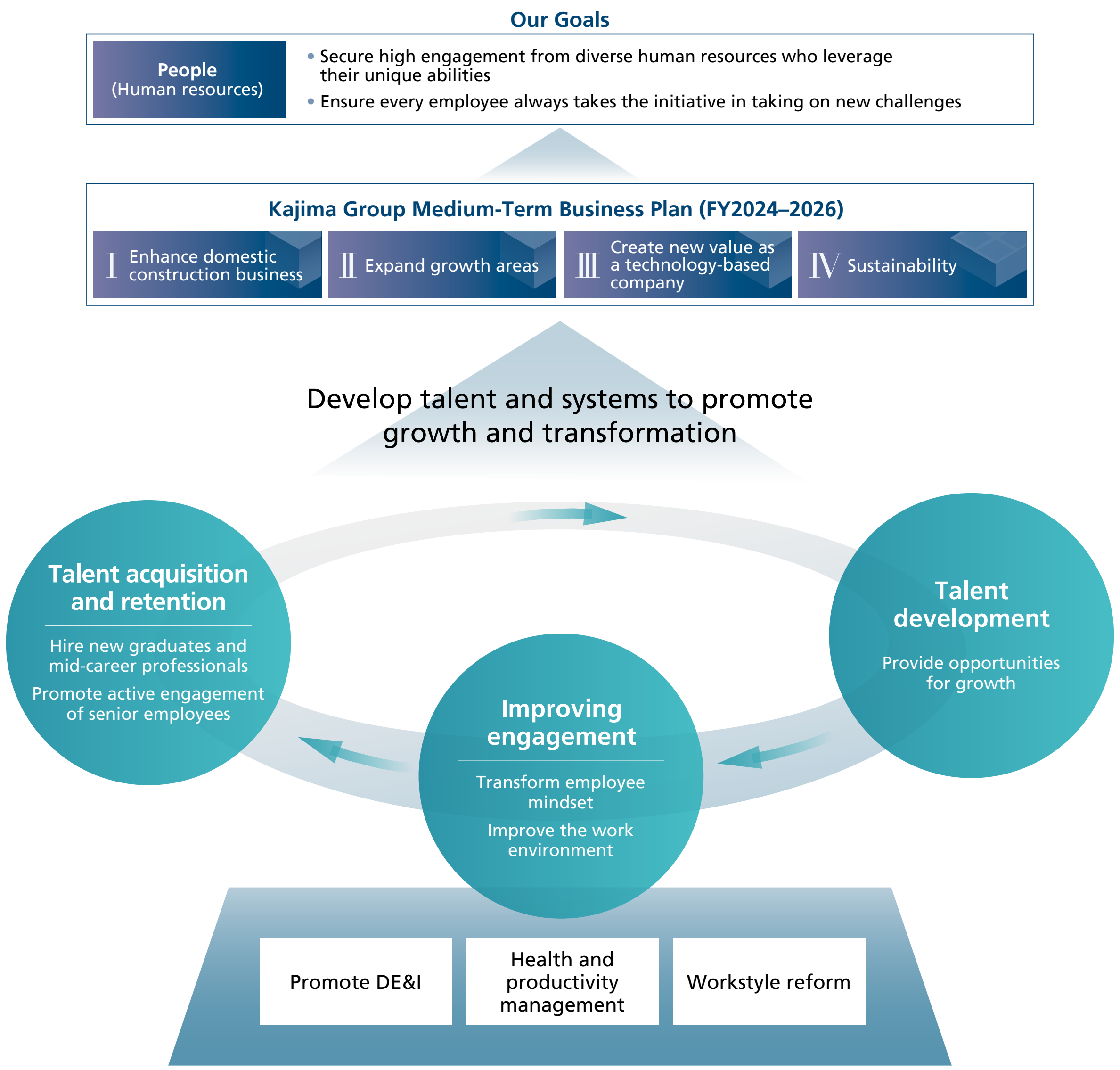
The Kajima corporate philosophy advocates "As a group of individuals working together as one, we pursue creative progress and development founded on both rational, scientific principles and a humanitarian outlook, through which we strive to continually advance our business operations and contribute to society." This tradition of humanitarianism and valuing people is a cornerstone of our competitive advantage.

Since its founding, Kajima has consistently embraced a enterprising spirit, leading the way in fields such as railways and skyscraper construction. Moving forward, we aim to be a vibrant corporate group where each individual keenly senses the changing times, fully utilizes their capabilities, and takes pride in being a part of the Kajima Group.

In alignment with the Kajima Group Medium-Term Business Plan (FY2024–2026), we have newly defined our vision for the Kajima Group. This vision includes key objectives related to our human capital: securing high engagement from diverse human resources who leverage their unique abilities and ensure every employee always takes the initiative in taking on new challenges.

The increasing demand for construction and the implementation of the "overtime work limit regulation" in Japan starting in FY2024 are presenting unique challenges that we view this as an opportunity. We are committed to promoting flexible work styles that value the rich individuality and diverse perspectives of each employee, aiming to develop into an even more attractive company.

Specifically, to develop talent and systems that drive growth and transformation, we are developing talent and systems to promote growth and transformation built on three pillars: (1) talent acquisition and retention to support our domestic construction business, growth areas, and technological development; (2) talent development to unlock their potential; (3) improving engagement through DE&I, health management, and workstyle reforms.



Talent acquisition and retention

Strengthening recruitment of new graduates and mid-career professionals to maintain and enhance production capabilities

Recruiting high-potential talent to shape the future of Kajima

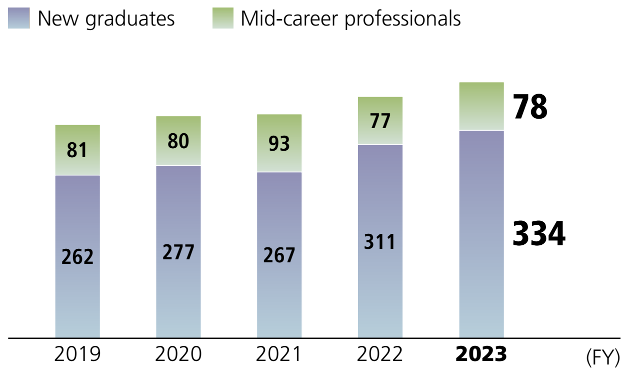
Kajima's recruitment policy focuses on consistently and sustainably securing high-potential talent capable of inheriting the knowledge, skills, values, and trust cultivated over many years, and shaping the future of Kajima. Anticipating medium- to long-term business scale and workforce trends, and addressing the immediate challenge of complying with overtime work limit regulations, we have increased our hiring efforts in recent years. This ensures a robust talent foundation essential for the sustainable development of our business. We actively recruit diverse talent who can support our core construction and real estate development businesses, adapt to advanced technological requirements, and respond flexibly to the globalization and rapid changes in business.

We host internships, the Kajima Expo, and other events to provide prospective applicant students with a closer look at Kajima's employees and technology, and to show how their studies can be applied in practice. In 2023, approximately 5,000 participants attended the Kajima Expo. Additionally, we organize site tours at various civil engineering and construction sites nationwide, as well as at the Kajima Technical Research Institute. We also host forums for interactions between female students and professional engineers. These initiatives have boosted our recruitment, resulting in the hiring of 334 new graduates in 2023, including 86 women.

In 2022, Kajima actively advanced DE&I initiatives and the development of DX talent by participating as a managing company in the University of Tokyo's Metaverse School of Engineering. Kajima also joined the Cabinet Office's Science and Technology Challenge support group, regularly organizing site tours and other events.

Kajima mid-career recruitment actively seeks talent with experience and skills aligned with our growth strategies in fields including engineering, advanced IT fields such as automated construction and robotics, and overseas business.

Number of new graduate and mid-career hires



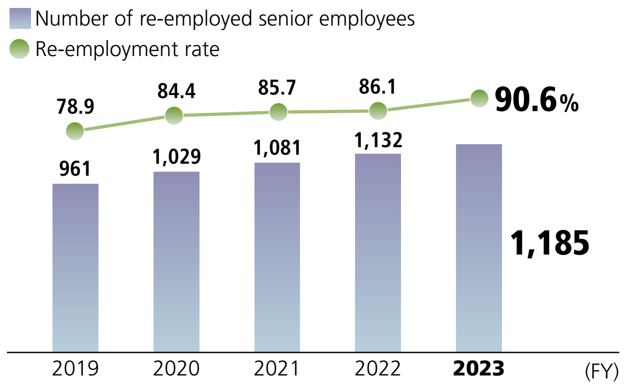

An internship group at the Kajima Technical Center

Promoting active participation of senior employees

Kajima has a re-employment system for employees reaching the retirement age of 60 who wish to continue working. Our reemployment rate is approximately 90%, with a 100% of those who apply being rehired. Recently, over 1,000 senior employees have been actively engaged as site managers, leveraging their skills and experience while mentoring the next generation and passing on their technical knowledge.

To ensure that senior employees remain highly motivated and continue to excel after reemployment, in FY2024 Kajima began providing the same compensation level for site managers and similar positions as before retirement.

Number and percentage of re-employed senior employees



Talent development — Establishing an environment that fosters continuous challenge and growth

Providing opportunities for growth

An important challenge is how to maximize the potential of the talented individuals we have secured. Kajima is actively committed to developing professionals who possess advanced expertise to meet the evolving expectations of society and clients, as well as the management skills required for organizational operations and project execution.

Kajima has designated the first 13 years after new graduate hires as a critical period for acquiring specialized skills. During this time, we implement both on-the-job training at workplace and off-the-job training through annual group training sessions. By promoting robust skill development and offering experience and challenge opportunities, we enhance the growth of our younger employees.

One example of this is in architectural engineering division where we have increased the in-house lectures with specific case studies to instill the decision-making skills and commitment to quality expected of Kajima engineers. In civil engineering division, we have extended the duration of our mentorship program to further encourage the proactive growth of our younger employees.

For our management team, we conduct training programs divided into four levels, from "entry-level" to "executive level," aimed at enhancing the management skills required for each position. Approximately 600 participants join these programs annually, gaining not only the necessary management knowledge and skills but also insights into changing social dynamics.

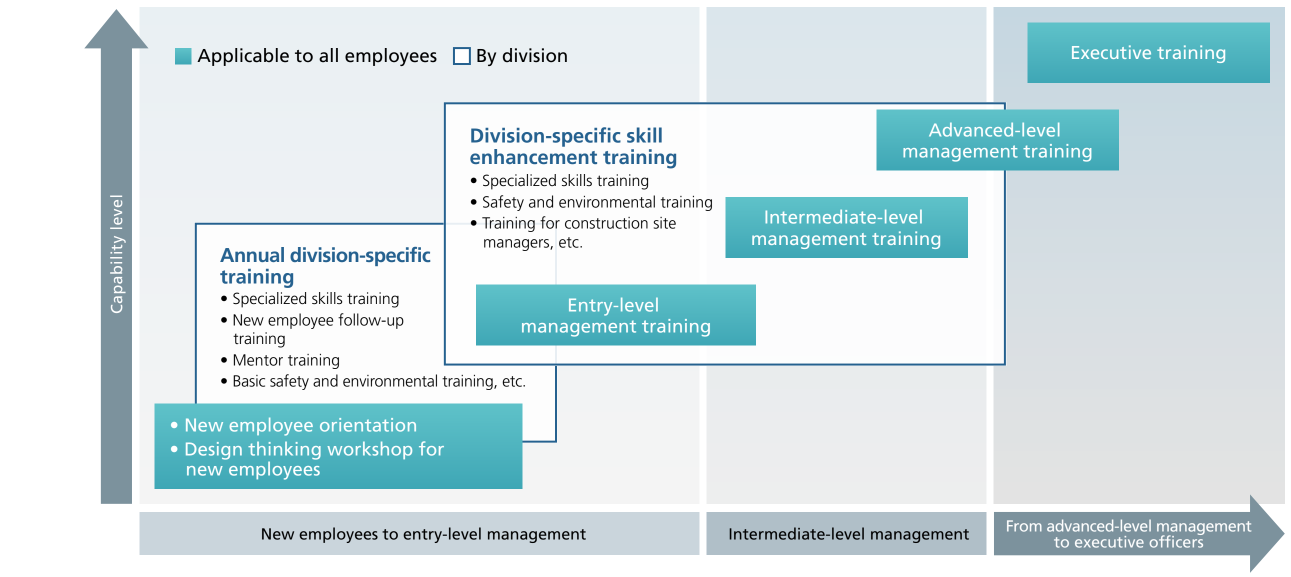
We have developed video lectures and e-learning content on various business skills and DX, as well as support systems for domestic and international study programs and language learning. These initiatives aim to meet the diverse learning needs of our employees and foster a proactive learning environment.

Additionally, we regularly host workshops and events to provide opportunities for employees to gain insights for their self-improvement. In FY2023, for example, we organized talk events with external guest speakers on the themes "Unconscious Bias" and "Perspectives of Generation Z." Over the past three years, we have held approximately 40 events, with a total of around 2,600 participants, including online attendees.

In FY2023, we have started conducting workshops on design thinking for all new employees to foster a mindset geared towards creative initiatives.

A design thinking workshop

Employee education and training system



Applicable to all employees	Compliance, the Anti-Monopoly Act, harassment, mental health, DE&I, information security, etc.
Selective and voluntary	Accounting, logical thinking, legal affairs, new business creation, domestic and overseas study, overseas subsidiary training, etc.
Self-development	Business skills, liberal arts, operational efficiency, digital transformation (DX), design thinking, etc.

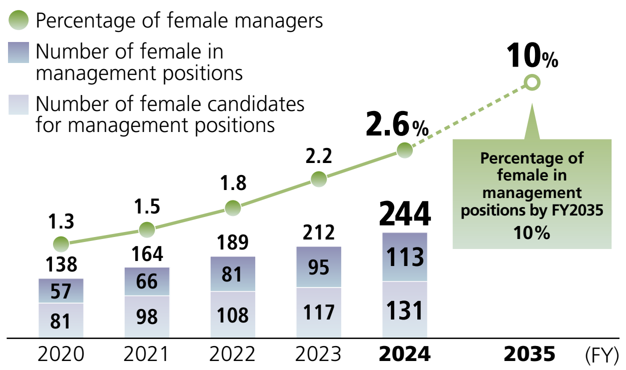
Improving engagement — Promoting flexible workstyles to transform employee mindset and enhance the workplace environment

Diversity, equity & inclusion

Kajima is committed to creating an environment where employees from diverse backgrounds and with unique personalities can thrive fairly and equitably, maximizing their potential.

In 2014, our company set a target of over 20% women in career-track positions among new graduates, which we have generally met since 2016, reaching 21.1% in FY2023. We are furthering our DE&I efforts by aiming for 30% by FY2028. We have already doubled the number of female managers and engineers within five years and tripled it within ten years compared to FY2014. Our new goal is a 10% ratio of female managers by FY2035.

Percentage of female employees in management positions



The number of female managers and candidates is steadily increasing, and we expect the hiring gender ratio to be maintained in the medium to long term. Our annual career training programs for female employees fosters cross-departmental networks, aiding in their retention.

In recent years, we have supported work-life balance with measures such as expanding flexible schedules and telework policies, hosting work-childcare balance webinars, enhancing consultation services, and launching the KX-Family childcare service for young children.

Percentage breakdown of childcare leave days taken by male employees

Total	1-5 days	6-10 days	11-29 days	30 days or more
184	7.6%	8.7%	50.5%	33.2%

In FY2023, the paternity leave uptake rate rose to 71.3%, up 33.5 points from the previous year. Of those, 83% took 11 days or more. Including short-term childcare leave, the overall rate increased to 92.2%, up 27.9 points. We aim for a 100% uptake rate, with 50% taking 30 days or more.

Raising twins while working

Keisuke Akazawa
Chief of Structural Engineering Department (Business & Lodging), Architectural Design Division

I balance raising my three-year-old twins with my work. My wife and I, both working full-time, share childcare and household tasks based on our workloads. During my 20-day paternity leave, I worked hard to learn childcare skills to the same level as my wife, and was then able to manage on my own. Now, I use the flexible childcare system for morning daycare prep and to handle drop-offs on my telework days (twice a week). Despite time constraints, improving my work efficiency has led to better results and a more fulfilling life.

Health and productivity management

Kajima considers employee health a critical management issue and continuously practices "Health Management." Recognized as a 2024 Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry, our in-house clinic centrally manages the health information of all employees and actively engages in preventive healthcare, treatment, and mental health care, including stress checks. Our latest overall health risk score from these checks is 81, compared to the national average of 100, maintaining favorable numbers since 2016.

Additionally, we disseminate findings from the Central Safety and the Health Committee and the Headquarters Health Committee to all domestic branches and deploy industrial health staff at all major business sites (including construction site offices) to promote health initiatives.

Engagement survey

The engagement survey initiated in2023 yielded positive results. We will continue conducting the survey annually to inform HR strategies, measure effectiveness, and manage our organization and talent.

FY2023 engagement survey content and results

- Target: All Kajima Corporation employees
- Main categories: Management understanding and trust, workplace personal relations, job satisfaction
- Response rate: Approximately 90%

Workstyle reform

We view the overtime work limit regulations for the construction industry implemented this fiscal year as an opportunity to transition to a work style that delivers results within limited hours. Under the leadership of the President, the Work Style Reform Committee is spearheading these initiatives.

We are fostering an attractive workplace by promoting flexible work styles, helping transform the employee mindset, and improving the work environment. These efforts aim to attract new high-caliber talent.

Foundation for workstyle reform: five-day workweek

Effectively reforming our work style and complying with the overtime regulations requires setting project timelines that assume a five-day workweek. In alignment with the "Declaration for Securing Appropriate Construction Periods" of the Japan Federation of Construction Contractors and the "Unified Weekend Closure Movement" by four construction industry organizations, we are establishing project timelines that assume a five-day workweek, with the understanding and cooperation of our clients.

Even in private construction projects, which often have shorter timelines due to business plans, we are committed to ensuring compliance with the overtime regulations and have secured a five-day workweek for approximately 70% of new contracts.

* Construction work of a certain scale started in FY2024

Transforming mindsets: Meetings between 9 a.m. and 4 p.m.

Kajima announced the Kajima Work Style Reform Declaration in December 2023 to advance our efforts to transform the employee mindset and gain the understanding and cooperation from clients. This declaration includes three key points as follows:

We are reforming our work style!

1. No e-mailing on days off and after hours
2. Meeting will finish within designated working hours
3. Encouraging active use of vacation time

To ensure a unified company-wide effort, we implemented a policy for all employees to include this declaration template in their email signatures.

In FY2024, we are strengthening our efforts to conclude meetings and discussions at construction sites by 4 p.m. Site employees have generally focused on site management while skilled workers were on the job, often holding meetings in the evenings after work. By shifting meeting times earlier, we are transforming the work cycles of site employees and fostering a mindset geared toward productivity improvement. This change also supports flexible work styles, enabling employees with childcare responsibilities to attend meetings without difficulty.

Increasing productivity: Accelerating operations with digitalization

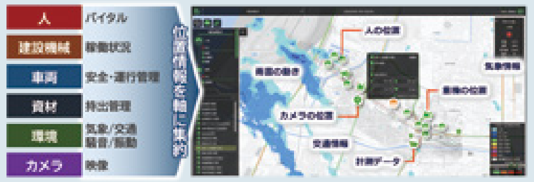
We are continuously digitizing the technical know-how and expertise accumulated over many years across the entire Company. By digitizing and breaking down tasks, we categorize them into those that can be improved, shared, or outsourced, thereby promoting operational efficiency at our sites. Successful examples of these improvements are shared horizontally through our intranet in the "Workstyle Reform News."

Topics

Reducing travel time through remote management: Implementing Web Cameras and Integrated Management Systems

Civil engineering project sites often cover vast areas, especially in mountainous regions, where it can take over 30 minutes to travel from the site office to the work area. Kajima saves this time by equipping its sites with webcams that stream video to large displays in the site office, allowing remote monitoring of work progress and reducing employee travel time. We also deploy the Field Browser system we developed to integrate real-time data on the location and operation of personnel and machinery, and measurements of noise, vibration, and environmental conditions. This system enables site condition visualization that enhances decision-making accuracy and speed during construction method review meetings. As of May 2024, it is in use at 75 civil engineering sites. By combining remote management tools with our commitment to the Three Reality Principle of "actual site, actual equipment, and actual conditions," we have raised our meticulous on-site management to a higher standard.


Multiple large display screens and a meeting using live video from an on-site webcam



The Field Browser integrated management system

FOCUS Cultivating Building Construction Engineers

Expanding practical training and operating the mentoring program

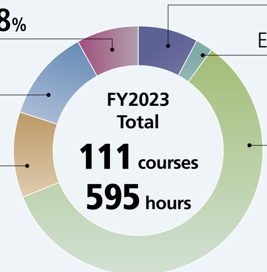
Building construction | **Training programs designed to benefit both young employees and in-house instructors**

At Kajima, an employee's first 13 years are considered a "training period" for acquiring specialized knowledge. On-the-job training and group training sessions are tailored to each person according to their years of service at the Company and their job categories. The training aims to develop individual skills and help younger employees set their career paths.

The Kajima Technical Center ▶page 97 opened in April 2023 is a facility for practical experiences and hands-on training on building construction technologies. One of the training programs focuses on examining case studies presented by in-house instructors. Employees with extensive practical experience share their specialized skills and experience with new employees who may not yet have direct experience at a construction site. The program instructors draw on their actual experience and use the Center's collection of actual equipment and structures, which reproduce sections of buildings and other materials to make the sessions as similar as possible to on-the-job training and to demonstrate how theoretical knowledge can be applied to real-world situations. Participants are also given many opportunities to cultivate their judgment and intuitive abilities through discussions with senior employees and by learning from their experiences.

In-house Instructors are chosen from employees with experience relevant to the training content. Approximately 60 employees, including former construction site managers, at the Head Office and branch offices have completed training in presentation and instruction methods to be In-house Instructors. The training program at the Kajima Technical Center develops young employees, but it also provides employees who serve as instructors to grow through experiences outside their usual work content. Preparing the course content requires digging deep into their knowledge, gathering and organizing course materials, determining the most effective presentation method, and calibrating a course schedule. Many of the instructors will eventually take on management or more advanced roles, and one of the training program's main objectives is to provide them opportunities to learn, increase their perceptiveness, and grow together.

Training breakdown by course category



Comment from an in-house instructor

Providing practical tips to encourage growth and gaining fresh perspectives from young employees

Daisuke Koshu
Deputy Manager, Planning and Administration Group
Planning Department,
Building Construction Management Division

I joined the Company in 2011 and spent 12 years working on-site at large research facilities and redevelopment projects in central Tokyo. I transitioned to the Building Construction Management Division and in October 2022 became an in-house instructor training first- to fifth-year architectural engineers.

While helping young employees build their knowledge and skills, I also share practical tips I've picked up through my experiences to help them discover the joy being part of a large group of colleagues within a construction project. I devise the training content following the Kajima Technical Center's concept of "Feel and Think." I offer my classes in a participatory format so everyone can practice applying "Design Thinking," in addition to improving management skills useful on construction sites.

It's gratifying to pass on knowledge from my experience in the field to my juniors in the Company. Instructing also has a huge benefit of raising my own awareness by getting to know the thoughts and concerns of younger employees and learning what the atmosphere at the project sites is like right now. I want to be close to my juniors and grow with them, so they will feel the course was constructive and useful.

Comments from course participants (4th year group training in June 2024)

"I had been struggling to find ways to direct workers, and the course gave me very practical ways to approach it and organize materials."

"We've been changing our work style and improving our operating efficiency, but the course made me think that we can still improve the core on-site operations."

"The discussion times, such as when we talked on-site failures, were invaluable."

