



CUCO-SUICOM Dome (Sustainability Dome)



Green World Construction Zone



Signature Pavilion "LIVE EARTH JOURNEY"



Signature Pavilion "DYNAMIC EQUILIBRIUM OF LIFE"

Facilities constructed by Kajima for the Expo 2025 Osaka, Kansai, Japan

## Part 3

# Medium- to Long-Term Strategy

We pursue sustainable growth for the Kajima Group through a medium- to long-term strategy centered on construction and real estate development, advancing both profit growth and the reinforcement of our management foundation.

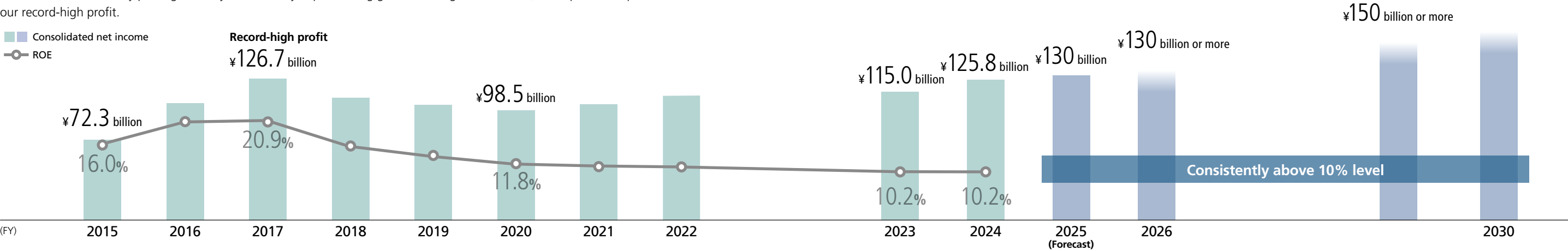
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Progress on the Medium-Term Business Plan

Accelerating profit growth

We have achieved steady profit growth by continuously implementing growth strategies. In FY2025, we expect to surpass our record-high profit.



| Strategies for growth                     | 1. Improve the profitability of the non-consolidated construction business<br>2. Provide leading-edge, valuable construction and services<br>3. Establish a Group-wide business platform for growth | 1. Create next-generation construction production systems<br>2. Provide construction and services of high value to society and customers<br>3. Establish a Group-wide business platform for growth | 1. Further strengthen core businesses<br>2. Strive to create new value<br>3. Establish a strong management foundation and promote ESG measures for growth and transformation | 1. Enhance domestic construction business<br>2. Expand growth areas<br>3. Create new value as a technology-based company<br>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                                                                                         |

**Financial targets**

**Consolidated net income**

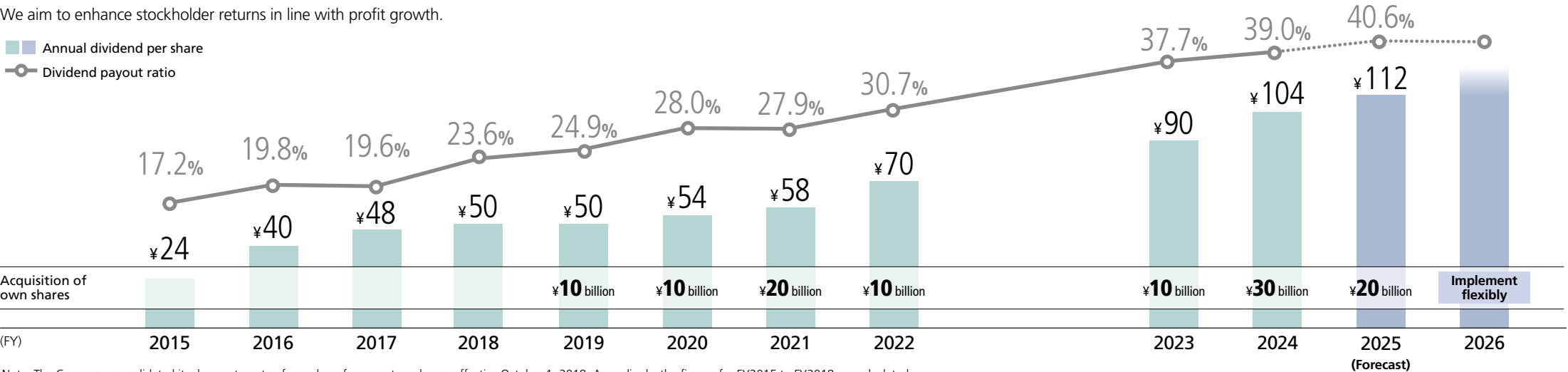
**FY2025** ¥130 billion • Surpass record-high profit

**FY2026** ¥130 billion or more • Further increase profit from FY2025

**Aim to achieve the FY2030 target of ¥150 billion or more ahead of schedule**

Enhancing stockholder returns

We have implemented phased dividend increases and continuous share buybacks. We aim to enhance stockholder returns in line with profit growth.



Note: The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the figures for FY2015 to FY2018 are calculated as if the consolidation of shares had been conducted at the beginning of FY2015.

|                                |                                                                                                                                                                                                                                 |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Domestic construction business | • Address the rising cost of construction<br>• Strengthen procurement capabilities for equipment construction, etc.<br>• Ensure appropriate construction periods<br>• Improve safety performance                                |
| Growth areas and R&D           | • Strengthen overseas business platform<br>• Pursue results in investment and R&D<br>• Create new businesses                                                                                                                    |
| Business platform              | • Hire and develop human resources and secure the future workforce<br>• Promote diversity, equity, and inclusion (DE&I)<br>• Continue to ensure rigorous compliance<br>• Strengthen initiatives to address environmental issues |

## Message from the General Manager of the Treasury Division



**We are implementing a financial strategy aimed at further enhancing corporate value and market valuation.**

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

### Review of FY2024 and our outlook for the future

In the first year of the Kajima Group Medium-Term Business Plan (2024–2026), we achieved our fourth consecutive year of increased revenue and profit, delivering record-high revenue of ¥2,911.8 billion and our second-highest net income of ¥125.8 billion. By maintaining an ROE above 10%, we assess that our Group continues to deliver the profit growth and capital efficiency we aim for. Furthermore, our earnings per share (EPS) and stock price have continued to show steady improvement.

Looking back at recent business trends, the domestic construction business faced several challenges, including rising construction costs and compliance with new overtime regulations. However, due to detailed pre-contract planning, contracts with appropriate terms, and ongoing efforts to improve productivity during construction, we achieved profits that exceeded our initial plan.

In our real estate development business, although both domestic and overseas markets experienced shifts in financial conditions, our domestic operations showed relatively stable progress. In overseas markets like the U.S., where policy trends remain uncertain, we determined that the environment required careful consideration of the timing for both investments and asset sales. Despite this challenging environment, our overseas business as a whole has recorded profits above a certain level, regardless of recent fluctuations, and has grown into a reliable pillar of earnings.

For FY2025, we are forecasting record highs for both consolidated revenue and net income, projected at ¥2,950

billion and ¥130 billion, respectively. This is based on factors such as the large number of domestic civil engineering projects reaching their peak, the enhancement of profitability within domestic building construction, and an anticipated recovery in overseas performance as markets rebound.

