KAJIMA
Integrated Report
2021

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.

Editorial Policy

The Kajima Group published the *Kajima Corporate Report* annually since the fiscal year ended March 31, 2016 to provide information about the Group's financial and non-financial activities, including initiatives related to the environment, society, and governance (ESG). Beginning with the fiscal year ended March 31, 2019, we changed the name of this publication to the *Kajima Integrated Report* and upgraded its content in ways such as disclosing priority material issues to be addressed through our businesses so as to achieve sustainable growth with society.

The report is prepared to help readers understand the Group's initiatives for increasing corporate value and for creating value with the aim of building a more sustainable world, based on the Kajima Group Medium-Term Business Plan (FY2021–2023).

Taking into account the opinions of investors and other stakeholders, we will continue to make improvements and increase the report's usefulness as a communication tool that contributes to constructive dialogue.

In assembling this report, the editorial team used the following documents as references: *The International Integrated Reporting Framework, G4 Sustainability Reporting Guidelines* of the Global Reporting Initiative, and *Guidance for Collaborative Value Creation* of Japan's Ministry of Economy, Trade and Industry, *Environmental Reporting Guidelines* of Japan's Ministry of the Environment and *Final Report*. *Recommendations of the Task Force on Climate-related Financial Disclosures* of the TCFD.

CONTENTS

To Our Stakeholders
2 Message from the President

Kajima's Envisioned Future
8 History of Kajima
10 The Kajima Group's Businesses
12 Value Creation Process
14 Business Model
16 Kajima Group Vision
18 Material Issues
20 Review of Previous Medium-Term Business Plans
22 Medium-Term Business Plan (FY2021-2023) – Forward-Looking Investment
26 Message from the General Manager of the Treasury Division

Growth Strategies and Sustainability
30 Civil Engineering
32 Building Construction
34 Real Estate Development
36 Overseas Operations
38 Engineering
39 Domestic Subsidiaries and Affiliates
40 Research and Development
41 Digital Transformation (DX)
42 Human Resources
44 Environment
50 Human Rights, Supply Chain and Framework for Ensuring Safety

Corporate Governance
52 Dialogue between the Chairman and an Outside Director
56 Corporate Governance
62 Risk Management
66 Compliance

Financial and Corporate Information
68 Directors and Auditors
69 Executive Officers
70 Financial and Non-Financial Highlights
74 10-Year Highlights
76 Principal Subsidiaries and Affiliates
78 Social Contribution Activities
79 SEQ Policy
80 Company Information
81 Stockholder Information
83 Financial Review

Scope of Report

Period
This report covers fiscal 2020 (April 1, 2020–March 31, 2021), except where otherwise stated.
"Fiscal 2020" and "FY2020" are used in this report to refer to the fiscal year ended March 31, 2021.

Organization
Kajima Group
Note: Quantitative data regarding the environment only covers Kajima Corporation in Japan.

Publication
November 2021
(Previous report: October 2020 / Next report scheduled: November 2022)

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 materially.
Fiscal years are years ended March 31 of the following calendar year. For example, fiscal 2020 in the text is the year ended March 31, 2021.

Message from the President

We will work to transform through digitalization and to resolve social issues in order to remain a company that is trusted by society and our customers.

Hiromasa Amano
President, Representative Director

Management Approaches

As the new president appointed in June 2021 to lead the Kajima Group forward, I am keenly aware of the responsibilities and expectations that have been placed on my shoulders. I will build on the strategies and management foundation that Yoshikazu Oshimi, the former president and current chairman, put in place and work to deepen existing businesses and expand the business portfolio with the objective of long-term growth for the Kajima Group.

The Kajima Group Medium-Term Business Plan (FY2021-2023) has just started, and we will work to steadily achieve the business targets for the initial year. Management and employees are committed to vigorously promoting the plan's measures, meeting the expectations of stakeholders, and making sure Kajima remains a company that is trusted by society and our customers.

Ever since the start of Kajima's business in 1840, people and technology have been central to its efforts to resolve social and customer issues. We continuously attract and retain customers by drawing on our technologies to conscientiously meet expectations. Taking a long-term perspective rather than focusing on immediate profits, we grow together with customers by earning their trust through solid proposals and outstanding work. Kajima has operated this way throughout its history, and will continue to do so. Our corporate value is a function of the trust we have earned by nurturing and passing on over many years the technologies that have made us a leader. Our corporate culture embraces continuous technological innovation, a commitment to quality, and sincerity.

In formulating our new Medium-Term Business Plan, we also drafted the Kajima Group Vision to share the Group's targeted direction both internally and externally. We need to attract diverse people and co-create value in collaboration with external resources to grow sustainably given the major changes in the business environment. In recognition of this, our Vision expresses Kajima's ideal of being a company that energetically incorporates external capabilities such as open innovation into its corporate culture, attracts diverse people who maximize their capabilities, proactively creates new value, and takes on challenges for the future.

Based on our Vision, we will address medium- to long-term issues such as human resource development, response to climate change and reform of our multilayer subcontracting structure. At the same time, we will strengthen our core construction and real estate development businesses, enhance our value chain, and expand into new business areas. In these ways, we will achieve growth qualitatively and quantitatively.

Kajima Group Vision ▶ Pages 16-17

Previous Medium-Term Business Plan Review and Market Environment Outlook

During Kajima Group Medium-Term Business Plan (FY2018-2020), which culminated on March 31, 2021, we diligently implemented initiatives and made investments relevant to medium- to long-term management issues such as concentrated research and development to enhance productivity, applying research findings to and conducting projects for new technologies, and expansion of the distribution warehouse business in the United States and Europe. Achieving our earnings targets for three consecutive years highlighted our performance.

ESG and sustainability are increasingly important management issues. I believe that efforts to address environmental and energy issues, among others, including securing construction personnel and ensuring strict compliance, must be ongoing. Moreover, the global COVID-19 pandemic is not over, so we are placing the highest priority on preventing the spread of infection and protecting our stakeholders in Japan and around the world as we maintain the continuity of our operations.

Regarding the outlook for construction demand, public investment in Japan should continue to be firm due to measures to help the country deal with intensifying natural disasters and aging infrastructure. The outlook for private capital investment in Japan is also favorable. While it will take time for the effects of COVID-19 to dissipate and some projects have been canceled or postponed, demand has been firm, partly due to needs related to redevelopment and renewable energy. Plans for large-scale redevelopment projects in Tokyo are still in place, demand remains significant in Osaka (the city that will host World Expo 2025), and redevelopment projects are scheduled for other major cities. We also see a strong push for capital investment in semiconductor-related projects and markets such as data centers.

We do not expect demand for office building construction to cool suddenly, but the use of space is changing significantly because of social distancing, contactless design, and free address workspaces. Space allocations will have to be expanded to accommodate social distancing if that becomes a normal work style in the post-COVID-19 era. We are cooperating in research led by RIKEN using the Fugaku supercomputer, and intend to explore what technologies we can provide based on our experience with COVID-19 and what society requires.

Overseas, we anticipate that the Southeast Asian market will need time to return to pre-COVID-19 levels, but economic growth will resume once the pandemic dissipates. The United States still has excellent economic growth potential and remains an important market for the Group. Our construction and real estate development businesses will aggressively serve markets such as rental apartments and distribution warehouses, for which the rise in e-commerce has been driving demand.

Digitalization

Digitalization is of the utmost importance in strengthening the construction business, which is the backbone of the Kajima Group. We will ramp up digitalization in terms of both hardware and software.

Construction industry engineering is more reliant on experience than manufacturing industries are because structures and conditions differ from site to site, with no two exactly the same. Digitalizing the implicit and personal knowledge of the construction process will enable Kajima's people to efficiently share internal wisdom and experience.

Aggregating experiential construction case data and using it effectively improves day-to-day work and the quality of the database. Doing so therefore has a positive effect on safety, environment, quality, delivery, and cost (SEQDC) because it results in faster construction with higher quality and lower cost. That enables employees and the Company to grow, which in turn attracts outstanding people. I would like to create this virtuous cycle. At the same time, aggregating and sharing failure data and examples of troubleshooting can create a key risk management tool.

It is essential that we aggregate and organize the enormous amount of data generated in each construction process and use it throughout the entire construction value chain, from upstream design and development to downstream maintenance and management. We intend to use this valuable data to create new, next-generation businesses.

Medium-Term Business Plan (FY2021-2023) – Forward-Looking Investment

The subtitle of our new Medium-Term Business Plan is Forward-Looking Investment. It highlights our intention to make aggressive forward-looking investments amid an intensely competitive market for the Group's future growth.

We are targeting consolidated net income of ¥95 billion for fiscal 2023, about the same as for fiscal 2020, to account for the expected impact of the COVID-19 pandemic. Longer term, we are aiming for further growth, with a net income target for fiscal 2024 and beyond of ¥100 billion or more, and ¥130 to

¥150 billion or more for fiscal 2030. The flat earnings that our plan calls for over the next three years will serve as a base for building further earnings in the future. Our focus will be on qualitative growth through means including improved construction processes and on preparations for significant growth in the years ahead. Basically, we intend to maintain earnings at a high level in the domestic construction business while implementing strategies to further increase earnings, while making ¥800 billion in investments, which is higher than the total set in the previous medium-term business plan.

The domestic real estate development business will continue leveraging Group construction technologies to make steady progress in expanding its scope of applications and services and engaging in projects in the Tokyo metropolitan area and major regional cities. The overseas real estate development business will increase investment in the distribution warehouse development business in North America and Europe, where it has already achieved good results. We will deploy the expertise and investment platforms that we have acquired to steadily invest and recoup investments within a cash-to-cash cycle of growing scale and returns.

Our new Medium-Term Business Plan establishes a Strategic Investment Budget of ¥60 billion. In addition to investment to enhance our construction capabilities and expand the entire value chain from development to maintenance and management, strategic investment will also be allocated to promising businesses that help resolve social issues in areas such as environment and energy, smart cities and smart societies, infrastructure management, and business continuity planning (BCP). We will also leverage our global network, ranging from Singapore to Silicon Valley in the United States, as we allocate investment for alliances with companies in different industries and with startup ventures. We plan to be flexible if we have not allocated sufficient funding for the Strategic Investment Budget, which we see as improving corporate value from a long-term perspective.

Strengthen Our Core Businesses

Strengthen Design-Build Capabilities

The proportion of design-build contract awards in total construction contract awards has increased in recent years. Customers think highly of our integrated design-build system, through which our design and engineering departments collaborate and coordinate with construction sites. This system works particularly well for the construction of large-scale mixed-use developments, pharmaceutical plants and other projects that require sophisticated engineering. It works just as well for semiconductor plants, data centers and other projects that have short construction timelines. Moreover, projects in our civil engineering business such as construction of offshore wind power generation facilities frequently require the application of engineering capabilities prior to construction.

Initiatives in upstream growth markets and focus markets have become increasingly important. We will enhance our technology and expertise along with our ability to coordinate and make decisions by linking data upstream and downstream within the construction value chain.

Improve Productivity

We want to evolve next-generation construction systems while further accelerating initiatives to improve productivity. We need to digitalize the capabilities of experienced skilled workers to move forward with programs including smart construction, automation, and remote construction. Digitalizing personal skills and knowledge will enable us to improve productivity and pass on such skills. In addition, digital technologies as exemplified by building information modeling (BIM) and construction information modeling (CIM) will contribute to enhanced quality and other benefits by enabling various simulations and real-time data use.

In building construction, we are moving ahead with the development of automation and mechanization technologies. Our initial targets are steel frame welding and fireproof coating application, two types of work that take place under harsh conditions, and are gradually applying these technologies to more construction sites.

Our civil engineering business is now using the A^4CSEL® ("quad axel") automated construction system that coordinates the remote and automatic control of numerous construction machines. It is currently in operation in Akita Prefecture for embankment casing at the Naruse Dam. We will expand the use of A^4CSEL to tunnel and road construction to accelerate work flow at those construction sites. This technology also holds promise for use in the construction of a lunar base. We will evolve the automated construction and robotic technologies that we are currently developing to create construction sites that are sophisticated, innovative and attractive to work at. Furthermore, we will take on the challenge of making the dream projects of today into realities.

One look should tell you that our construction sites are completely different than before. The construction industry has been slower than manufacturing to deploy technologies such as automation and robotics. However, progress has been accelerating in the last few years, and one by one, cutting-edge technologies and equipment are being introduced at construction sites. We will continue to leverage open innovation, proactively incorporate knowledge from around the world, and conduct demonstration tests in advance of introduction.

Building Skyscrapers Is Part of Our Heritage

We began dismantling the World Trade Center Building (Minato-ku, Tokyo) in August 2021. This is the second skyscraper that Kajima built after the Kasumigaseki Building, at the time when Japan began putting up skyscrapers. We are known in Japan as a leader in skyscrapers because of our involvement in many skyscraper projects, and the current dismantling work is a milestone in the era of replacing these structures. This will be the first time in Japan that a skyscraper

World Trade Center Building under construction in 1969 (Minato-ku, Tokyo)

over 150 meters in height has been demolished. We are marshalling our entire technology portfolio for the project, which is made even more difficult by its close proximity to major transportation arteries such as the Yamanote Line, Shinkansen lines, and the Tokyo Monorail Haneda Airport Line.

Skyscraper renewal can involve demolition and reconstruction, but it can also involve upgrading existing structures to add new functions and utility. As we did at Shinjuku Mitsui Building, Keio Plaza Hotel Tokyo and Yebisu Garden Place, we can install a seismic damping system, a Kajima technology that improves seismic performance while the building is in use. This approach is increasingly common, and we are further improving technologies that make greater use of existing buildings. Skyscrapers have resolved the social issue of office demand in Japan, where land is scarce and expensive, with technology for constructing flexible structures that can withstand earthquakes. When the time comes to renovate or rebuild skyscrapers, we want to deliver new value by fully drawing on our experience in building skyscrapers and by resolving issues through initiatives that fully employ our construction technologies. Kajima will continue to be a frontrunner in this market.

Expand into New Business Areas

Enhance the Value Chain

We enhance systems that can provide value to customers in all phases of construction and real estate development. We are evolving as a company that is functionally capable of providing integrated, end-to-end services in the construction industry, from upstream development, design and engineering to downstream interior finishing and building management. BIM and CIM are tools we can use throughout the value chain. We will leverage these technologies to enhance and deploy the comprehensive internal capabilities of the Kajima Group, ranging from development planning to design, construction planning, estimation, construction, maintenance, management and operation.

In the area of maintenance, management and operation, we will enter the infrastructure operation business as a new area to complement our building management business. We will use these businesses as a venue for demonstrating and establishing new technologies such as environmental technologies. We will also create new businesses by building and using databases.

Overseas Business Platform

Our construction and real estate development operations are local businesses, so we can only expect business continuity and expansion if we take root in local communities and build relationships with them. The Kajima Group initiated overseas operations as a partner supporting the overseas expansion of Japanese manufacturers, then developed those operations into a full-scale business. Since the 2000s, we have been using M&A to localize, secure outstanding people, acquire promising repeat customers and build a network of partner companies. Currently, we are involved in construction and real estate development and operation in various countries. We have been building a platform through M&A and business alliances that generates synergies between construction and real estate development across multiple business models. It currently encompasses distribution warehouse developer CORE5 and rental apartment developer Flournoy in the United States; a hotel and other property development joint venture with Indochina Capital in Vietnam; and a distribution warehouse development joint venture with Panattoni in Europe. We are also enhancing lateral relationships throughout our global network.

Going forward, we will continue to build this platform in the future while promoting open innovation with companies in different industries, led by The GEAR,* now under construction in Singapore. We intend to expand further into new businesses as a unique company with construction and real estate development operations worldwide.

* An innovation center for business and research and development that will promote technological innovation and business management in the Asia-Pacific region.

Smart Cities and Smart Societies

We are implementing smart city initiatives in collaboration with companies in different industries, universities and other organizations. Building and operating a smart city involves using leading-edge AI and IoT technology and sophisticated management such as urban operating systems to create new value and resolve issues in areas ranging from energy and healthcare to lifestyles and transportation systems.

Haneda Innovation City is a pioneering smart city. The first phase of construction has been completed, and the second phase has begun. Kajima is leading this urban development project that encompasses autonomous driving and medical welfare. Moreover, we are implementing our smart society concept with initiatives that allow Shikaoi-cho, Hokkaido

Prefecture and Miyakonojo-shi, Miyazaki Prefecture to autonomously produce energy for local consumption. The projects aim to generate electricity from biogas to power local factories and the like. The biogas will be produced using materials that had previously been going to waste: in Shikaoi-cho, from livestock excreta, and in Miyakonojo-shi, from distillation by-products provided by Kirishima Shuzo Co., Ltd. Shikaoi-cho is also taking on the challenge of structuring a hydrogen supply chain. Through these initiatives, we are acquiring experience and knowledge that we intend to deploy in commercializing projects and expanding their service areas.

We will therefore continue to explore and test our smart city objectives, the implications of the smart society concept, the technological capabilities we can exercise to meet social needs, and the new technologies we should develop.

Business Platform

Human Resources

Based on our new Vision, we have begun collaborating with startup ventures and research institutes in Japan and overseas to create an environment in which diverse people can work together to achieve new value. Going forward, we intend to create additional opportunities to interact with people from external organizations. Committed to diversity, we have been hiring women and improving our work environment to promote their active involvement and advancement. We therefore expect many female employees to join the ranks of management in the future. In addition, most of the presidents and executives of overseas subsidiaries are not from Japan, and many executives are women.

We can only secure outstanding people if we are an attractive company that offers good work-life balance and accommodates diverse work styles. Results, correct measurement of those results, visualization of workflows and digitalization are far more important than the amount of time spent on the job. We certainly will not fall back on the excuse that construction is purely engineering acquired through experience on construction sites. Instead, we will create workplaces that empower diverse work styles. Aside from hardware aspects such as robotization, the degree to which we can digitalize work is key.

Our approach to employee education will involve not just on-the-job training from experienced employees, but will also encompass teaching how to use digital information technologies and passing on this technical knowledge. We will also shorten work hours by improving operational efficiency and truly transforming our approach to work.

Reform Our Multilayer Subcontracting Structure

The multilayer subcontracting structure has problems such as ambiguous organizational responsibility, a lack of transparency in the payment of wages and reduced quality and safety management capabilities. A construction organization limited in scope to secondary subcontractors will ameliorate these problems, improve the treatment and compensation of skilled construction workers, and help attract younger workers. To make construction a sustainable industry, we will promote reform of the multilayer subcontracting structure. However, it will not be easy, as this structure has been the norm in our industry for many years.

Address Climate Change and Take On the Challenge of Carbon Neutrality

Climate change has tended to intensify natural disasters in recent years. The mission of the construction industry is to support a safe society where people can live with peace of mind by providing technologies and services that help to prevent and mitigate disasters, and to mobilize all resources for recovery when a disaster occurs. In addition to conducting design that takes sudden rainstorms and large typhoons into account, we will focus on using software to provide new value—for example, more sophisticated hazard maps and services that support business continuity plan formulation, such as damage and impact forecasts and recovery scenario formulation. Moreover, we have begun providing the q-NAVIGATOR® system as a standard feature. This system determines the degree of building safety in real time in the event of a disaster.

At the same time, the worldwide move toward carbon neutrality is accelerating. The Kajima Group has declared that by fiscal 2030 it will reduce CO_2 emissions by 50% compared with fiscal 2013. We also aim to achieve carbon neutrality by fiscal 2050. We are reducing CO_2 emissions from our businesses by deploying our proprietary Environmental Data Evaluation System (edes) to use data collected from all construction sites in Japan in initiatives to reduce CO_2 emissions. Previously we were only taking sample data from some sites. Without actual data from all sites, we were not able to formulate effective emission-reduction measures. Going forward, we intend to achieve our emission reduction targets by using data from all construction sites to implement effective measures tailored to the differing conditions of each construction site.

We plan to use carbon offsets to cover any shortfalls in CO_2 emission reductions. Options include carbon credits from internal renewable power sources and forests that Kajima owns. In addition, we will further enhance CO_2-SUICOM®, which is concrete that absorbs CO_2 during the manufacturing process, and accelerate its application in actual projects.

We will also proactively help customers reduce emissions. In addition to providing buildings that incorporate energy-saving designs, we will cut emissions during construction and employ decarbonized and low-carbon materials.

Create New Business Areas by Resolving Social Issues

The Kajima Group will endeavor to contribute to society while conducting business. We will harness our corporate philosophy

Safety patrol (Photo: Shinjiro Yamada)

of striving to continually advance our business operations and contribute to society through initiatives including the creation of new business areas that resolve social issues. We realize that the world expects the Group to show its willingness to address the needs of society in line with the United Nations' Sustainable Development Goals (SDGs).

Kajima is a construction company that focuses on areas where social and customer needs are increasing, including erosion and flood control, the development of social capital through road and bridge construction, and the reduction of CO_2 emissions. We also ask ourselves how we can contribute to society through our businesses in the future. In tandem with the formulation of our Vision and new Medium-Term Business Plan, we revised our material issues and once again clarified our direction. The core strategies of the new Medium-Term Business Plan are all linked to material issues.

To Our Stakeholders

Compliance

A former Kajima employee associated with reconstruction work in the Tohoku region received money from partner companies. In connection with this, the former employee was indicted without arrest for violating the Income Tax Act, and the government agency that ordered the construction and other agencies issued a suspension from designated bidder lists. We deeply apologize for the great concern caused to all related parties due to the suspension from designated bidder lists as well as some media reports. Kajima deeply regrets the events and has clarified that in dealing with partner companies, accompanying partner company employees for dining, golf and other entertainment is prohibited. In addition, these events were brought to the attention of all officers and employees as a wake-up call. We will continue striving to systematically ensure fair, appropriate transactions and relationships with partner companies.

Our Board of Directors includes outside directors who supervise Kajima management from an external objective perspective and voice points for improvement. In particular, they insist upon thorough compliance. We consider this to be the highest priority for Kajima's management team, who must take the lead. Given the recent incidents, as president I will take responsibility for enforcing thorough compliance. Compliance is a prerequisite for our continued existence as a company, and we intend to ensure that it is embedded in the corporate culture of the Kajima Group.

"Anything one person can imagine, other people can make real."

I want Kajima to break with the stereotype held by many in the construction industry and within Kajima that the construction industry is special and cannot be like other industries. Getting rid of the belief that "it cannot be done because this is the construction industry" will involve changing our mindset in ways such as full use of digitalization, robotization, automation and other IT, eliminating multilayer subcontracting, ensuring safety at construction sites and shortening work hours. Moreover, we must start thinking of how we can change "because we are Kajima." The late Director and Senior Advisor Shoichi Kajima often quoted Jules Verne in saying, "Anything one person can imagine, other people can make real." This truly represents the attitude we need in taking on challenges as a technology-driven company, and an attitude that we need to deeply inculcate Group-wide.

Closing Thoughts

Based on our recently implemented Vision and Medium-Term Business Plan, Kajima's management team will draw upon a wide range of internal and external opinions in discussing, finalizing and executing growth scenarios for the Group. We will do our utmost to earn the trust of our stakeholders and continue to grow as a company. Thank you in advance for your ongoing understanding and support.

Kajima's Envisioned Future

History of Kajima

Since its establishment in 1840, Kajima has created venues for human life and endeavor. This has included the development of social infrastructure such as railways and dams as well as office, commercial and residential facilities. Through our construction business, we have helped to build a society where people can live safely, securely and comfortably.

Since the end of Japan's Edo period, through each imperial era (from Meiji, Taisho, Showa and Heisei to the current Reiwa), Kajima has been known for its leadership in fields ranging from Western-style buildings to railways, dams and skyscrapers. This attests to the ability of our businesses to meet contemporary demands, continuously passing on an enterprising spirit that remains ahead of the times to take on the challenges of the future with technology.

Building for the Next 100 Years

We will pioneer a new era by carrying on the traditions of technology and quality created by our predecessors, and our history of resolutely taking on the challenges of the future.

Expansion into Overseas Business

Branching Out into Real Estate Development

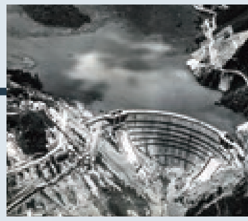
Leadership in Building Skyscrapers

Leadership in skyscraper technology

Kasumigaseki Building (first skyscraper in Japan)

Leadership in Civil Engineering

Began building dams and hydroelectric power plants

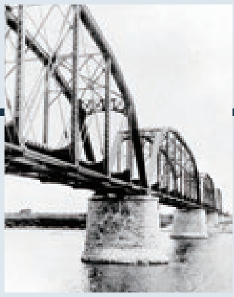


Kamishiiba Dam (first arch dam in Japan)

Meishin Expressway (first expressway in Japan)

Leadership in Railways

Began railway construction subcontracting



Agano River Bridge

Tanna Tunnel

Tokyo Monorail Haneda Airport Line

Foundation and Leadership in Western-Style Buildings

1840 1860 1880 1900 1920 1940 1960

Businesses That Continue to Meet Contemporary Demands

Began as a local carpenter in Edo (former name of Tokyo), and subsequently became the official carpentry firm for the daimyo's residence. Thereafter expanded business to Yokohama, where it constructed the first trading houses for foreign firms in Japan, gaining a reputation as a pioneer in Western-style architecture.

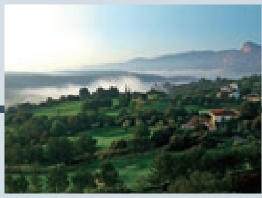
Ei-Ichiban Kan (English House No. 1)

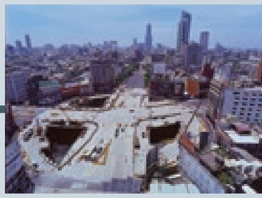
Involved in the railway construction subcontracting business in Japan from the very start. Railways were a symbol of the modern age for the country. Subsequently began constructing dams to meet growing demand for electricity.

First in Japan's construction industry to open a technical research institute

Built the first skyscraper in Japan, where earthquakes are frequent, and established a reputation as a leader in skyscraper technology. Subsequently constructed buildings featuring seismic damping systems.


Redeveloped Little Tokyo (Los Angeles, USA)

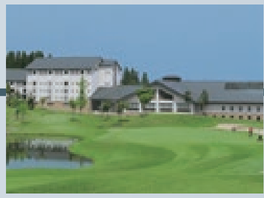

Les Domaines de Saint Endréol (France)


Kaohsiung MRT Systems Red Line Section C4 (Gaoxing)

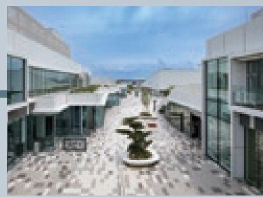

Senayan Square (Indonesia)

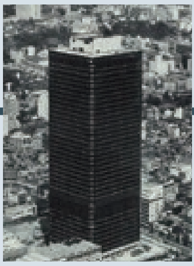

The Woodleigh Residences mixed commercial and residential development (Singapore)

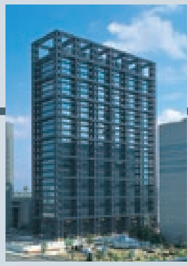

Shiki New Town

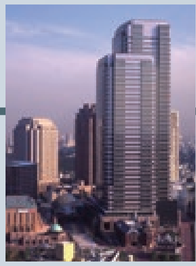

Atema Highland Resort Belnatio


GranTokyo, Yaesu Exit, Tokyo Station


Haneda Innovation City


World Trade Center Building


Osaka Tokio Marine & Nichido Building


Yebisu Garden Place


Tokyo Midtown Hibiya


Otemachi One


Honshu-Shikoku Bridge Project


Tokyo Bay Aqua-Line


D-Runway, Tokyo International Airport (Haneda)


Koishiwaragawa Dam


Tobu Isesaki Line
Kita-Senju Station Improvement


East Japan Railway Company
Ueno-Tokyo Line


Kyushu Railway Company
Kumamoto Station Building, Addition of Floors

1980 2000 2020

Built large-scale mixed-use developments in various locations that leveraged the Company's technological skills and comprehensive capabilities as a general contractor-developer with both design and construction capabilities.

The first Japanese construction company to enter overseas markets, actively expanding its overseas construction and real estate development businesses in line with the progress of globalization.

Kajima's Envisioned Future

The Kajima Group's Businesses

The Kajima Group has established regional headquarters in North America, Asia, Europe and Oceania in addition to Japan, and has contributed to the development of industry and the economy through its construction, engineering, real estate development and other businesses. Starting with the advanced construction technologies we have cultivated since our founding, our businesses deploy capabilities from pre-planning, development, design and engineering in the upstream part of the construction value chain to downstream maintenance and management. In doing so, we provide communities and customers around the world with urban spaces, buildings and infrastructure built to the highest standard.

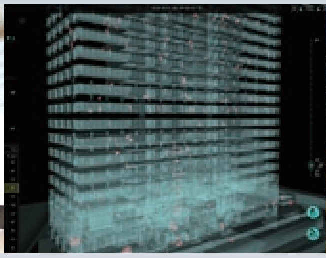
Pre-Planning & Development
- Survey
- Marketing
- Project planning
- Business planning
- Finance
- Master planning

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

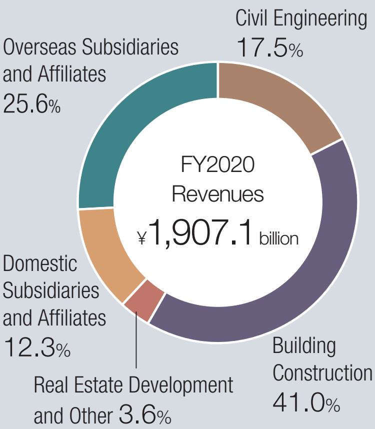
Construction
- Procurement
- Construction planning
- Construction management
- Construction supervision

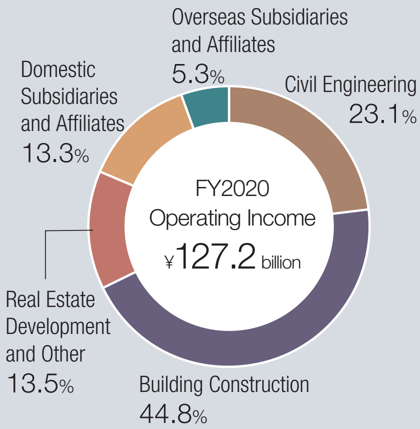
Operation & Management
- Building management
- Asset management
- Facilities management
- Property management
- Securitization of assets

Maintenance & Renovation
- Maintenance
- Renovation

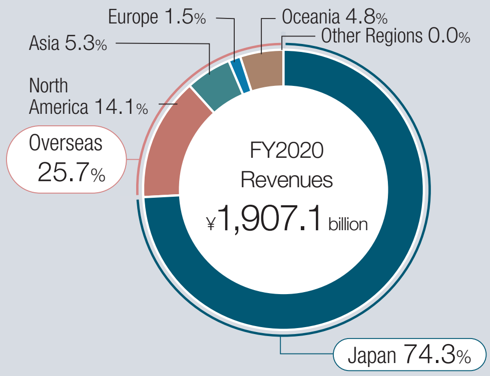



Revenues and Operating Income by Segment





Revenues by Region



Kajima Corporation

Civil Engineering Business
▸ Pages 30-31

Design and construction of infrastructure such as dams, bridges, tunnels and highways. We are also involved in construction of renewable energy facilities for a carbon neutral society.

Building Construction Business
▸ Pages 32-33

Design and construction of buildings such as offices, production facilities, laboratories, hospitals and schools. We are stepping up our handling of renovation work in anticipation of market expansion.

Real Estate Development Business and Other
▸ Pages 34-35

Domestic real estate development, sales and leasing businesses. We conduct businesses that leverage our technological capabilities and network, mainly in the Tokyo metropolitan area and Japan's core regional cities.

Domestic Subsidiaries and Affiliates
▸ Page 39

We conduct a wide range of businesses in the upstream and downstream fields of construction, such as specialized construction including road paving, ground improvement, interior design and equipment, as well as survey and design, building leasing, BIM support and building management.

Overseas Subsidiaries and Affiliates
▸ Pages 36-37

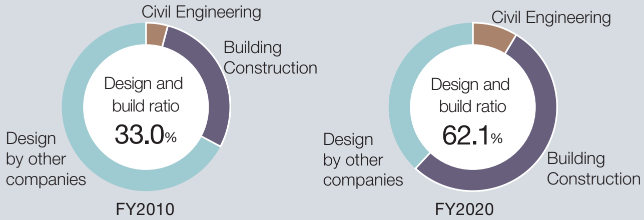
We conduct building construction, design, real estate development and other businesses, mainly in North America, Asia, Europe and Oceania. We are expanding our business domains and building a global network through alliances with overseas companies, M&A and other measures.

Construction Business

Our domestic operations are organized into 12 branches throughout Japan, with each branch acting as a single management unit comprising sales, construction and administrative departments. They form an organization of partner companies to conduct business activities rooted in the local community. The Kajima Group's construction capabilities are also enhanced by subsidiaries and affiliates with superior technologies in specialized fields.

We have earned the trust of our customers due to our R&D capabilities for creating cutting-edge technologies, engineering capabilities for building production, logistics and research facilities with high functionality and productivity, and our high-quality design capabilities in all areas of building construction and civil engineering, including buildings (design, structures, equipment, etc.) and infrastructure facilities (foundations, structures, underground spaces, etc.). As a result, the percentage of design and build projects in which we participate from the initial stages has increased in recent years. In addition, our subsidiaries and affiliates in charge of building management are involved in projects from the planning and design stages, and use their knowledge of building operations to provide optimal construction services that meet the true needs of society and customers.

Ratio of Design and Build Projects in Total Contract Awards (Non-Consolidated)



In the overseas building construction business, which is conducted through local subsidiaries, we are acquiring human resources, customers and high-value-added technologies as well as expanding our construction system through alliances with local companies and M&A. In the overseas civil engineering business, which is under the direct control of Kajima Corporation, we are utilizing the technologies we have cultivated in Japan with the aim of making an ongoing contribution to the countries and regions in which we operate and continuing to earn trust.

Real Estate Development Business

Through active investment in real estate development in Japan and overseas, the real estate development business has established itself as a core business along with building construction.

Based on its strength in construction technologies, the Kajima Group's real estate development business has generated many high-quality projects in Japan and overseas. In Japan, we are diversifying our portfolio of regions and uses, with a focus on offices in the Tokyo metropolitan area. We are also utilizing REITs managed by a subsidiary to expand profit opportunities in property management and other service-oriented businesses. Overseas, our local subsidiaries maintain the human resources and networks to conduct a variety of businesses based on the market characteristics of each region, including short-term merchant development projects and long-term holding businesses.

Kajima's Envisioned Future

Value Creation Process

The Kajima Group will use its strengths in areas such as social infrastructure, urban development and building construction as the base to reinforce its core businesses and take on challenges to create new corporate value in response to the dramatic changes taking place around the world. By doing so, we aim to help resolve social issues and achieve sustainable growth.

Social Issues and Global Trends

INPUTS

Financial Capital
- Owners' equity: ¥874.8 billion
- Interest-bearing debt: ¥317.0 billion

Human Capital
- An unrelenting aggressive, enterprising spirit
- 18,905 Group employees
- Qualified personnel*:
  873 professional engineers, 2,390 first-class architects, 1,882 first-class civil engineering works execution managing engineers and 2,578 first-class building operation and management engineers

Intellectual Capital
- A^{4}CSEL automated construction system
- Kajima Smart Future Vision
- An open innovation network spanning Japan (Kajima Technical Research Institute), Singapore (KaTRIS) and Silicon Valley in the U.S. (technology investigation base)
- R&D investment of ¥49.0 billion (FY2018-2020 total)

Manufactured Capital / Social and Relationship Capital
- The construction industry basically has no manufacturing facilities
- Partnerships with customers and the companies we work with
- Approximately 940 companies in Kajima Business Partners' Association, and 4,500 companies in Rokueikai
- Multi-dimensional global network rooted in local communities

Natural Capital*
- Energy usage: 779 GWh
- Water: 1.02 million m^3
  Main construction materials: 1,951,000 t

Kajima Group Strength

Comprehensive capabilities in the construction and real estate development businesses, in which highly skilled experts coordinate all phases of construction and development

- Design capabilities
- Construction capabilities
- Business creativity
- Proposal capabilities
- Customer responsiveness

×

Core Businesses

Construction | Real Estate Development

A business model centered on the construction and real estate development businesses that offers added value throughout the entire lifecycle of buildings and infrastructure

▶ Pages 14-15

Sources of value creation

Human resources and technology

Corporate culture nurtured over our long history

Safety and health | Environment | Quality

SEQ Policy ▶ Page 79

Note: Figures are as of March 31, 2021
* Kajima Corporation only

Kajima's Corporate Philosophy ▶ Page 1

Kajima Group Vision ▶ Pages 16-17

Material Issues ▶ Pages 18-19

Goals for 2030

Medium-Term Business Plan (FY2021–2023) ▶ Pages 22-25

OUTPUTS

The Kajima Group's Businesses

▸ Pages 10-11

- Civil Engineering
- Building Construction
- Real Estate Development
- Overseas Operations
- Domestic Subsidiaries and Affiliates

Strategies by Business Segment

▸ Pages 30-39

OUTCOMES

Financial Capital

- Net income attributable to owners of the parent: ¥98.5 billion
- Return on equity: 11.8%
- Dividend payout ratio: 28.0%

Human Capital

- Promotion of flexible work styles
- Diverse workforce
- Number of female employees in managerial positions: 164*
- Percentage of employees working at overseas subsidiaries and affiliates: 30.6% (consolidated)

Intellectual Capital

- Promotion of open innovation
- Number of patents registered: 231*
  Number of patents published: 256*

Manufactured Capital / Social and Relationship Capital

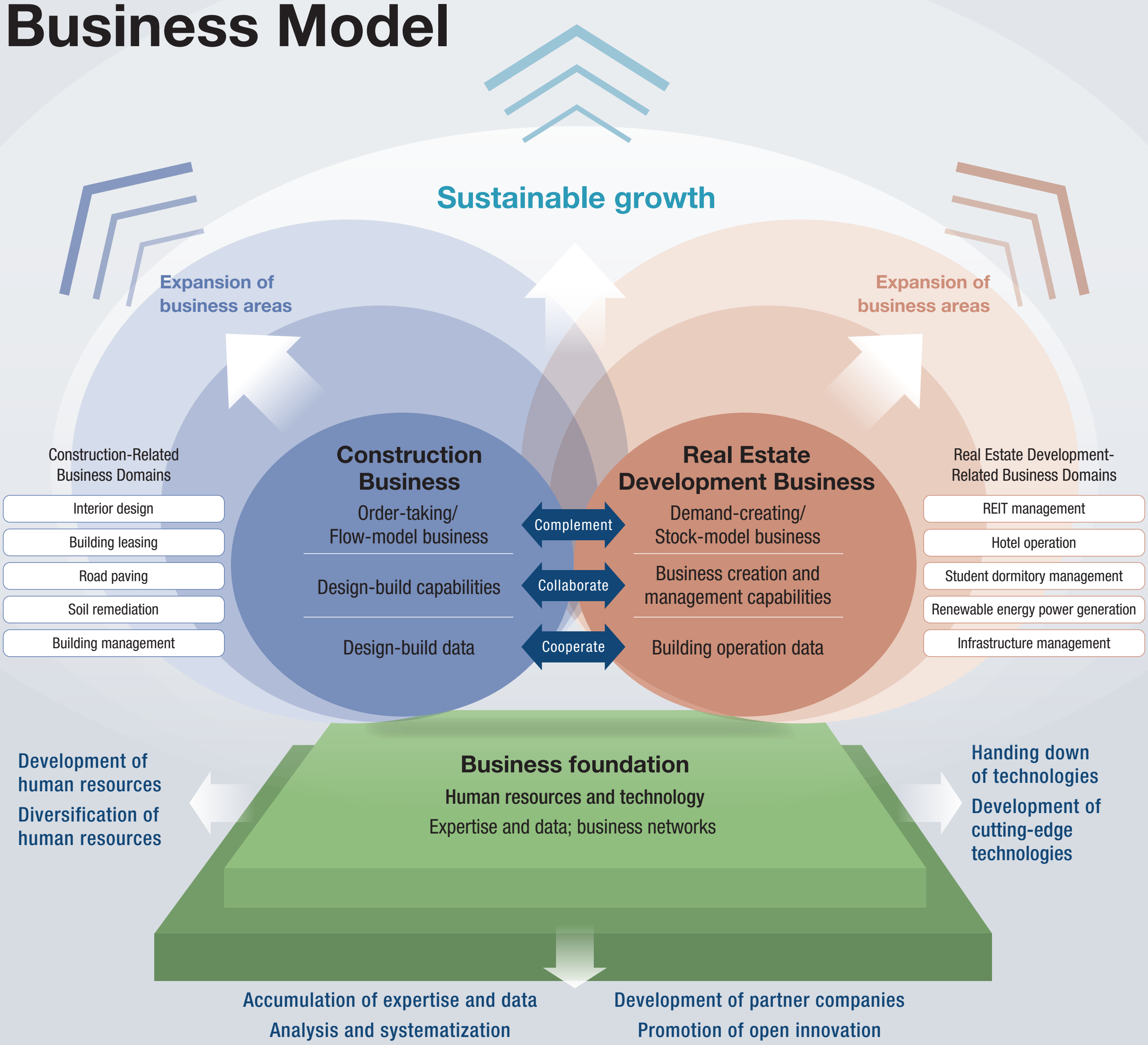
- Safety of construction sites
- Securing workers in the construction industry over the medium to long term
- Reform of multilayer subcontracting structure
- Revitalization of local communities
- Promotion of smart society initiatives
- Overseas revenues/Total revenues ratio: 25.7%

Natural Capital*

- Reduction in CO_2 emissions per unit of sales attributable to construction at domestic construction sites: 37.3% (compared with FY2013)
- Final disposal rate for construction waste: 2.5%

Kajima's Envisioned Future

Business Model



The Kajima Group is pursuing sustainable growth centered on the core businesses of construction, on which it was founded, and real estate development, which it has cultivated since the 1980s.

As the construction business is an order-taking business, revenues are predictable over the medium term, but contract awards are susceptible to trends in corporate capital expenditure and public investment. Moreover, there is a risk of cost fluctuations depending on the balance between supply and demand of labor, materials and equipment sourced from outside the Company.

The real estate development business is a capital-intensive investment business, a different business model from the labor-intensive construction business. In addition, the real estate development business grows by deploying cash generated by the construction business, and contributes to business performance as a stable source of income. This business recoups investments and earns high profits by selling assets when market conditions and performance trends are optimal.

In this way, the differing characteristics of the construction business and real estate development business complement each other and provide stability to the Kajima Group's operations.

The design-build capabilities of the construction business ensure quality and construction schedules in the real estate development business. Likewise, business creation and management capabilities of the real estate development business, such as expertise in acquiring permits and licenses, help to strengthen proposal capabilities and expand order opportunities in the construction business. In addition, we believe that maximizing the synergy between the construction and real estate development businesses, such as by creating new business opportunities through the coordination of design-build data and building operation data, leads to sustainable growth.

The Kajima Group will expand to related business domains and develop business globally by positioning the construction and real estate development businesses as growth drivers. This will enable us to acquire diverse human resources, cutting-edge technologies, and high value-added expertise and data, as well as to build a solid business foundation by expanding our networks with customers, partner companies and co-creation partners. Supported by that business foundation, the Kajima Group will continue to evolve and grow through a virtuous cycle aimed at further business expansion.

A Project Combining Construction, Real Estate Development and Digital Tech

Yokohama Gate Tower

Project Overview

The Yokohama Gate Tower Project involves the construction of a mixed-use development project centered on an office building with a total floor area of more than 80,000 square meters. Three companies—Kajima Corporation, Sumitomo Life Insurance Company, and Mitsui Sumitomo Insurance Company, Limited—are co-developing the project.

In addition to highly functional rental office space that can be used for head offices and R&D centers, it will have rental conference rooms, clinics and other facilities to provide a comfortable environment for office workers. It will also include a planetarium, a new landmark for Yokohama that is expected to be a major attraction. Moreover, the building features high-performance seismic damping that provides excellent disaster prevention functionality, thus contributing to a safe and secure community. The building also has disaster support functions such as a temporary shelter space for people who are stranded after an earthquake or other disaster.

Kajima is also cooperating with the City of Yokohama in various measures to contribute to achieving the SDGs. These include relocating the Yokohama SDGs Design Center to Yokohama Gate Tower. The center is an intermediary support organization that tackles issues related to the SDGs, and the publicity of SDGs Future City initiatives.

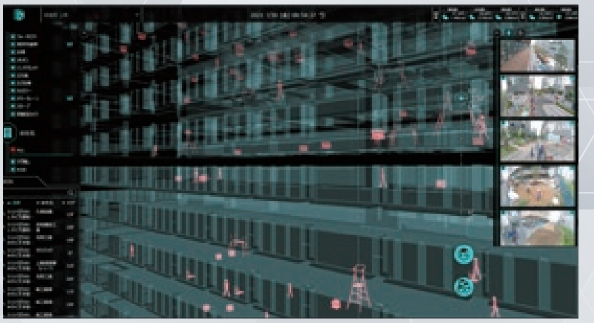
Location:	1-2-5 Takashima, Nishi-ku, Yokohama City
Access:	6-minute walk from Yokohama Station, 1-minute walk from Shin-Takashima Station on Minatomirai Line
Site area:	9,307.95 m^2
Total floor area:	Approx. 84,000 m^2
Uses:	Offices, crowd attraction facilities, stores, parking
Structure and scale:	Steel-frame structure (seismic damping structure) with one basement floor and 21 floors above ground
Design:	Kajima Corporation
Construction:	Joint venture of Kajima Corporation, Tekken Corporation and Omata KK. Corporation
Construction schedule:	Construction started in April 2019, with completion scheduled for October 2021, and grand opening planned for March 2022

Group Initiatives on Technologies for Realizing the Kajima Smart Future Vision

From the building planning and design stage, Kajima has taken advantage of its participation in this project as a project owner to implement an advanced construction process that deploys digital technology. We have employed on-site welding robots to increase productivity while achieving a level of quality on par with the work of a veteran welding technician. In addition, we have used BIM in design-build projects to increase productivity and create a new construction management process. BIM is utilized in the equipment and materials location management function of 3D K-Field,[1] the pour volume control of our concrete placement management system, and the sharing of renderings in GENAR,[2] in addition to adjustment of coordination drawings that centralize architectural, structural, and mechanical and electrical equipment design information, and interference checking to detect intersections of design elements.