Discussions during a group work project

Foundation for Sustainable Growth

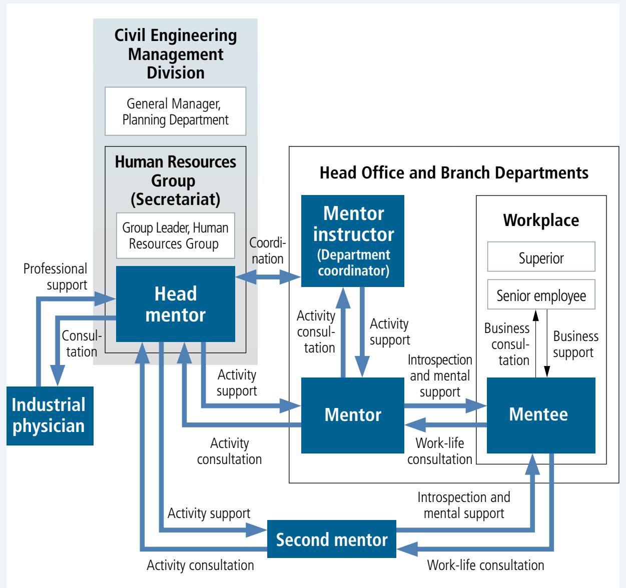
Civil engineering | Civil Engineering Mentor Program designed to support and grow with young employees

Kajima has a mentor program for each of its numerous professional categories, including administrative, civil engineering, building construction technology, and architectural design. The program matches senior employee mentors to younger employee mentees, with the mentors providing both professional and personal guidance.

The mentor program for first- through 13th-year civil engineering employees provides a mentee with a mentor from a different worksite. This system helps mentees feel more comfortable about talking and receiving advice about work and life in general, while also giving both sides an opportunity to learn and grow through interactions that transcend workplace and department boundaries.

The senior employees receive specialized training to equip them with the skills needed as a mentor. Mentors and mentees are paired based on the individuals coming from different worksites in the Head Office or branch and takes into account work experience, such as the type of work and project size, as well as gender and life experiences. Mentees may also request a second mentor from another department. Mentors and mentees meet a minimum of twice a year in person while also using the online meeting tool and keeping in touch by email or telephone about once every two months. The secretariat of the Civil Engineering Management Division and the Company's industrial physicians conduct annual mentor skill training sessions and distribute self-assessment questionnaires to the mentors and mentees to encourage mentor activity.

Structure of the Civil Engineering Mentor Program



Comment from a mentee

Talking with my mentor has helped me focus on my day-to-day work in the field

Riko Koboku
Koyaura Tunnel Construction Project Office
Hiroshima-Kure Road Project
Chugoku Branch

I joined the company in 2023 and have the support of two mentors. My second mentor is at the Kansai Branch, which is far away, but I like that we can easily talk via the online meeting tool and phone calls. My mentor gives me advice on things varying from work matters to specific challenges faced by women in the project sites. Hearing advice based on the mentor's experience is very helpful for my work. I'm grateful that there is a system for receiving emotional support when I'm feeling anxious or having a hard time; it helps me maintain a positive approach to my work every day.

Comments from mentors

I'm also growing from talking with my mentee

Takanori Hayashi
Manager
Civil Engineering Project Office
Shimane Nuclear Power Station
Chugoku Branch

At all the project sites I've been assigned to, I've had the good fortune of having senior employees, colleagues, and junior employees with whom I was able to easily talk about work and private issues. Because of that experience, I wanted to do my part to support junior employees and started serving as a mentor in 2019. I've learned new ways of thinking and different perspectives through my conversations with mentees. Everyone feels anxiety and stress when doing an unfamiliar job or in a new environment. I want to provide mentees with support that will help reduce those feelings so they can do their work the best they can.

Using a woman's perspective to support mentees

Ikuko Murakami
Manager
Project Control Group
Civil Engineering Department
Kansai Branch

I have mentored several female employees in western Japan. Initially, I was concerned about the age gap affecting our ability to communicate. However, meeting them in person reminded me of my own early experience and helped me understand their concerns. Women often worry about their careers as well as their personal life, including health and family. I do my best to help dispel their concerns.

FOCUS Human Resource Development at Partner Companies

Helping our partner companies cultivate skilled workers and executives

Maintaining our high-level construction capabilities and standards for safety and quality in the future requires that we work with our network of outstanding partner companies and secure and develop human resources in a planned and systematic manner.

Kajima, in cooperation with the Kajima Business Partners' Association, launched the Kajima Partner College training system in April 2021 specifically for the purpose of developing future talent. The system includes a Technical Course to train select candidates to become Kajima Meister forepersons and a Management Course for candidates for executive positions. The college aims to cultivate human resources with strong construction management and leadership skills, and a broad perspective of the overall construction industry.

The Technical Course includes short-term and one-time training sessions led by Kajima branches while working at project sites, and the Management Course is a nine-month program providing practical work and training experience at Kajima. All college costs are covered by Kajima.

The college currently has 53 people enrolled in courses. In the three years since opening the college has been in operation, 55 people have successfully completed courses and three graduates of the Technical Course have been certified as Kajima Meisters. Kajima looks forward to helping cultivate talented employees of its partner companies.

Fostering outstanding skilled workers with the Kajima Meister and New E Award

Kajima has two programs specifically designed to motivate and financially incentivize skilled workers of partner companies. The Kajima Meister program is an incentive program to motivate the workers to register as outstanding forepersons meeting the highest standards in the construction industry, and the New E Award is a monetary incentive program for outstanding skilled workers. During FY2021–2023, we placed priority on motivating and incentivizing younger skilled workers and set a temporary quota for the number of people under the age of 40 to be selected for the New E Award. This not only boosted motivation, but also increased the number of future Kajima Meister candidates as well as the number of outstanding forepersons. Given the positive outcome, we decided to continue the quota during FY2024–2026.

Registration and financial Incentive system for outstanding forepersons (Kajima Meister program)	
Supermeister Approx. 100 Supermeisters certified from among the Meisters (FY2024: 149 people) Per-day incentive of ¥4,000	**Meister** Approx. 500 Meisters (FY2024: 422 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 a youth quota; FY2023: 854 people*) Per-year incentive of ¥100,000 * Monetary rewards are paid in the year after the target fiscal year	

Outline of the Technical Course for developing Kajima Meister candidates

The Kajima Partner College Technical Course is for forepersons and young skilled workers seeking to become forepersons. The course is designed to improve skills as on-site managers through on-the-job training (such as safety patrols and applying ICT tools) at Kajima project sites and by participating in presentations of improvement measures at partner companies. Practical training programs, such as participating in on-site management of construction projects from the standpoint of the prime contractor, enable further development of on-site management skills. Skilled workers recommended by a partner company who earn the required number of credits within three years are eligible for registration as a Kajima Meister.

Comments from Technical Course graduates (FY2021–2023)

Accompanying on-site safety patrols:
- Seeing safety management from the prime contractor's perspective heightened my awareness of various issues.
- I learned about other types of work and safety management measures.

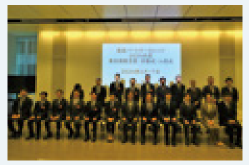
Participation in presentations of partner company improvement measures
- I learned about partner company efforts and ingenuity to address on-site issues.
- Participating in the national presentation gave me the opportunity to talk with people from across the country and build a network for exchanging information.

Other
- I learned a lot from experiencing a construction project from the prime contractor's perspective.
- I have a better understanding of other types of work and on-site management, and I gained a wider perspective on on-site work.
- The BIM and CAD training raised my skill level and work efficiency.


Accompanying a safety patrol


Partner company improvement measure presentation


CIM and CAD training


Graduation and entrance ceremony

Quality

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. Each department establishes an appropriate and effective management system and continually improves it to meet the demands of society for high quality through compliance with laws and regulations and other means. We are also pursuing quality training for engineers and digitalization as we work to maintain and improve quality.

Quality assurance initiatives

For civil engineering, we have defined and operate 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 processes as needed.

In our building construction 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 implement quality control measures based on the system.

In design-build projects, the design review (DR) and drawing check processes are strictly operated and controlled during each design stage. We proactively manage design-build risks and solve issues early on through cooperation with the construction department at the early stages (front-loading) and using post-construction information as feedback. 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.

For overseas construction, we deploy and operate the overseas edition of the KTMS. Through specialized committees such as the Tender Review Meeting, we strive to anticipate and prevent quality risks and take follow-up actions against the risks. We are also establishing a system at the Head Office to make it possible to share the information of quality control data & management method with overseas subsidiaries.

Action in case of quality problem

To prevent 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.

Topics

Kajima Technical Center: A hands-on hub for quality excellence

The construction industry is characterized by its custom-built nature, where each project is unique in terms of scale, purpose, and the specific technologies and construction methods employed. Consequently, if we only rely on OJT, the techniques and expertise that can be learned will differ depending on the construction site to which employees are assigned. This has resulted in problems with inconsistencies in the development of construction engineers.

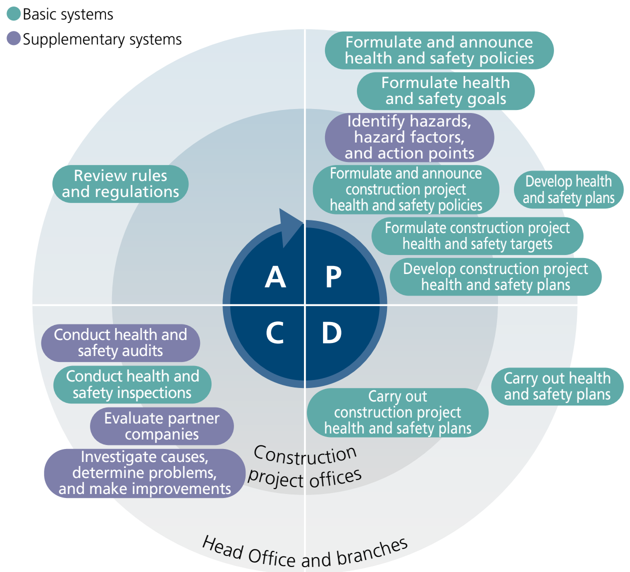
We therefore opened the Kajima Technical Center as a practical, hands-on training facility to provide quality control training suitable for the actual work being performed at construction sites. The facility features a training center where real structures are reproduced with various construction methods and technologies. It equips trainees with the skills to maintain and strengthen construction quality and passes on Kajima's spirit of commitment to quality.

Some components, which seem to be perfectly assembled, have as many as 100 deliberately hidden "mistakes."

Occupational Safety and Health

Framework for ensuring safety and results in FY2023

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.



Safety Performance

(FY)

		2021	2022	2023
Accident frequency rate	Lost work time of 4 or more days	0.65	0.67	0.91
	Lost work time of 1 or more days	1.21	1.34	1.74
Accident severity rate		0.22	0.02	0.03
No. of accidents		55	61	83
Cumulative working hours	(millions of hours)	85.11	91.28	91.26
No. of fatalities	Non-consolidated (domestic)	2	0	0
	Non-consolidated (overseas)	0	0	0
	Domestic Group companies*	0	0	0
	Overseas Group companies*	0	1	0

- 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.
* Subsidiaries involved in construction

In FY2023, there were 83 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 0.91, and the rate for accidents resulting in lost work time of one or more days was 1.74, resulting in a severity rate of 0.03. There were no accidents involving fatalities.

Safety management activities using cases of accidents

To prevent occupational accidents during construction work, it is important to learn from cases of past accidents and eliminate the work hazards that caused the accidents so similar accidents do not occur in the future. Kajima already maintains a database of information on past accidents and is building knowledge of safety by creating a video of cases of past accidents as a priority initiative in FY2024. We will continue to work to further improve safety management by using the video of past accidents when considering construction methods and in various other scenarios, in addition to during day-to-day work.

To further enhance and standardize safety management in our overseas operations, we also hold informational meetings on past accidents overseas every six months and carry out safety management activities such as creating a database of past accidents overseas and sharing information. We are strengthening initiatives aimed at preventing occupational accidents in Japan and overseas.

Introduction of a mobile hands-on safety training facility

While safety is a top priority for construction site managers and workers, the number of occupational accidents has decreased in recent years thanks to significant improvements in site equipment and safety regulations. Meanwhile, now that construction workers experience fewer incidents and occupational accidents, their risk sensitivity—essentially, their sense of danger—is said to be lower. This is not only a problem in the construction industry; it is a problem in all industries. Hazard simulation training is thus drawing interest as a way to increase risk sensitivity.

We introduced the "Kajima Safety Caravan," a truck-mounted safety training facility to improve the safety awareness and risk sensitivity of all on-site workers. This fiscal year, we will visit construction sites primarily in the Greater Tokyo area to conduct various hazard simulation training programs. (July 2024 onward)

The training vehicle is a mid-sized (11t) truck equipped for nine types of hazard simulation training.

Human Rights and Supply Chain Management

Respecting human rights

The Kajima Group established the Kajima Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights and is pursuing initiatives to respect 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, and continue to engage in educational activities. The Human Rights Committee plays a central role in promoting these initiatives. The committee identified human rights issues in the Kajima Group and in its supply chain, and considered risk reduction and other measures in FY2023. In FY2024, we are pursuing these concrete measures as we continue to work to prevent and resolve human rights issues identified in the course of such initiatives.

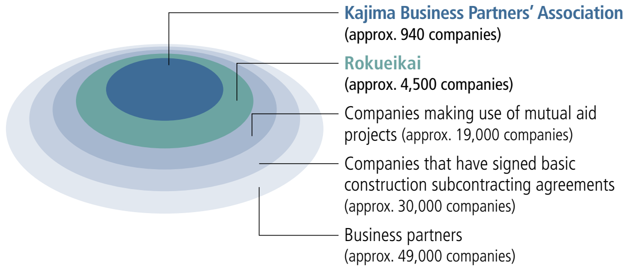
Human rights due diligence

In FY2021, we undertook human rights due diligence, identifying serious potential issues from the perspectives of Kajima's internal structures and systems, as well as individual human rights concerns, up until the end of FY2022. Since FY2023, Kajima has been performing self-evaluations and analyzing the risks for Group companies in Japan and overseas, based on these findings. In FY2024, we continue to prioritize response of domestic and overseas Group companies as we actively work to prevent and reduce potential risks.

We have also established a corporate ethics hotline for all Group employees and relevant external parties to use for reporting human rights issues as well as a hotline for employees that specializes in harassment complaints. Both of these hotlines accept anonymous reports. We endeavor to respond appropriately and in a timely manner, first taking thorough steps to ensure privacy and confidentiality, while protecting the whistleblowers from disadvantageous treatment.

Partnerships 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.



Conduct Guidelines for Business Partners

We established the Kajima Group Conduct Guidelines for Business Partners to ensure compliance with laws and regulations, respect for human rights, environmental friendliness, quality, and other sustainability requirements across our entire supply chain.

The Guidelines also incorporate the Kajima Group Code of Conduct 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. These elements are included in the basic construction subcontracting agreements and the basic labor safety and health pledges that we ask our partner companies to sign.

In April 2024, we published a practical guide containing the definition of terms, explanations, and examples of specific initiatives to explain each of the topics in the Guidelines (13 topics, including compliance, human rights, labor practices, environment, information security, and BCP). To develop this practical guide, we interviewed major partner companies. We have shared this practical guide with our partner companies and encouraged them to promote further initiatives.

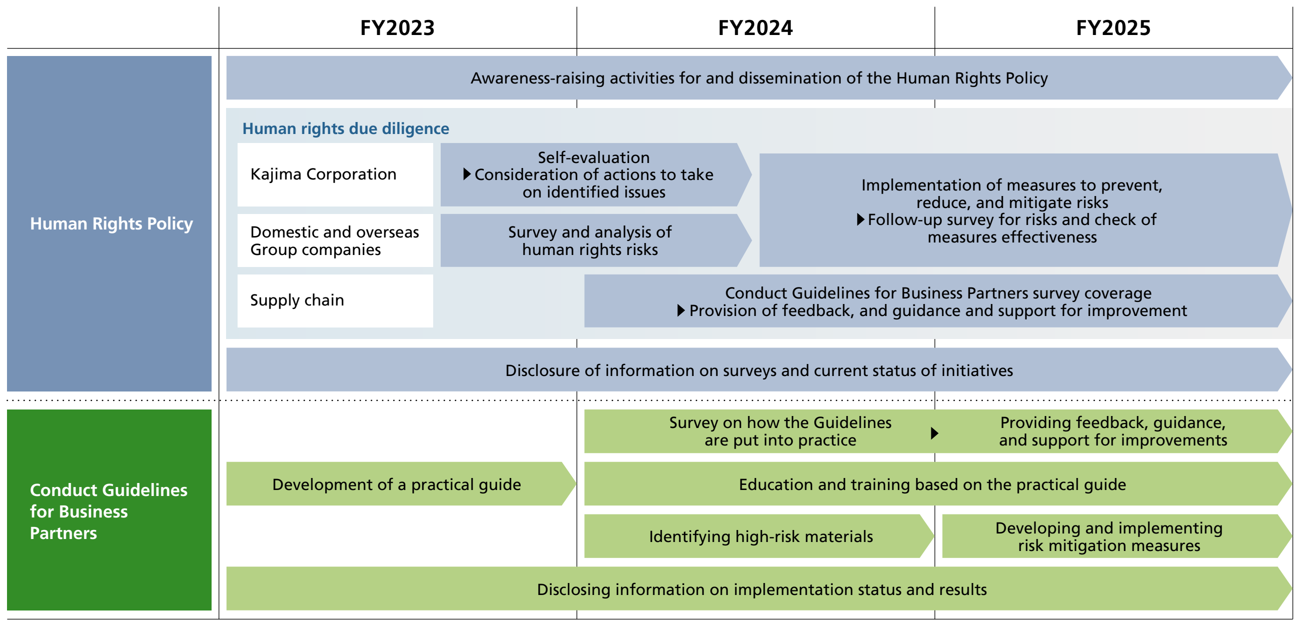
Since 2022, we have also conducted a survey of Kajima Business Partners' Association member companies which account for around 60% of total order value, with the goal of checking to make sure that partner companies are disseminating and complying with the Guidelines and identifying potential risks in our supply chain. The survey in 2024 checked the status of implementation on the 13 topics in the Guidelines, mainly concerning the examples of initiatives addressed in the practical guide. While progress in labor practices is encouraging, variations in performance exist across different areas. We will share best practices and feedback to improve overall performance and further promote the Guidelines with our partners.

Overview of the supply chain survey (2024)

- Survey coverage: Kajima Business Partners' Association member companies
- Survey period: June 26–July 19, 2024
- Survey content: Status of initiatives on 13 topics in the Guidelines
- Number of respondents: 692 companies (76.8% response rate [60.4% for previous survey])

This fiscal year, we will develop an English version of the commentary for our overseas supply chain. Additionally, we will conduct a thorough assessment of our supply chain to identify materials potentially associated with a high risk of forced labor, child labor, or other human rights abuses. We will develop strategies to mitigate these risks. These efforts demonstrate our commitment to building a sustainable and ethical supply chain.

Initiatives based on the Human Rights Policy and the Conduct Guidelines for Business Partners



Restructuring multi-layered subcontracting system

Japan's construction industry has a long-standing multi-layered subcontracting system. The general contractor oversees the entire project, while primary and secondary subcontractors handle intermediate construction management and labor provision.

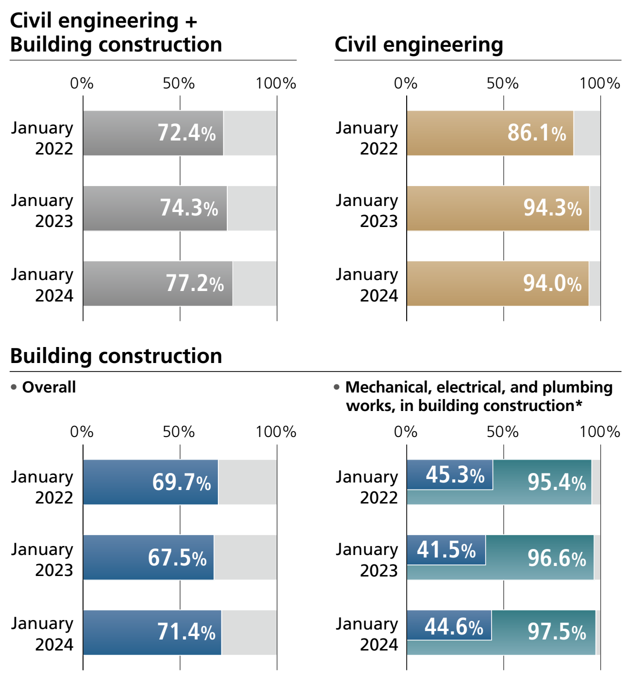
This multi-layered structure hinders productivity, safety, and quality improvements, and limits wage growth for skilled workers.

Since FY2021, Kajima has been addressing these issues by reforming the multi-layered subcontracting system, focusing on legal compliance, clarifying construction responsibilities, ensuring thorough safety and quality management, improving the treatment of skilled workers, and enhancing productivity. Initially, we identified factors leading to the multi-layered structure and implemented various measures. As a result, the ratio of secondary subcontractors has steadily improved. We have actively worked to prevent multi-layering in equipment construction, notably reducing the number of subcontracting layers beyond the fourth tier.

Limiting the subcontracting system to secondary subcontractors has led to improved wages and working conditions for skilled workers, making the construction industry more attractive. This is expected to increase the number of young entrants into the industry. we believe that creating a management system allowing the prime contractor to effectively oversee the entire project will lead to better management of safety and quality. This enables the primary subcontractor's foreperson to properly supervise the secondary subcontractors' forepersons, and to provide appropriate instruction and guidance.

Kajima will continue these efforts as outlined in our new Medium-Term Business Plan starting this fiscal year, striving to secure a construction system that limits the scope of contracts to only primary and secondary subcontractors.

Progress in establishing a construction system with only primary or secondary subcontracting



* Progress in establishing a construction system with only primary, secondary, and tertiary subcontracting

Outside Director Discussion

Kiyomi Saito, an Outside Director who chairs the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee, and second-year Outside Directors Masami Iijima and Kazumine Terawaki gathered. They covered varied topics, including the creation of the Medium-Term Business Plan during Board of Directors meetings, talent development, and challenges to be overcome for future growth.

Impressions of Kajima

Masami Iijima I had the impression that Kajima was a highly trustworthy company with a long history and numerous achievements, even before being appointed as an outside director. The name of Kajima has become synonymous in Japan with leadership in Western-style buildings, railways, dams, and skyscrapers, and it has expanded to overseas business and real estate development. I believe that this growth is driven by the enterprising spirit of its employees and the company's ability to adapt its business to meet the needs of society and its clients. In this VUCA era*, Kajima will now focus on pursuing its goals for the future.

Since I have various roles in the business community, I had a chance to visit Kumamoto and had opportunities to tour the construction site of JASM's 1st Fab several times, guided by local government officials. They highly praised Kajima's technology, quality, and adherence to construction schedules. In March 2024, during my visit to Taiwan to meet with our client TSMC, I was honored to hear high praise for Kajima directly from Mr. C. C. Wei, the Chairman and CEO. This recognition was very gratifying for me as an outside director. Through my conversations with President Amano and other members of the management team, and also the people I met during site visits, I have consistently been impressed by Kajima's dedication to technology. Sometimes this focus seems excessive, it is undoubtedly a reflection of Kajima's unique corporate culture and one of its strengths. I feel that Kajima has not only met but exceeded the expectations I had before.

* Volatility, uncertainty, complexity, and ambiguity (VUCA) describes conditions that are uncertain and unpredictable.

Kazumine Terawaki Before becoming an outside director, I served as an outside auditor at Kajima for four years. Prior to that, I had a vague impression that the term "general contractor" carried some negative connotations. However, upon joining Kajima, my first observation was that everyone works with the utmost integrity. The Company's dedication was evident during the Noto earthquake on New Year's Day 2024. Kajima employees quickly responded, focusing on recovery efforts. While the media praised the Self-Defense Forces and police, Kajima initially restored roads for access to affected areas. This determination and sense of duty, embedded in Kajima's DNA, are deeply rooted in the Company's long history.

