Part 2

Medium- to Long-Term Strategy

Through a medium- to long-term strategy centered on construction and real estate development, we create social and economic value and achieve sustainable growth and enhanced corporate value.

Progress on the Medium-Term Business Plan 39

Message from the General Manager of the Treasury Division 41

Medium-Term Business Plan (FY2024–2026): Progress on Growth Strategy 45

Medium-Term Business Plan (FY2024–2026): Update on Financial Strategy 47

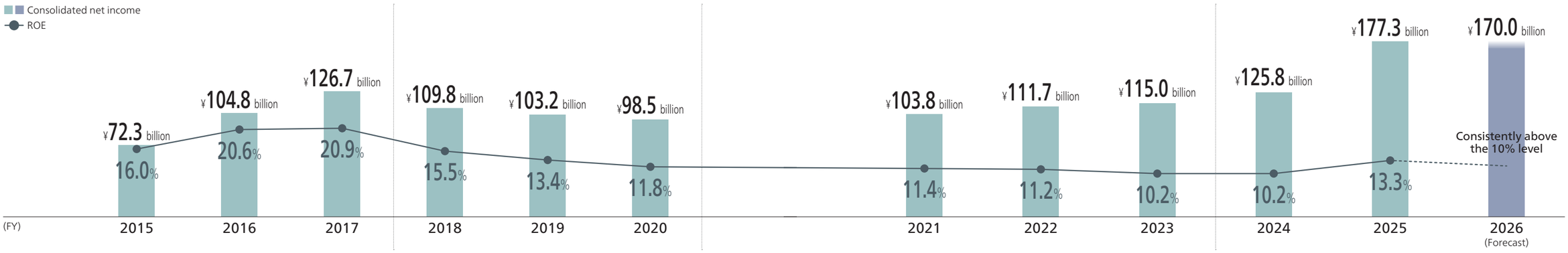


Kagurayama Wind Power Plant (Fukushima Prefecture)

Progress on the Medium-Term Business Plan

Accelerating profit growth

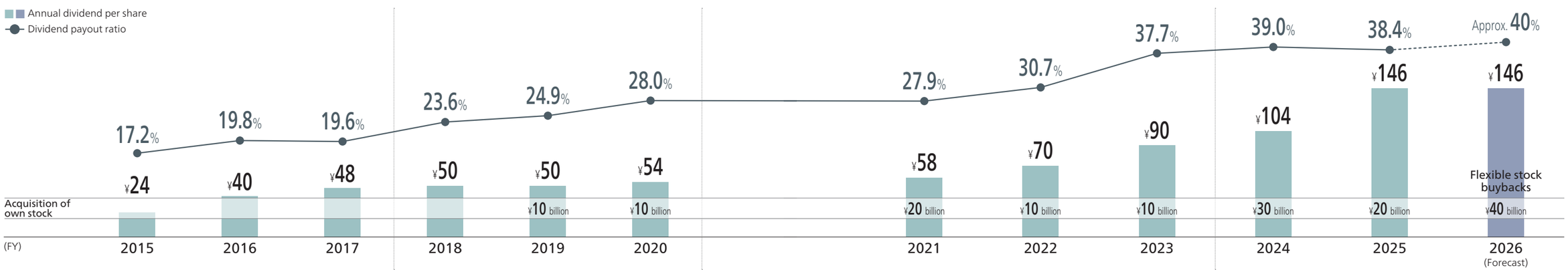
Achieve steady profit growth by implementing growth strategies with a view to sustainable growth



