



Bulls

JK Holdings
Quarterly Report

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Overview of JK Holdings' Consolidated Financial Results for Fiscal Year Ended March 2025

The Japanese economy through the fiscal year ended March 2025 experienced a continued gradual recovery, driven by robust corporate earnings and increased inbound tourism demand. Meanwhile, overseas, there have been no significant changes in the situations in Ukraine or the Middle East, and China continues to face an economic downturn. Domestically, Japan has seen continued price increases due to rising costs of raw materials, distribution, and labor, resulting in persistent uncertainties both at home and abroad. Furthermore, in recent months, the second Trump administration in the U.S. has frequently implemented sudden and extreme policy changes, including tariffs, further heightening uncertainty about the future.

In the housing industry to which we belong, the prices of not only building materials and housing equipment, but also transportation fees and labor costs are rising, leading to a surge in housing prices. As a result, housing starts remained sluggish, with the annual total appearing likely to fall below 800,000 units. Toward the end of the fiscal year, however, there was a sharp increase in last-minute housing starts ahead of the enforcement of the revised Building Standards Act and the Building Energy Efficiency Act on April 1. This led to a slight year-on-year increase in the total number of housing starts for the fiscal year, both overall and in owner-occupied and wooden housing—our main business areas. Nonetheless, there is still little reason to be optimistic.

Under these circumstances, we have focused on implementing various initiatives as part of the final year of our previous medium-term management plan, "Further Growth 24" (FY 2022–2024), aiming to bring it to a successful conclusion. We have continued to focus on optimizing inventory levels while proposing product adjustments that consider pricing and agility, as well as offering value-added products aimed at "creating homes that retain their asset value."

Through these efforts, we have been strengthening our sales activities not only to address current conditions but also to anticipate future industry trends. In addition, we have been striving to improve and strengthen the overall structure of the group through measures such as business improvements for our underperforming group companies and entry into new fields through M&A activities.

As a result, our business performance for the fiscal year was as follows.

Net sales reached 393.258 billion yen, a 1.1% increase from the previous year, marking the second-highest level following the record set two years ago due to the "wood crisis." On the profit side, the distribution business—in-

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cluding wholesale and retail—secured higher profits than the previous year despite the challenging environment. In contrast, the manufacturing and processing business posted a significant loss for the second consecutive year, resulting in an overall decline in profit. Specifically, this resulted in operating income of 7.358 billion yen (down 6.5% year-on-year), ordinary income of 7.797 billion yen (down 10.1%), and net income attributable to parent company shareholders of 4.283 billion yen (down 15.2%).

However, compared to the initial plan, which had factored in post-"wood crisis" conditions, net sales were roughly in line with expectations, while operating income and ordinary income exceeded the plan by approximately 5–10%. Net income attributable to parent company shareholders was 14.3% below the plan, primarily due to the recording of a significant amount of extraordinary losses stemming from technical accounting adjustments and other factors.

The business environment for the fiscal year ending March 2026 is also expected to remain uncertain. However, the conditions we have faced until now have consistently been challenging. Even under such circumstances, our group has steadily maintained a path of growth and expansion, delivering solid results.

The new fiscal year marks the first year of our new medium-term management plan, "Value Proposition 27" (FY 2025–2027), which represents the second phase in the realization of our long-term vision, "Brand-New JKHD 2030." The new plan is positioned as a mean to implement the various initiatives explored and developed under the previous medium-term plan, as well as to strengthen our partnerships through value-driven proposals.

Looking at the housing materials distribution market as a whole, our market share is not necessarily high, indicating significant room for growth. By executing the initiatives outlined in the new medium-term plan, we aim to be of true value to all of our business partners and to achieve mutual growth and progress.

Survey

Business Prospect for July–September 2025

The number of housing starts in FY 2024 totaled 816,018 units, representing 102.0% compared to the previous year. The overall annual results surpassed the previous year's level for the first time in three years. This was driven by a sharp rise in March, the final month of the fiscal year, with figures reaching 139.2% of the previous year's level, despite monthly results having remained below the previous year through February. This suggests that there was a certain level of last-minute demand ahead of the revision to the Building Standards Act. By owner/occupant, only built-for-sale housings fell below the previous year, representing 97.6% of last year's figure. Upon closer analysis, it becomes clear that the decline in single-family houses for sale, at 91.5% compared to the previous year, was the main factor

contributing to the overall decrease.