Frankly, my impression of Kajima changed drastically after I joined the Company. It's unfortunate that the general public has little understanding of the fact that general contractors, like Kajima, feel a strong sense of national duty and contribute to society in many unseen ways.

Kiyomi Saito In the 1980s, when I was based in New York, I met people from Kajima who rarely mentioned the Company's achievements, which seemed to be a source of distinct pride. I believe this has always been the Company's way. However, in today's era of information overload, it's crucial to clearly communicate what needs to be said, and sometimes even over-communicating can be beneficial. Kajima still tends to be reserved and self-restrained, and I believe the Company has room for improvement in this area.

Terawaki I feel the same way. Kajima is ahead of other companies in many areas, such as its initiatives to promote carbon neutrality, but unfortunately, these efforts are not being adequately recognized by the media, and the public remains unaware of them.

Iijima I had a similar experience at Mitsui & Co., which underscored the importance of strategic public relations not only for enhancing the overall corporate image but also for investor relations (IR) activities targeting institutional investors. As I mentioned at the Board of Directors meeting, I believe that further strengthening our IR activities is crucial.

Board discussions when creating the Medium-Term Business Plan

Saito I believe it was a positive step to change the approach in creating the Medium-Term Business Plan, reflecting the input of a wide range of employees. This plan doesn't feel like a dry document produced solely by the planning department; instead, it has a "handmade" quality that shows broad participation.

Iijima I've directly participated in formulating management plans for six companies, including Mitsui & Co., but this is the first time I've seen a Board of Directors discuss a plan five times. It was an excellent idea to involve so many executives and employees to gather their ideas about the Company's future goals, and then analyze and consolidate their views. The Board discussed growth strategies, market environment, and conducted self-analysis, then backcast from the desired goals. I believe this approach resulted in a very solid plan.

Terawaki I was surprised by the approach they took, which was not only top-down but also included bottom-up input from employees. It was very interesting to hear the Board present and explain the different views of the executives and employees about the Company's goals, and the whole process felt quite refreshing. Many of the employees' views focused more on their personal sense of fulfillment, work styles, and connection with society rather than on company performance. The differences in perspectives can be attributed to the generation gap and varying viewpoints, but it was reassuring to see that Kajima's corporate tradition remains a solid foundation. By collecting and documenting everyone's visions for the future, the direction Kajima should take has become clearer.

Talent development and DE&I

Iijma In this VUCA era, planning for the next 10 or 20 years is challenging, as we cannot predict future conditions. The rapid advancements in IT and digital technology have far exceeded our expectations. Therefore, the only reliable strategy is to focus on comprehensive training for our workforce. Recently, I've been reflecting on how human resource development was often overlooked during the restructuring of Japanese companies in past economic downturns, leading to the current imbalances affecting the entire country. Kajima, however, has consistently valued its people, making strategic decisions to allocate resources based on anticipated needs. By renewing our focus on talent development, I believe Kajima can navigate to its next stage in the VUCA era.

At a Board of Directors meeting, I emphasized the need to explore potential entry points into various fields, including semiconductors, renewable energy, storage batteries, and medical healthcare. Given that human capital is the foundation of our business, we may need to reassess our training programs to better develop global talent and digital transformation leaders.

Saito I've heard that inter-departmental transfers have increased recently. While hiring individuals into specific categories like civil engineering, building construction, or business administration enhances specialization, it can also create silos. Moving beyond this structure and promoting personnel exchanges to achieve true DE&I will help cultivate and develop our talent.

Iijima In the fields of civil engineering, building construction, real estate development, and overseas business, it is essential to synchronize the organization and talent to foster a culture that generates new added value.

Terawaki The Board recognized that creating new businesses is a key challenge after analyzing Kajima's strengths and weaknesses. While a vertical organizational structure may be comfortable, it can hinder interactions with the outside world. I believe that fostering fluid human resource mobility can lead to positive developments.

Saito I am an instructor at the annual training sessions for female employees in their fifth year with the Company and often engage in discussions with them. First of all, every one of them is serious about their career. Many are already worried about their ability to continue working at different life stages, so I feel it's important to show them many examples of people who have been successful. These career-conscious women are invaluable to our workforce. Enabling them to gain experience and have a long career in the Company would help solve the imbalance in the male-to-female ratio over the long term.

Iijima I've previously worked on strategies to enhance the retention of female employees, and I firmly believe that having role models of successful women is crucial for their empowerment.

Saito I actually think that for many people, life events don't cause them to leave jobs, but they use a life event as an excuse to leave. If their work is enjoyable and rewarding, people will find a way to stay. It's important to create a work environment that encourages people to continue working, and I think Kajima's systems are quite developed in that way. At the same time, women often say their superiors don't share their values or priorities. This is not easy, but must be solved.

The Nomination and the Governance and Remuneration Advisory Committees

Saito It's now been four years since 2021 when we transformed the Outside Officers Advisory Council into the Governance and Remuneration Committee and the Nomination Advisory Committee, a groundbreaking move for our company at the time. Since last year, I have chaired both committees. I find these committees to be excellent forums where outside directors and members of the Audit & Supervisory Board can openly exchange their experiences, share insights on successes and failures from other companies, and discuss issues related to executive appointments and compensation. However, I believe replicating this level of openness with internal members would be challenging. While both committees have made significant contributions, I recognize the need to develop a management plan for achieving our future vision. At the same time, we face challenges in developing the next generation of management.

Iijima Succession planning presents a significant challenge for outside directors, as it is not feasible to pre-identify specific candidates. The process of selecting company presidents has also been evolving. In some companies, discussions about the next CEO begin as soon as the current CEO is appointed. Kajima will eventually need to adapt to these changes, but I believe that fostering acceptance and providing a clearer path forward will be beneficial.

Saito The Governance and Remuneration Advisory Committee's discussions on revising the executive compensation system have expanded beyond business performance to encompass non-financial aspects such as safety performance and employee engagement. While evaluating these types of indicators is complex, it is commendable that the Company is moving in this direction.

Terawaki Speaking of corporate governance, I feel that our Company has fostered an environment where outside directors can speak freely, ensuring psychological safety, since my time as an Audit & Supervisory Board member. On-site visits are particularly valuable as they allow for meaningful interactions with young employees. It would be beneficial to have similar opportunities to engage with branch managers, who are pivotal to our domestic construction business.

Awareness of longer-term issues

Saito In the context of talent development, which was mentioned earlier, I believe a key focus should be on nurturing individuals with an entrepreneurial mindset. This can be challenging for a large and well-established organization, but it is crucial to increase interactions with people who have real-world experience, including mid-career hires, to ensure the

company remains competitive in new business areas. Engaging with start-up companies is one way to achieve this.

Iijima In addition to hiring mid-career professionals, rehiring individuals who have left the Company and gained external experience can also be valuable. From a talent development perspective, implementing a training system that offers diverse experiences, including overseas assignments, and promotes internal mobility would further energize the organization. Recently, I visited Kajima's Taiwanese subsidiary, Chung-Lu Construction, and spoke with some of the Japanese employees there. I was surprised to learn that some had been in Taiwan for over 20 years. At the same time, such specialized talent is indispensable.

Terawaki It's easy to get so caught up in the daily grind that we lose the motivation to take on new challenges. Kajima was one of the first Japanese construction firms to expand overseas. However, the company's tightly organized internal environment may now be hindering the generation of new ideas. Given Kajima's current business success, it is essential to tackle this core issue.

Iijima I believe that during the new Medium-Term Business Plan, there will be opportunities to create new services by understanding overseas needs and synchronizing efforts across departments. In particular, refining our disaster prevention and mitigation capabilities in response to the increasing frequency and severity of natural disasters due to climate change could meet significant international demand. The completion of The GEAR, our R&D base and incubation hub in Singapore, will further support these initiatives.

Saito Climate change is drawing attention to how companies can contribute to societal sustainability.

Iijima While European countries are leading the way in sustainability disclosure, it is becoming increasingly urgent for all companies to address this issue. Sustainability metrics include various indicators such as resource input and waste output, with water usage receiving significant attention. Companies are being assessed not only on the specifics of their disclosures but also on their overall approach to transparency. Kajima should take the lead among general contractors by proactively disclosing both its targets and achievements.

Saito It's important for Kajima to communicate how its projects benefit society. For example, dam construction is often perceived negatively as it involves altering natural landscapes, but it's vital to highlight the positive impacts, such as preventing water-related disasters. Additionally, demonstrating the advantages of renovating and reusing aging buildings, rather than demolishing them, is critical. Sustainability is an exceptionally broad concept and can be ambitious to achieve. Kajima could help people understand by adopting a unique approach tailored to the construction industry and providing as many quantitative figures as possible.

Terawaki While ESG and sustainability are gaining attention, technological advancements can sometimes be hindered by existing rules and regulations. In such cases, Kajima must take the lead in voicing the industry's concerns to the relevant authorities. I believe that advocating for regulatory changes will not only benefit our company but also enhance societal sustainability.

Iijima The Medium-Term Business Plan identifies sustainability as a material issue. I believe that by diligently executing this plan, Kajima can achieve sustainable growth. As the Board of Directors, we intend to thoroughly monitor the plan's progress and effectively fulfill our responsibilities to ensure its success.

Officers (As of June 25, 2024)

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, Responsible for Safety and 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 General Manager, Tokyo Civil Engineering Branch
2021 Senior Executive Officer
2022 General Manager, Civil Engineering Management Division (to the present)
2023 Representative Director (to the present), Executive Vice President (to the present)
2024 Responsible for Safety (to the present)

Hiroshi Ishikawa
Director, Executive Vice President, Responsible for Sales and Marketing

1989 Advisory Counselor
2000 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
2024 Responsible for Sales and Marketing (to the present)

Takeshi Katsumi
Director, Executive Vice President, General Manager, Administration Division, Overseeing Audit Department, and Safety and Environmental Affairs Department

1980 Joined the Company
2014 Executive Officer, General Manager, Corporate Planning Department
2017 Managing Executive Officer
2020 Senior Executive Officer, General Manager, Administration Division (to the present)
2021 Director (to the present)
2024 Executive Vice President (to the present)

Takashi Kumano
Director, Managing Executive Officer, General Manager, Treasury Division

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
2024 Director (to the present), Managing Executive Officer (to the present), General Manager, Treasury Division (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 of the Company (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)
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 of the Company (to the present)

Tamotsu Saito
Director*1

1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently IHI Corporation)
2012 President, Representative Director, CEO, IHI Corporation
2016 Chairman of the Board, Representative Director, CEO, IHI Corporation
2020 Senior Counselor, IHI Corporation
2022 Director of the Company (to the present)
2023 Chairman, New Energy and Industrial Technology Development Organization (to the present)
2024 Special Advisor, IHI Corporation (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 of the Company (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 of the Company
2023 Director (to the present)

*1 Outside Director as defined in Article 2, Item 15, of the Companies Act.

Audit & Supervisory Board Members

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 of the Company (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)

Toshiaki Kobayashi
Audit & Supervisory Board member

1986 Joined the Company
2006 Deputy General Manager, Human Resources Department, Administration and Human Resources Division
2010 Senior Manager, Legal Department
2014 General Manager, Legal Department
2018 General Manager, Legal Department, Administration Division
2024 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
2007 Professor, Faculty of Lifelong Learning and Career Studies, Hosei University (to the present)
2023 Audit & Supervisory Board member of the Company (to the present)

Makiko Nakamori
Audit & Supervisory Board member*2

1987 Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
1991 Joined Inoue Saito Eiwa Audit Corporation (currently KPMG AZSA LLC)
1996 Registered as a certified public accountant
1997 Representative Partner, Nakamori CPA Offices
2013 Outside Audit & Supervisory Board member, NEXT Co., Ltd. (currently LIFULL Co., Ltd.) (to the present)
2019 Outside Director, ITOCHU Corporation (to the present)
2024 Audit & Supervisory Board member of the Company (to the present)

*2 Outside Audit & Supervisory Board member as defined in Article 2, Item 16, of the Companies Act.

Executive Officers

President

Hiromasa Amano

Executive Vice Presidents

Keisuke Koshijima
General Manager, Overseas Operations Division

Masaru Kazama
General Manager, Civil Engineering Management Division, Responsible for Safety
Overseeing Machinery and Electrical Engineering Department

Hiroshi Ishikawa
Responsible for Sales and Marketing

Takeshi Katsumi
General Manager, Administration Division
Overseeing Audit Department, and Safety and Environmental Affairs Department

Senior Executive Officers

Jun Matsushima
General Manager, Tokyo Architectural Construction Branch

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

Yoshihiko Riho
Director, Kajima Technical Research Institute

Hiroshi Shoji
General Manager, Tohoku Branch

Katsuhisa Takekawa
General Manager, Building Construction Management Division
Responsible for Safety (Construction)

Katsunori Ichihashi
General Manager, Real Estate Development Division, General Manager, Executive Office

Jun Shimai
General Manager, Sales and Marketing Division

Managing Executive Officers

Yasuhiko Yamada
Deputy General Manager, Building Construction Management Division
Deputy General Manager, Tokyo Architectural Construction Branch

Masahito Tanaami
Deputy General Manager, Architectural Design Division

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

Takeshi Kayano
General Manager, Kansai Branch

Nobuhiro Kobayashi
Deputy General Manager, Building Construction Management Division
Deputy General Manager, Tokyo Architectural Construction Branch
Responsible for Construction RX Consortium

Hidemitsu Yoshihiro
General Manager, Tokyo Civil Engineering Branch

Koji Ikkatai
General Manager, Engineering Division

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)

Takashi Kumano
General Manager, Treasury Division

Munehisa Yoshimi
Deputy General Manager, Sales and Marketing Division

Tadashi Fujimura
Deputy General Manager, Architectural Design Division

Noboru Sakata
Deputy General Manager, Civil Engineering Management Division
(Responsible for CUCO, Green Innovation Fund Project)

Nobuaki Yoshioka
Deputy General Manager, Tokyo Architectural Construction Branch

Masafumi Kiryu
General Manager, Yokohama Branch

Executive Officers

Mitsuru Niizuma
Deputy General Manager, Administration Division
Overseeing Public Relations Office

Miki Ito
Deputy General Manager, Building Construction Management Division

Yoshinori Moriyama
Senior Supervisory Engineer

Kenichi Nakajima
General Manager, International Division

Yasuo Murakami
Deputy General Manager, Sales and Marketing Division

Yasushi Kurokawa
Deputy General Manager, Architectural Design Division

Masaya Hiraoka
Deputy General Manager, Architectural Design Division

Hirotaka Takabayashi
General Manager, Corporate Planning Department
Overseeing Affiliated Business Department

Toshio Taikoji
General Manager, Planning Department, Civil Engineering Management Division

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
General Manager, Human Resources Department, Overseeing IT Solutions Department and Center for Shared Administrative Services

Shoichi Nomura
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

Mitsuhiro Murao
Senior Supervisory Engineer, Civil Engineering Management Division

Junichiro Kurokawa
Senior Supervisory Engineer, Civil Engineering Management Division

Masaaki Tsukamoto
General Manager, Nuclear Power Department

Eiichi Saitoh
Deputy General Manager, Tokyo Architectural Construction Branch

Kazumasa Okumura
General Manager, Hokkaido Branch

Corporate Governance

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

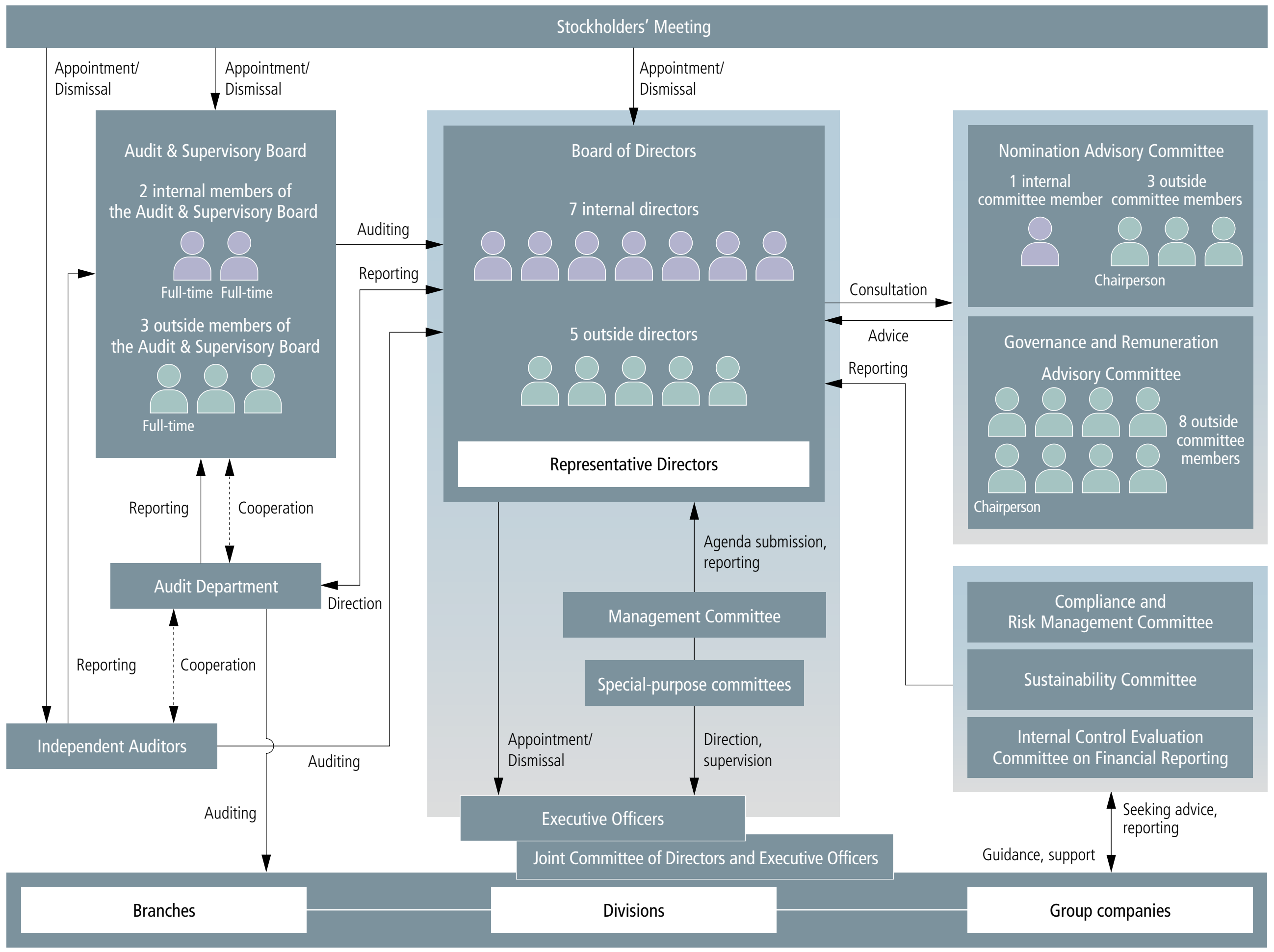
Kajima has elected to use a Company with an Audit & Supervisory Board structure, in which the Board of Directors makes key business decisions and monitors business execution and its Audit & Supervisory Board audits the execution of duties by directors.

We have established a structure where Audit & Supervisory Board members, including independent outside members, conduct rigorous audits. The Board of Directors, comprised of experienced industry experts and independent outside directors, sets the company's strategic direction, makes critical decisions, and oversees the execution of business operations.

To strengthen business oversight, Kajima has established two advisory committees to the Board of Directors: the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee. To enhance operational efficiency, we have established the Management Committee and the Joint Committee of Directors and Executive Officers. The Management Committee, chaired by the President, meets weekly to discuss and decide on critical operational matters as directed by the Board of Directors.

The Basic Policy for Building Internal Control Systems, encompassing Group companies, is established by Board of Directors resolution. This policy aims to ensure strict compliance, efficient business execution, and effective risk management, while guaranteeing reliable financial reporting, underpinned by the organizational structure described above. In addition, the Audit Department, operating independently of business functions, conducts audits of Kajima Corporation and its Group companies to assess the establishment and operation of internal controls and risk management systems. The audit findings are directly reported to the Board of Directors and the Audit & Supervisory Board.

Corporate governance structure



Progress on strengthening corporate governance

(FY)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of outside directors [ratio]	3			4	3	4	5	5 [42%]	
Improving effectiveness of the Board of Directors	Implemented effectiveness evaluation							Survey for effectiveness evaluation conducted by an external organization	
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			• Introduction of performance-linked stock remuneration • Bonus KPIs review	

Board of Directors

The Board of Directors consists of all directors and Audit & Supervisory Board members, and is chaired by the Chairman. There are 12 directors, five of whom are outside directors, who serve one-year terms.

The Board of Directors meets once a month, in principle, and additionally as needed to deliberate and decide on fundamental management policies, matters that only the Board of Directors is allowed to handle legally, and other important matters related to management; supervise business execution; and confirm the progress of business plans, based on Kajima's corporate philosophy in order to ensure that Kajima Group continues to grow and develop sustainably in the future.

Medium- to long-term issues in Board of Directors meetings and internal control topics (FY2023)

Formulation of the Kajima Group Medium-Term Business Plan (FY2024–2026)	Sep., Dec., Jan., Feb., Mar.
Sustainability Committee reports (environment, human capital, DE&I, securing the future workforce, etc.)	Jul., Dec., Mar.
Operational status of internal control systems relating to financial reporting	Jun.
Compliance and Risk Management Committee reports, etc.	Aug., Oct., Dec., Mar.
Audit Department activity report	Mar.

Audit & Supervisory Board

The Audit & Supervisory Board consists of all Audit & Supervisory Board members, and the chairperson is determined by internal vote of the Audit & Supervisory Board. There are five Audit & Supervisory Board members, who serve four-year terms. It meets once a month, in principle, and additionally as needed.

The main matters considered by the Audit & Supervisory Board include the execution of business by directors, the status of corporate assets, the status of configuration and operation of systems to manage loss risk and compliance with laws and regulations and the Articles of Incorporation, and establishment and operation of systems to ensure the appropriate conduct of business in the Kajima Group, based on the Kajima Group Code of Conduct and the Medium-Term Business Plan. Each Audit & Supervisory Board member communicates with directors, those responsible for the internal audit function, and other relevant departments, and performs audits.

Audit & Supervisory Board members have opportunities to meet with the Audit Department, which is responsible for the internal audit function, quarterly and additionally as needed to receive reports on audit results and share information. They also meet with the independent auditor quarterly and additionally as needed to receive reports and explanations regarding the audits performed and the systems put in place to manage and ensure audit quality.

Key points audited by the Audit & Supervisory Board

- Securing major construction projects and status of establishment and operation of appropriate constructions systems and management systems
- Operational status of business risk management systems for the overseas and real estate development businesses
- Operational status of business risk management systems to ensure compliance with laws and regulations and prevent improper activities

Nomination Advisory Committee and Governance and Remuneration Advisory Committee

The Nomination Advisory Committee, which is comprised of the President and outside directors, 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. 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 to deliberate on important matters related to corporate governance, including the remuneration of directors. It provides recommendations to the Board of Directors to ensure objectivity and transparency.
Main themes for discussion	• Composition of the Board of Directors • Requirements and nomination guidelines for executives on the management team	• 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 FY2023	2 meetings	4 meetings
Chairperson	Outside director	Outside director
Members	President 3 outside directors	5 outside directors 3 outside members of the Audit & Supervisory Board

Expertise and experience desired of directors and Audit & Supervisory Board members

Kajima directors and Audit & Supervisory Board members must possess broad experience, expertise, and exceptional qualities to make appropriate decisions and effectively supervise the management of Kajima, which operates businesses that encompass the entire value chain from upstream to downstream, mainly in domestic and overseas construction and real estate development. From that perspective, we have created a skills matrix to identify the necessary qualifications for directors, including expertise in business, finance, and technology. Director selection considers broad diversity and composition, aiming for a balanced mix of knowledge, experience, and capabilities. To ensure objectivity and transparency in the nomination of candidates for director and Audit & Supervisory Board member roles, discussions and decisions are guided by the recommendations and insights provided by the Nomination Advisory Committee.