Medium-Term Business Plan	FY2015–2017	FY2018–2020	FY2021–2023 Forward-Looking Investment	FY2024–2026 Further Strengthening the Core Business and Building the Future
Growth strategy	1. Improve the profitability of the non-consolidated construction business 2. Provide leading-edge, valuable construction and services 3. Establish a Group-wide business platform for growth	1. Create next-generation construction production systems 2. Provide construction and services of high value to society and customers 3. Establish a Group-wide business platform for growth	1. Further strengthen core businesses 2. Strive to create new value 3. Establish a strong management foundation and promote ESG measures for growth and transformation	1. Enhance domestic construction business 2. Expand growth areas 3. Create new value as a technology-driven company 4. Sustainability
Domestic construction business	• Revitalize and strengthen operations	• Improve productivity and enhance efforts in promising fields	• Strengthen earning power and production capacity	• Enhance engineering capabilities and refine the production processes
Domestic real estate development business	• Acquire strategic assets	• Generate quality projects	• Generate quality assets and diversify portfolio	• Ensure stable earnings and diversify revenue sources
Overseas business	• Enter new markets and expand business areas in existing markets	• Develop business tailored to market characteristics	• Expand the investment cycle for growth	• Expand business domains and revenue opportunities by leveraging our network
Value chain	• Strengthen initiatives in upstream and downstream areas	• Provide integrated services from upstream to downstream	• Maximize customer value by expanding the business domain	• Create new businesses and collaborate with partners
Key achievements	• Non-consolidated construction business gross profit margin FY2012–2014 average 3.9% ▶ FY2015–2017 average 14.3% • Established Core5 in the U.S. • Established Kajima Fit, Global BIM, and other companies etc.	• Non-consolidated real estate development business operating income FY2015–2017 average ¥5.8 billion ▶ FY2018–2020 average ¥10.4 billion • Promoted the use of BIM, CIM and ICT • Launched a private REIT, etc.	• Net income from overseas business FY2018–2020 average ¥9.5 billion ▶ FY2021–2023 average ¥24.0 billion • Investment in the real estate development business (¥741.0 billion) • Opened The GEAR and Kajima Technical Center, etc.	• Non-consolidated construction business gross profit FY2021–2023 average ¥145.9 billion ▶ FY2024–2026 average ¥210.9 billion • Continued the construction of large-scale production facilities • Advances in automated construction technology • Acquired Rodgers Builders, etc.

Enhancing stockholder returns

Enhance stockholder returns through dividend increases in line with profit growth and continuous share buybacks



Note: The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the figures for FY2015 to FY2018 are calculated as if the consolidation of shares had been conducted at the beginning of FY2015.

Message from the General Manager of the Treasury Division



We aim to enhance corporate value and market valuation through sustainable profit growth and improved capital efficiency

Takashi Kumano
Director, Managing Executive Officer,
General Manager, Treasury Division

Review of FY2025 and our outlook for the future

In FY2025, the second year of the Kajima Group Medium-Term Business Plan (FY2024-2026), we achieved record-high revenue of ¥3,067.2 billion and net income of ¥177.3 billion, marking our fifth consecutive year of revenue and profit growth. At the start of the fiscal year, reflecting improved profitability in the domestic construction business, we had forecast net income of ¥130 billion, the target for the final year of the Medium-Term Business Plan. Results far exceeded that forecast and, together with our capital policy initiatives, drove ROE up to 13.3%.

Looking back at recent business trends, domestic construction demand remained strong, while careful management was required amid fluctuations in material prices and a shortage of skilled workers. Accurate estimates that reflect market conditions at the time of contract award, contracts on appropriate terms, improved productivity and thorough risk management during construction, are essential for sustained and reliable profit growth.

In the domestic real estate development business, our past investments in high-quality assets continue to contribute steadily to earnings despite the environment of rising interest rates and construction costs.

The overseas business continues to face difficult conditions, including heightened international uncertainty, inflation and persistently high interest rates. Nevertheless, improved margins in the construction business offset slower property sales in real estate development, enabling the overseas business as a whole to remain profitable.

Alongside the domestic construction business, domestic real estate development and overseas businesses have continued to grow steadily as earnings drivers, strengthening our earnings base. Building a resilient portfolio of businesses with diverse characteristics is one of the Company's strengths, enabling us to pursue stable profit growth that is less vulnerable to changes in the business environment.

This stronger earnings base and financial soundness were recognized by Rating and Investment Information, Inc. (R&I), which maintained our long-term bond rating at A+ and upgraded the outlook from Stable to Positive in March 2026.

For FY2026, we forecast consolidated revenues of ¥2,900 billion and net income of ¥170 billion, given the large number of major projects in the early stages of construction, particularly in the domestic building construction business. As we enter the final year of the current Medium-Term Business Plan, we will aim to outperform these forecasts while steadily strengthening the management foundation for the next Medium-Term Business Plan.

Enhancing corporate value

To enhance corporate value, we have positioned the balance between profit growth and capital efficiency as a key management priority, using net income and ROE as financial indicators for the Kajima Group as a whole and setting targets for each.

In line with the characteristics of each business, we have set ROIC as the key indicator for the domestic real estate development business, ROE for the overseas business, and gross profit margin for the domestic construction business, seeking to improve performance against these indicators through portfolio management.

While it will take time to enhance investment efficiency in the domestic development and overseas businesses, we will drive profit growth and long-term improvements in capital efficiency by prioritizing capital allocation to these businesses and steadily realizing returns on investment, supported by the stable earnings of the domestic construction business.

Advancing profit growth

Our growth strategy to strengthen earnings across the Group is steadily delivering results.

While consolidated net income remained at around ¥20 billion through FY2014, improved profitability in construction and growth in development and overseas operations enabled us to consistently achieve net income exceeding ¥100 billion by FY2023. Today, stronger earnings power in the domestic construction business, together with growing profit contributions from the domestic real estate development and overseas businesses, enables us to consistently target net income of ¥170 billion or more.