〈Demand Forecast by Builders and Distributors〉

Small builders (contractors and other building companies) predicted a negative index of 22.5 points, and distributors predicted a negative index of 28.5 points. The results remained almost unchanged from the previous survey. It is presumed that this reflects a similar market sentiment as the previous survey, given the difficulty of forecasting in the current environment. However, compared to the surveys conducted in the July–September period over the past two years, the extent of the negative indicators has narrowed. By region, the Hokuriku area continued to show a positive index, while Kanto recorded a negative index of 3 points and Kinki recorded a negative index of 19 points, indicating noticeable regional disparities.

Price revisions for housing materials have been announced one after another again this year. We will be closely

watching the next survey to see how surging material costs and the legal revisions may affect the market going forward.

〈Sales Forecast by Leading Manufacturers〉

In the plywood sector, the negative outlook has been

resolved for the first time since the survey conducted in January–March 2024. While the majority of responses still indicate “on par with the previous year,” it is hoped that the decline will slow down along with price drops.

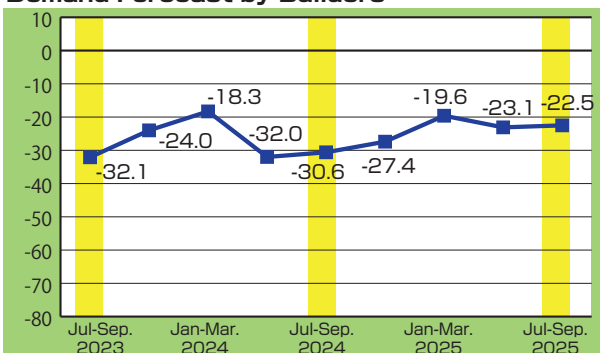
On the other hand, in the sectors of ceramics and insulation, as well as housing equipment, the forecasted decline has increased compared to the previous survey.

〈Various Surveys〉

In the survey on users' consideration of the “Energy-Efficient Housing Campaign 2025,” the most selected option was the “Child-rearing Green Housing Support Program (long-life quality housing and ZEH-level housing).” Proposals to raise ZEH standards and a timeline starting in FY 2027 have been announced, emphasizing the need to promote support programs for “GX-oriented Housing” moving forward.

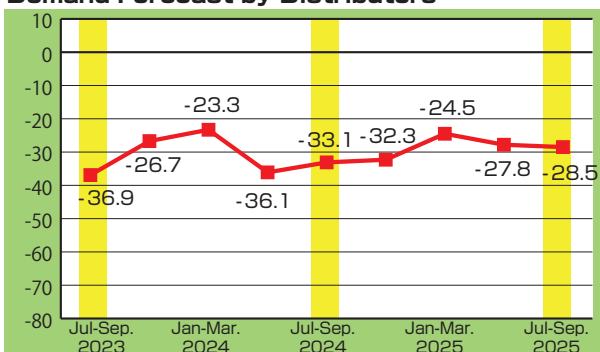
In the survey regarding maintenance and management of housing, the largest number of responded companies indicated that they conduct regular inspections and testing. However, many other respondents indicated a lack of action, showing a clear divide. For long-life quality housing, maintenance and management are mandatory requirements, and depending on how such companies approach their future efforts, appropriate responses will be required.

Demand Forecast by Builders



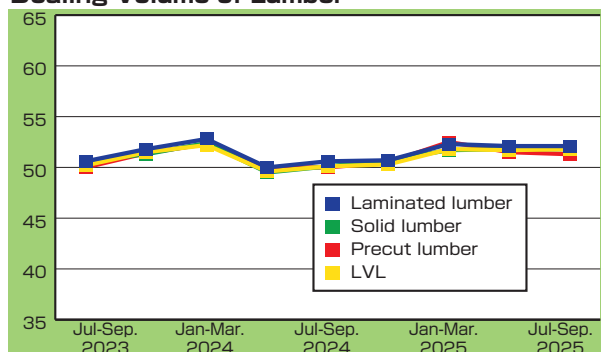
Point0=business result in April-June, 1992