Reasons for selection of the desired skills

Main areas of expertise and experience	Reasons for selection
Corporate management	To oversee strategic direction and business execution
Finance/Accounting	To drive growth, including through M&A, and ensure sound financial management
Compliance/Risk management	To ensure ongoing compliance and risk management
Technology/IT	To maintain our technology leadership and deliver value to customers
Sales/Marketing	To focus on growth and priority areas while nurturing and strengthening client relationships
Government and public policy	To address social and environmental issues, we closely monitor governmental policies and international rules, as a provider of essential social infrastructure
Global business	To drive growth and respond to the increasing globalization of our business, we have prioritized global operations
Personnel matters/Human resource development	To cultivate a diverse and skilled workforce and foster a sustainable business, we prioritize investments in human capital across the entire supply chain
Knowledge of the construction and real estate development businesses	To further strengthen and expand our value chain, particularly in the construction and real estate development businesses

Skills matrix for directors and Audit & Supervisory Board members

	Name	Internal/ Outside	Main areas of expertise and experience								
			Corporate management	Finance/ Accounting	Compliance/Risk management	Technology/IT	Sales/Marketing	Government and public policy	Global business	Personnel matters/Human resource development	Knowledge of the construction and real estate development business
Directors	Yoshikazu Oshimi	Internal	●			●	●			●	●
	Hiromasa Amano	Internal	●			●	●			●	●
	Keisuke Koshijima	Internal	●		●		●		●	●	●
	Masaru Kazama	Internal	●			●	●		●	●	●
	Hiroshi Ishikawa	Internal	●				●				●
	Takeshi Katsumi	Internal	●	●	●						●
	Takashi Kumano	Internal	●	●	●						●
	Kiyomi Saito	Outside	●	●		●			●		
	Yoichi Suzuki	Outside			●			●	●		
	Tamotsu Saito	Outside	●			●			●	●	
	Masami Iijima	Outside	●		●				●	●	
	Kazumine Terawaki	Outside			●			●			
Audit & Supervisory Board members	Masahiro Nakagawa	Outside	●	●	●					●	
	Kazushi Suzuki	Internal		●	●						●
	Toshiaki Kobayashi	Internal			●					●	●
	Emiko Takeishi	Outside			●			●		●	
	Makiko Nakamori	Outside		●	●	●					

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 2023 to May 2024 are described below.

(Reference) Evaluation points in survey conducted by an external organization

	vs. the previous fiscal year	Evaluation points
Composition of the Board of Directors	No change	• No increase in the percentage of female outside directors and female officers from FY2023 to FY2024
Operation of the Board of Directors	Increase	• Site tours conducted for outside officers • Materials sent in advance
Discussions in Board of Directors' meetings	Increase	• Multiple discussions held on the Medium-Term Business Plan and sustainability issues

Analysis and evaluation method

(1) Retain an external organization to conduct a survey of all directors and members of the Audit & Supervisory Board.

(2) Based on the results of the survey 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 conducted in past fiscal years. They also review the activities of the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee, as well as future issues and other topics, to evaluate their effectiveness.

(3) The evaluation process and results are reviewed by external experts to ensure objectivity.

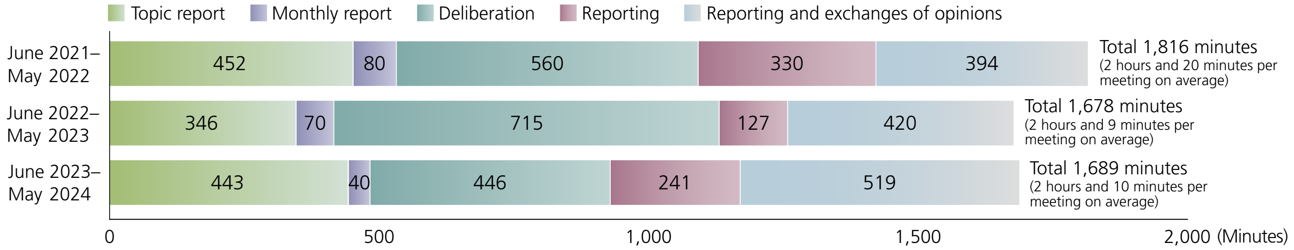
Evaluation results for the current period

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 survey conducted by an external organization, confirmed that the composition, administration, and discussions of the Board meetings are appropriate.
- The evaluation confirmed that there were multiple substantive discussions of the Medium-Term Business Plan, sustainability, and other important issues from different perspectives.(It was also confirmed that the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee also engaged in substantive discussions.)
- Management was rated highly for conducting site tours and providing materials in advance.
- The evaluation confirmed that the diversity of the Board of Directors will be addressed as a medium- to long-term issue, with discussions and actions coordinated by the Nomination Advisory Committee.

Results and evaluation for the current evaluation period (June 2023–May 2024)

1. 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 on initiatives during this evaluation period	Advice for improvements in the next fiscal year
Issue 1 Further enhancement of deliberations at Board of Directors' meetings (Medium- to long-term issues, etc.)	• The following topics were set as medium- to long-term issues for discussion at Board of Directors meetings **Relating to the Medium-Term Business Plan** (external environment, goals, market trends, etc.) **Sustainability Committee reports** (environment, human capital, DE&I, securing the future workforce, material issues)	• Good to simplify the explanation of the agenda at Board of Directors meetings • Diversity of the Board of Directors requires ongoing consideration • Regular reviews of the size of Board of Directors and the skills matrix should be conducted
Issue 2 Greater opportunities to engage in dialogue other than at Board of Directors' meetings	• Site tour conducted for outside officers in December 2023 • Informal gathering by directors, Audit & Supervisory Board members, and executive officers held	
Issue 3 Continuous review of the composition of the Board of Directors	• The percentage of outside directors gradually increased from FY2021 onward (from 38.5% in FY2022 to 41.6% in FY2023) • The number of female officers increased (increase of 1 outside Audit & Supervisory Board member to 3 in FY2023)	

3. Nomination Advisory Committee and Governance and Remuneration Advisory Committee

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.

Future issues

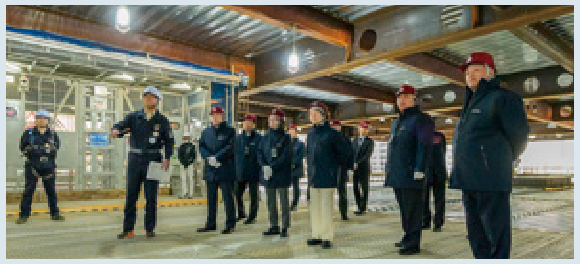
(1) Further enhancement of deliberations in Board of Directors meetings (expanding the time for deliberation by simplifying the explanation of the agenda, etc.)
(2) Greater opportunities to engage in dialogue other than at Board of Directors' meetings (for example, tours of construction site and Group-owned facilities and free discussions)
(3) Continual review of the composition of the Board of Directors (regular reviews of the diversity, size, skills matrix, and other aspects of the Board of Directors)

Topics

Outside officers toured large-scale building redevelopment in Tokyo

In December 2023, outside officers visited a large-scale building redevelopment site where Kajima was responsible for design and construction.

After reviewing the progress of the steel frame construction, they engaged in discussions about the site's implementation of robotic technologies, the future potential of BIM, and the broader adoption of digital tools and processes. They also discussed diversity and inclusion initiatives with young employees, including female workers.



Touring the site

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).

	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 fiscal 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 remuneration paid based on the calculation formula on the next page 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.

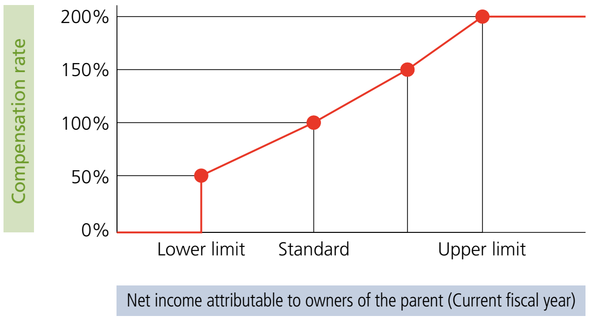
We selected this evaluation coefficient as the index of bonuses paid as performance-linked remuneration to take safety performance and employee health into consideration, in addition to consolidated performance in light of the importance of actions for sustainability.

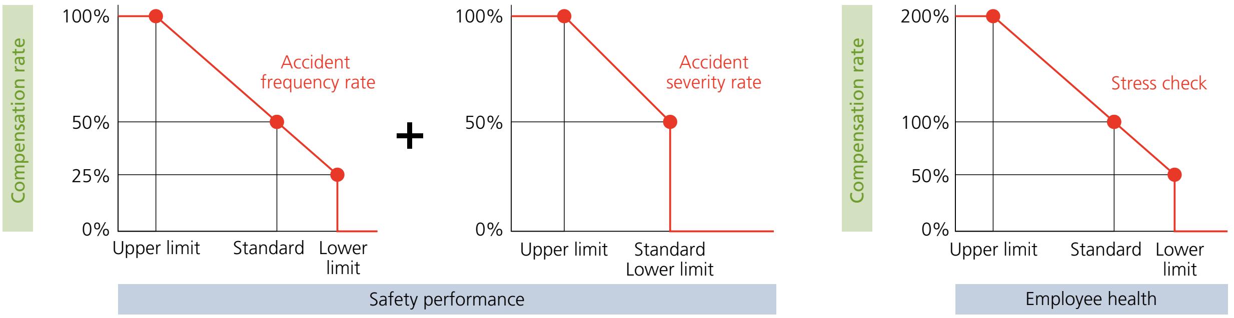
Formula

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.





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 their position as director and/or executive officer.

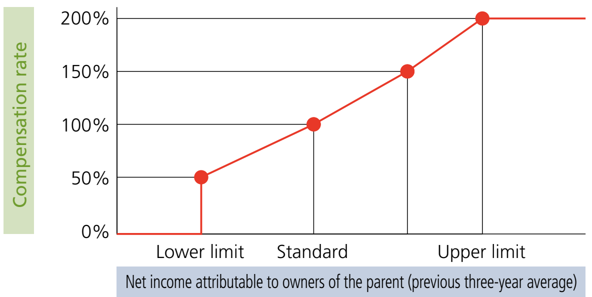
(7) The total number of stocks with a restriction on transfer shall not exceed 600,000 per fiscal year.

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

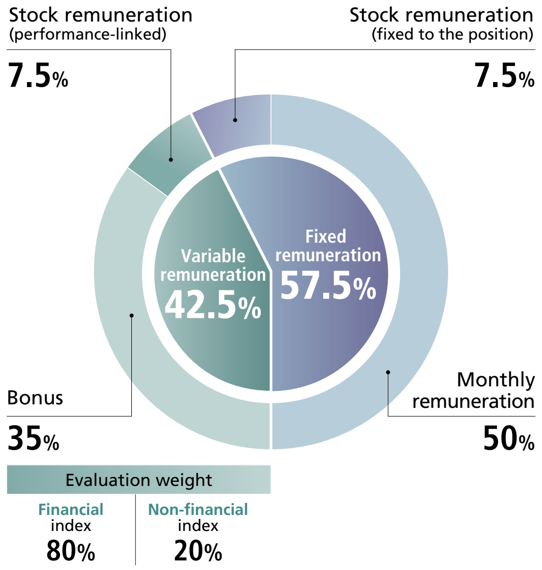
FY2023 remuneration for directors and Audit & Supervisory Board members

(¥ million)

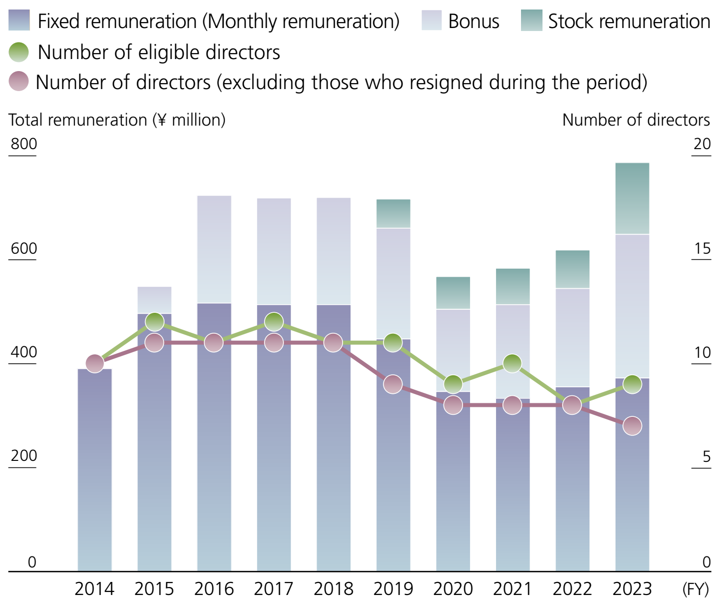
Position	Total remuneration	Monthly remuneration	Bonus	Stock remuneration	Recipients
Directors (excluding outside directors)	786	372	276	138	9
Audit & Supervisory Board members (excluding outside members)	57	57	—	—	2
Outside directors and outside members of the Audit & Supervisory Board	133	133	—	—	11

Notes: 1. The bonus amount above shows the amount expensed in FY2023 for officers' bonuses paid to eight directors.
2. The stock remuneration amount above shows the amount expensed in FY2023 for stock remuneration paid to six directors before the system was revised in 2023, the stock remuneration paid to six directors after the system was revised (part fixed to the position and part performance-linked), and the cash paid to one director who resides overseas in lieu of stock remuneration.

Composition of remuneration for directors (excluding outside directors)



Total remuneration for directors (excluding outside directors)



(Reference) Officer remuneration eligibility and upper limit

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

* Excluding outside directors

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.

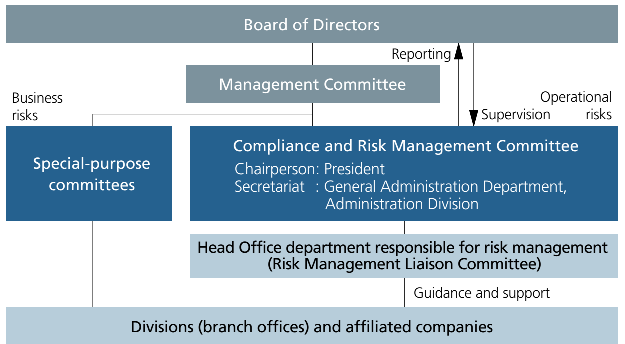
Group-wide risk management system

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.

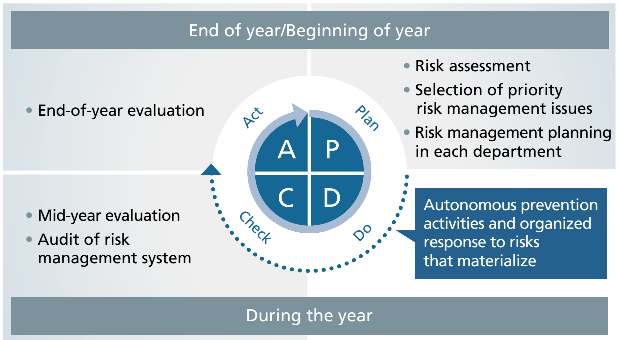
The Risk Management Liaison Committee, composed of individuals in charge at the Head Office department responsible for risk management, meets regularly (24 times in FY2023) to report and share risks that have materialized in the Group, revisions to laws and regulations, social trends, case studies at other companies, and risk communication methodologies. It also 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

Information security management framework and activities

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.

As the team responsible for promoting Company-wide information security activities under the leadership of the Chief Information Security Officer, who oversees all management of information security, K-SIRT*1 takes the lead on working with each of the branches, departments, and domestic and overseas Group companies to reduce risk.

As a prevention measure, employees throughout the Group take an annual online course on information security. This makes everyone aware of incidents and the risks when using generative AI and other IT technologies. The Group also provides repeated education and training on risks 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 a video provided by the Japan Federation of Construction Contractors, to improve the level of information security, including throughout the supply chain.

*1 KAJIMA Security Incident Response Team

FY2023 education and training record

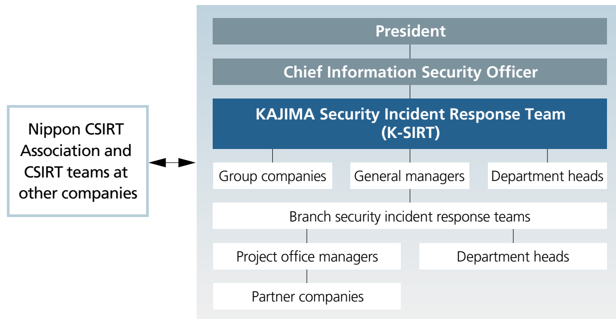
- Training on targeted email attacks
  - · Conducted for 30,326 persons
- Online course on information security
  - · Participants: 25,008 employees (including 9,971 employees from 77 Group companies)
  - · Participation rate: 100%

Cybersecurity

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. 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 around the clock, 365 days a year, and it quickly addresses all potential threats to minimize potential damage.

Response guidelines have been formulated on rapidly launching a response to an incident and minimizing the damage and impact as much as possible. Every year, Kajima conducts a training drill based on a scenario of damage from a cybersecurity attack in an effort to improve systematic response capabilities and our ability to maintain business continuity.

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*2 and the Resilience Certification*3. 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.

*2 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.

*3 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 (FY2024–2026)—Further Strengthening the Core Business and Building the Future, which was formulated based on changing conditions and market trends, in order to achieve management targets and increase corporate value. Overview of the Medium-Term Business Plan (FY2024–2026) ▶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 business ▶Page 63
Risks of fluctuations in prices and profitability of assets held	• The Group could be required to record a valuation loss or an impairment loss in the event of a decline in the profitability of real estate for sale (consolidated balance sheet balance of ¥221.8 billion as of March 31, 2024), or a significant decline in the market value of assets such as real estate for lease (¥302.8 billion) and investments in securities (¥442.4 billion).	• 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. The current Medium-Term Business Plan calls for reducing over ¥50 billion worth of the cross-shareholdings and lowering the ratio to less than 20% by the end of FY2026 and continuing to sell the shares thereafter. Message from the General Manager of the Treasury Division ▶Page 37
Risks related to changes in political and economic conditions in other countries	• The Group operates its construction and real estate development businesses in North America, Europe, Asia, Oceania, and other overseas locations. There could be a deterioration in the Group's business performance in the event of a substantial change in the political and economic climate, legal system, and foreign exchange rate of the countries where Group operates.	• The policy is to establish a business platform, strengthen governance, and take other relevant action as Kajima's businesses expand. • 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 115
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.	• Kajima plans to continue pursuing various measures to improve compensation for skilled construction workers, reform the multi-layered subcontracting system by forming a construction system limited up to secondary subcontracting, and enhance support for partner companies through human resource training, strengthening collaboration, and other measures. Human Rights and Supply Chain Management ▶Page 99

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 upper limits on overtime work implemented 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. • To further improve and instill an awareness of compliance, the Group conducts ongoing online training programs 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 119
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 98 Environment ▶Page 83 Quality ▶Page 97
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 115
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. • The Group positioned preventing both initial infections and the spread of infections as top priorities in response to epidemic outbreaks of infectious diseases. It is also gathering information, assessing risk scenarios, and instructing employees in Japan and overseas as well as partner companies on the necessary measures to ensure business continuity and minimize damage. Risk Management ▶Page 115

Note: Physical risks associated with climate change and risks to transition to a carbon-neutral society are described in the section of TCFD-based information disclosure. ▶Page 88

Compliance

The Kajima Group recognizes that compliance is the foundation of all our business activities. To articulate this stance, we have established the Kajima Group Code of Conduct as a common standard for directors, officers and employees of the Kajima Group, under which the entire Group is committed to promoting compliance.

Compliance program and implementation

The Compliance and Risk Management Committee (chaired by the President) routinely accepts reports on the progress of compliance activities across the Group and, in the event of critical incidents arise, promptly issues instructions and corrective actions to address the incident and reports the details of the incident to the Board of Directors.

The Legal Department, which is part of the Administration Division, is in charge of compliance and has formulated and regularly reviews a compliance manual and conducts training through online courses. In addition, each department responsible for each business field set rules and guidelines and conduct training as necessary. 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 program in line with that of Kajima.

Major initiatives in FY2023
• Revision of compliance manual (9th edition)
• Online course on compliance
· Participants: 25,121 employees (including 10,596 employees from 48 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, by requesting them to comply with the Kajima Group Conduct Guidelines for Business Partners as part of our quotation and contract terms. 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.

In April 2024, we published a commentary explaining the 13 items in the Kajima Group Conduct Guidelines for Business Partners and examples of specific initiatives, in an effort to further disseminate the guidelines.

Maintaining appropriate relationships with public officials in Japan

For payments made to public officials in Japan and similar cases, 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 FY2023, Kajima provided "online anti-bribery training" for employees working outside Japan, such as at Kajima Corporation's overseas branches, at overseas subsidiaries under the Japanese group companies, and overseas group companies. In addition, Kajima's legal staff conducted interviews with employees in Southeast Asia. We will continue to visit countries where the risk of corruption is reported to be relatively high, such as those in Southeast Asia, to ascertain how our guidelines are being applied and to disseminate and improve the guidelines.

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

P (Plan)

Kajima Regulations for Preventing Collusion

- Basic Policy for Receiving Construction Orders (Compliance Matters)
- Procedures for each stage of the bidding and quotation process and rules for preparing and maintaining records*1
- Rules for contacting other companies in the same industry and procedures for participating in external meetings
- Obligation to report any violations or improper activities, etc.

Establishment of a consultation system with legal counsel

D (Do)

- Ensuring the reliability of all procedures at each department and branch office
- Holding Anti-Monopoly Act training sessions*2
- Formulation and distribution of the Manual for Compliance with the Anti-Monopoly Act
- Consultations on questions and uncertainties that arise in the course of work

C (Check)

- Regular checks by the administrative departments of each division and branch office through approval procedures, circulation procedures, etc.
- Implementation of audits in collaboration with legal counsel, the Legal Department, and the Audit Department*3
- Investigation of reports of violations or improper activities

Reporting

A (Act)

- The Antitrust Law Committee (or Executive Committee) examines areas for improvement based on annual reports on the audit activities and the audit results
- In the event of a violation or improper activities, the Antitrust Law Committee analyzes the cause and considers measures to prevent a recurrence

Feedback

*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 FY2023: 1,809 employees (including 391 employees from 28 Group companies)
*3 Implemented for all 12 branches and 2 relevant Head Office departments in FY2023

Current status of trial proceedings (as of August 2024)

- In March 2023, the Tokyo High Court rejected our appeal against the guilty judgment rendered by the Tokyo District Court (the first court) in the criminal case for involving violations of the Anti-Monopoly Act in connection with the construction project of the Chuo Shinkansen. We appealed this judgment to the Supreme Court. In relation to the same incident, in June 2024, the Tokyo District Court rejected the claim to revoke the cease-and-desist order issued by the Japan Fair Trade Commission in December 2020. We appealed this decision to the Tokyo High Court.
- In November 2023, the Tokyo High Court rejected the appeal by our subsidiary, Kajima Road Co., Ltd., to revoke the cease-and-desist order issued by the Japan Fair Trade Commission due to a violation of the Anti-Monopoly Act in relation to the manufacture and sale of asphalt mixture. After carefully examining the details of the judgement, Kajima Road made the decision not to appeal or file a petition for acceptance of final appeal, confirming its loss in the case.