#### Domestic construction business

Domestic construction demand remains robust, with a steady pipeline of projects expected over the next four to five years. However, from a sustainability perspective in the construction business, numerous challenges remain to be addressed, such as securing a future workforce and improving productivity. This requires continuous investment and, crucially, a stable source of investment capital (i.e., gross construction profit).

One of our key priorities is investing in human capital, which focuses not only on wages, training, and working conditions for our Group employees but also on the skilled workers of our partner companies, who are the ones actually carrying out the construction. Enhancing conditions for skilled workers is essential for creating a sustainable construction industry—an urgent priority amid growing labor shortages. We expect these efforts to also help us maintain and strengthen our own construction capabilities over the medium- to long-term.

Furthermore, as a technology-based company, we believe ongoing investment in technology remains indispensable. In addition to R&D in advanced technologies, optimal construction methods, and eco-friendly materials, we are continuing to invest in measures that address labor shortages and the transfer of skills, such as reducing

labor requirements, increasing efficiency, and improving visualization in on-site operations.

As the pace of digitalization accelerates, we believe it is valuable to pursue technology development not only with internal resources but also by investing in startups and other companies to gain new, efficient perspectives. We are actively seeking collaboration partners both in Japan and overseas.

The costs associated with these initiatives are gradually increasing, with most recorded as selling, general and administrative (SG&A) expenses. To cover these costs and secure operating income, we recognize the importance of increasing both our revenue and construction gross profit margin.

To improve the margin, efforts can be made on both the price and cost sides. While we are, of course, working to improve production efficiency on the cost side, we must also focus on the price side. Given the anticipated labor shortage, supply-demand constraints, and increasing complexity of technologically advanced projects, we believe this value should be reflected in the price and recognized by our customers.

Along with the recent trend toward larger-scale construction projects and extended construction periods, the resurgence of interest rates in the domestic market has further highlighted the need to resolve issues such as the terms and timing of payment collection from our clients.

In many private-sector projects, payments from clients are heavily weighted toward project completion. In contrast, we pay our partner companies on a monthly basis in accordance with the work completed. This places a heavy financial burden on the prime contractor in the form of accounts receivable.

Strengthening the financial health of our partner companies is essential for a sustainable supply chain, and this fiscal year, we have further accelerated our payments. However, since our cash conversion cycle is getting longer, we continue to urge our clients to make payments according to construction progress.

This issue of payment collection is not unique to Kajima. Addressing issues like price negotiations over rising construction costs and ensuring appropriate construction periods is a significant challenge for the entire construction industry, so we are working toward an industry-wide response.

#### Real estate development business

For over six years, we have been actively investing in the real estate business as a core growth strategy. Our profit levels have improved compared to the initial period, and we have steadily expanded the scope of our business in terms of scale, geographic reach, and portfolio. We assess that this progress is in alignment with our growth strategy.

Throughout the Medium-Term Business Plan, our domestic real estate development business will accumulate quality assets while also preparing for upcoming portfolio turnover. In addition to rental and sales income derived from conventional office developments, we aim to generate sales revenue from assets including residential properties, hotels, and logistics facilities.

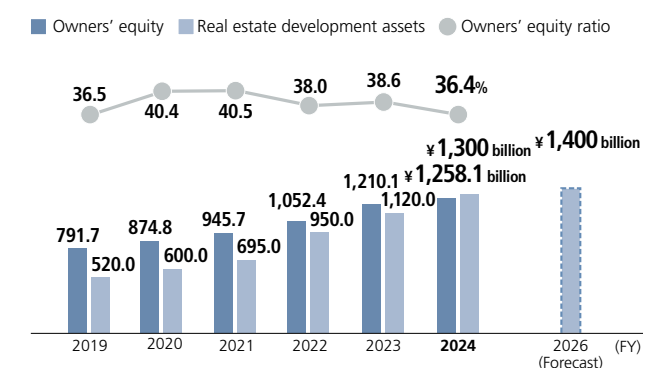
While gross investment in our overseas development business will increase relative to the last two Medium-Term Business Plans, we anticipate a decrease in net investment due to higher capital recoupment from asset sales. We believe we have entered a phase where the cycle of investment and recoupment is functioning effectively, generating profits.

Business strategies vary across countries and regions, influenced by differences in local business environments and the maturity of real estate sales markets. Our plan focuses on logistics warehouse development, which follows a short-term turnover model, in the U.S., Europe, and Southeast Asia. This is complemented by sales income from assets such as rental apartments (U.S.), renewable energy facilities (Europe), and hotels (Southeast Asia), along with stable rental income from long-term holdings like mixed-use facilities (Southeast Asia).

To account for varying profitability and cash turnover rates across countries, regions, asset types, and business models, we make project decisions using hurdle rates tailored to each project and key indicators like IRR and NOI yield. During internal committee meetings, we explicitly ask our business divisions to clarify their cash turnover rates and exit strategies for assets.

We also prepare a balance sheet for each business division and monitor their status and outlook from the perspectives of capital efficiency and financial soundness. While our domestic and overseas development businesses differ in market characteristics and business models, we share common standards. For capital efficiency, ROIC must exceed WACC (about 5–6%) and ROE must exceed the cost of equity (about 7–8%). For financial soundness, one of the key criteria is ensuring that the total risk amount of our projects remains below our owners' equity. At times, we instruct our business divisions to consider measures such as managing portfolio turnover or moving assets off the balance sheet to reduce risk and improve capital efficiency. However, considering the possibility of temporary downturns in earnings, business decisions and assessments are conducted with a medium- to long-term perspective, rather than relying on annual results.

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





Message from the General Manager of the Treasury Division

Update on our financial strategy

Since profit growth is accelerating faster than we anticipated when the Medium-Term Business Plan was formulated, we have adjusted our cash allocation for the three-year period. We now plan to allocate our cash inflow of ¥1,500 billion (up ¥100 billion from the initial plan) as follows: about ¥1,270 billion (up ¥70 billion) for growth investments and about ¥230 billion (up ¥30 billion) for stockholder returns.

Through ongoing dialogue with investors, we have heard expectations for an upward revision of our ROE target (above 10% level). In the present phase of accumulating development assets, we believe the current target is appropriate, as our priority is to maintain owners’ equity (the denominator of ROE) at a level commensurate with the risk volume of our development assets. Aiming for sustainable growth, we consider that it is more appropriate to increase ROE by continuing initiatives and investments that increase the absolute amount of net income (the numerator) rather than by reducing the risk buffer in our equity through excessive stockholder returns.

Growth investment

To steadily achieve sustainable profit growth, we are continuously formulating and implementing proactive investment plans.

Looking back at our consolidated net income levels, we noted that profits were around ¥20 billion prior to FY2015. They rose to about ¥70 billion due to improved profitability in the domestic construction business. Subsequently, growth in our real estate development and overseas businesses has allowed us to consistently achieve profits of over ¥100 billion. We are now well-positioned to deliver a record-high profit of ¥130 billion.

