Overview of Financial Results

(1) Overview of financial results for the first quarter of the fiscal year ending March 31, 2026

i. Overview of overall financial performance

During the first quarter (April 1, 2025 to June 30, 2025), the global economy experienced a slowdown in recovery momentum due to heightened geopolitical risks and uncertainty about the future of U.S. trade policies. The Japanese economy faced similar challenges, with economic improvement remaining modest despite rising demand from travelers to Japan and a favorable employment and income environment.

In the domestic construction market, although some companies took a wait-and-see approach to capital investment, construction demand remained generally strong in both the public and private sectors. As for construction costs, although there were no significant increases in material and equipment prices, they stayed at high levels, with upward pressure on labor unit costs.

In this environment, the Kajima Group’s financial results for the first quarter of the fiscal year ending March 31, 2026 were as follows.

Consolidated construction contract awards declined both in Japan and overseas from those of the same period of the previous fiscal year, coming to 520.6 billion yen (compared with 554.8 billion yen in the same period of the previous fiscal year), a 6.2% year-on-year decrease. Non-consolidated contract awards, including those for real estate development and other businesses, declined 1.4% year on year to 348.1 billion yen (compared with 353.1 billion yen in the same period of the previous fiscal year).

Revenues increased 5.9% year on year to 649.6 billion yen (compared with 613.2 billion yen in the same period of the previous fiscal year), driven by increased construction revenues both in Japan and overseas.

Operating income rose 48.7% year on year to 37.5 billion yen (compared with 25.2 billion yen in the same period of the previous fiscal year), ordinary income increased 49.8% to 38.8 billion yen (compared with 25.9 billion yen in the same period of the previous fiscal year), and net income attributable to owners of the parent grew 52.1% to 26.5 billion yen (compared with 17.4 billion yen in the same period of the previous fiscal year), primarily due to increased gross profit in the construction business at the Company and overseas subsidiaries and affiliates.

First quarter performance by business was as follows.

The Company’s construction business revenues and gross profit performed robustly, significantly surpassing those of the same period of the previous year. The civil engineering business benefited from several large-scale projects reaching the peak construction phase, with gross profit margin improving substantially to 17.0% from 12.9% in the same period of the previous year. The building construction business saw increases in both revenue and gross profit year on year, driven by steady progress and improved margins on large-scale projects scheduled for completion this fiscal year, with gross profit margin exceeding 10%, reaching 10.5%. However, construction cost increases remain a concern that requires ongoing attention. We aim to steadily build profits by implementing thorough risk management, working to reduce costs, and securing additional amended contracts. While revenues and gross profit for real estate development and other businesses declined year on year, the real estate leasing business continued to perform steadily. Moving forward, we plan to sell multiple properties, including office buildings in the Tokyo metropolitan area, in our real estate sales business, and we are working to maximize gains from these sales.

Domestic subsidiaries and affiliates reported year-on-year increases in both revenues and income, driven by strong performance in the construction business. Additionally, we plan to sell properties held by real estate development-related subsidiaries and affiliates within this fiscal year. Ther construction businesses of overseas subsidiaries and affiliates showed steady project progress and improved gross profit margins, especially in Southeast Asia and Europe, driving higher revenues and gross profit year on year. Revenue and gross profit in real estate development and other businesses were down year on year, mainly due to decreased property sales in the United States. In the U.S. distribution warehouse development business, we plan to sell about 15 properties, mostly in the third quarter and beyond, and so we are anticipating increased revenues and income in the real estate development and other businesses moving forward. Currently, we expect limited impact from U.S. trade policies on our overseas operations and domestic construction demand for the current fiscal year.

ii. Segment performance
Segment performance was as follows. (The performance of each segment includes internal sales or transfers between segments.)

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

Revenues remained at roughly the same level as those of the same period of the previous year, decreasing 0.8% year on year to 93.7 billion yen (compared with 94.4 billion yen in the same period of the previous fiscal year).

Operating income increased 54.1% year on year to 9.7 billion yen (compared with 6.3 billion yen in the same period of the previous fiscal year) due to a significant improvement in gross profit margin.

Building Construction
Building construction in the construction business operated by the Company

Revenues increased 20.6% year on year to 266.6 billion yen (compared with 221.1 billion yen in the same period of the previous fiscal year) due to increased construction volume on large-scale projects.

Operating income rose 54.5% year on year to 16.1 billion yen (compared with 10.4 billion yen in the same period of the previous fiscal year) due to increased revenues and improved gross profit margin.

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

While the real estate leasing business performed steadily, sales decreased in the real estate sales business, bringing total revenues in this segment down 39.1% year on year to 9.1 billion yen (compared with 15.1 billion yen in the same period of the previous fiscal year) and operating income fell 61.2% to 0.8 billion yen (compared with 2.0 billion yen in the same period of the previous fiscal year).

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 increased 6.5% year on year to 80.7 billion yen (compared with 75.8 billion yen in the same period of the previous fiscal year) due to increased construction business revenues.

Operating income rose 105.2% year on year to 5.2 billion yen (compared with 2.5 billion yen in the same period of the previous fiscal year), primarily due to increased revenues and improved gross profit margin in the construction business.

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 decreased 1.0% year on year to 228.8 billion yen (compared with 231.0 billion yen in the same period of the previous fiscal year) as increased construction business revenues were offset by decreased property sales in the real estate development and other businesses.

Operating income increased 44.4% year on year to 5.4 billion yen (compared with 3.7 billion yen in the same period of the previous fiscal year) due to increased revenues and improved gross profit margin in the construction business.

(2) Overview of financial position for the first quarter of the fiscal year ending March 31, 2026

Total assets at the end of the first quarter were down 184.5 billion yen from the end of the previous fiscal year, standing at 3,270.0 billion yen (compared with 3,454.5 billion yen at the end of the previous fiscal year). This decrease was mainly accounted for a 132.8 billion yen decrease in notes and accounts receivable – trade and a 37.6 billion yen decrease in cash and deposits.

Total liabilities were down 158.8 billion yen from the end of the previous fiscal year, standing at 2,017.7 billion yen (compared with 2,176.6 billion yen at the end of the previous fiscal year). This decrease was mainly accounted for by a 54.9 billion yen decrease in notes and accounts payable – trade and a 47.6 billion yen decrease in interest-bearing debt.* Interest-bearing debt totaled 744.3 billion yen (compared with 792.0 billion yen at the end of the previous fiscal year).

Total equity, including shareholders' equity of 981.9 billion yen, accumulated other comprehensive income of 250.7 billion yen, and noncontrolling interests of 19.5 billion yen, decreased by 25.6 billion yen year on year to 1,252.2 billion yen (compared with 1,277.9 billion yen at the end of the previous fiscal year).

Meanwhile, the owners' equity ratio improved to 37.7%, up 1.3 points compared with 36.4% 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) Explanation of forward-looking statements for the forecast of consolidated financial results

There has been no change, at this time, to the full-year forecast announced on May 14, 2025, when the financial results for the fiscal year ended March 31, 2025, were announced.