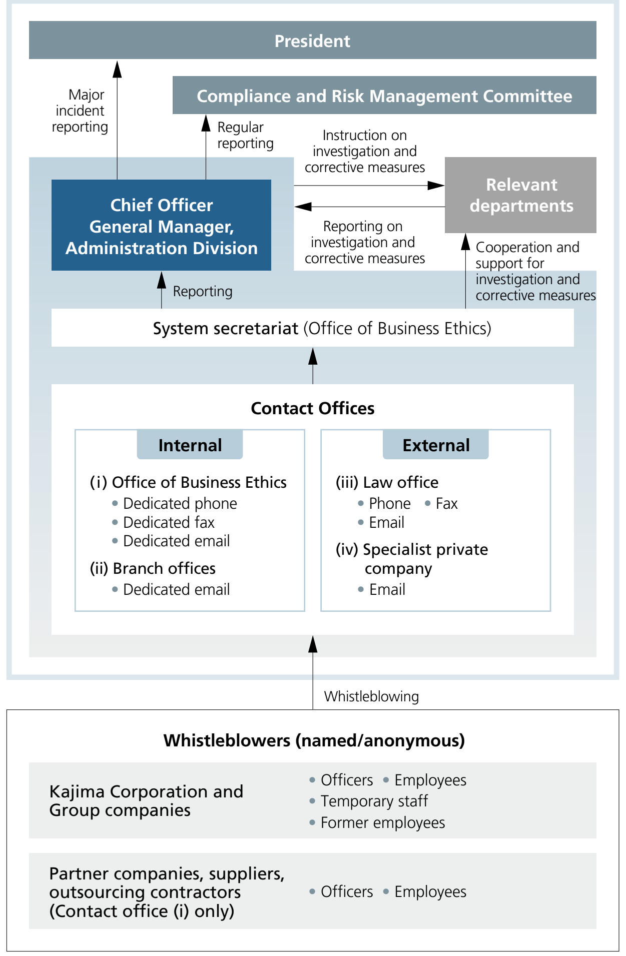
Whistleblower system

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, anonymously if they prefer, facts or suspicions concerning wrongdoings or legal violations, including corruption such as bribery involving our officers or employees. In order to ensure the ease-of-use and effectiveness of this system, we have also established multiple contact points outside the Company. As a new initiative, we are also pursuing the introduction of a global whistleblower hotline that employees at overseas locations can report directly to the Head Office.

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.

Whistleblowing reports to the corporate ethics hotline in FY2023
• 90

Corporate ethics whistleblower system framework



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

Foundation for Sustainable Growth

10-Year Highlights

Financial information

(¥ billion)

(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Financial Results										
Construction Contract Awards	1,474.8	1,795.8	1,728.3	1,685.9	2,010.1	1,752.8	1,720.1	1,929.8	2,196.9	**2,927.2**
Revenues	1,693.6	1,742.7	1,821.8	1,830.6	1,974.2	2,010.7	1,907.1	2,079.6	2,391.5	**2,665.1**
Operating Income	12.6	111.0	155.3	158.3	142.6	131.9	127.2	123.3	123.5	**136.2**
Ordinary Income	21.3	113.3	163.4	179.7	162.9	146.6	139.7	152.1	156.7	**150.1**
Net Income Attributable to Owners of the Parent	15.1	72.3	104.8	126.7	109.8	103.2	98.5	103.8	111.7	**115.0**
Operating Margin (%)	0.7	6.4	8.5	8.7	7.2	6.6	6.7	5.9	5.2	**5.1**
R&D Costs	7.7	7.8	8.2	10.3	13.9	16.4	15.0	17.3	18.2	**20.7**
Capital Investment	25.4	32.9	29.4	16.1	28.4	86.3	52.7	58.0	85.8	**47.5**
Kajima Corporation										
Civil Engineering										
Gross Profit Margin (%)	(0.1)	14.6	18.2	21.2	19.0	14.0	15.5	16.5	18.0	**13.7**
Building Construction										
Gross Profit Margin (%)	1.1	10.8	13.4	14.0	12.5	13.2	12.7	10.3	8.5	**9.2**
Financial Position										
Total Assets	1,839.2	1,886.7	1,992.8	2,051.2	2,091.1	2,172.1	2,164.8	2,337.7	2,769.7	**3,135.1**
Owners' Equity	434.9	471.2	548.5	666.0	753.2	791.7	874.8	945.7	1,052.4	**1,210.1**
Total Equity	436.9	474.0	552.5	669.7	756.9	796.0	884.8	953.5	1,061.1	**1,223.6**
Interest-Bearing Debt	385.0	378.5	372.9	344.8	298.7	326.8	317.0	359.9	537.7	**612.6**
Cash Flows										
Cash Flows from Operating Activities	59.2	36.3	187.5	120.4	30.3	53.0	153.0	30.2	(29.1)	**123.7**
Cash Flows from Investing Activities	8.3	(27.8)	(31.9)	(47.3)	(25.3)	(101.8)	(65.4)	(51.1)	(81.7)	**(62.9)**
Cash Flows from Financing Activities	(70.7)	(13.1)	(20.5)	(53.0)	(75.0)	(10.8)	(39.1)	(20.9)	111.8	**(9.5)**
Stock Information										
Basic Net Income per Share (¥)*1	14.58	69.66	101.01	244.29	211.67	200.99	193.13	208.00	227.98	**238.76**
Owners' Equity per Share (¥)*1	418.86	453.93	528.46	1,283.38	1,451.66	1,544.71	1,731.16	1,920.45	2,165.12	**2,514.97**
Cash Dividends per Share (¥)	5.0	12.0	20.0	48.0	50.0	50.0	54.0	58.0	70.0	**90.0**
Management Benchmarks										
Ratio of Net Income to Owners' Equity (ROE) (%)	3.8	16.0	20.6	20.9	15.5	13.4	11.8	11.4	11.2	**10.2**
Owners' Equity Ratio (%)	23.6	25.0	27.5	32.5	36.0	36.5	40.4	40.5	38.0	**38.6**
Debt-to-Equity Ratio (times)	0.89	0.80	0.68	0.52	0.40	0.41	0.36	0.38	0.51	**0.51**

Non-financial information

(FY)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Employees (Consolidated)	18,637	19,100	19,580	20,914	21,648	22,133	22,389	22,819	23,141	**23,873**
Kajima Corporation	9,314	9,289	9,337	9,398	9,549	9,701	9,884	10,007	10,172	**10,358**
Consolidated Group Companies in Japan	5,505	5,611	5,804	5,983	6,227	6,456	6,584	6,736	6,937	**7,213**
Consolidated Group Companies outside Japan	3,818	4,200	4,439	5,533	5,872	5,976	5,921	6,076	6,032	**6,302**
CO_2 Emissions Attributable to Construction ($\times 10^4$ t-CO_2)*2 *3	26.2	26.2	25.8	27.4	25.1	22.7	15.7	17.7	22.6	**20.9**
CO_2 Emissions per Unit of Sales Attributable to Construction (t-CO_2/¥100 million)*2 *3	22.2	21.5	21.5	21.4	20.0	17.6	13.8	14.0	16.0	**13.9**
Final Disposal Rate for Construction Waste (Incl. Sludge) (%)*3	7.1	6.5	5.8	2.4	4.3	3.9	2.5	2.4	2.7	**3.0**

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

Social Contribution Activities

Based on the Kajima's 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.

Disaster recovery — Response to the Noto Peninsula Earthquake in 2024

Immediately following the January 1, 2024 Noto Peninsula Earthquake, we established a Crisis Response Headquarters to prioritize employee and external personnel safety and assess damage to our operations and client assets. We promptly deployed teams to the affected area, implemented a 24-hour response system, and initiated urgent recovery work, including road clearance, at the request of government authorities and industry associations.

Kajima has successfully restored three key areas: a river blockage in Kumano, a mudslide in Ichinose (both in Wajima City), and a damaged expressway section in Anamizu Town.

In addition to a company donation of ¥10 million, our employees, officers, and volunteers contributed to a disaster relief fund, bringing total donations to ¥27,954,220.

Construction to restore the Noto Satoyama Kaido Expressway

Presenting the donation to Ishikawa Prefecture

Promotion of academia, culture and art — 18th KAJIMA SCULPTURE COMPETITION held

Kajima holds the KAJIMA SCULPTURE COMPETITION every other year. The competition was established in 1989 to commemorate the 150th anniversary of Kajima Corporation's founding. With the consistent theme of "Sculpture, Architecture and Space," the competition is aimed at creating attractive spaces where the art of sculpture and architecture meet. In the 18th competition, a total of 201 entries were received from both domestic and international artists. From the eight finalists selected in the first round of judging, one Gold Prize, one Silver Prize, one Bronze Prize, and one Encouragement Prize were awarded. Sculptors, from those in their 20s to the highly experienced, competed to show off their true talent, including a student from Poland whose sculpture won the Bronze Prize.

18th competition Gold Prize winner *SCULPFURNITURE (Bookshelf for All)* by Hiroyuki Nishimura

Scan the QR Code to see the prize winners

Kajima foundations promote academia, culture and art

The Kajima Foundation

Established in 1976, the Kajima Foundation supports academic research and international exchange in a wide range of fields, from the natural sciences to the humanities and social sciences. The foundation provides grants for general research and specific research themes, and supports researcher exchanges through dispatch and invitation, international joint research, and international research conferences. Since FY2024, universities and other organizations nationwide have been eligible to apply for these grants. In FY2023, the foundation awarded 93 projects, a total of ¥215.85 million. Every year, the foundation holds a grant presentation ceremony for the selected researchers and a symposium where they present their research findings.

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 FY2023, the number of funded projects increased to 98, totaling ¥103.35 million. Each year, the foundation awards the Kajima Foundation for the Arts Prize and Excellence Prize to researchers who have achieved outstanding research results. This spring, a symposium was held for the eight researchers who won the 30th and 31st awards, which had been postponed due to the COVID-19 pandemic. Approximately 260 people attended the symposium either in person or online.

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 FY2023, it awarded a total of ¥121.26 million in scholarships to a total of 158 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 has provided scholarships to international students and developed international exchange programs for 30 years. As of FY2023 it has granted scholarships to 366 students from 53 countries, and Japanese students became eligible from FY2022. With the aim of building an international exchange network, the Foundation also organizes a variety of international exchange events in Japan and overseas, including the Asia Future Conference, as well as international academic conferences and forums led by former scholarship recipients who now actively teach and pursue research at universities worldwide.

Organizational Structure

- Stockholders' Meeting
  - Audit & Supervisory Board
    - Audit & Supervisory Board Members
      - Office of Audit & Supervisory Board Members
  - Board of Directors
    - President
      - Executive Office
      - Public Relations Office
      - Corporate Planning Department
      - Innovation & Incubation Office
      - Digital Strategy Office
      - Audit Department
      - Human Resources Department
      - Administration Division
      - Safety and Environmental Affairs Department
      - Treasury Division
      - Affiliated Business Department
      - IT Solutions Department
      - Center for Shared Administrative Services
      - Intellectual Property and License Department
      - Kajima Technical Research Institute
      - Civil Engineering Management Division
      - Civil Engineering Design Division
      - Building Construction Management Division
      - Architectural Design Division
      - Sales and Marketing Division
      - Nuclear Power Department
      - Real Estate Development Division
      - Engineering Division
      - Environmental Engineering Division
      - Machinery and Electrical Engineering Department
      - Overseas Operations Division
      - International Division
      - Hokkaido Branch
      - Tohoku Branch
      - Kanto Branch
      - Tokyo Civil Engineering Branch
      - Tokyo Architectural Construction Branch
      - Yokohama Branch
      - Hokuriku Branch
      - Chubu Branch
      - Kansai Branch
      - Shikoku Branch
      - Chugoku Branch
      - Kyushu Branch

Domestic Group companies: 102
(including 56 equity-method affiliates)

Overseas Group companies: 211
(including 51 equity-method affiliates)

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 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, etc.
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 Ireland	Kajima Ireland Ltd.
3 France	Kajima France Development S.A.R.L.
	Les Domaines De Saint Endréol
4 Czech Republic	Kajima Czech Design and Construction s.r.o.
5 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.
6 Germany	Kajima Deutschland GmbH

Kajima Asia Pacific Holdings Pte. Ltd.

7 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.
8 Indonesia	PT Kajima Indonesia
	PT Senayan Trikarya Sempana
	PT Jimbaran Greenhill
9 Thailand	Thai Kajima Co., Ltd.
	Ramaland Development Co., Ltd.
	Bang Tao Beach Ltd.
10 Malaysia	Kajima (Malaysia) Sdn. Bhd.
11 Vietnam	Kajima Vietnam Co., Ltd.
	Indochina Kajima Development Ltd.
12 The Philippines	Kajima Philippines Inc.
13 Hong Kong	Allied Kajima Ltd.
14 India	Kajima India Pvt. Ltd.
15 Myanmar	Kajima Myanmar Co., Ltd.
	Kajima Yankin PPP Co., Ltd.

Kajima Australia Pty Ltd

16 Australia 17 New Zealand	Kajima Australia Pty Ltd
	Icon Co Holdings Pty Ltd
	Icon Developments Australia Pty Ltd
18 Shanghai	Cockram Projects (Shanghai) Construction & Engineering Co Ltd
19 Hong Kong	Scenario Cockram Limited

Kajima Corporation (China) Co., Ltd.

20 Shanghai	Kajima Corporation (China) Co., Ltd.

Chung-Lu Construction Co., Ltd.

21 Taipei	Chung-Lu Construction Co., Ltd.

Kajima U.S.A. Inc.

22 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
23 Charlotte	Rodgers Builders, Inc.
24 Columbus	Flournoy Construction Group, LLC
	Flournoy Development Group, LLC
25 Orlando	Development Ventures Group, Inc.
26 New York	Anglebrook Golf Club
27 Cleveland	The Austin Company
28 Detroit	Gala & Associates, Inc.
29 Los Angeles	Kajima Development Corporation
30 Irvine	TACK Builders, Inc.
31 Honolulu	Hawaiian Dredging Construction Company, Inc.

Company Information / Stock Information (as of March 31, 2024)

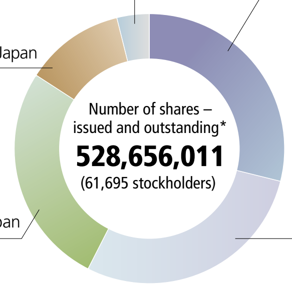
Company name	Kajima Corporation
Head office	3-1, Motoakasaka 1-chome, Minato-ku, Tokyo 107-8388, Japan
Established	1840
Incorporated	1930
Paid-in capital	Over ¥81,400 million
Number of employees	10,358 (non-consolidated), 23,873 (consolidated)
Number of shares – authorized	1,250,000,000
Number of shares – issued and outstanding	528,656,011 (including 44,231,963 shares of treasury stock)
Number of stockholders	61,695 (up 1,064 from end of FY2022)
Administrator of stockholder 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)	79,031	16.31
Custody Bank of Japan, Ltd. (Trust Account)	37,663	7.77
Kimiko Kajima	15,849	3.27
Kajima Employee Stock Ownership	9,427	1.95
State Street Bank West Client - Treaty 505234	8,362	1.73
Sumitomo Mitsui Banking Corporation	7,521	1.55
The Kajima Foundation	7,235	1.49
JP Morgan Securities Japan Co., Ltd.	6,692	1.38
Taisho Pharmaceutical Holdings Co., Ltd.	6,288	1.30
JP Morgan Chase Bank 385781	5,831	1.20

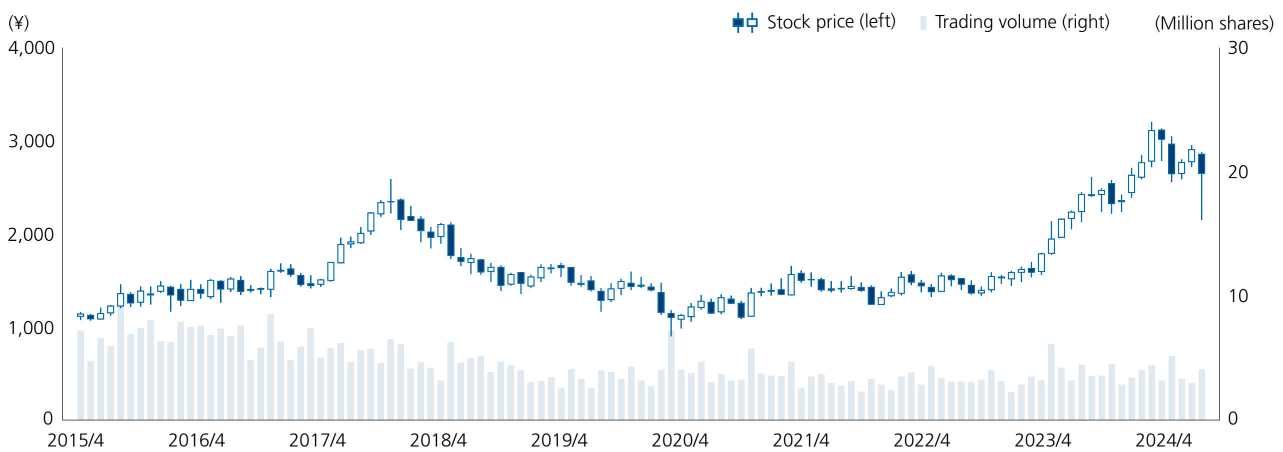
Notes: 1. In addition to the above, Kajima Corporation has 44,231 thousand shares of treasury stock.
2. Shareholding was computed excluding total treasury stock.

Stock ownership breakdown



3. The 442,319 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."
* Including 44,231,963 shares of treasury stock

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, 2015 as the supposed date of the reverse split.

IR Activities

Based on our Policy for Constructive Dialogue with Stockholders, we strive to proactively disclose information and promote constructive dialog on business performance, medium- to long-term management policy, ESG, and other topics through financial results briefings, individual interviews, and other opportunities.
The opinions of stockholders and investors obtained through dialogue are reported regularly, in a timely manner, and appropriately to the Board of Directors and the Management Committee, and are reflected in improvements in management and investor relations (IR) activities.

▶ For more information on stakeholder engagement, see the following web page.
https://www.kajima.co.jp/english/sustainability/stake_holder/engagement/index.html

Record of major IR activities

Activities	Number of meetings in FY2022	Number of meetings in FY2023	Status of activities
Individual dialogue with institutional investors and securities analysts	215	311	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)	(124)	
(Institutional investors outside Japan)	(73)	(152)	
(Securities firms)	(36)	(35)	
Financial results briefing for institutional investors and securities analysts	4	4	Financial results briefings attended by the President and directors and executive officers in charge of business divisions, finance, and the Corporate Planning Department were held at the end of the second quarter and at the end of the fiscal year. Financial results briefings attended by the director in charge of finance and the executive officer in charge of the Corporate Planning Department were held at the end of the first and third quarters.
Small meetings with institutional investors and securities analysts	1	1	Meetings attended by the President, the director in charge of finance, and the executive officer in charge of the Corporate Planning Department were held. They engaged in dialogues with six analysts in FY2022 and seven institutional investors in Japan in FY2023.
Tours and briefings on individual business areas for institutional investors and securities analysts	0	1	A tour to the Nishichofu Complex at the Kajima Technical Research Institute was held in FY2023. The executive officer who is the director of the Kajima Technical Research Institute and the executive officer in charge of civil engineering technology engaged in dialogue with 15 institutional investors and securities analysts.
Individual dialogue with institutional investors' voting right exercisers, and others	18	17	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.
Conferences sponsored by securities firms	2	3	The investor relations division participated in conferences for institutional investors outside Japan.

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

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2024 Sompo Sustainability Index

レジリエンス認証

INTEGRATED REPORT

Financial Review 2024

Year ended March 31, 2024

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

During the fiscal year ended March 31, 2024, the rate of inflation in many countries and regions slowed, and the trend in policy interest rates shifted from increases to holding steady. Although the pace of economic growth stagnated in some countries and regions due to the effects of higher prices and interest rates, growth remained firm overall. In Japan, amid a moderate rise in prices, the economy continued to recover due to an improved employment situation and a recovery in inbound demand, along with changes including the Bank of Japan lifting its negative interest rate policy.

In the domestic construction market, public-sector investment remained stable and corporate capital investment steadily progressed, and, as a result, construction investment continued to grow. With regard to construction costs, as material and equipment expenses remained high overall, labor costs rose as construction volume increased.

Against this backdrop, the Kajima Group has focused its efforts in Japan and overseas on the construction and real estate development businesses under the Kajima Group Medium-Term Business Plan (FY2021-2023).

As a result, the Group's financial results for the fiscal year ended March 31, 2024, were as follows.

Consolidated construction contract awards increased both in Japan and overseas, coming to ¥2,927.2 billion (compared with ¥2,196.9 billion in the previous fiscal year), a 33.2% year-on-year increase. Non-consolidated contract awards, including those for real estate development and other businesses, increased 26.6% year on year to ¥1,944.0 billion (compared with ¥1,535.7 billion in the previous fiscal year).

Revenues increased 11.4% year on year to ¥2,665.1 billion (compared with ¥2,391.5 billion in the previous fiscal year) due to higher revenues in both the construction business and the real estate development and other businesses in Japan and overseas.

Operating income was up 10.3% year on year to ¥136.2 billion (compared with ¥123.5 billion in the previous fiscal year), due to higher gross profit in the construction business in Japan and overseas, as well as in the real estate development and other businesses in Japan. Net income attributable to owners of the parent increased 2.9% to ¥115.0 billion (compared with ¥111.7 billion in the previous fiscal year). Also, in the period under review, the Company sold cross-shareholdings (27 stocks, ¥28.4 billion), and recorded a gain on sales of marketable and investment securities as other income.

Our performance by business was as follows.

In the construction business, revenues in both the civil engineering and building construction businesses exceeded those of the previous fiscal year due to steady construction progress, especially on large-scale projects. The gross profit margin in the building construction business exceeded that of the previous fiscal year, enabling the Company to secure steady profits, despite the impact of rising construction costs in some projects. In the real estate development and other businesses, disposal of real estate for sale were implemented according to plan, contributing significantly to both revenues and profits.

Domestic subsidiaries and affiliates reported higher revenues and profits than in the previous fiscal year due to increased revenues and gross profit margin in the construction business, as well as disposal of real estate for sale held by real estate development related subsidiaries and affiliates.

In the construction business of overseas subsidiaries and affiliates, despite the persistent impact of the COVID-19 pandemic on some construction projects in Southeast Asia, business performance has recovered since the third quarter. In the real estate development and other businesses, although the business environment in each region was affected by inflation and rising interest rates, the subsidiaries and affiliates in the U.S. sold 12 properties in the distribution warehouse development business and the occupancy rate of hotels managed by the subsidiaries and affiliates in Southeast Asia improved, driving solid performance overall.

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 20.5% year on year to ¥363.3 billion (compared with ¥301.6 billion in the previous fiscal year) due to steady construction progress on large-scale projects.

Segment profit decreased 20.6% to ¥23.2 billion (compared with ¥29.3 billion in the previous fiscal year), falling below that of the previous fiscal year when the gross profit margin was particularly high.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	363.3	301.6	20.5
Segment profit	23.2	29.3	(20.6)

Building Construction

(Building construction in the construction business operated by the Company)

Revenues increased 1.7% year on year to ¥1,104.2 billion (compared with ¥1,086.2 billion in the previous fiscal year) due to favorable construction progress of large-scale projects.

Segment profit climbed 14.2% to ¥53.3 billion (compared with ¥46.6 billion in the previous fiscal year) due to improved profitability, mainly in projects completed during the period.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	1,104.2	1,086.2	1.7
Segment profit	53.3	46.6	14.2

Real Estate Development and Other

(Real estate development business, architectural, structural and other design business and engineering business operated by the Company)

Revenues increased 90.0% year on year to ¥85.3 billion (compared with ¥44.9 billion in the previous fiscal year), and segment profit jumped 156.2% to ¥18.4 billion (compared with ¥7.1 billion in the previous fiscal year), mainly due to the successful implementation of planned disposal of real estate for sale in the fiscal year.

