

Overview of Financial Results

(1) Overview of financial results for the first half of the fiscal year ending March 31, 2025

i. Overview of overall financial performance

During the first half (April 1, 2024 to September 30, 2024) of the fiscal year ending March 31, 2025, the global economy underwent changes in monetary policy. In Europe and the United States, policy interest rates were lowered as inflation subsided, and the economies overall remained firm. The Japanese economy remained on a recovery track, with improvement in the employment and income environment along with inbound tourist demand contributing to the recovery, despite a continued moderate rise in prices and policy interest rate hikes.

In the domestic construction market, with private companies in both the manufacturing and non-manufacturing sectors eager to make capital investments, and with public investment also stable, construction demand remained strong. Regarding construction costs, prices for materials and equipment remained high overall, and labor costs also rose in some regions and occupations due to the busy period.

In this environment, the Kajima Group's financial results for the first half of the fiscal year ending March 31, 2025, were as follows.

Consolidated construction contract awards both in Japan and overseas dropped below the high of the previous first-half period, coming to 1,240.4 billion yen (compared with 1,411.6 billion yen in the same period of the previous fiscal year), a 12.1% year-on-year decrease. Non-consolidated contract awards, including those for the real estate development and other businesses, decreased 14.3% year on year to 784.2 billion yen (compared with 915.4 billion yen in the same period of the previous fiscal year).

Revenues increased 1.2% year on year to 1,321.6 billion yen (compared with 1,305.8 billion yen in the same period of the previous fiscal year) mainly due to an increase in construction revenues of overseas subsidiaries and affiliates.

Operating income was down 27.6% year on year to 48.0 billion yen (compared with 66.4 billion yen in the same period of the previous fiscal year), due to lower gross profit in the construction business and the real estate development and other businesses. Ordinary income declined 32.8% to 48.9 billion yen (compared with 72.8 billion yen in the same period of the previous fiscal year) and net income attributable to owners of the parent decreased 29.8% to 35.1 billion yen (compared with 50.0 billion yen in the same period of the previous fiscal year).

First-half performance by business was as follows.

In the Company's civil engineering business, revenues were higher than in the same period of the previous fiscal year, and the gross profit margin (13.5%) was also higher than in the same period of the previous fiscal year (13.0%) due to steady progress in large-scale construction projects on hand. Meanwhile, in the building construction business, revenues were lower than the same period of the previous fiscal year due to the relatively large number of large projects in the early stages of construction. Gross profit margin (8.8%) was also lower than the same period of the previous fiscal year (9.8%) since many of this period's large projects were in the early stages of construction. Gross profit margins in the civil engineering and construction businesses are expected to improve toward the end of the fiscal year, due to the conclusion of contracts for additional changes and cost reductions. In the real estate development and other businesses, both revenues and gross profit were lower than the same period of the previous fiscal year, but since the Company is scheduled to deliver condominiums for sale and sell office buildings in the fourth quarter, this progress is considered to be according to plan.

Domestic subsidiaries and affiliates on the whole progressed favorably, with the gross profit margin remaining flat year on year, despite a decline in revenues compared to the same period of the previous fiscal year. At overseas subsidiaries and affiliates, revenues and gross profit in the construction business increased compared to the same period of the previous fiscal year due to the contribution of a construction company acquired in the United States in the first quarter and the recovery of gross profit in Southeast Asia. Meanwhile, in the real

estate development and other businesses, revenues and gross profit declined from the same period of the previous fiscal year due to the sale of fewer distribution warehouses in the United States. Going forward, the real estate sales market is expected to revitalize as policy interest rates are lowered in the United States and Europe, and development property sales are expected to advance.

ii. Segment performance

Segment results are as follows. (Segment results include internal sales or transfers between segments.)

Civil Engineering

Civil engineering projects in the construction business operated by the Company

Revenues increased 11.9% year on year to 194.5 billion yen (compared with 173.8 billion yen in the same period of the previous fiscal year) due to steady progress in construction projects on hand, especially large-scale projects.

Operating income increased 38.4% to 14.1 billion yen (compared with 10.2 billion yen in the same period of the previous fiscal year) due to higher revenues and improved gross profit margin.

Building Construction

Building construction in the construction business operated by the Company

Revenues decreased 18.5% year on year to 474.4 billion yen (compared to 582.1 billion yen in the same period of the previous fiscal year) due to relatively low work volume on large-scale construction projects during the period.

