1. Overview of Financial Results

(1) Overview of financial results for the fiscal year ended March 31, 2025

i. Overview of overall financial performance

During the fiscal year ended March 31, 2025, the global economy progressed in a generally stable manner despite regional differences, as inflation subsided and policy interest rate cuts gradually spread. Although Japan's economy continued to experience a phase of rising prices and interest rates, improvements in the employment and income environment, along with inbound tourism demand, supported the ongoing moderate recovery.

In the domestic construction market, public-sector investment remained firm and corporate capital investment continued to increase. In construction costs, material and equipment prices remained high overall, and labor costs also rose in some regions and occupations due to high construction activity.

Against this backdrop, under the Kajima Group Medium-Term Business Plan (FY2024–2026), the Group has focused its efforts on construction and real estate development businesses in both Japan and overseas.

As a result, the Group's financial results for the fiscal year ended March 31, 2025, were as follows.

Consolidated construction contract awards, both in Japan and overseas, fell below the high recorded in the previous fiscal year, coming in at 2,624.5 billion yen, down 10.3% year-on-year (compared with 2,927.2 billion yen in the previous fiscal year). Non-consolidated contract awards, including those for the real estate development and other businesses, declined 5.8% year on year to 1,831.1 billion yen (compared with 1,944.0 billion yen in the previous fiscal year).

Revenues rose 9.3% year on year to 2,911.8 billion yen (compared with 2,665.1 billion yen in the previous fiscal year), mainly due to increased revenues from overseas subsidiaries and affiliates.

As for profit figures, operating income increased 11.5% year on year to 151.8 billion yen (compared with 136.2 billion yen in the previous fiscal year), ordinary income rose 7.0% to 160.6 billion yen (compared with 150.1 billion yen in the previous fiscal year), and net income attributable to owners of the parent increased 9.4% to 125.8 billion yen (compared with 115.0 billion yen in the previous fiscal year) due to higher gross profits in the construction business and the real estate development and other businesses.

Full-year performance by business was as follows.

In the Company's construction business, revenues exceeded forecasts in both the civil engineering and building construction businesses due to steady construction progress, especially on large-scale projects. Gross profit margins in both the civil engineering (15.4%) and the building construction (9.6%) businesses were higher than in the previous fiscal year (13.7% and 9.2%, respectively). In the civil engineering business, improvement was seen each quarter up to the end of the fiscal year, and the building construction business showed improvement particularly from the third quarter onward. We believe we were able to accurately respond to rising construction costs while steadily growing profits. In the real estate development and other businesses, the delivery of condominiums and sales of office buildings in the fourth quarter progressed as planned, resulting in revenues and profits significantly exceeding those of the previous fiscal year.

Domestic subsidiaries and affiliates overall delivered lower revenues and profits compared to the previous fiscal year, when there were high sales of real estate for sale held by real estate development-related subsidiaries and affiliates, but they maintained stable performance, primarily driven by the construction business, and contributed to consolidated financial results.

In the construction business at overseas subsidiaries and affiliates, both revenues and gross profit exceeded those of the previous fiscal year due to contributions from the U.S. construction company acquired in the first quarter and the recovery of gross profit in Southeast Asia, among other factors. The real estate development and other businesses secured solid performance by carrying out timely sales of assets in each region, including 16 distribution warehouses in the U.S. and 3 in Europe.

ii. Segment performance

Segment results are as follows. (Segment results include internal sales or transfers between segments.)

Civil Engineering
Civil engineering projects in the construction business operated by the Company

Revenues increased 11.2% year on year to 404.1 billion yen (compared with 363.3 billion yen in the previous fiscal year) due to steady progress on large-scale projects in particular.

Operating income increased 53.4% to 35.7 billion yen (compared with 23.2 billion yen in the previous fiscal year) due to higher revenues and an improved gross profit margin.