In both the domestic and overseas real estate development businesses, we are building portfolios of high-quality assets to generate future earnings. Through strategic asset sales and growth in rental and operating income, we aim to further expand profits over the medium to long term.

Improving capital efficiency

In the domestic construction business, we place particular emphasis on improving gross profit margin amid a rapidly changing business environment. We establish a minimum profit margin threshold when accepting orders and, after contract award, set target profit margins that reflect expected improvements through productivity gains and other measures. We then rigorously monitor and manage each project to achieve its target. Margin improvement has two aspects: price and cost. With projects becoming more technically demanding, technology advancing, and construction capacity increasingly constrained by a declining number of skilled workers, we see the business environment shifting toward one in which prices more appropriately reflect the value created by the construction industry. On the cost side, we are continuously reducing costs through optimal and flexible procurement, as well as initiatives to improve operational efficiency and productivity through the use of digital tools.

In the domestic real estate development business, investment decisions for individual projects are based on metrics such as NOI yield and IRR, while ROIC targets for the overall portfolio are set with reference to the Group-wide weighted average cost of capital (WACC) of approximately 6%. We regard our current ROIC as being broadly in line with that of major real estate companies, and we aim to further improve it as we rebalance our portfolio by combining proceeds from asset sales with stable rental income.

For the overseas business, we set our ROE target with reference to the Group-wide cost of equity of approximately 8%. ROE remained high when short-term turnover-type development projects performed well, but has trended downward in the current uncertain market environment. Restoring and stabilizing ROE will therefore be a key challenge going forward.

Capital efficiency improves as net profit margin, total asset turnover and financial leverage increase. With the domestic construction business serving as the foundation for profit generation and the domestic real estate development and overseas businesses as growth drivers, our immediate focus is on increasing net profit margin and financial leverage while shortening investment and recoupment cycles in the domestic and overseas real estate development businesses to improve total asset turnover.

ROE (net profit margin × total asset turnover × financial leverage)

2019	2020	2021	2022	2023	2024	2025	(FY)
13.4	11.8	11.4	11.2	10.2	10.2	13.3	(%)
(Cost of equity)							
6-8		6.5-8		approx. 7-8		approx. 8	(%)

(Figures determined with reference to CAPM, equity earnings yield and other measures)

Net profit margin (net income ÷ revenues)

2019	2020	2021	2022	2023	2024	2025	(FY)
5.13	5.17	4.99	4.67	4.32	4.32	5.78	(%)

Total asset turnover (revenues ÷ total assets)

2019	2020	2021	2022	2023	2024	2025	(FY)
0.94	0.88	0.92	0.94	0.90	0.88	0.87	(times)

Financial leverage (total assets ÷ owners' equity)

2019	2020	2021	2022	2023	2024	2025	(FY)
2.76	2.60	2.47	2.56	2.61	2.67	2.65	(times)

Update on financial strategy

We have updated our financial strategy. Under the revised cash allocation for the three years of the Medium-Term Business Plan, we plan to allocate ¥1,160 billion of the ¥1,540 billion in cash inflows to growth investments, ¥100 billion to strengthening the supply chain, and ¥280 billion to stockholder returns.

Of our growth investments, approximately 80% will be allocated to domestic and overseas development projects,

Message from the General Manager of the Treasury Division

with the remaining 20% invested in R&D and digital initiatives, supporting sustainable profit growth and reinforcing our management capabilities.

Growth investments

Investing in strengthening our technological capabilities and developing our talent is indispensable if we are to enhance our competitive advantage as a technology-driven company and build our capacity to create social and economic value.

Investment in technological capabilities encompasses research and technology development that addresses customer needs and helps solve social issues, as well as initiatives to enhance cost competitiveness, such as establishing optimal construction methods, reducing workloads and minimizing on-site labor requirements. It also includes developing digital knowledge platforms to facilitate the transfer of expertise and technical skills. In addition, we are focusing on technology development through collaboration with startups and other companies that possess outstanding technologies and innovative ideas.

Our investment in human capital includes raising employee wages and starting salaries, expanding training programs and facilities, and improving the workplace so that people from diverse backgrounds can perform at their best, all of which help strengthen our management foundation.

The effects of these investments do not appear immediately, and their results are not easily quantified. However, we believe that the medium- to long-term outlook for revenue and profit growth will be an important indicator of their success.