This profit growth over the past ten years is partly driven by external factors such as economic tailwinds and government policies. However, we believe that this mainly stems from our growth strategies, which include successful investments in our real estate development and overseas businesses while also strengthening our management foundation through investments in human capital, R&D, and digital technology.

Appropriate capital structure

Continuous reduction of strategic shareholdings

As a result of our ongoing reduction efforts, our balance of strategic shareholdings at the end of FY2024 accounted for 19.8% of consolidated net assets. We thus achieved our Medium-Term Business Plan target (less than 20% of consolidated net assets until the end of FY2026) two years ahead of schedule. We have recently revised our policy, increasing the three-year sales target (¥50 billion or more) in the Medium-Term Business Plan by ¥20 billion. Under this plan, we now aim to sell approximately ¥50 billion of these shares over the next two years (totaling approximately ¥70 billion during the plan’s period).

The Board of Directors quantifies the rationale for holding these shares and makes definitive decisions on whether to hold or sell each individual stock. Even for shares that satisfy our retention criteria, we are continuing to evaluate and recommend reductions in response to market demands and the business environment surrounding our clients.

Separately, for shareholdings other than pure investment, we are investing in startups and other companies to acquire advanced technologies and create new businesses. Although these mainly involve investments in unlisted companies, we will enhance our information disclosure regarding their purpose and status as part of our efforts to improve technological competitiveness and promote open innovation.

Utilization of interest-bearing debt

We are managing our finances with an eye on both increasing financial leverage and maintaining financial soundness, targeting a D/E ratio of 0.7x throughout the Medium-Term Business Plan period. In light of factors such as maintaining our credit rating and our active role in real estate development, we have set this target at a level higher than that of a typical construction company but lower than that of a real estate developer.

At the same time, given our current profit levels, we believe we can maintain sufficient financial soundness even if we increase our financial leverage and temporarily exceed the target D/E ratio within a certain range. Therefore, we intend to adopt a flexible approach.

Stockholder returns

Over the course of the three-year Medium-Term Business Plan, we expect to provide a total of approximately ¥230 billion in stockholder returns. Based on an estimated total consolidated net income of ¥390 billion over the three years, this equates to a total payout ratio of about 60%. We believe this approach maintains an appropriate balance between growth investments and stockholder returns at our current stage of investing to promote future cash-generating capabilities.

In our current Medium-Term Business Plan, we raised the target dividend payout ratio from 30% to 40%, and in line with this policy, we have now increased dividends for five consecutive fiscal years. The dividend per share has been gradually increased from ¥50 in FY2019 to its current level of ¥104, more than doubling over that period. We are planning a further dividend increase this fiscal year, in line with profit growth, and aim to continue raising dividends in conjunction with earnings expansion.

Acquisition of own shares is drawing attention in the stock market as a flexible means of stockholder returns, and we have been consistently acquiring our own shares since FY2019. Previously, we determined the amount and timing of acquisitions by considering our performance, financial condition, and the business environment. For now, however, we are considering acquiring our own shares based on the proceeds from the sale of strategic shareholdings.

Management conscious of capital cost and stock price

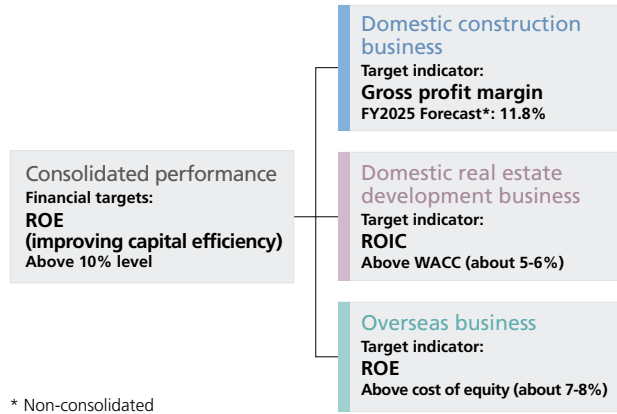
In conjunction with the release of the financial statements for FY2024, we published our “Action to Implement Management Conscious of Cost of Capital and Stock Price.” [▶ Page 44](#)

The Board of Directors periodically evaluates the return on capital and the growth potential of both the Group as a whole and each individual business. After receiving reports from the IR department on our market valuation, including details of dialogue with investors, the Board reviews financial strategies such as growth investments and stockholder returns. Our

outside directors share their opinions from both short-term and medium- to long-term perspectives, looking ahead to the next Medium-Term Business Plan. These opinions cover our balance sheet strategy, risk preparedness, and investment evaluation methods, which are reflected in our plans.

Starting in FY2025, we have added ROE to the performance indicators used for directors’ remuneration. Although we already had an indicator for the absolute amount of profit (i.e., net income), this addition demonstrates our management’s commitment to further awareness of capital efficiency, a KPI in our Medium-Term Business Plan.

In addition to monitoring the balance sheet of each business division, we have established a management system in which achieving divisional targets contributes to meeting the Group-wide ROE target. We have set ROIC as the target metric for our domestic real estate development business, ROE for the overseas business, and gross profit margin for the domestic construction business, which generally does not require significant amounts of capital.

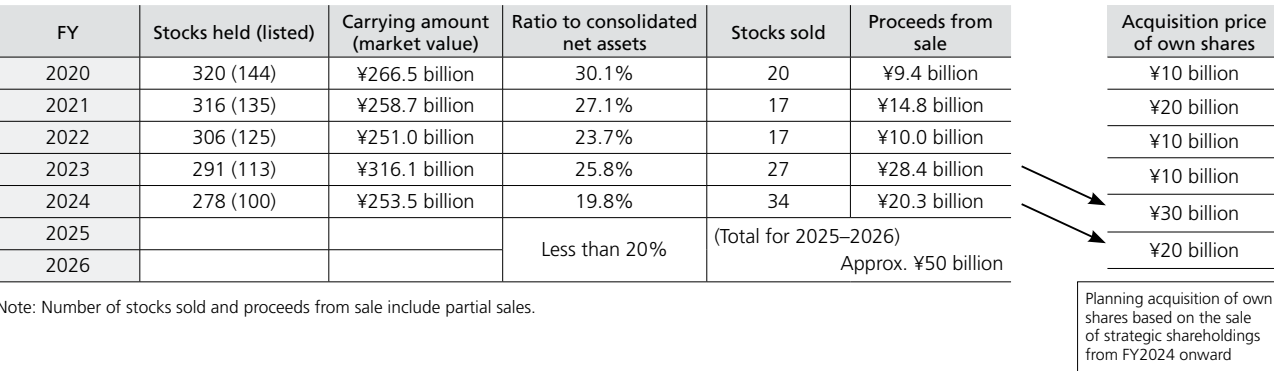


Our PBR, a key stock market indicator, has remained consistently above 1x. We believe this reflects not only the steady progress of our Medium-Term Business Plan but also the market’s trust in our performance, supported by our solid track record and timely information disclosure.