Building Construction

Building construction in the construction business operated by the Company

Revenues decreased 4.6% year on year to 1,053.4 billion yen (compared with 1,104.2 billion yen in the previous fiscal year) due to relatively low work volume on large-scale construction projects during this period.

Despite the decline in revenues, operating income came in roughly at the same level as the previous fiscal year due to an improved gross profit margin, at 51.2 billion yen, a 3.9% decline year on year (compared with 53.3 billion yen in the previous fiscal year).

Real Estate Development and Other

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

Revenues increased 19.9% year on year to 102.3 billion yen (compared with 85.3 billion yen in the previous fiscal year), and operating income increased 51.0% to 27.8 billion yen (compared with 18.4 billion yen in the previous fiscal year) due to increased revenues and gross profit from sales according to plan in the real estate sales business.

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 fell 3.5% year on year to 354.6 billion yen (compared with 367.4 billion yen in the previous fiscal year), and operating income declined 32.1% year on year to 16.4 billion yen (compared with 24.1 billion yen in the previous fiscal year). This decline was in comparison to the notably high revenues and operating income in the previous fiscal year driven by sales of real estate for sale held by real estate development-related 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

Revenues increased 29.6% year on year to 1,114.5 billion yen (compared with 859.6 billion yen in the previous fiscal year), exceeding 1 trillion yen, with increases in both the construction business and the real estate development and other businesses.

Operating income increased 18.6% year on year to 20.0 billion yen (compared with 16.9 billion yen in the previous fiscal year), mainly due to higher gross profits in the construction business in Southeast Asia and the real estate development and other businesses in the U.S.

(2) Overview of financial position for the fiscal year ended March 31, 2025

Total assets at the end of the fiscal year increased 319.4 billion yen year on year to 3,454.5 billion yen (compared with 3,135.1 billion yen at the end of the previous fiscal year). The increase was accounted for by a 121.2 billion yen increase in notes and accounts receivable - trade, a 51.2 billion yen increase in inventories (real estate for sale, construction projects in progress, development projects in progress, and others), and a 48.4 billion yen increase in property and equipment. The balance of strategic shareholdings at the end of the fiscal year was 253.5 billion yen (compared with 316.1 billion yen at the end of the previous fiscal year), with the ratio to total equity at 19.8% (compared with 25.8% at the end of the previous fiscal year), partly due to the sale of 34 stocks for 20.3 billion yen during the fiscal year.

Total liabilities increased 265.1 billion yen year on year to 2,176.6 billion yen (compared with 1,911.4 billion yen at the end of the previous fiscal year). This was mainly due to an increase in interest-bearing debt* of 179.3 billion yen, an increase in notes and accounts payable - trade of 47.7 billion yen, and an increase in advances received on construction projects in progress of 46.6 billion yen. Interest-bearing debt was 792.0 billion yen (compared with 612.6 billion yen at the end of the previous fiscal year).

Total equity, including shareholders' equity of 999.1 billion yen, accumulated other comprehensive income of

258.9 billion yen, and noncontrolling interests of 19.8 billion yen, increased by 54.3 billion yen year on year to 1,277.9 billion yen (compared with 1,223.6 billion yen at the end of the previous fiscal year).

In addition, the owners' equity ratio dropped to 36.4%, down 2.2 points compared with 38.6% at the end of the previous fiscal year.

*Total amount of short-term loans payable, commercial paper, bonds payable (including current portion of bonds payable) and long-term loans payable.

(3) Overview of cash flows for the fiscal year ended March 31, 2025

Cash flows from operating activities in the fiscal year resulted in a net cash inflow of 30.6 billion yen (compared with a net cash inflow of 123.7 billion yen in the previous fiscal year). Main factors were income before income taxes of 176.1 billion yen, adjusted for depreciation and amortization of 30.8 billion yen, and an increase in advances received on construction and development projects and other of 38.9 billion yen, offset by a decrease due to changes in consumption taxes payable or refund receivable of 82.3 billion yen, income taxes paid of 63.9 billion yen, an increase in receivables of 55.7 billion yen, and an increase in inventories (real estate for sale, uncompleted construction costs, real estate development project costs, and other inventories) of 15.5 billion yen.

