FY2026 1st Quarter Analyst and Investor Briefing (Web Conference) Summary of Q&A Session

KAJIMA CORPORATION

August 5, 2026

Q: Looking ahead, which fields do you see as particularly promising for domestic construction demand?

A: Demand is strong across the board, and we are paying particular attention to data centers and nuclear power-related projects. For data centers, there is strong demand to expand capacity quickly, and current conditions make it relatively easy to secure profitability; at the same time, securing construction capacity in coordination with utility contractors is essential, and we are screening projects carefully in light of their construction capability and track record in this area. In nuclear power-related projects, we anticipate an increase in construction work accompanying plant restarts, and we aim to expand contract awards by leveraging our strengths.

Q: Why has the balance of the provision for loss on construction projects in progress remained flat since the end of fiscal 2025?

A: Many projects are in the early stages of construction, so little of the provision was reversed as construction progressed. At the same time, there were no significant additional provisions.

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Q: What lifted the first-quarter gross profit margin in the civil engineering business above the full-year forecast?

A: The gross profit margin in the civil engineering business has remained at a high level, as it did in fiscal 2025. Several large-scale projects in their peak construction phase are delivering good profitability, and we secured additional contract amendments in the first quarter, bringing the margin above the full-year forecast of 20.4%. We will maintain the current level and aim to deliver results that exceed the full-year forecast.

Q: Can the building construction business maintain a high profit margin on new contracts, going forward?

A: Construction demand remains firm. Client demand to bring facilities into operation early is strong, and the contract award environment remains favorable, so we believe we can maintain the profit margin on new contracts at its current high level.

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Q: How do you assess the gross profit margin in the building construction business? And to what extent is the risk of the situation in the Middle East deteriorating factored into construction progress and margins?

A: Given that many large-scale projects are in the early stages of construction, we assess the first-quarter gross profit margin as in line with expectations. We continue to factor in risk related to the situation in the Middle East into the full-year forecast, but to date, there have been no work stoppages or delays in procuring materials and equipment on a scale that would affect overall schedules. Upcoming developments are difficult to foresee, and we have not yet reached the point of removing this risk from the forecast, but we expect margins to improve toward the end of the fiscal year as construction progresses.

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Q: What is the outlook for revenues and the gross profit margin in the building construction business for fiscal 2027? What level are you targeting for the building construction gross profit margin, going forward?

A: Based on the progress of construction projects on hand, we expect revenues to increase in fiscal 2027. On margins, if construction proceeds smoothly, we see room for improvement as project risks are released, and at present, there are no adverse factors that would worsen profit or loss. Given the improvement in the profit margin on new contracts, we believe the conditions are steadily falling into place for the building construction gross profit margin in fiscal 2017 to reach the previous record-high of 14%.

Q: Do you have plans to raise the proportion of renovation work in the building construction business?

A: Demand for new construction is very strong, and we are not currently in a position to give priority to allocating management resources to renovation projects. That said, from the standpoint of maintaining long-term relationships with existing clients, we will continue to undertake renovation work on buildings we originally constructed. We are confident that the renovation market will expand going forward, and our policy is to continue developing technologies and strengthening construction capacity.

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Q: How are property sales progressing in the domestic real estate development business? Will fiscal 2026 also be weighted toward the second half?

A: We expect the number of sales to increase in the second half. Sales contracts were signed for some properties during fiscal 2025, and negotiations are advancing on others, indicating a high likelihood of achieving our target.

Q: What impact will rising interest rates have on the domestic real estate development business?

A: Interest rates in Japan remain low compared with those overseas, and overseas investors continue to show a strong appetite for investing in Japanese real estate, so there has been no significant negative impact on the real estate development business. We invest selectively in prime-location projects and believe we can develop business plans that absorb increasing interest costs.

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Q: How are sales progressing in the U.S. distribution warehouse development business?

A: Supply and demand continue to improve in the U.S. distribution warehouse market. Leasing of large facilities, in particular, is progressing; leasing demand is showing signs of recovery, and we expect this to positively affect transaction market conditions going forward. In addition to the three properties sold in the first quarter, we have signed sales contracts for several properties and received expressions of interest to purchase for several others, so our efforts to complete sales are progressing well.

Q: Can the overseas real estate development business be expected to sustain a gross profit margin above 30%, going forward?

A: In the first quarter, we completed sales of highly profitable properties in the U.S. distribution warehouse development business. Going forward, we also plan property sales in Asia and Europe, but we are not certain we can maintain a gross profit margin of 30%, so we have left the full-year forecast unchanged.

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Q: What is your policy on new development in the U.S. distribution warehouse development business, going forward?

A: For new starts in the distribution warehouse development business, we make investment decisions that take into account total risk exposure, in light of progress in securing tenants, selling properties, and other factors. Our policy is to proceed steadily with the next new investment once leasing or a sale has been completed, without significantly reducing the number of projects on hand.

Q: What lies behind the year-on-year increase in SG&A expenses?

A: The main factors are higher personnel expenses, together with our active investment in R&D and in the digital realm. Both are within the assumptions set at the start of the fiscal year, and we expect the full-year figure to remain within plan.