In domestic and overseas development investment, we are placing greater emphasis not only on asset accumulation but also on capital efficiency and the ability to secure returns. Internal committees responsible for development project decisions bring together corporate functions with expertise in domestic and overseas markets, creating opportunities to identify risks and synergies from multiple perspectives, foster collaboration, and enhance the quality of individual projects. From a financial perspective, we provide recommendations aimed at maximizing investment returns, including improving capital turnover, optimizing asset exit strategies, and enhancing investment efficiency through partnerships, while taking into account business risks and capital efficiency.

Strengthening the supply chain

The Japan Federation of Construction Contractors projects a shortage of 1.29 million skilled workers in FY2035, driven by increased construction investment and the continued decline in the skilled workforce. The construction industry as a whole, therefore, needs to improve productivity and secure its future workforce in order to build a sustainable construction industry.

While improving productivity through automated construction and other means, the Company also regards securing the future workforce as an urgent issue. It is therefore actively working to improve conditions for skilled workers and develop the workforce.

In FY2025, to strengthen the financial base of partner companies that carry out construction work, we eliminated promissory note payments to those with capital of less than ¥1 billion and shifted entirely to cash payments. More than 90% of the partner companies we do business with have capital of less than ¥1 billion, so we expect this initiative to benefit a large number of these companies and lead to improved conditions for the skilled workers on the front line.

At the same time, we are encouraging clients upstream in construction projects to make payments earlier. We pay our partner companies monthly in line with the volume of work completed. By contrast, payments from clients for private-sector projects are often concentrated around or after project completion, resulting in higher accounts receivable and placing a greater financial burden on the Company. In recent years, the increasing scale and duration of construction projects have lengthened the cash conversion cycle, which has become one factor weighing on capital efficiency.

This issue of payment collection from private-sector clients is not unique to the Company but a challenge facing the entire construction industry. We are therefore working with the industry as a whole to drive improvements.

Our approach to stockholder returns

Our policy on stockholder returns combines dividends based on a target payout ratio of 40% with flexible acquisition of own shares.

In recent years, the total return ratio, including the acquisition of own shares, has been around 60%, which we consider a well-balanced approach at this stage, given our active focus on growth investment.

In FY2025, we raised the dividend to ¥146 per share, and this marks our sixth consecutive year of dividend increases since FY2019. We now plan to maintain the same amount in FY2026, and intend to continue increasing dividend in line with profit growth.

We have continuously conducted acquisition of own shares since FY2019 as a flexible means of stockholder returns. In FY2026, reflecting profit growth that exceeded the targets set under the Medium-Term Business Plan, we conducted a record ¥40 billion in acquisition of own shares, the largest amount to date. A portion of the stocks acquired is used for performance-linked remuneration for officers as well as stock-based incentive plan for employees, helping to enhance their awareness of the stock price. Meanwhile, as treasury stock accumulated through continuous share repurchases, we cancelled a portion of those shares as part of our capital policy, bringing the number of treasury stock at approximately 5% of total shares outstanding.

Initiatives to achieve an appropriate capital structure

Continuous reduction of strategic shareholdings

We have set a target of reducing our strategic shareholdings to less than 20% of consolidated net assets by the end of FY2026, and are steadily reducing these holdings. The Board of Directors rigorously reviews the rationale for each individual holding and the number of shares held, based on quantitative data evaluated on a stock-by-stock basis.

Our strategic shareholdings stood at 19.8% of consolidated net assets at the end of FY2024, achieving our target level. However, following a rise in the market value of these holdings, the ratio was 21.2% at the end of FY2025.

In FY2026, to ensure that we achieve our target, we increased our target for the sale of strategic shareholdings by ¥20 billion from the original plan, to approximately ¥50 billion. At the beginning of FY2026, we secured informal consent for the sale of shares from approximately 60% of the issuing companies. For holdings that still have strategic significance, we are advancing discussions with clients on reducing such holdings in order to achieve our target.

Our policy of continuing these reductions will remain unchanged through the next Medium-Term Business Plan and beyond, and we will consider further reduction targets, taking into account the views of our outside directors.

▶P.47 Strategic shareholding sales

Utilization of interest-bearing debt

While increasing financial leverage to improve capital efficiency, we also emphasize maintaining financial soundness and have set 0.7x as a guideline for the D/E ratio during the current Medium-Term Business Plan period.

The balance of interest-bearing debt at the end of FY2026 is projected to be ¥980 billion, an increase of approximately ¥150 billion from the end of the previous fiscal year. Nonetheless, we expect the D/E ratio to remain at around 0.7x as owners' equity increases.

Because the Company is actively engaged in real estate development, we target a D/E ratio higher than that of construction-focused companies (around 0.5x) but lower than that of development-focused companies (above 1x). We recognize that greater use of financial leverage will be necessary to strengthen earnings power in the domestic real estate development and overseas businesses and to accelerate the achievement of stable earnings. We are therefore considering raising the target D/E ratio for the next Medium-Term Business Plan period.