Kajima also introduced a multi-monitor smart construction office, and adopted a variety of new digital construction technologies, including a personnel entry and exit management system, a system for managing entry and exit of vehicles at the construction site, an interior construction process management system, a vital sign sensor health management support system, and a remote product inspection system. These systems improve worker efficiency and occupational health and safety conditions at the construction site.

Furthermore, we tapped into our in-house real estate development projects in utilizing the construction site as a test bed for demonstrations of technologies including a fireproof coating spray robot, a floor concrete finishing robot, an AI cleaning robot, an exterior mounting assist machine, and an indoor patrol drone. This has helped to advance technological development. In total, we introduced and tested 34 new technologies in cooperation with a wide range of co-creation partners both in and outside the Kajima Group, such as Kajima Kress Corporation and SoftBank Corporation. The Kajima Group is making concerted efforts to achieve the Kajima Smart Future Vision,[3] which is aimed at innovating construction processes with digital technology.



1. A system for visualizing conditions of the construction site in real time. It uses BIM to display the location of equipment, materials and people in a 3D spatial model of the building.
2. A system that enables users to confirm that post-construction appearance is as envisioned by superimposing a computer-generated image from BIM design information onto an image of the actual conditions in front of them
3. A plan to achieve a 30% improvement in productivity by fiscal 2024 based on the core concepts of “half of the work with robots,” “half of project management done remotely,” and “digitalization of all processes”

Kajima Group Vision

The business environment surrounding the Kajima Group has changed rapidly due to a transformation in the industrial structure, people's lifestyles, behaviors and values, as well as global climate change, carbon neutrality and advancements in digitalization. In addition, the ongoing COVID-19 pandemic is having a dramatic impact on the entire world, accelerating the pace of social, economic and technological change.

To ensure the sustainable growth of the Kajima Group amid this business environment, Kajima recognizes that it must attract diverse human resources and co-create value in collaboration with external resources. This is the understanding behind the Kajima Group Vision, which 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

Openness

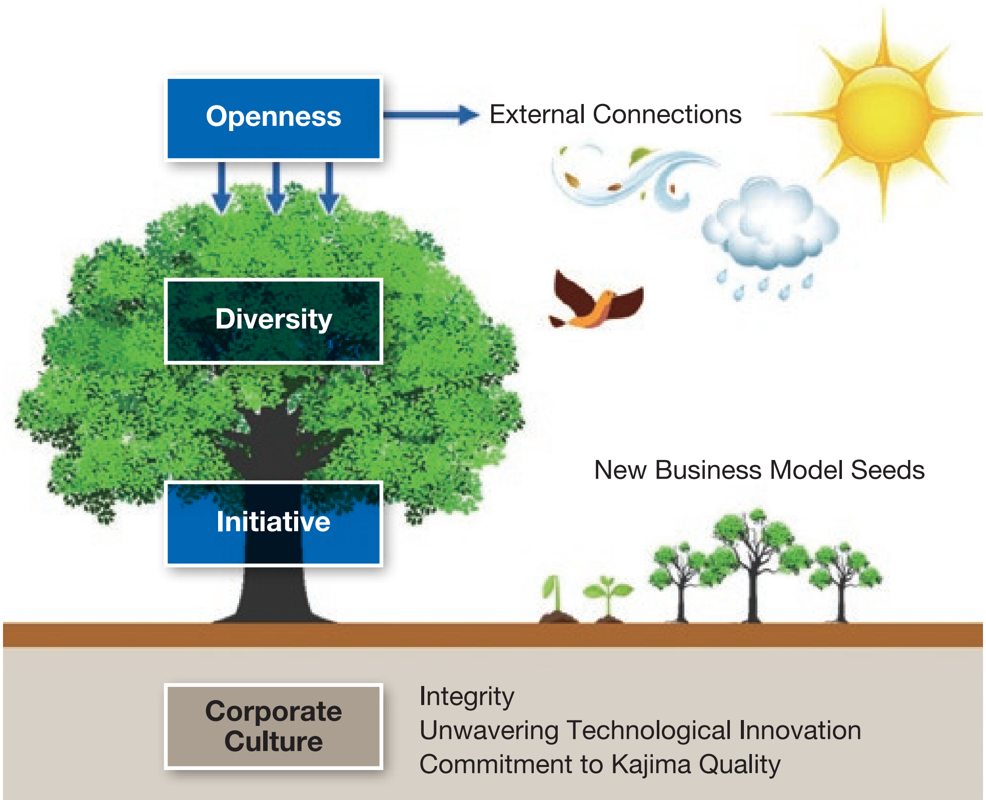
Having the ability to adapt to changes by seeking external resources and stimuli necessary for business creation and research and development

Diversity

Placing importance on diverse human resources and work styles, and having the receptiveness to recognize sharp ideas and different values

Initiative

Being able to take the initiative and having the creativity to put together mechanisms for new value areas



Positioning of the Corporate Philosophy, Vision, Material Issues and the Medium-Term Business Plan

Corporate Philosophy

Kajima Group Vision
Kajima's long-term objective

Material Issues
Important issues for improving corporate value and achieving sustainable growth together with society

Goals for 2030

Medium-Term Business Plan (FY2021–2023)
Important measures and financial targets to be achieved in the next three years

The Vision Statement incorporates two values—
respecting the past and embracing challenges for the future.

Respecting the Past	Passing on the passion, relationships and trust of employees, customers, society and craftsmen, and the traditional technology that Kajima has cultivated as a technology-driven company, to the next generation as a source of new value creation
Embracing Challenges for the Future	To ensure sustainable growth, constantly pursue self-improvement by leveraging the power of ideas, and remain committed to providing a sense of excitement and expectation by making imagination and amazement a reality

When communicating how practicing the values will lead to the achievement of the Vision, a helpful metaphor is that of trees, representing the Kajima Group, growing into larger trees.

The soil beneath the trees represents our corporate culture. It expresses the integrity, unwavering technological innovation and commitment to Kajima quality that define the Kajima Group's heritage, which respects people and appreciates the worth of technology.

The tree trunk represents the initiative to not limit ourselves to our existing construction contracting business, but to have the creativity to enter business areas from upstream to downstream sectors of the construction value chain, or new business domains.

The branches and leaves of the tree represent diversity. We place importance on diverse human resources and work styles, and have the receptiveness to accept cutting-edge ideas and different values.

The sun, rain, wind and bird represent our external connections, and the nourishment we receive from outside represents openness. Rather than falling into a "go-it-alone" mentality, we seek external resources and stimuli necessary for business creation and research and development, and have the ability to adapt to change. The various small trees starting to grow from the soil represent the buds of new business models.

These three elements—initiative, diversity, and openness—are essential for the Kajima Group going forward. To grow the "Kajima Group tree," we will place highest priority on developing human resources and organizations with these elements.

HIGHLIGHT

Formation of Cross-Divisional Task Force to Create the Vision

A task force consisting of 20 mid-level and junior employees recommended by each division was put in charge of defining the Vision.

The task force members considered the Company's goals and the ideal society it wants to create through its businesses, and set about designing a vision to achieve them. From the beginning, members paid attention to points such as how to foster pride in employees, how to gain empathy from those outside the Company, whether values (likes and dislikes) were clear, and whether Kajima's identity was expressed. The task force worked for over two months, from November through December 2020.

The members discussed both a purpose-oriented vision (how we will shape society and the world) and an identity-oriented vision (what we will continue doing), and held in-depth discussions on ideas that resonated with members and on what and how we should proceed to implement them.

This Vision will serve as a foundation and compass for all Kajima Group employees so that they will be on the same page and pursue creative development.

Having been designed solely by employees, the Vision might seem unrefined and unsophisticated. However, because it is not a polished, sophisticated expression that a professional would come up with, it will resonate with internal and external stakeholders, including employees and students who wish to join the Company in the future. By spreading the Vision among its stakeholders, Kajima aims to better attract diverse talent.

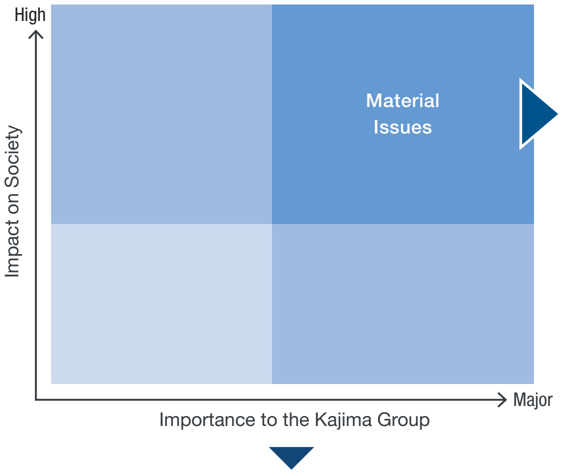
Kajima's Envisioned Future

Material Issues

In July 2019, we looked at the relationship between the Kajima Group's business activities, the measures in Medium-Term Business Plan (FY2018-2020) and social issues, starting with the SDGs. We then grouped the results into seven categories to identify our material issues for both solving social issues and achieving sustainable growth for the Kajima Group. In March 2021, in conjunction with the formulation of the Kajima Group Vision and Medium-Term Business Plan (FY2021-2023), we revised these material issues to take into consideration significant changes in the social environment, including the COVID-19 pandemic and accelerating shift toward carbon neutrality.

Determination of Material Issues

Issue Mapping



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.

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
- Preserving biodiversity
- Promoting resource recycling

5 6
- Assuring and improving quality
- Increasing labor productivity
- Improving employment conditions for skilled workers
- Nurturing human resources
- Strengthening partnerships
- Ensuring occupational safety
- Championing diversity

7
- Conducting fair business practices
- Ensuring compliance
- Respecting human rights

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 Kajima Group Vision and the new 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. Reflect changes in the new Medium-Term Business Plan and obtain approval from the Board of Directors

WE SUPPORT

Kajima's corporate philosophy is to continually advance its business operations and contribute to society. We will uphold the 10 principles of the UN Global Compact, drawing on our corporate philosophy to help resolve social issues through our businesses while also carrying out initiatives related to the SDGs.

Our Material Issues and Related SDGs

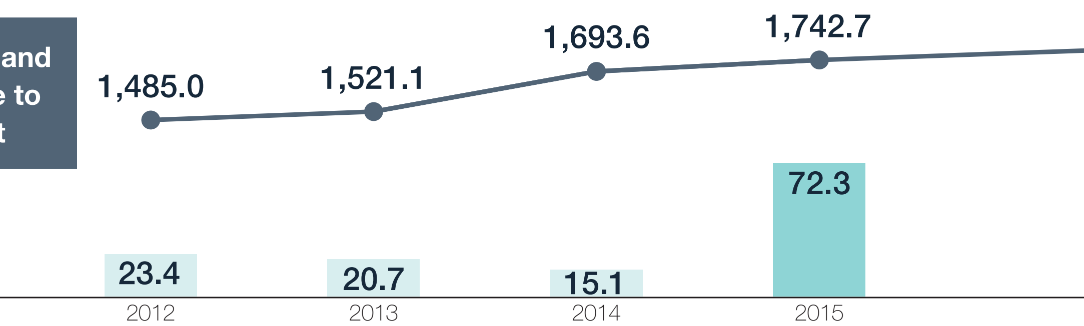
		Direction of Initiatives for Material Issues	Specific Initiatives: Contribution through Customers' Businesses	Specific Initiatives: Contribution through Our Businesses	Related SDGs
Society	1	**Creating functional urban, regional and industrial infrastructure capable of meeting new needs** Kajima proposes sophisticated value in the fields of building construction, infrastructure construction, urban development and industrial infrastructure to meet diversifying needs resulting from changes in values and behavioral patterns. Combining experience and new technologies, Kajima creates functionality that facilitates life, 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	• Conducting large-scale, mixed-use redevelopment projects • Constructing smart cities and a smart society	3, 8, 11
Society	2	**Developing sustainable and long-lasting social infrastructure** Kajima promotes technological development for repair, maintenance, renovation and extending the lifespan of buildings and infrastructure, and develops outstanding social infrastructure that 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 technologies and services for disaster preparedness that support safety and security** Kajima provides disaster-resilient building and infrastructure construction, technology development, and services for rapid recovery and reconstruction in the event of a disaster. In light of the impact of climate change, we will increase the sophistication of disaster prevention technologies with a commitment to a safe society where people can live with peace of mind.	• Increasing sophistication of seismic damping and isolation technologies • Responding to climate change with resilient buildings and structures • Proposing BCP solutions	• Structuring supply chains that take BCP into account • Strengthening disaster response capabilities	9, 11
Environment	4	**Contributing to society's transition to a carbon-free footprint** Kajima contributes to society's transition to a carbon-free footprint by reducing CO_2 emissions during construction and by developing energy-efficient technologies and eco-friendly materials, as well as by building, developing and operating power generation facilities that use renewable energy, developing green buildings, and managing energy efficiently. We are also committed to recycling resources and harmoniously co-existing with nature based on Kajima Environmental Vision: Triple Zero 2050.	• Delivering zero-emission and other energy-efficient buildings • Structuring optimal energy systems • Constructing power generation facilities that use renewable energy • Promoting green infrastructure • Achieve Triple Zero 2050	• Reducing CO_2 emissions during construction • Developing green buildings • Renewable energy projects • Developing and using eco-friendly materials • Achieve Triple Zero 2050	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 strives to build sustainable next-generation construction systems and create new value by developing technologies and carrying out digital transformation to improve productivity and safety. In addition, in order to deliver buildings and infrastructure to customers with confidence, we continuously improve the quality of inspection and assurance systems with a commitment to ensuring building, infrastructure and environment quality, safety and security.	• 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 • 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 work-style reform at construction sites, secures construction personnel, hires and nurtures human resources, and creates an attractive working environment in which every employee can excel. We create value in cooperation with our business partners and promote innovation through collaboration with external parties.	• Ensuring occupational health and safety • Promoting work-style reform and securing construction personnel • Reforming the multilayer subcontracting structure • Training and developing people with an emphasis on diversity • Using open innovation	3, 4, 5, 8, 10, 17
Platform for Business Sustainability	7	**Practicing corporate ethics** Kajima promotes fair and honest corporate activities by practicing thorough compliance and risk management. Each employee and director of the Group acts ethically and earns the trust of customers and society through initiatives in all parts of the supply chain.	• Ensuring rigorous compliance • Enhancing risk management systems and process management • Conducting fair supply chain management • Respecting human rights	16

Review of Previous Medium-Term Business Plans

Consolidated Revenues and Net Income Attributable to Owners of the Parent

● Consolidated revenues
■ Net income attributable to owners of the parent



	Medium-Term Business Plan (FY2015-2017)	Medium-Term Business Plan (FY2018–2020)
Key Objectives	1 Increase the profit margin of non-consolidated construction operations 2 Provide valuable leading-edge construction and services 3 Establish a Group-wide business platform for growth	1 Create next-generation construction systems 2 Provide construction and services of high value to society and customers 3 Establish a Group-wide business platform for growth

Financial Targets (Consolidated)

Medium-Term Business Plan (FY2015-2017):

Revenues	Approx. ¥1,750 billion
Ordinary income	¥65 billion or more
Interest-bearing debt	¥370 billion or less
ROE	8.0% or higher

(Final fiscal year of the plan)

Medium-Term Business Plan (FY2018–2020):

Net income	¥80 billion or more
ROE	10% or higher

(Final fiscal year of the plan)

Results

Business and Financial Performance

Medium-Term Business Plan (FY2015-2017):

- Raised performance standards by revitalizing and strengthening non-consolidated construction operations

	FY2017
Revenues	¥1,830.6 billion
Ordinary income	¥179.7 billion
Interest-bearing debt	¥344.8 billion
ROE	20.9%

- Improved non-consolidated gross profit margin on completed construction projects

(FY2014)	FY2015	FY2016	FY2017
0.8%	11.9%	14.7%	16.4%

Medium-Term Business Plan (FY2018–2020):

- Raised the performance standards of the Group
  - Recovered profitability of the domestic construction business through rigorous front loading and productivity improvement
  - Growth of real estate development and overseas businesses in response to enhancement of revenue sources
- Improved financial structure and established viable growth investment framework
- Achieved management targets during the plan (three consecutive years)

	FY2018	FY2019	FY2020
Net income (¥ billion)	109.8	103.2	98.5
ROE	15.5%	13.4%	11.8%

Measures Taken

Medium-Term Business Plan (FY2015-2017):

1 Systematically strengthened and expanded business domains that leverage the Group's strengths

Domestic real estate development business
- Acquired strategic assets

Business outside Japan
- Entered new markets and expanded business areas in existing markets

Engineering business
- Strengthened overseas projects
- Developed operation and maintenance (O&M) business

Construction-related business
- Established companies with complementary functions
- Established a new BIM company and acquired a specialized company

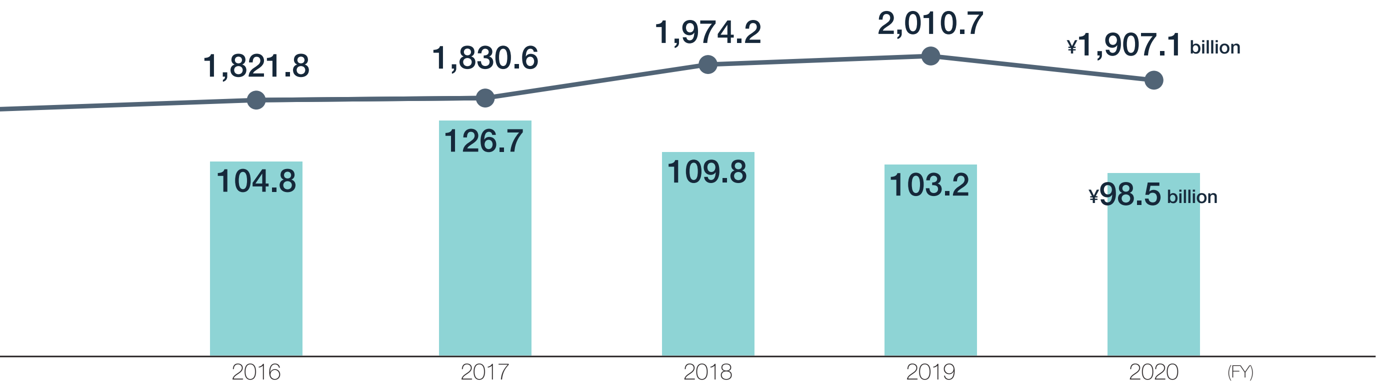
2 Invested management resources in future profit-earning fields based on an ESG perspective

Medium-Term Business Plan (FY2018–2020):

1 Create next-generation construction systems
- Conducted focused research and development to improve productivity
- Applied and deployed new technology in projects
- Direct hiring for some occupations, supported human resource development for partner companies

2 Provide construction and services of high value to society and customers
- Achieved investment target for domestic/overseas real estate development businesses
- Began operation of private REIT
- Profit growth in the industrial warehouse development business in the United States and Europe

3 Establish a Group-wide business platform for growth
- Promoted initiatives for ESG/SDGs, identified material issues
- Promoted technical collaboration and cooperation with major industry peers
- Established compliance and risk management system



Investment Plan and Results

(¥ billion)

	Plan	Results
Domestic real estate development business	160	200
(Recoup of investment)	60	60
Overseas real estate development business	240	200
(Recoup of investment)	115	100
R&D investment	50	49
Other	50	69
Total	500	518
(Net investment)	325	358

Ongoing Issues

Strengthen core businesses

- Further raise productivity and secure future workforce
- Investments focused on efficiency and results

Expansion of business areas

- Initiatives in upstream/downstream construction fields
- Development of new business models

Business platform

- Continue rigorous compliance
- Strengthen carbon neutrality initiatives

Business Environment

Changes in the business environment

Society & Economy
- Transformation of lifestyles and consumer behavior, and diversification of values and work styles
- Medium and long-term decrease in Japan's working-age population

Environment & Energy
- Climate change, and more severe natural disasters
- Carbon neutrality and renewable energy movements

Technology
- Acceleration of digitalization, and expansion of AI, IoT, and 5G technology adoption

Impacts of the COVID-19 pandemic

Economic trend
- Global economic recovery is expected, but it will take time due to the impact of various economic measures and the spread of vaccines

Domestic business
- We expect to maintain the production systems at our construction sites by limiting the reduction in work efficiency caused by rigorous COVID-19 countermeasures
- The disappearance of inbound tourism demand and a cautious approach to corporate investment will have a certain impact on order-taking, so the intensely competitive environment could continue

Business outside Japan
- In North America, Europe, and Oceania, the impact is expected to be minor, and stagnant construction and real estate development projects in Southeast Asia are expected to gradually improve

Construction demand outlook

Domestic
- Public-sector investment is expected to remain strong
- Private capital investment will improve with economic recovery, but time is needed before the impacts of COVID-19 are eliminated completely, so highly uncertain conditions will continue for the time being
- Investments related to carbon neutrality and digitalization are expected to increase in the medium to long term

Overseas
- Steady construction demand such as for manufacturing and logistics facilities is expected in North America and Europe, and for housing in Oceania
- It will take some time before demand in Southeast Asia returns to pre-COVID-19 levels

Kajima's Envisioned Future

Medium-Term Business Plan (FY2021-2023) – Forward-Looking Investment

The Kajima Group Medium-Term Business Plan (FY2021-2023) sets out the key measures and business goals the Group will focus on, taking into consideration the Kajima Group Vision and material issues, and keeping in mind the Goals for 2030, which are its medium- to long-term objectives.

Despite the intensely competitive environment projected, the plan calls for investments to drive medium- to long-term growth while maintaining and improving business performance to lead to the Group's future development.

Three Pillars

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

Financial Targets

Revenues	Net income attributable to owners of the parent	ROE
Approx. ¥2,250 billion (FY2023)	¥95 billion or more (FY2023)	Recover to a level above 10% as soon as possible

1 Further Strengthen Core Businesses

Key Measures to Implement by FY2023

1. Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas
2. Further promote the development of next-generation construction manufacturing systems
3. Maximize customer value by expanding the business domain
4. Increase profits by proactive investment in the real estate development business
5. Build and enhance global platforms

Goals for 2030

- Promote sustainable growth by utilizing intangible and tangible assets as well as digital and conventional technologies, while building a strong value chain
- Build efficient production systems by applying factory processes to construction sites and visualizing the entire supply chain

Initiatives in growth and priority areas

We will focus on growth areas and priority areas amid intensifying competition.

Further promote smart production, automated and optimized construction

We will work to improve productivity through smart production and automated construction, and achieve digital twins based on BIM and CIM.

Enhance efforts to provide value through the value chain

We aim to broaden the range of services the Kajima Group provides from upstream to downstream in the construction value chain.

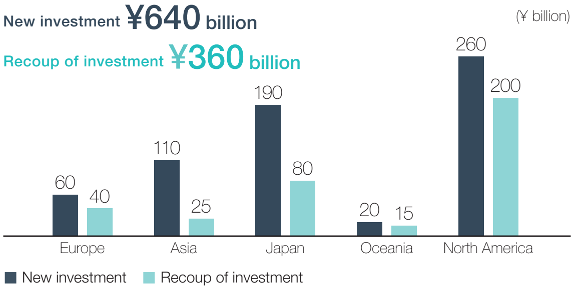
Expansion of investment cycle of real estate development business and diversification of portfolio

Product planning based on the age of the new normal + Diversification of portfolio + Establish and expand the investment cycle ▶ Increase profits

Domestic/overseas real estate development business

New investment ¥640 billion

Recoup of investment ¥360 billion



Further development of global five-region system

- Further localization in terms of human resources
- Expand business platforms worldwide by forming business and capital alliances
- Enhance upstream and downstream fields such as design, engineering and operation and maintenance
- Maximize synergies in the construction and real estate development businesses

2 Strive to Create New Value

Key Measures to Implement by FY2023

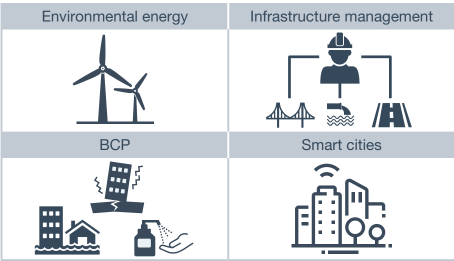
1. Proactively promote businesses in solving social challenges
2. Explore and create new businesses by promoting open innovation
3. Enhance functions for envisioning future society

Goals for 2030

- Acquire new revenue sources in promising fields to solve social challenges
- Establish an open innovation promotion system, and create various new businesses

Promote business in new areas

Marketing → Strategic investment → Commercialization → Create a core revenue stream



Promote alliances with different industries or venture companies by expansion of open innovation network

Utilizing the newly established Strategic Investment Budget of ¥60 billion, we will leverage our global network in Singapore, Silicon Valley and elsewhere to make investments and form alliances with different industries and startup ventures.

Form a future society concept team for frontier area exploration

To explore frontier areas that the Kajima Group is heading toward based on envisioning future society, we will organize a team composed mainly of employee volunteers.

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

Key Measures to Implement by FY2023

1. Accelerate Triple Zero 2050 activities
2. Secure next-generation workforce while maintaining and strengthening the supply chain
3. Develop people and systems to promote growth and transformation
4. Strategically promote research and development and DX

(DX: Digital transformation)

Goals for 2030

- Achieve Target 2030 as a step toward fulfilling the Kajima Environmental Vision: Triple Zero 2050
- Achieve safe, secure and comfortable worksites that all construction engineers will find attractive
- Build free and open organizations with diverse human resources
- Pursue research and development based on the world's most advanced knowledge to direct the business

Striving to become carbon neutral by 2050

The Kajima Group has revised the Kajima Environmental Vision: Triple Zero 2050 and set new CO_2 emission reduction targets. Together with CO_2 emission reductions, we will make planned investments for carbon offsets, and will develop and promote the use of eco-friendly materials such as CO_2-SUICOM. Our target for fiscal 2023 is a 26% reduction in emissions. We also seek to acquire Science Based Targets (SBT)* recognition during the Medium-Term Business Plan.

Reduction Rate of CO_2 Emissions per Unit of Output Compared to FY2013

Target to be reduced	FY2023 target	Triple Zero 2050	
		FY2030 target (Target 2030)	FY2050 target
Kajima's CO_2 emissions	26% decrease	50% decrease	100% decrease

➡ **Seek to acquire SBT** recognition in FY2023

*Science Based Targets (SBT): An international system for validating greenhouse gas reduction targets

Restructure multilayered subcontracting and maintain and strengthen the supply chain

We will strongly promote measures for securing workers, starting with reform of the multilayer subcontracting structure. In addition, we will enforce compliance and safety measures throughout the supply chain, including at partner companies.

Human resource development and governance

Taking people's changing values into consideration, we will establish systems to recruit diverse human resources, support various work styles, and encourage employees to take on challenges. We will also work to strengthen governance in ways such as improving our Group management system.

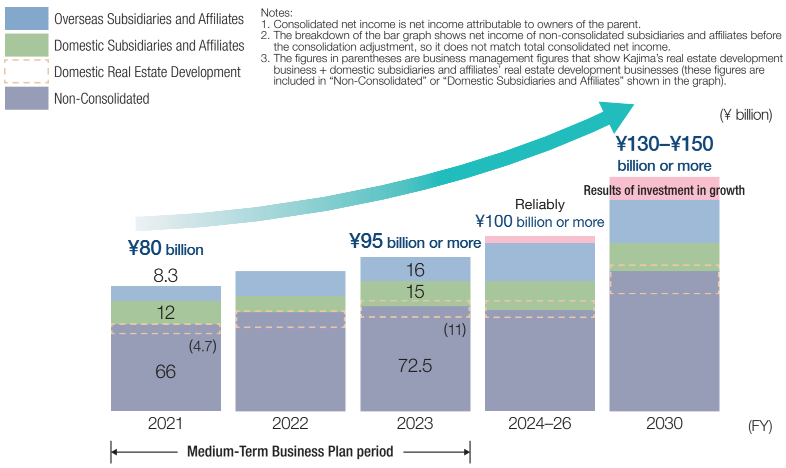
Strategically promote research and development and DX

We will promote global open innovation with an emphasis on communication capabilities and marketing. We will spread digital transformation and digitalization throughout the Group, which will lead to business process innovation and the establishment of new business models.

Target Profit Levels by Segment

Our fiscal 2023 target for consolidated net income is ¥95 billion or more. We will further strengthen our core businesses and our investments in growth will be aimed at expanding our business areas and creating new value. In the next medium-term business plan (FY2024–2026), we will seek to stably achieve consolidated net income of ¥100 billion or more, and will build on that by incorporating the results of our investments to achieve our aim of ¥130 to ¥150 billion or more by around fiscal 2030.

Consolidated Net Income



Notes:
1. Consolidated net income is net income attributable to owners of the parent.
2. The breakdown of the bar graph shows net income of non-consolidated subsidiaries and affiliates before the consolidation adjustment, so it does not match total consolidated net income.
3. The figures in parentheses are business management figures that show Kajima's real estate development business + domestic subsidiaries and affiliates' real estate development businesses (these figures are included in "Non-Consolidated" or "Domestic Subsidiaries and Affiliates" shown in the graph).

Investment Plan

During the plan period, the Kajima Group has positioned "forward-looking investment" as a priority item and plans to invest a total of ¥800 billion. We will invest in the domestic and overseas real estate development businesses where we are strong, raise productivity, and secure a future workforce. In addition, having newly established a Strategic Investment Budget, we will implement various initiatives, such as promoting global open innovation, and creating new businesses, including those that can help solve social challenges, with the aim of preparing for rapid progress.

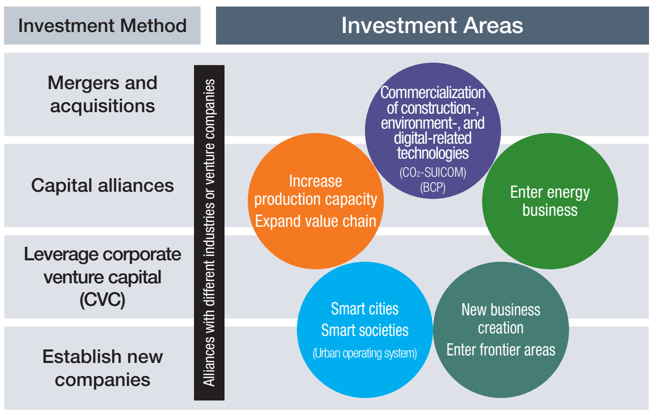
Even if investment exceeds the planned amount of ¥800 billion, we plan to flexibly respond to investment opportunities.

Investment Plan by Segment

(¥ billion)

	Medium-Term Business Plan (FY2021–2023)
Domestic/overseas real estate development businesses	640
(Recoup of Investment)	360
(Net Investment)	280
R&D and digital investment	55
Strategic investment budget	60
Other	45
Total	800
(Net Investment)	440

Strategic Investment Budget



Financial Measures and Stockholder Returns

Focusing on investments for medium- to long-term growth and striving to increase stockholder returns

Financial Measures

Optimize business portfolio and asset structure
- Make focused investments in asset-efficient and growth businesses
- Properly review businesses and assets under management, taking into account efficiency and risk
- Monitor based on return on invested capital (ROIC)

Further reduce cross-shareholdings by selling shares worth ¥30 billion or more during the plan period and utilize interest-bearing debt to fund new investment for growth

Maintain financial soundness with risk tolerance

Stockholder Returns

Our basic policy is to strive for a dividend payout ratio of 30%, as well as to flexibly contribute to stockholder returns by repurchasing our own shares and other means, with consideration of the Group's business performance, financial condition and business environment.

Relationship between the Kajima Group’s Material Issues and the Key Measures of the Medium-Term Business Plan

Key Measures			Material Issues: 1 Creating functional urban, regional and industrial infrastructure capable of meeting new needs	2 Developing sustainable and long-lasting social infrastructure	3 Providing technologies and services for disaster preparedness that support safety and security	4 Contributing actively to society’s transition to a carbon-free footprint	5 Focusing on unwavering technological innovation and Kajima quality	6 Construction that emphasizes people and partnerships	7 Practicing corporate ethics
Key Measures	Further strengthen core businesses	1 Strengthen proposal, design-build, and engineering capabilities with a focus on growth areas	●			●	●		
		2 Further promote the development of next-generation construction manufacturing systems	●			●	●	●	
		3 Maximize customer value by expanding the business domain	●	●	●				
		4 Increase profits by proactive investment in the real estate development business	●						
		5 Build and enhance global platforms	●	●	●	●	●	●	●
	Strive to create new value	1 Proactively promote businesses in solving social challenges	●	●	●	●			
		2 Explore and create new businesses by promoting open innovation					●	●	
		3 Enhance functions for envisioning future society	●			●	●	●	
	Management foundation and ESG	1 Accelerate Triple Zero 2050 activities				●			
		2 Secure next-generation workforce while maintaining and strengthening the supply chain					●	●	●
		3 Develop people and systems to promote growth and transformation						●	●
		4 Strategically promote research and development and DX	●	●	●	●	●	●	

Main KPIs and Targets

Theme	KPIs		Targets (FY2023)	Related Material Issues
Productivity improvement	Civil Engineering:	Construction site PH (Cost of sales/Total working hours)	15% improvement vs. FY2016	1 4 5 6
	Building Construction:	1) Model construction site productivity (Total working hours/Total construction floor area) 2) Number of construction sites where smart construction is introduced	1) 20% improvement vs. FY2017 2) 50% or more	
Renovation, renewal, operation and maintenance	Civil Engineering:	Infrastructure upgrade domain sales	¥20 billion per year	1 2 3 4
	Building Construction:	1) Renovation sales 2) Number of buildings installed with Kajima Smart BM	1) ¥200 billion per year 2) 20 buildings per year	
Renewable energy construction	Civil Engineering:	Renewable energy domain sales	¥30 billion per year	1 4 5
CO_2 emission reduction	CO_2 emissions per unit of sales (t-CO_2/¥100 million) Scope 1 and 2		26% reduction vs. FY2013 50% reduction by FY2030, 100% reduction by FY2050 (Carbon neutral)	4
Safety and securing workforce	Construction systems that limit the scope of contracts to secondary subcontractors, in principle (Achievement rate)		Realization of construction system (100% achievement rate)	5 6 7
	New E Award recipients (incentive system for outstanding skilled workers)		800 people per year	

Message from the General Manager of the Treasury Division

Adopting a medium- to long-term perspective, we will accelerate investment to strengthen competitiveness and diversify revenue sources.

Ken Uchida
Director, Senior Executive Officer,
General Manager, Treasury Division

Business and Financial Management Aligned with the Previous Medium-Term Business Plan

Kajima has completed Medium-Term Business Plan (FY2018–2020) (the "previous medium-term business plan"), so I will begin by looking back on it. We certainly did not expect the COVID-19 pandemic when we were formulating this plan, and it negatively affected performance in some industrial sectors and at individual companies. However, the impact of COVID-19 on the progress of projects in our construction business was generally limited as our supply chain did not encounter disruption even though short-term shutdowns of construction sites occurred. Nor did the real estate development business experience significant delays or changes in plans for ongoing development under contract or urban redevelopment projects. As a result, we conclude that the pandemic did not materially affect progress toward achieving our targets, and that business operations had proceeded according to the plan.

In terms of performance, we achieved our target net income for the three consecutive years. Financially, thanks to robust financing from the domestic construction business, which was in the turning period that net cash flow bounced positive, we could move forward with the various strategic investments under the previous medium-term business plan. As a result, consolidated interest-bearing debt remained steady at ¥317 billion, which was less than planned. Moreover, we made progress on a series of other financial matters during the previous medium-term business plan, such as issuing ¥10 billion of our first Green Bonds and formulating a policy on reduction of cross-shareholdings.

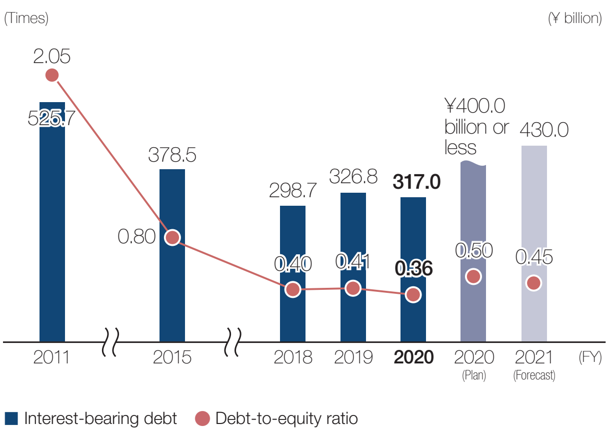
The Outlook for Each Group Business under the New Medium-Term Business Plan

Under Medium-Term Business Plan (FY2021–2023) (the "new Medium-Term Business Plan"), we will address new management issues expected to emerge during the ongoing/post COVID-19 pandemic period, together with continuing issues from the previous medium-term business plan.

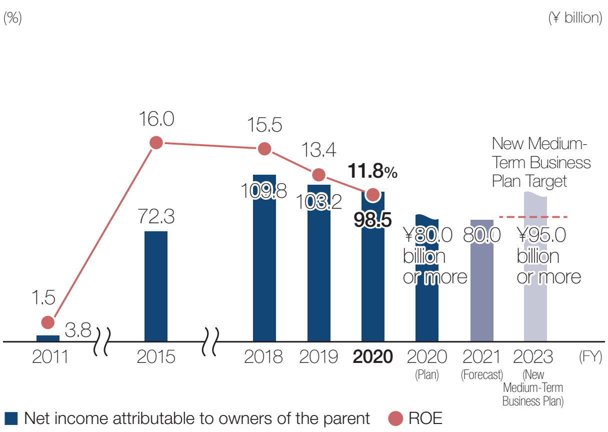
In the new Medium-Term Business Plan, we will take on the challenge of aggressive and multifaceted investment under the theme of "Forward-Looking Investment." We plan to make a net investment of ¥440 billion (total investment of ¥800 billion). Together with utilization of interest-bearing debt, funding for the new investment plan will come out of the aggregated target net income for three years (expected to be ¥260 to ¥270 billion), which also includes the constant growth in the construction business, and increased profits partly contributed through achievement of the previous medium-term business plan in the real estate development business and upstream and downstream business fields.

Considering the construction and real estate businesses, both should work to gain customer satisfaction by providing optimal skills and resources. We therefore need to have the necessary expertise and specialized technologies at all levels from business planning and design to construction and maintenance to meet customer demands. The production of companies can be positioned at various domains between general-purpose, commoditized output and sophisticated, high-value-added output. However, as for the Kajima Group, we should be positioned

Interest-Bearing Debt / Debt-to-Equity Ratio



Net Income Attributable to Owners of the Parent / ROE



anywhere necessary to cover any domain of production. To do so, we must effectively prepare a wide array of resources—project planning capabilities, urban planning capabilities, design capabilities, construction capabilities that include the ability to reduce costs, research and development, the use of IoT and robots to improve productivity, measures to reduce CO_2 emissions, measures to deal with the shortage of workers, wellness proposals, building management, business asset management, and so on. A central thesis of the new Medium-Term Business Plan is whether we can fully enhance these resources by investing a total of ¥160 billion, consisting of R&D and digital investment of ¥55 billion, strategic investment of ¥60 billion and other capital investment of ¥45 billion.

■ Construction Business

Regarding the volume of the domestic construction market, there is a view that the construction industry has already peaked out and will move toward a shrinking equilibrium. However, construction demand is actually evolving in step with the times and social change, as evidenced by rapidly growing demand for distribution warehouses and data centers, ongoing redevelopment plans in urban areas, changes in building and equipment specifications to counter climate change, and measures to counter COVID-19. While exploring new trends in the construction market, we are confident that our goal of ¥2 trillion in annual construction contract awards and revenues in the Kajima Group's core construction business remains viable. Given intensifying competition for contract awards, we need to maintain the profitability of the construction business through a wide array of actions that include using data to enhance operational efficiency; improving productivity by supporting workers with digitalization and robots; and strengthening and streamlining subcontractors and supply chains to secure workers. We must not accept a decline in profits in the construction business. Even though we are generating earnings growth from real estate development and from subsidiaries and affiliates, and even if we add earnings from new businesses, we must maintain earnings in the construction business that are at least more than the current level.

The need for research and development has increased, and the proportion of R&D-related expenses in non-consolidated selling, general and administrative expenses has increased to 25%. We need to identify effective R&D themes and quantify and evaluate the outcomes. We must therefore maintain or increase gross profit in the construction business to cover increasing R&D expenses.

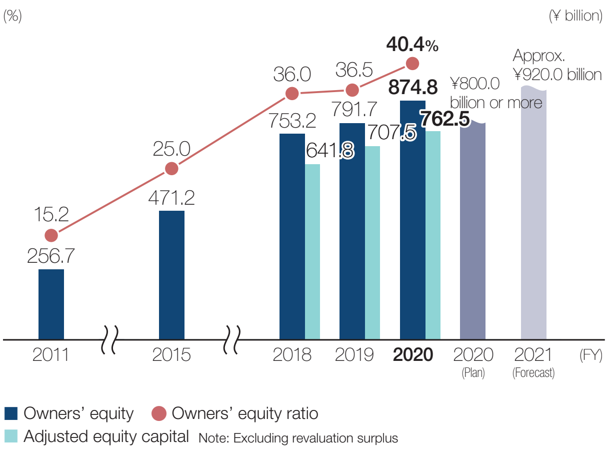
At the same time, there is an issue related to developing human resources—training Kajima employees as the next generation of construction personnel. In construction work, we make judgments about contract awards when estimates are made, and those estimates have uncertainties. Moreover, each construction site formulates and revises construction plans according to the situation as the building takes shape. We need people with skills to manage specification changes, costs and risks if projects do not proceed according to estimates. Although market supply and demand have a significant impact on the construction business, whether one possesses such skills also has an impact on the gross margin. We are constantly introducing new technologies and systems, but it is essential that we fully leverage capabilities that require human judgment, and that our employees pass on such skills to others. This is deeply connected to "leveraging the power of ideas and technology" in our Vision, announced together with the new Medium-Term Business Plan.

■ Real Estate Development Business

Our new Medium-Term Business Plan maintains our emphasis as a general contractor-developer on maximizing synergies between construction and real estate development in order to make proactive investments in real estate development in Japan and overseas.

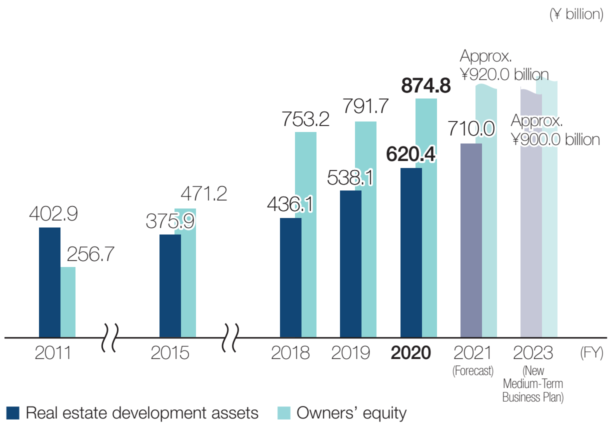
Of all projects obtained during the previous medium-term business plan, more than 20 were in Japan, representing a total investment of ¥200 billion. Significant recovery of invested capital will begin around 2023, and contribution to earnings should increase thereafter. We structure projects in several ways, including selling projects upon completion, holding projects as a rental asset or carrying equity capital as an income-producing investment. Prior to formal decisions on each such project, our Development Steering Committee carefully considers potential investments through multifaceted discussion of the project go-no-go decision, necessary conditions, target profit and the like. In addition to profit and loss figures, the committee discusses projects

Owners' Equity / Owners' Equity Ratio / Adjusted Equity Capital



Note: Excluding revaluation surplus

Real Estate Development Assets / Owners' Equity



using an array of benchmarks, such as internal rate of return and CAP rate on disposal for projects for sale, NOI yield for leasing projects, ROIC on both an asset class and an overall basis, and changes in interest-bearing debt.

We invested approximately ¥200 billion outside Japan during the previous medium-term business plan, which was slightly below what we had planned. We are expanding our involvement in the distribution warehouse development business in the United States and Europe in terms of both number of projects and regions. While enhancing our operational skills to stabilize property operation as quickly as possible, we are ramping up short-term merchant development projects in which we sell properties once they have been leased up. We are also building a track record in the hotel chain operation business and resort development in Southeast Asia, and are preparing for future sales to potential investors. Returns from short-term merchant development and capital recovery have already begun to emerge from the previous medium-term business plan. However, partly because there were fewer long-term and property leasing projects in place prior to the previous medium-term business plan, such projects still require time before they contribute to earnings and capital recovery. As is the case with the real estate development business in Japan, we expect these projects to begin contributing materially in 2023 or beyond.

These real estate development business assets are exposed to the risk of a decline in value if market conditions deteriorate. However, we are able to minimize potential losses if that risk materializes because our portfolio spans multiple asset classes and we have an array of exit strategies in addition to disposal via sale. Financially, we are building a risk-resilient portfolio through the amplification of our consolidated equity capital.