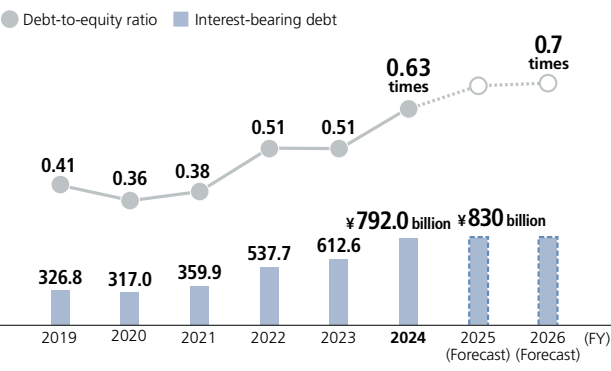
However, we also see potential for improving our PER, which serves as an indicator of expectations for profit growth. Each year, we see more opportunities to engage in dialogue with institutional investors, both in Japan and overseas. We will focus on improving the quality of these dialogue and undertake activities that raise expectations for our Group’s future potential. Last fiscal year, we also participated in company information sessions for individual investors hosted by securities firms. We found these to be valuable opportunities to explain the Group’s strategies and direction while also receiving direct feedback and evaluations. We intend to continue these activities going forward.

We will continue to implement the strategies outlined in our Medium-Term Business Plan to improve profitability and deliver returns to stakeholders based on our performance. At the same time, we will enhance our information disclosure, including on sustainability, and expand dialogue with stakeholders, aiming to further enhance both our market valuation and societal value.

Reduction of strategic shareholdings and status of acquisition of own shares



Interest-bearing debt / Debt-to-equity ratio



Medium-Term Business Plan (FY2024–2026):  
Progress on Growth Strategy

I Enhance domestic construction business

- 1 Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society
- 2 Improve productivity and operational efficiency by promoting digital transformation
- 3 Create safe work sites that are desirable workplaces

Complex projects such as semiconductor production facilities are progressing smoothly, enhancing our technological capabilities and expanding our knowledge and expertise [▶ Page 26](#).



Rapidus IIM-1 project (Hokkaido)

Significant reduction in the construction period for an expressway renewal project by applying our patented Smart Deck Renewal (SDR) System.



Shortened the deck replacement period by approximately 67% on the Anogawa Bridge deck replacement project on the Kan-Etsu Expressway (Gunma Prefecture—Niigata Prefecture)

Received over ¥300 billion in annual orders for production facilities, which we have designated as a priority area.



Construction of a new KOSÉ Corporation factory in the Minami Alps (Yamanashi Prefecture)

Completed our automated construction system, which automates and enables remote control for mountain tunnel excavation work [▶ Page 67](#).



A-CSEL for Tunnel

II Expand growth areas

- 1 Increase profits and improve investment efficiency in the real estate development business
- 2 Enhance global platforms
- 3 Diversify revenue sources by expanding the value chain

Domestic real estate development business

Expanded profitability through the sale of developed properties such as large-scale condominiums and offices.



WORLD TOWER RESIDENCE (Tokyo)



Construction has begun on the Yaesu 2-Chome Central District Category-1 Urban Redevelopment Project (Tokyo), in which we are participating as both the project developer and the design-build contractor.

Overseas business

Continuously develop and sell multiple logistics warehouses in the U.S. and Europe. By developing the business globally, it has grown into a strong source of revenue [▶ Page 29](#).



Rotterdam (Netherlands)



FY2024 Order Record  
UNC Health Nash - Inpatient Tower (JV)

Acquired Rodgers Builders, Inc., a U.S. construction company. Strengthened our business in areas such as the medical and educational fields.

III Create new value as a technology-based company

- 1 Strengthen the global R&D system
- 2 Create new value by promoting innovation
- 3 Create new businesses unique to Kajima

Began demonstration tests<sup>\*2</sup> of cooperative vehicle-infrastructure autonomous driving systems using optical fiber sensing technology in the Ebie Section of the Hanshin Expressway Yodogawa Left Bank Line (Phase 2)<sup>\*1</sup>, with the cooperation of the city of Osaka.



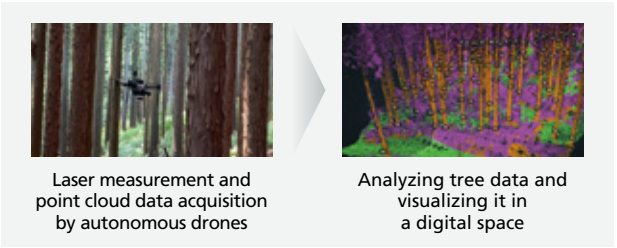
\*1 Utilizing the Communication-based Joint Research Program of Hanshin Expressway  
\*2 Utilizing Kajima's optical fiber sensing technology and the cooperative autonomous driving technology developed by Subaru's Technical Research Center

Established The GEAR by Kajima Pte. Ltd. in Singapore to promote open innovation activities and technology marketing.



Exploring new revenue sources by identifying customers who require our Group's proprietary technologies

Launched Forest Asset, a forest management service utilizing autonomous drones and digital technology. Commissioned for 13 projects, including for Kajima Group-owned forests.



Laser measurement and point cloud data acquisition by autonomous drones  
Analyzing tree data and visualizing it in a digital space

Developed a compact speaker featuring OPSODIS 3D sound technology, co-developed with the University of Southampton in the U.K., and sold it via crowdfunding.



3D audio speaker  
OPSODIS 1

IV Sustainability

Global environment

- 1 Promote Kajima Environmental Vision 2050plus
- 2 Ensure social and corporate sustainability in the case of natural disasters

Applied environmentally friendly concrete technology<sup>\*3</sup> to facilities at the Expo 2025 Osaka, Kansai, Japan venue.



CUCO-SUICOM Dome (Sustainability Dome) completed  
CO<sub>2</sub>-absorbing concrete used for venue paving (approx. 3,300 m<sup>2</sup>)

<sup>\*3</sup> This achievement utilized results from "Development of Technology for Producing Concrete and Cement Using CO<sub>2</sub>" project (JPNP21023) commissioned by the New Energy and Industrial Technology Development Organization (NEDO)

Human resources, respect for compliance and human rights

- 1 Develop people and create systems that will promote growth and change
- 2 Maintain and strengthen the supply chain and secure future workforce
- 3 Thorough compliance and respect for human rights

Established new targets for DE&I<sup>\*4</sup> to foster a corporate culture where personnel from diverse backgrounds can demonstrate their abilities [▶ Page 69](#).

|                                                                        | Targets             | FY2024 results      |
|------------------------------------------------------------------------|---------------------|---------------------|
| Hiring ratio of female employees in the managerial track               | 30% by FY2028       | 22.2% <sup>*6</sup> |
| Ratio of female employees in new managerial appointments <sup>*5</sup> | 10% by FY2035       | 2.9% <sup>*6</sup>  |
| Paternity leave uptake rate (of which, leave of 30 days or more)       | 100%<br>50% or more | 91.2%<br>46.0%      |