Operating income decreased 46.2% to 19.0 billion yen (compared with 35.3 billion in the same period of the previous fiscal year) due to lower revenues and 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 decreased 32.3% year on year to 24.9 billion yen (compared with 36.9 billion yen in the same period of the previous fiscal year), while operating income declined 45.7% to 3.8 billion yen (compared with 6.9 billion yen in the same period of the previous fiscal year), mainly due to lower revenues and gross profit in the real estate sales 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 were down 2.3% year on year to 163.9 billion yen (compared with 167.7 billion yen in the same period of the previous fiscal year) due to lower construction business revenues.

Operating income decreased 14.7% year on year to 6.6 billion yen (compared with 7.7 billion yen in the same period of the previous fiscal year) due to lower revenues and higher SG&A expenses.

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 28.5% year on year to 517.1 billion yen (compared with 402.5 billion yen in the same period of the previous fiscal year), due to an increase in construction business revenues in all regions.

Operating income decreased 31.9% year on year to 4.1 billion yen (compared with 6.0 billion yen in the same

period of the previous fiscal year) as gross profit from the real estate development and other businesses fell below that of the same period of the previous fiscal year due to fewer properties sold in the distribution warehouse development business in the United States, along with an increase in SG&A expenses, despite higher gross profit from the construction business.

(2) Overview of financial position for the first half of the fiscal year ending March 31, 2025

Total assets at the end of the first half were up 229.8 billion yen year on year to 3,365.0 billion yen (compared with 3,135.1 billion yen at the end of the previous fiscal year). The main factors were an 83.4 billion yen surge in inventories (real estate for sale, construction projects in progress, development projects in progress, and others), and an 81.1 billion yen increase in notes and accounts receivable - trade, and a 53.0 billion increase in tangible fixed assets.

Total liabilities increased 224.4 billion yen year on year to 2,135.9 billion yen (compared with 1,911.4 billion yen at the end of the previous fiscal year). This was due to an increase in interest-bearing debt* of 260.9 billion yen. Interest-bearing debt was 873.6 billion yen (compared with 612.6 billion yen at the end of the previous fiscal year).

Total equity, including shareholders' equity of 923.3 billion yen, accumulated other comprehensive income of 279.9 billion yen, and noncontrolling interests of 19.7 billion yen, increased by 5.3 billion yen year on year to 1,229.0 billion yen (compared with 1,223.6 billion yen at the end of the previous fiscal year).

In addition, the owners' equity ratio deteriorated to 35.9%, down 2.7 points compared with 38.6% 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

In consideration of business trends in the first half of the fiscal year and the future operating environment, the Company has revised the full-year financial results forecast announced on May 14, 2024, when the financial results for the fiscal year ended March 31, 2024, were released.

In the Company's construction business, revenues are expected to increase with the acquisition of additional change contracts and steady progress on large-scale projects in the civil engineering business, with an increase also expected in gross profit. In the building construction business, revenues and gross profit are expected to increase slightly over the previous forecast, as the impact of higher construction costs is largely within the range of our initial projection. In the real estate development and other businesses, profits are expected to exceed the previous forecast, with the profitability of the real estate sales business in Japan expected to improve.

For domestic subsidiaries and affiliates, steady progress is expected, especially in the construction business, and the outlook is for profits to exceed the previously announced forecast. For overseas subsidiaries and affiliates, sales of properties in the real estate development business are expected to increase from the third quarter onward as the real estate sales market environment improves. However, revenues and profits are expected to fall short of the previous forecast, as the sale of some of the properties in the real estate development business in the United States and Southeast Asia will be rescheduled from this fiscal year to the next fiscal year or later, with the aim of selling them at more favorable terms. The exchange rate assumption is JPY142.73 = USD1.00, the rate as of the end of September 2024.

Reflecting these factors, the Company expects that improved performance will offset the results at overseas subsidiaries and affiliates, and is now forecasting revenues to increase 0.7% over the previous forecast to 2,800.0 billion yen, operating income to rise 6.1% to 140.0 billion yen, ordinary income to climb 5.1% to 144.0 billion yen, and net income attributable to owners of the parent to increase 10.5% to 116.0 billion yen.

For details, see “Announcement of Revisions to the Financial Forecast” released today (November 12, 2024) and “Financial Highlights (Forecast of Operating Results)” on page 11 of Financial Statements (April 1, 2024, to September 30, 2024).

Disclaimer: This document is a partial English translation of the Japanese Financial Statements which are filed with Stock Exchanges in Japan on November 12, 2024. The Company provides this translation for your reference and convenience only without any warranty as to its accuracy. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.