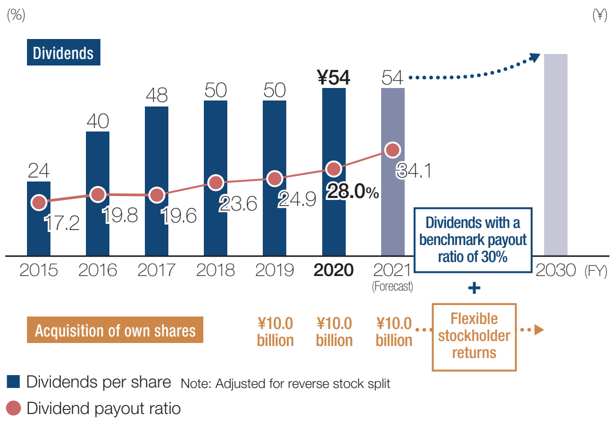
Initiatives in New Businesses and Markets

We have been actively considering investments in new businesses and markets since the beginning of the previous medium-term business plan. The Business Investment Review Committee, which is our internal advisory body for business investments, has been meeting more frequently. Every week or every other week, it convenes to explore a wide array of new projects including renewable energy, infrastructure management, partnerships with businesses in different fields, and investment in innovation. The committee evaluates feasibility and profitability from perspectives other than those of the construction and real estate development businesses, and conducts multifaceted studies that include the relevance of new companies to the Group and their affinity and synergies with existing Group companies. The new Medium-Term Business Plan is a call for forward-looking investment that will open up new possibilities for the Kajima Group's future.

The Treasury Division will ensure funding for investments with due consideration of issues such as the suitability of businesses and funding methods, timelines for capital recovery and projected cash generation, and impact on the consolidated financial position. We fund investments using current earnings, accelerate capital recovery from recent investments to redeploy for new investments, and effectively employ interest-bearing debt. We expect the debt-to-equity ratio to rise moderately in light of projected equity capital at the end of the final year of the new Medium-Term Business Plan. Because we will leverage interest-bearing debt to accelerate capital recovery and upfront investment, we forecast that consolidated interest-bearing debt will increase to about ¥500 billion.

Moreover, in case ROE decreases temporarily during the new Medium-Term Business Plan, our financial priority is to achieve early recovery of ROE to 10% or more while ensuring it is above the cost of capital (assumed to be 6-8% and WACC to be 3.5-5%).

Stockholder Returns



Issues to Be Addressed for Further Increasing Corporate Value

Response to Climate Change and Information Disclosure

Over the past several years, measures in response to climate change, particularly those related to CO_2 emissions, have rapidly become an urgent issue for corporations. Both our construction and real estate development businesses need to understand the impact of their CO_2 emissions and the extent to which they can be offset, and then implement relevant initiatives. We also need to clarify our specific environmental goals under Target 2030 and Triple Zero 2050. We will allocate a portion of our strategic investment and R&D investment during the new Medium-Term Business Plan to fund specific actions, and appropriately recognize related recurring expenses in profit and loss. In addition, the Treasury Division will address disclosure of financial and non-financial information related to climate change, for which rules are taking shape worldwide.

Holding of Listed Stocks Including Cross-Shareholdings

The issue of cross-shareholdings has been widely recognized in Japan since the revision of the Corporate Governance Code. We have been reviewing such holdings since the previous fiscal year with the intention of replacing assets having low returns, partly in response to demand among investors for higher asset efficiency. During the new Medium-Term Business Plan, we plan to sell shares worth ¥30 billion by the end of fiscal 2023. Adding this to the amount sold in the final year of the previous medium-term business plan, our plan will reduce cross-shareholdings by ¥40 billion in total. Holding such shares used to represent a token of long-term mutual trust with counterparties, and was mainly done at the request of the counterparties, and often did not take the form of mutual holdings. Accordingly, we will proceed to sell such shares in a prudent manner with the consent of the counterparties, and anticipate it will become widely accepted that the divestment of these shares does not affect our business operations. We will redeploy the funds we raise in strategic investment and conversion of our asset portfolio for higher returns. In addition, the funds will cover expenses for research and development, productivity improvement and securing construction personnel, which will ultimately benefit our customers.

■ Stockholder Returns

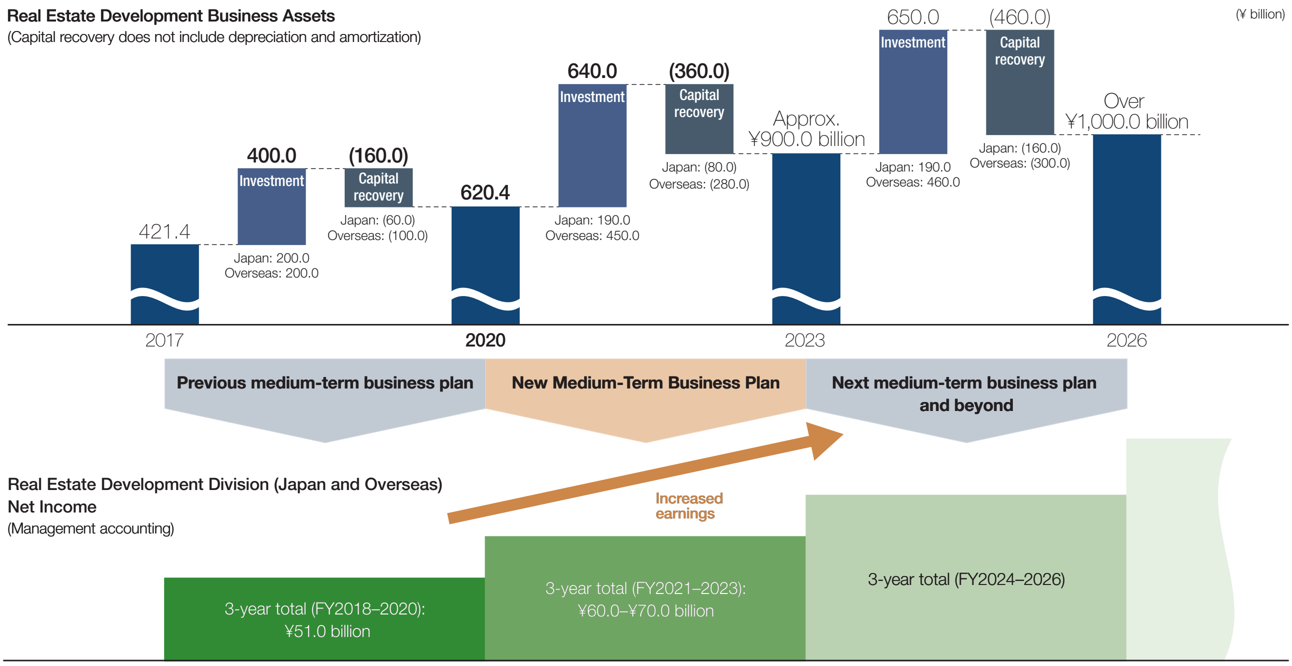
Regarding stockholder returns, we have raised the benchmark for the dividend payout ratio to 30%, and increased dividends per share. We achieved the previous medium-term business plan's target for consolidated equity capital of ¥800 billion. We believe that this level of capital is sufficient to make us resilient to the risk of a decline in the value of real estate development business assets, which has been consistently increasing since the previous medium-term business plan.

We share the outcomes resulting from investments in research and development and productivity improvement with our customers and subcontractors; provide compensation and work-style reforms for employees; and pay taxes on the taxable income we generate. We also decided we should further enhance stockholder returns through acquisition of our own shares and increasing dividends. Our stockholder returns policy will be to raise the likelihood of higher dividends by continuing to increase earnings per share as profitability grows. At the same time, we will also flexibly provide stockholder returns through acquisition of our own shares and other ways, with due consideration for our performance, financial position and business environment.

The new Medium-Term Business Plan sets out a variety of issues. It is the result of carefully identifying social demands for companies and ideas for the development of the Group. Yet it is not a precise and detailed summary of our envisioned future. We must continue to formulate and enhance measures to address issues including climate change, productivity improvement and securing construction personnel, as discussed earlier. The Treasury Division and the Group are committed to maintaining and improving business performance while openly collaborating with society to make progress on each of the issues we must address. The values defined by our Vision, ESG, material issues, the SDGs and other core tenets will guide us in doing so.

Real Estate Development Business (Japan and Overseas)

Investment and Capital Recovery Model



Civil Engineering

Masayasu Kayano

Representative Director,
Executive Vice President,
General Manager, Civil Engineering Management Division,
Responsible for International Civil Engineering Operations

Business Policies

1. **Focus on growth areas and new business areas**
2. **Advance innovation of production systems that use ICT**
3. **Enhance construction capabilities and expand the scale of business in collaboration with Group companies and companies that have specialized skills**

Strengths

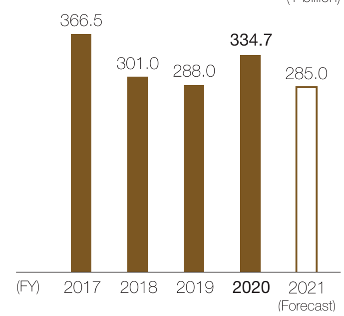
- A corporate culture willing to take on challenges in developing new technologies and fields
- Extensive track record of projects that use advanced technology
- Comprehensive organizational capabilities founded on diverse human resources

Opportunities and Risks

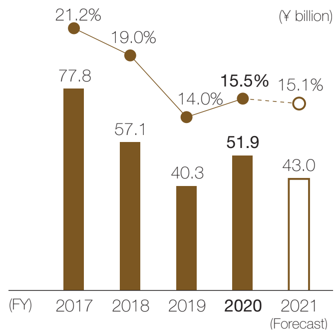
- Changes in social needs and the market environment
- Expansion of the renewable energy market and the increase in the demand for infrastructure maintenance and renewal
- Shortage of workers due to decreasing number entering the construction industry
- Development and implementation of labor-saving technologies using ICT

Business Overview

Revenues



Construction Project Gross Profit and Gross Profit Margin



Although the business environment in fiscal 2020 was severe as a result of restrictions on on-site activities due to the effects of COVID-19, the civil engineering department performed well and contributed to the achievement of Company-wide business targets. We would like to extend our sincere gratitude to everyone involved.

We expect the civil engineering market in Japan to remain firm until around 2030, due to factors such as implementation of measures by the Japanese government to raise the country's resilience against increasingly severe and frequent natural disasters and to bolster aging infrastructure, and accelerated expansion of wind power generation facility construction market toward the achievement of a carbon neutral society. Within the new Medium-Term Business Plan, not only will we strive to solidify our core base in construction operations, but we will also step up expansion of our business into new domains.

1. Focus on Growth Areas

As a pioneer in the development of next-generation infrastructure, we will expand aggressively into growth areas such as renewable energy and infrastructure upgrade. The Akita Port & Noshiro Port Offshore Wind Farm Projects, which began in February 2020, are in full swing, with the start of construction of the wind turbine foundations in April 2021. By engaging in design and construction of Japan's first commercial offshore wind power generation facilities, we have been able to gain invaluable hands-on experience and knowledge. Meanwhile, the self-elevating platform (SEP) vessel that we are building in collaboration with Penta-Ocean Construction Co., Ltd. and Yorigami Maritime Construction Co., Ltd. will be completed on schedule in fiscal 2022. Possessing a large vessel capable of installing the largest wind turbines currently envisaged, combined with the strength of many team members with valuable experience working on the Akita Port and Noshiro Port projects, we are ready to respond to any demand in the expanding market.

In infrastructure renewal, we are preparing for the application of the Smart Deck Slab Renewal System to the Anogawa Bridge deck slab replacement project on the Kan-etsu Expressway. Having conducted numerous trials and demonstrations, we now expect to be able to shorten the construction time to roughly one-sixth that of the conventional method, thus reducing the impact of traffic restrictions on the public. The innovative measurement technology utilizing optical fibers is now being adopted at more project sites for application in infrastructure maintenance.

Furthermore, apart from road renewal projects, we have also extensive experience in public-private partnership (PPP) projects, mainly for upgrading water purification plants. In order to respond to the wide range of infrastructure renewal and upgrading projects, we established a new organization dedicated to this task in April 2021. The new department will work together with the relevant subsidiary and affiliated companies within the Group.

2. Venturing into New Business Areas

Under the new Medium-Term Business Plan, we will accelerate our efforts to take on the challenge of seeking business opportunities in areas providing solutions to issues affecting society at large, such as by expanding the scope of investment and provision of services including management of infrastructure and making the eco-friendly concrete CO_2-SUICOM commercially available in the market. We believe that owning and operating infrastructure enables us to provide services that feature our technical strengths by quickly introducing the latest technologies in maintenance, repair and environmental management, and that our track record of applying these technologies will serve as a stepping stone for the creation of new businesses and revenue sources in the era of carbon neutrality and maintenance/renewal.

Looking overseas, in anticipation of medium- to long-term growth after the COVID-19 pandemic, we will focus on obtaining new contracts in Taiwan, Indonesia and other countries and regions in Southeast Asia as our key target regions. We will also focus on hiring and training local human resources, business alliances and capital participation with leading local companies in order to develop businesses rooted in local communities.

3. Further Innovation of Production Systems and the Future of Kajima's Civil Engineering

Since August 2020, A^4CSEL, developed with the aim of dramatically improving construction safety and productivity, has been put to use in constructing the embankment of the Naruse Dam in Akita Prefecture. Employing as many as 23 units of automated heavy machinery operated by only four persons, A^4CSEL has proven that such work can be performed very efficiently. In fiscal 2021, the same system was used for disaster recovery work (Akadani No. 3 Check Dam) for the first time. Furthermore, we are working to expand its application to automated construction of mountain tunnels.

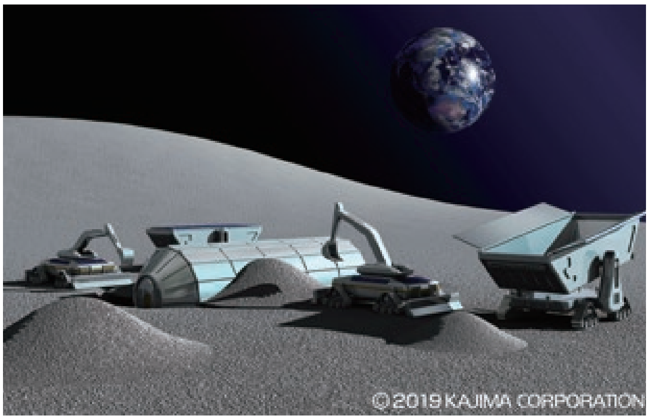
At Naruse Dam, we opened the KAJIMA DX LABO in October 2020, with the theme of the future of Kajima's civil engineering. Through presentation panels, dioramas, and augmented reality (AR) displays, visitors can experience our distinctive cutting-edge ICT, and go out on the observation deck to see unmanned heavy machinery constructing the dam embankment. We would like to make wide use of such public relations facilities to showcase the appeal of the construction industry for the younger generation.

Akita Port & Noshiro Port Offshore Wind Farm Projects
(Above) SEP vessel in operation
(Below) Panoramic view of the pre-assembly yard for wind turbine foundations

HIGHLIGHT

Joint Research with Japan Aerospace Exploration Agency (JAXA)

Since 2016, Kajima has been engaged in joint research with JAXA on the construction of a manned lunar base. There were concerns that a plan to remotely control heavy machinery on the Moon from the Earth would be difficult to implement because the communication delay caused by the distance between the two would significantly reduce work efficiency. As a solution to this problem, we introduced A^4CSEL with the aim of improving efficiency, with the ultimate goal of constructing a base on the Moon by using both remote control and automated construction technologies. In March 2019, the basic operations of site grading, excavation, and soil covering under full automation were demonstrated, and in March 2021, the JAXA Sagamihara Campus was connected via public communication lines with the automated heavy machinery mobilized for land preparation works at the Tanegashima Space Center, located roughly 1,000 km away from the campus, to prove that efficient construction using remote control and automatic operation is achievable. A^4CSEL technology will be brought into space.



Building Construction

Koichi Matsuzaki
Executive Vice President,
General Manager,
Building Construction
Management Division

Business Policies

1. **Develop and advance next-generation construction systems**
2. **Provide valuable services that are trusted by society and customers**
3. **Build a management foundation capable of growth through collaboration among Group companies**
4. **Strengthening various efforts to achieve carbon neutrality**

Strengths

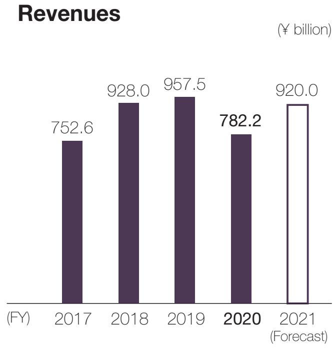
- Collaboration with Group companies involved in upstream and downstream fields of the construction business
- A management foundation where domestic and overseas construction and real estate development businesses complement each other

Opportunities and Risks

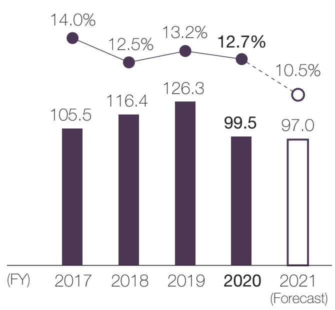
- Changes in the market environment due to factors such as the COVID-19 pandemic and carbon neutrality
- Continued progress and diversification of social and customer needs for streamlining and improved efficiency
- Decrease in the number of skilled construction workers who will be the next-generation workforce
- Changes in the work environment due to the Act on the Arrangement of Related Acts to Promote Work Style Reform, to be applied to the construction industry from April 1, 2024

Business Overview

Revenues



Construction Project Gross Profit and Gross Profit Margin



The market environment is expected to change drastically due to the impact of the COVID-19 pandemic and the Japanese government's declaration to achieve carbon neutrality by 2050. As a result, new and diverse social and customer needs are expected to emerge. We intend to respond to these needs based on our accumulated technological capabilities and expertise, while enhancing the sophistication of our proposals. To this end, we will further improve our productivity and promote a resilient organizational structure through collaboration with Group companies.

1. Results of the Previous Medium-Term Business Plan and Further Evolving Next-Generation Construction Systems

In the previous medium-term business plan, we aimed to improve business quality and productivity. We introduced our building construction total management system KTMS 2017, aimed at developing and applying smart construction, including the use of IT and robots for on-site work, and promoted Company-wide reform of a series of project management methods. This was undertaken to strengthen front-loading before the start of construction and to thoroughly implement productivity improvement during construction. Our goal was to stabilize site operations and improve productivity through preventative management. By maintaining and visualizing the digital data from each project accumulated in the KTMS core system (PrePit, PitPat, PatCare and k-FAIB), information could be shared by the Head Office, branches and site offices. The basic framework was put in place during the previous medium-term business plan, and results have begun to emerge in business performance. We renamed the system KTMS 2020^{+1} in fiscal 2021, with the aim of making more advanced use of the KTMS core system. This will enable us to provide services that more clearly respond to the diverse needs of customers. For example, in addition to the quantitative evaluation and analysis of projects based on accumulated data, the system will also enable virtual construction when construction is under way, as well as digital twins at the time of completion, using integrated BIM for design, construction, maintenance and management.

Three areas of smart construction technology are under development: robotics, remote management and digital technology. We are aiming for full-scale application of these technologies by fiscal 2024. They are already in operation at construction sites, and further improvements are being developed. We also continue to further develop technologies for skyscrapers and large-scale urban projects, and are applying our development results at construction sites, as well as implementing follow-up and improvements. In addition, we are promoting development and mutual use in cooperative areas through the establishment of consortiums within the industry.

2. Establishing Systems for New Growth Areas and Promising Fields

We will strengthen systems for proposing BCP solutions throughout the Group. In 2020, we started working to install our structural health monitoring system q-NAVIGATOR as standard equipment. Group company Engineering & Risk Services Corporation also develops and deploys disaster alert assessments (for events such as earthquakes and floods). In the future, we will build a system that facilitates upgrading of each Group company's BCP tools and propose solutions to address customer needs, and together with proposals for earthquake-resistant renovation work using our seismic damping and isolation technologies, we will provide new value and create long-term business opportunities.

In addition, we will actively participate in plans for the realization of smart cities and make proposals leveraging our relevant performance data to address the new needs of our customers.

3. Establishing a Management Foundation and Promoting ESG Measures

We will reduce CO_2 emissions from our construction sites to achieve carbon neutrality by 2050. This will involve analyzing the data collected by our Environmental Data Evaluation System (edes), which is now in operation at all sites, to promote activities that reduce CO_2 emissions.

Next, we will enhance our human resource development programs to balance productivity improvement and work-style reform. We have made the first 13 years of employment a priority training period, and in addition to conventional education programs, we have started construction of an education facility that utilizes practical experience to quickly train employees to make accurate judgments based on actual buildings and machinery. This facility is scheduled to begin operating in April 2023.

In addition, we will focus on efforts to solve the shortage of workers in the construction industry. We will begin with reform of the multilayer subcontracting structure, a long-standing issue in the industry. We will share the issue with partner companies, with the goal of achieving a construction system that is limited in scope to secondary subcontractors, in principle. Actions to support partner companies will include the development of an incentive system for activities that enhance productivity, and the Kajima Partner College. Moreover, we have started introducing smartphones exclusively for use by workers on-site, in order to enhance efficiency and improve safety.

(Above) Images of digital twin (left: virtual building; right: actual building)
(Below) Otemachi One

HIGHLIGHT

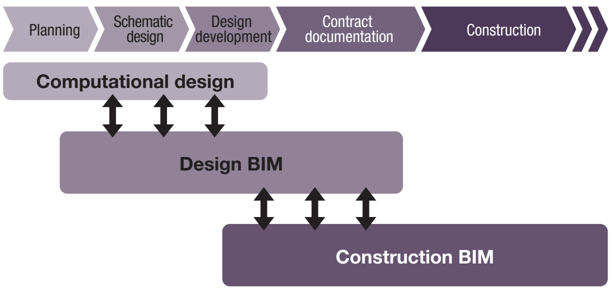
Digitalization of Design Based on Collaboration with Downstream Construction

In order to further improve productivity through the application of BIM to projects, we established a new Digital Design Department in the Architectural Design Division to oversee computational design and design BIM. Our goal is to enhance the sophistication of upstream design while promoting collaboration with downstream construction. By establishing design digitalization based on collaboration with construction, we provide consistent design-build capabilities.

In computational design, we are working to advance and optimize design through the use of programming and other methods, and by confirming various simulations. In design BIM, we are moving forward with integrated drawing production, which uses 3D and attribute data to combine information on architecture, structure, equipment and other components with conventional 2D drawings. Furthermore, we are working to achieve a precise and advanced linkage with construction BIM.

By establishing digitalization at each stage of design, construction, operation and maintenance, we will enhance our ability to propose solutions that meet diversifying customer needs and issues.

Advancing Upstream Design and Collaborating with Downstream Construction



Real Estate Development

Takahiko Tsukaguchi
Executive Officer, General Manager,
Real Estate Development Division

Business Policies

1. **Create quality assets that generate stable revenues**
2. **Improve profitability by acquiring new real estate for sale and promoting short-term merchant development projects**
3. **Conduct business planning and diversify portfolio to address new social and customer needs**
4. **Expand profit opportunities by tapping the growth of private REITs**

Strengths

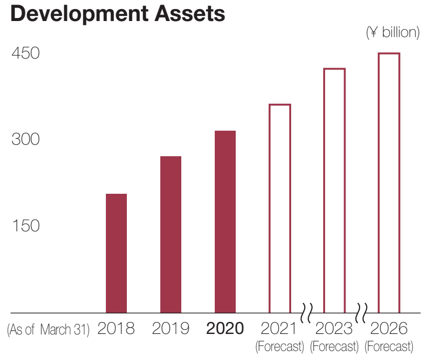
- In-house businesses that focus on integrating construction technology from project inception to construction and commercialization
- Diverse business opportunities that leverage the Company's extensive information network
- Pursuit of investment efficiency through approaches integrating real estate and finance, including private REITs

Opportunities and Risks

- Take on the challenge of creating new sustainable communities designed to help resolve social issues
- Strengthening of operational management capabilities in cooperation with Group companies

Business Overview

Domestic Real Estate Development Assets



Assets Breakdown
(As of March 31, 2021)

Establish a Position as a Core Division and Help Improve Group Performance

The previous medium-term business plan called for expansion of the real estate development business as our third core business alongside civil engineering and building construction. The aim was to invest ¥160 billion over three years to grow earnings and increase domestic assets to approximately ¥300 billion.

In fiscal 2020, investment in projects in progress totaled approximately ¥90 billion. We completed and opened Haneda Innovation City (Phase I), Tokyo Portcity Takeshiba, and World Trade Center Building South Tower. We also began construction of the Hamamatsucho 2-Chome District Type 1 Urban Area Redevelopment Project and the Hilton Okinawa Miyakojima Resort. Furthermore, we acquired new projects including the Tokyo Institute of Technology Tamachi Campus Land Utilization Project, the Hakata-ku Nakasunakashima-machi Land Development Project and the Omiya Office Project. The regionally balanced portfolio of new projects includes six properties in Tokyo and five properties in major regional cities. The Real Estate Development Division invested a total of approximately ¥200 billion in the three years through 2020. As a result, division assets as of March 31, 2021 totaled approximately ¥310 billion, exceeding the previous medium-term business plan target.

We launched the new Medium-Term Business Plan in fiscal 2021. We have a location strategy for business investment. In Tokyo, we will generate projects with a focus on locations with outstanding potential and locations that we expect to have enhanced potential in the future for reasons including urban renewal. We will also invest in central business districts in top-tier core regional cities to complement the Tokyo market.

Our marketing strategy involves generating projects in designated key strategic areas. These are areas where we can leverage Kajima's development expertise and customer network to resolve issues for customers or where we can aggressively participate in competitions for public real estate and redevelopment projects.

We will implement the following five business strategies.

1. Create quality assets that generate stable revenues

We will steadily move existing projects forward and generate new projects to add approximately ¥110 billion in assets over three years. We will allocate investment in a mixture of real estate for lease, real estate for sale, and special purpose companies (SPCs) to balance asset growth and gain on sales.

2. Improve profitability by acquiring new real estate for sale and promoting short-term merchant development projects

We will complement stable earnings from lease assets with real estate sales involving short-term merchant development projects. Our goal is to establish an earnings structure for segment profit of ¥10 billion in three years. We will also pursue enhanced investment efficiency through capital-saving project schemes and appropriate asset replacement.

3. Expand profit opportunities by tapping the growth of private REITs

The private REIT that Kajima launched in fiscal 2018 had ¥48 billion in assets under management as of March 31, 2021, and is steadily growing toward its target of ¥80 billion in assets by fiscal 2023. We will expand profit opportunities for the Kajima Group from fee-based businesses by tapping the growth of private REITs.

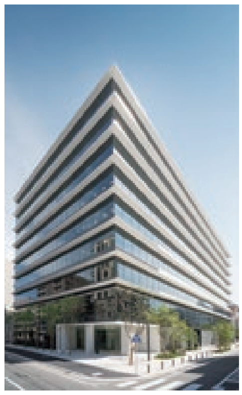
4. Diversify portfolio

We will develop new profitable income-generating properties such as data centers and logistics facilities. Our goal is to start construction in fiscal 2023 after feasibility studies that include the use of our own land.

5. Conduct business planning that addresses new social and customer needs

We will also embrace user perspectives in product planning as follows:

- New office and housing plans that address the diversification of work styles brought on by COVID-19
- Development of smart buildings and cities in line with the progress of digitalization
- Development of environmentally responsible real estate guided by the SDGs and ESG

Upper left: World Trade Center Building South Tower
Upper right: Hakata Connecta
Middle right: Haneda Innovation City (Phase I)
Bottom: Tokyo Institute of Technology Tamachi Campus Land Utilization Project
(Bottom photo courtesy of the Group of NTT Urban Development Corporation, Kajima Corporation, East Japan Railway Company, and Tokyu Land Corporation)

Schedule for Development Projects in Japan

Project Name	Primary Use	Completion	Fiscal 2021	Fiscal 2022	Fiscal 2023
Hakata Connecta	Office	June 2021			
Hotel Grand Bach Tokyo Ginza	Hotel	September 2021			
Yokohama Gate Tower	Office	October 2021			
Kudan Kaikan Reconstruction Project	Office	July 2022			
MM37 Tower (tentative name)	Office and hotel	January 2023			
Hilton Okinawa Miyakojima Resort	Hotel	February 2023			
Haneda Innovation City (Phase II)	Office	June 2023			
Park Tower Kachidoki South	Residential	August 2023			
Yokohama City Hall District Redevelopment Project	Office	Fiscal 2025			
Hamamatsucho 2-Chome District Type 1 Urban Area Redevelopment Project	Residential, office and commercial	December 2026			

Note: Completion dates are subject to change.

Overseas Operations

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

Business Policies

1 **Be the best in specific markets and business domains**

2 **Create unique business opportunities through Group collaboration**

Strengths

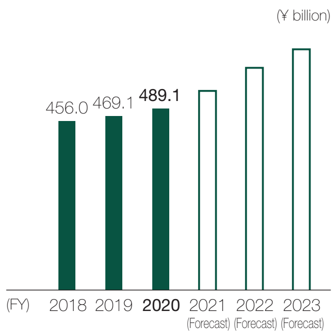
- Multi-dimensional global network based on organizations and businesses rooted in each country and region
- Real estate development business that leverages our Group's comprehensive capabilities

Opportunities and Risks

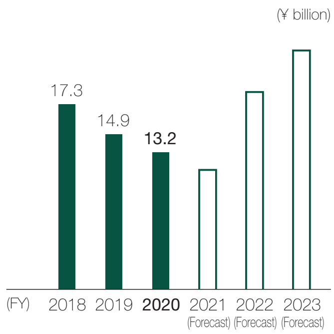
- Diversifying revenue sources
- Capturing growth in Asia

Business Overview

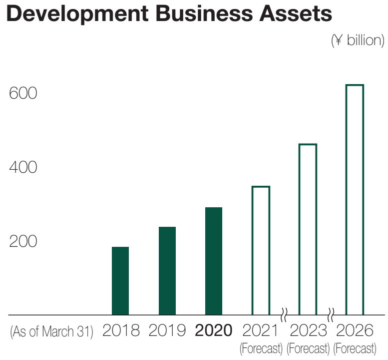
Revenues



Ordinary Income



Overseas Real Estate Development Business Assets



1. Multi-Dimensional Global Network

The Kajima Group currently has more than 100 overseas subsidiaries. They provide a wide range of services either independently or in collaboration with leading local partners in 18 countries and regions in North America, Asia, Europe and Oceania. Through these subsidiaries, we provide value-added services worldwide for our customers rolling out construction projects in multiple countries and regions. One characteristic of our overseas operations is that subsidiaries and local partners are not only intermittently connected when needed; they have expanded their spheres of business so that they overlap and interact with each other on a regular basis. The global network that we have today enables us to deploy our best resources and Group-wide expertise where needed, at any time.

In developed countries, we have been acquiring companies since the 2000s that have high market potential and corporate cultures, sizes and domains of business matching the needs of the Kajima Group. We welcome these companies to the Group as fellow members that share Kajima's corporate culture and values, which emphasize long-term trust and high-quality services. In newly industrializing countries, we have been building partnerships with local companies to expand our construction capabilities and roll out our real estate development business.

We will continue to expand our overseas business platforms. Our target for annual ordinary income from overseas Group companies is an increase of about ¥10 billion by fiscal 2023, the final year of the new Medium-Term Business Plan, compared with fiscal 2020, the final year of the previous medium-term business plan.

2. Real Estate Development Business That Leverages Our Group's Comprehensive Capabilities

We operate construction and real estate development businesses with deep local roots as one of the few general contractor-developers with integrated Group functions from design, construction, development and operation through to the sale of the projects. In the United States and Europe, we are developing distribution warehouses, demand for which is spurred by e-commerce, as well as rental housing and assisted senior housing, which are resilient to economic fluctuations. Meanwhile, in Southeast Asia, where urbanization is driving economic growth, we are building business platforms (business foundations) that will become established in each region, designed to fit the characteristics of each market. Projects here include hotel development and large-scale mixed-use redevelopment.

In fiscal 2020, the operation of hotels and commercial facilities in Southeast Asia was affected by stay-at-home orders and travel restrictions due to the COVID-19 pandemic. However, our performance was strong in distribution warehouse development business in Europe and the United States, which remained brisk due to the growing use of online shopping. The distribution warehouse development business creates synergies between the construction business and the real estate development business by reducing

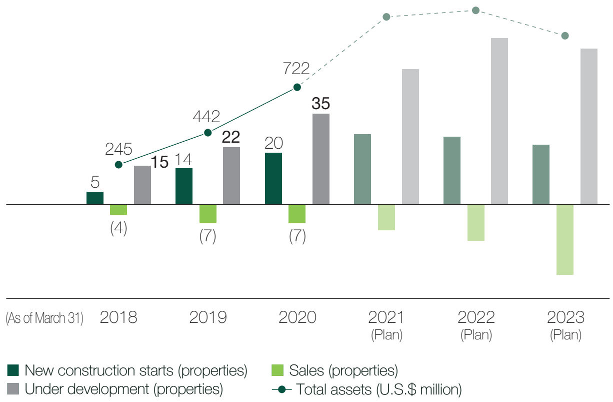
Bourbon Logistics Center Ⅰ (United States) CORE5 Industrial Partners LLC's distribution warehouse development project/Constructed by Kajima Building & Design Group, Inc.

construction risk with a highly competitive business model in which Group construction subsidiaries handle the construction work.

3. Capturing Growth in Asia

The key to success in both the construction and real estate development businesses in Asia is how best to capitalize on economic growth in the region. We expect growth to continue in the Asian market, where we plan to be a leading player by promoting the development of advanced technologies that benefit society. We have therefore begun construction of The GEAR (Kajima Lab for Global Engineering, Architecture and Real Estate), a strategic innovation center in Singapore that will be a hub for people, physical assets, money and information in Asia. Singapore is a market where the Group can deploy its technological capabilities, and we have built a good relationship with the Singaporean government through many years of dialogue. In addition to the Kajima Technical Research Institute Singapore Office (KaTRIS), which opened in Singapore in 2013, we will leverage our local advantage to promote open innovation in collaboration with the public and private sectors as well as academia. We plan to invest aggressively in startup ventures to establish innovative technologies that contribute to sustainability, a better quality of life and higher productivity. The results of these initiatives will become the basis for the business models we create to adapt to the mutually complementary relationships among the developed, emerging, and developing countries of Asia and to the characteristics of their supply chains, thereby identifying and developing new revenue sources.

Growth of the Distribution Warehouse Business in the United States (CORE5 Industrial Partners LLC)



Wink Hotel Saigon Centre (Vietnam)

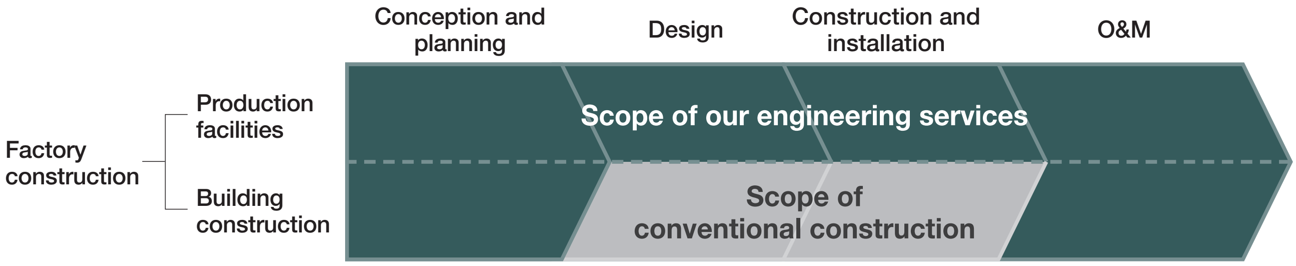
HIGHLIGHT

The GEAR: Leveraging Technology to Further Penetrate the Asian Market

The Kajima Group is constructing The GEAR in Singapore as a hub for open innovation in Southeast Asia. This project involves the construction and operation of a building with a total floor area of approximately 13,000 m^2 that combines offices and research facilities in Changi Business Park. KaTRIS will have a laboratory at The GEAR to research and develop advanced technologies. It will further advance our existing collaborative relationships with the public and private sectors as well as academia, and will also function as an incubator for selected startup ventures, thus promoting open innovation. In addition, Group companies that had been scattered around Singapore will be consolidated at The GEAR, where we will increase synergies among the construction, real estate development and technology development divisions and incorporate external stimuli to create new businesses.

Engineering

Kajima's engineering business mainly targets production facilities in the manufacturing industry, such as pharmaceutical, foods and cosmetics. Under the end-to-end project execution team, we optimize functions of buildings, utilities, and production/logistics/IT facilities to propose and realize the best production systems for our customers.



Major Areas of Work

- Pharmaceutical-related facilities
- Cosmetics production facilities
- Food production facilities
- Logistics facilities

Kajima's Six Engineering Capabilities

Capability 1 Strong support from the planning stage

We study projects from various perspectives at the schematic design stage. Our end-to-end project execution system leads to successful completion in the shortest time.

Capability 2 Optimizing productivity

We use industrial engineering methodologies* to provide efficient, optimally designed production lines and facilities. In addition, Kajima's unique automation technology will contribute to high productivity.

Capability 3 More efficient operations and better quality through BIM

Using various simulation methods and BIM we drive project progress while achieving consensus with clients.

Capability 4 Added value through a high level of expertise

We offer a variety of ideas based on our knowledge of governing regulations, and experience in actual operation of facilities.

Capability 5 Energy-saving and eco-friendly planning

Based on our knowledge and experience, we can offer a variety of eco-friendly and energy-saving proposals suitable for facilities.

Capability 6 Extensive track record and networking capabilities

Kajima's global network supports the establishment of clients' overseas bases.

* Measurement and analysis techniques used in industrial engineering

Main Initiatives

1 Domestic Engineering, Procurement and Construction (EPC) Business

In the domestic EPC business, we target production and logistics facilities for pharmaceuticals, medical devices, cosmetics, food and other products. We are able to address various customer needs, such as productivity, quality control and reducing environmental impact, by offering technical proposals based on a deep understanding of the technologies behind customers' production activities, such as automated and labor-saving production systems and unique wastewater treatment technology, and in so doing gain the trust of customers in our engineering capabilities and increase the added value of our construction business. In recent years, there has been a significant increase in projects in the biopharmaceutical and cosmetics areas. We are also working to obtain projects in highly technical areas such as regenerative medicine and gene therapy to further expand the scope of our business.

2 Overseas Business

Centered on International Facility Engineering Pte. Ltd. (headquartered in Singapore, hereinafter, "IFE"), which we acquired in 2018, we are expanding our business mainly in Southeast Asia in collaboration with Kajima Overseas Asia Pte. Ltd. (hereinafter, "KOA"). In addition to overseas facility investment projects for our customers in Japan, orders from local companies are steadily increasing. IFE has been contracted to provide EPCM[1] work for the Myanmar Plant of PT Kalbe Farma Tbk, the largest pharmaceutical company in Indonesia, and has been supporting the construction of GMP[2] compliant facilities from the facility planning stage. We will continue to expand our business through the synergy between IFE's network and KOA's construction capabilities.


Myanmar Plant of Kalbe Farma

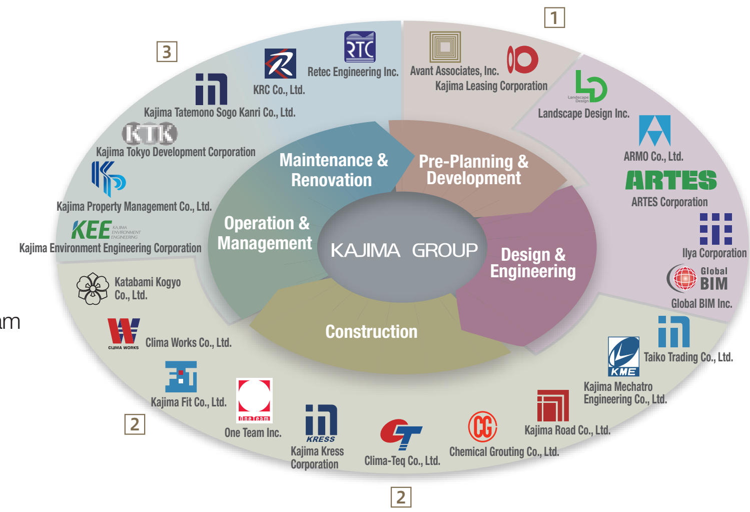
1. Engineering, Procurement, and Construction Management
2. Good Manufacturing Practice (international standards for the manufacturing and quality control of pharmaceuticals and quasi-drugs)

3 O&M Business

The O&M business addresses needs for outsourced operation and management of pharmaceutical facilities. By combining our pharmaceutical facility engineering capabilities with the facility management capabilities of Kajima Tatemono Sogo Kanri Co., Ltd., the O&M business helps keep the facilities of Astellas Pharma Inc. and other pharmaceutical companies operating smoothly. The O&M business and the energy service business, which was launched in fiscal 2020, are examples of stock-model businesses through which Kajima is working to expand the scope of its services to include the post-construction operation of facilities. By gaining a deeper understanding of the operation of facilities and equipment and their energy use, we hope to improve our ability to make proposals at the facility planning stage. It will also lead to expansion of our EPC business.

Domestic Subsidiaries and Affiliates

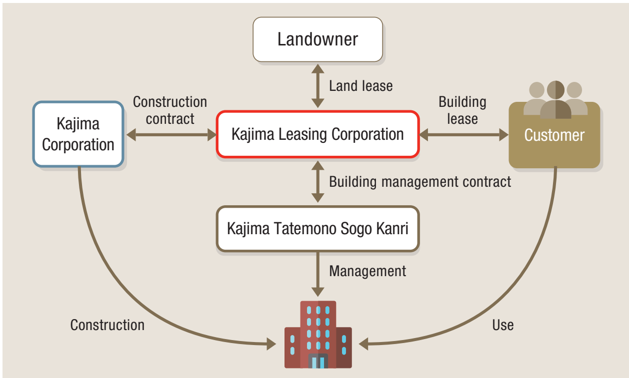
As of March 31, 2021, the Kajima Group has 95 domestic subsidiaries and affiliates, consisting of 44 subsidiaries and 51 affiliates. These companies are involved in a wide range of upstream and downstream construction-related fields. Highly skilled experts throughout the Group collaborate to provide comprehensive capabilities at all stages from pre-planning, development, design, engineering and construction to post-completion operation and management, and maintenance and renovation.



1 Building Leasing

Kajima Leasing Corporation is engaged in the building leasing business, which involves constructing buildings according to specifications designated by the customer at the desired site and leasing the completed buildings to the customer, thereby reducing the initial burden of investment in construction. Up until now, Kajima Leasing Corporation has provided a variety of buildings including offices, data centers, warehouses and medical facilities under the building leasing scheme. The Kajima Group also has the capacity to provide back-to-back services, with Kajima Corporation responsible for construction and Kajima Tatemono Sogo Kanri Co., Ltd. responsible for building maintenance and management.

Project Scheme



2 Direct Hiring and Multi-Skill Development

In response to age-related turnover among experienced and skilled personnel and a decline in the number of new hires, which are medium- to long-term issues in the construction industry, the Kajima Group is working to improve productivity by promoting the direct hiring of skilled workers and developing multi-skilled workers in the following construction fields, where such individuals are expected to be in particularly short supply in the future.

Electrical, air conditioning, sanitation and plumbing equipment
Clima-Teq Co., Ltd.: Employing skilled workers at subsidiaries, promoting unitization and prefabrication of piping, etc.

Fireproof coating application and autoclaved lightweight concrete (ALC) work
Kajima Fit Co., Ltd.: Training multi-skilled workers who can handle incidental tasks in addition to fireproof coating application and ALC work.

3 Seamless Collaboration from Design and Construction to Building Management

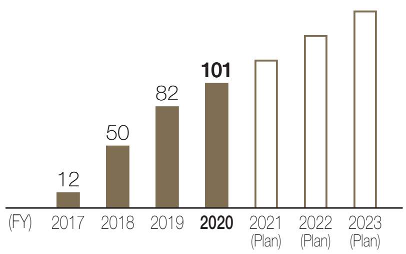
Kajima Tatemono Sogo Kanri Co., Ltd. is involved in projects from the initial stages of construction, transferring digital information on design and construction to Kajima Smart BM, which it operates, for use in the maintenance and operation of buildings.

Kajima Smart BM automatically collects operational management data from buildings and stores it in a cloud platform. The data is analyzed and then utilized for the optimized operation of mechanical and electrical equipment, reduction of running costs through support for energy-saving, and early detection of equipment abnormalities and breakdown. As of March 31, 2021, the company had installed Kajima Smart BM in 101 of its buildings under management, and is moving to expand installations.

Advantages of Kajima Smart BM

1. **Improved security** through 24-hour/365-day status monitoring
2. **Early identification of the status** of equipment in emergency situations
3. **Quality improvement** through optimal allocation of human resources
4. **Energy savings** through optimal operation of equipment based on data
5. **Detection of abnormalities** based on deep data analysis
6. **Future utilization** of big data

Number of Buildings Installed with Kajima Smart BM



Research and Development

The development of technologies that lead to improved productivity and increased production capacity, which was a priority in the previous medium-term business plan, has entered a new phase in the new Medium-Term Business Plan with the aim of building digital construction systems. The automated construction technology centered on A^4CSEL that we have introduced in the civil engineering field (pages 30-31) has developed and introduced many fundamental technologies, including simulation and AI for process optimization and enhancement of autonomous functions, and the scope of application is being expanded to new types of construction, such as the Naruse Dam demonstration and tunnels. In addition, ICT-based technologies are being developed and deployed at many construction sites, such as the Yokohama Gate Tower Project, for smart construction centered on the robotization, remote control and digitalization we have introduced in the building construction field (pages 32-33).

With the increasing severity of typhoons and other disasters caused by climate change and the threat of pandemics such as COVID-19, it is important to assess not only the hazards of earthquakes and wind and flood damage, but to conduct multi-hazard assessments that cover fires, volcanic eruptions, landslides and other disasters that can occur simultaneously in buildings and on surrounding streets, and to develop countermeasures and technologies based on such assessments. To this end, we will promote development that will utilize vast amounts of data and advanced simulation technologies to lead to the provision of disaster prevention technologies and services that support safety and security.

New Value Created through Research and Development

Technologies for improving building comfort, energy conservation and zero energy buildings (ZEB) have enabled the construction of smart buildings with new value, such as wellness spaces and contributions to carbon neutrality. Furthermore, by integrating new technologies and concepts such as digital twins, we aim to create new value in the form of smart cities and a smart society, by providing safety and security using urban-scale risk assessment and area management using an urban operating system.