(Billions of yen)

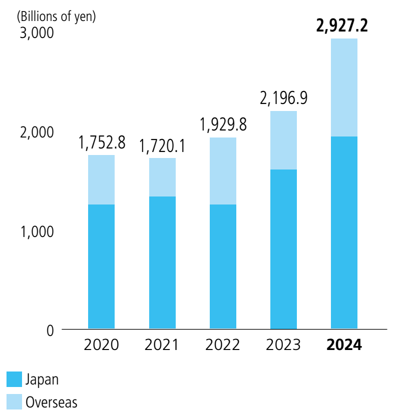
(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	85.3	44.9	90.0
Segment profit	18.4	7.1	156.2

Domestic Subsidiaries and Affiliates

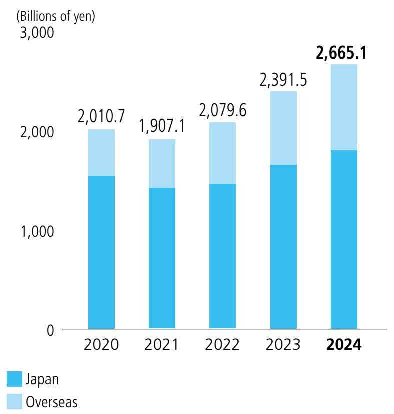
(Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates)

Revenues rose 4.2% year on year to ¥367.4 billion (compared with ¥352.6 billion in the previous fiscal year), while segment profit increased 38.8% to ¥24.1 billion (compared with ¥17.4 billion in the previous fiscal year), mainly due to the disposal

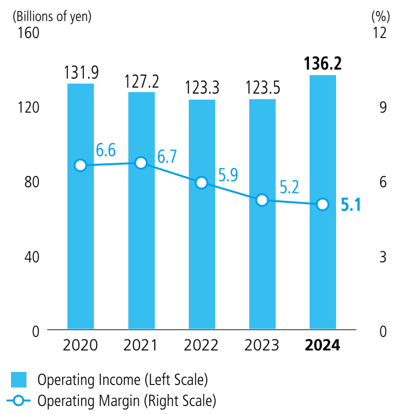
Construction Contract Awards
Years ended March 31



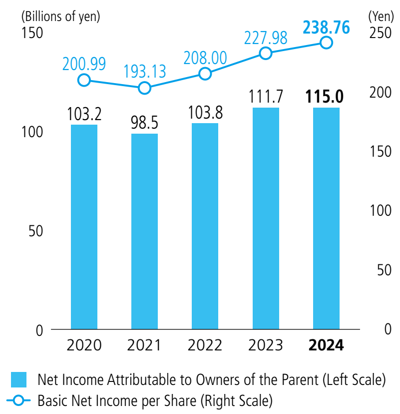
Revenues
Years ended March 31



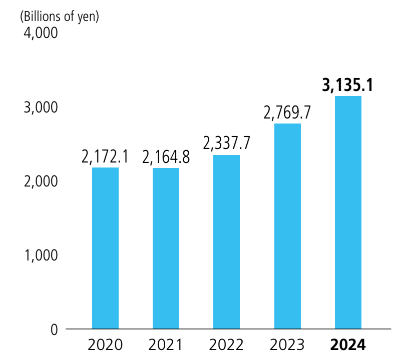
Operating Income / Operating Margin
Years ended March 31



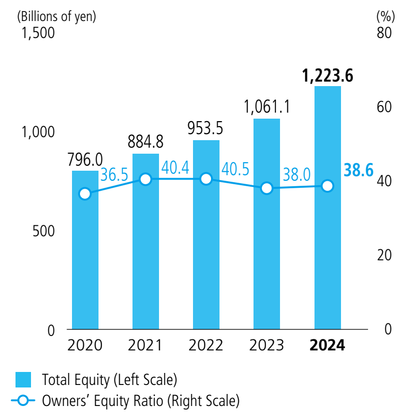
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Total Assets
As of March 31



Total Equity / Owners' Equity Ratio
As of March 31



of real estate for sale held by real estate development related subsidiaries and affiliates.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	367.4	352.6	4.2
Segment profit	24.1	17.4	38.8

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 16.3% year on year to ¥859.6 billion (compared with ¥739.2 billion in the previous fiscal year), mainly due to an increase in construction business revenues in the U.S. and Oceania.

Segment profit decreased 25.6% to ¥16.9 billion (compared with ¥22.7 billion in the previous fiscal year), mainly due to lower segment profit than the high level of the previous fiscal year, despite the steady gain on sales in the U.S. real estate development business.

(Billions of yen)

(Years ended March 31)	2024	2023	2024/2023 (%)
Revenues	859.6	739.2	16.3
Segment profit	16.9	22.7	(25.6)

Analysis of Financial Position

Assets, Liabilities and Equity

Total assets at the end of the fiscal year increased ¥365.4 billion year on year to ¥3,135.1 billion (compared with ¥2,769.7 billion at the end of the previous fiscal year). Main factors were a surge in investments in securities mainly due to an increase in unrealized gains as the market value of shares held rose, an increase in inventories, and an increase in property and equipment.

Total liabilities increased ¥202.9 billion year on year to ¥1,911.4 billion (compared with ¥1,708.5 billion at the end of the previous fiscal year). This was due to an increase in interest-bearing debt as well as an increase in advances received on construction projects in progress.

Total equity increased by ¥162.5 billion year on year to ¥1,223.6 billion (compared with ¥1,061.1 billion at the end of the previous fiscal year).

In addition, the owners' equity ratio improved to 38.6%, up 0.6 points compared with 38.0% at the end of the previous fiscal year.

Cash Flows

Cash flows from operating activities in the fiscal year resulted in a net cash inflow of ¥123.7 billion (compared with a net cash outflow of ¥29.1 billion in the previous fiscal year). Main factors were income before income taxes, adjustments for depreciation and amortization, and an increase in advances received, offset by income taxes–paid and an increase in inventories as well as a decrease in payables and an increase in receivables.

Cash flows from investing activities resulted in a net cash outflow of ¥62.9 billion (compared with ¥81.7 billion in the previous fiscal year). Main factors were payment for purchases of property and equipment, disbursements for loans, and payment for purchases of marketable and investment securities, partially offset by inflows of proceeds from sales and redemption of marketable and investment securities and proceeds from collection of loans.

Cash flows from financing activities resulted in a net cash outflow of ¥9.5 billion (compared with a net cash inflow of ¥111.8 billion in the previous fiscal year). Main factors were cash dividends paid and payment for purchases of treasury stock, offset by inflows of the net of financing and repayment of short-term borrowings, long-term loans, commercial paper and bonds and proceeds from the disposal of treasury stock.

As a result, the balance of cash and cash equivalents at the end of the fiscal year increased by ¥67.8 billion year on year to ¥350.0 billion (compared with ¥282.2 billion at the end of the previous fiscal year).

(Billions of yen)

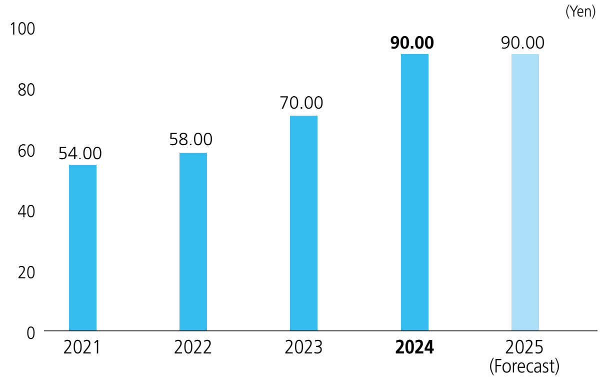
(Years ended March 31)	2024	2023	2022
Cash flows from operating activities	123.7	(29.1)	30.2
Cash flows from investing activities	(62.9)	(81.7)	(51.1)
Cash flows from financing activities	(9.5)	111.8	(20.9)
Cash and cash equivalents, end of year	350.0	282.2	267.7

Basic Profit Allocation Policy and Payment of Dividends*

The Company's basic policy is to allocate profits taking account of balance between growth investment and stockholder returns, with the aim of achieving sustainable growth and increasing corporate value, while maintaining financial soundness. Regarding dividends, the Company plans to pay dividends with a target payout ratio of 40%, 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 consideration of the aforementioned policy, and in light of the Company's business performance of the fiscal year under review, the Company paid an annual dividend of ¥90 per share, consisting of a year-end dividend of ¥55 per share and an interim (end of second quarter) dividend of ¥35 per share. The Company also plans to pay an annual dividend of ¥90 per share (including an interim dividend of ¥45 per share) for the fiscal year ending March 31, 2025.

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 14, 2024. Actual results may differ materially from the forecasts due to various factors.

Forecast for the Fiscal Year Ending March 31, 2025*

In the global economy, as inflation slows, we expect interest rates to decline, and the pace of growth to gradually recover. Nevertheless, the economic outlook remains uncertain, and we assume the economic situation remains difficult to assess. Furthermore, the needs of society and customers are expected to further diversify, including the push to achieve carbon neutrality and build a circular economy, and human capital will become even more important. To achieve sustainable growth in this business environment, we believe it is important to take measures needed to address the various risks that accompany these changes and pursue business by appropriately seizing opportunities.

In the construction market, construction demand is expected to continue to grow both in Japan and overseas, driven by investments in production facilities related to environment and advancing technology and upgrading aging buildings and infrastructure. On the other hand, we must pay attention to the application of overtime work restrictions in the domestic construction industry and the potential for escalating construction costs worldwide. To help ensure the sustainability of the construction industry, we need to improve construction worker compensation and benefits, pursue work-style reforms, and raise productivity while providing high quality value and services to meet demand.

In this business environment, we launched the Kajima Group Medium-Term Business Plan (FY2024-2026). Under the new Medium-Term Business Plan, we will work to further strengthen our core domestic construction, real estate development and overseas businesses, while, as a technology-based company, creating new value by expanding our value chain and promoting R&D and innovation. In doing so, we intend to build the future by working together with society and our customers. The plan sets forth the following drivers of our growth strategy: (1) enhance domestic construction business, (2) expand growth areas, (3) create new value as a technology-based company, and (4) ensure sustainability.

In the domestic construction business in the fiscal year ending March 31, 2025, we expect to achieve solid performance by delivering steady construction work to meet strong construction demand in the civil engineering and building construction businesses, and by making efforts to raise productivity and lower costs. In the domestic real estate development business, just as in the fiscal year under review, we plan to sell multiple properties, which will contribute to revenues and profits. In the overseas business, we expect the recovery of performance in Southeast Asia to progress. In the U.S. and Europe, the business environment surrounding prices and interest rates is expected to remain uncertain, but we will seek to increase revenues and profits across the overseas businesses as a whole by taking measures to counter risks and seizing opportunities to address market and interest rate trends. Our exchange rate assumption is ¥141.83 to $1.00.

Reflecting this outlook, results for the fiscal year ending March 31, 2025, are forecast to show, on a consolidated basis, an increase in revenues as well as net income attributable to owners of the parent remaining above the ¥100 billion mark.

(Billions of yen)

(Years ending/ ended March 31)	2025 (Forecast)	2024 (Results)	2025/2024 (%)
Revenues	2,780.0	2,665.1	4.3
Operating income	132.0	136.2	(3.1)
Net income attributable to owners of the parent	105.0	115.0	(8.7)

* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2024. 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)
	2024	2023	2024
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 20)	¥ 350,064	¥ 282,253	$ 2,318,305
Marketable securities (Notes 5 and 20)	170	384	1,126
Operational investments in securities (Notes 5 and 20)	11,311	11,624	74,907
Notes and accounts receivable—trade (Notes 4.a, 10, 17.c and 20)	940,304	899,621	6,227,179
Allowance for doubtful accounts (Note 20)	(6,667)	(5,417)	(44,152)
Inventories:			
Construction projects in progress	8,357	9,955	55,343
Development projects in progress, real estate for sale and other (Note 10)	486,237	419,667	3,220,113
Other current assets (Notes 10 and 20)	128,213	133,497	849,092
Total current assets	1,917,989	1,751,584	12,701,913
PROPERTY AND EQUIPMENT:			
Land (Notes 6, 7, 8 and 10)	277,428	274,026	1,837,272
Buildings and structures (Notes 7, 8 and 10)	203,926	159,364	1,350,503
Machinery, equipment and other (Notes 7 and 10)	30,289	25,580	200,589
Construction in progress (Notes 8 and 10)	28,535	19,570	188,974
Total property and equipment	540,178	478,540	3,577,338
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 5, 10 and 20)	349,721	270,615	2,316,033
Investments in unconsolidated subsidiaries and affiliates (Notes 10 and 20)	92,773	85,527	614,391
Long-term loans receivable (Notes 9, 10 and 20)	12,899	6,273	85,424
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 10 and 20)	86,397	54,628	572,166
Allowance for doubtful accounts (Note 20)	(2,588)	(2,864)	(17,139)
Deferred tax assets (Note 16)	3,407	13,348	22,563
Other (Notes 8, 10 and 14)	134,373	112,067	889,887
Total investments and other assets	676,982	539,594	4,483,325
TOTAL	¥ 3,135,149	¥ 2,769,718	$ 20,762,576

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 10 and 11)	¥ 274,680	¥ 223,754	$ 1,819,073
Commercial paper (Note 12)	—	40,000	—
Current portion of long-term debt (Notes 10, 11 and 20)	87,646	23,440	580,437
Notes and accounts payable—trade	583,998	603,868	3,867,536
Advances received:			
Construction projects in progress (Notes 4.b, 13 and 17.c)	203,326	149,818	1,346,530
Development projects in progress, real estate for sale and other (Notes 4.b and 17.c)	12,650	7,608	83,775
Income taxes payable	32,612	25,279	215,973
Accrued expenses	68,625	60,328	454,470
Other current liabilities (Notes 3, 4.b and 17.c)	242,463	185,673	1,605,715
Total current liabilities	1,506,000	1,319,768	9,973,509
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10, 11, 20 and 26.c)	264,855	262,449	1,754,007
Deferred tax liabilities (Note 16)	12,534	254	83,007
Deferred tax liabilities on revaluation surplus of land (Note 6)	20,606	20,628	136,464
Liability for retirement benefits (Note 14)	61,344	62,099	406,252
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	1,205	1,205	7,980
Other long-term liabilities (Note 10)	44,949	42,170	297,674
Total long-term liabilities	405,493	388,805	2,685,384
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 19, 21 and 22)			
EQUITY (Note 15):			
Common stock, authorized, 1,250,000,000 shares; issued, 528,656,011 shares	81,447	81,447	539,384
Capital surplus	43,821	41,990	290,205
Retained earnings (Note 26.a)	891,884	813,653	5,906,517
Treasury stock—at cost, 47,481,596 shares in 2024 and 42,570,843 shares in 2023 (Notes 2.y, 18 and 26.b)	(67,511)	(55,673)	(447,093)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 5)	159,759	103,272	1,058,007
Deferred gain (loss) on derivatives under hedge accounting (Note 21)	5,143	(31)	34,060
Revaluation surplus of land (Note 6)	21,309	21,357	141,119
Foreign currency translation adjustments	69,801	44,820	462,258
Defined retirement benefit plans (Note 14)	4,486	1,596	29,709
Total	1,210,139	1,052,431	8,014,166
Noncontrolling interests	13,517	8,714	89,517
Total equity	1,223,656	1,061,145	8,103,683
TOTAL	¥ 3,135,149	¥ 2,769,718	$ 20,762,576

See notes to consolidated financial statements.

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
REVENUES:			
Construction projects (Notes 3 and 17)	¥ **2,322,282**	¥ 2,106,971	$ **15,379,351**
Real estate and other (Notes 8 and 17)	**342,894**	284,608	**2,270,821**
Total revenues	**2,665,176**	2,391,579	**17,650,172**
COST OF REVENUES:			
Construction projects (Note 3)	**2,115,748**	1,910,877	**14,011,576**
Real estate and other (Note 8)	**257,926**	213,602	**1,708,119**
Total cost of revenues	**2,373,674**	2,124,479	**15,719,695**
Gross profit	**291,502**	267,100	**1,930,477**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**155,276**	143,573	**1,028,318**
Operating income	**136,226**	123,527	**902,159**
OTHER INCOME (EXPENSES):			
Interest and dividends	**16,205**	16,514	**107,318**
Interest expense	**(14,406)**	(4,829)	**(95,404)**
Foreign currency exchange gain (loss)	**69**	(759)	**457**
Equity in earnings of unconsolidated subsidiaries and affiliates	**4,059**	5,625	**26,881**
Equity in earnings of partnership	**5,744**	17,116	**38,040**
Provision for doubtful accounts	**(402)**	(304)	**(2,662)**
(Loss) gain on sales or disposals of property and equipment—net (Note 8)	**(942)**	3,821	**(6,238)**
Gain on sales of marketable and investment securities—net (Note 5)	**13,886**	6,488	**91,960**
Valuation loss on marketable and investment securities—net (Note 5)	**(193)**	(1,405)	**(1,278)**
(Loss) gain on sales of investments in unconsolidated subsidiaries and affiliates—net	**(42)**	1,959	**(278)**
Gain on step acquisitions (Note 2.x)	**6,175**	—	**40,894**
Litigation settlement	**(66)**	(3)	**(437)**
Loss on impairment of long-lived assets (Notes 7 and 27.c)	**—**	(337)	**—**
Other—net	**2,619**	(158)	**17,343**
Other income—net	**32,706**	43,728	**216,596**
INCOME BEFORE INCOME TAXES	**168,932**	167,255	**1,118,755**
INCOME TAXES (Note 16)**:**			
Current	**57,827**	57,533	**382,960**
Deferred	**(5,511)**	(4,343)	**(36,497)**
Total income taxes	**52,316**	53,190	**346,463**

See notes to consolidated financial statements.

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
NET INCOME	**116,616**	114,065	**772,292**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(1,582)**	(2,276)	**(10,477)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ **115,034**	¥ 111,789	$ **761,815**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 25):			
Basic net income	¥ **238.76**	¥ 227.98	$ **1.581**
Cash dividends applicable to the year	**90.00**	70.00	**0.596**

(Years Ended March 31)

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	**2024**
NET INCOME	**¥ 116,616**	¥ 114,065	**$ 772,292**
OTHER COMPREHENSIVE INCOME (Note 23):			
Unrealized gain (loss) on available-for-sale securities	**56,461**	(2,090)	**373,914**
Deferred gain on derivatives under hedge accounting	**508**	603	**3,364**
Foreign currency translation adjustments	**27,071**	36,511	**179,278**
Defined retirement benefit plans (Note 14)	**2,896**	1,696	**19,179**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates	**3,146**	(1,100)	**20,834**
Total other comprehensive income	**90,082**	35,620	**596,569**
COMPREHENSIVE INCOME	**¥ 206,698**	¥ 149,685	**$ 1,368,861**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	**¥ 204,590**	¥ 146,355	**$ 1,354,901**
Noncontrolling interests	**2,108**	3,330	**13,960**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2024 and 2023

	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 Gain (Loss) on Derivatives under Hedge Accounting
BALANCE, APRIL 1, 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)
Net income attributable to owners of the parent	**—**	**—**	**—**	**115,034**	**—**	**—**	**—**
Cash dividends paid:							
Final for prior year, ¥41.00 per share	**—**	**—**	**—**	**(19,929)**	**—**	**—**	**—**
Interim for current year, ¥35.00 per share	**—**	**—**	**—**	**(16,922)**	**—**	**—**	**—**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**—**	**7**	**—**	**—**	**—**	**—**
Reversal of revaluation surplus of land	**—**	**—**	**—**	**48**	**—**	**—**	**—**
Purchase of treasury stock	**(4,911)**	**—**	**—**	**—**	**(10,014)**	**—**	**—**
Purchase of treasury stock as stock delivery trust	**(2,303)**	**—**	**—**	**—**	**(5,046)**	**—**	**—**
Disposition of treasury stock	**2,303**	**—**	**1,824**	**—**	**3,222**	**—**	**—**
Net change in the year	**—**	**—**	**—**	**—**	**—**	**56,487**	**5,174**
BALANCE, MARCH 31, 2024	**481,174**	**¥ 81,447**	**¥ 43,821**	**¥ 891,884**	**¥ (67,511)**	**¥ 159,759**	**¥ 5,143**

	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, APRIL 1, 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
Net income attributable to owners of the parent	**—**	**—**	**—**	**115,034**	**—**	**115,034**
Cash dividends paid:						
Final for prior year, ¥41.00 per share	**—**	**—**	**—**	**(19,929)**	**—**	**(19,929)**
Interim for current year, ¥35.00 per share	**—**	**—**	**—**	**(16,922)**	**—**	**(16,922)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	**—**	**—**	**—**	**7**	**—**	**7**
Reversal of revaluation surplus of land	**(48)**	**—**	**—**	**—**	**—**	**—**
Purchase of treasury stock	**—**	**—**	**—**	**(10,014)**	**—**	**(10,014)**
Purchase of treasury stock as stock delivery trust	**—**	**—**	**—**	**(5,046)**	**—**	**(5,046)**
Disposition of treasury stock	**—**	**—**	**—**	**5,046**	**—**	**5,046**
Net change in the year	**—**	**24,981**	**2,890**	**89,532**	**4,803**	**94,335**
BALANCE, MARCH 31, 2024	**¥ 21,309**	**¥ 69,801**	**¥ 4,486**	**¥ 1,210,139**	**¥ 13,517**	**¥ 1,223,656**

See notes to consolidated financial statements.