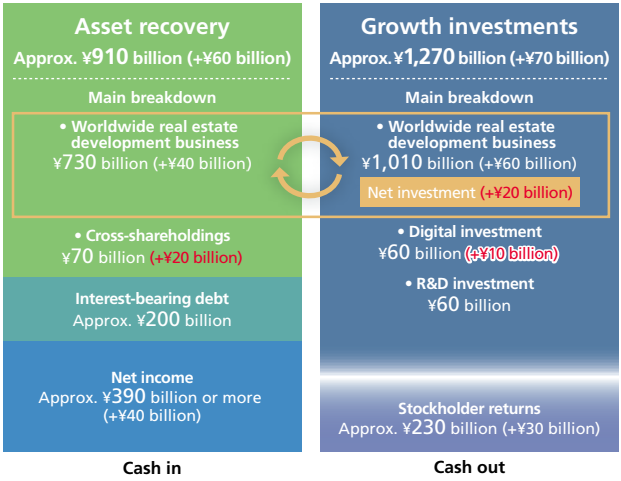
<sup>\*4</sup> Diversity, equity & inclusion  
<sup>\*5</sup> Manager level and above, based on the guidance standards of the Ministry of Health, Labour and Welfare  
<sup>\*6</sup> As of April 1, 2025



# Medium-Term Business Plan (FY2024–2026): Update on Financial Strategy

## Cash allocation (FY2024–2026 cumulative)

Fund generation capacity has improved due to accelerated profit growth and the reduction of strategic shareholdings. Updated the cumulative cash allocation for the three years of the Medium-Term Business Plan.



- Accelerate the investment and recoupment cycle in the real estate development business to aim for further profit growth. (Net investment in worldwide real estate development: +¥20 billion)
  - Promote the advancement of automated construction technology utilizing AI, the development and implementation of IT tools streamlined on-site operations, and the cultivation of digital-tech personnel to improve productivity and to strengthen competitiveness. (Digital investment up ¥10 billion)
- Net income (+¥40 billion)**
- Growth investment (+¥30 billion)**
- Stockholder returns (+¥30 billion)**
- Increase dividends in line with profit growth, with a target dividend payout ratio of 40%. (Initial plan: approx. ¥140 billion → This update: approx. ¥155 billion; an increase of ¥15 billion)
  - Increase share buybacks based on accelerated reduction of strategic shareholdings. (Initial plan: approx. ¥60 billion → This update: approx. ¥75 billion; an increase of ¥15 billion)

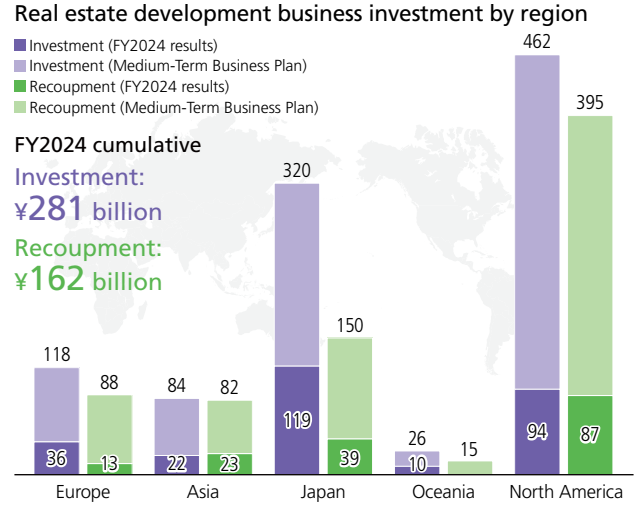
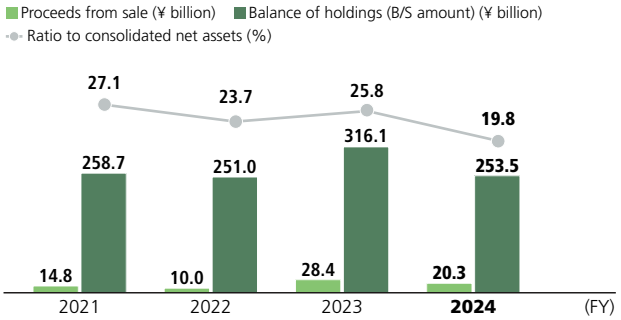
## Growth investment

| (¥ billion)                                        | FY2024 (Results) | Medium-Term Business Plan (FY2024–2026) |
|----------------------------------------------------|------------------|-----------------------------------------|
| R&D investment                                     | 21               | 60                                      |
| Digital investment                                 | 17               | 60                                      |
| Strategic investment framework                     | 8                | 80                                      |
| Capital investment in commercial real estate, etc. | 17               | 60                                      |
| Domestic real estate development business          | 119              | 320                                     |
| (Recoupment of investment)                         | (39)             | (150)                                   |
| Overseas real estate development business          | 162              | 690                                     |
| (Recoupment of investment)                         | (123)            | (580)                                   |
| Total investment                                   | 344              | 1270                                    |
| Net investment                                     | 182              | 540                                     |

Note: Exchange rates: Approx. 158.18 JPY/USD for FY2024, and approx. 145 JPY/USD from FY2025 onward.

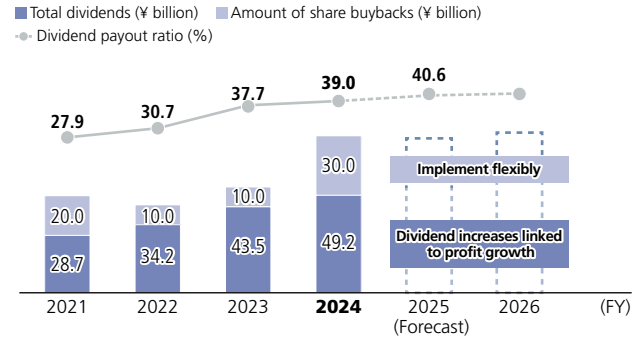
## Reduction of strategic shareholdings

Balance of holdings: Less than 20% of consolidated net assets by the end of FY2026.  
Proceeds from sale: Approx. ¥70 billion over three years, as we continue to reduce our holdings.



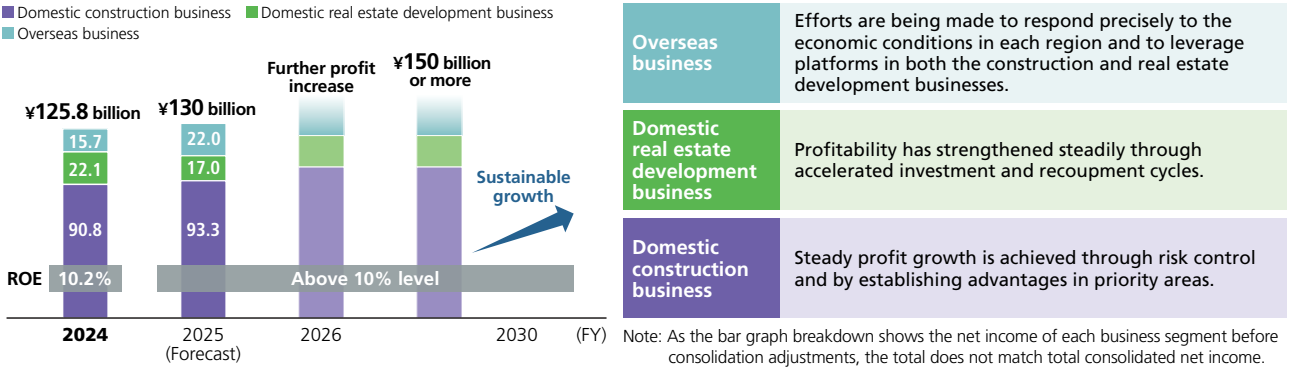
## Stockholder returns

Dividends with a target payout ratio of 40%.  
Implementing flexible share buybacks that take into account business performance, financial condition, and the business environment.



