Overview of Financial Results

(1) Overview of financial results for the three months ended June 30, 2026

i. Overview of overall financial performance

During the three months ended June 30, 2026, the global economy continued to grow moderately, led by AI-related investment and other factors, despite mounting inflationary pressure and moves to raise policy interest rates amid an unstable international environment. The Japanese economy remained resilient overall: even as prices and interest rates continued to rise, wage growth and other factors supported personal consumption, which showed no significant slowdown, while corporate earnings remained at a solid level.

In the domestic construction market, investment advanced in growth areas such as digital technology-related fields, and public investment also remained stable. At the same time, labor supply and demand remained tight, and price increases and shipment restrictions emerged for some petroleum-derived products, so appropriate cost management and securing adequate construction capacity remain challenges.

In this environment, the Kajima Group’s financial results for the three months ended June 30, 2026 were as follows.

Consolidated construction contract awards increased 21.1% year on year to 630.2 billion yen (compared with 520.6 billion yen in the same period of the previous fiscal year), mainly due to an increase in the domestic construction business. Non-consolidated contract awards, including those for real estate development and other businesses, rose 34.7% year on year to 468.9 billion yen (compared with 348.1 billion yen in the same period of the previous fiscal year).

Revenues decreased 1.5% year on year to 640.0 billion yen (compared with 649.6 billion yen in the same period of the previous fiscal year), as construction revenues declined both in Japan and overseas.

Operating income rose 7.8% year on year to 40.5 billion yen (compared with 37.5 billion yen in the same period of the previous fiscal year), primarily due to increased gross profit in the Company’s civil engineering business and in the real estate development and other businesses of overseas subsidiaries and affiliates. Non-operating and extraordinary income also improved, with ordinary income increasing 14.4% to 44.4 billion yen (compared with 38.8 billion yen in the same period of the previous fiscal year) and net income attributable to owners of the parent growing 16.6% to 30.9 billion yen (compared with 26.5 billion yen in the same period of the previous fiscal year).

Performance in the three months ended June 30, 2026, by business, was as follows.

The Company’s construction business revenues declined because many building construction projects were in the early stages of construction, but gross profit increased, primarily because gross profit margins improved year on year in both the civil engineering and building construction businesses. The gross profit margin in the civil engineering business (21.4%) is running above the full-year forecast (20.4%), and the building construction business secured a gross profit margin of 11.3%, representing steady progress against the full-year forecast (12.0%). The effects of the unstable international environment will continue to require close attention, and we will work to identify supply conditions and price trends for construction materials at an early stage and take appropriate measures. In the real estate development and other businesses, we plan to sell several properties held for sale, mainly in the second half, and the design and engineering business is also performing steadily. Therefore, we expect to achieve the full-year gross profit forecast.

Domestic subsidiaries and affiliates reported year-on-year decline in income, primarily due to a lower gross profit margin. However, against the backdrop of a firm domestic construction market, we see no particular concern about achieving the full-year forecast. In the construction business of overseas subsidiaries and affiliates, revenues and gross profit both declined year on year, reflecting lower revenues in Oceania and Asia together with a gross profit margin below that of the same period of the previous fiscal year, which had included highly profitable large-scale projects. In the real estate development and other businesses, revenues and gross profit exceeded the same period of the previous fiscal year, mainly due to an increase in the number of properties sold. The U.S. distribution warehouse development business, where 10 to 15 sales are planned for the current fiscal year, is progressing broadly as planned: three sales have already been completed, and sales contracts have been signed for several additional properties. At the same time, in making future investments and sales, we will need to carefully assess how concerns about a resurgence of inflation driven by geopolitical risk and concerns about rising interest rates may affect real estate market conditions.

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 increased 13.3% year on year to 106.2 billion yen (compared with 93.7 billion yen in the same period of the previous fiscal year), as construction progressed steadily on several large-scale projects in their peak construction phase.

Operating income rose 56.8% year on year to 15.2 billion yen (compared with 9.7 billion yen in the same period of the previous fiscal year), reflecting both higher revenues and an improved gross profit margin.

Building Construction

Building construction in the construction business operated by the Company

Revenues decreased 15.2% year on year to 226.1 billion yen (compared with 266.6 billion yen in the same period of the previous fiscal year), as many projects were in the early stages, when construction volume is low.

Operating income decreased 24.0% year on year to 12.3 billion yen (compared with 16.1 billion yen in the same period of the previous fiscal year), as the impact of lower revenues outweighed an 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

Revenues increased 23.1% year on year to 11.3 billion yen (compared with 9.1 billion yen in the same period of the previous fiscal year), with growth in both the real estate development business and the design and engineering business.

Operating income decreased 39.5% year on year to 0.4 billion yen (compared with 0.8 billion yen in the same period of the previous fiscal year), primarily due to lower gross profit in the real estate development 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 increased 7.7% year on year to 86.9 billion yen (compared with 80.7 billion yen in the same period of the previous fiscal year), with growth in both the construction business and the real estate development and other businesses.

Operating income decreased 20.2% year on year to 4.2 billion yen (compared with 5.2 billion yen in the same period of the previous fiscal year), as the gross profit margin slipped slightly from the same period of the previous fiscal year and selling, general and administrative expenses rose on the back of wage increases and other factors.

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 5.1% year on year to 240.5 billion yen (compared with 228.8 billion yen in the same period of the previous fiscal year), as an increase in the number of properties sold in the real estate development and other businesses offset a decline in revenue in the construction business.

Operating income rose 48.7% year on year to 8.1 billion yen (compared with 5.4 billion yen in the same period of the previous fiscal year), primarily due to increased gross profit in the real estate development and other businesses in the U.S.

(2) Overview of financial position for the three months ended June 30, 2026

Total assets at the end of the first quarter were down 239.8 billion yen from the end of the previous fiscal year, standing at 3,384.4 billion yen (compared with 3,624.3 billion yen at the end of the previous fiscal year). This decrease was mainly accounted for by a 293.1 billion yen decrease in notes and accounts receivable – trade and a 20.8 billion yen decrease in investment securities, chiefly reflecting a reduction in unrealized gains as the market value of stocks and other holdings fell, partially offset by an 88.8 billion yen increase in cash and deposits.

Total liabilities were down 190.8 billion yen from the end of the previous fiscal year, standing at 1,997.2 billion yen (compared with 2,188.1 billion yen at the end of the previous fiscal year). This decrease was mainly accounted for by an 88.8 billion yen decrease in notes and accounts payable – trade and a 15.4 billion yen decrease in interest-bearing debt.* Interest-bearing debt totaled 817.7 billion yen (compared with 833.1 billion yen at the end of the previous fiscal year).

Total equity, including shareholders' equity of 1,061.5 billion yen, accumulated other comprehensive income of 305.7 billion yen, and noncontrolling interests of 19.8 billion yen, decreased by 49.0 billion yen year on year to 1,387.1 billion yen (compared with 1,436.2 billion yen at the end of the previous fiscal year).

In addition, the owners' equity ratio improved to 40.4%, up 1.4 points compared with 39.0% 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, 2026, when the financial results for the year ended March 31, 2026, were announced.