

Regarding the gross profit of the non-consolidated civil engineering business, the progress in the third quarter compared to the full-year forecast is low, but is it possible to achieve the forecast? And what is the outlook for the gross profit margin in fiscal 2024?

⁶ Gross profit progress against the full-year forecast was somewhat low due to the small number of construction projects completed by the end of the third quarter and the small improvement in profitability from additional revenues and other factors. We expect an improvement to the gross profit margin mainly from construction projects to be completed in the fourth quarter. Since we do not expect major changes in the business environment in fiscal 2024, the gross profit margin for the non-consolidated civil engineering business will be based on the current level.

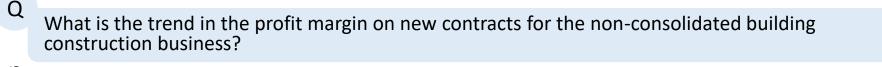
Q

Q

While construction demand in the domestic building construction business remain strong, what is the outlook for demand for projects in the manufacturing and other sectors? Will there be any impact from rising construction cost?

Strong construction demand continues, especially for semiconductor-related projects. Although some projects have been rescheduled due to rising construction costs, the current demand environment is expected to continue for about three to five years.





Although the situation remains similar to that of the previous year, the profit margin on new contracts is returning to pre-COVID-19 pandemic levels.

What is the reason for the increase in the provision for loss on construction projects in progress from the end of the second quarter? What impact will it have on fiscal 2024 results?

Q

In the non-consolidated building construction business, the provision for loss on construction projects in progress increased due to the impact of higher materials and equipment prices for several construction projects in progress. The third quarter gross profit margin (9.6%) is in line with the full-year forecast (9.7%) and within the expected range. We believe that the increase in the provision for loss on construction projects in progress will have a limited impact on fiscal 2024 results, and we will continue to steadily improve profits.



What are the business environment trends in the real estate development business in the U.S.? Will the business environment improve in fiscal 2024?

⁷ The real estate market recovery has been delayed from the forecast at the beginning of the fiscal year due to persistently rising interest rates and other factors, but the demand for distribution warehouses is firm due to the robust U.S. economy and e-commerce development. There are no problems in terms of leasing or rents. The business environment in fiscal 2024 is expected to improve due to lower interest rates and a rebound in investor demand.

Has there been a change in the approach to stockholder returns?

0

Q

There has been no change in the shareholder returns policy set out in our current medium-term business plan. We will continue to return profits to shareholders, taking into account our business performance, financial condition, and business environment. Along with the formulation of the next medium-term business plan, we are considering further strengthening shareholder returns, taking into account the medium- to long-term business forecast and other factors.



What is the status of the reduction of strategic shareholdings, and what is the future policy? And how will you use the proceeds from the sales?

⁶ By the end of the second quarter, we had sold a total of 30.8 billion yen in strategic shareholdings, reaching our medium-term business plan target (30 billion yen or more), and we sold another 4.3 billion yen in the third quarter. We plan to sell more in the fourth quarter. We plan to establish a new reduction target in the next medium-term business plan, and the specific details are under review.

The proceeds from the sale will basically be used for investment in growth, but will also be considered for use in shareholder returns. In fiscal 2023, we will use some of the proceeds to meet the demand for funds (30 billion yen or more) associated with our move to shorten the period for payments to subcontractors in our bill payment process, which is part of our effort to strengthen the supply chain.

O

0

What is Kajima's future growth strategy?

We will deliver solid profits by improving profit margins while keeping pace with strong demand in the domestic construction business. In addition, our basic goal is to achieve growth as a Group by expanding the real estate development and overseas businesses, which are our strengths and growth areas.