R&D Globalization and Open Innovation

In 2013, Kajima established a branch office of its Technical Research Institute in Singapore (KaTRIS) to collaborate with leading-edge universities, public institutions and startup ventures around the world. We also promote globalization and open innovation through collaboration with staff stationed in Silicon Valley to investigate technologies.

R&D Promotion Structure

Board of Directors

Management Committee

Research and Development Strategy Committee

Intellectual Property and License Department

Research and Development Planning Executive Council
Kajima Technical Research Institute; Civil Engineering Management Division; Building Construction Management Division

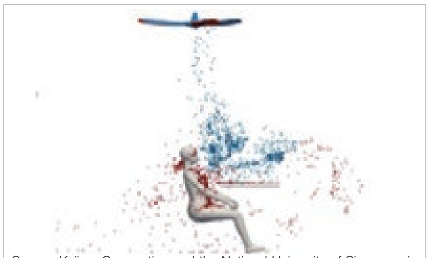
Civil Engineering Technology Development	Fundamental Research and Development	Building Construction Technology Development
Civil Engineering Technology Development Meeting	Discussions with the director of the Kajima Technical Research Institute	Building Construction Technology Development Meeting

HIGHLIGHT

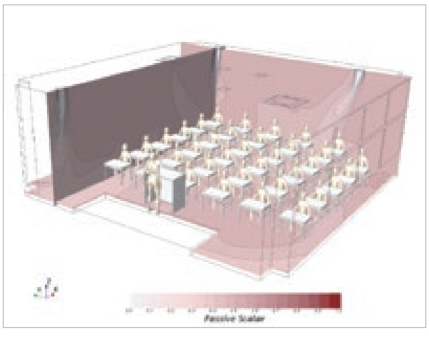
Use of Fugaku's Indoor Environment Simulation for Droplet Infection Countermeasures

As the threat of COVID-19 continues, Kajima is conducting research and development to reduce the risk of viral infection, by using computer simulations to predict and visualize the movement of airborne droplets indoors, and by controlling airflow through air conditioning, ventilation and partitions. Furthermore, we offer consultations on sterilization to prevent contact infections through planning and advice tailored to room size, interior materials and furniture, as well as a variety of infection control measures such as layout diagnosis.

Kajima was quick to start research focusing on droplets in the wake of the outbreaks of severe acute respiratory syndrome (SARS) in 2002 and H1N1 influenza A in 2009. Aiming to make a greater contribution to resolving social issues, in April 2020 we became the only construction company to participate in a project led by RIKEN to contribute to COVID-19 countermeasures using the world's most powerful supercomputer, Fugaku.



Source: Kajima Corporation and the National University of Singapore in cooperation with Kobe University and RIKEN



(Above) Effect of ceiling fans on droplet diffusion (blue: when stopped, red: when operating)
(Below) Simulation of ventilation in a classroom of a private school (CO_2 concentration)

Digital Transformation (DX)

With the progress of the digital society, in which real space and cyber space are integrated, companies are expected to take the lead in utilizing digital technology to identify and resolve customer and social issues in order to create a world that is convenient, comfortable, secure and full of hope.

We will achieve "an attractive construction world utilizing digital technologies," "a digital and real integrated world with diversity" and "high productivity smart work in all Group companies" by responding in the three areas of the new Medium-Term Business Plan, "Further strengthen core businesses," "Strive to create new value" and "Establish a strong management foundation and promote ESG measures for growth and transformation."

Digitalization and DX Initiatives

1 Construction DX (DX1.0)
- Digital twins to further enhance productivity and provide optimal plans to customers at an early stage
- Productivity improvement and supply chain optimization as a result of building a digital construction system
- Passing on of construction technology and knowledge through data
- Data-driven construction site management

Further strengthen core businesse

2 Business DX (DX2.0)
- Social value creation through smart buildings and smart society projects
- New value and service creation through data, software and XaaS businesses

Strive to create new value

3 Operation DX (DX1.0)
- Strengthening the digital infrastructure environment and cyber risk countermeasures that adopt a customer-model for relationships between business divisions

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

4 Digitalization
- Paperless operations with ICT tools
- Remote presence
- Adoption of RPA

Infrastructure for DX

Generating digital twins in all phases of planning, design, construction, maintenance and operation and circulating digital data will enable us to provide customers one-stop services from upstream to downstream. In addition to improving productivity through more sophisticated digital construction systems and the active use of digital technology, we will create a safe and secure work environment free from long working hours and physically intensive work for an appealing work style in the construction industry that is attractive to work in for many people.

We are also proactively entering the field of smart buildings and smart cities. Haneda Innovation City (HICity), which was selected as a Leading Model Project of the Smart City Model Project in 2020 by the Ministry of Land, Infrastructure, Transport and Tourism, is being developed through a public-private partnership between Haneda Mirai Kaihatsu Co., Ltd., of which we are the representative company, and Ota City in Tokyo. At HICity, we are collaborating with various universities and companies, including those in different industries, based on the concepts of "cutting-edge" and "culture." By making HICity widely accessible to external parties as a demonstration field for advanced technologies, we aim to provide opportunities for interaction among a wide range of industries, to implement services that solve various problems facing Ota City, and to create a sustainable city.

Digitalization and DX Structure

Promoting our digitalization and DX strategy requires the creation of a framework for a smooth PDCA cycle. In that regard, we are stepping up initiatives such as establishing data collaboration within the Group, recruiting and training human resources with digital skills, and open innovation.

Board of Directors
Management Committee
Digital Strategy Committee
- Cross-divisional activities
- Civil Engineering Business Subcommittee
- Building Construction Business Subcommittee
- Other Subcommittees

Digital Strategy Office
Established in January 2021

R&D and Digital Investment Plan

Investment Plan

¥55 billion over three years

Next-Generation Construction Systems

Kajima Smart Future Vision
- Accelerating introduction at construction sites by promoting development and practical application of technologies such as robotization and remote management

Automated Building Construction Systems
- Deploying A^{4}CSEL, which is already used in dam construction, for tunnel construction and land reclamation works
- Promoting the development and introduction of AI

New Fields

Digital Twins and Smart Cities
- Developing an organization for implementing urban operating systems
- Promoting digital twins (virtual construction and operation) for civil engineering and building construction

Human Resources

Katsunori Ichihashi
Managing Executive Officer,
General Manager, Executive Office,
Overseeing Human Resources Department,
Affiliated Business Department and Center
for Shared Administrative Services

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." Our humanitarian and family-oriented tradition is a source of competitiveness, and we will continue to adhere to this philosophy as we move forward.

Nevertheless, our business environment is constantly changing. We need to continue to transform into an organization where employees and the Company take on challenges and push each other to greater heights in order to keep growing and increase our competitiveness, while also flexibly dealing with unforeseen circumstances such as the COVID-19 pandemic, now in its second year.

Last year, we introduced a talent management system and established a new training facility, KX-LAB. The system will help us gain a solid understanding of the diverse experience, motivating factors, aptitudes, abilities and other traits of employees, which, in turn, will help us establish an environment in which the right people are assigned to the right positions in a timely manner. KX-LAB will also provide opportunities for employees in different divisions to interact with and inspire each other. Together, the talent management system and KX-LAB will promote each employee's autonomous growth.

With all employees at the Kajima Group making use of their individual experience and aptitude to enhance their professional lives, we hope to set in motion a virtuous cycle in which the Group achieves sustainable growth that enables both our employees and the Group to prosper materially and spiritually.

Developing Human Resources

Expanding Our Business Domains

The Kajima Group actively cultivates highly skilled specialists who fully meet the expectations of customers and society, as well as management personnel capable of leading those specialists.

To accelerate creation of new value under the new Medium-Term Business Plan, it is important that each employee has the ability to apply business and management perspectives. We have begun updating our human resource development system so that employees can acquire a good balance of business and management skills in addition to a high level of specialization.

In fiscal 2021, we overhauled our annual training for junior administrative employees, switching to a hybrid model that combines group training with online lectures. For the online lectures, employees are allowed to choose which programs they take, so they can learn on their own initiative according to their proficiency levels and career goals.

Opening of KX-LAB, a Facility for Training the Next Generation of Leaders

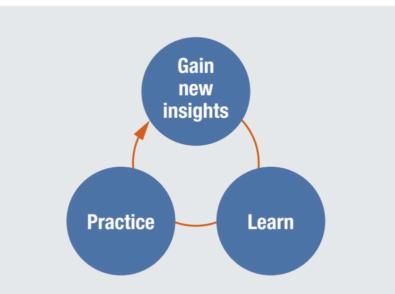
KX-LAB, a new training facility mainly devoted to the development of the next generation of leaders, opened in Toshima-ku, Tokyo in November 2020. A place for independent growth through new insights, learning and practice, KX-LAB not only provides group training, but also opportunities for gaining new insights through dialogue with management and experts and other means, opportunities for career development, co-creation ideathons within and outside the Kajima Group, and in-house competitions and other practical events.

In addition, we are increasing opportunities for discussions and workshops that encourage interaction. As a venue for employees in different divisions to interact with and inspire each other, the facility is expected to accelerate the Kajima Group's growth and transformation.

Initiatives for Self-Directed Career Development

In 2020, Kajima introduced a talent management system and established a medium- to long-term career goal system. Employees are able to receive advice from their supervisors through career interviews based on the career goals they have registered in the system. (Number of registrants in first year: about 7,000)

We also plan workshops and events to support employees' career development. Since March 2021, we have been regularly holding "KX CAREER TALKS," an online event that introduces the various careers employees are pursuing and the work done in different departments, topics that are difficult to share



KX-LAB concept

KX-LAB

Workshop

directly at each individual worksite. Roughly 100 employees from around the world participate each time. For example, in June 2021, the topic was overseas business, and employees working in Singapore contributed by sharing their own career-related experiences, including how they came to choose working overseas and how they improved their skills, and by giving advice for junior employees.

Diversity & Inclusion

Promoting Active Roles for Female Employees and Work-Life Balance

To drive innovation, Kajima believes it is essential to create an environment where people with diverse backgrounds and characteristics, such as gender, nationality, religion, ability or disability, can achieve their full potential.

In recent years, Kajima has enhanced and expanded workplace programs and systems to enable employees to continue working with peace of mind and playing an active role in the Company while dealing with various life events. Specifically, we have made systemic enhancements to help employees balance work and childcare, such as improving the system of flex-time hours for parents of young children, introducing a telecommuting program, and creating a new program for family support leave. As a result, while we had set the targets of doubling the number of female employees in managerial positions over a five-year period starting in fiscal 2014, and tripling it over the ten-year period starting in the same year, we achieved the latter target in fiscal 2020, three years early.

Number of Female Employees in Managerial Positions

FY	2014	2019	2021
Female employees in managerial positions	54	120	164

We have also been encouraging male employees to take childcare leave. Measures such as making childcare leave partially paid rather than unpaid have led to an increase in the number of men using it. In fiscal 2020, 16 male employees took childcare leave, 60% more than in the previous fiscal year. Eight took one month or longer, an indication that more employees are taking leave for extended periods of time.

Number of Male Employees Taking Childcare Leave

FY	2016	2017	2018	2019	2020
Male employees taking childcare leave	1	3	8	10	16

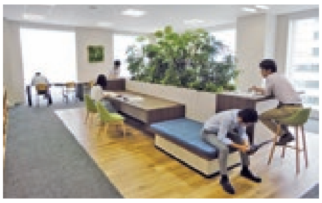
New Work Styles

In response to the COVID-19 pandemic, we have introduced staggered working hours, teleworking, and remote meetings, mainly for administrative divisions, to avoid the "three Cs" of closed spaces, crowded places and close-contact settings.

To increase productivity during teleworking, we have enhanced the network environment and are actively promoting digital transformation. We have converted over 150 document types from paper to digital formats in an effort to go paperless and eliminate the use of *hanko* seals to stamp documents.

To ensure that these measures to improve operations and increase productivity are lasting, we have considered and are testing new work styles in departments and branches. Offices that employ unassigned workspaces and activity-based working have been introduced in the Civil Engineering Management Division and at the Kansai Branch and other branches. Currently, we are also reviewing the workspaces of approximately 1,600 employees at the Head Office in Minato-ku, Tokyo.

Each employee's circumstances and environment differ, with conditions that are constantly changing, so we are creating a work environment that flexibly improves productivity.



Office transformation initiatives (Kansai Branch)

Improving Employee Health

We understand that healthy employees are an important management resource, and are continuously implementing health and productivity management under the slogan "Promoting the health of employees creates healthier and livelier workplaces!" As a result, Kajima has been selected for four consecutive years since 2017 under the Certified Health & Productivity Management Outstanding Organizations Recognition Program. A clinic has been established within the Head Office to make it easier for employees to regularly receive medical examinations, as well as recommendations for follow-ups and treatment when relevant, and offers health guidance as part of a proactive approach to maintaining and improving employees' health. Furthermore, based on the guidance of occupational health physicians, our Central Safety and Health Committee investigates and deliberates on healthcare matters, and delivers its conclusions through safety and health committees at all domestic branches.

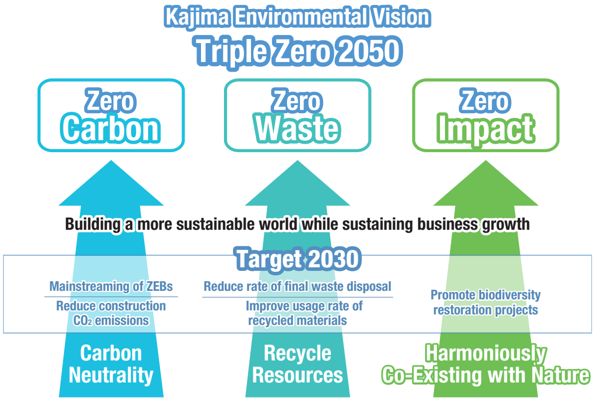
In October 2020, we established and announced the Kajima Group Health and Productivity Management Declaration, which formalizes our existing activities. The establishment of this declaration will add momentum to our efforts to promote health and productivity management.

Kajima Group Health and Productivity Management Declaration (Main Points)

1. We will create safe, supportive workplaces that are filled with energy.
2. We will support employees' efforts to take care of, maintain and improve their own health.
3. Health and productivity management will result in a virtuous cycle that contributes to the sustainable growth of the Kajima Group and greater well-being for employees and their families.

Environment

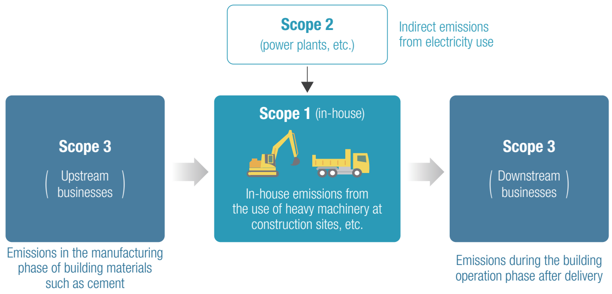
Taking on the Challenge of Achieving Carbon Neutrality by 2050



In May 2021, we revised the Kajima Environmental Vision: Triple Zero 2050 and set new CO_2 emission targets of a 50% decrease by fiscal 2030 and a 100% decrease (carbon neutrality) by fiscal 2050, both compared to fiscal 2013. Under our CO_2 emissions reduction plan, we aim to achieve carbon neutrality by 2050 while still expanding the scale of our business through two initiatives: reducing CO_2 emissions from our sites (Scope 1 and 2) and carbon offsetting. We also aim to obtain target validation from the Science Based Targets Initiative (SBT, an international validation protocol for greenhouse gas reduction targets) by the end of fiscal 2023.

In the supply chain (Scope 3), which encompasses the upstream phase of manufacturing building materials and the downstream phase of building operation after delivery, we will work actively to reduce CO_2 emissions through the development and use of low-carbon materials (page 45) and the design and construction of energy-saving buildings, including ZEB.

The "Scope" Concept in the Construction Industry

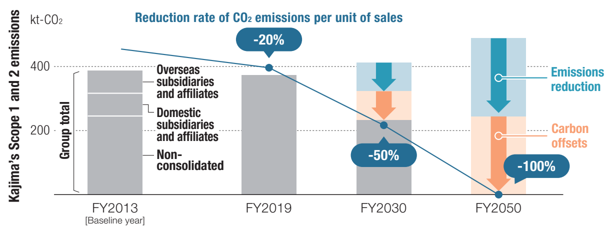


The Kajima Group's Investment in Reducing CO_2 and Carbon Offsets

Kajima Corporation has been using its proprietary Environmental Data Evaluation System (edes) (page 46) to monitor CO_2 emissions at all sites since fiscal 2020. Based on the results, we will implement further reduction activities such as energy conservation through productivity improvement, use of hybrid or electric-powered heavy machinery, and low-carbon (carbon-free) fuel use.

For carbon offsets, we will work to secure renewable energy sources, create and acquire carbon credits, and procure and use CO_2-free hydrogen.

CO_2 Emissions Reduction Plan



Triple Zero 2050 (Formulated in 2013; revised in 2018 and May 2021)

	Social Goals	Triple Zero 2050	Target 2030
Achieving a More Sustainable World	**Carbon Neutrality** A society that balances greenhouse gas emissions from human activities with the Earth's capacity for CO_2 absorption	**Zero Carbon** • Aiming to achieve carbon neutrality for the Kajima Group's greenhouse gas emissions (Scope 1 and 2 emissions) • Aiming to reduce Scope 3 emissions by at least 80%, compared to fiscal 2013	[Group-wide] Reduce Group-wide greenhouse gas emissions (Scope 1 and 2 emissions) per unit of sales to 50% of fiscal 2013 level or lower (equivalent to a 50% reduction of total emissions with fixed construction amount); contribute to the reduction of Scope 3 emissions as well, through joint efforts in the supply chain [Architectural Design] Achieve a ratio of more than 50% ZEB for new buildings
	Recycle Resources A society that pursues zero emissions by employing state-of-the-art infrastructure maintained and operated using sustainable resources	**Zero Waste** • Aiming to eliminate waste from construction operations by ensuring zero final waste disposal during construction, utilizing sustainable materials, and making buildings last longer	• Completely eliminate final waste disposal from construction operations • Achieve a usage rate of recycled materials of at least 60% for principal construction materials* * Principal construction materials (steel, cement, ready-mixed concrete, crushed stone and asphalt)
	Harmoniously Co-Existing with Nature A society that values the continuous benefits of ecosystem services by minimizing the impact of human activities on the environment and living creatures	**Zero Impact** • Aiming to minimize the overall environmental impact of construction operations by limiting their effect on nature and living creatures while promoting the restoration of biodiversity and new ways to make use of its benefits	• Promote biodiversity restoration projects • Build a portfolio of effective projects and make them hubs for biodiversity-related networking • Management of hazardous substances: Thoroughly implement preventative measures (especially for soil contamination and asbestos)
	Common Foundation Initiative Areas	• Conduct technology development • Actively distribute information in and outside the Company	

Reducing CO_2 Emissions Below Zero During Manufacturing

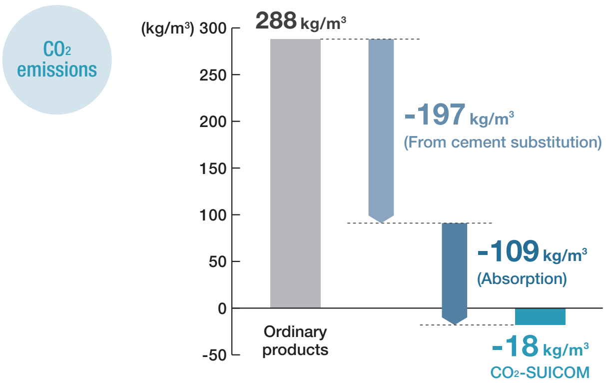
CO_2-SUICOM: CO_2-Absorbing Concrete

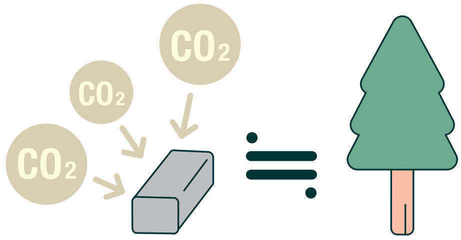
When considering CO_2 emissions over the entire lifecycle of a building, the amount of CO_2 released in the manufacturing of building materials is second only to that during the operation phase. This is a major issue not only for building material manufacturers, but also for construction companies.

Over the years, Kajima has been working to develop a variety of eco-friendly concretes, such as long-life concrete and mixtures that use residual and recycled materials. This has resulted in CO_2-SUICOM,* the world's first concrete to have achieved a negative CO_2 emission level in its manufacturing process.

In mixing CO_2-SUICOM (an acronym of CO_2-Storage Utilization for Infrastructure by COncrete Materials) more than half of the cement content is substituted with a special admixture (γ-C_2S) and industrial by-products, so that a large amount of CO_2 is absorbed and fixed inside the concrete as it hardens. This also helps to significantly reduce the CO_2 emissions from cement production, making CO_2-SUICOM the ultimate eco-friendly concrete, with negative total CO_2 emissions.

* CO_2-SUICOM is a technology developed by Kajima, The Chugoku Electric Power Company, Inc., Denka Company Limited and LANDES Co., Ltd.





CO_2 absorbed by 1 m³ of SUICOM is nearly equal to CO_2 absorbed by a 20-meter-tall cedar tree in one year

Examples of Civil Engineering and Building Construction Applications and Efforts to Promote Use

The main feature of CO_2-SUICOM is its ability to withstand harsh external environments owing to the very dense surface preventing penetration of deterioration factors. In addition, the low alkalinity of CO_2-SUICOM with its nearly neutral pH characteristic makes it friendly to the natural environment and suitable for coexistence with living organisms.

Since 2011, CO_2-SUICOM has been applied in making concrete blocks and precast concrete panels for use in various civil engineering and building construction projects, including the Chugoku Electric Power Company Fukuyama Photovoltaic Power Station and Nakano Central Park.

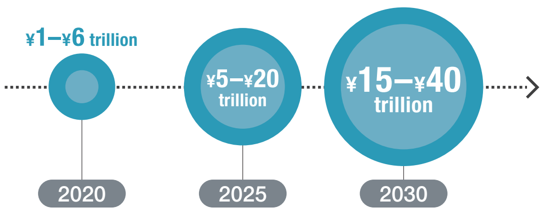
Moreover, there has been increasing use of CO_2-SUICOM in making concrete formworks in factories because it is thin and absorbs CO_2 easily. It is expected that the costs of this CO_2-absorbing concrete, which is the only one of its kind practically available in Japan, will come down as more and more applications are realized.

In December 2020, CO_2-SUICOM was introduced as a model carbon recycling technology by the Ministry of Economy, Trade and Industry (METI) in its Green Growth Strategy Through Achieving Carbon Neutrality in 2050. Through this and other recognition, CO_2-SUICOM is attracting widespread attention both domestically and internationally.

The market for eco-friendly concrete is expected to grow to a scale of ¥15 to ¥40 trillion worldwide by 2030. With a view toward bringing CO_2-SUICOM to the global market, Kajima will continue to promote the full-scale use of CO_2-SUICOM and work to reduce CO_2 emissions by accelerating further development of the concrete for more practical and advanced applications and building a supply chain to deliver the product.

Building using precast concrete panels

Size of Eco-Friendly Concrete Market



Source: Global CO_2 Initiative (GCI)

Kajima's Environmental Management Systems

Kajima operates environmental management systems (EMS) that are compliant with ISO 14001. The Environment Committee is headed by the President and implements initiatives in each of five sectors: civil engineering, building construction, environmental engineering, engineering, and research and development. Four subcommittees address environmental management, construction environments, sustainable procurement, and biodiversity as cross-sector issues, and working groups are also organized for issues such as the Act on the Rational Use of Energy and plastics.

For domestic Group companies, we are surveying and gaining an understanding of the energy consumption of 14 construction-related companies and 2 development-related companies that have particularly high environmental impact.

Summary of Environmental Activities for Fiscal 2020

Activities in fiscal 2020, which was the final year of the previous three-year plan (FY2018-2020), generally proceeded smoothly. In the low-CO_2 emissions (carbon neutrallity) field, against a target of an 8% reduction compared to fiscal 2013, the reduction in CO_2 emissions per unit of sales was 37.3%, according to the total amount for all sites surveyed by our Environmental Data Evaluation System (edes), and a 22.2% reduction using the same sample sites survey method as until fiscal 2019.* In recycling resources, the final waste disposal rate including sludge was 2.5%, compared with the target of less than 3%. With regard to environmental problems, although there were no serious legal violations, there was one case in which we received a recommendation for correction.

* For comparison with past data, total results for the previous sample sites have been calculated and are also presented.

Survey of CO_2 Emissions at All Construction Sites with edes

Because more than 90% of Kajima's CO_2 emissions come from on-site construction activities, an understanding of their actual status is necessary in order to reduce emissions. We have developed our own Environmental Data Evaluation System (edes), which assesses and analyzes the amount of energy consumed, including fuel and electricity, at all sites. After a trial run in fiscal 2019, we began operating this system at all sites above a certain scale (approximately 700 sites) in fiscal 2020.

An analysis of data from all sites showed significant differences in CO_2 emissions per unit of sales depending on both the type of construction, such as tunnels or dams, and the stage of construction, such as foundation work immediately after the start of construction or interior work just before completion. We also found that the main source of CO_2 emissions differs depending on the type of work, in terms of whether it was derived from fuel or electricity.

In addition, with the start of edes implementation, the method of calculating total CO_2 emissions changed from sample sites to all sites. The discrepancy in CO_2 emissions due to the change in the calculation method is presumably due to the bias in the period (from the two-month period of November and December to the whole year) and in the sites covered by the survey (from a sampling of roughly 10% to all sites).

Data on CO_2 emissions per unit of sales for each type of construction work and construction progress will be analyzed in more detail by administration departments and incorporated into the energy consumption forecasting system, which is currently in preparation, for use in management of on-site CO_2 emissions.

edes

Launch of a Regional Smart Society Project

In October 2020, Kajima entered into a partnership agreement with Shikaoi-cho (Kato-gun, Hokkaido) for a Regional Smart Society Project. Shikaoi-cho is unique in that it utilizes energy from biogas produced from livestock extreta. Leveraging this feature, five themes have been selected for study to create a vision for the future through a public-private partnership: (1) a local energy supply business; (2) management of public facilities; (3) disaster prevention, disaster mitigation, and BCP measures; (4) ICT-based smart technology; and (5) promotion of local industry.

Kajima is also working with Kirishima Shuzo Co., Ltd. on an initiative that will lead to a smart society in Miyakonojo-shi, Miyazaki Prefecture, and on the creation of the smart city Haneda Innovation City (Ota-ku, Tokyo). However, this is the first time we have collaborated in such a way with a local government. Kajima's many years of experience in the design, construction, maintenance and management of biogas plants will be utilized in the formation of a regional smart society.

Since 2017, we have been working with Air Water Inc., Nippon Steel Pipeline & Engineering Co., Ltd., and Air Products Japan K.K. on the Shikaoi Hydrogen Farm, a Ministry of the Environment demonstration project that aims to create a supply chain for hydrogen fuel production, transportation, storage and supply, using biogas produced at the town's environmental conservation center.

(Above) Nakashikaoi Facility of the Hokkaido Shikaoi Environmental Preservation Center, where the Shikaoi Hydrogen Farm® is located
(Below) Remote signing ceremony

Environmental Targets: Results for the Previous Three Years and Targets for the Next Three Years

		New Three-Year (FY2021–2023) Targets Targets in gray are for the previous three years (FY2018-2020)	FY2020 Results	FY2021 Targets
Lower CO_2 Emissions (Carbon Neutrality)	Construction	• Reduce CO_2 emissions per unit of sales by 26% compared to fiscal 2013 • Reduce CO_2 emissions per unit of sales by 8% compared to fiscal 2013	Reduced CO_2 emissions per unit of sales by 37.3% compared to fiscal 2013 (22.2% reduction if calculated using the same method as until fiscal 2019)	Reduce CO_2 emissions per unit of sales by 22% compared to fiscal 2013
	Design	• Deepen ZEB technologies that contribute to the decarbonization of customer companies. Strengthen promotion of the use of labeling systems such as ZEB and BELS • Deepen energy management technologies • Secure conformance with SEQDC mandatory standards in Building Energy Efficiency Act • Become an industry leader in reducing CO_2 emissions	• Mandatory standards in Building Energy Efficiency Act: Set and managed original issues in line with building use • Industry-leading CO_2 emissions targets: Many projects for ZEB, BELS, and other labeling systems. The main building of the Kajima Technical Research Institute received the WELL Health-Safety Rating along with the WELL Platinum Certification. Obtained CASBEE-Smart Wellness Office Certification (S rank) for two high-rise offices, etc.	• Strengthen promotion of ZEB, BELS, and other labeling systems (with a particular focus on ZEB Ready and ZEB Oriented) • Achieve internal energy conservation standards (20% reduction) and promote internal targets (30% reduction in office buildings, 25% reduction in commercial buildings) • Promote ZEB through technical proposals for energy management, use of IoT and other digital technologies, and work style proposals
Recycle Resources	Construction	Less than 3% final waste disposal including sludge	2.5% final waste disposal including sludge	Less than 3% final waste disposal including sludge
	Design	Implement green procurement	Implement green procurement: Average of 5.7 items proposed	Propose more than four items for green procurement, indicate them on working drawings and verify whether or not the proposed items were ultimately adopted
Harmoniously Co-Existing with Nature		Implement outstanding biodiversity projects	Selected six outstanding biodiversity projects (civil engineering: 1, building construction: 5)	Implement more than six outstanding biodiversity projects per year
		Reduce the impact of construction on the natural environment (particularly through management of hazardous materials and polluted water)	Hazardous material problems: 1	Reduce the impact of construction on the natural environment (particularly through management of hazardous materials and polluted water)
Common Foundation Initiative Areas	Research and Development	• We will continue our activities with the following targets, in close cooperation with the entire company, in order to contribute to Triple Zero. • Implement research and technology development that contributes to preservation and sustainable use of the environment • Deployment of more than six specific results of basic research and development over three years	• Environmental contribution technology development projects: 16 • Environmental contribution technology project deployment: 7	• Environmental contribution technology development projects: 10 or more per year (designated environmental topics) • Environmental contribution technology project deployment: 2 or more per year (deployment of results)
	Engineering	• Respond to changes in social conditions and customer requirements • Promote the prevention of environmental accidents involving various chemical substances	• Confirmed Triple Zero support (7 cases) • Confirmed response to chemical substances (3 cases) • Project participation: 45 projects	• Identify customer needs, and confirm and implement the policy for the Triple Zero initiative • Thoroughly manage environmental risks by paying attention to the handling of various chemical substances • Promote activities to obtain orders through the utilization of wastewater treatment technologies
	Environmental Engineering	• Promote environmental management in concert with Group companies • Make technical innovations and create projects based on Triple Zero	• Steadily promoted renewable energy projects • Obtained orders for environmental infrastructure (disposal facilities, water supply) • Ongoing demonstration in the Hokkaido hydrogen supply chain	• Expand projects with core environmental technologies and services • Strengthen efforts in four priority fields • Initiatives for next-generation technologies/projects

Material Flow

Input

		FY2020
Construction sites	• Energy	
	· Electricity (10^4 kWh)	7,272
	· Diesel oil (kℓ)	44,554
	· Kerosene (kℓ)	709
	· Gasoline (kℓ)	914
	· Heavy oil (kℓ)	868
	• Tap water (10^4 m^3)	87
	• Main construction materials (10^4 t)	195.1
Offices	• Energy	
	· Electricity (10^4 kWh)	2,627
	· Diesel oil (kℓ)	8
	· Kerosene (kℓ)	10
	· Heavy oil (kℓ)	7
	· Gas (10^4 m^3)	16.9
	· Heating/Steam/Cooling (GJ)	14,782
	• Tap water (10^4 m^3)	15

Output

		FY2020
Construction sites	• CO_2 emissions (10^4 t)	15.7
	• Wastewater (10^4 m^3)	112
	• Construction surplus soil (10^4 m^3)	108
	• Hazardous materials collected	
	· Materials containing asbestos (t)	14,251
	· CFCs and halon (t)	3.9
	· Fluorescent tubes (t)	49.2
	• Construction waste (10^4 t)	159.2
	• Final disposal volume (10^4 t)	4.0
Offices	• CO_2 emissions (10^4 t)	1.3
	• Wastewater (10^4 m^3)	15
	• Volume of waste (t)	1,670

Disclosure of Climate Change-Related Information (Disclosure in line with the TCFD Recommendations)

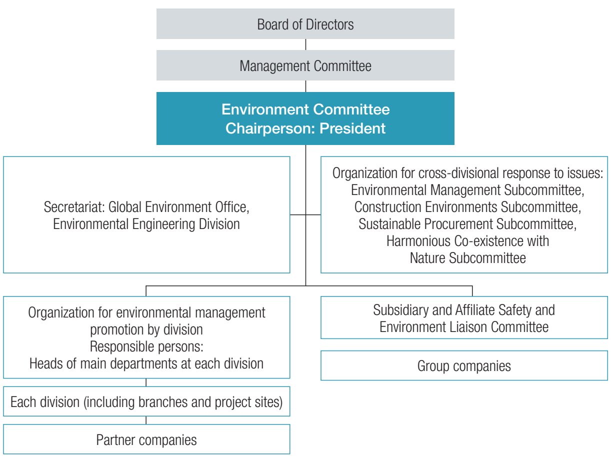
Kajima recognizes that addressing environmental issues including climate change is a key management issue and includes "providing technologies and services for disaster preparedness that support safety and security" and "contributing to society's transition to a carbon-free footprint" among its material issues. In December 2019, Kajima expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

While society and markets are increasingly committed to decarbonization, the world is already experiencing extreme weather events and floods that are becoming more severe. We will continue to contribute to the resolution of social issues related to climate change through our businesses. This includes contributing to the social mission of the construction industry in terms of disaster prevention and mitigation, BCP and disaster recovery.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

1. Governance Measures

Kajima has established the Environment Committee as an organ to deliberate and decide on environmental issues. The committee is chaired by the President and comprises members from the management team and executives from domestic and overseas subsidiaries and affiliates. It deliberates and decides on important environmental policies and measures, including measures to address climate change. Important policies are then deliberated and decided on by the Board of Directors and the Management Committee. The policies and measures decided on are incorporated into each division's business plan and implemented. The next year, the Environment Committee follows up on progress and results, thereby leading to further improvements and new initiatives. The carbon neutral policies discussed by the committee have been integrated as priority initiatives in Medium-Term Business Plan (FY2021–2023). The Board of Directors regularly follows up on the implementation of initiatives.



2. Strategy

The construction industry uses materials that conventionally emit a large amount of greenhouse gases during manufacture, such as cement and steel, and the long operating life of buildings and structures has a significant impact on the greenhouse gas emissions of customers. Accordingly, public policies related to carbon pricing and carbon emissions, zero energy buildings (ZEB) and renewable energy-related construction markets, and low-carbon construction technologies are identified 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, the impact of changing weather patterns, the intensification of extreme weather events, the effect of rising temperatures on labor productivity, and corresponding labor legislation are identified 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 fiscal 2030.

Revision of 2°C Scenario to 1.5°C Scenario

Risks and opportunities	Impact of change from 2°C scenario to 1.5°C scenario	Description
Cost increase due to introduction of carbon price	**Cost increase**	Despite improvement in CO_2 emissions per unit of sales of material production in fiscal 2030, carbon price will increase in fiscal 2030
ZEB, energy-saving renewal market expansion	**Slight increase in sales**	Expansion of the scope of the ZEB market including ZEB Oriented, which is designed for large-scale buildings

1.5°C scenario
Scenario in which strict measures are taken against climate change, and the temperature increase in 2100 is limited to about 1.5°C above pre-industrial levels.

4°C scenario
Scenario in which strict measures are not taken against climate change, and the temperature increase in 2100 reaches about 4°C above pre-industrial levels.

The movement toward carbon neutrality by 2050 has become the global mainstream, including in Japan.

This trend is not expected to stop in the future, and the price of carbon currently traded in Europe is expected to rise. On the other hand, while CO_2 emissions per unit of sales for cement and steel production are improving, it is necessary to keep a close eye on domestic policies and international trends regarding decarbonization, to determine the impact.

In addition, as regulations tighten in the future, demand for ZEB and energy-saving renovations in large-scale buildings is

Risks and Opportunities

+: Positive impact on profits and losses
–: Negative impact on profits and losses

Category		Risks and opportunities			Impact on FY2030 profits and losses	
					1.5°C scenario	4°C scenario
Transition risks	Policy	Increase in costs due to tax	Risk Opportunity	A carbon tax is levied on CO_2 emissions during cement and steel manufacturing and CO_2 emissions during construction, increasing construction costs. Low-carbon construction becomes price competitive.	– – –	
		Construction market contraction due to higher taxes	Risks	Private sector construction investment declines due to higher taxes. A decline in private consumption is assumed, similar to the decline that occurred with the domestic consumption tax hike.	–	
		Restrictions on business based on CO_2 emission allowances	Risks	Governments cut down on construction investment to meet national emission targets. Costs of emission rights trading and purchasing certificates (credits) to meet the Company's emission targets increase.	–	
	Markets	Change in the energy mix (reduction in fossil fuels)	Risk	Demand for construction of fossil fuel power generation facilities declines.	–	
		Increase in demand for renewable energy	Opportunity	Investments in construction of wind power generation and other renewable energy-related facilities increase.	+ +	+ +
		Expansion of ZEB market	Opportunity	While the 4°C scenario assumes a certain level of ZEB adoption, under the 1.5°C scenario ZEB will become much more widespread, leading to higher added value.	+ +	+
Physical risks	Chronic	Effects of rising temperatures on working conditions	Risk	Heat stress reduces labor productivity and increases construction costs as more skilled workers are needed to sustain the same volume of work.	–	– –
	Acute	Disaster prevention and mitigation, and national resilience	Risk Opportunity	Extreme weather events cause damage to Group facilities. Intensification of torrential rains and extreme weather events creates demand for disaster prevention and mitigation measures including flood control and recovery measures.	+ +	+ +
		Relocation from disaster risk areas	Risk Opportunity	Natural disaster risk areas expand, and factories and other facilities are relocated overseas. Demand for relocation from low elevation areas is created.		– +

Countermeasures

Responding to carbon tax and emission allowance regulations	• Increase in costs due to carbon tax • Construction market contraction due to higher taxes • Restrictions on business based on CO_2 emission allowances	(1) Promotion of activities to reduce CO_2 emissions during construction → edes (page 46) (2) Development and introduction of low-carbon construction materials → CO_2-SUICOM (page 45) (3) Securing of renewable electricity supplies
Developing technologies for new markets and climate change	• Change in the energy mix (reduction in fossil fuels) • Increase in demand for renewable energy • Expansion of the ZEB market • Effects of rising temperatures on working conditions	(1) Selection of focus fields based on the energy mix (2) Development of design and construction technologies for renewable energy facilities (3) Pursuit of business feasibility and comfort for ZEBs (4) Development of labor-saving construction technologies → A⁴CSEL (page 31)
Responding to intensification of extreme weather events	• Disaster prevention and mitigation, and national resilience • Relocation from disaster risk areas	(1) Promotion of technology development 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

expected to increase, as of 2030.

As a result of our scenario analysis, we concluded that we are sufficiently resilient, due to business opportunities such as a growing demand for renewable energy and differentiation through low-carbon construction.

3. Risk Management

To address climate change-related risks, the Global Environment Office of the Environmental Engineering Division, which serves as the secretariat for the Environment Committee, leads cross-organizational assessments of the environmental impact of climate change-related risks by the Environmental Management Subcommittee and other relevant internal departments. Finally, the Environment Committee deliberates and decides on risks and opportunities each year.

All operational risks, including climate change-related risks, are assessed by the Compliance and Risk Management Committee, which is chaired by the President, and reported 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.

4. Indicators and Targets

In 2013, Kajima formulated and announced the Kajima Environmental Vision: Triple Zero 2050 as the basis for environmental initiatives. At the same time, Kajima is implementing activities under Target 2030, which sets specific quantitative milestones for fiscal 2030.

In 2021, Kajima revised its CO_2 reduction targets and aims to reduce the amount of CO_2 emitted during construction (Scope 1 and 2) by 50% compared to fiscal 2013 by fiscal 2030, and to reduce CO_2 emitted during construction (Scope 1 and 2) to virtually zero and achieve carbon neutrality by fiscal 2050 (page 23).

Kajima manages its environmental activities by assessing climate change-related risks and opportunities and reviewing indicators and targets every three years based on this environmental vision. The period for environmental targets is synchronized with the medium-term business plan. Kajima thus aims to increase corporate value and solve environmental issues in an integrated manner.

Human Rights, Supply Chain and Framework for Ensuring Safety

Respect for Human Rights

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,” and thereby clarifies the social mission of our corporate activities. The Kajima Group Code of Conduct requires “respect for all people connect to the Kajima Group,” and as such we are committed to implementing initiatives related to respect for human rights.

Over the past few years, companies everywhere have come under increasing pressure to respect human rights, and in response we have reorganized our existing frameworks. In March 2021, we established the Kajima Group Human Rights Policy to clarify our approach toward respect for human rights.

This policy applies to all officers and employees (including regular employees, contract employees and dispatched employees), as well as all business partners that make up our supply chains. The Kajima Group is fulfilling its responsibility toward respect for human rights by not infringing on any human rights, and also by minimizing all adverse impacts on human rights that may arise through its corporate activities.

In the future, we will plan and implement human rights due diligence after considering the best method of development, with the aim of strengthening the framework we have established thus far.

Supply Chain Management

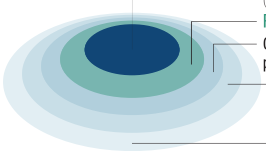
In September 2020, we established the Kajima Group Conduct Guidelines for Business Partners, which are shared with business partners who make up our supply chain. They set forth those matters with respect to which we ask for compliance, respect, and strict adherence—in particular, compliance with laws and regulations, respect for human rights, consideration for the environment, ensuring quality, and other responsibilities. In addition to items related to compliance with laws and regulations, safety, eradication of involvement with antisocial forces, prevention of corruption, and restrictions on child labor, which are included in basic construction subcontracting agreements, and the basic labor health and safety pledges that we ask our partner companies to sign, the guidelines also incorporate the Kajima Group Code of Conduct. We have sent the guidelines to the 4,500 partner companies who are members of the Rokueikai, and require that they comply with ordering terms and conditions when we procure items from them.

We will work together with our suppliers to implement the Code of Conduct in order to meet demands from society, including compliance with laws and regulations, respect for human rights, consideration for the environment, and improving the working environment throughout our supply chain.

After carefully considering the guidelines, we will then plan and implement monitoring and educational activities regarding their implementation.

Working with Partner Companies

Kajima’s partner companies formed the Kajima Business Partners’ Association, which engages in various projects in the spirit of mutual aid, as well as Rokueikai, whose primary purpose is accident prevention activities. By coming together with partner companies through these organizations, Kajima forms strong partnerships that will ensure quality and safety, and provide other benefits.



Initiatives for Securing the Future Workforce

Kajima Partner College

Kajima Partner College, which was established for the purpose of developing human resources at partner companies, began offering courses in April 2021. The College aims to train future Kajima Meisters and executive management candidates in leadership skills, and to give them a broad perspective, not only in terms of their own job and the work they are in charge of, but also with respect to construction sites, the Company, and the construction industry as a whole.

Incentive System for Activities to Strengthen Productivity

The Incentive System for Activities to Strengthen Productivity* was established as a new measure to support our partner companies. The program encourages and supports efforts to improve productivity and secure human resources.

* A program that provides full or partial grants to members of the Kajima Business Partners’ Association. It supports their participation in initiatives that help strengthen productivity.

Kajima Meister System and New E Award System

Registration and Direct Financial Incentive System for Outstanding Foremen (Kajima Meister System)		Incentive System for Outstanding Skilled Workers (New E Award System)
Supermeister Approx. 100 Supermeisters certified from among Meisters (Fiscal 2021: 119 people) Per-day incentive of ¥4,000	**Meister** Approx. 500 Meisters (Fiscal 2021: 401 people) Per-day incentive of ¥2,000	**Approx. 400 each year** (Fiscal 2020: 613 people) Per-year incentive of ¥100,000

Implementing a Five-Day Work Week

Kajima is pushing forward with the implementation of a five-day work week at construction sites (closing sites for 104 days each year) in stages. As of the end of fiscal 2020, five-day work weeks have been implemented at 31% (target of 75%) of all sites. We will continue our efforts to achieve five-day work weeks at all construction sites.

Framework for Ensuring Safety

Kajima is responsible for the safety and health management of everyone involved in construction site operations. Our role as the prime contractor is to develop plans and manage risks so that foremen and workers from partner companies involved in operations at construction sites can perform their duties confident that their equipment and working environment are safe.

In fiscal 2020 at Kajima construction sites in Japan, there were 52 accidents with lost work time of four or more days, including two fatal accidents. The frequency rate of accidents resulting in lost work time of four or more days was 0.61, and the rate for accidents resulting in lost work time of one or more days was 1.13, resulting in a severity rate of 0.20. Under the slogan “Think safety! Make today accident free,” we will continue to do our utmost to ensure a safety-first approach to work.

Safety Performance

(FY)

		2018	2019	2020
Accident frequency rate	Lost work time of 4 or more days	0.68	0.69	0.61
	Lost work time of 1 or more days	1.49	1.24	1.13
Accident severity rate		0.11	0.18	0.20
No. of accidents		66	67	52
Cumulative working hours (Millions of hours)		96.71	97.62	84.80
No. of fatalities	Non-consolidated (domestic)	1	2	2
	Non-consolidated (overseas)	0	1	0
	Domestic Group companies[2]	0	0	0
	Overseas Group companies[2]	0	0 (2)[1]	0 (1)[1]

Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours
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.
1. Figures in parentheses indicate the number of fatal accidents for which the local authorities did not hold the Group responsible
2. “Domestic Group companies” and “Overseas Group companies” refer to subsidiaries involved in construction

Management System

Kajima implements safety and health management in conformance with the Construction Occupational Health and Safety Management System (COHSMS). We follow a PDCA cycle of reviewing our safety and health policies as necessary based on the performance and circumstances of the previous fiscal year, and then formulating Company-wide safety and health targets and plans for the current fiscal year. Starting from the Company-wide policies formulated through this 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 items as a foundation for establishing construction safety and health policies, targets, and plans for each construction site, to be shared with partner companies in carrying out construction work. In addition, by focusing on actual workplaces, equipment, and site conditions we will keep improving safety and health levels.