Years Ended March 31, 2024 and 2023

	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 Gain (Loss) on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2023	$ 539,384	$ 278,079	$ 5,388,430	$ (368,695)	$ 683,921	$ (205)
Net income attributable to owners of the parent	—	—	**761,815**	—	—	—
Cash dividends paid:						
Final for prior year, $0.27 per share	—	—	**(131,980)**	—	—	—
Interim for current year, $0.23 per share	—	—	**(112,066)**	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**46**	—	—	—	—
Reversal of revaluation surplus of land	—	—	**318**	—	—	—
Purchase of treasury stock	—	—	—	**(66,318)**	—	—
Purchase of treasury stock as stock delivery trust	—	—	—	**(33,417)**	—	—
Disposition of treasury stock	—	**12,080**	—	**21,337**	—	—
Net change in the year	—	—	—	—	**374,086**	**34,265**
BALANCE, MARCH 31, 2024	**$ 539,384**	**$ 290,205**	**$ 5,906,517**	**$ (447,093)**	**$ 1,058,007**	**$ 34,060**

	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, 2023	$ 141,437	$ 296,821	$ 10,570	$ 6,969,742	$ 57,709	$ 7,027,451
Net income attributable to owners of the parent	—	—	—	**761,815**	—	**761,815**
Cash dividends paid:						
Final for prior year, $0.27 per share	—	—	—	**(131,980)**	—	**(131,980)**
Interim for current year, $0.23 per share	—	—	—	**(112,066)**	—	**(112,066)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	—	**46**	—	**46**
Reversal of revaluation surplus of land	**(318)**	—	—	—	—	—
Purchase of treasury stock	—	—	—	**(66,318)**	—	**(66,318)**
Purchase of treasury stock as stock delivery trust	—	—	—	**(33,417)**	—	**(33,417)**
Disposition of treasury stock	—	—	—	**33,417**	—	**33,417**
Net change in the year	—	**165,437**	**19,139**	**592,927**	**31,808**	**624,735**
BALANCE, MARCH 31, 2024	**$ 141,119**	**$ 462,258**	**$ 29,709**	**$ 8,014,166**	**$ 89,517**	**$ 8,103,683**

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)
	2024	2023	**2024**
OPERATING ACTIVITIES:			
Income before income taxes	**¥ 168,932**	¥ 167,255	**$ 1,118,755**
Adjustments for:			
Income taxes—paid	**(50,537)**	(54,301)	**(334,682)**
Depreciation and amortization	**27,271**	24,712	**180,603**
Increase in provision for doubtful accounts	**1,181**	3,156	**7,821**
Foreign currency exchange loss	**1,022**	1,041	**6,768**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(4,059)**	(5,625)	**(26,881)**
Valuation loss on marketable and investment securities—net	**193**	1,405	**1,278**
Loss (gain) on sales or disposals of property and equipment—net	**942**	(3,821)	**6,238**
Gain on sales of marketable and investment securities—net	**(13,886)**	(6,488)	**(91,960)**
Loss (gain) on sales of investments in unconsolidated subsidiaries and affiliates—net	**42**	(1,959)	**278**
Gain on step acquisitions	**(6,175)**	—	**(40,894)**
Loss on impairment of long-lived assets	**—**	337	**—**
Changes in operating assets and liabilities:			
Increase in operational investments in securities	**—**	(2,944)	**—**
Increase in receivables	**(31,639)**	(154,642)	**(209,530)**
Increase in inventories	**(48,704)**	(140,649)	**(322,543)**
(Decrease) Increase in payables	**(33,204)**	87,943	**(219,894)**
Increase in advances received	**52,267**	23,041	**346,139**
Increase (decrease) in accrued expenses	**4,798**	(135)	**31,775**
Increase in liability for retirement benefits	**3,263**	1,137	**21,609**
(Increase) decrease in other assets	**(10,997)**	17,073	**(72,828)**
Increase in other liabilities	**60,662**	10,483	**401,735**
Other—net	**2,362**	3,865	**15,643**
Net cash provided by (used in) operating activities	**123,734**	(29,116)	**819,430**
INVESTING ACTIVITIES:			
(Increase) decrease in time deposits excluding cash equivalents—net	**(644)**	2,272	**(4,265)**
Payment for purchases of marketable and investment securities	**(13,535)**	(2,406)	**(89,636)**
Payment for investments in unconsolidated subsidiaries and affiliates	**(6,424)**	(20,685)	**(42,543)**
Proceeds from sales and redemption of marketable and investment securities	**29,155**	16,061	**193,079**
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates	**1,360**	10,084	**9,007**
Payment for purchases of property and equipment	**(41,502)**	(60,737)	**(274,848)**
Proceeds from sales of property and equipment	**1,260**	11,825	**8,344**
Payment for purchases of intangible assets	**(2,635)**	(16,213)	**(17,450)**
Payment for purchases of shares of subsidiaries resulting in change in scope of consolidation—net (Note 24.a)	**(2,447)**	—	**(16,205)**
Disbursements for loans	**(41,423)**	(27,645)	**(274,325)**
Proceeds from collection of loans	**25,950**	11,533	**171,854**
Other—net	**(12,040)**	(5,832)	**(79,734)**
Net cash used in investing activities	**(62,925)**	(81,743)	**(416,722)**
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net	**36,084**	59,685	**238,967**
Repayment of commercial paper—net	**(40,000)**	—	**(264,901)**
Proceeds from long-term loans	**106,771**	114,096	**707,093**
Repayment of long-term loans	**(64,714)**	(46,404)	**(428,570)**
Proceeds from issuance of bonds	**—**	30,106	**—**
Redemption of bonds	**(39)**	—	**(258)**
Repayment of lease obligations	**(2,880)**	(3,030)	**(19,073)**
Payment for purchases of treasury stock (Note 24.b)	**(15,060)**	(10,026)	**(99,735)**
Proceeds from disposal of treasury stock (Note 24.b)	**5,046**	—	**33,417**
Cash dividends paid	**(36,851)**	(29,552)	**(244,046)**
Capital infusion from noncontrolling shareholders	**4,282**	2,362	**28,358**
Dividends paid to noncontrolling shareholders	**(2,203)**	(4,936)	**(14,589)**
Payment for purchases of shares of subsidiaries not resulting in change in scope of consolidation—net	**(0)**	(277)	**(0)**
Other—net	**(2)**	(130)	**(14)**
Net cash (used in) provided by financing activities	**(9,566)**	111,894	**(63,351)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**9,630**	13,485	**63,775**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**60,873**	14,520	**403,132**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**282,253**	267,733	**1,869,225**
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	**6,938**	—	**45,948**
CASH AND CASH EQUIVALENTS, END OF YEAR	**¥ 350,064**	¥ 282,253	**$ 2,318,305**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries
Year Ended March 31, 2024

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 IFRS Accounting Standards.

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, 2023, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2024.

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 ¥151 to $1, the approximate rate of exchange at March 31, 2024. 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, 2024, include the accounts of the Company and its 173 (154 in 2023) 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 33 (34 in 2023) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 107 (108 in 2023) 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, 2024, the Company had 1 special purpose entity (1 in 2023) 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 the special purpose entity were ¥25,276 million ($167,391 thousand) and ¥25,271 million ($167,358 thousand), respectively, as of March 31, 2024, and ¥26,340 million and ¥26,335 million, respectively, as of March 31, 2023. The Company purchased real estate of ¥13,048 million in aggregate from a special purpose entity and received a refund of investment of ¥670 million during the year ended March 31, 2023. In addition, the Company recognized lease payments of ¥2,270 million ($15,033 thousand) and ¥3,048 million based on lease agreements of real estate for the years ended March 31, 2024 and 2023, respectively. The investment in silent partnership was ¥847 million ($5,609 thousand) and ¥847 million as of March 31, 2024 and 2023, respectively, and its related distributed profit was ¥918 million ($6,079 thousand) for the year ended March 31, 2024, and ¥5,423 million including profit due to liquidation of a special entity for the year ended March 31, 2023.

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, 2024

1) Number of consolidated subsidiaries	:	173 Taiko Trading Co., Ltd.; Kajima Road Co., Ltd.; Kajima Leasing Corporation; Kajima Tatemono Sogo Kanri Co., Ltd.; Eaton Real Estate Co. Ltd. and its 2 subsidiaries; Chemical Grouting Co., Ltd.; Kajima U.S.A. Inc. (KUSA) and its 35 subsidiaries; Kajima Europe Ltd. (KE) and its 40 subsidiaries; Kajima Asia Pacific Holdings Pte. Ltd. (KAP) and its 49 subsidiaries; Kajima Australia Pty. Ltd. (KA) and its 27 subsidiaries; Chung-Lu Construction Co., Ltd. and 9 other subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	33 ARTES Corporation, Japan Sea Works Co., Ltd., Kajima Institute Publishing Co., Ltd., and 30 other companies
3) Number of affiliates accounted for using the equity method	:	107 Engineering and Risk Services Corporation, Azuma Kanko Kaihatsu Co., Ltd., Katabami Corporation and 104 other companies

(2) Changes for the year ended March 31, 2024

1) Newly consolidated companies	:	2 subsidiaries of KUSA, 14 subsidiaries of KE, 1 subsidiary of KAP and 2 subsidiaries of KA due to establishment and acquisition Kajima Corporation (China) Co., Ltd. due to increased materiality
2) Companies excluded from consolidation	:	1 subsidiary of the Company due to termination of the silent partnership agreement
3) Companies newly accounted for using the equity method	:	6 affiliates due to establishment, acquisition and increased materiality
4) Companies excluded from the equity method	:	1 subsidiary and 7 affiliates due to liquidation, sale of interests and transfer to consolidated companies resulting from acquisition of additional interests and increased materiality

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 IFRS Accounting Standards 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 IFRS Accounting Standards 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, 2024 and 2023, decreased by ¥13 million ($86 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 ¥8,263 million ($54,722 thousand) and ¥3,450 million for the years ended March 31, 2024 and 2023, 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 equity securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment 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 and less gains deferred on the sale and replacement of certain assets. 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 ¥377,978 million ($2,503,166 thousand) and ¥362,054 million as of March 31, 2024 and 2023, respectively.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section.

The amount directly deducted from the acquisition cost of construction in progress due to the conversion of rights in connection with a Type 1 Urban Redevelopment Project under the Urban Redevelopment Law was ¥23,229 million ($153,834 thousand) for the year ended March 31, 2024.

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 and certain consolidated subsidiaries have funded and/or unfunded retirement benefit plans covering their employees. In addition, the Company and certain 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 businesses, 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, 2024 and 2023, totaled ¥20,762 million ($137,497 thousand) and ¥18,219 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 provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income taxes are measured by applying currently enacted income tax rates to the temporary differences.

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, 2024 and 2023.

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. Gain on Step Acquisitions — For the year ended March 31, 2024, the Companies recognized a gain on step acquisition resulting from consolidating an affiliate of KE previously accounted for using the equity method by acquiring additional interests.

y. Additional Information

(1) Stock Delivery Trust for Directors and Executive Officers

1) Overview of the transaction

During the year ended March 31, 2024, the Company introduced a performance-linked stock remuneration plan (the "Plan") for Directors (excluding Outside Directors) and Executive officers (collectively, the "Directors") of the Company using a trust structure.

The Plan makes interrelation between the remuneration of the Directors and the Company's performance as well as stock value clearer. Therefore, the Plan enhances motivation of the 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.

The Plan is a stock remuneration plan under which the Company establishes a trust (the "Trust") through a monetary contribution. The Trust acquires the Company's common stocks (the "Company's Stocks") for delivery by the Trust to each Director, in a number corresponding to the points awarded by the Company to that Director.

2) The Company's Stocks remaining in the Trust

The Company's Stocks remaining in the Trust are recorded as treasury stock in equity by the carrying amount (excluding the incidental charges). The carrying amount and the number of shares were ¥1,656 million ($10,967 thousand) and 756 thousand shares, respectively, as of March 31, 2024.

(2) Stock Delivery Trust for Employees

1) Overview of the transaction

During the year ended March 31, 2024, the Company introduced an incentive plan (the "Plan") for employees at or above a certain position.

The Plan aims to enhance the awareness of management participation and motivation toward the Company's performance among those employees at senior management positions.

The Plan is a stock remuneration plan under which the Company establishes a trust (the "Trust") through a monetary contribution. The Trust acquires the Company's common stocks (the "Company's Stocks") for delivery by the Trust to each employee, in a number corresponding to the points awarded by the Company to that employee.

2) The Company's Stocks remaining in the Trust

The Company's Stocks remaining in the Trust are recorded as treasury stock in equity by the carrying amount (excluding the incidental charges). The carrying amount and the number of shares were ¥3,389 million ($22,444 thousand) and 1,547 thousand shares, respectively, as of March 31, 2024.

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
	2024	2023	**2024**
Construction revenue recognized by the Percentage-of-Completion Method	¥ **2,197,910**	¥ 1,984,311	$ **14,555,695**
Construction costs recognized by the Percentage-of-Completion Method	**2,012,633**	1,808,322	**13,328,695**
Provision for loss on construction projects in progress (recorded in other current liabilities)	**28,089**	14,749	**186,020**

(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, 2024 and 2023, consisted of the following:

a. Receivables from contracts with customers and contract assets

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Notes receivable—trade	¥ **16,460**	¥ 39,341	$ **109,007**
Accounts receivable—trade	**440,419**	401,624	**2,916,682**
Contract assets	**478,995**	455,368	**3,172,152**

b. Contract liabilities

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Advances received:			
Construction projects in progress	¥ **203,326**	¥ 149,818	$ **1,346,530**
Development projects in progress, real estate for sale and other	**10,531**	5,175	**69,742**
Other current liabilities	**16,701**	21,767	**110,602**
Total	¥ **230,558**	¥ 176,760	$ **1,526,874**

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, 2024 and 2023, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		2024	
Current:						
Government and corporate bonds	¥	170	¥	384	$	1,126
Preferred equity investment		9,771		9,771		64,709
Other		1,540		1,853		10,198
Total	¥	11,481	¥	12,008	$	76,033
Non-Current:						
Equity securities	¥	327,708	¥	259,863	$	2,170,252
Government and corporate bonds		1,220		1,059		8,079
Other		20,793		9,693		137,702
Total	¥	349,721	¥	270,615	$	2,316,033

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2024 and 2023, were as follows:

As of March 31, 2024	Millions of Yen							
	Cost		Unrealized Gain		Unrealized Loss		Fair Value (Carrying Amount)	
Available-for-sale:								
Equity securities	¥	94,349	¥	225,420	¥	(367)	¥	319,402
Government and corporate bonds		1,416		15		(41)		1,390
Other		1,698		659		(37)		2,320
Total	¥	97,463	¥	226,094	¥	(445)	¥	323,112

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, 2024	Thousands of U.S. Dollars							
	Cost		Unrealized Gain		Unrealized Loss		Fair Value (Carrying Amount)	
Available-for-sale:								
Equity securities	$	624,828	$	1,492,848	$	(2,430)	$	2,115,246
Government and corporate bonds		9,378		99		(272)		9,205
Other		11,245		4,364		(245)		15,364
Total	$	645,451	$	1,497,311	$	(2,947)	$	2,139,815

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥273 million ($1,808 thousand) and ¥213 million as of March 31, 2024 and 2023, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2024 and 2023, was as follows:

Year Ended March 31, 2024	Millions of Yen					
	Proceeds		Realized Gain		Realized Loss	
Available-for-sale:						
Equity securities	¥	28,449	¥	13,933	¥	(22)
Government and corporate bonds		194		–		(7)
Other		166		0		(18)
Total	¥	28,809	¥	13,933	¥	(47)

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, 2024	Thousands of U.S. Dollars					
	Proceeds		Realized Gain		Realized Loss	
Available-for-sale:						
Equity securities	$	188,404	$	92,272	$	(146)
Government and corporate bonds		1,285		–		(46)
Other		1,099		0		(120)
Total	$	190,788	$	92,272	$	(312)

The impairment losses on available-for-sale securities were ¥252 million ($1,669 thousand) and ¥1,315 million for the years ended March 31, 2024 and 2023, 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 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.

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 ¥11,073 million ($73,331 thousand) and loss on sales or disposals of property and equipment—net was ¥34 million ($225 thousand) for the year ended March 31, 2024. The net of rental income and operating expenses for those rental properties was ¥10,653 million and gain on sales or disposals of property and equipment—net was ¥3,924 million for the year ended March 31, 2023.

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, 2023	**Increase/(Decrease)**	**As of March 31, 2024**	**As of March 31, 2024**
¥ 252,371	**¥ 50,515**	**¥ 302,886**	**¥ 554,581**

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

Thousands of U.S. Dollars

Carrying amount			Fair value
As of April 1, 2023	**Increase/(Decrease)**	**As of March 31, 2024**	**As of March 31, 2024**
$ 1,671,331	**$ 334,537**	**$ 2,005,868**	**$ 3,672,722**

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, 2024, primarily consisted of consolidating real estate of ¥33,797 million ($223,821 thousand) of an affiliate, that was previously accounted for using the equity method, due to acquisition of additional interests. Increase during the financial year ended March 31, 2023, primarily consisted of the purchase of real estate of ¥39,130 million.
(3) Fair value of properties as of March 31, 2024 and 2023, 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, 2024, the following assets of the Companies were pledged to secure the repayment of short-term borrowings of ¥2,875 million ($19,040 thousand), current portion of long-term debt of ¥45,398 million ($300,649 thousand), long-term debt of ¥140,754 million ($932,146 thousand) and other long-term liabilities of ¥2 million ($13 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	**¥ 885**	**$ 5,861**
Inventories:		
Development projects in progress, real estate for sale and other	**272,681**	**1,805,834**
Other current assets	**72**	**478**
Land	**27,685**	**183,344**
Buildings and structures	**34,907**	**231,172**
Machinery, equipment and other	**1,091**	**7,225**
Construction in progress	**164**	**1,086**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**13,175**	**87,252**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	**593**	**3,927**
Intangible assets (recorded in "other" in investments and other assets)	**13,998**	**92,702**
Total	**¥ 365,251**	**$ 2,418,881**

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2024 and 2023, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2024 and 2023, were 4.51% and 3.19%, respectively.

Long-term debt as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Long-term loans, due 2024 – 2061	**¥ 257,912**	¥ 193,926	**$ 1,708,026**
Corporate bonds, due 2024 – 2028	**80,068**	80,106	**530,252**
Lease obligations	**14,521**	11,857	**96,166**
Total	**352,501**	285,889	**2,334,444**
Current portion included in current liabilities	**(87,646)**	(23,440)	**(580,437)**
Total	**¥ 264,855**	¥ 262,449	**$ 1,754,007**

Long-term loans as of March 31, 2024 and 2023, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2024 and 2023, were 5.19% and 4.02%, 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, 2024 and 2023, were 0.46% and 0.46%, 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, 2024, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	**¥ 87,646**	**$ 580,437**
2026	**90,214**	**597,444**
2027	**69,351**	**459,278**
2028	**66,052**	**437,430**
2029	**8,179**	**54,166**
2030 and thereafter	**31,059**	**205,689**
Total	**¥ 352,501**	**$ 2,334,444**

In addition, the Company entered into committed loan facility agreements aggregating ¥200,000 million ($1,324,503 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2024.

12. COMMERCIAL PAPER

Commercial paper was represented by 28-day paper issued by the Company with the weighted-average interest rate of 0.00% as of March 31, 2023.

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 70,481**	¥ 72,409	**$ 466,762**
Current service cost	**4,468**	4,691	**29,589**
Interest cost	**769**	492	**5,093**
Actuarial gains	**(1,185)**	(2,430)	**(7,848)**
Benefits paid	**(4,782)**	(4,770)	**(31,669)**
Other	**72**	89	**477**
Balance at end of year	**¥ 69,823**	¥ 70,481	**$ 462,404**

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 11,321**	¥ 11,915	**$ 74,974**
Expected return on plan assets	**110**	74	**728**
Actuarial gains (losses)	**3,066**	(126)	**20,305**
Contributions from the employer	**132**	191	**874**
Benefits paid	**(205)**	(254)	**(1,358)**
Refund of plan assets	**—**	(535)	**—**
Other	**149**	56	**987**
Balance at end of year	**¥ 14,573**	¥ 11,321	**$ 96,510**

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Balance at beginning of year	**¥ 1,415**	¥ 1,380	**$ 9,371**
Benefit cost	**202**	212	**1,338**
Benefits paid	**(210)**	(156)	**(1,391)**
Contributions to the funds	**(51)**	(46)	**(338)**
Other	**23**	25	**152**
Balance at end of year	**¥ 1,379**	¥ 1,415	**$ 9,132**

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, 2024 and 2023, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Funded defined benefit obligation	**¥ 10,189**	¥ 10,118	**$ 67,477**
Plan assets	**(15,146)**	(11,845)	**(100,305)**
Total	**(4,957)**	(1,727)	**(32,828)**
Unfunded defined benefit obligation	**61,586**	62,302	**407,854**
Net liability for defined benefit obligation	**¥ 56,629**	¥ 60,575	**$ 375,026**

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Liability for retirement benefits	**¥ 61,344**	¥ 62,099	**$ 406,252**
Asset for retirement benefits	**(4,715)**	(1,524)	**(31,226)**
Net liability for defined benefit obligation	**¥ 56,629**	¥ 60,575	**$ 375,026**

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Service cost	**¥ 4,468**	¥ 4,691	**$ 29,589**
Interest cost	**769**	492	**5,093**
Expected return on plan assets	**(110)**	(74)	**(728)**
Recognized actuarial (gains) losses	**(70)**	172	**(464)**
Benefit cost in simplified method	**202**	212	**1,338**
Other	**(232)**	(79)	**(1,537)**
Net periodic benefit costs	**¥ 5,027**	¥ 5,414	**$ 33,291**

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Actuarial gains	**¥ 4,159**	¥ 2,452	**$ 27,543**

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Unrecognized actuarial gains	**¥ 6,475**	¥ 2,315	**$ 42,881**

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2024 and 2023, consisted of the following:

	2024	2023
Equity investments	**62 %**	56 %
Debt investments	**16**	16
Cash and cash equivalents	**11**	14
General accounts with life insurance companies	**8**	9
Other	**3**	5
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, 2024 and 2023, were set forth as follows:

	2024	2023
Discount rate	**0.9% to 1.2%**	0.5% to 0.8%
Expected rate of return on plan assets	**1.0%**	1.0%

j. Defined contribution pension plans

The costs of defined contribution plans were ¥3,703 million ($24,523 thousand) and ¥3,504 million for the years ended March 31, 2024 and 2023, 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 May 15, 2023, 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 4,905 thousand shares.

At the Board of Directors' Meeting held on August 9, 2023, the Company resolved to dispose of its own shares as stock remuneration. The number of shares disposed of based on the resolution was 2,303 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, 2024 and 2023.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Deferred tax assets:			
Valuation loss on property and equipment	**¥ 22,763**	¥ 22,533	**$ 150,748**
Liability for retirement benefits	**18,119**	19,257	**119,993**
Other	**76,389**	65,444	**505,888**
Subtotal	**117,271**	107,234	**776,629**
Valuation allowance	**(42,352)**	(39,658)	**(280,477)**
Total	**74,919**	67,576	**496,152**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(67,747)**	(45,014)	**(448,656)**
Other	**(16,299)**	(9,468)	**(107,940)**
Total	**(84,046)**	(54,482)	**(556,596)**
Net deferred tax assets and liabilities	**¥ (9,127)**	¥ 13,094	**$ (60,444)**

As of March 31, 2024, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2024. 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 ¥5,022 million ($33,258 thousand) and ¥3,652 million as of March 31, 2024 and 2023, respectively.

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2024 and 2023, is not disclosed, because the differences were 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 the Accounting Standards Board of Japan 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.

17. REVENUES

a. Disaggregation of revenue

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2024 and 2023, were as follows:

(1) Reportable segments

Year Ended March 31, 2024	Millions of Yen					
	Civil Engineering	Building Construction	Real Estate Development and Other	Domestic Subsidiaries and Affiliates	Overseas Subsidiaries and Affiliates	Total
Revenues:						
Construction projects	¥ 363,334	¥ 1,102,933	¥ —	¥ 130,630	¥ 725,069	¥ 2,321,966
Real estate and other	—	—	62,161	115,332	117,421	294,914
Revenues from contracts with customers	363,334	1,102,933	62,161	245,962	842,490	2,616,880
Other revenues	—	—	19,836	11,578	16,882	48,296
Total	¥ 363,334	¥ 1,102,933	¥ 81,997	¥ 257,540	¥ 859,372	¥ 2,665,176

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, 2024	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	$ 2,406,185	$ 7,304,192	$ —	$ 865,099	$ 4,801,782	$ 15,377,258
Real estate and other	—	—	411,662	763,788	777,623	1,953,073
Revenues from contracts with customers	2,406,185	7,304,192	411,662	1,628,887	5,579,405	17,330,331
Other revenues	—	—	131,364	76,676	111,801	319,841
Total	$ 2,406,185	$ 7,304,192	$ 543,026	$ 1,705,563	$ 5,691,206	$ 17,650,172

Note: Revenues from lease transactions, etc. are included in other revenues.