Demand Forecast by Distributors



Point0=business result in April-June, 1992

Dealing Volume of Lumber



Point 100=all responses expect increase

Sales Forecast by Major Supplying Manufacturers (Jul-Sep. 2025)

	increase			level-off	decrease		
	over15%	14 ~ 10%	below10%		below10%	10 ~ 14%	over15%
Plywood (11 firms)	0.0	0.0	18.2	63.6	18.2	0.0	0.0
Wooden Building Materials (16 firms)	0.0	0.0	18.8	56.2	25.0	0.0	0.0
Ceramics & Insulation (14 firms)	0.0	0.0	28.6	42.8	28.6	0.0	0.0
Housing Equipment (18 firms)	0.0	5.6	11.1	61.1	22.2	0.0	0.0
average	0.0	1.4	19.2	55.9	23.5	0.0	0.0

Trend

Market Outlook of Plywood

〈Trend of Japanese Plywood〉

Japan's production of softwood plywood in April 2025 was 213,926 cubic meters (102.1% of the same month in the previous year), and the shipments of the item 223,525 cubic meters (107.1%). The inventory was 171,625 cubic meters (99.6%).

Price increase announcements continued into June, following those in May. While actual demand remains lackluster, some prices have yet to reach the target levels set by manufacturers, resulting in a stagnating market. Minor price increases may be achievable, but this depends fundamentally on demand outpacing supply. Moving forward, the critical question is whether manufacturers can maintain production levels aligned with real market demand. With various costs continuing to rise, the industry appears to be approaching a critical juncture, warranting close attention to the evolving situation.

〈Trend of Imported Plywood〉

In April 2025, Japan's import of plywood totaled 186,647 cubic meters (107.2% of the same month in the previous year), which increased 12.6%

from 165,771 cubic meters marked in the previous month. By country of origin, 57,838 cubic meters (132.9%) came from Malaysia, 56,536 cubic meters (96.0%) from Indonesia, and 38,460 cubic meters (92.2%) from China.

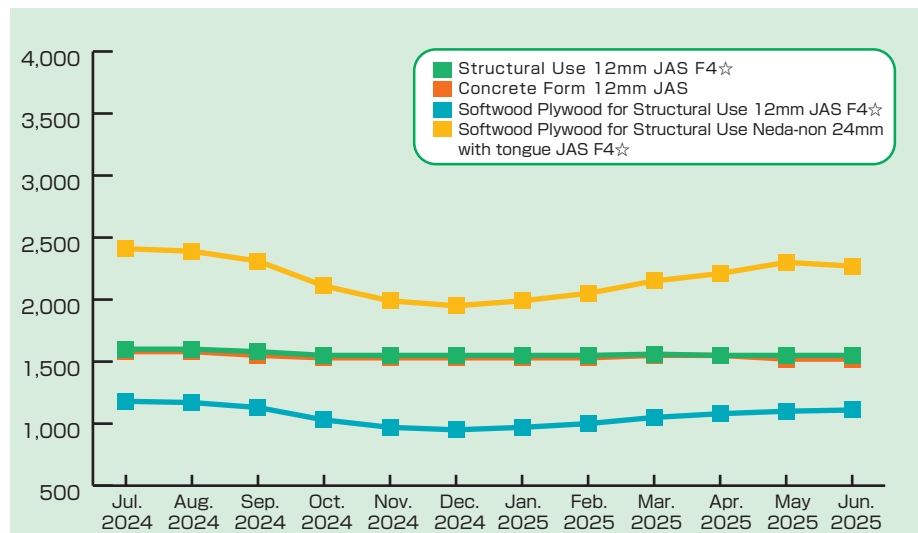
The shipments of imported plywood in May remained consistent with previous trends, characterized by purchasing for immediate needs and sluggish demand. Importer inventories are steadily declining, and shortages are becoming increasingly apparent; however, possibly due to the lack of strong demand, this has not yet become a significant issue. As a result, market prices have

remained flat.

Despite a firming trend and indications of potential price increases on the supply side overseas, it seems that no large-volume transactions have been finalized. Some importers have been observed stockpiling physical inventories. To avoid exchange rate risks, it is anticipated that imports will remain at bare minimum levels through necessity-based purchasing for the time being. If this situation persists, the likelihood of local factory closures or withdrawals may increase. Import conditions will require continued monitoring, depending on demand trends.