Restructure Multilayered Subcontracting

In Japan, the construction industry’s subcontracting structure, which has been in place for many years, is a multilayered structure consisting of primary subcontractors, secondary subcontractors, and lower-tier subcontractors who are responsible for intermediate construction management, provision of labor, and other direct construction functions under the main contractor, which in turn is responsible for the overall management and supervision of the entire construction project.

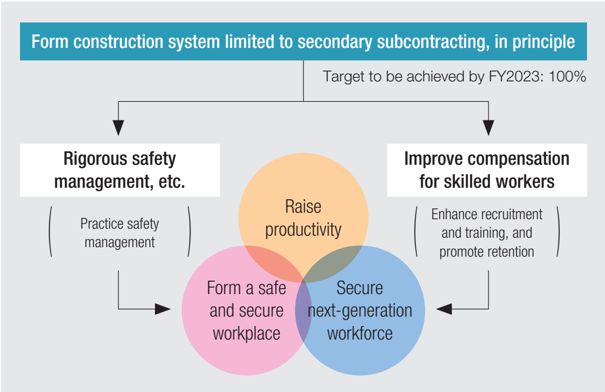
This multilayered subcontracting structure not only hinders construction facilitation and productivity improvements, but is also responsible for preventing advancements in safety and quality guidance and management, and for keeping the wages of skilled workers low.

In response, Kajima intends to take on the challenge of restructuring multilayered subcontracting (while complying with all laws and regulations) by clarifying where responsibility lies in the construction process to ensure rigorous safety management, etc., and to improve compensation for construction workers and raise productivity.

Having reviewed the existing standards for multilayered subcontracting, we have decided that from April 2021, multilayered subcontracting below the third layer will require branch manager permission. We are working to establish a construction system that is limited to secondary subcontracting as soon as possible by working together with partner companies at branches and worksites nationwide to identify issues. Kajima will work to realize a construction system that is limited to secondary subcontracting, in principle, after clarifying exceptions, at all construction sites from April 2023.

Achieving a construction system that is limited to secondary subcontracting, in principle will lead to an improvement in compensation (raising wages for skilled workers) and make the construction industry more attractive to work in, and by extension, is expected to increase the number of young workers who will lead the next generation. In addition, we believe that creating a management system where the main contractor can keep an eye on the entire project will lead to appropriately focused safety management that enables a competent primary foreman to properly supervise multiple secondary foremen, and provide appropriate instruction and guidance.

Restructure Multilayered Subcontracting



Dialogue between the Chairman and an Outside Director

Kiyomi Saito, a Kajima outside director since 2015, and Chairman Yoshikazu Oshimi discussed a variety of topics ranging from the Kajima Group Medium-Term Business Plan (FY2021–2023) announced in May 2021 to ideal corporate governance for the future.

Yoshikazu Oshimi
Chairman,
Representative Director

Kiyomi Saito
Outside Director

Review of the Previous Discussion

Oshimi: The last time you and I had a discussion like this was in 2018, when Kajima announced the previous medium-term business plan. I reviewed the opinions you expressed then, and concluded that I had made some progress during my tenure as president. There are many matters that I would like President Amano, my successor, to continue promoting and enhancing.

What is your take on the six years since you were appointed as an outside director?

Saito: My colleagues Koji Furukawa and Masahiro Sakane and I were all appointed as outside directors in 2015. Being corporate managers with similar backgrounds gives us the confidence to express our opinions frankly at Board of Directors and committee meetings.

Oshimi: I distinctly remember you pointing out the importance of the business portfolio in promoting proactive investment overseas under the previous medium-term business plan. Based on this opinion, and guided by our investment plans, we have used a variety of investment approaches over the past three years to diversify the scope and configuration of our businesses by region. We have seen some results of these efforts.

Saito: I think it is a welcome change, because when it comes to trying new things, the hurdles tend to be higher for companies such as Kajima that are highly regarded for their technology and quality. Self-reliance may have been the norm until now, but when expanding into new areas and businesses overseas, I think that one of the keys to success is to cooperate with local companies and make good use of the capabilities of others. This is clearly reflected in the new Medium-Term Business Plan. I am happy to see that Kajima is trying to grow by incorporating external capabilities in ways such as exploring new technologies in Silicon Valley and collaborating with startup ventures.

Oshimi: I am grateful for the ongoing advice of our outside directors on management from an external perspective.

Saito: The outside directors of the company for which I am president give me many suggestions that I consider valid but difficult to implement. These outside directors do not accept the excuses I may make, and when we do as they suggest, I sometimes find, contrary to my expectations, that our efforts are successful. In other words, one of the roles of an outside director is to doggedly pursue management improvements that should be implemented but may not seem feasible to the company. In fact, Director Furukawa has consistently championed themes such as Group management and circumspect compliance, and Director Sakane has done the same for eliminating the multi-layered subcontracting structure.

Oshimi: Our outside directors continuously tell us what we need to do, which indicates that we may not be doing enough. We will continue relevant initiatives to address the issues our outside directors raise.

Corporate Governance

Oshimi: Partly as a result of suggestions about corporate governance from outside directors, we have enhanced discussion of medium- to long-term management issues at Board of Directors meetings, and raised the ratio of outside directors to one-third in 2019. Other reforms have included establishing the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee in 2020.

Saito: Stock markets and society in general are demanding enhanced governance, and Kajima has been making steady progress in this area over the past six years. Kajima has a wonderful corporate culture that values people, but it needs to structure systems that do not rely too heavily on the thoughts and actions of individuals. Given the compliance violations of recent years, the same holds true for structuring and operating business execution systems. Kajima needs to make its systems more objective and transparent, operate them rigorously, inculcate them within the Company, and show society where it stands. I appreciate that Kajima has done much to ensure thorough compliance. However, all companies face challenges in eliminating every compliance violation as they expand, so I believe compliance is an issue that must be addressed continuously.

Oshimi: We will make the most of Kajima's good corporate culture as we further enhance systems, monitoring, and education to prevent the recurrence of non-compliance. This is a critical priority for the management team, so we appreciate your continuing guidance.

Saito: The Nomination Advisory Committee discussed candidates for the new president four times. I am proud of the committee's objective evaluation and selection process, which included interviews with candidates. In the future, the committee would like to further deepen discussions about improving planning and transparency by considering succession plans.

Oshimi: As chairman, I see the operation of the Board of Directors as a means to help outside directors understand the organization of the Kajima Group, and would like to provide more such opportunities for them to see how each section of the Group operates.

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

Oshimi: In formulating the Medium-Term Business Plan, the Board of Directors and other parties had several lively discussions about our image of the future and the Group's Vision.

Saito: Having mid-career and young employees offer their opinions in creating the Vision was an excellent idea. But creating the Vision is not the be-all and end-all of the matter. Kajima needs to share the Vision internally and externally. Senior management must draw on the Vision at every opportunity when communicating.

Oshimi: The main feature of the Medium-Term Business Plan is forward-looking investment, and we will align our investments with the different situations of each of the countries we serve. Our investments must be premised on establishing businesses that are deeply rooted in each region and culture.

Saito: The term “global” connotes a broad network and many offices, but I do not consider those to be absolutely necessary. A key for the construction business is narrowing down targets and areas. A good understanding of each region is required in this business, so Kajima should delve deeply into its chosen areas rather than simply increasing the number of local offices.

Oshimi: Exactly. We do not intend to haphazardly increase the number of offices. When we begin operating in a new country, we take in the local situation directly and focus on how we can help the people of that nation. Human resources are limited, so this is the approach we will take with investments in the Medium-Term Business Plan.

Saito: What is localization? It is not just putting local people in charge. A bilateral relationship is important, so that Kajima can benefit from absorbing local expertise and ideas while providing its expertise to the local areas it serves. In my company, where half of the employees are of Chinese nationality, bilateral thinking is very helpful. Different approaches may make getting the message across challenging, but good things come from competition among ideas. Diverse points of view are valuable.

Oshimi: Suddenly investing in a new place does not usually go well. We need to proceed methodically while identifying opportunities. We also need to add local talent to our teams and be open to change. We have increased overseas investment in the new Medium-Term Business Plan by about ¥100 billion compared to our previous plan, so we expect positive outcomes.

Saito: The common wisdom is that the Japanese market is saturated and companies must therefore expand overseas. Yet operating overseas is not limited to developing a market and generating sales in a new place. It also involves bringing new ideas back to Japan from overseas to expand domestic business. In other words, you will come to see different operating approaches if you view overseas markets as an opportunity to learn rather than just as places to sell your services.

Expectations for Kajima

Saito: ESG investment has become commonplace in recent years. Investors do not want to be party to negative impacts on society, and they praise and support companies that have a positive impact. Therefore, companies are now being evaluated from the three perspectives of risk, return, and impact. Some people may believe that doing good for society is associated with being unprofitable, but that is not valid. It is all a matter of how one approaches the business. Many companies that do it right have profited. That is exactly what social impact investing is all about—many companies impact society by resolving social issues with innovative approaches while also generating financial returns. Working to achieve the SDGs drives innovation.

Oshimi: So to grow sustainably, companies must address social issues and invest accordingly. Considering that our corporate philosophy states that we will strive to continually advance our business operations and contribute to society, I would say that our initiatives since Kajima was founded have been aligned with the mindset of international society and investors.

Saito: In real estate development, for example, projects should be a good fit with the topography and geology, not random. Or take concrete. It used to be made from a finite range of materials, but changing those materials can transform concrete into a means to conserve the Earth’s resources. These are just some of the many ways to contribute. Nowadays, companies that do not communicate the good they are doing for the world do not earn the respect of society. Thus, looking at the world and thinking about its workings from different perspectives have become even more important.

Many of today's younger generation want to work at a company that is doing good. According to one report, many people think that their pay does not have to be all that high if their job benefits society. To attract good people, Kajima must therefore communicate the good it does for society. Society may no longer appreciate Kajima if it does not have this mentality.

In particular, addressing climate change will become increasingly important in the future.

Oshimi: We have identified the relevance of social issues such as the SDGs to our business and determined seven material issues. We focused on these issues in formulating the new Medium-Term Business Plan. The issues include reducing CO_2 emissions with the aim of being carbon neutral, investing in power generation facilities that use renewable energy, and smart society initiatives such as a community development project in Shikaoi-cho, Hokkaido that locally produces energy for local consumption. In the Medium-Term Business Plan, we have established a Strategic Investment Budget of ¥60 billion in businesses that resolve social issues. I believe this is in line with the concept of impact investing. It is a bold initiative, and while not all investments will generate profits, some will certainly support future growth.

Saito: Please continue to come up with strategies for success in the future.

Oshimi: I will. The Board of Directors and other bodies will also continue to report on the progress of such initiatives. I look forward to having opportunities for further discussion. Thank you for your time and your insights.

Main Comments by Outside Director Kiyomi Saito during the Dialogue in 2018 and Actions Taken

Summary of main comments	Key actions
Research and Development, and Investment • Make further use of external resources such as collaboration with startup ventures. • Keep the business portfolio in mind when investing in construction-related businesses, the real estate development business, and overseas businesses.	• Stationed employees in Silicon Valley to promote open innovation with startup ventures. • Began construction of The GEAR, an open innovation center in Singapore, in August 2020. • Participated in a project led by RIKEN to use the Fugaku supercomputer to counter COVID-19. • Deployed comprehensive Kajima Group capabilities to promote the Haneda Innovation City smart city model project. • Promoted the rental housing development business through Flournoy, an acquisition in the United States. • Acquired Student Depot of Poland, which develops and operates student dormitories, in May 2019.
Work-Style Reform • Mechanize further to maintain and increase the wages of workers and meet construction deadlines. • A comfortable working environment and an atmosphere that accommodates individual circumstances are requisites for promoting diversity.	• Formulated the Kajima Smart Future Vision in November 2018 with the goals of addressing the shortage of construction workers and innovating construction processes to achieve work-style reform; on-site demonstrations and implementation have begun. • Applied the A^4CSEL automated construction machinery system for Naruse Dam embankment construction. • Enhanced various systems, including expansion of the flex-time work hours system for childcare and implementation of family support leave. • Implemented postnatal training also attended by supervisors. The number of people taking nursing care leave increased significantly.
Technological Appeal • Kajima should do more to publicize its outstanding technology.	• Announced results of joint research with JAXA and the Space Exploration Innovation Hub Center (TansaX). • Kajima Smart Future Vision model site at the Yokohama Gate Tower Project opened to the media. • KAJIMA DX LABO, where visitors can experience the future of civil engineering, opened in October 2020.

Corporate Governance

Kajima's fundamental commitment on corporate governance is to ensure fair and transparent corporate activities using enhanced management supervision by the Board of Directors and Audit & Supervisory Board. This is combined with risk management and accountability achieved via internal controls and systematic steps to secure compliance. Kajima will continue to strengthen its corporate governance based on the Corporate Governance Code outlined by the Tokyo Stock Exchange.

Overview of Corporate Governance Structure

Kajima has elected to use a Company with an Audit & Supervisory Board structure, with a Board of Directors to make key business decisions and monitor business execution and an Audit & Supervisory Board to audit the execution of duties by directors.

The Nomination Advisory Committee and the Governance and Remuneration Advisory Committee have been established as advisory organs to the Board of Directors to strengthen the management supervisory function. Furthermore, an executive officer system has been introduced to separate and bolster supervisory and operational execution functions, as well as to increase the efficiency and speed of management. In addition, a Management Committee and a Joint Committee of Directors and Executive Officers have been established to improve the efficiency of operational execution.

Governance Structure: Company with an Audit & Supervisory Board

Directors	12 persons (including 4 outside directors)
Term	1 year
Number of Board of Directors meetings (FY2020)	14 meetings, once a month in principle
Audit & Supervisory Board members	5 persons (including 3 outside members)
Number of Audit & Supervisory Board meetings (FY2020)	15 meetings, once a month in principle
Executive officer system	Yes
Independent directors	7 persons

Progress in Strengthening Corporate Governance

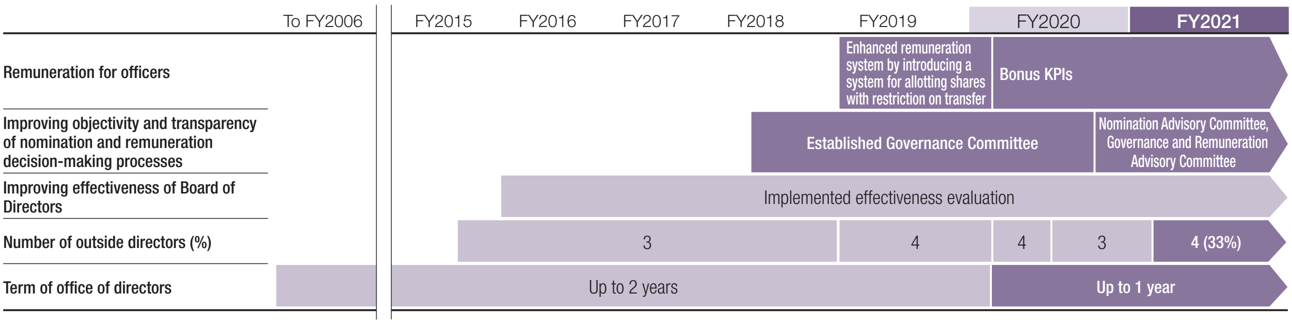
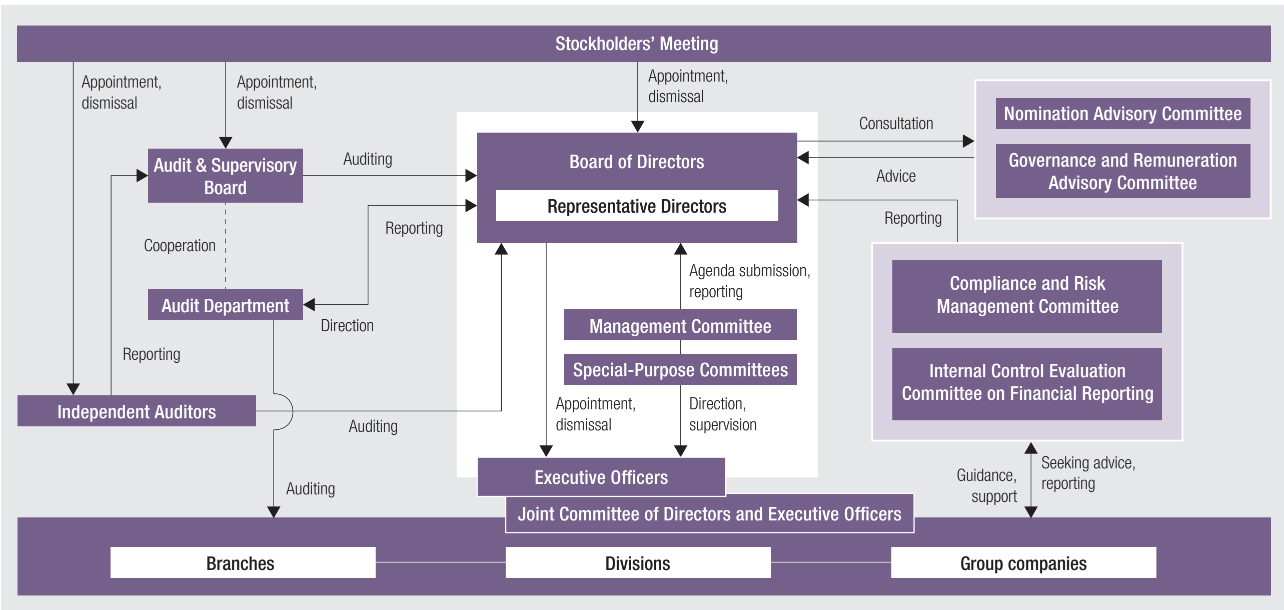


Diagram of Corporate Governance Structure



Nomination Advisory Committee and Governance and Remuneration Advisory Committee

The Nomination Advisory Committee and the Governance and Remuneration Advisory Committee were newly established in December 2020 as advisory organs to the Board of Directors, by reorganizing and expanding the Governance Committee, which had played a key role in Kajima's corporate governance system. Its functions included deliberating on important matters related to corporate governance in general, including officer personnel and remuneration-related matters, and giving advice to the Board of Directors. The Governance Committee met a total of eight times following its establishment in December 2018.

	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 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 that deliberates on important matters related to corporate governance, including remuneration of directors and other officers, and provides recommendations to the Board of Directors with the aim of ensuring objectivity and transparency.
Main themes for discussion	• Composition of Board of Directors, executives on management team, requirements, and nomination guidelines	• Officer remuneration system (including composition, standards, guidelines for determining remuneration) • Operational enhancements and other measures to improve effectiveness of the Board of Directors
Meeting administration	The Executive Office functions as secretariat and is responsible for providing support.	The Executive Office functions as secretariat and is responsible for providing support. Depending on the content of the Board of Directors meeting agenda, persons including the President and other executives on the management team may also be invited to attend Executive Office meetings in order to provide briefings.
Meeting frequency	One regular meeting per year; additional meetings as needed	One regular meeting per year; additional meetings as needed
Number of meetings in FY2020	4 meetings	2 meetings (Held as the Governance Committee meeting) The first meeting of the Governance and Remuneration and Advisory Committee was held in April 2021.
Chairperson	Outside director	Outside director
Members	President 3 outside directors	4 outside directors 3 outside Audit & Supervisory Board members

Appointment of Outside Directors and Outside Audit & Supervisory Board Members

Kajima has appointed four outside directors and three outside Audit & Supervisory Board members, with an emphasis on securing a high degree of independence. Appointees must satisfy certain requirements for independent directors as defined by stock exchanges, and all are registered with the Tokyo Stock Exchange and Nagoya Stock Exchange as independent officers.

Outside Director and Outside Audit & Supervisory Board Member Support System

The Executive Office is responsible for providing support to outside directors, and the Office of Audit & Supervisory Board Members is responsible for providing support to outside Audit & Supervisory Board members. In addition to providing orientations prior to Board of Directors meetings, these offices also supply outside officers with the information they need to serve in their positions.

Outside directors meet regularly with Kajima management. In addition, they receive tours of branch offices and construction sites. This enhances management supervision by ensuring that the outside directors have an accurate understanding of Kajima's business.

Tour of a construction site (Yokohama Gate Tower Project)

Skills Matrix

Appointees to the Board of Directors must have the ability to apply the knowledge they have cultivated in their respective fields, such as business, finance, and technology. Candidate selection takes into consideration the diversity and appropriate size of the Board of Directors, while pursuing a balance of knowledge, experience and abilities as a whole. To ensure objectivity and transparency in selecting candidates for Director, the Nomination Advisory Committee deliberates on the basic approach to the nomination and the composition of the Board of Directors, among others, and provides advice and recommendations, based on which the Board of Directors deliberates and makes final decisions.

Name	Positions and assignments at the Company	Number of Board of Directors meetings attended (Rate of attendance)	Main areas of expertise and experience							
			Corporate management	Finance/ Accounting	Technology/ IT	Sales/ Marketing	Legal/Risk management	Government	Global business	Industry knowledge
Yoshikazu Oshimi	Chairman, Representative Director	14/14 (100%)	○		○	○				○
Hiromasa Amano	President, Representative Director	—	○		○	○				○
Masayasu Kayano	Representative Director, Executive Vice President, General Manager, Civil Engineering Management Division, Responsible for International Civil Engineering Operations	14/14 (100%)	○		○	○			○	○
Keisuke Koshijima	Representative Director, Executive Vice President, General Manager, Overseas Operations Division	—	○			○	○		○	○
Hiroshi Ishikawa	Director, Executive Vice President, General Manager, Sales and Marketing Division	13/14 (93%)	○			○				○
Takeshi Katsumi	Director, Senior Executive Officer, General Manager, Administration Division	—	○	○			○			○
Ken Uchida	Director, Senior Executive Officer, General Manager, Treasury Division	14/14 (100%)	○	○					○	○
Nobuyuki Hiraizumi	Director	14/14 (100%)	○			○		○		○
Koji Furukawa Outside Director Independent Director	Director	14/14 (100%)	○	○			○		○	
Masahiro Sakane Outside Director Independent Director	Director	14/14 (100%)	○		○				○	
Kiyomi Saito Outside Director Independent Director	Director	14/14 (100%)	○	○					○	
Yoichi Suzuki Outside Director Independent Director	Director	—					○	○	○	

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 function. The method for analysis and evaluation of the effectiveness of the Board as a whole and the results for the period from June 2020 to May 2021 are described below. The Nomination Advisory Committee and the Governance and Remuneration Advisory Committee have been newly added to the scope of evaluation from the evaluation for this period.

Analysis and evaluation method

1) Quantitative and qualitative analysis of matters such as the content of agenda items submitted to Board of Directors meetings and the deliberation time, and discussion by all members of the Board of Directors on actions taken in response to the recommendations and issues raised in the evaluation of the effectiveness conducted in past fiscal years, activities of the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee, as well as future issues and other topics
2) Review by external experts to ensure objectivity of the evaluation of the effectiveness of the Board of Directors

Evaluation results for the current period

The Board of Directors determined that the Board's functions are appropriately fulfilled and effectiveness is ensured.

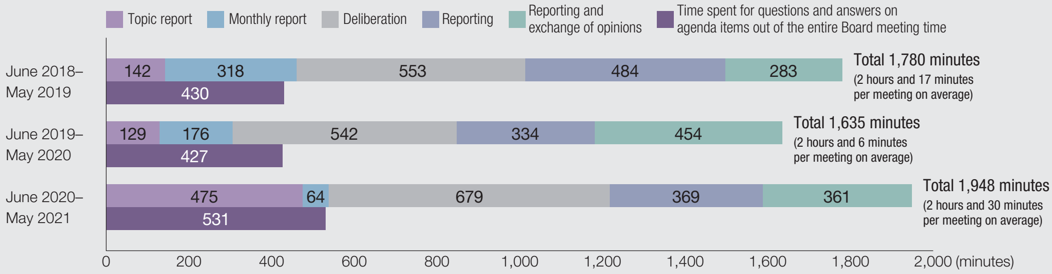
- Efforts for improving the administration of Board meetings increased the time for deliberation and question-and-answer sessions compared to the previous fiscal year, enhancing discussions.
- The system in place is effective, enabling the Board to take into consideration recommendations and issues raised in order to bring about improvements.
- The Board has sufficient opportunity for deliberation on actions to address sustainability issues including social and environmental problems.
- The Nomination Advisory Committee and the Governance and Remuneration Advisory Committee are contributing to ensuring the objectivity and transparency of the Board.

Main Initiatives Implemented during the Evaluation Period (June 2020–May 2021)

(1) Efforts for Improving Administration of Board Meetings

- It was confirmed that, as a result of efforts to improve the administration of Board meetings and enhance discussions, that business execution-related agenda items are submitted to the Board after sufficient discussions at committees managed by executive divisions, that outside directors attend Board meetings after appropriately receiving pre-meeting briefings, and that the time for deliberation and question-and-answer sessions increased compared to the previous fiscal year.
- It was confirmed that the Medium-Term Business Plan (FY2021–2023) was formulated after sufficient Board meeting phase-by-phase discussions on the direction of the plan and other relevant issues, and that an opportunity for providing compliance and risk management-related information to the Board in a timely manner is secured.

Deliberation and question-and-answer session time by type of agenda



(Note) Analyzed all 13 Board meetings held between June and May of the following year, except the Board meeting held on the day of the stockholders' meeting

(2) Actions Taken in Response to the Recommendations and Issues Raised in the Previous Fiscal Year

Enhancing discussions on long-term issues

- Multiple discussions were held in the process of formulating the Medium-Term Business Plan. Sufficient time was secured to create the Vision and review material issues.
- Agenda items including the long-term management policy and business policies to deal with changes in the business environment were taken up and deliberated on.

Principal Matters Discussed	Deliberation on the future Group vision, review of the Group's past 30 years, changes in the contract award environment and its future outlook, digital strategies, and the Kajima Group Anti-Bribery Policy

Greater opportunities to engage in dialogue other than at Board of Directors meetings

Greater opportunities were created for communication among directors as well as between outside directors and executive officers through off-site meetings and on-site tours.

(3) Initiatives for Sustainability Issues

1) Securing a next-generation workforce
- The Board of Directors discussed issues related to securing a next-generation workforce, such as improving employment conditions for skilled workers and nurturing human resources.
- Outside directors and the President visited a pilot site of the Kajima Smart Future Vision and exchanged opinions with employees regarding digital transformation in construction and differentiation of business models.

2) Dealing with environmental issues such as climate change
- Discussions were held to review the CO_2 emissions reduction target set out in the Kajima Environmental Vision: Triple Zero 2050.
- The Board of Directors pointed out the necessity for further enhancing the disclosure of information based on the TCFD framework inside and outside of the Company.

3) Securing diversity of human resources
- The Governance and Remuneration Advisory Committee took up the topic of promoting active roles for female employees, and exchanged opinions with officers responsible for personnel-related matters with respect to increasing the number of female employees in managerial positions.
- In addition to training sessions that featured lectures by outside directors, social gatherings were held to enable the exchange of opinions with employees regarding various themes such as organizational management and career planning.

(4) Nomination Advisory Committee and Governance and Remuneration Advisory Committee

- The Governance Committee was reorganized into the Nomination Advisory Committee and the Governance and Remuneration Advisory Committee in December 2020 to clarify the roles and responsibilities of advisory organs to the Board of Directors.
- The Nomination Advisory Committee met four times and the Governance and Remuneration Advisory Committee once, and all committee members, mainly outside directors, expressed their opinions and engaged actively in discussions.
- When deliberating on officer personnel-related matters and remuneration at the Board of Directors meeting, the outside director serving as chairperson of each committee explained the discussion results and made recommendations. The Board of Directors deliberated further and made decisions based on the explanations and recommendations. It was determined that both committees contributed to ensuring objectivity and transparency of the Board of Directors meetings and the effectiveness of the Board of Directors was secured.

Future Issues

	Issues raised
1	Continuation of discussion on important sustainability-related issues in the construction industry, such as safety measures, reform of the multi-layer subcontracting structure, and addressing environmental issues
2	Enhancement of reporting of issues requiring stronger measures, such as management of risks of increasing assets related to real estate development projects, and security measures against increasingly sophisticated cyber-attacks
3	Greater opportunities to engage in dialogue other than at Board of Directors meetings

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 on Officer Remuneration

- 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 achievement of management targets and remuneration linked to Kajima stock price are to be introduced to increase medium- to long-term corporate value and align officer values with those of stockholders.
- Remuneration decision-making processes must be objective and transparent.

To ensure objectivity and transparency in determining director remuneration, the Governance and Remuneration Advisory Committee, comprising outside directors and outside Audit & Supervisory Board members 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 position as an executive officer 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 equal to standard amounts).

	Fixed remuneration (monthly remuneration)	Performance-linked remuneration (bonus)	Stock remuneration
President	60%	25%	15%
Other directors	70%	15%	15%

Details of Officer Remuneration

	Total remuneration	Directors	Outside directors	Audit & Supervisory Board members
Monthly remuneration	Directors: Up to ¥60 million/month Audit & Supervisory Board members: Up to ¥15 million/month	●	●	●
Performance-linked remuneration (bonus)	Up to ¥300 million/year	●	—	—
Remuneration in shares with restriction on transfer	Up to ¥300 million/year	●	—	—

FY2020 Remuneration for Directors and Audit & Supervisory Board Members

(¥ million)

Position	Total remuneration	Monthly remuneration	Bonus	Stock remuneration	Recipients
Directors (excluding outside directors)	567	346	158	63	9
Audit & Supervisory Board members (excluding outside members)	56	56	—	—	3
Outside directors and outside Audit & Supervisory Board members	107	107	—	—	8

Notes 1. Performance-linked remuneration (bonus) above shows the amount expensed in FY2020 for the officers' bonuses paid to the seven directors.
2. Stock remuneration above shows the amount expensed in FY2020 for the remuneration in shares with restriction on transfer allotted to the seven directors.

Fixed Remuneration

Fixed remuneration (monthly remuneration) is handled as indicated below.

(1) The total amount of 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) Revisions to 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.

(3) The monthly remuneration of directors who have received promotions shall, in principle, be revised effective the day of said promotion.

Performance-Linked Remuneration

Performance-linked remuneration (bonus) is handled as indicated below.

(1) The total amount of bonuses shall not exceed ¥300 million per year. (Decided at the 120th Ordinary Stockholders' Meeting held on June 29, 2017; number of directors (excluding outside directors) at the time: 11)

(2) Bonuses for the fiscal year (April 1–March 31) shall be based on officers' positions at the end of March, and paid upon resolution by the Board of Directors in a lump sum at the end of June the following year.

(3) In principle, bonuses shall be calculated by multiplying the standard bonus amount established for each position by an evaluation coefficient. The evaluation coefficient shall be the average of performance-linked coefficients based on (a) net income attributable to owners of the parent for the current fiscal year and (b) average net income attributable to owners of the parent for the previous three fiscal years, and adjusted up or down by up to 20% in consideration of target achievement levels and ESG components. The maximum for each performance-linked coefficient is set at 200%, and if net income attributable to owners of the parent is below a certain level, the performance-linked coefficient shall be 0%.

(4) In the event of an incident such as a major compliance infraction, the Company may withhold or reduce bonuses.

(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.

The evaluation coefficient is the index for bonuses paid as performance-linked remuneration. The following evaluation coefficient was selected because, by combining consolidated performance for the current fiscal year and the average for the previous three fiscal years, (1) it provides an incentive for management based on a medium-term perspective, (2) it is in sync with the nature of the construction industry, where projects generally take two to three years, and (3) it does not interfere with the appropriate and timely recording of losses.

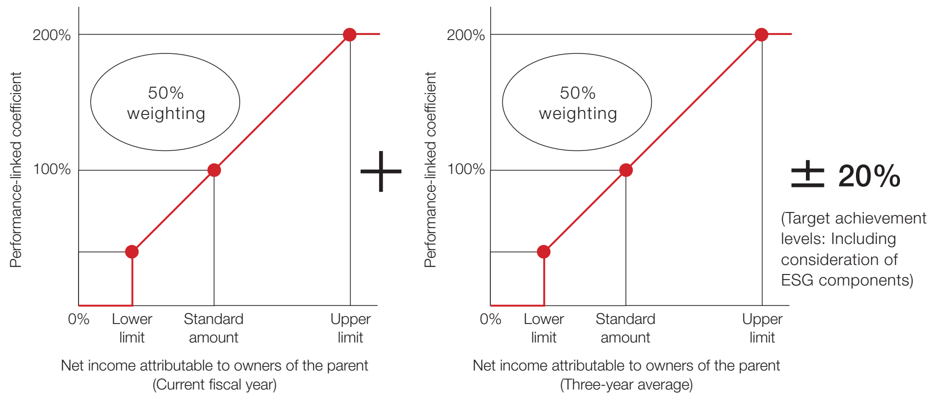
For the current fiscal year, the Board of Directors deliberated on and decided, after discussions at the Governance and Remuneration and Advisory Committee and based on the committee's advice and recommendations, to pay bonuses based on an evaluation coefficient of 188.5%, which is multiplied by the standard bonus amount established for each position.

As the calculation formula is linked to net income attributable to owners of the parent and adjusted based on target achievement levels, the Company does not set a target for the evaluation coefficient.

Formula

Bonus amount
= Standard bonus amount
× evaluation coefficient*

* (Performance-linked coefficient based on net income attributable to owners of the parent for the current fiscal year × 50%) + (Performance-linked coefficient based on average net income attributable to owners of the parent for the last three fiscal years × 50%) ± 20%



Stock Remuneration

Stock remuneration is handled as indicated below.

(1) The total amount of stock remuneration shall not exceed ¥300 million per year. (Decided at the 122nd Ordinary Stockholders' Meeting held on June 25, 2019; number of directors (excluding outside directors) at the time: 9)

(2) The allotment of remuneration in shares with restriction on transfer shall be based on standard amounts established for each position, decided on by the Board of Directors each year, and allotted to eligible directors.

(3) The transfer restriction period shall extend from the day the shares are allotted through the day the recipient resigns from his/her position as director and/or executive officer.

(4) The total number of shares with restriction on transfer to be allotted to eligible directors shall not exceed 600,000 per fiscal year.

Audit & Supervisory Board Member Remuneration System

Audit & Supervisory Board members are paid fixed remuneration in the form of monthly remuneration. The monthly remuneration amount paid to individual Audit & Supervisory Board members is decided through deliberation 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)

Risk Management

Based on effective and efficient risk management systems, the Kajima Group makes best efforts to identify risks in its businesses and operations and to prevent them from materializing. The Group also strives to keep improving corporate value by winning the trust of stockholders, customers, and others with timely information disclosure.

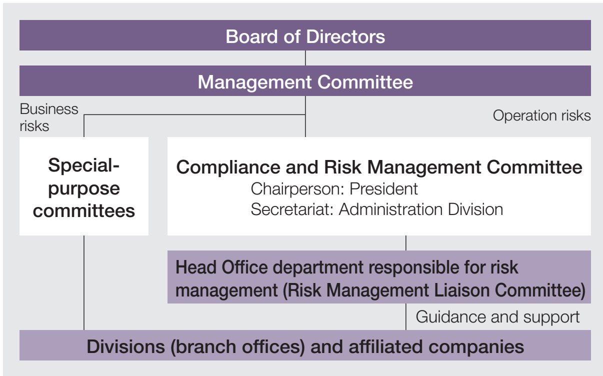
Group-Wide Risk Management System

The Kajima Group conducts Group-wide activities to eliminate or reduce risks in corporate activities. 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, the Compliance and Risk Management Committee (chaired by the President) ascertains and evaluates the operational status of the Group's risk management system, deliberates on risk management policies and responses to major risks, and reports as necessary to the Board of Directors.

The Risk Management Liaison Committee, which comprises the persons in charge at the Head Office department responsible for risk management, meets regularly to report and share information pertinent to the Group on risks that have materialized, revisions to laws and regulations, social trends, circumstances at other companies, and risk management and communication methodologies, and reports important information to the Compliance and Risk Management Committee as appropriate. The Administration Division, which serves as the secretariat for the Compliance and Risk Management Committee, centrally manages information on risks that have materialized and continually follows up on measures addressing these risks.

An effective approach to improving the effectiveness of risk management is to conduct activities according to importance based on a comprehensive review of all risks. At the beginning of each fiscal year, Kajima analyzes risks based on the frequency of their materialization, impact of their materialization, and progress of countermeasures, selects operational risk aspects of corporate activities requiring priority management as "priority risk management issues" for application across the Group, and implements risk management from the perspective of prevention. For risks that have materialized, effective risk management is ensured through the PDCA cycle and includes mandatory early reporting and organization-level measures to contain risks and prevent materialization from recurring. Domestic and overseas Group companies adopt standardized systems in line with those of Kajima, and independently introduce risk management initiatives in collaboration with Kajima.

Risk Management Framework



Special-Purpose Committees to Ascertain Business Risks and Deliberate on Measures

Committee name	Chairperson	Purpose
Overseas Business Steering Committee	General Manager, Overseas Operations Division	Deliberates and reports on important matters concerning overseas business (overseas subsidiaries and overseas operations directly controlled by Head Office)
Overseas Development Project Steering Committee	General Manager, Overseas Operations Division	Deliberates and reports on plan content and profitability, etc., related to investment in 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	General Manager, Civil Engineering Management Division General Manager, Building Construction Management Division	Investigates and reports on technical, construction, and contractual risks at the time of order receiving for major overseas construction projects; also investigates and reports on measures to address any serious problems that may occur during construction
Development Steering Committee	General Manager, Administration Division	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 Committees	General Manager, Civil Engineering Management Division General Manager, Building Construction Management Division	Confirms the technical, construction and contractual risks prior to estimate submission for important construction projects in Japan, and articulates policy on estimate submission
PFI Civil Engineering Committee PFI Building Committee	General Manager, Civil Engineering Management Division General Manager, Building Construction Management Division	Deliberates and reports on Group-wide response policies and frameworks related to PFI and other projects, individual projects involving business risks such as investment, and response policies concerning the formation of consortia of companies
Business Investment Review Committee	General Manager, Administration Division	Identifies and deliberates on risks and issues regarding alliances, M&A, company establishment and new investment projects, other than the above; also provides support for the promotion of such projects

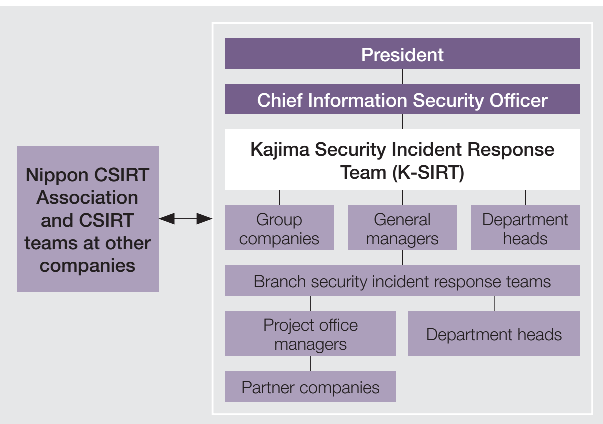
Information Security

The Kajima Group handles a wide range of information, including that relating to buildings, customers, management, technology, intellectual property and personal information, in the course of providing various services, including design and construction. 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. Employees throughout the Group take an annual online course in information security, and education and training topics include risks associated with the use of cloud services and new threats such as targeted cyber-attacks, which have increased in recent years.

In the construction industry, project offices are often housed in temporary structures, and there is frequent communication with customers and partner companies during the construction process. Thorough information management is therefore required. Accordingly, Kajima conducts regular inspections and audits to verify that physical, personal and technical measures are in place, while continuing to enhance such measures. For partner companies, Kajima also distributes standard check sheets, awareness posters, and educational materials provided by the Japan Federation of Construction Contractors. The Company is working to improve the level of information security at its partners.

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. The Company has set up the Kajima Security Incident Response Team (K-SIRT), a member of the Nippon CSIRT Association. The team stays on top of the latest trends in computer security and cyber-attacks, cooperating on a regular basis with other organizations and CSIRT teams. Kajima is also strengthening its protection and detection measures, as well as systems for monitoring for unauthorized access, computer viruses and other events, and quickly addressing all potential threats to minimize potential damage. In addition, it has developed protection, detection and monitoring systems to deal with the teleworking environment and other new work styles.

Information Security Management Framework



Multi-Hazard Business Continuity Plan (Natural Disasters, Pandemics, etc.)

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[1] and Resilience Certification.[2]

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.

In response to the COVID-19 pandemic, the Group positioned preventing the spread of infection as a top priority, and was quick to establish a Crisis Response Headquarters. In order to ensure business continuity and minimize damage to the greatest extent possible, the Group is gathering information, assessing risk scenarios, instructing employees in Japan and overseas on actions to take, providing guidance to partner companies, and implementing other necessary measures.

1. 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.
2. 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 by being prepared for large-scale natural disasters.

Addressing Risks Outside of Japan

Kajima has established an International Emergency Response Committee to oversee the Group's response and ensure the safety of employees and their families when emergencies arise outside of Japan. In the event of a terrorist attack, major earthquake or other disaster 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 has compiled a manual on preparedness measures and emergency response in areas where it operates and is currently educating employees on assignment outside of Japan on these topics, as well as 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 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.	• While accurately responding to changing conditions and market trends, the Group will continue to actively advance the measures set forth in the newly formulated Kajima Group Medium-Term Business Plan (FY2021–2023) and address material issues as it works to achieve management targets and increase corporate value.
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 main material prices 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, securing diverse suppliers and including price adjustment clauses in contracts with clients, in order to minimize the impact of construction cost fluctuations.
Risks of fluctuation in prices and profitability of assets held	• In the event of a decline in the profitability of real estate for sale (consolidated balance sheet balance of ¥78.2 billion as of March 31, 2021), or a significant decline in the market value of assets such as real estate for lease (¥226.3 billion) and investments in securities (¥350.3 billion), the Group could be required to register a valuation loss or impairment loss.	• The Group manages real estate development business assets by ascertaining impairment risk for each project and maintaining total impairment risk below a defined level in proportion to 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, 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 listed stocks 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 sells off, in principle, stocks that no longer satisfy the relevant criteria.
Risks related to changes in political and economic conditions in other countries	• As the Group develops its construction and real estate development businesses overseas in regions including North America, Europe, Asia and Oceania, the Group's policy is to further localize human resources and enhance business platforms worldwide by forming business and capital alliances in accordance with the Medium-Term Business Plan. If there are significant changes in political and economic conditions, legal systems or foreign exchange rates in the countries in which the Group operates, there could be an impact on the Group's business performance.	• 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 provide local support in the event of incidents such as a terrorist attack or civil disturbance.
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.	• The Group is promoting operational efficiency through greater productivity and improving working conditions through measures such as closing construction sites for a total of eight days out of every four weeks, while ensuring adherence to construction schedules. The Group is also implementing various measures to establish an environment that facilitates the creation of construction systems that limit the scope of contracts to secondary subcontracting, in principle, and that have other benefits in terms of improving employment conditions for skilled workers, stabilizing their income and making the profession more attractive to work in. • The Group is implementing measures to support partner companies in improving employment conditions for skilled workers. The Group is also systematically developing automation, labor-saving and robotic technologies to compensate for the shortage of construction workers.

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 revision 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 and necessary compliance measures are disseminated by the departments in charge. As a compliance manual, the Group issues the *Handbook for Practical Application of the Kajima Group Code of Conduct*, which is updated as necessary to reflect revisions to laws and regulations and changes in social conditions. It is disseminated to all officers and employees. • In order to further improve and instill an awareness of compliance, the Group conducts ongoing training on the Kajima Group Code of Conduct for its officers and employees via online courses. In addition, departments responsible for each field formulate rules and guidelines, and conduct training and audits to further ensure appropriate business activities. For example, in regard to the Anti-Monopoly Act, the Head Office Legal Department formulates and revises the *Manual for Compliance with the Anti-Monopoly Act*, holds training sessions by lawyers using case studies and audits compliance with the bid-rigging prevention framework at the Head Office and branches.
Safety and health, quality, and environmental risks	• In the event of a serious personal injury, quality accident, or environmental 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 damage to reputation, compensation for damages, delays in construction, and re-working costs.	• Safety and health, quality assurance, and environmental management are fundamental to production and corporate survival. Therefore, the Group has established a basic policy, Safety and Health Policy, Quality Assurance Policy, and Environmental Policy, and 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 regard 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 relevant certifications. • In terms of the environment, Kajima operates environmental management systems that are compliant with ISO 14001.
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 or lost due to an external attack or the negligence of an employee, there could be an impact on the Group's business performance due to reputational harm, compensation for damages, restoration costs, etc.	• The Group has established an information security policy, and conducts education and training using online courses, as well as inspections and audits.
Business partner credit risks	• In the event of credit uncertainty regarding 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 payment 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 where payments for construction work would still need to be collected after the completion of 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 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 Company-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 case of a disaster and conducting practical BCP drills assuming an earthquake directly under the Tokyo metropolitan area, torrential rains and other scenarios. • In response to the COVID-19 pandemic, the Group positioned preventing the spread of infection as a top priority issue, and established a Crisis Response Headquarters to ensure business continuity and minimize damage to the greatest extent possible. The Group is gathering information, assessing risk scenarios, instructing employees in Japan and overseas on actions to take, providing guidance to partner companies, and implementing other necessary measures.

Compliance

Kajima recognizes that compliance is the foundation of all corporate activities. To articulate this stance, it has established the Kajima Group Code of Conduct, under which the entire Kajima Group works to promote compliance.