## Net income

Cumulative profit for the three years of the Medium-Term Business Plan expands due to higher-than-planned profit in FY2024, early achievement of the FY2026 target of ¥130 billion, and continued profit growth in FY2026.



### Action to Implement Management Conscious of Cost of Capital and Stock Price

#### 1. Evaluation and analysis of the current situation

- In the Kajima Group Medium-Term Business Plan (2024–2026), we formulated a financial strategy designed to enhance corporate value and market valuation.
- The Board of Directors has confirmed and evaluated each business's capital profitability based on the cost of capital in multiple discussions. Additionally, financial strategies, including growth investments and shareholder returns, have been reviewed based on an understanding of market evaluations and the results of IR activities.

| Category                       | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Performance trends</b>      | <ul style="list-style-type: none"><li>FY2024: The improvement of profit margins in the domestic building construction business and expanded sales profits in the real estate development business contributed to consolidated net income of 125.8 billion yen, exceeding the forecast at the beginning of the period and achieving revenue and income growth for four consecutive years.</li><li>FY2025: Steady profit growth in the domestic civil engineering and building construction businesses, along with rising profits at domestic and overseas subsidiaries and affiliates, expected to yield a record-high consolidated net income of 130.0 billion yen. Fiscal 2026 medium-term business plan target expected to be achieved one year ahead of schedule, with revenues and income up for a fifth consecutive year.</li><li>In fiscal 2026 and beyond, we aim to achieve continued profit growth and meet our consolidated net income target of "at least 150.0 billion yen by fiscal 2030," as set forth in the medium-term business plan, ahead of schedule.</li></ul> |
| <b>Capital profitability</b>   | <ul style="list-style-type: none"><li>We recognize the Kajima Group's cost of shareholders' equity is approx. 7–8%.</li><li>ROE for fiscal 2024 was 10.2%, and we expect to maintain a level consistently above 10% beyond fiscal 2025.</li><li>We have confirmed that both fiscal 2024 results and fiscal 2025 management targets ensure capital profitability that significantly exceeds the cost of shareholders' equity.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Stock market evaluation</b> | <ul style="list-style-type: none"><li>Since February 2025, when we announced revisions to our fiscal 2024 performance forecasts and increased dividends, our stock price has risen, and PBR has exceeded 1.</li><li>We believe this is because financial markets have valued our timely disclosure of performance forecasts and flexible shareholder returns accompanying performance improvements.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

#### 2. Future initiatives

- In light of our accelerating profit growth, we have updated our financial strategy to further enhance corporate value and market valuation.
- While appropriately assessing the changing business environment, we will implement measures and investments to grow and enhance shareholder returns.
- Furthermore, to gain trust and positive valuation from financial markets, we will continue to strengthen timely disclosure and dialogue concerning management policies, including performance forecasts.

| Category                   | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Growth investment</b>   | <ul style="list-style-type: none"><li>Drive further profit growth with human capital investment, AI and digital-related technology development, and acceleration of investment and recoupment cycles in the domestic and overseas real estate development businesses.</li><li>Total investment for three years is planned for 70.0 billion yen over the plan. Recoupment through development asset sales will be up 40.0 billion yen.</li><li>ROE will be maintained at a level exceeding 10%.</li></ul>                                                                                                                                                                         |
| <b>Capital structure</b>   | <ul style="list-style-type: none"><li>Strategic shareholdings achieved the target of "less than 20% of consolidated net assets by the end of fiscal 2026" as of the end of FY2024. We will continue reduction in fiscal 2025 and beyond, aiming to increase the sales amount over three years by approx. 20.0 billion yen over the plan.</li><li>The D/E ratio target will be maintained at approx. 0.7.</li></ul>                                                                                                                                                                                                                                                               |
| <b>Stockholder returns</b> | <ul style="list-style-type: none"><li>With a target dividend payout ratio of 40%, we aim to increase dividends in line with profit growth.</li><li>Continue share buybacks with an awareness of improving capital efficiency and enhancing shareholder returns. For the time being, we will flexibly implement share buybacks based on the results of strategic shareholding sales. We plan to repurchase 20.0 billion yen of our own shares in fiscal 2025. (Strategic shareholding sales in fiscal 2024 amounted to 20.3 billion yen.)</li><li>The total amount of shareholder returns over three years has been expanded by approx. 30.0 billion yen over the plan.</li></ul> |
| <b>Governance/IR</b>       | <ul style="list-style-type: none"><li>ROE has been adopted as an evaluation criterion for executive compensation for fiscal 2025 and beyond.</li><li>Timely information disclosure and dialogue with investors and the market regarding management policies will continue to be strengthened.</li></ul>                                                                                                                                                                                                                                                                                                                                                                          |

Material Issues

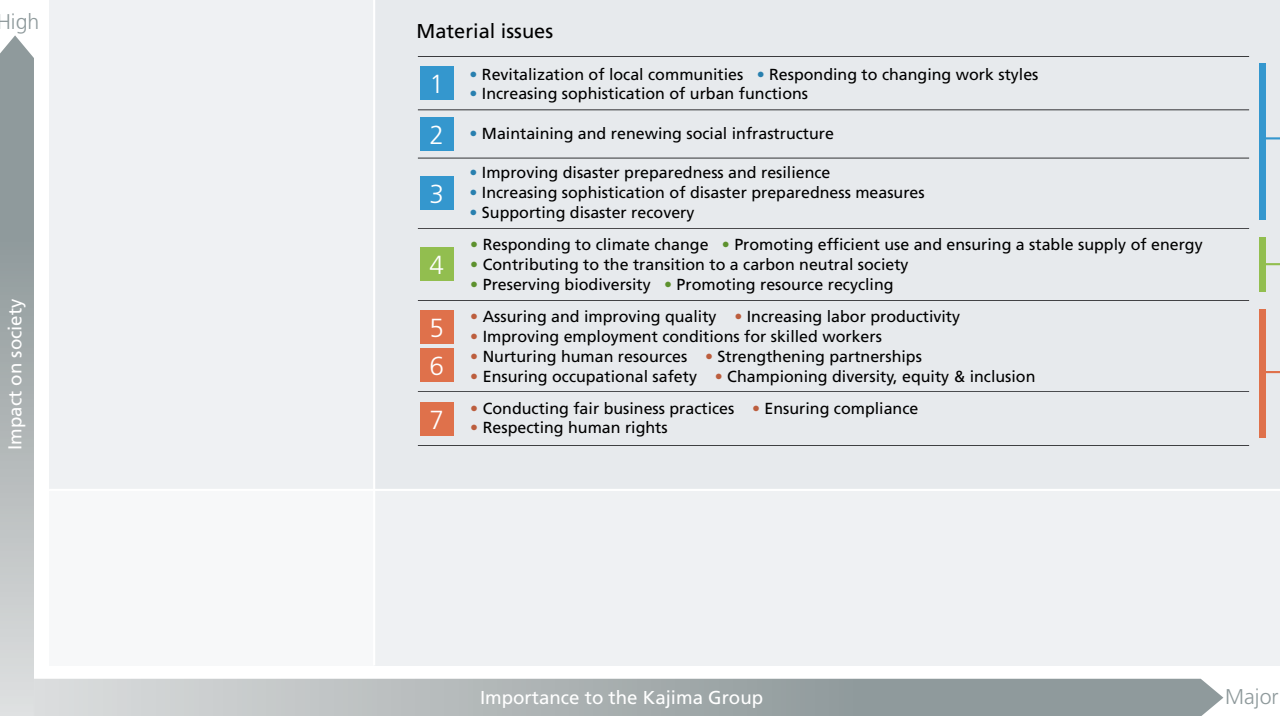
Identifying and revising the Kajima Group's material issues