Wholesalers' Prices of Plywood in Tokyo

yen/sheet



Topics 1

Yamato BI-KE Service and YBS Join JKHD Group



At the headquarters

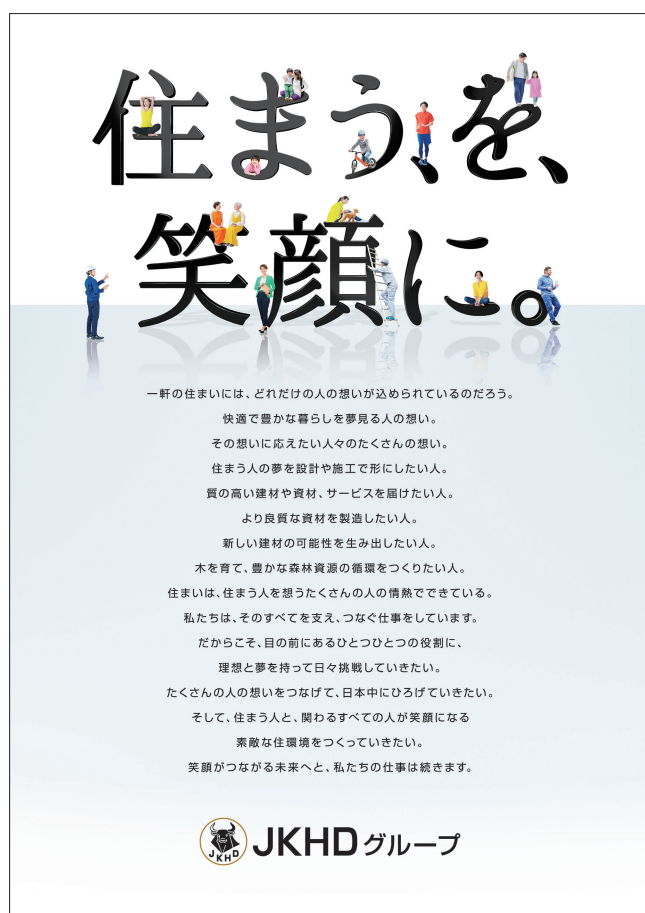
To further expand its business domains, JKHD Group has acquired Yamato BI-KE Service Co., Ltd. and YBS Ltd. as subsidiaries effective January 31. Founded in 1992, the companies are headquartered in Yamato City, Kanagawa Prefecture, and operate three additional locations in the Tokyo metropolitan area.

Yamato BI-KE Service specializes in temporary scaffolding construction, primarily serving major house manufacturers and high-volume home builders, while YBS focuses on the sales of scaffolding materials. Both companies prioritize ensuring high construction quality and staff training. They inspect the quality of scaffolding materials and clean them at the scraping factory located within their headquarters. This enables them to provide well-maintained and clean temporary scaffolding materials, earning them consistent construction orders from their clients.

Topics 2 JKHD Group Establishes New Slogan “Life is Better with Smile”

JK Holdings Group has recently established a new group slogan, “Life is Better with Smile,” to foster a sense of unity and shared values across the entire organization. Under the vision of “Brand-New JKHD 2030,” we are working towards expanding our business domains and enhancing corporate value. With the group now exceeding 3,000 employees, we have once again engaged in discussions to reaffirm our direction and purpose. This slogan serves as a common banner for the entire group as we move forward together.

The slogan “Life is Better with Smile” embodies our aspiration to enrich not only homes, but also the way people live and experience life, with the aim of bringing smiles to everyone we touch. These words are our “North Star,” guiding us forward with confidence and clarity, while reflecting the values and future vision we share as a group. Moving forward, we will center our mission around this slogan, fostering a shared sense of purpose and values among all employees. Together as one, we will continue contributing to the realization of a better society.



JKHD Group Slogan Poster

The JKHD Group strives to improve the quality of housing and buildings, and each and every employee is challenged and grows every day. We hope to be a presence that makes everyone smile through the improvement of building materials, networks, logistics, and services which support architecture, and also the creation of comfortable and rich living environments which coexist with trees.

A home is built on the passion of countless people who care deeply about its residents. JKHD Group is here to support and connect every one of those efforts.

This is why, in every task before us, we are always challenging ourselves everyday with ideals and dreams, and aim to connect and expand the aspirations of many across Japan.