Compliance Framework and Implementation

Kajima has established the Compliance and Risk Management Committee, which is chaired by the President. The Committee receives reports on the status of compliance throughout the Group as appropriate, as well as reports on important matters as they arise, and promptly gives instructions on necessary responses and improvement measures.

The Legal Department, which is part of the Administration Division, is the department in charge of compliance. It has formulated and regularly reviews a compliance manual and conducts training through online courses, while the departments responsible for each business field formulate rules and guidelines and conduct training as necessary.

In addition, the Audit Department, 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 framework in line with that of Kajima.

Major Initiatives in FY2020

- Revision of compliance manuals (6th edition)
- Code of Conduct online course
  Participants: 22,652 employees, including 9,210 employees from 38 Group companies
  Participation rate: 100%

Anti-Corruption Initiatives

Kajima signed the United Nations Global Compact in March 2019 and supports the principle that “Businesses should work against corruption in all its forms, including extortion and bribery.” In April 2021, we established the Kajima Group Anti-Bribery Policy to further clarify our stance on anti-corruption initiatives.

Maintaining Fair Relationships with Partner Companies

The Kajima Group’s Corporate Code of Conduct states that we shall maintain healthy and fair relationships with subcontractors. However, in fiscal 2019 and fiscal 2020, several cases were uncovered in which employees received entertainment from partner companies that deviated significantly from social norms.

Based on this, in April 2020, we established and began enforcing strict Company-wide rules on socializing with partner companies, including prohibiting eating, drinking, golfing, and traveling with representatives of partner companies.

We strive to ensure even greater fairness and appropriateness in the selection of partner companies and contracts, by reviewing the overall ordering process and more strictly examining and assessing the details of individual transactions.

Maintaining Appropriate Relationships with Public Officials in Japan

When making payments to or bearing expenses for public officials in Japan, 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

In April 2021, Kajima established the Kajima Corporation Anti-Bribery Policy for Foreign Public Officials, etc., because our relationship with foreign public officials is considered to be highly exposed to bribery risks.

Group companies in Japan and overseas are also working to formulate anti-bribery regulations similar to those described above, and are implementing activities to prevent bribery risks in the Kajima Group.

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 branch office secretariats, play a central role in 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.

P

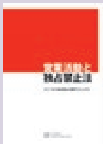
Kajima Regulations for Preventing Collusion

- 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

- Ensuring the reliability of all procedures at each department and branch office.
- Holding Anti-Monopoly Act training sessions[2]
- Formulation and distribution of the *Compliance Manual for the Anti-Monopoly Act*[3]
- Consultations on questions and uncertainties that arise in the course of work



Feedback

C

- 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[4]
- Investigation of reports of violations or improper activities

Reports

A

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

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 FY2020: 2,068 employees, including 586 employees from 22 Group companies
3. In April 2021, a revised version was prepared and distributed to all officers and employees, reflecting the December 2020 revisions to the Anti-Monopoly Act, as well as other laws. It was also distributed to Group companies.
4. Implemented for all 12 branches and two relevant Head Office departments in fiscal 2020

Current Status of Trial Proceedings

- Kajima appealed to the Tokyo High Court against the guilty judgement rendered by the Tokyo District Court in March 2021 in the case involving violations of the Anti-Monopoly Act in connection with the construction of the Linear Chuo Shinkansen.
  In addition, in June 2021, Kajima filed a lawsuit with the Tokyo District Court to revoke the cease-and-desist order it received from the Japan Fair Trade Commission in December 2020.
- A lawsuit to revoke the cease-and-desist order issued by the Japan Fair Trade Commission in connection with a violation of the Anti-Monopoly Act in relation to the manufacture and sale of asphalt mixture by our subsidiary Kajima Road Co., Ltd. is ongoing in the Tokyo District Court.

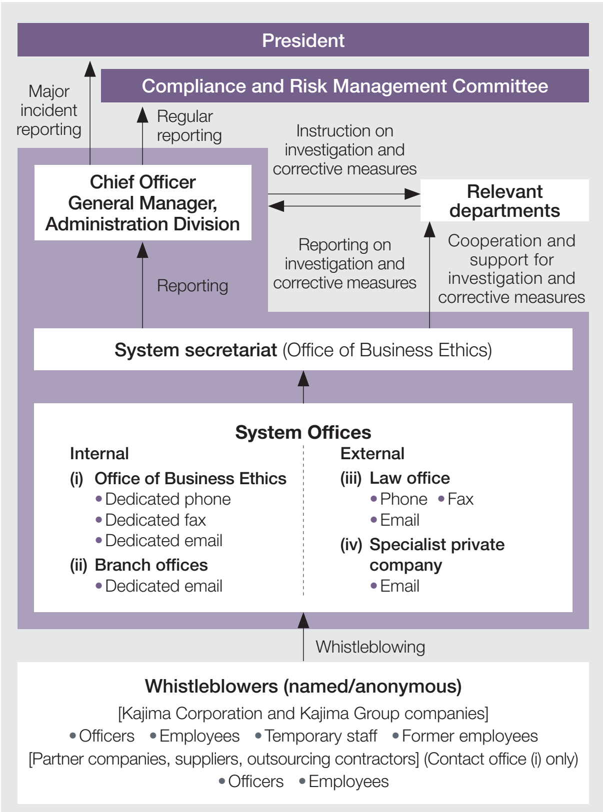
Whistleblower System

A whistleblower system (a corporate ethics hotline) has been established through which employees of Kajima, Group companies, partner companies, and others are able to report facts or suspicions concerning wrongdoing in the Group. Anyone can report, anonymously if desired, misconduct or legal violations, including corruption such as bribery involving officers or employees. In order to ensure the ease-of-use and effectiveness of the system, multiple contact offices have also been established outside the Company.

Through online courses and distribution of information leaflets throughout the Group, Kajima ensures that all employees are thoroughly aware of relevant rules and use the system when needed. Another contact office has also been established for general inquiries and consultations from external stakeholders. On July 2, 2021, the Company's whistle-blowing system was certified as a Whistle-Blowing Compliance Management System by the Consumer Affairs Agency.

FY2020 Whistleblowing Reports: 23 reports

Corporate Ethics Whistleblower System Framework



Note: Each Group company also operates its own whistleblower system

Directors and Auditors (As of June 25, 2021)

Board of 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, Representative Director (to the present)

Masayasu Kayano
Representative Director, Executive Vice President, General Manager, Civil Engineering Management Division, Responsible for International Civil Engineering Operations

1974 Joined the Company
2001 Chief Secretary
2007 Executive Officer, General Manager, Tokyo Civil Engineering Branch
2009 Managing Executive Officer
2011 General Manager, Civil Engineering Management Division (to the present), Overseeing Machinery and Electrical Engineering Department
2012 Senior Executive Officer
2014 Director, Executive Vice President (to the present)
2015 Responsible for International Civil Engineering Operations (to the present)
2019 Representative Director (to the present)

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

1978 Joined the Company
2005 President, 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)

Hiroshi Ishikawa
Director, Executive Vice President, General Manager, Sales and Marketing Division

1989 Joined the Company
1997 Representative Director, Vice President, Kajima Leasing Corporation
2000 Director
2002 Managing 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 (to the present)

Takeshi Katsumi
Director, Senior Executive Officer, General Manager, Administration Division, Overseeing Audit Department, Safety and Environmental Affairs Department and IT Solutions Department

1980 Joined the Company
2007 General Manager, Affiliated Business Department
2014 Executive Officer, General Manager, Corporate Planning Department, Overseeing Affiliated Business Department and IT Solutions Department (to the present)
2017 Managing Executive Officer
2020 Senior Executive Officer (to the present), General Manager, Administration Division (to the present), Overseeing Safety and Environmental Affairs Department (to the present)
2021 Director (to the present), Overseeing Audit Department (to the present)

Ken Uchida
Director, Senior Executive Officer, General Manager, Treasury Division

1979 Joined the Company
2012 President, Kajima Europe Ltd.
2015 Executive Officer
2017 Director (to the present), Managing Executive Officer, General Manager, Treasury Division (to the present)
2021 Senior Executive Officer (to the present)

Nobuyuki Hiraizumi
Director

1984 Joined the Company
2005 Principal Economist, Research Department, Policy Research Institute, Ministry of Finance
2007 Senior Manager, Asset Management Service Department, Real Estate Development Division
2009 Retired from the Company
Advisor, Avant Associates, Inc. (to the present)
2012 Director (to the present)

Koji Furukawa
Director[1]

1962 Joined Mitsubishi Corporation
1999 Director, Senior Executive Vice President, Mitsubishi Corporation
2004 Vice Chairman of the Board, Mitsubishi Motors Corporation
2007 Chairman and CEO, Representative Director, Japan Post Bank Co., Ltd.
2009 Chairman and CEO, Representative Director, Japan Post Network Co., Ltd.
2012 Chairman and CEO, Representative Director, Japan Post Co., Ltd.
2013 Advisor, Japan Post Co., Ltd., Advisor, Mitsubishi Corporation (to the present)
2015 Director (to the present)

Masahiro Sakane
Director[1]

1963 Joined Komatsu Ltd.
1989 Director, Komatsu Ltd.
1999 Executive Vice President, Representative Director, Komatsu Ltd.
2001 President, Representative Director, Komatsu Ltd.
2003 President and CEO, Representative Director, Komatsu Ltd.
2007 Chairman of the Board, Representative Director, Komatsu Ltd.
2010 Chairman of the Board, Director, Komatsu Ltd.
2013 Councilor, Komatsu Ltd.
2015 Director (to the present)
2019 Advisor, Komatsu Ltd. (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.) (to the present)
2015 Director (to the present)

Yoichi Suzuki
Director[1]

1975 Joined the Ministry of Foreign Affairs, Japan (MOFA)
2003 Deputy Director-General, Economic Affairs Bureau of 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 (to the present)

Audit & Supervisory Board

Masahiro Nakagawa
Audit & Supervisory Board Member[2]

1981 Joined the Sumitomo Bank, Limited
2010 Director 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, SMBC Trust Bank Ltd.
2018 Audit & Supervisory Board Member (to the present)

Takashi Kumano
Audit & Supervisory Board Member

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 (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 Divisional Advisor (in charge of Affiliated Business Department),
Audit & Supervisory Board Member (to the present)

Kazumine Terawaki
Audit & Supervisory Board Member[2]

1980 Public Prosecutor, Tokyo District Public Prosecutor's Office
2014 Director-General, Public Security Investigation 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 (to the present)

Yukiko Fujikawa
Audit & Supervisory Board Member[2]

1988 Joined Chuo Shinko Audit Corporation
1992 Registered as Certified Public Accountant
1998 Financial Securities Inspector, Inspection Department, Financial Supervisory Agency (currently Financial Services Agency)
2000 President, Yukiko Fujikawa CPA Office (to the present)
2004 Registered as Certified Public Tax Accountant
2012 Representative Member, Kaikei Jissen Kenkyujyo (tax accountancy corporation) (to the present)
2020 Audit & Supervisory Board Member (to the present)

1. Outside Director as defined in Article 2, Item 15, of the Companies Act.
2. Outside Audit & Supervisory Board Member as defined in Article 2, Item 16, of the Companies Act.

Executive Officers (As of June 25, 2021)

President

Hiromasa Amano

Executive Vice Presidents

Masayasu Kayano
General Manager, Civil Engineering Management Division, Responsible for International Civil Engineering Operations

Keisuke Koshijima
General Manager, Overseas Operations Division

Hiroshi Ishikawa
General Manager, Sales and Marketing Division

Takao Nomura
General Manager, Yokohama Branch

Koichi Matsuzaki
General Manager, Building Construction Management Division

Senior Executive Officers

Jun Matsushima
General Manager, Tokyo Architectural Construction Branch

Yoshihisa Takada
Deputy General Manager, Civil Engineering Management Division, Overseeing Machinery and Electrical Engineering Department

Shigeru Tomoda
Deputy General Manager, Sales and Marketing Division

Hideya Marugame
General Manager, Engineering Division

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

Hitoshi Ito
Deputy General Manager, Building Construction Management Division

Masaru Kazama
General Manager, Tokyo Civil Engineering Branch

Yutaka Katayama
General Manager, Chubu Branch

Ken Uchida
General Manager, Treasury Division

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

Managing Executive Officers

Takeshi Tadokoro
General Manager, Kanto Branch

Hiroshi Shoji
General Manager, Tohoku Branch

Yasuhiko Yamada
Deputy General Manager, Tokyo Architectural Construction Branch

Osamu Shimoyasu
Senior Supervisory Engineer, Civil Engineering Management Division

Koh Kimura
Senior Supervisory Engineer, Civil Engineering Management Division

Hidenobu Yoshida
General Manager, Shikoku Branch

Takao Shinkawa
General Manager, Environmental Engineering Division

Kiyomi Aikawa
General Manager, Civil Engineering Design Division

Masahito Tanaami
Deputy General Manager, Architectural Design Division

Koji Sugimoto
President, Kajima Overseas Asia Pte. Ltd.

Yoshihiko Riho
Director, Kajima Technical Research Institute

Katsunori Ichihashi
General Manager, Executive Office, Overseeing Human Resources Department, Affiliated Business Department and Center for Shared Administrative Services

Eiichi Tanaka
Responsible for Nuclear Power

Michiya Uchida
President, Kajima U.S.A. Inc.

Shuichi Oishi
President, Kajima Development Pte. Ltd.

Kazuyoshi Yonezawa
Deputy General Manager, Tokyo Architectural Construction Branch

Mitsuharu Kodoi
General Manager, Project Development Group, Civil Engineering Management Division, Responsible for Safety (Civil Engineering)

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

Takeshi Kayano
General Manager, Kansai Branch

Executive Officers

Koji Ikkatai
Deputy General Manager, Engineering Division

Ryuzo Ikegami
General Manager, Chugoku Branch

Shinichiro Shiozawa
Deputy General Manager, Sales and Marketing Division

Munehisa Yoshimi
Deputy General Manager, Sales and Marketing Division

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

Nobuhiro Kobayashi
Deputy General Manager, Tokyo Architectural Construction Branch

Tadashi Fujimura
Deputy General Manager, Architectural Design Division

Hidemitsu Yoshihiro
President, Kajima Road Co., Ltd.

Miki Ito
Deputy General Manager, Building Construction Management Division

Tetsuya Ashida
General Manager, Hokuriku Branch

Takahiko Tsukaguchi
General Manager, Real Estate Development Division

Yoshinori Moriyama
Senior Supervisory Engineer

Masatoshi Bando
Deputy General Manager, Civil Engineering Management Division

Noboru Sakata
General Manager, Civil Engineering Technology Department, Civil Engineering Management Division

Kenichi Nakajima
General Manager, International Division

Hiroyuki Komori
General Manager, Kyushu Branch

Yasuo Murakami
Deputy General Manager, Sales and Marketing Division

Masami Moriguchi
Deputy General Manager, Civil Engineering Management Division

Yasushi Kurokawa
Deputy General Manager, Architectural Design Division

Toru Yamamoto
General Manager, Hokkaido Branch

Masaya Hiraoka
Deputy General Manager, Architectural Design Division

Hirotaka Takabayashi
General Manager, Corporate Planning Department

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

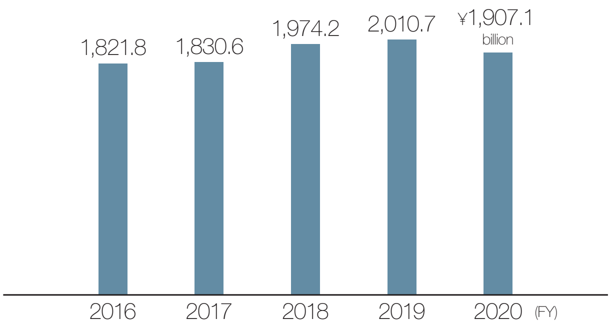
Nobuaki Yoshioka
Deputy General Manager, Tokyo Architectural Construction Branch

Masafumi Kiryu
Deputy General Manager, Tokyo Architectural Construction Branch

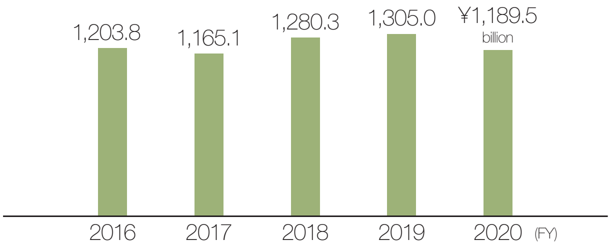
Financial and Non-Financial Highlights

Revenues

Consolidated **¥1,907.1** billion

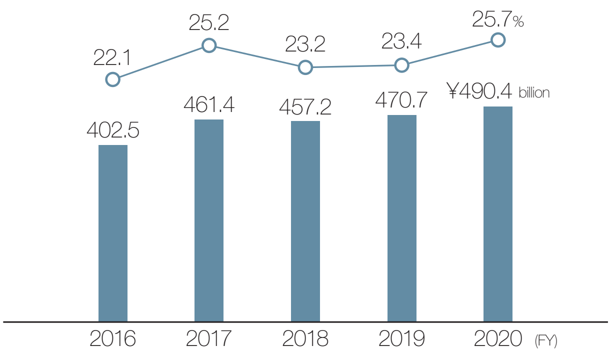


Non-consolidated **¥1,189.5** billion

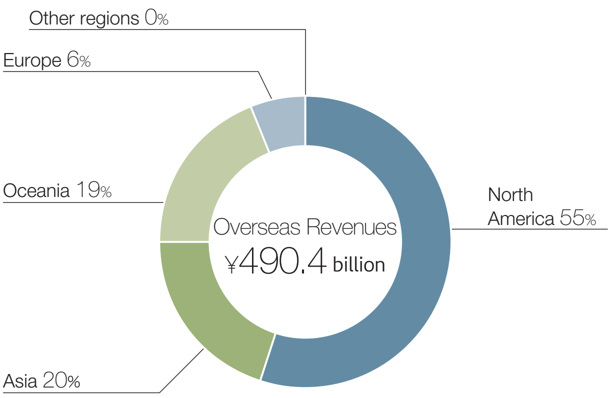


Although the impact of COVID-19 was minor in Japan, revenues declined by 5.2% on a consolidated basis and by 8.8% on a non-consolidated basis largely due to a cycle of low volume in large-scale construction work in Kajima Corporation's building construction business.

Overseas Revenues / Total Revenues Ratio



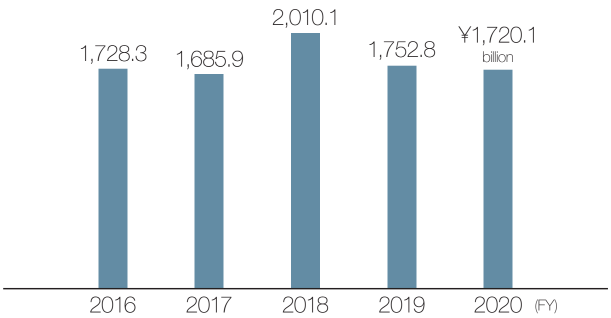
Revenues outside Japan, by Region



Although revenues decreased in Asia due to the prolonged impact of COVID-19, overseas revenues increased by 4.0% mainly due to an increase in the construction business and the real estate development business, centered on logistics warehouses in North America.

Construction Contract Awards

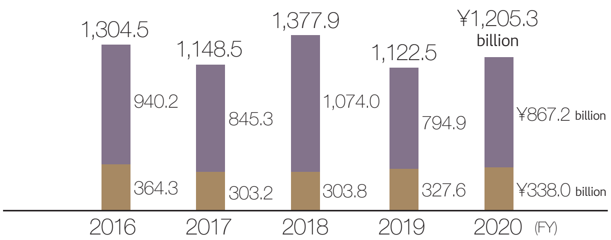
Consolidated **¥1,720.1** billion



Non-consolidated **¥1,205.3** billion

Civil Engineering **¥338.0** billion

Building Construction **¥867.2** billion

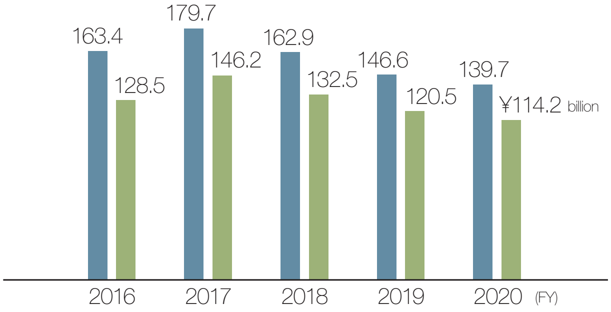


On a consolidated basis, overseas construction contract awards decreased by 1.9% due to the impact of COVID-19, mainly in Southeast Asia. On a non-consolidated basis, contracts awarded to Kajima Corporation increased by 6.4%.

Ordinary Income

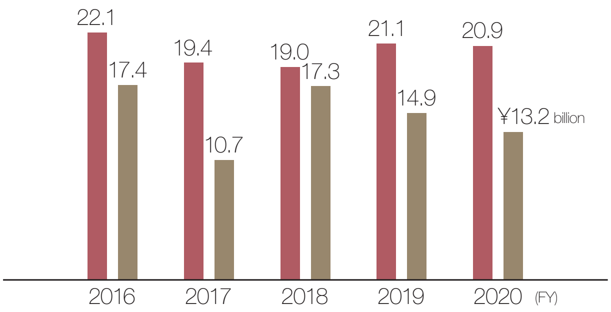
Consolidated
¥139.7 billion

Non-consolidated
¥114.2 billion



Domestic subsidiaries and affiliates
¥20.9 billion

Overseas subsidiaries and affiliates
¥13.2 billion

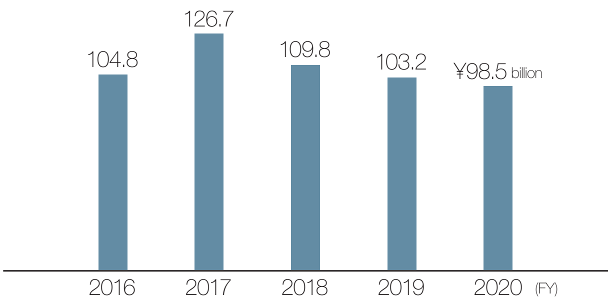


Kajima Corporation's civil engineering and real estate development businesses secured higher profit, but profit from its building construction business declined. As a result, ordinary income decreased by 4.7% on a consolidated basis and by 5.2% on a non-consolidated basis.

In Japan, ordinary income was essentially unchanged compared with the previous fiscal year, but decreased by 11.4% overseas mainly due to the impact of COVID-19 in Southeast Asia.

Net Income Attributable to Owners of the Parent

¥98.5 billion

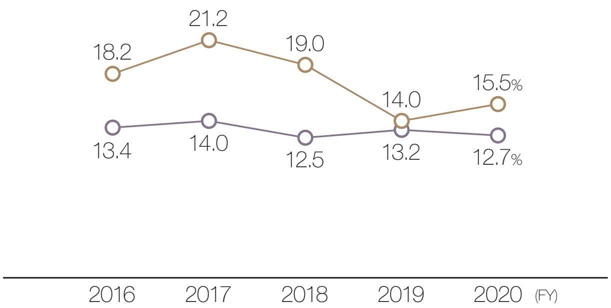


Net income attributable to owners of the parent decreased by 4.6% due to the impact of a decrease in profit from Kajima Corporation's building construction business, but remained at a stable level.

Gross Profit Margin for Civil Engineering and Building Construction Businesses (Non-Consolidated)

Civil Engineering **15.5**%

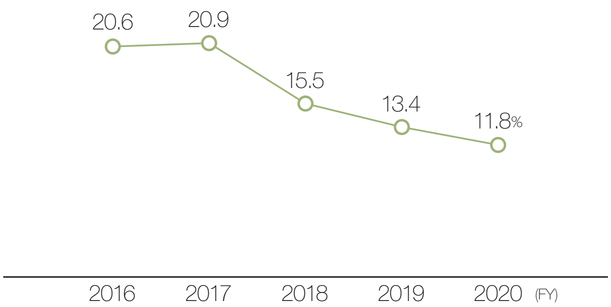
Building Construction **12.7**%



With limited impact from COVID-19 and increases in productivity, Kajima's civil engineering and building construction businesses were able to maintain or increase their gross profit margins.

Return on Equity

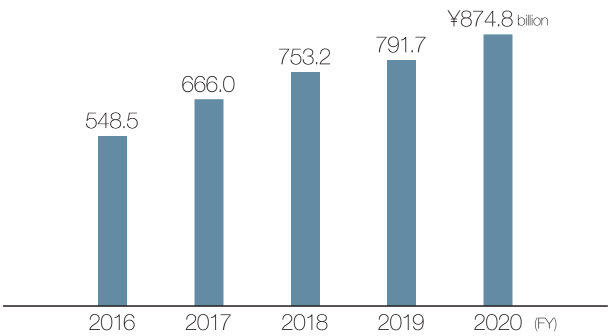
11.8%



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

Owners' Equity

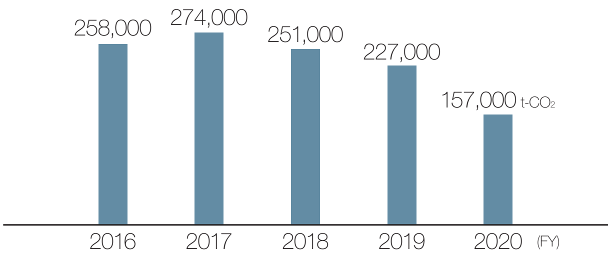
¥874.8 billion



Owners' equity exceeded ¥800.0 billion, indicating increased financial soundness. (Owners' equity ratio: 40.4%)

CO_2 Emissions Attributable to Construction

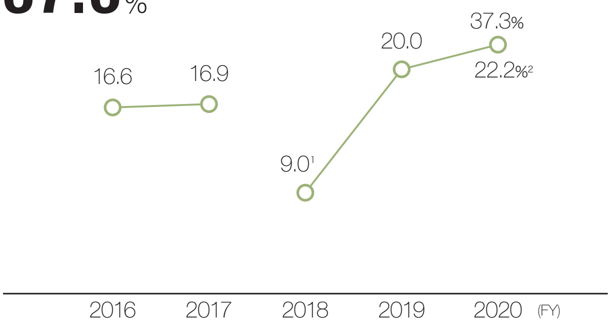
15.7 10^4 t-CO_2



CO_2 emission equivalents have been calculated for all electric power and fuel used at Kajima construction sites in Japan. In fiscal 2020, the method of compiling the data was changed and applied to all sites.

Reduction in CO_2 Emissions Per Unit of Sales Attributable to Construction

37.3%

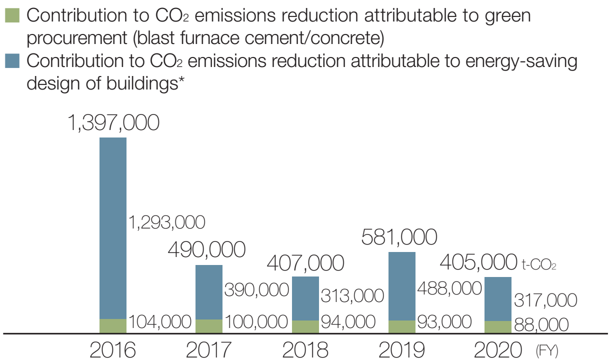


CO_2 emissions depend on the amount of work during the fiscal year. Therefore, we target reduction of CO_2 emissions per sales attributable to construction (t-CO_2/¥100 million in sales attributable to construction) compared with the benchmark year (page 47).

1. The benchmark year was FY1990 for fiscal years through FY2017, and FY2013 from FY2018.
2. For comparison purposes, figures for FY2020 were calculated using the same method as for previous fiscal years.

Indirect Contributions to CO_2 Reduction

40.5 10^4 t-CO_2

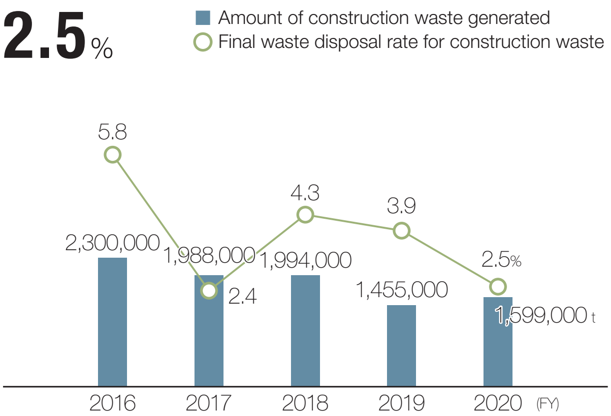


We measure indirect contributions to CO_2 reduction from using low-CO_2-emission building materials and designs that enable energy-saving at the operation stage.

* The annual reduction contribution realized by the energy conservation measures of buildings designed by the Company and completed during the fiscal year, multiplied by building lifecycle (30 years)

Amount of Construction Waste Generated and Final Waste Disposal Rate (Including Sludge)

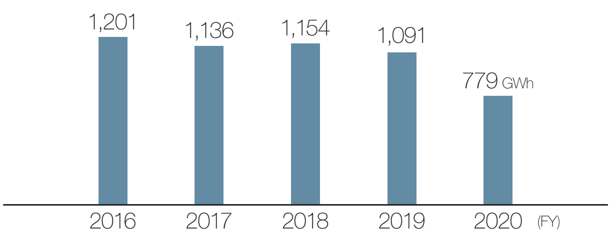
2.5%



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)

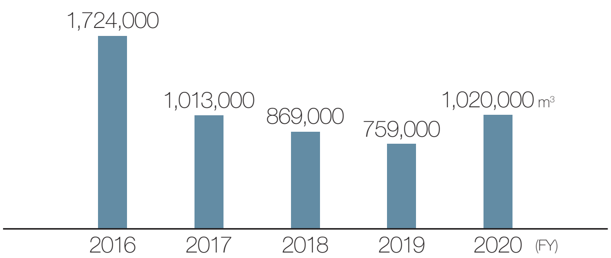
779 GWh



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

Water Consumption (Construction Sites and Offices)

102.0 10^4 m^3

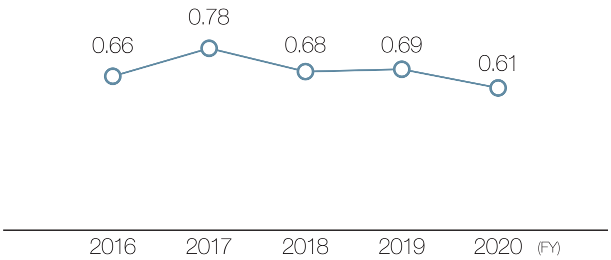


Significant year on year differences in water consumption result from changes including in the type, scale and method of construction. Consequently, we have not set reduction targets. However, each site works to reduce the amount of water it uses.

On-Site Safety

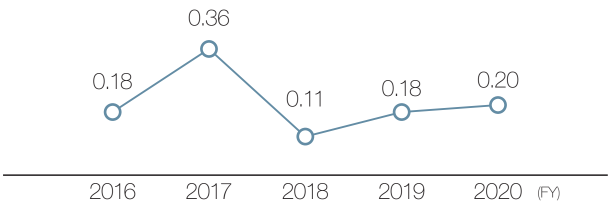
Accident Frequency Rate (Lost Work Time of Four or More Days)

0.61



Accident Severity Rate

0.20



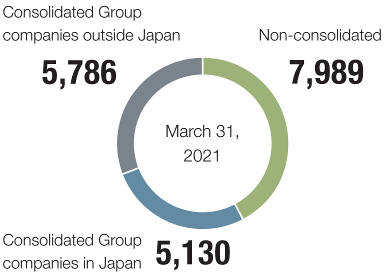
In our construction operations in Japan during FY2020, there were 52 accidents involving four or more days of lost work time, including two involving fatalities, resulting in an accident frequency rate of 0.61 and an accident severity rate of 0.20. Under the slogan "Think safety! Make today accident free," we will continue to do our utmost to ensure a safety-first approach to work.

Frequency rate: The number of fatalities and injuries at worksites per one million cumulative working hours
Severity rate: The severity of illnesses and injuries represented by the number of workdays lost per thousand cumulative working hours

Number of Employees

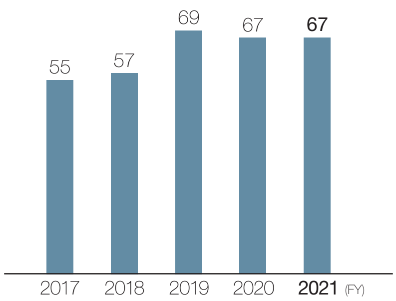
18,905

(20,805 including non-consolidated subsidiaries)



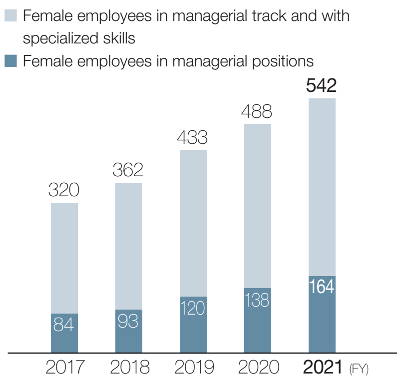
The number of employees at Kajima Corporation and consolidated Group companies in Japan increased. We will continue to hire and train the human resources necessary for our sustainable growth.

Number of Female Employees among New Graduate Hires



Of the 267 new graduate hires for FY2021, 25.1% are female employees.

Number of Female Employees in Managerial Positions



There were 54 female employees in managerial positions in FY2014. Our aim was to double that number over the following five years and triple it over 10 years.

Note: Female employees in managerial track and with specialized skills are presented from FY2019.

Human Resources Data (Non-Consolidated)

(As of March 31)

		FY2016	FY2017	FY2018	FY2019	FY2020
Employees	Number of employees	7,611	7,686	7,783	7,887	7,989
	Re-employed personnel	1,102	919	930	961	1,029
	Employment rate for persons with disabilities (%)*	2.1	2.1	2.3	2.1	2.5
	Turnover rate within three years (%)	3.6	3.5	3.2	1.8	4.6
	Percentage of mid-career hires (%)	32.2	24.2	18.3	23.6	22.4
Childbirth/ childcare/ nursing care	Employees taking extended childcare leave	39	35	53	60	58
	Employees taking leave for nursing care	93	90	78	87	54
	Employees taking leave for spouse's childbirth	112	117	111	108	90
	Male employees using flex-time or taking shortened work hours	41	64	89	98	118
	Employees taking extended caregiving leave	22	37	22	63	40
Other	Employees using leave system for volunteering	17	21	15	24	4
	Employees taking paid leave (%)	49.5	49.6	46.4	52.8	54.5

* As of June 1

10-Year Highlights

Consolidated

(FY)	2011	2012	2013	2014
Financial Results				
Construction Contract Awards	1,296.0	1,333.2	1,573.5	1,474.8
Revenues	1,457.7	1,485.0	1,521.1	1,693.6
Operating Income	29.4	18.4	23.0	12.6
Ordinary Income	41.3	24.6	27.0	21.3
Net Income Attributable to Owners of the Parent	3.8	23.4	20.7	15.1
Operating Margin (%)	2.0	1.2	1.5	0.7
R&D Costs	9.1	8.4	7.8	7.7
Capital Investment	35.9	20.5	19.8	25.4
Kajima Corporation				
Civil Engineering				
Gross Profit Margin (%)	8.1	3.5	17.2	(0.1)
Building Construction				
Gross Profit Margin (%)	6.7	6.2	0.3	1.1
Financial Position				
Total Assets	1,686.2	1,686.0	1,789.4	1,839.2
Owners' Equity	256.7	320.4	368.2	434.9
Total Equity	256.7	318.1	364.1	436.9
Interest-Bearing Debt	525.7	480.1	444.7	385.0
Cash Flows				
Cash Flows from Operating Activities	81.7	58.4	32.9	59.2
Cash Flows from Investing Activities	(38.7)	36.7	17.3	8.3
Cash Flows from Financing Activities	(37.7)	(58.6)	(17.1)	(70.7)
Stock Information				
Basic Net Income per Share (¥)[1]	3.69	22.55	19.98	14.58
Owners' Equity per Share (¥)[1]	247.12	308.49	354.62	418.86
Cash Dividends per Share (¥)	5.0	5.0	5.0	5.0
Management Benchmarks				
Ratio of Net Income to Owners' Equity (ROE) (%)	1.5	8.1	6.0	3.8
Owners' Equity Ratio (%)	15.2	19.0	20.6	23.6
Debt-to-Equity Ratio	2.05	1.50	1.21	0.89

Non-Financial Information				
Number of Employees (Consolidated)	15,149	15,468	15,391	15,383
Kajima Corporation	7,925	7,737	7,657	7,546
Consolidated Group Companies in Japan	3,785	3,920	3,945	4,068
Consolidated Group Companies outside Japan	3,439	3,811	3,789	3,769
CO_2 Emissions Attributable to Construction (10^4 t-CO_2)	21.3	22.9	22.8	26.2
CO_2 Emissions per Unit of Sales Attributable to Construction (t-CO_2/¥100 million)	21.3	22.0	22.0	22.2
Final Disposal Rate for Construction Waste (Incl. Sludge) (%)	9	6.9	6.9	7.1

Note: From the beginning of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018). Accordingly, the figures for the fiscal year ended March 31, 2018 were restated 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, basic net income per share for FY2017 and FY2018 is 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. (See page 46 for details.)

(¥ billion)

2015	2016	2017	2018	2019	2020
1,795.8	1,728.3	1,685.9	2,010.1	1,752.8	1,720.1
1,742.7	1,821.8	1,830.6	1,974.2	2,010.7	1,907.1
111.0	155.3	158.3	142.6	131.9	127.2
113.3	163.4	179.7	162.9	146.6	139.7
72.3	104.8	126.7	109.8	1,032	98.5
6.4	8.5	8.7	7.2	6.6	6.7
7.8	8.2	10.3	13.9	16.4	15.0
32.9	29.4	16.1	28.4	86.3	52.7
14.6	18.2	21.2	19.0	14.0	15.5
10.8	13.4	14.0	12.5	13.2	12.7
1,886.7	1,992.8	2,051.2	2,091.1	2,172.1	2,164.8
471.2	548.5	666.0	753.2	791.7	874.8
474.0	552.5	669.7	756.9	796.0	884.8
378.5	372.9	344.8	298.7	326.8	317.0
36.3	187.5	120.4	30.3	53.0	153.0
(27.8)	(31.9)	(47.3)	(25.3)	(101.8)	(65.4)
(13.1)	(20.5)	(53.0)	(75.0)	(10.8)	(39.1)
69.66	101.01	244.29	211.67	200.99	193.13
453.93	528.46	1,283.38	1,451.66	1,544.71	1,731.16
12.0	20.0	48.0	50.0	50.0	54.0
16.0	20.6	20.9	15.5	13.4	11.8
25.0	27.5	32.5	36.0	36.5	40.4
0.80	0.68	0.52	0.40	0.41	0.36
15,810	16,422	17,730	18,297	18,673	18,905
7,527	7,611	7,686	7,783	7,887	7,989
4,144	4,442	4,674	4,816	4,976	5,130
4,139	4,369	5,370	5,698	5,810	5,786
26.2	25.8	27.4	25.1	22.7	15.7[2]
21.5	21.5	21.4	20.0	17.6	13.8[2]
6.5	5.8	2.4	4.3	3.9	2.5

Principal Subsidiaries and Affiliates

Japan

	Company name	Business description
Design and Consulting	Ilya Corporation	Interior design, consulting, interior construction, procurement for furniture and artwork
	ARMO Co., Ltd.	Architectural design, facility design, and presentation
	ARTES Corporation	Building structure design, consulting, and construction engineering
	Engineering & Risk Services Corporation	Asset evaluation, soil environmental assessment, and disaster risk assessment
	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 Kress Corporation	Temporary staffing, subcontracting for construction projects, calculation and preparation of construction plans
	Kajima Environment Engineering Corporation	Environmental and consulting work focused on water and waste
	Kajima Mechatro Engineering Co., Ltd.	Manufacture of construction machinery, management of installation and other construction work, and operation and maintenance
	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
	Clima Works Co., Ltd.	Subcontracting for various facility construction projects by providing directly employed skilled workers
Real Estate Development and 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
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
	Kajima Real Estate Investment Advisors Inc.	Real estate asset management, consulting, and buying, selling, and brokerage of beneficial interests of a trust
	One Team, Inc.	Various inspection duties at construction sites, support for ICT tool introduction, and training assistance
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 property 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 Kogyo Co., Ltd.	Greening landscaping, mountain forest management, 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 France	Kajima France Development S.A.R.L.
	Kajima Europe Lou Roucas S.A.R.L.
3 Czech Republic	Kajima Czech Design and Construction s.r.o.
4 Poland	Kajima Poland Sp. z o.o.
	Student Depot Sp. z o.o.
5 Ireland	Kajima Ireland Ltd.

Kajima Asia Pacific Holdings Pte. Ltd.	
6 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.
7 Indonesia	PT Kajima Indonesia
	PT Senayan Trikarya Sempana
	PT Jimbaran Greenhill
8 Thailand	Thai Kajima Co., Ltd.
	Ramaland Development Co., Ltd.
	Bang Tao Beach Ltd.
9 Malaysia	Kajima (Malaysia) Sdn. Bhd.
10 Vietnam	Kajima Vietnam Co., Ltd.
	Indochina Kajima Development Ltd.
11 The Philippines	Kajima Philippines Inc.
12 Hong Kong	Allied Kajima Ltd.
13 India	Kajima India Pvt. Ltd.
14 Myanmar	Kajima Myanmar Co., Ltd.
	Kajima Myanmar Development and Management Co., Ltd.

Kajima Australia Pty Ltd	
15 Australia 16 New Zealand	Kajima Australia Pty Ltd
	Icon Co Holdings Pty Ltd
	Icon Developments Australia Pty Ltd
17 Shanghai	Cockram Projects (Shanghai) Construction & Engineering Co Ltd
18 Hong Kong	Scenario Cockram Limited

Kajima Corporation (China) Co., Ltd.	
19 Shanghai	Kajima Corporation (China) Co., Ltd.

Chung-Lu Construction Co., Ltd.	
20 Taipei	Chung-Lu Construction Co., Ltd.

Kajima U.S.A. Inc.	
21 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
22 Columbus	Flournoy Construction Company
	Flournoy Development Company
23 Los Angeles	KCS West, Inc.
	Kajima Development Corporation
24 Honolulu	Hawaiian Dredging Construction Company, Inc.
25 New York	Development Ventures Group, Inc.
	Anglebrook Golf Club
26 Cleveland 27 Mexico City	The Austin Company

Social Contribution Activities

In April 2021, we established the Kajima Group Social Contribution Activity Policy to clarify the Group's specific policy and stance on social contribution activities.

In addition to conducting activities that make full use of the techniques, experience, human resources, and networks that it has developed through its business operations, Kajima values communication and partnerships with local communities and administrative agencies, and sends out information on its activities to the general public.

Our activities contribute in areas including disaster preparedness and recovery, social contribution, environmental preservation, education for the next generation, and promotion of academia, culture and art through foundations. We also support employee volunteering and create opportunities for employees to participate in activities in a self-motivated manner.

Education for the Next Generation

Exploratory Learning Materials for High School Students: Providing the "Power to Create a Century"

In preparation for the "period for inquiry-based cross-disciplinary study" that will be fully introduced in high schools from the 2022 school year, we have developed teaching materials for the adoption of exploratory learning methods on the theme of real social issues that only a construction company that builds communities and supports social development can provide.

This program provides video materials, workbooks, and other materials free of charge to cultivate problem-solving skills based on the themes of passing down tradition, urban development, and involvement and coexistence, using as subjects the restoration and preservation of the Tokyo Station Marunouchi Building, the Onagawa community development, and the Haneda Airport D runway construction projects that we have undertaken.

In the first year of the program, the 2020 school year, 2,820 students from 16 schools across Japan participated. In the 2021 school year, we have doubled the number of materials provided, and we are in the process of full-scale promotion. Through this program, we will cultivate young peoples' interest in and understanding of the construction industry. We hope that this will help secure human resources in the future.

未来の社会を考える探究型プログラム
100年を創造するチカラ

Logo of the exploratory education program for high school students

A class using this program

Promotion of Academia, Culture and Art

Kajima Sculpture Competition

The Kajima Sculpture Competition is carried out with support from the Kajima Foundation for the Arts, and the Kajima Foundation. Since its establishment in 1989 as part of the Company's 150th anniversary commemoration project, this competition has been held every other year under the theme of Sculpture, Architecture & Space, with the aims of creating spaces where sculpture and architecture "speak to each other" and producing artists with new sensibilities. Videos of works that won the competition in the past can be accessed via the QR code below.

Winner of the 16th Gold Award,
RESONANCE MACHINE by Fumihide Kumagai

Kajima Foundations Promote Academia, Culture and Art

As a good corporate citizen, Kajima actively supports academic, cultural and artistic activities. In particular, it has promoted academic and cultural activities for many years through five foundations.

The Kajima Foundation

Since 1976, the Kajima Foundation has been improving living environments by enhancing urban and residential neighborhoods and promoting effective use of national land and resources. It also works to promote academic and cultural development in Japan, offering research grants and supporting researcher exchanges, international joint research and international research meetings. In fiscal 2020, 73 projects were funded, with grants and assistance totaling ¥106.71 million. Results of funded research projects are presented each year.

The Kajima Foundation for the Arts

The Kajima Foundation for the Arts, established in 1982, provides grants for research in the arts, related publications, international exchange, and projects to foster art dissemination, aiming to foster the arts and enrich Japanese culture. In fiscal 2020, a total of 80 projects were funded, with a total value of ¥63.75 million. Every year, the Kajima Foundation for the Arts Awards are held to recognize those who have produced outstanding works, and to give them an opportunity to present their achievements. The awards also won the Mécénat Award last year.

Kajima Institute of International Peace

Established in 1966, the Kajima Institute of International Peace promotes international peace and strives to contribute to Japan's security. It studies and provides funding for research on international peace and security, economic matters, and issues concerning Japan's foreign relations, and then publishes the research findings.