Cash flows from investing activities resulted in a net cash outflow of 104.8 billion yen (compared with 62.9 billion yen in the previous fiscal year). Main factors were payments for purchases of property and equipment of 66.6 billion yen, for disbursements for loans of 53.7 billion yen, and payment for purchases of investment securities of 11.5 billion yen, partially offset by inflows of proceeds from sales and redemption of investment securities of 22.6 billion yen and proceeds from collection of loans of 15.6 billion yen.

Cash flows from financing activities resulted in a net cash inflow of 61.6 billion yen (compared with a net cash outflow of 9.5 billion yen in the previous fiscal year). This was mainly due to net cash inflows from financing and repayment balance of short-term loans payable, long-term loans payable, commercial paper, and bonds payable of 142.6 billion yen, offset by cash dividends paid of 47.8 billion yen and payment for purchases of treasury stock of 30.0 billion yen.

As a result, the balance of cash and cash equivalents at the end of the fiscal year decreased by 0.5 billion yen year on year to 349.5 billion yen (350.0 billion yen at the end of the previous fiscal year).

(4) Future outlook

In the global economy, uncertainty regarding the economic outlook is increasing due to trade and monetary policies in various countries and regions, as well as geopolitical risks. Furthermore, societal demands and customer needs are expected to continue evolving, with human capital becoming increasingly important and environmental concerns necessitating a shift toward a circular economy. We believe that accurately identifying these various changes and challenges, and providing solutions based on solid technical capabilities and new value, is essential to achieving sustainable growth.

In the construction market, we anticipate solid construction demand to continue for the time being, both in Japan and overseas. In particular, investments related to measures to address aging infrastructure and to digitalization are expected to expand over the medium to long term. On the other hand, it will remain necessary to monitor rising construction costs, and it will be a significant challenge to establish a construction system with capacity to meet robust demand fully. Along with thorough cost management, we see an increasing need to strengthen construction capabilities, including those within the supply chain, by improving the remuneration and benefits of construction workers and enhancing productivity.

In the domestic construction business in the fiscal year ending March 31, 2026, we aim to maintain high revenues by establishing a solid construction system, including partner companies and skilled workers, while also accurately addressing rising construction costs and promoting productivity improvements to enhance gross profit margins. In the domestic real estate development business, the results of our investments to date are steadily materializing, and we plan to sell multiple properties. As for overseas businesses, although we need to carefully assess the economic impact of trade policies in various countries and regions, we will strive to improve profitability in both the construction and real-estate development businesses by thoroughly managing risk and strategically timing our business initiatives. Our exchange rate assumption is JPY 145 to USD 1.

Reflecting the outlook for each business, we expect consolidated revenues and profits for the fiscal year ending March 31, 2026, to increase, for a fifth consecutive fiscal year of growth.

(5) Basic policy on profit distribution

The Company's basic policy is to allocate profits taking account of balance between growth investment and stockholder returns, with the aim of achieving sustainable growth and increasing corporate value, while maintaining financial soundness. Regarding dividends, the Company plans to pay dividends with a target payout ratio of 40%, as well as to flexibly contribute to stockholder returns by acquiring own shares with consideration of business performance, financial condition and business environment.

For information on the Group’s management policies, etc., please refer to the following website.

https://www.kajima.co.jp/english/ir/admin/index.html

2. Basic approach to the selection of accounting standards

The Kajima Group applies Japanese GAAP in consideration of the comparability of consolidated financial statements between periods and among companies, the nature of its business, and other factors. With regard to the application of International Financial Reporting Standards (IFRS), the Group’s policy is to address them appropriately, taking into consideration various conditions in Japan and overseas.