(2) Geographical areas

Year Ended March 31, 2024	Millions of Yen						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	¥ 1,595,097	¥ 398,680	¥ 38,051	¥ 147,132	¥ 140,013	¥ 2,993	¥ 2,321,966
Real estate and other	177,318	92,564	5,499	19,323	172	38	294,914
Revenues from contracts with customers	1,772,415	491,244	43,550	166,455	140,185	3,031	2,616,880
Other revenues	30,975	5,350	564	11,407	—	—	48,296
Total	¥ 1,803,390	¥ 496,594	¥ 44,114	¥ 177,862	¥ 140,185	¥ 3,031	¥ 2,665,176

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, 2024	Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia	Oceania	Other Areas	Total
Revenues:							
Construction projects	$ 10,563,557	$ 2,640,264	$ 251,994	$ 974,384	$ 927,238	$ 19,821	$ 15,377,258
Real estate and other	1,174,291	613,007	36,417	127,967	1,139	252	1,953,073
Revenues from contracts with customers	11,737,848	3,253,271	288,411	1,102,351	928,377	20,073	17,330,331
Other revenues	205,132	35,431	3,735	75,543	—	—	319,841
Total	$ 11,942,980	$ 3,288,702	$ 292,146	$ 1,177,894	$ 928,377	$ 20,073	$ 17,650,172

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Receivables from contracts with customers:			
Balance at beginning of year	**¥ 440,965**	¥ 342,664	**$ 2,920,298**
Balance at end of year	**456,879**	440,965	**3,025,689**
Contract assets:			
Balance at beginning of year	**455,368**	380,934	**3,015,682**
Balance at end of year	**478,995**	455,368	**3,172,152**
Contract liabilities:			
Balance at beginning of year	**176,760**	145,633	**1,170,596**
Balance at end of year	**230,558**	176,760	**1,526,874**

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, 2024 and 2023, which were included in the balance of contract liabilities at the beginning of the years, were ¥158,793 million ($1,051,609 thousand) and ¥133,195 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, 2024:

	Millions of Yen	Thousands of U.S. Dollars
	2024	**2024**
Transaction prices allocated to remaining performance obligations (construction business):		
Within one year	**¥ 1,941,639**	**$ 12,858,536**
After one to three years	**1,312,633**	**8,692,934**
After three years	**223,318**	**1,478,927**
Total	**¥ 3,477,590**	**$ 23,030,397**

18. RELATED PARTY TRANSACTIONS

Transactions of the Company with directors of the Company

Transactions for the year ended March 31, 2023, were as follows:

		Millions of Yen
		2023
Disposal of own shares	¥	30

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 price for the own shares was the closing price of a share of the Company's common stock in the Tokyo Stock Exchange on the 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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Due within one year	**¥ 8,237**	¥ 7,793	**$ 54,550**
Due after one year	**30,101**	33,967	**199,344**
Total	**¥ 38,338**	¥ 41,760	**$ 253,894**

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Due within one year	**¥ 22,080**	¥ 20,603	**$ 146,225**
Due after one year	**99,747**	95,131	**660,576**
Total	**¥ 121,827**	¥ 115,734	**$ 806,801**

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 ($1,324,503 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 ¥20,013 million ($132,536 thousand) and ¥9,205 million as of March 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	**¥ 940,304**	**¥**	**¥**
Allowance for doubtful accounts	**(5,425)**		
	934,879	**934,056**	**(823)**
Marketable securities and investments in securities			
Available-for-sale securities	**323,112**	**323,112**	**—**
Long-term loans receivable	**12,899**		
Long-term loans to unconsolidated subsidiaries and affiliates	**86,397**		
Allowance for doubtful accounts	**(1,019)**		
	98,277	**97,580**	**(697)**
Total	**¥ 1,356,268**	**¥ 1,354,748**	**¥ (1,520)**
LIABILITIES			
Current portion of long-term debt	**¥ 87,646**	**¥ 87,636**	**¥ (10)**
Long-term debt	**264,855**	**261,183**	**(3,672)**
Total	**¥ 352,501**	**¥ 348,819**	**¥ (3,682)**

As of March 31, 2023	Millions of Yen 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, 2024	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Notes and accounts receivable—trade	**$ 6,227,179**	**$**	**$**
Allowance for doubtful accounts	**(35,928)**		
	6,191,251	**6,185,801**	**(5,450)**
Marketable securities and investments in securities			
Available-for-sale securities	**2,139,815**	**2,139,815**	**—**
Long-term loans receivable	**85,424**		
Long-term loans to unconsolidated subsidiaries and affiliates	**572,166**		
Allowance for doubtful accounts	**(6,749)**		
	650,841	**646,225**	**(4,616)**
Total	**$ 8,981,907**	**$ 8,971,841**	**$ (10,066)**
LIABILITIES			
Current portion of long-term debt	**$ 580,437**	**$ 580,371**	**$ (66)**
Long-term debt	**1,754,007**	**1,729,689**	**(24,318)**
Total	**$ 2,334,444**	**$ 2,310,060**	**$ (24,384)**

(2) Carrying amount of financial instruments that do not have a quoted market price in an active market

	Millions of Yen **2024**	2023	Thousands of U.S. Dollars **2024**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 8,306**	¥ 7,019	**$ 55,006**
Preferred equity investment	**9,771**	9,771	**64,709**
Investments in unconsolidated subsidiaries and affiliates	**92,773**	85,527	**614,391**
Total	**¥ 110,850**	¥ 102,317	**$ 734,106**

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, 2024	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	**¥ 350,064**	**¥ —**	**¥ —**	**¥ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**173**	**817**	**475**	**—**
Notes and accounts receivable—trade	**876,449**	**61,130**	**1,855**	**870**
Other current assets				
Time deposits due after three months of the date of acquisition	**4,652**	**—**	**—**	**—**
Long-term loans receivable	**569**	**12,342**	**5**	**552**
Long-term loans to unconsolidated subsidiaries and affiliates	**15,190**	**31,702**	**38,888**	**15,807**
Total	**¥ 1,247,097**	**¥ 105,991**	**¥ 41,223**	**¥ 17,229**

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, 2024	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	**$ 2,318,305**	**$ —**	**$ —**	**$ —**
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**1,146**	**5,411**	**3,146**	**—**
Notes and accounts receivable—trade	**5,804,298**	**404,834**	**12,285**	**5,762**
Other current assets				
Time deposits due after three months of the date of acquisition	**30,808**	**—**	**—**	**—**
Long-term loans receivable	**3,768**	**81,735**	**33**	**3,656**
Long-term loans to unconsolidated subsidiaries and affiliates	**100,596**	**209,948**	**257,536**	**104,682**
Total	**$ 8,258,921**	**$ 701,928**	**$ 273,000**	**$ 114,100**

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, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	**¥ 311,691**	**¥ —**	**¥ 7,711**	**¥ 319,402**
Government and corporate bonds	**789**	**601**	**—**	**1,390**
Other	**891**	**1,429**	**—**	**2,320**
Derivative transactions:				
To which hedge accounting is not applied	**—**	**67**	**—**	**67**
To which hedge accounting is applied	**—**	**939**	**—**	**939**
Total	**¥ 313,371**	**¥ 3,036**	**¥ 7,711**	**¥ 324,118**
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	**¥ —**	**¥ 421**	**¥ —**	**¥ 421**
Total	**¥ —**	**¥ 421**	**¥ —**	**¥ 421**

	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

	Thousands of U.S. Dollars			
	Fair value			
As of March 31, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
Marketable securities and investments in securities				
Available-for-sale:				
Equity securities	**$ 2,064,179**	**$ —**	**$ 51,067**	**$ 2,115,246**
Government and corporate bonds	**5,225**	**3,980**	**—**	**9,205**
Other	**5,901**	**9,463**	**—**	**15,364**
Derivative transactions:				
To which hedge accounting is not applied	**—**	**444**	**—**	**444**
To which hedge accounting is applied	**—**	**6,219**	**—**	**6,219**
Total	**$ 2,075,305**	**$ 20,106**	**$ 51,067**	**$ 2,146,478**
LIABILITIES				
Derivative transactions:				
To which hedge accounting is not applied	**$ —**	**$ 2,788**	**$ —**	**$ 2,788**
Total	**$ —**	**$ 2,788**	**$ —**	**$ 2,788**

(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, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	¥ —	¥ **934,056**	¥ —	¥ **934,056**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	**27,162**	**70,418**	**97,580**
Total	¥ —	¥ **961,218**	¥ **70,418**	¥ **1,031,636**
LIABILITIES				
Corporate bonds	¥ —	¥ **79,911**	¥ —	¥ **79,911**
Long-term loans	—	**204,748**	—	**204,748**
Derivative transactions:				
To which hedge accounting is applied	—	**20**	—	**20**
Total	¥ —	¥ **284,679**	¥ —	¥ **284,679**

	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

	Thousands of U.S. Dollars			
	Fair value			
As of March 31, 2024	Level 1	Level 2	Level 3	Total
ASSETS				
Notes and accounts receivable—trade	$ —	$ **6,185,801**	$ —	$ **6,185,801**
Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates	—	**179,881**	**466,344**	**646,225**
Total	$ —	$ **6,365,682**	$ **466,344**	$ **6,832,026**
LIABILITIES				
Corporate bonds	$ —	$ **529,212**	$ —	$ **529,212**
Long-term loans	—	**1,355,947**	—	**1,355,947**
Derivative transactions:				
To which hedge accounting is applied	—	**132**	—	**132**
Total	$ —	$ **1,885,291**	$ —	$ **1,885,291**

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, foreign exchange forward contracts and currency swaps 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, 2024	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, 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

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)		
	2024	2023	**2024**
Balance at beginning of year	**¥ 6,368**	¥ 5,503	**$ 42,172**
Fair value gain recognized in other comprehensive income	**922**	677	**6,106**
Net increase due to purchases, sales, issuance and settlement	**421**	188	**2,789**
Balance at end of year	**¥ 7,711**	¥ 6,368	**$ 51,067**

Fair value gain recognized in other comprehensive income is included in unrealized gain (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, 2024	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	**¥ 439**	**¥ —**	**¥ 70**	**¥ 70**
Chinese Yuan forward	**81**	**—**	**6**	**6**
Selling:				
Thai Baht forward	**¥ 530**	**¥ —**	**¥ (9)**	**¥ (9)**
Currency swaps				
Buy—Japanese Yen / Sell—Euro	**¥ 7,844**	**¥ —**	**¥ (421)**	**¥ (421)**
Total	**¥ 8,894**	**¥ —**	**¥ (354)**	**¥ (354)**

	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

	Thousands of U.S. Dollars			
As of March 31, 2024	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	**$ 2,907**	**$ —**	**$ 464**	**$ 464**
Chinese Yuan forward	**537**	**—**	**40**	**40**
Selling:				
Thai Baht forward	**$ 3,510**	**$ —**	**$ (60)**	**$ (60)**
Currency swaps				
Buy—Japanese Yen / Sell—Euro	**$ 51,947**	**$ —**	**$ (2,788)**	**$ (2,788)**
Total	**$ 58,901**	**$ —**	**$ (2,344)**	**$ (2,344)**

b. Derivative transactions to which hedge accounting is applied

As of March 31, 2024	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	**¥ 1,506**	**¥ —**	**¥ 225**
Chinese Yuan forward	Accounts payable—trade	**109**	**—**	**12**
Euro forward	Accounts payable—trade	**7**	**—**	**—**
Selling:				
Euro forward	Accounts receivable–trade	**15,036**	**728**	**702**
Total		**¥ 16,658**	**¥ 728**	**¥ 939**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**¥ 3,907**	**¥ 3,907**	**¥ (20)**
Total		**¥ 3,907**	**¥ 3,907**	**¥ (20)**

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, 2024	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount due after One Year	Fair Value
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	**$ 9,974**	**$ —**	**$ 1,490**
Chinese Yuan forward	Accounts payable—trade	**722**	**—**	**80**
Euro forward	Accounts payable—trade	**46**	**—**	**—**
Selling:				
Euro forward	Accounts receivable–trade	**99,576**	**4,821**	**4,649**
Total		**$ 110,318**	**$ 4,821**	**$ 6,219**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	**$ 25,874**	**$ 25,874**	**$ (132)**
Total		**$ 25,874**	**$ 25,874**	**$ (132)**

22. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2024, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥23,305 million ($154,338 thousand).

23. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	**¥ 94,750**	¥ 2,862	**$ 627,484**
Reclassification adjustments to profit or loss	**(13,856)**	(6,079)	**(91,762)**
Amount before income tax effect	**80,894**	(3,217)	**535,722**
Income tax effect	**(24,433)**	1,127	**(161,808)**
Total	**¥ 56,461**	¥ (2,090)	**$ 373,914**
Deferred gain on derivatives under hedge accounting:			
Gains arising during the year	**¥ 1,475**	¥ 523	**$ 9,768**
Reclassification adjustments to profit or loss	**(885)**	73	**(5,861)**
Amount before income tax effect	**590**	596	**3,907**
Income tax effect	**(82)**	7	**(543)**
Total	**¥ 508**	¥ 603	**$ 3,364**
Foreign currency translation adjustments:			
Adjustments arising during the year	**¥ 27,071**	¥ 36,507	**$ 179,278**
Reclassification adjustments to profit or loss	**—**	4	**—**
Amount before income tax effect	**27,071**	36,511	**179,278**
Income tax effect	**—**	—	**—**
Total	**¥ 27,071**	¥ 36,511	**$ 179,278**
Defined retirement benefit plans:			
Adjustments arising during the year	**¥ 4,229**	¥ 2,280	**$ 28,007**
Reclassification adjustments to profit or loss	**(70)**	172	**(464)**
Amount before income tax effect	**4,159**	2,452	**27,543**
Income tax effect	**(1,263)**	(756)	**(8,364)**
Total	**¥ 2,896**	¥ 1,696	**$ 19,179**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates:			
Gains (losses) arising during the year	**¥ 3,683**	¥ (871)	**$ 24,390**
Reclassification adjustments to profit or loss	**(471)**	(129)	**(3,119)**
Adjustment for acquisition cost of assets	**(66)**	(100)	**(437)**
Total	**¥ 3,146**	¥ (1,100)	**$ 20,834**
Total other comprehensive income	**¥ 90,082**	¥ 35,620	**$ 596,569**

24. SUPPLEMENTAL CASH FLOW INFORMATION

a. The components of assets acquired and liabilities assumed of newly consolidated subsidiaries which were acquired through the acquisition of shares or interests

The components of assets acquired and liabilities assumed of a newly consolidated subsidiary of KE which was acquired through the acquisition of interests during the year ended March 31, 2024, as well as reconciliation between the acquisition cost and the payment for the said acquisition were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2024	2024
Current assets	¥ 2,276	$ 15,073
Non-current assets	35,996	238,384
Current liabilities	(7,707)	(51,040)
Long-term liabilities	(15,680)	(103,841)
Foreign currency translation adjustments	381	2,523
Valuation by the equity method until the acquisition of control	(5,223)	(34,589)
Gain on step acquisitions	(6,175)	(40,894)
Acquisition cost	3,868	25,616
Cash and cash equivalents of the subsidiary	(1,421)	(9,411)
Net payment for acquisition	¥ 2,447	$ 16,205

b. The payment for purchases of treasury stock and the proceeds from disposal of treasury stock

The payment for purchases of treasury stock included the outflow of ¥5,046 million ($33,417 thousand), which was spent by the trust accounts to acquire the Company's stocks from the Company in connection with the establishment of the stock delivery trusts for directors, executive officers and employees, for the year ended March 31, 2024.

The proceeds from disposal of treasury stock included the inflow of ¥5,046 million ($33,417 thousand), which was the proceeds from the Company's disposal of its treasury stocks to the trust accounts, for the year ended March 31, 2024.

25. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2024 and 2023, 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, 2024:				
Basic EPS				
Net income attributable to common stockholders	¥ **115,034**	**481,790**	¥ **238.76**	$ **1.581**
For the year ended March 31, 2023:				
Basic EPS				
Net income attributable to common stockholders	¥ 111,789	490,342	¥ 227.98	

The shares of the Company held by the stock delivery trust accounts for directors, executive officers and employees are included in the number of treasury stock deducted in the calculation of weighted-average shares for the calculation of EPS. The average numbers of such treasury stock deducted in the calculation of EPS for the years ended March 31, 2024 and 2023, were 1,343 thousand shares and none, respectively.

26. SUBSEQUENT EVENTS

a. Appropriation of retained earnings

On June 25, 2024, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥55.00 ($0.364) per share (final for the year ended March 31, 2024) for a total amount of ¥26,643 million ($176,444 thousand). Dividend of ¥127 million ($841 thousand) paid to the stock delivery trust accounts for directors, executive officers and employees is included in the total amount of the dividend.

b. Acquisition of own shares

The Company, at the Board of Directors' Meeting held on May 14, 2024, 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:	12 million shares (upper limit) (The ratio to the aggregate number of issued shares (excluding own shares): 2.5%)
3) Aggregate acquisition price of shares:	¥30,000 million ($198,675 thousand) (upper limit)
4) Acquisition period:	May 15, 2024 to September 30, 2024
5) Acquisition method:	Market purchases on the Tokyo Stock Exchange (i) Market purchases through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (ii) Market purchases on the auction market based on a discretionary trading agreement

(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:	11,132,800 shares
3) Aggregate acquisition price of shares:	¥29,999,852,200 ($198,674,518)
4) Acquisition period:	May 15, 2024 to June 7, 2024 (on a trade basis)
5) Acquisition method:	Market purchases on the Tokyo Stock Exchange (i) Market purchases through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (ii) Market purchases on the auction market based on a discretionary trading agreement

c. Issuance of unsecured bonds

The Company, at the Board of Directors' Meeting held on June 11, 2024, resolved to issue unsecured bonds with the following terms and conditions:

(1) Issue amount:	Maximum of ¥50,000 million ($331,126 thousand)
(2) Maturity:	3 to 10 years
(3) Issue price:	¥100 ($0.662) for face value of ¥100 ($0.662)
(4) Redemption price:	¥100 ($0.662) for face value of ¥100 ($0.662)
(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, 2025
(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 director in charge of treasury 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.

d. Case of contractual nonconformity in a subsidiary

It was confirmed that Kajima Road Co., Ltd. ("Kajima Road"), a consolidated subsidiary of the Company, had used asphalt mixtures different from the design specifications in some of the road pavement construction projects. Kajima Road has conducted a quality inspection and announced that there are no immediate safety concerns for current use. Kajima Road plans to establish an external investigation committee and a technical verification committee consisting of outside attorneys to promptly identify the cause of the problem and formulate measures to prevent recurrence of such incidents. Since the investigation is still ongoing, the impact on the Company's consolidated financial results is unclear at this time.

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, 2024	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	**¥ 363,334**	**¥ 1,102,933**	**¥ 81,997**	**¥ 257,540**	**¥ 859,372**	**¥ 2,665,176**	**¥ —**	**¥ 2,665,176**
Intersegment sales or transfers	**—**	**1,301**	**3,386**	**109,884**	**285**	**114,856**	**(114,856)**	**—**
Total	**¥ 363,334**	**¥ 1,104,234**	**¥ 85,383**	**¥ 367,424**	**¥ 859,657**	**¥ 2,780,032**	**¥ (114,856)**	**¥ 2,665,176**
Segment profit	**¥ 23,269**	**¥ 53,312**	**¥ 18,431**	**¥ 24,175**	**¥ 16,920**	**¥ 136,107**	**¥ 119**	**¥ 136,226**
Other:								
Depreciation	**¥ 1,607**	**¥ 4,884**	**¥ 3,516**	**¥ 7,624**	**¥ 9,750**	**¥ 27,381**	**¥ (110)**	**¥ 27,271**
Amortization of goodwill	**—**	**—**	**—**	**—**	**396**	**396**	**—**	**396**

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, 2024	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	**$ 2,406,185**	**$ 7,304,192**	**$ 543,026**	**$ 1,705,563**	**$ 5,691,206**	**$ 17,650,172**	**$ —**	**$ 17,650,172**
Intersegment sales or transfers	**—**	**8,616**	**22,424**	**727,709**	**1,887**	**760,636**	**(760,636)**	**—**
Total	**$ 2,406,185**	**$ 7,312,808**	**$ 565,450**	**$ 2,433,272**	**$ 5,693,093**	**$ 18,410,808**	**$ (760,636)**	**$ 17,650,172**
Segment profit	**$ 154,099**	**$ 353,060**	**$ 122,060**	**$ 160,099**	**$ 112,053**	**$ 901,371**	**$ 788**	**$ 902,159**
Other:								
Depreciation	**$ 10,642**	**$ 32,344**	**$ 23,285**	**$ 50,490**	**$ 64,570**	**$ 181,331**	**$ (728)**	**$ 180,603**
Amortization of goodwill	**—**	**—**	**—**	**—**	**2,623**	**2,623**	**—**	**2,623**

Notes:

(1) The amount of reconciliations in segment profit, which was profit of ¥119 million ($788 thousand) and profit of ¥196 million for the years ended March 31, 2024 and 2023, 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, 2024	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 2,322,282**	**¥ 209,788**	**¥ 133,106**	**¥ 2,665,176**

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, 2024	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 15,379,351**	**$ 1,389,325**	**$ 881,496**	**$ 17,650,172**

(2) Information about geographical areas

1) Revenues

Millions of Yen						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,803,390	**¥ 496,594**	**¥ 44,114**	**¥ 177,862**	**¥ 140,185**	**¥ 3,031**	**¥ 2,665,176**

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

Thousands of U.S. Dollars						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 11,942,980	**$ 3,288,702**	**$ 292,146**	**$ 1,177,894**	**$ 928,377**	**$ 20,073**	**$ 17,650,172**

Notes:

(1) Revenues are classified by country or region based on the location of customers.

(2) Revenues in North America for the years ended March 31, 2024 and 2023, solely consisted of revenues in the U.S.A.

2) Property and equipment

Millions of Yen						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 419,002	**¥ 18,002**	**¥ 37,922**	**¥ 63,337**	**¥ 1,894**	**¥ 21**	**¥ 540,178**

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

Thousands of U.S. Dollars						
2024						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 2,774,848	**$ 119,219**	**$ 251,139**	**$ 419,450**	**$ 12,543**	**$ 139**	**$ 3,577,338**

(3) Information about major customers

No external customer accounted for 10% or above of revenues in the consolidated statement of income for the years ended March 31, 2024 and 2023.

c. Information about impairment losses of assets

	Millions of Yen
	2023
Impairment losses of assets	¥ 337

Notes:

(1) Impairment losses of assets of ¥337 million for the year ended March 31, 2023, consisted of assets used for business of ¥337 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, 2024 and 2023

Millions of Yen		Thousands of U.S. Dollars
2024	2023	**2024**
¥ 396	¥ 646	**$ 2,623**

(2) Carrying amounts of goodwill as of March 31, 2024 and 2023

Millions of Yen		Thousands of U.S. Dollars
2024	2023	**2024**
¥ 1,120	¥ 1,398	**$ 7,417**

Note: Goodwill is not allocated to operating segments.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

<Audit of Consolidated Financial Statements>

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, 2024, 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, 2024, 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 of the cumulative construction costs incurred by the end of the year to the total estimated construction costs. As described in Note 3. "SIGNIFICANT ACCOUNTING ESTIMATE" to the consolidated financial statements, the Group recognized construction revenue of ¥2,197,910 million ($14,555,695 thousand) by applying the Percentage-of-Completion Method out of total construction revenue of ¥2,322,282 million ($15,379,351 thousand) for the year ended March 31, 2024. Out of the construction revenue balance under the Percentage-of-Completion Method, ¥1,385,403 million ($9,174,854 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 revenue 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. In this analysis, we performed risk assessment with several thresholds for multiple indicators, such as the accounting estimates included in total construction revenue, the construction profit/loss ratio and its fluctuation, and the discrepancy between the percentage of completion and the rate of time elapsed (the percentage of time elapsed of the progress up to the end of the period to the term in the construction contract). As a result, we performed the following one or more audit procedures to the at-risk construction projects depending on the result of our analysis:

In addition to the Company's construction contracts becoming higher in monetary value and longer in contractual terms, the construction costs such as construction materials and labor costs are remaining at a high level in the recent years. Therefore, if the following situations occur, there might be material impact to the consolidated financial statements. (1) The total construction revenue may include estimates when a scope change or a change in the construction method in an active contract is not finalized with the customer as of year-end. 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 in a situation where construction costs are remaining at a high level. 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 revenue, total construction costs, and percentage of completion involved uncertainty and significantly relying on management forecasts and judgments.	**Audit procedures for total construction revenue** (1) We inspected evidence such as construction contracts and tested cash receipts for the total construction revenue. (2) If the total construction revenue included accounting estimates, we assessed the basis and feasibility of the estimates by inquiring with the 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 the appropriate construction managers and inspected evidence and project management materials to evaluate whether the gross margin ratio was reasonable. (4) If total estimated construction costs were significantly higher or lower than the total construction costs in previous year, we inquired with the appropriate construction managers and inspected evidence and project management materials to evaluate whether the estimate was reasonable. This evaluation includes assessing whether or not the impact of construction cost increase has been appropriately reflected in the total estimated 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 with the 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, actions taken to eliminate threats or safeguards applied.

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.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to the Company and its subsidiaries were ¥759 million and ¥51 million, respectively.

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 25, 2024

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.