Atsumi International Scholarship Foundation

The Atsumi International Scholarship Foundation has been providing scholarships to foreign exchange students and developing international exchange programs since 1994. To date, it has granted scholarships to 320 students from 51 countries and regions, and from fiscal 2022, Japanese students will also be eligible. To build long-lasting networks among scholarship recipients, the foundation plans and implements a variety of events, including the Asia Future Conference held in major cities across Asia every two years, as well as domestic and international academic conferences, workshops, and study tours led by former scholarship recipients who now teach and pursue research at universities worldwide.

Kajima Ikueikai Foundation

Established in 1956, the Kajima Ikueikai Foundation provides scholarships and financial assistance to university students in Japan, including students from other countries. In fiscal 2020, the foundation provided scholarships to a total of 134 students, with a total value of ¥96.6 million.

SEQ Policy

Safety and health, environmental management and quality assurance are fundamental to construction activities and corporate survival. By establishing and continuously improving management systems to comply with relevant laws, ordinances and other social requirements, Kajima works to conduct efficient construction activities while earning the trust of clients and society.

Safety and Health Policy

Safety is the barometer of a company's capabilities and ethics. Kajima therefore collaborates with partner companies with strong management to eliminate construction-related accidents and injuries so it can maintain public trust in the construction industry while pursuing sustainable corporate progress.

- We work to prevent accidents and incidents stemming from human error by focusing on the workplace, equipment, and site conditions and by using point-call-and-response practices as routine workplace procedures.
- We strive to create safe and comfortable working environments by facilitating close communication between Kajima and partner companies and by ensuring close coordination between people, machinery, and equipment.

Environmental Policy

Kajima, as the company "Building for the Next 100 Years," pursues a unique long-term environmental vision, doing its part in the broader social efforts to preserve the environment and ensure economic sustainability.

- We work to reduce the environmental impact of our business and take into consideration the entire lifecycle of the structures we construct. We thereby seek to help build societies which use materials responsibly, have a low carbon footprint, and harmonize with nature.
- As a standard for achieving these goals, Kajima:
  - Creates innovative technologies that help safeguard the environment and use resources sustainably;
  - Engages in construction management processes to prevent environmental damage caused by hazardous materials used in construction projects; and
  - Cooperates with the public, including by proactively disclosing information.

Quality Assurance Policy

Kajima provides products and services that satisfy clients, from marketing to follow-up services, allowing them to place orders with a sense of reassurance and trust.

- We ensure product quality by heeding and addressing client requirements and responding while thoroughly implementing the Plan-Do-Check-Act (PDCA) cycle.
- We enhance research and development and plan ways to improve quality and increase operational efficiency.

Company Information

Corporate Profile

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	7,989 (non-consolidated), 18,905 (consolidated)
Business Domains	Construction, real estate development, architectural design, civil engineering design, engineering, and other
Offices	Head Office; Real Estate Development Division, Engineering Division, and Overseas Operations Division; Kajima Technical Research Institute; Mechanical Technology Center; 12 branches; 27 offices in Japan; 44 offices outside Japan (in 18 countries and regions)
Group Companies	261 companies (including 95 in Japan and 166 outside Japan)

Corporate Organization (As of April 1, 2021)

- 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
      - 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

Stockholder Information (As of March 31, 2021)

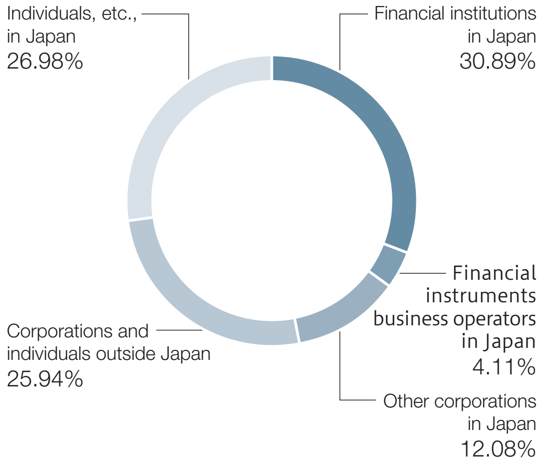
Number of Shares – Authorized	1,250,000,000
Number of Shares – Issued and Outstanding	528,656,011 (including 22,361,463 shares of treasury stock)
Number of Stockholders	56,682 (down 3,940 from end of fiscal 2019)
Administrator of Shareholder Registry	Sumitomo Mitsui Trust Bank, Limited
Stock Exchange Listings	First section, Tokyo and Nagoya (Code: 1812)

Major Stockholders

Stockholders	Number of shares (Thousand shares)	Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	50,008	9.88
Custody Bank of Japan, Ltd. (Trust Account)	29,325	5.79
Custody Bank of Japan, Ltd. (Trust Account 7)	11,168	2.21
Shoichi Kajima	9,292	1.84
Kajima Employee Stock Ownership	8,967	1.77
Sumitomo Mitsui Banking Corporation	8,871	1.75
JPMorgan Securities Japan Co., Ltd.	8,790	1.74
The Kajima Foundation	7,235	1.43
State Street Bank West Client - Treaty 505234	7,071	1.40
Custody Bank of Japan, Ltd. (Trust Account 5)	7,046	1.39

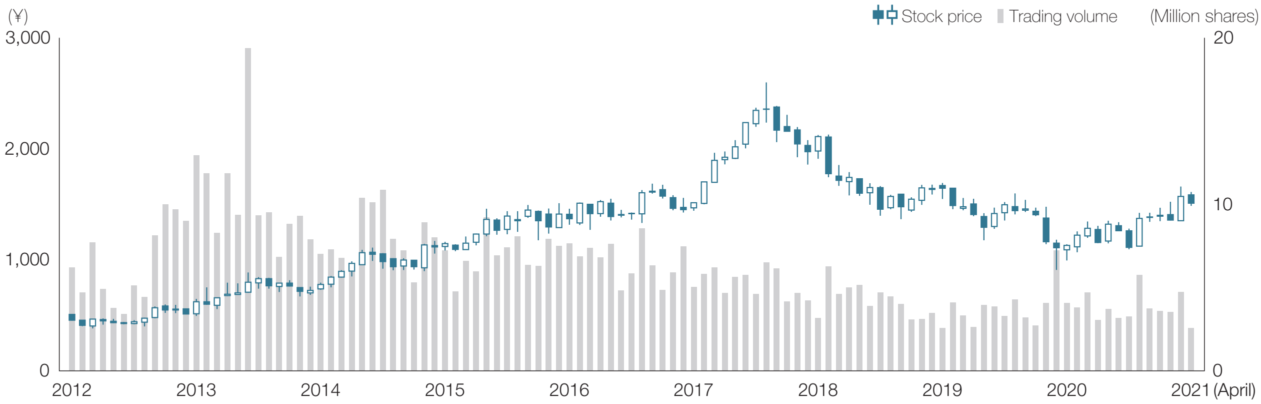
Notes:
1. In addition to the above, Kajima Corporation has 22,361 thousand shares of treasury stock.
2. Shareholding was computed excluding total treasury stock.
3. Shoichi Kajima passed away on November 4, 2020. However, as of March 31, 2021, the shareholder registry had not been amended, so his shareholdings continued to be recorded under his name.

Stock Ownership Breakdown



Note: The 223,614 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."

Stock Price



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, 2012 as the supposed date of the reverse split.

External Recognition

FTSE4Good
FTSE Blossom Japan
2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2021 Sompo Sustainability Index
CDP A LIST 2020 CLIMATE
CDP SUPPLIER ENGAGEMENT LEADER 2020
レジリエンス認証
2021 健康経営優良法人 Health and productivity

INTEGRATED REPORT

Financial Review 2021

Year ended March 31, 2021

Contents

Summary and Forecast of Business Performance.........84
Consolidated Balance Sheet..88
Consolidated Statement of Income..............................90
Consolidated Statement of Comprehensive Income......92
Consolidated Statement of Changes in Equity 93
Consolidated Statement of Cash Flows 95
Notes to Consolidated Financial Statements.................96
Independent Auditor’s Report 123

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, 2021, the global economy rapidly deteriorated as corporate activities and personal consumption were restricted due to the impact of the novel coronavirus (COVID-19). Economic activity gradually picked up toward the latter half of the fiscal year mainly due to the effects of the economic measures taken by each country and region. However, a full recovery has yet to be realized as the resurgence of COVID-19 has led to signs of another economic slowdown.

The outlook for the Japanese economy remained uncertain as the COVID-19 pandemic continued despite various measures to prevent the spread of the virus while maintaining social and economic activities.

In the Japanese construction market, procurement costs for labor, materials and equipment remained stable overall. As for construction demand, while public-sector investment remained robust, private-sector capital investment continued to decrease due to the cautious stance toward investment taken by companies amid current economic trends, resulting in a more intensely competitive environment.

Against this backdrop, while taking necessary measures to prevent the spread of COVID-19 and ensure the safety of everyone involved in its businesses in Japan and overseas, the Kajima Group worked to keep its businesses operating and maintain production capacity.

As a result, the Kajima Group's consolidated financial results for the fiscal year ended March 31, 2021 were as follows.

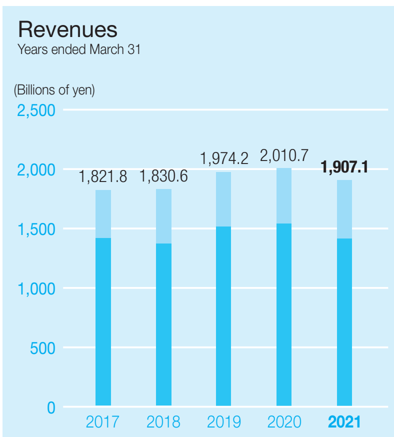
Construction contract awards totaled ¥1,720.1 billion, down 1.9% from ¥1,752.8 billion in the previous fiscal year, due to a decrease in contract awards overseas including North America and Southeast Asia, despite an increase in Japan. On a non-consolidated basis, contracts awarded to Kajima Corporation (hereinafter, the "Company"), including those for real estate development and other projects, totaled ¥1,265.2 billion, up 7.0% from ¥1,182.0 billion in the previous fiscal year, mainly due to an increase in building construction.

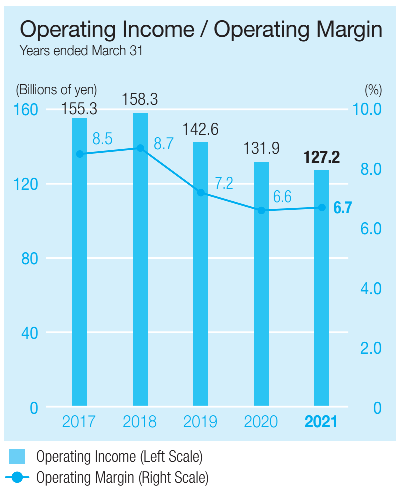
Consolidated revenues totaled ¥1,907.1 billion, down 5.2% from ¥2,010.7 billion in the previous fiscal year, mainly due to a decrease in revenues from building construction.

On the profit front, operating income totaled ¥127.2 billion, down 3.6% from ¥131.9 billion in the previous fiscal year, and net income attributable to owners of the parent was ¥98.5 billion, a decrease of 4.6% from ¥103.2 billion in the previous fiscal year, due to the impact of a decrease in gross profit in building construction.

As for the impact of COVID-19 on the financial results for the fiscal year ended March 31, 2021, in the domestic construction business (civil engineering and building construction), the Group took measures including temporarily closing construction sites from late April to May 6, 2020, but subsequently continued construction while taking thorough measures against the spread of the virus. In the real estate development and other businesses, both the sales and rental businesses were not significantly affected. Domestic subsidiaries and affiliates faced a decline in occupancy rates at hotels and other facilities they operate, but the impact on construction-related subsidiaries and affiliates was limited. Regarding overseas subsidiaries and affiliates, the impact of COVID-19 in Southeast Asia was significant, resulting in suspension of construction due to mandatory public restrictions and reduced productivity following the resumption of construction, as well as the continued decline in occupancy rates for those operating hotels and other facilities. On the other hand, the impact on the construction business in North America and Europe was minimal, and the distribution warehouse development business remained firm due to the growth in e-commerce.

Given that the impact of COVID-19 on financial results was smaller than expected overall, consolidated profits at all levels exceeded the forecast.





Overview of Performance by Business Segment

Results by business segment were as follows. (Segment results include intersegment sales and transfers.)

Civil Engineering

(Civil engineering in the construction business operated by the Company)

Revenues totaled ¥334.7 billion, up 16.2% from ¥288.0 billion in the previous fiscal year, due to steady progress in the completion of a large backlog of construction work.

Segment profit totaled ¥29.8 billion, an increase of 73.6% from ¥17.1 billion in the previous fiscal year, due to an increase in revenues and an improvement in the gross profit margin.

(Billions of yen)

(Years ended March 31)	2021	2020	2021/2020 (%)
Revenues	334.7	288.0	16.2
Segment profit	29.8	17.1	73.6

Building Construction

(Building construction in the construction business operated by the Company)

Revenues totaled ¥782.2 billion, down 18.3% from ¥957.5 billion in the previous fiscal year, due to a cycle of low volume in large-scale construction work.

Segment profit totaled ¥57.8 billion, a decrease of 32.2% from ¥85.3 billion recorded in the previous fiscal year, mainly due to the decline in revenues.

(Billions of yen)

(Years ended March 31)	2021	2020	2021/2020 (%)
Revenues	782.2	957.5	(18.3)
Segment profit	57.8	85.3	(32.2)

Real Estate Development and Other Businesses

(Real estate development business, architectural, structural and other design business and engineering business operated by the Company)

Revenues totaled ¥72.5 billion, up 22.1% from ¥59.4 billion in the previous fiscal year. Segment profit increased to ¥17.4 billion, up 104.6% from ¥8.5 billion in the previous fiscal year, due to favorable results in the real estate sales business including the delivery of large-scale properties.

(Billions of yen)

(Years ended March 31)	2021	2020	2021/2020 (%)
Revenues	72.5	59.4	22.1
Segment profit	17.4	8.5	104.6

Domestic Subsidiaries and Affiliates

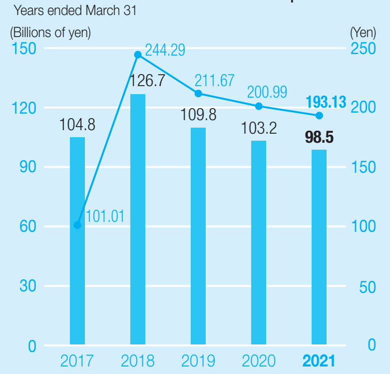
(Sales of construction materials, special construction and engineering services, comprehensive leasing business, building rental business and others mainly in Japan operated by domestic subsidiaries and affiliates)

Revenues and segment profit were roughly in line with the previous fiscal year's figures. Revenues were ¥378.0 billion, down 3.8% from ¥393.1 billion in the previous fiscal year, and segment profit was ¥17.1 billion, down 3.6% from ¥17.7 billion in the previous fiscal year.

(Billions of yen)

(Years ended March 31)	2021	2020	2021/2020 (%)
Revenues	378.0	393.1	(3.8)
Segment profit	17.1	17.7	(3.6)

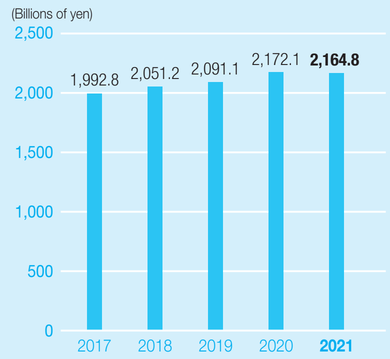
Net Income Attributable to Owners of the Parent / Basic Net Income per Share
Years ended March 31



Net Income Attributable to Owners of the Parent (Left Scale)
Basic Net Income per Share (Right Scale)

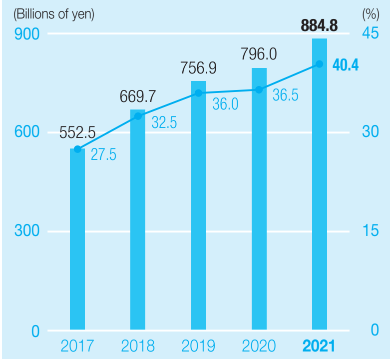
Note: The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, basic net income per share for the fiscal years ended March 31, 2018 and 2019 is calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2018.

Total Assets
As of March 31



Note: From the beginning of the fiscal year ended March 31, 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Statement No. 28 issued by the Accounting Standards Board of Japan on February 16, 2018). Accordingly, total assets as of March 31, 2018 were restated to reflect this change.

Total Equity / Owners' Equity Ratio
As of March 31



Total Equity (Left Scale)
Owners' Equity Ratio (Right Scale)

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 totaled ¥489.1 billion, up 4.3% from ¥469.0 billion in the previous fiscal year and segment profit increased to ¥6.8 billion, an increase of 51.2% from ¥4.5 billion in the previous fiscal year, mainly as a result of revenues and segment profit mostly from North America compensating for the decline in Southeast Asia, which had been impacted by COVID-19.

(Billions of yen)

(Years ended March 31)	2021	2020	2021/2020 (%)
Revenues	489.1	469.0	4.3
Segment profit	6.8	4.5	51.2

Analysis of Financial Position

Assets, Liabilities and Equity

As of March 31, 2021, total assets were ¥2,164.8 billion, a decrease of ¥7.3 billion compared with ¥2,172.1 billion at the end of the previous fiscal year. Main factors included a decrease in notes and accounts receivable–trade, an increase in cash and deposits, an increase in investments in securities reflecting gains from higher market values of stockholdings, and an increase in inventories.

Total liabilities were ¥1,280.0 billion, a decrease of ¥96.0 billion compared with ¥1,376.0 billion at the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts payable–trade, a decrease in advances received on construction projects in progress, and a decrease in interest-bearing debt.

Total equity was ¥884.8 billion, an increase of ¥88.7 billion compared with ¥796.0 billion at the end of the previous fiscal year.

As a result, the owners' equity ratio improved to 40.4%, up 3.9 points compared with 36.5% at the end of the previous fiscal year.

Cash Flows

Cash flows from operating activities resulted in a net cash inflow of ¥153.0 billion, compared with ¥53.0 billion in the previous fiscal year. The cash inflow resulted mainly from income before income taxes after adjustment for depreciation and amortization, and a net decrease in receivables, which exceeded the main cash outflows of a net decrease in payables, the payment of income taxes and a net increase in inventories.

Investing activities resulted in a net cash outflow of ¥65.4 billion, compared with ¥101.8 billion in the previous fiscal year. The main contributing factors were outflows of payment for purchases of property and equipment, disbursements for loans and payment for purchases of marketable and investment securities, which exceeded the main cash inflows of proceeds from collection of loans and proceeds from sales and redemption of marketable and investment securities.

Financing activities resulted in a net cash outflow of ¥39.1 billion, compared with ¥10.8 billion in the previous fiscal year. Primary cash outflows were cash dividends paid and payment for purchases of treasury stock as well as the net of financing and repayment of short-term borrowings, long-term debt, commercial paper and bonds.

As a result of the above, cash and cash equivalents totaled ¥300.9 billion, an increase of ¥45.3 billion, compared with ¥255.6 billion at the end of the previous fiscal year.

Statements of Cash Flows Highlights

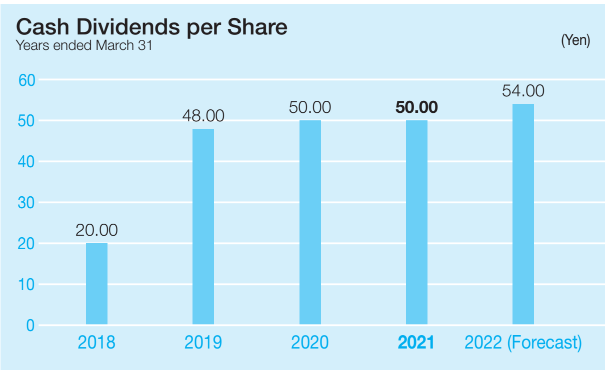
(Billions of yen)

(Years ended March 31)	2021	2020	2019
Net cash provided by operating activities	153.0	53.0	30.3
Net cash used in investing activities	(65.4)	(101.8)	(25.3)
Net cash used in financing activities	(39.1)	(10.8)	(75.0)
Cash and cash equivalents, end of year	300.9	255.6	315.4

Basic Profit Allocation Policy and Payment of Dividends*

The Company's basic policy is to strive for a dividend payout ratio of 30%, as well as to flexibly contribute to stockholder returns by acquiring its own shares and other means with consideration of business performance, financial condition and business environment. The Company will utilize internal reserves for investments that achieve sustainable growth and increase corporate value while maintaining financial soundness.

The Company paid an annual dividend of ¥54 per share for the fiscal year ended March 31, 2021, consisting of a year-end dividend of ¥29 per share and an interim (end of second quarter) dividend of ¥25 per share. The Company plans to pay an annual dividend of ¥54 per share (including an interim dividend of ¥27 per share) for the fiscal year ending March 31, 2022.



Note: The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the above-mentioned dividends per share are calculated as if the consolidation of shares had been conducted at the beginning of the fiscal year ended March 31, 2018.

* The forecasts contained herein are based on information available as of the date of the announcement, May 14, 2021. Actual results may differ materially from the forecasts due to various factors.

Forecast for the Fiscal Year Ending March 31, 2022*

Economic trends will depend largely on whether COVID-19 is brought under control, and although expectations are high for the early widespread rollout of vaccines, the current high level of uncertainty is expected to continue in the near term. We also recognize that the impact of COVID-19 has accelerated changes to the economy and society, including the industrial structure and people's lifestyles, behavior, and values.

In the construction market, we expect private-sector capital investments in Japan and overseas to pick up in tandem with economic recovery. However, we anticipate that a return to pre-COVID levels will take time and that the intensely competitive environment could continue. Meanwhile, as demand associated with the resolution of social issues such as decarbonization and digitalization is expected to expand on a global basis, even more focused responses will be required going forward.

Amid increasing uncertainty and rapid changes in the business environment, the Kajima Group has formulated the Kajima Group Vision, which clarifies the course it has charted to the future, and has launched the Kajima Group Medium-Term Business Plan FY2021–2023 – Forward-Looking Investment, which addresses the issues that we are currently facing, but also focuses on investments for the future.

The new Medium-Term Business Plan is linked to materiality, i.e., material issues in achieving sustainable growth together with society, as well as the Corporate Philosophy and Vision. The plan's three pillars are: "(1) Further strengthen core businesses; (2) Strive to create new value; and (3) Establish a strong management foundation and promote ESG measures for growth and transformation." For each pillar, the Group has set goals for 2030. In working to realize these goals, the Group aims to help resolve social issues and achieve medium- to long-term growth by developing and promoting new measures and making strategic investments while continuing to move forward with existing measures.

For the fiscal year ending March 31, 2022, the Group will continue to make efforts for business continuity, placing the highest priority on preventing the spread of COVID-19 and ensuring the safety of everyone involved in our businesses. In Japan, we expect our business performance to be impacted by an intensified competitive environment and the small number of large-scale construction projects that will be completed in both civil engineering and building construction. Overseas, in Southeast Asia we expect that revenues and profits, which had declined due to the impact of COVID-19, will take time to turn around, recovering gradually in stages.

Taking into account the above situation in Japan and overseas, the consolidated financial forecast for the fiscal year ending March 31, 2022 is as follows. Consolidated revenues are forecast to increase by 5.4% to ¥2,010.0 billion, compared with ¥1,907.1 billion in the fiscal year ended March 31, 2021. Operating income is forecast at ¥104.0 billion, down 18.3% from ¥127.2 billion. Net income attributable to owners of the parent is forecast at ¥80.0 billion, down 18.8% from ¥98.5 billion.

* The forecasts contained herein are based on information available as of the date of the announcement on May 14, 2021. 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		Thousands of U.S. Dollars (Note 1)
	Millions of Yen		
	2021	2020	**2021**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	¥ **300,991**	¥ 255,646	$ **2,711,631**
Marketable securities (Notes 4 and 18)	**326**	111	**2,937**
Operational investments in securities (Notes 4 and 18)	**12,319**	12,356	**110,982**
Notes and accounts receivable—trade (Notes 9, 16 and 18)	**602,162**	734,159	**5,424,883**
Allowance for doubtful accounts (Note 18)	**(980)**	(855)	**(8,829)**
Inventories:			
Construction projects in progress	**54,938**	63,541	**494,937**
Development projects in progress, real estate for sale and other (Note 9)	**198,815**	155,689	**1,791,126**
Other current assets (Notes 9 and 18)	**94,372**	128,618	**850,198**
Total current assets	**1,262,943**	1,349,265	**11,377,865**
PROPERTY AND EQUIPMENT:			
Land (Notes 5, 7 and 9)	**232,311**	223,652	**2,092,892**
Buildings and structures (Notes 6, 7 and 9)	**125,753**	117,412	**1,132,910**
Machinery, equipment and other (Note 9)	**22,503**	23,819	**202,729**
Construction in progress (Notes 6 and 7)	**37,388**	26,166	**336,829**
Total property and equipment	**417,955**	391,049	**3,765,360**
INVESTMENTS AND OTHER ASSETS:			
Investments in securities (Notes 4, 9 and 18)	**287,873**	244,697	**2,593,451**
Investments in unconsolidated subsidiaries and affiliates (Notes 9 and 18)	**63,827**	66,256	**575,018**
Long-term loans receivable (Notes 8, 9 and 18)	**7,683**	6,585	**69,216**
Long-term loans to unconsolidated subsidiaries and affiliates (Notes 9 and 18)	**56,056**	44,348	**505,009**
Allowance for doubtful accounts (Note 18)	**(3,203)**	(3,504)	**(28,856)**
Deferred tax assets (Note 15)	**8,032**	18,636	**72,360**
Other (Note 13)	**63,641**	54,777	**573,343**
Total investments and other assets	**483,909**	431,795	**4,359,541**
TOTAL	¥ **2,164,807**	¥ 2,172,109	$ **19,502,766**

See notes to consolidated financial statements.

	As of March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term borrowings (Notes 10 and 18)	¥ **133,802**	¥ 99,799	$ **1,205,423**
Commercial paper (Notes 11 and 18)	**—**	45,000	**—**
Current portion of long-term debt (Notes 9, 10 and 18)	**21,425**	53,408	**193,018**
Notes and accounts payable—trade (Note 18)	**445,589**	520,653	**4,014,315**
Advances received:			
Construction projects in progress (Note 12)	**146,104**	162,088	**1,316,252**
Development projects in progress, real estate for sale and other	**12,171**	13,554	**109,649**
Income taxes payable (Note 18)	**27,624**	30,598	**248,865**
Accrued expenses	**42,302**	40,907	**381,099**
Other current liabilities (Note 3)	**161,063**	159,404	**1,451,019**
Total current liabilities	**990,080**	1,125,411	**8,919,640**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9, 10, 18 and 24.c)	**168,109**	133,598	**1,514,495**
Deferred tax liabilities (Note 15)	**990**	605	**8,919**
Deferred tax liabilities on revaluation surplus of land (Note 5)	**20,689**	19,859	**186,387**
Liability for retirement benefits (Note 13)	**62,575**	62,100	**563,739**
Equity loss in excess of investments in and loans to unconsolidated subsidiaries and affiliates	**1,205**	1,205	**10,856**
Other long-term liabilities (Note 9)	**36,352**	33,311	**327,496**
Total long-term liabilities	**289,920**	250,678	**2,611,892**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 17, 19 and 20)			
EQUITY (Notes 14 and 24.a):			
Common stock, authorized, 1,250,000,000 shares; issued, 528,656,011 shares	**81,447**	81,447	**733,757**
Capital surplus	**43,272**	43,368	**389,838**
Retained earnings	**654,129**	583,303	**5,893,054**
Treasury stock—at cost, 23,308,096 shares in 2021 and 16,077,858 shares in 2020 (Notes 16.b and 24.b)	**(26,172)**	(16,421)	**(235,784)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities (Note 4)	**112,242**	84,212	**1,011,189**
Deferred loss on derivatives under hedge accounting (Note 19)	**(659)**	(240)	**(5,937)**
Revaluation surplus of land (Note 5)	**21,498**	19,436	**193,676**
Foreign currency translation adjustments	**(10,353)**	(1,400)	**(93,270)**
Defined retirement benefit plans (Note 13)	**(565)**	(1,919)	**(5,091)**
Total	**874,839**	791,786	**7,881,432**
Noncontrolling Interests	**9,968**	4,234	**89,802**
Total equity	**884,807**	796,020	**7,971,234**
TOTAL	¥ **2,164,807**	¥ 2,172,109	$ **19,502,766**

See notes to consolidated financial statements.

Consolidated Statement of Income

KAJIMA Corporation and Consolidated Subsidiaries

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
REVENUES:			
Construction projects (Notes 3 and 16.a)	**¥ 1,673,595**	¥ 1,791,118	**$ 15,077,433**
Real estate and other (Notes 7 and 16.a)	**233,582**	219,634	**2,104,342**
Total revenues	**1,907,177**	2,010,752	**17,181,775**
COST OF REVENUES:			
Construction projects (Note 3)	**1,477,580**	1,584,538	**13,311,532**
Real estate and other (Note 7)	**188,180**	178,092	**1,695,315**
Total cost of revenues	**1,665,760**	1,762,630	**15,006,847**
Gross profit	**241,417**	248,122	**2,174,928**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**114,118**	116,135	**1,028,090**
Operating income	**127,299**	131,987	**1,146,838**
OTHER INCOME (EXPENSES):			
Interest and dividends	**10,758**	11,435	**96,919**
Interest expense	**(2,667)**	(3,523)	**(24,027)**
Foreign currency exchange gain	**13**	864	**117**
Equity in earnings of unconsolidated subsidiaries and affiliates	**3,527**	1,490	**31,775**
Equity in earnings of partnership	**1,627**	5,039	**14,658**
Provision for doubtful accounts	**(210)**	—	**(1,892)**
Loss on investments in silent partnership	**(911)**	(911)	**(8,207)**
Gain (loss) on sales or disposals of property and equipment—net (Note 7)	**2,076**	(436)	**18,703**
Gain on sales of marketable and investment securities—net (Note 4)	**6,849**	1	**61,703**
Valuation loss on marketable and investment securities—net (Note 4)	**(3,689)**	(1,353)	**(33,234)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates	**1,262**	795	**11,369**
Loss on impairment of long-lived assets (Notes 6, 7 and 25)	**(946)**	(14)	**(8,523)**
Litigation settlement	**(34)**	(29)	**(306)**
Reversal of provision for loss on Anti-Monopoly Act	**—**	2,901	**—**
Reversal of foreign currency translation adjustments	**—**	1,136	**—**
Other—net	**294**	252	**2,648**
Other income —net	**17,949**	17,647	**161,703**
INCOME BEFORE INCOME TAXES	**145,248**	149,634	**1,308,541**
INCOME TAXES (Note 15)**:**			
Current	**47,459**	49,669	**427,559**
Deferred	**(979)**	(3,821)	**(8,820)**
Total income taxes	**46,480**	45,848	**418,739**

See notes to consolidated financial statements.

	Years Ended March 31		
	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	**2021**
NET INCOME	**98,768**	103,786	**889,802**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(245)**	(544)	**(2,207)**
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**¥ 98,523**	¥ 103,242	**$ 887,595**
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 23):			
Basic net income	**¥ 193.13**	¥ 200.99	**$ 1.740**
Cash dividends applicable to the year	**54.00**	50.00	**0.486**

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)	
	2021		2020		**2021**	
NET INCOME	¥	**98,768**	¥	103,786	$	**889,802**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 21):						
Unrealized gain (loss) on available-for-sale securities		**28,023**		(26,766)		**252,459**
Deferred (loss) gain on derivatives under hedge accounting		**(429)**		124		**(3,865)**
Revaluation surplus of land (Note 5)		**—**		829		**—**
Foreign currency translation adjustments		**(9,797)**		(1,484)		**(88,261)**
Defined retirement benefit plans (Note 13)		**1,370**		(111)		**12,342**
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates		**294**		(191)		**2,649**
Total other comprehensive income (loss)		**19,461**		(27,599)		**175,324**
COMPREHENSIVE INCOME	¥	**118,229**	¥	76,187	$	**1,065,126**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
Owners of the parent	¥	**118,534**	¥	75,672	$	**1,067,874**
Noncontrolling interests		**(305)**		515		**(2,748)**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

KAJIMA Corporation and Consolidated Subsidiaries

Years Ended March 31, 2021 and 2020

	Thousands	Millions of Yen					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income: Unrealized Gain on Available-for-Sale Securities	Accumulated Other Comprehensive Income: Deferred Loss on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2019 (as previously reported)	518,907	¥ 81,447	¥ 43,268	¥ 507,094	¥ (6,642)	¥ 111,417	¥ (371)
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates	—	—	—	(739)	—	(439)	—
BALANCE, APRIL 1, 2019 (as restated)	518,907	81,447	43,268	506,355	(6,642)	110,978	(371)
Net income attributable to owners of the parent	—	—	—	103,242	—	—	—
Cash dividends paid:							
Final for prior year, ¥26.00 per share	—	—	—	(13,491)	—	—	—
Interim for current year, ¥25.00 per share	—	—	—	(12,814)	—	—	—
Reversal of revaluation surplus of land	—	—	—	11	—	—	—
Purchase of treasury stock	(6,548)	—	—	—	(10,008)	—	—
Disposition of treasury stock as restricted stock remuneration	219	—	100	—	229	—	—
Net change in the year	—	—	—	—	—	(26,766)	131
BALANCE, MARCH 31, 2020	512,578	81,447	43,368	583,303	(16,421)	84,212	(240)
Net income attributable to owners of the parent	—	—	—	98,523	—	—	—
Cash dividends paid:							
Final for prior year, ¥25.00 per share	—	—	—	(12,814)	—	—	—
Interim for current year, ¥25.00 per share	—	—	—	(12,821)	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	—	(147)	—	—	—	—
Reversal of revaluation surplus of land	—	—	—	(2,062)	—	—	—
Purchase of treasury stock	(7,474)	—	—	—	(10,007)	—	—
Disposition of treasury stock as restricted stock remuneration	244	—	51	—	256	—	—
Net change in the year	—	—	—	—	—	28,030	(419)
BALANCE, MARCH 31, 2021	**505,348**	**¥ 81,447**	**¥ 43,272**	**¥ 654,129**	**¥ (26,172)**	**¥ 112,242**	**¥ (659)**

	Millions of Yen					
	Accumulated Other Comprehensive Income: Revaluation Surplus of Land	Accumulated Other Comprehensive Income: Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Income: Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2019 (as previously reported)	¥ 18,618	¥ 250	¥ (1,803)	¥ 753,278	¥ 3,646	¥ 756,924
Cumulative effects due to revision of accounting standards for foreign subsidiaries and affiliates	—	—	—	(1,178)	(6)	(1,184)
BALANCE, APRIL 1, 2019 (as restated)	18,618	250	(1,803)	752,100	3,640	755,740
Net income attributable to owners of the parent	—	—	—	103,242	—	103,242
Cash dividends paid:						
Final for prior year, ¥26.00 per share	—	—	—	(13,491)	—	(13,491)
Interim for current year, ¥25.00 per share	—	—	—	(12,814)	—	(12,814)
Reversal of revaluation surplus of land	818	—	—	829	—	829
Purchase of treasury stock	—	—	—	(10,008)	—	(10,008)
Disposition of treasury stock as restricted stock remuneration	—	—	—	329	—	329
Net change in the year	—	(1,650)	(116)	(28,401)	594	(27,807)
BALANCE, MARCH 31, 2020	19,436	(1,400)	(1,919)	791,786	4,234	796,020
Net income attributable to owners of the parent	—	—	—	98,523	—	98,523
Cash dividends paid:						
Final for prior year, ¥25.00 per share	—	—	—	(12,814)	—	(12,814)
Interim for current year, ¥25.00 per share	—	—	—	(12,821)	—	(12,821)
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	1	—	(146)	(1)	(147)
Reversal of revaluation surplus of land	2,062	—	—	—	—	—
Purchase of treasury stock	—	—	—	(10,007)	—	(10,007)
Disposition of treasury stock as restricted stock remuneration	—	—	—	307	—	307
Net change in the year	—	(8,954)	1,354	20,011	5,735	25,746
BALANCE, MARCH 31, 2021	**¥ 21,498**	**¥ (10,353)**	**¥ (565)**	**¥ 874,839**	**¥ 9,968**	**¥ 884,807**

See notes to consolidated financial statements.

Years Ended March 31, 2021 and 2020

	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 Loss on Derivatives under Hedge Accounting
BALANCE, MARCH 31, 2020	$ 733,757	$ 390,703	$ 5,254,982	$ (147,937)	$ 758,667	$ (2,162)
Net income attributable to owners of the parent	—	—	**887,595**	—	—	—
Cash dividends paid:						
Final for prior year, $0.23 per share	—	—	**(115,441)**	—	—	—
Interim for current year, $0.23 per share	—	—	**(115,505)**	—	—	—
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**(1,324)**	—	—	—	—
Reversal of revaluation surplus of land	—	—	**(18,577)**	—	—	—
Purchase of treasury stock	—	—	—	**(90,153)**	—	—
Disposition of treasury stock as restricted stock remuneration	—	**459**	—	**2,306**	—	—
Net change in the year	—	—	—	—	**252,522**	**(3,775)**
BALANCE, MARCH 31, 2021	**$ 733,757**	**$ 389,838**	**$ 5,893,054**	**$ (235,784)**	**$ 1,011,189**	**$ (5,937)**

	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, 2020	$ 175,099	$ (12,613)	$ (17,289)	$ 7,133,207	$ 38,144	$ 7,171,351
Net income attributable to owners of the parent	—	—	—	**887,595**	—	**887,595**
Cash dividends paid:						
Final for prior year, $0.23 per share	—	—	—	**(115,441)**	—	**(115,441)**
Interim for current year, $0.23 per share	—	—	—	**(115,505)**	—	**(115,505)**
Change in ownership interest of the parent due to transactions with noncontrolling interests	—	**9**	—	**(1,315)**	**(9)**	**(1,324)**
Reversal of revaluation surplus of land	**18,577**	—	—	—	—	—
Purchase of treasury stock	—	—	—	**(90,153)**	—	**(90,153)**
Disposition of treasury stock as restricted stock remuneration	—	—	—	**2,765**	—	**2,765**
Net change in the year	—	**(80,666)**	**12,198**	**180,279**	**51,667**	**231,946**
BALANCE, MARCH 31, 2021	**$ 193,676**	**$ (93,270)**	**$ (5,091)**	**$ 7,881,432**	**$ 89,802**	**$ 7,971,234**

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)
		2021		2020		**2021**
OPERATING ACTIVITIES:						
Income before income taxes	¥	**145,248**	¥	149,634	$	**1,308,541**
Adjustments for:						
Income taxes—paid		**(50,301)**		(36,688)		**(453,162)**
Depreciation and amortization		**19,080**		19,962		**171,892**
Increase in provision for doubtful accounts		**353**		112		**3,180**
Foreign currency exchange gain		**(371)**		(267)		**(3,342)**
Equity in earnings of unconsolidated subsidiaries and affiliates		**(3,527)**		(1,490)		**(31,775)**
Decrease in provision for loss on Anti-Monopoly Act		**—**		(2,901)		**—**
Payments related to Anti-Monopoly Act		**—**		(5,802)		**—**
Reversal of foreign currency translation adjustments		**—**		(1,136)		**—**
Valuation loss on marketable and investment securities—net		**3,689**		1,353		**33,234**
(Gain) loss on sales or disposals of property and equipment—net		**(2,076)**		436		**(18,703)**
Gain on sales of marketable and investment securities—net		**(6,849)**		(1)		**(61,703)**
Gain on sales of investments in unconsolidated subsidiaries and affiliates		**(1,262)**		(795)		**(11,369)**
Loss on impairment of long-lived assets		**946**		14		**8,523**
Changes in operating assets and liabilities:						
Decrease (increase) in receivables		**128,685**		(33,298)		**1,159,324**
Increase in inventories		**(41,112)**		(31,045)		**(370,378)**
Decrease in payables		**(72,154)**		(8,691)		**(650,036)**
(Decrease) increase in advances received		**(16,132)**		15,264		**(145,333)**
Increase in accrued expenses		**2,150**		2,921		**19,369**
Increase in liability for retirement benefits		**2,460**		1,770		**22,162**
Decrease (increase) in other assets		**33,697**		(13,299)		**303,577**
Increase (decrease) in other liabilities		**970**		(7,292)		**8,739**
Other—net		**9,604**		4,300		**86,521**
Net cash provided by operating activities		**153,098**		53,061		**1,379,263**
INVESTING ACTIVITIES:						
Decrease (increase) in time deposits excluding cash equivalents—net		**730**		(61)		**6,577**
Payment for purchases of marketable and investment securities		**(9,404)**		(2,764)		**(84,721)**
Payment for investments in unconsolidated subsidiaries and affiliates		**(3,989)**		(11,831)		**(35,937)**
Proceeds from sales and redemption of marketable and investment securities		**9,531**		133		**85,865**
Proceeds from sales and redemption of investments in unconsolidated subsidiaries and affiliates		**898**		798		**8,090**
Payment for purchases of property and equipment		**(46,362)**		(81,160)		**(417,676)**
Proceeds from sales of property and equipment		**4,219**		5,523		**38,009**
Payment for purchases of intangible assets		**(2,985)**		(2,699)		**(26,892)**
Purchases of shares of subsidiaries resulting in change in scope of consolidation—net (Note 22)		**—**		(377)		**—**
Disbursements for loans		**(35,492)**		(16,618)		**(319,748)**
Proceeds from collection of loans		**26,073**		4,126		**234,892**
Other—net		**(8,653)**		3,117		**(77,954)**
Net cash used in investing activities		**(65,434)**		(101,813)		**(589,496)**
FINANCING ACTIVITIES:						
Increase in short-term borrowings—net		**35,089**		14,950		**316,117**
(Repayment) issuance of commercial paper—net		**(45,000)**		10,000		**(405,405)**
Proceeds from issuance of long-term debt		**62,964**		24,760		**567,243**
Repayment of long-term debt		**(60,165)**		(30,833)		**(542,027)**
Proceeds from issuance of bonds		**—**		10,000		**—**
Repayment of lease obligations		**(2,002)**		(3,369)		**(18,036)**
Payment for purchases of treasury stock		**(10,007)**		(10,008)		**(90,153)**
Cash dividends paid		**(25,635)**		(26,305)		**(230,946)**
Capital infusion from noncontrolling shareholders		**7,338**		684		**66,108**
Dividends paid to noncontrolling shareholders		**(1,451)**		(692)		**(13,072)**
Other—net		**(241)**		(54)		**(2,171)**
Net cash used in financing activities		**(39,110)**		(10,867)		**(352,342)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS		**(3,209)**		(186)		**(28,901)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**45,345**		(59,805)		**408,514**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**255,646**		315,451		**2,303,117**
CASH AND CASH EQUIVALENTS, END OF YEAR	¥	**300,991**	¥	255,646	$	**2,711,631**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KAJIMA Corporation and Consolidated Subsidiaries

Year Ended March 31, 2021

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 International Financial Reporting Standards ("IFRSs").

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, 2020, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2021.

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 ¥111 to $1, the approximate rate of exchange at March 31, 2021. 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, 2021, include the accounts of the Company and its 142 (144 in 2020) 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 35 (34 in 2020) subsidiaries were not consolidated as they would not have a material effect on the accompanying consolidated financial statements.

All unconsolidated subsidiaries and 84 (82 in 2020) 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, 2021, the Company had 2 special purpose entities (2 in 2020) which were established and are being operated for the purpose of liquidation of real estate, and as such are not consolidated in accordance with Japanese GAAP. The total assets and liabilities of such special purpose entities were ¥42,312 million ($381,189 thousand) and ¥42,303 million ($381,108 thousand), respectively, as of March 31, 2021, and ¥42,640 million and ¥42,631 million, respectively, as of March 31, 2020. The Company recognized lease payments of ¥3,589 million ($32,333 thousand) and ¥3,492 million based on lease agreements of real estate for the years ended March 31, 2021 and 2020, respectively. Certain domestic subsidiaries recognized revenues of ¥198 million from repair works for the year ended March 31, 2020. The investment in silent partnership was ¥6,266 million ($56,450 thousand) and ¥6,109 million as of March 31, 2021 and 2020, respectively, and its related distributed profit was ¥1,793 million ($16,153 thousand) and ¥1,639 million for the years ended March 31, 2021 and 2020, respectively.

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, 2021

1) Number of consolidated subsidiaries	:	142 Taiko Trading Co., Ltd.; Kajima Road Co., Ltd.; Kajima Leasing Corporation; Chemical Grouting Co., Ltd.; Kajima Tatemono Sogo Kanri Co., Ltd.; Kajima U.S.A. Inc. (KUSA) and its 29 subsidiaries; Kajima Asia Pacific Holdings Pte. Ltd. (KAP) and its 44 subsidiaries; Kajima Europe Ltd. (KE) and its 25 subsidiaries; Kajima Australia Pty. Ltd. (KA) and its 26 subsidiaries; Chung-Lu Construction Co., Ltd. and 8 subsidiaries of the Company
2) Number of unconsolidated subsidiaries accounted for using the equity method	:	35 ARTES Corporation, Japan Sea Works Co., Ltd. and 33 other companies
3) Number of affiliates accounted for using the equity method	:	84 Katabami Kogyo Co., Ltd. and 83 other companies

(2) Changes for the year ended March 31, 2021

1) Newly consolidated companies	:	1 subsidiary of the Company and 1 subsidiary of KE due to establishment
2) Companies excluded from consolidation	:	2 subsidiaries of KUSA, 1 subsidiary of KAP and 1 subsidiary of KE due to liquidation and transfer to affiliates resulting from sales of interests
3) Companies newly accounted for using the equity method	:	1 subsidiary and 6 affiliates due to establishment, acquisition and transfer from consolidated companies resulting from sales of interests
4) Companies excluded from the equity method	:	4 affiliates due to liquidation and sales of interests

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 IFRSs 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 IFRSs 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, 2021 and 2020, decreased by ¥220 million ($1,982 thousand) and ¥240 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 ¥1,048 million ($9,441 thousand) and ¥608 million for the years ended March 31, 2021 and 2020, 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.