▶P.47 ▶P.107 Interest-bearing debt, D/E ratio

Dialogue with the capital markets

To become a company trusted and chosen by customers and society, we must build a track record of creating social and economic value and enhance our corporate credibility and growth prospects.

To strengthen our credibility, we are advancing initiatives that form the foundation of our business, including rigorous compliance, robust risk management, investment in human capital, environmental management, and respect for human rights throughout the supply chain.

To enhance growth prospects, we place importance on providing the disclosure and dialogue sought by stockholders, investors and other stakeholders and are working to enhance both. The number of dialogue opportunities held in FY2025 was approximately 1.6 times the previous year's level and approximately 2.5 times the level two years earlier. During these meetings, we received questions and comments on matters such as our medium- to long-term growth strategy, capital policy and ESG. Since FY2024, we have also held IR briefings for individual investors, which continue to provide a valuable opportunity to gain insights from a wide range of perspectives.

The Board of Directors reviews our financial strategy based on reports summarizing dialogue with stockholders and investors, as well as our market valuation. Our outside directors provide views and advice on trends in the cost of capital in light of rising interest rates, the appropriateness of our ROE target, approaches to evaluating growth investments, and capital policy, based on balance sheet management. We reflect these in our financial strategy and capital policy.

PBR, an indicator of stock market valuation, has remained stable at a level well above 1x, while PER has risen to around 12-15x over the past year. We believe this reflects the trust the Group has earned through its track record, as well as recognition of our timely and appropriate disclosure and ongoing dialogue with stockholders and investors.

We will continue to implement measures to drive profit growth and strengthen the management foundation that supports sustainable growth. Through fuller disclosure and dialogue, we will further build stakeholders' trust and raise expectations for our growth while enhancing corporate value and market valuation.

Price-to-book ratio (PBR)

2019	2020	2021	2022	2023	2024	2025	(FY)
0.72	0.91	0.78	0.74	1.24	1.14	1.95	(times)

Price-earnings ratio (PER)

2019	2020	2021	2022	2023	2024	2025	(FY)
5.4	7.7	6.8	6.6	12.2	11.2	15.6	(times)

Medium-Term Business Plan (FY2024–2026): Progress on Growth Strategy

I Enhance domestic construction business

- Steadily built a track record in both securing contracts and delivering projects in priority areas such as production facilities and infrastructure renewal, while further strengthening our technological capabilities and accumulating knowledge and expertise.
- Further refine automated construction systems that enhance safety and productivity, while promoting the development of technologies that will help expand future business opportunities.
- Proactive use of technologies such as generative AI contributes to enhancing how we work and creating safer work environments.

Examples of initiatives

- Received over ¥400 billion in orders for production facilities, one of our priority areas, including large-scale projects related to semiconductors and automobiles.
- Promoted the use of AI to automate the preparation of estimates and construction schedules, support on-site safety management, and assess bridge conditions.
- Deployed the A⁴CSEL (Quad Axel) automated construction system at multiple projects, including the Shin-Meishin Expressway Joyo Project (Kyoto Prefecture). The system was also applied to site preparation work involving an irregularly shaped work area and varying embankment materials.
- Constructed one of the world's largest underground caverns for the University of Tokyo's Hyper-Kamiokande (Gifu Prefecture), which is 600 m underground and measures 69 m in diameter and 94 m in height. To address growing demand for the use of underground space.

Orders for production facilities totaled ¥441.2 billion in FY2025 (up 34.8% from FY2024)



Tsumura Ibaraki Plant Granulation and Packaging Building Construction Project (Ibaraki Prefecture)

II Expand growth areas

- Promote high-value-added real estate development businesses in Japan and overseas by combining construction technologies with real estate expertise.
- Accelerate the global expansion of the logistics warehouse development business, which has grown into a solid earnings base, while carefully assessing the business environment in each region.
- In Japan, expand the portfolio of business assets while focusing on initiatives to improve the profitability of rental properties.
- Strengthen initiatives, such as undertaking projects as joint ventures to actively utilize external capital, in anticipation of rising construction costs and changes in the financial environment.

Examples of initiatives

- Leveraged our track record and expertise accumulated in the U.S. to promote the global expansion of the logistics warehouse development business. In addition to Europe and Southeast Asia, launched new projects in Australia. The cumulative floor area of warehouse developments since 2015 expanded to 7.45 million m².
- Reduced business risk and improved capital efficiency in multiple real estate development projects in Japan and overseas by leveraging external capital through joint venture partnerships.
- Construction commenced on large-scale development projects, including Osaka Sakurajima Resort (Osaka Prefecture), an official hotel of Universal Studios Japan, and Construction and operation project for "Tentative name Prince Chichibu Memorial Rugby Stadium"(Tokyo). Expanded the portfolio
- Strengthened leasing activities for rental properties in Japan. Maintained an occupancy rate of approximately 95% across all 53 properties.

