

CONTENTS

- P1 JK Holdings overview of interim financial results for fiscal year ending March 2026
- P2 Business Prospect for January–March 2026
- P3 Market Outlook of Plywood
- P4 JK Holdings: Diversity and Inclusion Initiative “JK-DIALOG 2025”
- JK Holdings, KEY TEC: Promote decarbonization through adoption of locally produced and consumed renewable energy



Bulls

JK Holdings
Quarterly Report International

JK Holdings overview of interim financial results for fiscal year ending March 2026

In the first half of the fiscal year, the Japanese economy continued its gradual recovery, while rising prices also persisted, showing no change from the previously established trend. Meanwhile, tariff negotiations between Japan and the U.S. reached an agreement, and domestically the new Takaichi administration was launched, leading to a certain degree of progress in resolving both internal and external issues. However, the tangible effects of these developments remain largely to be seen, and uncertainty about the future has yet to be fully dispelled.

In the housing industry, to which our group belongs, we continue to face headwinds such as a decline in housing starts, reduced floor space, an increase in single-story homes, rising prices, and longer construction periods. In particular, housing starts have been extremely sluggish since April 2025 due to the backlash from last-minute demand triggered by the regulatory revisions to the Building Standards Act and related systems that took effect on April 1.

Under these circumstances, our group has launched the new three-year medium-term management plan Value Proposition 27 starting this fiscal year. With the plan, we aim to strengthen ties with our partners through value propositions and thereby achieve further growth. To realize this goal, we have established four key pillars — Strengthening core businesses, Expanding and deepening business domains, Building a sustainable management foundation, and Implementing human capital management — and are rolling out various initiatives under each pillar. During the first half as well, we have worked to strengthen our operational base through M&A while carrying out organizational restructuring aimed at streamlining group management. In addition, we have sought to practice management with a strong

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awareness of capital costs and share price by enhancing dialogue with institutional investors and conducting share buybacks.

As a result, our business performance for the first half of the fiscal year was as follows. The net sales increased by 1.4% compared to a year ago, reaching 193.328 billion yen, while profits declined at all levels. Specifically, the operating income was 3.04 billion yen (down 7.4% year-on-year) and the ordinary income was 3.321 billion yen (down 4.2%). The net income attributable to the shareholders of the parent company was 1.854 billion yen (down 5.8%).

Thus, while performance in the first half showed higher revenue but lower profits, it can be said that the results were commendable given the severe environment surrounding the industry. Looking ahead, although business environments remain uncertain and the situation is expected to stay challenging, we are in a position where, with an additional level of effort, we can achieve the targets set at the beginning of the fiscal year.

We will continue to forge ahead as a united group to ensure the steady achievement of the first-year targets of the new medium-term management plan Value Proposition 27 and drive these efforts toward further growth.

Survey

Business Prospect for January–March 2026

The Ministry of Land, Infrastructure, Transport and Tourism has released the number of housing starts up to September 2025. Following a decline to 74.4% of the previous year's level in the first quarter (April–June), which reflected a reactionary drop after last-minute demand, the second quarter (July–September) recorded 91.1% year-on-year. Although this marked the sixth consecutive month of year-on-year decline, the rate of decline has steadily narrowed, suggesting signs of bottoming out.

〈Demand Forecast by Builders and Distributors〉

Both small builders (contractors and other building companies) and distributors have recovered from the previous survey, with small builders improving to a negative index of 19.5 points—ris-

ing above the minus 20-point level for the first time in a while, since the same period in the previous year (January–March 2025). By region, all areas except Hokkaido and Tohoku showed improvement from the previous survey. Those that exceeded the national average were Chubu with a negative index of 16 points, Kanto with a negative index of 6 points, Kinki with a negative index of 3 points, and Hokuriku with a positive index of 8 points. While there are regional disparities, overall improvement can be observed. In 2025, conditions turned downward again from April following legal revisions, but attention will be focused on the next survey to see whether this recovery trend can be sustained.