In July 2019, the Kajima Group mapped social issues on two axes: their impact on society and their importance to the Group. We then consolidated and reorganized the issues identified as having a high impact and major importance. We identified seven material issues: four to which we contribute through our business, and three that form the foundation for business sustainability. We have clarified the relationship between our material issues and the SDGs adopted by the United Nations. ▶ Page 46

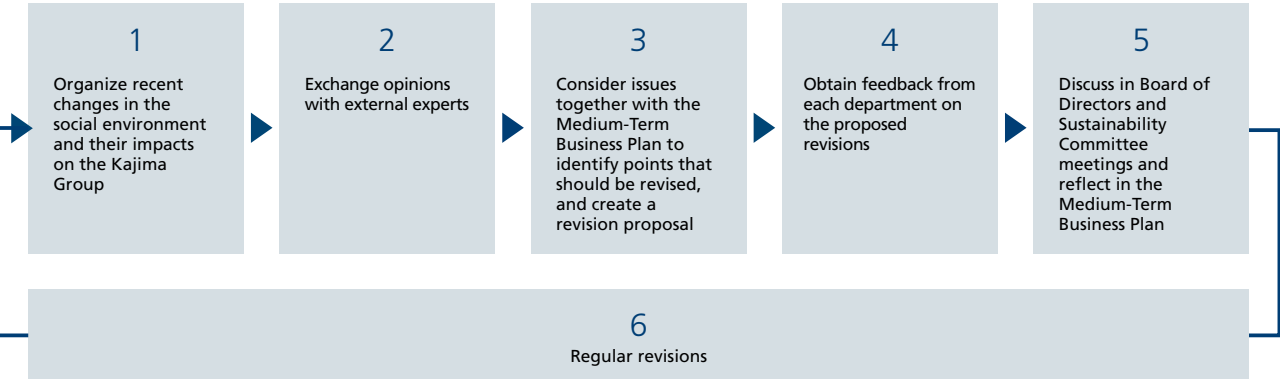
We have regularly revised these issues since then in light of changes in the social and business environment. In FY2023, alongside deliberations on our Medium-Term Business Plan (2024–2026) and the Kajima Environmental Vision 2050plus, we reviewed our material issues based on input from external experts. As a result, we updated some issues in 2024, including those related to the environment.

We have also linked these issues to the growth strategies of our Medium-Term Business Plan (2024–2026), setting specific measures and KPIs to promote sustainable growth and enhance our corporate value over the medium to long term. ▶ Page 47

Issue mapping



Process for revising material issues



Our material issues and related SDGs

|                                      | Direction of initiatives for material issues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Specific initiatives                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                    | Related SDGs |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Contribution through customers' businesses                                                                                                                                                                                                                                                                                                                                                                                                              | Contribution through our businesses                                                                                                                                                                                                                                                                                                                                                                |              |
| Society                              | <b>1 Creating functional urban, regional, and industrial infrastructure capable of meeting new needs</b><br>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.                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"><li>Creating comfortable and attractive spaces</li><li>Improving productivity and product quality through engineering technologies</li><li>Improving workplace productivity and wellness</li></ul> <b>Constructing smart cities and a smart society</b><br><b>Constructing smart buildings</b>                                                                                                                        | <ul style="list-style-type: none"><li>Conducting large-scale, mixed-use redevelopment projects</li></ul>                                                                                                                                                                                                                                                                                           |              |
|                                      | <b>2 Developing sustainable and long-lasting social infrastructure</b><br>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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"><li>Technologies for extending building lifespan</li><li>Technologies for maintaining and renewing infrastructure</li><li>Increasing sophistication of facility and building management</li></ul>                                                                                                                                                                                                                     | <ul style="list-style-type: none"><li>Acquiring quality assets in the real estate development business</li><li>Participating in infrastructure operation and public-private partnerships</li></ul>                                                                                                                                                                                                 |              |
|                                      | <b>3 Providing safety and security technologies and services for disaster preparedness</b><br>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.                                                                                                                                                                                                                                                                                                                                                                        | <ul style="list-style-type: none"><li>Increasing sophistication of seismic damping and isolation technologies</li><li>Constructing buildings and structures resilient to climate change</li><li>Proposing BCP solutions</li></ul>                                                                                                                                                                                                                       | <ul style="list-style-type: none"><li>Incorporating BCP into supply chain operations</li><li>Strengthening disaster response capabilities</li></ul>                                                                                                                                                                                                                                                |              |
| Environment                          | <b>4 Contributing to carbon neutrality, a circular economy, and nature positivity</b><br>Kajima helps decarbonize society by reducing CO <sub>2</sub> 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. | <ul style="list-style-type: none"><li>Delivering zero-emission and other energy-efficient buildings</li><li>Structuring optimal energy systems</li><li>Constructing renewable-energy power generation facilities</li><li>Promoting green infrastructure</li><li>Promoting wider use of eco-friendly concrete</li><li>Providing technology for coral and seaweed bed conservation and regeneration</li></ul> <b>Kajima Environmental Vision 2050plus</b> | <ul style="list-style-type: none"><li>Reducing CO<sub>2</sub> emissions during construction</li><li>Developing green buildings</li><li>Developing renewable energy power generation projects and facilities</li><li>Developing and using ecofriendly materials</li><li>Using recycled construction materials</li><li>Utilizing Kajima-owned forests in a sustainable and responsible way</li></ul> |              |
| Platform for business sustainability | <b>5 Focusing on unwavering technological innovation and Kajima quality</b><br>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.                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"><li>Promoting technology development and digital transformation to improve productivity and safety and to create new value</li><li>Ensuring safe, high-quality buildings through rigorous quality assurance systems</li><li>Leveraging our worldwide R&amp;D network</li></ul> <b>Mechanizing, automating and employing ICT in construction</b><br><b>Kajima Smart Future Vision</b>                                  |                                                                                                                                                                                                                                                                                                                                                                                                    |              |
|                                      | <b>6 Construction that emphasizes people and partnerships</b><br>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.                                                                                                                                                                                                                                                                                                                                                          | <ul style="list-style-type: none"><li>Ensuring occupational health and safety</li><li>Promoting work-style reform</li><li>Securing construction personnel, and reforming the multilayer subcontracting structure</li><li>Supporting diversity, equity, and inclusion in our workforce</li><li>Training and developing human resources</li><li>Using open innovation</li></ul>                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                    |              |
|                                      | <b>7 Practicing corporate ethics</b><br>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.                                                                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"><li>Ensuring rigorous compliance</li><li>Enhancing risk management systems and process management</li><li>Conducting fair supply chain management</li><li>Respecting human rights</li></ul>                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                    |              |