*The name "SMBC Olive SQUARE" will take effect upon the commencement of facility operations, scheduled for May 2030.



Construction and operation project for Tentative name: Prince Chichibu Memorial Rugby Stadium (Tokyo)
(Construction commenced in February 2026)

III Create new value as a technology-driven company

- Made progress in initiatives for the social implementation and wider deployment of technologies while deepening collaboration with external partners, with the Group's technology development focused on strengthening the construction business and addressing social issues.
- Create new added value that meets the needs of society and customers across multiple research areas, including disaster prevention and mitigation, well-being, and smart buildings.

Examples of initiatives

- Established the Smart Deck Renewal System Association to promote wider adoption and further develop the Smart Deck Renewal (SDR) System, which shortens construction periods and reduces social loss in expressway deck slab replacement projects.
- Launched joint R&D with external partners on the use of fiber-optic sensing to detect underground cavities, as well as demonstration testing of cooperative vehicle-infrastructure autonomous driving systems.
- Installed the D³SKY-L seismic response control system on the rooftop of the main building of Tokyo Stock Exchange (Tokyo). Achieved a value upgrade that enhances seismic performance to a level equivalent to that of state-of-the-art high-rise buildings.
- Significantly reduced reliance on air conditioning through the use of natural ventilation at The GEAR, the Group's regional headquarters in Asia. Received the top award in the New Commercial Building category of the ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) Technology Awards.



Completed seismic performance upgrade work on the main building of Tokyo Stock Exchange (Tokyo).



D³SKY-L installed on the building rooftop

IV Sustainability

- Focus on initiatives in the three interrelated areas of carbon neutrality, circular economy, and nature positivity, based on the Kajima Environmental Vision 2050plus.
- Promote R&D grounded in construction technologies, drawing broadly on the Group's people and assets, to help realize a sustainable society that balances environmental conservation with economic activity.
- Strengthen our management foundation, underpinned by compliance and respect for human rights, to maintain the trust of society and our customers and achieve sustainable growth.
- Build a robust supply chain by enabling diverse human resources to thrive, improving employment conditions for skilled workers, and supporting partner companies.

Examples of initiatives

- Applied two types of eco-friendly concrete, including CO_2-SUICOM, on a large scale in a project directly administered by the Ministry of Land, Infrastructure, Transport and Tourism. Reduced CO_2 emissions by approximately 45 t compared with the use of the concrete originally planned.
- Invested in a forest fund aimed at acquiring and sustainably managing forests in the Pacific coastal region of the northwestern United States. Accelerated initiatives for achieving carbon neutrality and nature positivity.
- Commenced reconstruction of the Tohoku Branch building (Miyagi Prefecture) as a wooden building using fire-resistant glued laminated timber made entirely of wood. Planned to utilize timber from approximately 5,500 ha of group-owned forests, contributing to the realization of a carbon neutral society through appropriate forest management and regeneration.
- Improved engagement survey scores, which measure factors such as employee enthusiasm and trust in the Company, for the second consecutive year.
- Supported improved treatment of skilled workers through a points-based service that allows construction workers to redeem points for electronic money and other rewards, and strengthened the financial foundations of partner companies by accelerating payments for construction work.



Kajima Tohoku Branch building (Sendai City, Miyagi Prefecture)
First application of the Transom Seismic Damping System for wooden structures
(Scheduled for completion in 2029)

Medium-Term Business Plan (FY2024–2026): Update on Financial Strategy

Cash allocation

(Figures show change vs. the time the Medium-Term Business Plan was formulated)

Strengthen stockholder returns and invest in the supply chain, using profits exceeding the targets set in the plan and proceeds from the sale of strategic shareholdings as the main funding sources.

Cash in

Strategic shareholding sales +¥40 billion

Increase proceeds from sales to achieve a consolidated net assets ratio of less than 20%.

Interest-bearing debt (No change)

The D/E ratio target will be maintained at 0.7 times.

Note:Temporary increases in working capital and interest-bearing debt resulting from the larger scale and longer duration of construction projects are excluded from the cash allocation.

Net income +¥120 billion

Driven by domestic construction and real estate development, profit growth is accelerated. We will maintain ROE above 10%.

Note: Figures take into account human capital investments, such as wage increases. (Wage increases have been implemented for five consecutive years.)