All securities held by the Companies are classified as available-for-sale securities. The cost of securities sold is determined based on the moving-average method. Nonmarketable available-for-sale securities are mainly stated at amortized cost or at cost determined by the moving-average method according to their nature. For other-than-temporary declines in fair value, available-for-sale 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. 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 50 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 ¥327,861 million ($2,953,703 thousand) and ¥322,274 million as of March 31, 2021 and 2020, respectively.

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, its domestic consolidated subsidiaries, and certain overseas consolidated subsidiaries have funded and/or unfunded retirement benefit plans covering their employees. In addition, the Company and certain domestic and overseas 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 Obligations — 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. Construction Contracts — Construction revenue and construction costs are recognized by the percentage-of-completion method (the stage of completion of the contract is estimated by cost-to-cost approach) if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

In the overseas consolidated subsidiaries, construction projects are mainly recorded using the percentage-of-completion method.

The revenues posted by way of the percentage-of-completion method for the years ended March 31, 2021 and 2020, were ¥1,551,820 million ($13,980,360 thousand) and ¥1,660,126 million, respectively.

The Companies provided for foreseeable losses on a contract backlog, which was recorded in other current liabilities. The accrual for foreseeable losses on the contract backlog was ¥14,120 million ($127,207 thousand) and ¥12,515 million as of March 31, 2021 and 2020, respectively.

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, 2021 and 2020, totaled ¥15,029 million ($135,396 thousand) and ¥16,443 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 files a tax return under the Consolidated Corporate-Tax System, which allows companies to base tax payments on the combined profits or losses of the parent company and its wholly owned domestic subsidiaries.

The current Consolidated Corporate-Tax System provided by Corporate Tax Act of Japan will be replaced by the Group Tax Sharing System established by virtue of “Act on Partial Revision of the Income Tax Act” (Act No. 8 of 2020) from the financial year beginning on or after April 1, 2022. Concerning the transition to the new Group Tax Sharing System and related revisions made to Non-consolidated Corporate-Tax System, the Company and certain domestic subsidiaries did not adopt Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (Guidance No. 28 issued by the Accounting Standards Board of Japan (“ASBJ”) on February 16, 2018) pursuant to Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Corporate-Tax System to the Group Tax Sharing System” (Practical Issues Task Force No. 39 issued by ASBJ on March 31, 2020). Accordingly, deferred tax assets and deferred tax liabilities, as of March 31, 2021 and 2020, were computed based on the previous Corporate Tax Act.

s. 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 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.

t. 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.

u. 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/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.

v. 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, 2021 and 2020.

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.

w. New Accounting Pronouncements

(1) On March 31, 2020 and March 26, 2021, the ASBJ issued ASBJ Statement No. 29, "Revised Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Revised Implementation Guidance on Accounting Standard for Revenue Recognition," respectively. The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company and its domestic subsidiaries will apply the accounting standard and guidance for financial years beginning on or after April 1, 2021. The application of the accounting standard and guidance is expected to increase retained earnings by approximately ¥1.4 billion ($13 million) on the consolidated balance sheet at the beginning of the financial year ending March 31, 2022.

(2) The ASBJ issued following statements:
ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," July 4, 2019
ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," July 4, 2019
ASBJ Statement No. 9, "Revised Accounting Standard for Measurement of Inventories," July 4, 2019
ASBJ Statement No. 10, "Revised Accounting Standard for Financial Instruments," July 4, 2019
ASBJ Guidance No. 19, "Revised Implementation Guidance on Disclosures about Fair Value of Financial Instruments," March 31, 2020

The standards and guidance above were developed to improve the comparability of financial statements in Japan and abroad, and are applied to fair value of following items:

Financial Instruments in "Accounting Standard for Financial Instruments"
Inventories for trading purposes in "Accounting Standard for Measurement of Inventories"

The Company and its domestic subsidiaries will apply the accounting standards and guidance for financial years beginning on or after April 1, 2021. The application of the accounting standards and guidance is expected to have an immaterial impact on the consolidated financial statements.

x. 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.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Estimate on Total Construction Revenue, Total Construction Costs and the Stage of Completion of the Contract Concerning the Percentage-of-Completion Method

(1) Carrying amounts

	Millions of Yen	Thousands of U.S. Dollars
	2021	**2021**
Construction revenue recognized by the percentage-of-completion method	¥ **1,551,820**	$ **13,980,360**
Construction costs recognized by the percentage-of-completion method	**1,375,920**	**12,395,676**
Provision for loss on construction projects in progress (recorded in other current liabilities)	**14,120**	**127,207**

(2) Information on the significant accounting estimate

The construction revenue is calculated by multiplying the total construction revenue by the percentage of completion of the contract based on the cumulative construction costs incurred by the end of the financial year against the total 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 stage of completion of the contract is estimated using the cost-to-cost approach.

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 a 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. MARKETABLE SECURITIES, OPERATIONAL INVESTMENTS IN SECURITIES AND INVESTMENTS IN SECURITIES

Marketable securities, operational investments in securities and investments in securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Current:			
Government and corporate bonds	**¥ 326**	¥ 111	**$ 2,937**
Preferred equity investment	**10,156**	10,156	**91,496**
Other	**2,163**	2,200	**19,486**
Total	**¥ 12,645**	¥ 12,467	**$ 113,919**
Non-Current:			
Equity securities	**¥ 275,020**	¥ 233,469	**$ 2,477,658**
Government and corporate bonds	**766**	905	**6,901**
Other	**12,087**	10,323	**108,892**
Total	**¥ 287,873**	¥ 244,697	**$ 2,593,451**

The costs and aggregate fair values related to the category of the securities classified as available-for-sale as of March 31, 2021 and 2020, were as follows:

As of March 31, 2021	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**¥ 109,547**	**¥ 161,871**	**¥ (2,676)**	**¥ 268,742**
Government and corporate bonds	**1,054**	**38**	**—**	**1,092**
Other	**1,560**	**554**	**(1)**	**2,113**
Total	**¥ 112,161**	**¥ 162,463**	**¥ (2,677)**	**¥ 271,947**

As of March 31, 2020	Millions of Yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	¥ 107,528	¥ 130,798	¥ (10,846)	¥ 227,480
Government and corporate bonds	995	21	(0)	1,016
Other	1,372	481	(6)	1,847
Total	¥ 109,895	¥ 131,300	¥ (10,852)	¥ 230,343

As of March 31, 2021	Thousands of U.S. Dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value (Carrying Amount)
Available-for-sale:				
Equity securities	**$ 986,910**	**$ 1,458,297**	**$ (24,108)**	**$ 2,421,099**
Government and corporate bonds	**9,495**	**343**	**—**	**9,838**
Other	**14,054**	**4,991**	**(9)**	**19,036**
Total	**$ 1,010,459**	**$ 1,463,631**	**$ (24,117)**	**$ 2,449,973**

The above figures include marketable equity securities temporarily lent to financial institutions based on securities lending agreements in the amount of ¥244 million ($2,198 thousand) and ¥214 million as of March 31, 2021 and 2020, respectively.

The information for available-for-sale securities which were sold during the years ended March 31, 2021 and 2020, was as follows:

Year Ended March 31, 2021	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**¥ 9,561**	**¥ 6,866**	**¥ (12)**
Government and corporate bonds	**19**	**1**	**(0)**
Other	**32**	**—**	**(6)**
Total	**¥ 9,612**	**¥ 6,867**	**¥ (18)**

Year Ended March 31, 2020	Millions of Yen		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	¥ 477	¥ 59	¥ (58)
Government and corporate bonds	34	1	(0)
Other	27	—	(1)
Total	¥ 538	¥ 60	¥ (59)

Year Ended March 31, 2021	Thousands of U.S. Dollars		
	Proceeds	Realized Gain	Realized Loss
Available-for-sale:			
Equity securities	**$ 86,135**	**$ 61,856**	**$ (108)**
Government and corporate bonds	**171**	**9**	**(0)**
Other	**289**	**—**	**(54)**
Total	**$ 86,595**	**$ 61,865**	**$ (162)**

The impairment losses on available-for-sale securities were ¥2,810 million ($25,315 thousand) and ¥1,674 million for the years ended March 31, 2021 and 2020, respectively.

5. 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.

6. LONG-LIVED ASSETS

For the year ended March 31, 2021, the Company and a foreign consolidated subsidiary recognized losses on impairment of the following assets:

Use	Type of assets	Location	Number of assets
Assets used for business	Buildings	New York, U.S.A	1
Assets held for rent	Construction in progress	Nagano Prefecture	1

For purposes of evaluating and measuring impairment, assets used for business and assets held for rent are individually evaluated.

The carrying amounts of certain asset used for business and asset held for rent were devalued to their recoverable amounts, due to substantial declines in their fair market value.

As a result, the Company and a foreign consolidated subsidiary recognized impairment losses of ¥946 million ($8,523 thousand), which consisted of assets used for business of ¥623 million ($5,613 thousand) and assets held for rent of ¥323 million ($2,910 thousand) for the year ended March 31, 2021.

The recoverable amounts of such assets were measured at the anticipated net selling price at disposition. The Company and a foreign consolidated subsidiary principally used the appraisal value, less the cost of disposal, for calculating the net selling price at disposition.

For the year ended March 31, 2020, information about impairment losses of assets is not disclosed since the effect was immaterial.

7. 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 ¥8,081million ($72,802 thousand), gain on sales or disposals of property and equipment—net was ¥1,220 million ($10,991 thousand), and loss on impairment of long-lived assets was ¥323 million ($2,910 thousand) for the year ended March 31, 2021. The net of rental income and operating expenses for those rental properties was ¥9,982 million, gain on sales or disposals of property and equipment—net was ¥444 million, and loss on impairment of long-lived assets was ¥14 million for the year ended March 31, 2020.

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, 2020	**Increase/(Decrease)**	**As of March 31, 2021**	**As of March 31, 2021**
¥ 198,513	**¥ 27,831**	**¥ 226,344**	**¥ 425,475**

Millions of Yen

Carrying amount			Fair value
As of April 1, 2019	Increase/(Decrease)	As of March 31, 2020	As of March 31, 2020
¥ 148,339	¥ 50,174	¥ 198,513	¥ 381,310

Thousands of U.S. Dollars

Carrying amount			Fair value
As of April 1, 2020	**Increase/(Decrease)**	**As of March 31, 2021**	**As of March 31, 2021**
$ 1,788,405	**$ 250,730**	**$ 2,039,135**	**$ 3,833,108**

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, 2021, primarily consists of the construction of buildings and other of ¥21,931 million ($197,577 thousand). Increase during the financial year ended March 31, 2020, primarily consists of the purchase of real estate of ¥49,966 million.
(3) Fair value of properties as of March 31, 2021 and 2020, 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.

8. LONG-TERM LOANS RECEIVABLE

Long-term loans receivable primarily consists of loans to business partners and customers of the Companies.

9. PLEDGED ASSETS

As of March 31, 2021, the following assets of the Companies were pledged to secure the repayment of current portion of long-term debt of ¥4,071 million ($36,676 thousand), long-term debt of ¥44,762 million ($403,261 thousand) and other long-term liabilities of ¥2 million ($18 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	¥ **689**	$ **6,207**
Inventories:		
Development projects in progress, real estate for sale and other	**67,666**	**609,604**
Other current assets	**77**	**693**
Land	**59**	**532**
Buildings and structures	**622**	**5,604**
Machinery, equipment and other	**5**	**45**
Investments in securities and Investments in unconsolidated subsidiaries and affiliates	**6,961**	**62,712**
Long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates	**812**	**7,315**
Total	¥ **76,891**	$ **692,712**

10. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2021 and 2020, mainly consisted of bank overdrafts. The weighted-average interest rates of short-term borrowings as of March 31, 2021 and 2020, were 0.45% and 1.11%, respectively.

Long-term debt as of March 31, 2021 and 2020, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Long-term loans, due 2021 – 2077	¥ **133,231**	¥ 132,087	$ **1,200,279**
Corporate bonds, due 2021 – 2026	**50,000**	50,000	**450,450**
Lease obligations	**6,303**	4,919	**56,784**
Total	**189,534**	187,006	**1,707,513**
Current portion included in current liabilities	**(21,425)**	(53,408)	**(193,018)**
Total	¥ **168,109**	¥ 133,598	$ **1,514,495**

Long-term loans as of March 31, 2021 and 2020, were primarily from banks and insurance companies. The weighted-average interest rates of long-term loans as of March 31, 2021 and 2020, were 1.98% and 1.62%, respectively. The Company issues corporate bonds to meet its financial needs and the weighted-average interest rates for the outstanding balances of such corporate bonds as of March 31, 2021 and 2020, were 0.23% and 0.23%, 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, 2021, were as follows:

Years Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2022	¥ **21,425**	$ **193,018**
2023	**40,758**	**367,188**
2024	**19,953**	**179,757**
2025	**32,808**	**295,568**
2026	**15,170**	**136,667**
2027 and thereafter	**59,420**	**535,315**
Total	¥ **189,534**	$ **1,707,513**

A loan agreement includes financial covenant primarily on net assets and interest-bearing debt.
The outstanding balance of such loan as of March 31, 2020 was included in the consolidated balance sheet as follows:

	Millions of Yen
	2020
Current portion of long-term debt	¥ 15,000

In addition, the Company entered into committed loan facility agreements aggregating ¥250,000 million ($2,252,252 thousand) with several Japanese banks. There were no outstanding balances under the committed loan facility agreements as of March 31, 2021.

11. COMMERCIAL PAPER

Commercial paper was represented by 92- to 184- day paper issued by the Company with the weighted-average interest rate of 0.06% as of March 31, 2020.

12. 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.

13. 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, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Balance at beginning of year	**¥ 68,889**	¥ 67,530	**$ 620,622**
Current service cost	**4,850**	4,789	**43,694**
Interest cost	**378**	290	**3,405**
Actuarial gains	**(94)**	(300)	**(847)**
Benefits paid	**(4,015)**	(3,954)	**(36,171)**
Increase due to change in measurement of retirement benefit obligations from the simplified method to the standard method	**—**	490	**—**
Other	**(84)**	44	**(757)**
Balance at end of year	**¥ 69,924**	¥ 68,889	**$ 629,946**

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, 2021 and 2020, were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
Balance at beginning of year	¥	8,771	¥	9,577	$	79,018
Expected return on plan assets		54		60		486
Actuarial gains (losses)		1,521		(650)		13,703
Contributions from the employer		97		94		874
Benefits paid		(176)		(310)		(1,586)
Balance at end of year	¥	10,267	¥	8,771	$	92,495

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, 2021 and 2020, were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
Balance at beginning of year	¥	1,340	¥	1,571	$	12,072
Benefit cost		195		288		1,756
Benefits paid		(89)		(138)		(802)
Contributions to the funds		(52)		(53)		(468)
Decrease due to change in measurement of retirement benefit obligations from the simplified method to the standard method		—		(337)		—
Other		(11)		9		(99)
Balance at end of year	¥	1,383	¥	1,340	$	12,459

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, 2021 and 2020, was as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
Funded defined benefit obligation	¥	9,025	¥	9,127	$	81,307
Plan assets		(10,749)		(9,222)		(96,838)
Total		(1,724)		(95)		(15,531)
Unfunded defined benefit obligation		62,764		61,553		565,441
Net liability for defined benefit obligation	¥	61,040	¥	61,458	$	549,910

	Millions of Yen				Thousands of U.S. Dollars	
	2021		2020		2021	
Liability for retirement benefits	¥	62,575	¥	62,100	$	563,739
Asset for retirement benefits		(1,535)		(642)		(13,829)
Net liability for defined benefit obligation	¥	61,040	¥	61,458	$	549,910

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, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Service cost	**¥ 4,850**	¥ 4,789	**$ 43,694**
Interest cost	**378**	290	**3,405**
Expected return on plan assets	**(54)**	(60)	**(486)**
Recognized actuarial losses	**330**	206	**2,973**
Benefit cost in simplified method	**195**	288	**1,757**
Amount expensed due to change in measurement of retirement benefit obligations from the simplified method to the standard method	**—**	153	**—**
Other	**(12)**	7	**(109)**
Net periodic benefit costs	**¥ 5,687**	¥ 5,673	**$ 51,234**

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, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Actuarial gains (losses)	**¥ 1,944**	¥ (136)	**$ 17,514**

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, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Unrecognized actuarial losses	**¥ (730)**	¥ (2,674)	**$ (6,577)**

h. Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2021 and 2020, consisted of the following:

	2021	2020
Equity investments	**53 %**	48 %
Debt investments	**20**	23
Cash and cash equivalents	**12**	13
General accounts with life insurance companies	**9**	10
Other	**6**	6
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, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	**0.1% to 0.6%**	0.0% to 0.5%
Expected rate of return on plan assets	**1.0% to 2.5%**	1.0% to 2.5%

j. Defined contribution pension plans

The costs of defined contribution plans were ¥2,912 million ($26,234 thousand) and ¥2,850 million for the years ended March 31, 2021 and 2020, respectively.

14. 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 November 10, 2020, 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 for the year ended March 31, 2021, based on the resolution was 7,469 thousand shares.

At the Board of Directors' Meeting held on July 14, 2020, the Company resolved to dispose of its own shares as restricted stock remuneration. The number of shares disposed of for the year ended March 31, 2021, based on the resolution was 244 thousand shares.

15. 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, 2021 and 2020.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Deferred tax assets:			
Liability for retirement benefits	**¥ 19,426**	¥ 19,527	**$ 175,009**
Valuation loss on property and equipment	**15,336**	14,798	**138,162**
Other	**56,044**	54,420	**504,901**
Subtotal	**90,806**	88,745	**818,072**
Valuation allowance	**(27,758)**	(24,948)	**(250,072)**
Total	**63,048**	63,797	**568,000**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(48,376)**	(38,565)	**(435,820)**
Other	**(7,630)**	(7,201)	**(68,739)**
Total	**(56,006)**	(45,766)	**(504,559)**
Net deferred tax assets	**¥ 7,042**	¥ 18,031	**$ 63,441**

As of March 31, 2021, certain consolidated subsidiaries of the Company have tax loss carryforwards available to offset future taxable income, which will start expiring in 2021. As for the domestic consolidated subsidiaries, their tax loss carryforwards will gradually expire by 2031. 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 ¥1,623 million ($14,622 thousand) and ¥1,565 million as of March 31, 2021 and 2020 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, 2021 and 2020 is not disclosed, because the differences were not more than 5% of the normal effective statutory tax rate.

16. RELATED PARTY TRANSACTIONS

a. Transactions of the Company with affiliates

Transactions for the year ended March 31, 2020 were as follows:

	Millions of Yen
	2020
Construction and other revenues	¥ 41,544

For the year ended March 31, 2020, the Company recognized construction and other revenues under several contracts with an affiliate. The contracts are entered into an arm's-length basis and in the normal course of business. The outstanding balance of notes and accounts receivable—trade from the affiliate as of March 31, 2020 was ¥45,535 million.

b. Transaction of the Company with directors of the Company

Transaction for the year ended March 31, 2021 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2021	**2021**
Disposal of own shares	¥ **15**	$ **135**

Notes:

1) The transaction is a contribution-in-kind provided to the Company with monetary remuneration receivables by a director based on the 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.

17. 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, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Due within one year	¥ **7,703**	¥ 7,181	$ **69,396**
Due after one year	**36,185**	43,006	**325,991**
Total	¥ **43,888**	¥ 50,187	$ **395,387**

b. Operating leases as a lessor

The minimum rental receivables under noncancelable operating leases as of March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Due within one year	¥ **15,907**	¥ 13,948	$ **143,306**
Due after one year	**98,673**	59,739	**888,946**
Total	¥ **114,580**	¥ 73,687	$ **1,032,252**

18. 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 19 for more details regarding derivatives.

In addition, the Company entered into committed loan facility agreements aggregating ¥250,000 million ($2,252,252 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 based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Also, please see Note 19 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, 2021 and 2020, were as follows. However, financial instruments whose fair value cannot be reliably determined are not included.

	Millions of Yen		
As of March 31, 2021	Carrying Amount	Fair Value	Unrealized Gain (Loss)
ASSETS			
Cash and cash equivalents	¥ **300,991**	¥ **300,991**	¥ **—**
Marketable securities and investments in securities			
Available-for-sale securities	**271,947**	**271,947**	**—**
Notes and accounts receivable—trade	**602,162**		
Allowance for doubtful accounts	**(561)**		
	601,601	**601,701**	**100**
Other current assets			
Time deposits due after three months of the date of acquisition	**6,642**	**6,642**	**—**
Long-term loans receivable	**7,683**		
Long-term loans to unconsolidated subsidiaries and affiliates	**56,056**		
Allowance for doubtful accounts	**(1,534)**		
	62,205	**62,144**	**(61)**
Total	¥ **1,243,386**	¥ **1,243,425**	¥ **39**
LIABILITIES			
Short-term borrowings	¥ **133,802**	¥ **133,802**	¥ **—**
Current portion of long-term debt	**21,425**	**21,424**	**(1)**
Notes and accounts payable—trade	**445,589**	**445,589**	**—**
Income taxes payable	**27,624**	**27,624**	**—**
Long-term debt	**168,109**	**172,814**	**4,705**
Total	¥ **796,549**	¥ **801,253**	¥ **4,704**

As of March 31, 2020		Millions of Yen Carrying Amount		Fair Value		Unrealized Gain (Loss)
ASSETS						
Cash and cash equivalents	¥	255,646	¥	255,646	¥	—
Marketable securities and investments in securities						
Available-for-sale securities		230,343		230,343		—
Notes and accounts receivable—trade		734,159				
Allowance for doubtful accounts		(497)				
		733,662		733,740		78
Other current assets						
Time deposits due after three months of the date of acquisition		7,317		7,317		—
Long-term loans receivable		6,585				
Long-term loans to unconsolidated subsidiaries and affiliates		44,348				
Allowance for doubtful accounts		(1,833)				
		49,100		49,075		(25)
Total	¥	1,276,068	¥	1,276,121	¥	53
LIABILITIES						
Short-term borrowings	¥	99,799	¥	99,799	¥	—
Commercial paper		45,000		45,000		—
Current portion of long-term debt		53,408		53,408		—
Notes and accounts payable—trade		520,653		520,653		—
Income taxes payable		30,598		30,598		—
Long-term debt		133,598		133,394		(204)
Total	¥	883,056	¥	882,852	¥	(204)

As of March 31, 2021		Thousands of U.S. Dollars Carrying Amount		Fair Value		Unrealized Gain (Loss)
ASSETS						
Cash and cash equivalents	$	**2,711,631**	$	**2,711,631**	$	**—**
Marketable securities and investments in securities						
Available-for-sale securities		**2,449,973**		**2,449,973**		**—**
Notes and accounts receivable—trade		**5,424,883**				
Allowance for doubtful accounts		**(5,054)**				
		5,419,829		**5,420,730**		**901**
Other current assets						
Time deposits due after three months of the date of acquisition		**59,838**		**59,838**		**—**
Long-term loans receivable		**69,216**				
Long-term loans to unconsolidated subsidiaries and affiliates		**505,009**				
Allowance for doubtful accounts		**(13,820)**				
		560,405		**559,855**		**(550)**
Total	$	**11,201,676**	$	**11,202,027**	$	**351**
LIABILITIES						
Short-term borrowings	$	**1,205,423**	$	**1,205,423**	$	**—**
Current portion of long-term debt		**193,018**		**193,009**		**(9)**
Notes and accounts payable—trade		**4,014,315**		**4,014,315**		**—**
Income taxes payable		**248,865**		**248,865**		**—**
Long-term debt		**1,514,495**		**1,556,883**		**42,388**
Total	$	**7,176,116**	$	**7,218,495**	$	**42,379**

ASSETS

Cash and cash equivalents and Other current assets (Time deposits due after three months of the date of acquisition)

The carrying amounts of cash and cash equivalents and other current assets (time deposits due after three months of the date of acquisition) approximate fair value because of their short maturities.

Marketable securities and Investments in securities

The fair values of marketable securities and investments in securities, consisting of available-for-sale securities whose fair value can be reliably determined, are mainly measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information on the fair values of marketable securities and investments in securities by classification is included in Note 4.

Notes and accounts receivable—trade

The carrying amounts of notes and accounts receivable—trade with short maturities approximate fair value.
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.

Long-term loans receivable and Long-term loans to unconsolidated subsidiaries and affiliates

The fair values of long-term loans receivable and long-term loans to unconsolidated subsidiaries and affiliates are principally measured by discounting the cash flows at the Companies' assumed corporate discount rate by adding the credit spread to the appropriate indexes, such as the yield of government bonds. In addition, the fair values of certain doubtful long-term loans receivable are equivalent to the carrying amount after deduction of allowance for doubtful accounts quoted by the estimated amount to be received subject to collateral and guarantee.

LIABILITIES

Short-term borrowings, Commercial paper, Notes and accounts payable—trade and Income taxes payable

The carrying amounts of short-term borrowings, commercial paper, notes and accounts payable—trade and income taxes payable approximate fair value because of their short maturities.

Current portion of long-term debt

The carrying amounts of the current portion of long-term loans approximate fair value because of their short maturities. The fair values of the current portion of long-term bonds are principally measured at market price.

Long-term debt

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. 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 rate. In addition, the fair values of long-term bonds are principally measured at market price.

DERIVATIVES

Information on the fair values of derivatives is included in Note 19.

(2) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	**2021**
Investments in securities			
Available-for-sale:			
Equity securities	**¥ 6,278**	¥ 5,990	**$ 56,559**
Preferred equity investment	**10,156**	10,156	**91,496**
Other	**12,137**	10,675	**109,342**
Investments in unconsolidated subsidiaries and affiliates	**63,827**	66,256	**575,018**
Total	**¥ 92,398**	¥ 93,077	**$ 832,415**

The carrying amounts mentioned above include the carrying amounts of operational investments in securities, whose fair value cannot be reliably determined, because there are no quoted prices in active markets.

d. Maturity analysis for financial assets and securities with contractual maturities

As of March 31, 2021	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	¥ **300,991**	¥ —	¥ —	¥ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	**323**	551	180	—
Notes and accounts receivable—trade	**565,110**	36,319	54	679
Other current assets				
Time deposits due after three months of the date of acquisition	**6,642**	—	—	—
Long-term loans receivable	**2,291**	6,016	839	828
Long-term loans to unconsolidated subsidiaries and affiliates	**75**	40,070	3,746	12,240
Total	¥ **875,432**	¥ 82,956	¥ 4,819	¥ 13,747

As of March 31, 2021	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	$ 2,711,631	$ —	$ —	$ —
Marketable securities and investments in securities				
Available-for-sale securities with contractual maturities				
Government and corporate bonds	2,909	4,964	1,621	—
Notes and accounts receivable—trade	5,091,081	327,198	486	6,118
Other current assets				
Time deposits due after three months of the date of acquisition	59,838	—	—	—
Long-term loans receivable	20,640	54,198	7,559	7,459
Long-term loans to unconsolidated subsidiaries and affiliates	676	360,991	33,748	110,270
Total	$ 7,886,775	$ 747,351	$ 43,414	$ 123,847

Please see Note 10 for annual maturities of long-term debt.

19. 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, 2021	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	**¥ 2,142**	**¥ 826**	**¥ (7)**	**¥ (7)**
U.S. Dollar forward	**1,099**	**84**	**97**	**97**
Currency swaps				
Buy—Japanese Yen /				
Sell—Australian Dollar	**2,959**	**—**	**(416)**	**(416)**
Total	**¥ 6,200**	**¥ 910**	**¥ (326)**	**¥ (326)**

	Millions of Yen			
As of March 31, 2020	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	¥ 135	¥ —	¥ 2	¥ 2
U.S. Dollar forward	300	—	(11)	(11)
Currency swaps				
Buy—Japanese Yen /				
Sell—Australian Dollar	1,449	1,449	106	106
Total	¥ 1,884	¥ 1,449	¥ 97	¥ 97

	Thousands of U.S. Dollars			
As of March 31, 2021	Contract Amount	Contract Amount due after One Year	Fair Value	Unrealized Gain (Loss)
Foreign exchange forward contracts				
Selling:				
Euro forward	**$ 19,297**	**$ 7,441**	**$ (63)**	**$ (63)**
U.S. Dollar forward	**9,901**	**757**	**874**	**874**
Currency swaps				
Buy—Japanese Yen /				
Sell—Australian Dollar	**26,658**	**—**	**(3,748)**	**(3,748)**
Total	**$ 55,856**	**$ 8,198**	**$ (2,937)**	**$ (2,937)**

b. Derivative transactions to which hedge accounting is applied

As of March 31, 2021	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
		Millions of Yen		
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	¥ **343**	¥ **—**	¥ **9**
Euro forward	Accounts payable—trade	**14**	**—**	**1**
Selling:				
Euro forward	Accounts receivable—trade	**18,250**	**2,243**	**(682)**
Total		¥ **18,607**	¥ **2,243**	¥ **(672)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	¥ **2,485**	¥ **2,485**	¥ **(90)**
Total		¥ **2,485**	¥ **2,485**	¥ **(90)**

As of March 31, 2020	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
		Millions of Yen		
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	¥ 69	¥ —	¥ (1)
Thai Baht forward	Accounts payable—trade	9	—	(1)
Selling:				
Euro forward	Accounts receivable—trade	4,618	88	72
Total		¥ 4,696	¥ 88	¥ 70
Interest rate swaps				
Pay—fix / Receive—float	Current portion of long-term debt	¥ 22,494	¥ 324	¥ (153)
Total		¥ 22,494	¥ 324	¥ (153)

As of March 31, 2021	Hedged item	Contract Amount	Contract Amount due after One Year	Fair Value
		Thousands of U.S. Dollars		
Foreign exchange forward contracts				
Buying:				
U.S. Dollar forward	Accounts payable—trade	$ **3,090**	$ **—**	$ **81**
Euro forward	Accounts payable—trade	**126**	**—**	**9**
Selling:				
Euro forward	Accounts receivable—trade	**164,414**	**20,207**	**(6,144)**
Total		$ **167,630**	$ **20,207**	$ **(6,054)**
Interest rate swaps				
Pay—fix / Receive—float	Long-term debt	$ **22,387**	$ **22,387**	$ **(811)**
Total		$ **22,387**	$ **22,387**	$ **(811)**

The fair value of derivative transactions is mainly measured at the quoted price obtained from the financial institution.

The contract amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the exposure to credit or market risk.

20. COMMITMENTS AND CONTINGENT LIABILITIES

As of March 31, 2021, contingent liabilities for loans guaranteed, including related items of a similar nature, amounted to ¥12,986 million ($116,991 thousand).

21. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥ 44,203	¥ (40,192)	$ 398,225
Reclassification adjustments to profit or loss	(3,884)	1,679	(34,991)
Amount before income tax effect	40,319	(38,513)	363,234
Income tax effect	(12,296)	11,747	(110,775)
Total	¥ 28,023	¥ (26,766)	$ 252,459
Deferred (loss) gain on derivatives under hedge accounting:			
(Losses) gains arising during the year	¥ (889)	¥ 199	$ (8,009)
Reclassification adjustments to profit or loss	482	(52)	4,342
Amount before income tax effect	(407)	147	(3,667)
Income tax effect	(22)	(23)	(198)
Total	¥ (429)	¥ 124	$ (3,865)
Revaluation surplus of land:			
Adjustments arising during the year	¥ —	¥ —	$ —
Reclassification adjustments to profit or loss	—	—	—
Amount before income tax effect	—	—	—
Income tax effect	—	829	—
Total	¥ —	¥ 829	$ —
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ (9,773)	¥ (348)	$ (88,045)
Reclassification adjustments to profit or loss	(24)	(1,136)	(216)
Amount before income tax effect	(9,797)	(1,484)	(88,261)
Income tax effect	—	—	—
Total	¥ (9,797)	¥ (1,484)	$ (88,261)
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 1,614	¥ (342)	$ 14,541
Reclassification adjustments to profit or loss	330	206	2,973
Amount before income tax effect	1,944	(136)	17,514
Income tax effect	(574)	25	(5,172)
Total	¥ 1,370	¥ (111)	$ 12,342
Share of other comprehensive income (loss) in unconsolidated subsidiaries and affiliates:			
Gains (losses) arising during the year	¥ 123	¥ (249)	$ 1,108
Reclassification adjustments to profit or loss	115	51	1,036
Adjustment for acquisition cost of assets	56	7	505
Total	¥ 294	¥ (191)	$ 2,649
Total other comprehensive income (loss)	¥ 19,461	¥ (27,599)	$ 175,324

22. SUPPLEMENTAL CASH FLOW INFORMATION

The components of assets acquired and liabilities assumed of consolidated subsidiaries which were acquired through the interests and share acquisitions during the year ended March 31, 2020, as well as reconciliation between the acquisition cost and the payment for the acquisition were as follows:

	Millions of Yen	
	2020	
Current assets	¥	386
Non-current assets		324
Goodwill		118
Current liabilities		(120)
Noncontrolling interests		(83)
Acquisition cost		625
Cash and cash equivalents of subsidiaries		(248)
Net payment for acquisition	¥	377

23. NET INCOME PER SHARE

Basic net income per share ("EPS") for the years ended March 31, 2021 and 2020, 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, 2021:							
Basic EPS							
Net income attributable to common stockholders	¥	**98,523**	**510,144**	¥	**193.13**	$	**1.740**
For the year ended March 31, 2020:							
Basic EPS							
Net income attributable to common stockholders	¥	103,242	513,668	¥	200.99		

24. SUBSEQUENT EVENTS

a. Appropriation of Retained Earnings

On June 25, 2021, the stockholders of the Company approved the appropriation of retained earnings to pay a dividend of ¥29.00 ($0.261) per share (final for the year ended March 31, 2021) for a total amount of ¥14,683 million ($132,279 thousand).

b. Acquisition of Own Shares

The Company, at the Board of Directors' Meeting held on May 14, 2021, 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: 8,300,000 shares (upper limit)
(The ratio to the aggregate number of issued shares (excluding own shares): 1.6%)
3) Aggregate acquisition price of shares: 10,000,000,000 Japanese yen (upper limit)
4) Acquisition period: May 17, 2021 to September 30, 2021

(3) Results of the acquisition

1) Type of shares acquired: Common Stock of the Company
2) Aggregate number of shares acquired: 6,651,000 shares
3) Aggregate acquisition price of shares: 9,999,931,600 Japanese yen
4) Acquisition period: May 17, 2021 to June 15, 2021(on a trade basis)
5) Acquisition method: Market purchase on the Tokyo Stock Exchange

c. Issuance of Unsecured Bonds

The Company, at the Board of Directors' Meeting held on June 7, 2021, resolved to issue unsecured bonds with the following terms and conditions:

1) Issue amount: Maximum of ¥10,000 million ($90,090 thousand)
2) Maturity: 3 to 10 years
3) Issue price: ¥100 ($0.901) for face value of ¥100 ($0.901)
4) Redemption price: ¥100 ($0.901) for face value of ¥100 ($0.901)
5) Interest rate: Not more than the yield of a 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, 2022
9) Use of proceeds: Capital investment, bond redemptions and working capital

In addition, the Board of Directors resolved that the General Manager of the Treasury Division (Senior Managing Director) 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.

25. 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, 2021	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	**¥ 334,792**	**¥ 781,327**	**¥ 68,888**	**¥ 233,946**	**¥ 488,224**	**¥ 1,907,177**	**¥ —**	**¥ 1,907,177**
Intersegment sales or transfers	**—**	**927**	**3,628**	**144,104**	**891**	**149,550**	**(149,550)**	**—**
Total	**¥ 334,792**	**¥ 782,254**	**¥ 72,516**	**¥ 378,050**	**¥ 489,115**	**¥ 2,056,727**	**¥ (149,550)**	**¥ 1,907,177**
Segment profit	**¥ 29,859**	**¥ 57,835**	**¥ 17,453**	**¥ 17,116**	**¥ 6,864**	**¥ 129,127**	**¥ (1,828)**	**¥ 127,299**
Other:								
Depreciation	**¥ 1,250**	**¥ 2,921**	**¥ 1,698**	**¥ 6,254**	**¥ 7,049**	**¥ 19,172**	**¥ (92)**	**¥ 19,080**
Amortization of goodwill	**—**	**—**	**—**	**—**	**649**	**649**	**—**	**649**

Year Ended March 31, 2020	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	¥ 288,099	¥ 955,280	¥ 55,713	¥ 243,206	¥ 468,454	¥ 2,010,752	¥ —	¥ 2,010,752
Intersegment sales or transfers	—	2,277	3,689	149,965	625	156,556	(156,556)	—
Total	¥ 288,099	¥ 957,557	¥ 59,402	¥ 393,171	¥ 469,079	¥ 2,167,308	¥ (156,556)	¥ 2,010,752
Segment profit	¥ 17,195	¥ 85,321	¥ 8,530	¥ 17,750	¥ 4,539	¥ 133,335	¥ (1,348)	¥ 131,987
Other:								
Depreciation	¥ 875	¥ 2,907	¥ 3,338	¥ 6,294	¥ 6,644	¥ 20,058	¥ (96)	¥ 19,962
Amortization of goodwill	—	—	—	—	962	962	—	962

Year Ended March 31, 2021	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	**$ 3,016,144**	**$ 7,038,982**	**$ 620,613**	**$ 2,107,622**	**$ 4,398,414**	**$ 17,181,775**	**$ —**	**$ 17,181,775**
Intersegment sales or transfers	**—**	**8,351**	**32,685**	**1,298,234**	**8,027**	**1,347,297**	**(1,347,297)**	**—**
Total	**$ 3,016,144**	**$ 7,047,333**	**$ 653,298**	**$ 3,405,856**	**$ 4,406,441**	**$ 18,529,072**	**$ (1,347,297)**	**$ 17,181,775**
Segment profit	**$ 269,000**	**$ 521,036**	**$ 157,234**	**$ 154,198**	**$ 61,838**	**$ 1,163,306**	**$ (16,468)**	**$ 1,146,838**
Other:								
Depreciation	**$ 11,261**	**$ 26,315**	**$ 15,298**	**$ 56,342**	**$ 63,505**	**$ 172,721**	**$ (829)**	**$ 171,892**
Amortization of goodwill	**—**	**—**	**—**	**—**	**5,847**	**5,847**	**—**	**5,847**

Notes:

(1) The amount of reconciliations in segment profit, which was loss of ¥1,828 million ($16,469 thousand) and loss of ¥1,348 million for the years ended March 31, 2021 and 2020, respectively, mainly consists 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, 2021	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	**¥ 1,673,595**	**¥ 98,485**	**¥ 135,097**	**¥ 1,907,177**

Year Ended March 31, 2020	Millions of Yen			
	Construction	Real Estate	Other	Total
Sales to external customers	¥ 1,791,118	¥ 87,389	¥ 132,245	¥ 2,010,752

Year Ended March 31, 2021	Thousands of U.S. Dollars			
	Construction	Real Estate	Other	Total
Sales to external customers	**$ 15,077,433**	**$ 887,252**	**$ 1,217,090**	**$ 17,181,775**

(2) Information about geographical areas

1) Revenues

Millions of Yen						
2021						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,416,752	**¥ 268,146**	**¥ 29,164**	**¥ 100,942**	**¥ 91,754**	**¥ 419**	**¥ 1,907,177**

Millions of Yen						
2020						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 1,540,022	¥ 234,295	¥ 29,554	¥ 107,976	¥ 98,770	¥ 135	¥ 2,010,752

Thousands of U.S. Dollars						
2021						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 12,763,532	**$ 2,415,730**	**$ 262,739**	**$ 909,387**	**$ 826,613**	**$ 3,774**	**$ 17,181,775**

Note: Revenues are classified by country or region based on the location of customers.

2) Property and equipment

Millions of Yen						
2021						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 340,108	**¥ 9,172**	**¥ 2,047**	**¥ 65,467**	**¥ 1,157**	**¥ 4**	**¥ 417,955**

Millions of Yen						
2020						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
¥ 309,941	¥ 10,898	¥ 2,477	¥ 66,298	¥ 1,426	¥ 9	¥ 391,049

Thousands of U.S. Dollars						
2021						
Japan	North America	Europe	Asia	Oceania	Other Areas	Total
$ 3,064,036	**$ 82,631**	**$ 18,441**	**$ 589,793**	**$ 10,423**	**$ 36**	**$ 3,765,360**

c. Information about impairment losses of assets

	Millions of Yen	Thousands of U.S. Dollars
	2021	**2021**
Impairment losses of assets	**¥ 946**	**$ 8,523**

Notes:

(1) Impairment losses of assets of ¥946 million ($8,523 thousand) for the year ended March 31, 2021, consisted of assets used for business of ¥623 million ($5,613 thousand) and assets held for rent of ¥323 million ($2,910 thousand). Please see Note 6 for more details. Information about impairment losses of assets for the year ended March 31, 2020 is not disclosed since the effect was immaterial.

(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, 2021 and 2020

Millions of Yen		Thousands of U.S. Dollars
2021	2020	**2021**
¥ 649	¥ 962	**$ 5,847**

(2) Carrying amounts of goodwill as of March 31, 2021 and 2020

Millions of Yen		Thousands of U.S. Dollars
2021	2020	**2021**
¥ 801	¥ 1,448	**$ 7,216**

Note: Goodwill is not allocated to operating segments.

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Kajima Corporation:

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, 2021, 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, 2021, 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

The Revenue Recognition by Applying the Percentage-of-Completion Method	
Key Audit Matter Description	**How the Key Audit Matter Was Addressed in the Audit**
As described in Note 2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, n. Construction Contracts," the Group's construction revenue and construction costs are recognized by the percentage-of-completion method (the stage of completion of the contract is estimated by a cost-to-cost approach) if the outcome of a construction contract as of March 31, 2021, can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method is applied. The amount of construction revenue recognized by applying the percentage-of-completion method for the year ended March 31, 2021, was ¥1,551,820 million ($13,980,360 thousand) of which ¥1,035,570 million ($9,329,459 thousand) was accounted for by Kajima Corporation (the "Company"). As described in Note 3, "SIGNIFICANT ACCOUNTING ESTIMATE—Estimate on Total Construction Revenue, Total Construction Costs and the Stage of Completion of the Contract Concerning the Percentage-of-Completion Method," when applying the percentage-of-completion method, construction revenue is calculated by multiplying the percentage of completion of the contract, which is calculated based on costs incurred to date against total estimated construction costs, by estimated total construction revenue. Total estimated construction revenue, total estimated construction costs, and the stage of completion of the contract are affected by significant predictions and decisions made by management based on the business environment. The Company designs and operates internal controls over this estimation process, such as reviewing and approving an initial operational budget related to the total construction revenue and the total construction costs. The Company also designs and operates internal controls, such as reviewing and approving the revised operational budget which has been estimated at the end of each period given the actual progress of construction. The Company's construction contracts are becoming larger from the total amount of contract perspective and becoming longer from the construction term perspective especially in recent years. Therefore, if the following example situations occur, the impact on the entire consolidated financial statements increases.	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 IT specialists to assist us to assess the controls over operational processes and IT systems related to the calculation of the construction costs and the stage of completion of the contract for each construction contract. When assessing the design and operating effectiveness of the controls, we paid particular attention to whether the operational budgets were revised and approved when the construction began and the revisions to the operational budgets after beginning construction, and whether the changes in each construction's situation were appropriately reflected and approved in a timely manner. Next, we assessed the reasonableness of accounting estimates included in the last financial year's total construction revenue and total construction costs by comparing the accounting estimates included in last financial year's total construction revenue and total construction costs with this financial year's finalized amounts or revised 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 Key Audit Matter Description. We performed the following audit procedures to the at-risk construction projects we identified through our analysis: **Audit procedures for total construction revenue** (1) We tested the amount of the total construction revenue by matching it with contracts related to total construction revenue and relevant documents as well as testing amounts received in advance.

(1) The percentage-of-completion method may be applied based on an estimate of the total construction revenue where final agreement on a revised construction contract with a customer is not reached regarding a change in construction method or a change in the scope of construction. Under such circumstances, construction revenue might not be recognized appropriately at the end of each period if the percentage-of-completion method is applied based on incomplete or insufficiently reasonable estimates of unconfirmed or revised portions, or if feasibility of that contract is not high. (2) The total construction costs may increase significantly if an unexpected event that could not have been anticipated when the project initially began occurs, market conditions related to materials and outsourcing costs fluctuate from the beginning of construction, or additional outsourcing costs are expected to occur due to process delays. 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 adjusted or revised in a timely manner. If the percentage-of-completion method is applied under such circumstances, construction revenue might not be recognized appropriately at the end of each reporting period. (3) As the stage of completion of the contract as at a financial year-end is calculated based on the total construction costs, it might not be calculated appropriately if total construction costs are not revised in a timely manner as mentioned in (2). We determined that the Company's revenue recognition by applying the percentage-of-completion method is our Key Audit Matter because accounting estimates for total construction revenue, total construction costs, and the stage of completion of the contract are subject to uncertainty and management's significant forecasts and judgments.	(2) If the total construction revenue included accounting estimates, we assessed reasonableness and feasibility of the estimates by inquiring of appropriate construction managers and inspecting evidences 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 of appropriate construction managers and inspected evidences and project management materials to evaluate whether the gross margin ratio was reasonable. (4) If estimated total construction costs were significantly higher or lower than the total construction costs in previous financial year, we inquired of appropriate construction managers and inspected evidences and project management materials to evaluate whether the estimate was reasonable. **Audit procedures for the stage of completion of the contract (actual costs incurred)** (5) If the monthly trend analysis showed that the actual monthly costs increased or decreased significantly as compared to costs in the previous month, we inquired of appropriate construction managers and inspected evidences and project management materials to evaluate whether the increase or decrease was reasonable. (6) We tested the actual costs incurred by matching them with invoices and other evidences. We also visited several construction sites and observed the consistency between the construction progress and accounting estimates.

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, related safeguards.

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.

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

June 25, 2021

Kajima Corporation
3-1, Motoakasaka 1-chome,
Minato-ku, Tokyo 107-8388, Japan
https://www.kajima.co.jp/english/