Material Issues

\*1 FY2024–2026 \*2 As of April 1, 2025

| Material issues                      |                                                                                                                                                                                        | Medium-Term Business Plan (FY2024–2026)<br>Strategies for growth:<br>■ Enhance domestic construction business<br>■ Expand growth areas<br>■ Create new value as a technology-based company<br>■ Sustainability | KPIs                                                                                                                | FY2026 targets                                                                                                                                  | FY2024 results                                                                                                                    |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Society                              | 1 Creating functional urban, regional, and industrial infrastructure capable of meeting new needs<br> | I Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society                                                                                              | Civil engineering: Revenues from the fields of infrastructure renewal and renewable energy                          | ¥55.0 billion                                                                                                                                   | ¥47.5 billion                                                                                                                     |
|                                      |                                                                                                                                                                                        | III Create new value by promoting innovation                                                                                                                                                                   | Building construction: Development and installation of wellness technology                                          | Pursuit of people-centered building and town planning                                                                                           | Conducted research on wellness using digital technology                                                                           |
|                                      |                                                                                                                                                                                        | III Create new businesses unique to Kajima                                                                                                                                                                     | Strategic investment                                                                                                | Three-year total: ¥80 billion*1                                                                                                                 | ¥8 billion                                                                                                                        |
|                                      |                                                                                                                                                                                        | II Increase profits and improve investment efficiency in the real estate development business                                                                                                                  | Total investment in the real estate development business over three years                                           | Three-year total: ¥320 billion in Japan*1<br>Three-year total: ¥690 billion overseas*1                                                          | ¥119 billion in Japan<br>¥162 billion overseas                                                                                    |
|                                      |                                                                                                                                                                                        | II Enhance global platforms                                                                                                                                                                                    |                                                                                                                     |                                                                                                                                                 |                                                                                                                                   |
|                                      | 2 Developing sustainable and long-lasting social infrastructure<br>                                   | I Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society                                                                                              | 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                 | Began demonstration tests of autonomous driving support technology for road infrastructure using optical fiber sensing technology |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | Building construction: Renovation sales                                                                             | ¥200 billion or more                                                                                                                            | ¥210.6 billion                                                                                                                    |
|                                      | 3 Providing safety and security technologies and services for disaster preparedness<br>               | IV Ensure social and corporate sustainability in the case of natural disasters                                                                                                                                 | Expansion of application of total engineering services for BCP and flooding disasters                               |                                                                                                                                                 | Number of buildings managed by Kajima Tatemono Sogo Kanri Co., Ltd. 2,787                                                         |
|                                      |                                                                                                                                                                                        | I Strengthen proposal, design-build, and engineering capabilities to provide added value to customers and society                                                                                              |                                                                                                                     |                                                                                                                                                 | Number of buildings that employ BCP solutions 98 buildings per year                                                               |
| Environment                          | 4 Contributing to carbon neutrality, a circular economy, and nature positivity<br>                  | IV Promote Kajima Environmental Vision 2050plus                                                                                                                                                                | Scope 1+2 CO2 emissions<br>Scope 3 (Categories 1+11) CO2 emissions                                                  | 288 kt-CO2 (23% reduction vs. FY2021)<br>11,080 kt-CO2 (10% reduction vs. FY2021)                                                               | 432 kt-CO2 (16% increase vs. FY2021)<br>11,830 kt-CO2 (4% reduction vs. FY2021)                                                   |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | Recycling rate                                                                                                      | 97%                                                                                                                                             | 97%                                                                                                                               |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | Provision of nature-based solutions (NbS; number of environmental certificates acquired, number of external awards) | 10 projects                                                                                                                                     | 12 projects                                                                                                                       |
| Platform for business sustainability | 5 Focusing on unwavering technological innovation and Kajima quality<br>                            | I Improve productivity and operational efficiency by promoting digital transformation                                                                                                                          | Number of projects involving mutual use of construction ICT and robots in the industry                              | 10 projects                                                                                                                                     | 14 projects                                                                                                                       |
|                                      |                                                                                                                                                                                        | III Strengthen the global R&D system                                                                                                                                                                           | Digital investment                                                                                                  | Three-year total: ¥60 billion*1                                                                                                                 | ¥17 billion                                                                                                                       |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | R&D investment                                                                                                      | Three-year total: ¥60 billion*1                                                                                                                 | ¥21 billion                                                                                                                       |
|                                      | 6 Construction that emphasizes people and partnerships<br>                                          | IV Maintain and strengthen the supply chain and secure future workforce                                                                                                                                        | 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                                                                                               | 74.2%                                                                                                                             |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | Number of people who have completed Kajima Partner College                                                          | Three-year total: 18 people who have completed the management course*1<br>Three-year total: 60 people who have completed the technical course*1 | 0 people who have completed the management course<br>24 people who have completed the technical course                            |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | E Award recipients (monetary incentive system for outstanding skilled workers)                                      | 800 people                                                                                                                                      | 884 people                                                                                                                        |
|                                      |                                                                                                                                                                                        | IV Increase engagement                                                                                                                                                                                         | Engagement score                                                                                                    | At or above the level in the previous fiscal year                                                                                               | 17.65/25                                                                                                                          |
|                                      |                                                                                                                                                                                        | IV Promote diversity, equity, and inclusion (DE&I)                                                                                                                                                             | Percentage of female new graduates in the managerial track                                                          | 30% by FY2028                                                                                                                                   | 22.2%*2                                                                                                                           |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | Percentage of female managers                                                                                       | 10% by FY2035                                                                                                                                   | 2.9%*2                                                                                                                            |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | Percentage of male employees taking extended paternity leave and leave for childcare purposes                       | 100%<br>(Men who take extended childcare leave of 30 days or longer: 50%)                                                                       | 91.2%<br>(46.0%)                                                                                                                  |
|                                      |                                                                                                                                                                                        | I Create safe work sites that are desirable workplaces                                                                                                                                                         | Number of fatal accidents (non-consolidated, domestic)                                                              | 0                                                                                                                                               | 3 projects                                                                                                                        |
|                                      | 7 Practicing corporate ethics<br>                                                                   | IV Thorough compliance and respect for human rights                                                                                                                                                            | 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           | Conducted human rights due diligence at Group companies and identified high-risk building materials                               |
|                                      |                                                                                                                                                                                        |                                                                                                                                                                                                                | 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                                               | 76.9% (previously 60.4%)                                                                                                          |

Medium- to Long-Term Strategy