Cash out

Net investment -¥20 billion

Investment focused on projects that contribute to corporate value. Aim for recovery through timely sales of development assets.

Note: Net investment = growth investments – asset recoupment

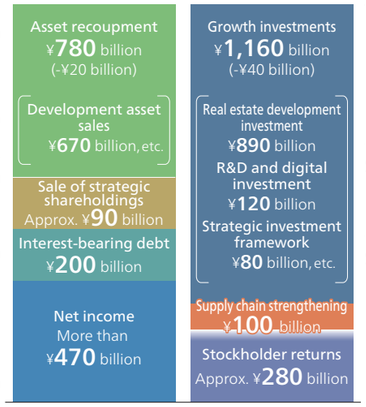
Supply chain strengthening +¥100 billion

Measures implemented to strengthen the supply chain over the medium to long term.

Stockholder returns +¥80 billion

Dividends	Approx. ¥190 billion (+¥50 billion)
Acquisition of own stocks	Approx. ¥90 billion (+¥30 billion)

Enhance stockholder returns in line with profit growth through a 40% target dividend payout ratio and flexible stock buybacks.

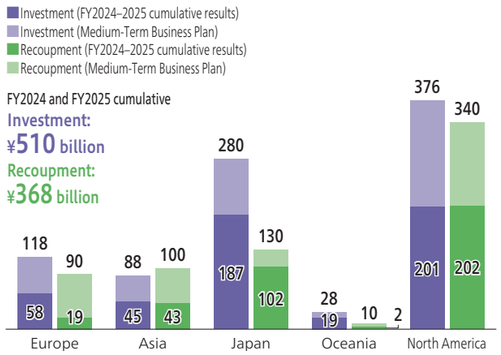


Growth investments

(¥ billion)	Results (FY2024–2025)	Medium-Term Business Plan (FY2024–2026)
R&D investment	43	60
Digital investment	37	60
Strategic investment framework	11	80
Capital investment in commercial real estate, etc.	33	70
Domestic real estate development business	187	280
(Recovery through asset sales)	(102)	(130)
Overseas real estate development business	323	610
(Recovery through asset sales)	(266)	(540)
Total investment	634	1,160
Net investment	266	490

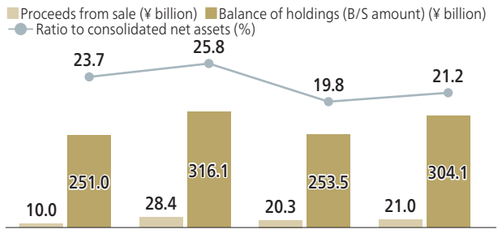
Note: Exchange rates: 158.18 JPY/USD for FY2024, and 156.56 JPY/USD from FY2025 onward.

Real estate development business investment by region



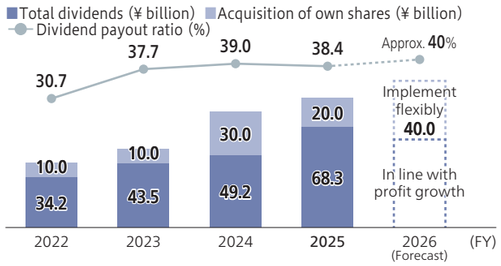
Strategic shareholding sales

Balance of holdings: Less than 20% of consolidated net assets by the end of FY2026.
Proceeds from sale: Approx. ¥90 billion over three years, as we continue to sell our holdings.



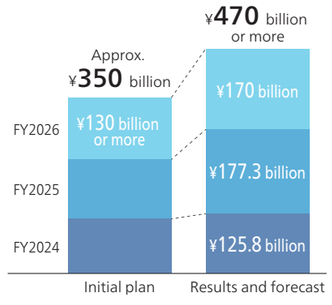
Stockholder returns

Dividends with a target dividend payout ratio of 40%.
Implementing flexible stock buybacks that take into account business performance, financial condition, and the business environment.



Net income

Three-year Medium-Term Business Plan period Net income (cumulative)



Net income by business (three-year cumulative)

Breakdown	Medium-Term Business Plan formulation	Financial strategy update	Business Overview
Domestic construction business	Approx. ¥220 billion	Approx. ¥375 billion	• Profit margins in the civil engineering and building construction businesses improved due to higher profit margins at the time of order receipt and contributions from large-scale projects. • Profit growth supported by disciplined order-taking to ensure profitability and delivery capabilities, together with rigorous risk management during project execution.
Domestic real estate development business	¥45 billion or more	¥56.9 billion	• Profitability improved steadily as a result of investments. • Continued selective investment in scarce properties in prime locations.
Overseas business	¥90 billion or more	¥43.6 billion	• Profitability in the construction business recovered from the slowdown during the COVID-19 pandemic. Continued to strengthen the risk management system. • In the real estate development business, property sales were postponed in light of market conditions. • Aim to achieve annual net income of ¥30 billion or more at an early stage by responding flexibly to changes in the business environment, including prices and interest rates.

Note: As the breakdown shows the net income of each business segment before consolidation adjustments, the total does not match total consolidated net income.

Action to implement management conscious of cost of capital and stock price

1 Current analysis and evaluation

- Since the formulation of the Kajima Group Medium-Term Business Plan (FY2024–2026), we have updated the financial strategy as appropriate, taking into account the business environment and earnings trends.
- The Board of Directors confirms and evaluates the cost of capital and the capital profitability of each business, and verifies financial strategies—including growth investment and stockholder returns—and cash allocation, after reviewing various stock market indicators and the results of IR activities.

Performance trends	• In fiscal 2025, primarily driven by steady construction progress and improved profit margins in the domestic construction business, revenues and income grew for the fifth consecutive year. Revenues exceeded 3 trillion yen, and consolidated net income reached 177.3 billion yen. Both set new record highs. • For fiscal 2026, while the unstable international situation will require careful monitoring, we expect the steady domestic construction business and the secure sale of real estate development properties in Japan and overseas to drive consolidated net income to 170.0 billion yen, significantly above the Medium-Term Business Plan target of "130.0 billion yen or more." • We anticipate that three-year consolidated net income under the Medium-Term Business Plan will exceed the plan by approximately 120.0 billion yen. We expect the favorable business environment to continue in 2027 and beyond, and we will pursue further profit growth under the next Medium-Term Business Plan.
Capital profitability	• The cost of shareholders' equity is recognized at approximately 8%, based on a review of interest rate trends and other factors. • ROE rose to 13.3% in fiscal 2025. We expect ROE to continue to exceed above 10% in fiscal 2026 and beyond, securing capital profitability that comfortably surpasses the cost of shareholders' equity. • For investments in the real estate development business in Japan and overseas, hurdle rates are set by region and by type of business, and projects are selectively chosen so as to secure capital profitability above the cost of capital.
Stock market evaluation	• As of the end of March 2026, the Company's stock price had risen significantly compared with one year earlier, with PBR at approximately 2 times. • We believe this reflects the market's positive assessment of the Group's profit growth and stockholder returns linked to performance.

Note: The cost of shareholders' equity is verified using capital asset pricing model (CAPM), stock yield, etc.

2 Future initiatives

- In May 2026, the financial strategy was updated to further enhance corporate value and market valuation.
- While steadily advancing measures and investments for growth—and funding from profits exceeding the plan and proceeds from the sale of strategic shareholdings—the Group will enhance stockholder returns and strengthen the supply chain by paying construction fees early to subcontractors, etc.
- The Group will enhance dialogue with investors and capital markets, while ensuring timely disclosure of management policies and earnings outlooks, to remain a corporate group that is trusted and highly valued by capital markets.

Growth investment	• Looking ahead to medium- to long-term growth, we will intensively pursue R&D and digital investments—as well as investments in human capital—in order to improve productivity and create new value. • The net investment amount is down 20.0 billion yen versus the plan, primarily due to joint ventures in the real estate development business in Japan and overseas aimed at improving capital efficiency, and changes in investment and recoupment timing based on assessments of market conditions. • While remaining mindful of changes in the cost of shareholders' equity, we will maintain ROE above 10%.
Capital structure	• We will continue to reduce strategic shareholdings. In light of stock price trends, to meet the target of "less than 20% of consolidated net assets by the end of fiscal 2026," the three-year sales amount target is approximately 90.0 billion yen, an increase of 40.0 billion yen over the plan. • The D/E ratio guideline of around 0.7 will be maintained.
Shareholder returns	• With a dividend payout ratio target of 40%, we will raise dividends in line with improved performance. • We will execute share buybacks flexibly based on actual proceeds from the sale of strategic shareholdings. In fiscal 2026, we plan to acquire ¥40.0 billion of shares, exceeding the amount of sales of strategic shareholdings, reflecting accelerating profit growth. In addition, we plan to cancel treasury shares so that treasury stock will be reduced to approximately 5% of the total number of shares outstanding. • The target total three-year stockholder returns have been enhanced by 80.0 billion yen versus the plan.
Supply chain strengthening	• We will allocate approximately 100.0 billion yen to strengthen the supply chain that supports sustainable growth. • Measures to accelerate payments are being implemented, including increasing the cash payment ratio for construction costs to support improvements in the financial base of subcontractors, while also promoting the introduction of a points-based service for construction workers and the enhancement of allowances and incentive bonuses.