〈Sales Forecast by Leading Manufacturers〉

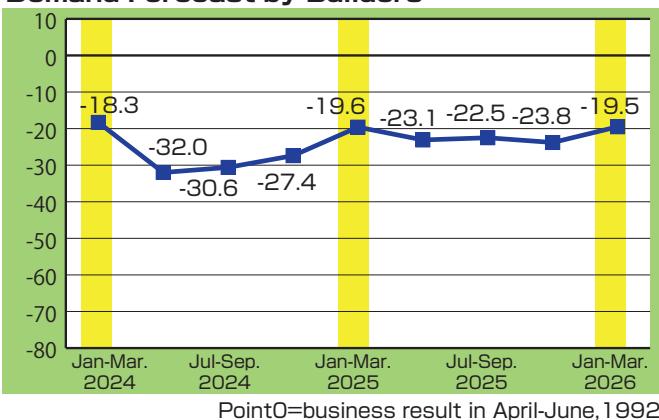
In the sectors of wood-based building materials, ceramics and insulation, as well as housing equipment, sales fore-

casts for increase significantly exceeded those for decrease. On the other hand, forecasts for decrease in the sector of plywood rose sharply from 46.7% in the previous survey to 75.0%, showing a contrasting trend. As movements in raw materials tend to affect the market with a time lag, the situation cannot be viewed optimistically.

〈Various Surveys〉

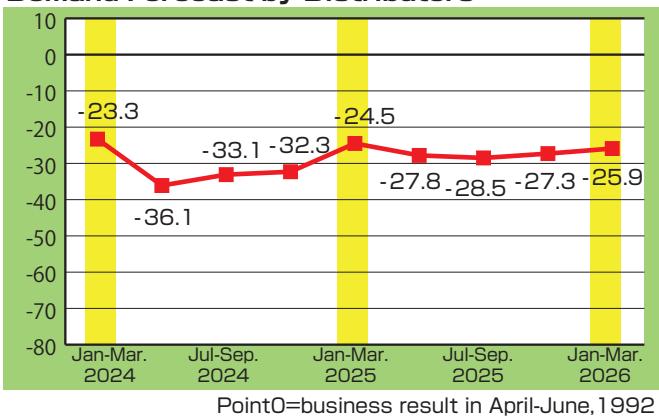
We conducted a survey among business partners on remodeling and renovation projects. Regarding the renovation categories to prioritize, “performance-enhancing renovations such as insulation and seismic reinforcement” ranked second, following “equipment upgrades of such as kitchens and bathrooms.” As for the issues most strongly felt when undertaking renovations, the most common response was “gathering information on subsidy and tax incentive programs and completing application procedures.” In the renovation segment of the Child-Rearing Housing Support Program, the utilization rate remains at 27% (as of November 20, 2025). Although the application period for subsidies is limited, running through the end of December 2025, we would like to better understand and effectively make use of such programs in the coming years as well.

Demand Forecast by Builders

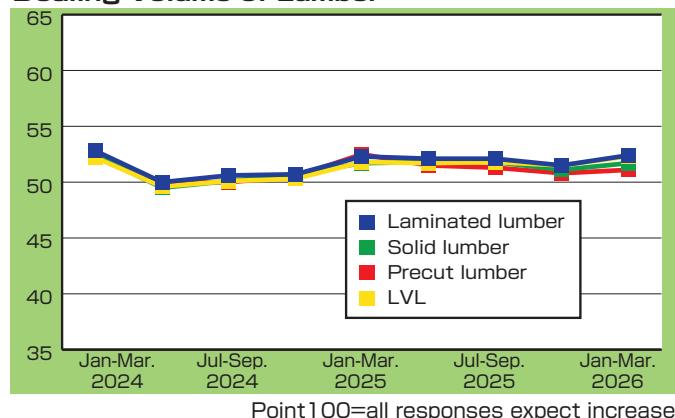


The forecast survey for January to March, 2026 is based on the totaled data gathered from 3,000 client companies in Japan through the internet, which took place from late-October to mid-November, 2025.

Demand Forecast by Distributors



Dealing Volume of Lumber



Trend

Market Outlook of Plywood

〈Trend of Japanese Plywood〉

Japan's production of softwood plywood in October 2025 was 222,150 cubic meters (99.9% of the same month in the previous year), and the shipments of the item were 230,832 cubic meters (101.2%). The inventory was 183,553 cubic meters (98.0%).

Japanese manufacturers are finally beginning to see an upward trend in shipment volumes, and inventory levels have turned downward. Some manufacturers are experiencing stockouts, making immediate delivery difficult. Through the end of December 2025, product movement is expected to remain relatively steady; however, uncertainty surrounding demand from 2026 onward persists.

Although market conditions suggest a desire to raise prices due to rising costs, in reality the intent of manufacturers to secure market share appears to be reflected, and low-priced offerings are being seen in the market. Going forward, in anticipation of a decline in future housing starts, it will be necessary to actively pursue the development of new products, as well as initiatives such as exports. Close attention should

be paid to inventory trends at each manufacturer from the beginning of 2026 onward, when the market enters a period of weak demand.

〈Trend of Imported Plywood〉

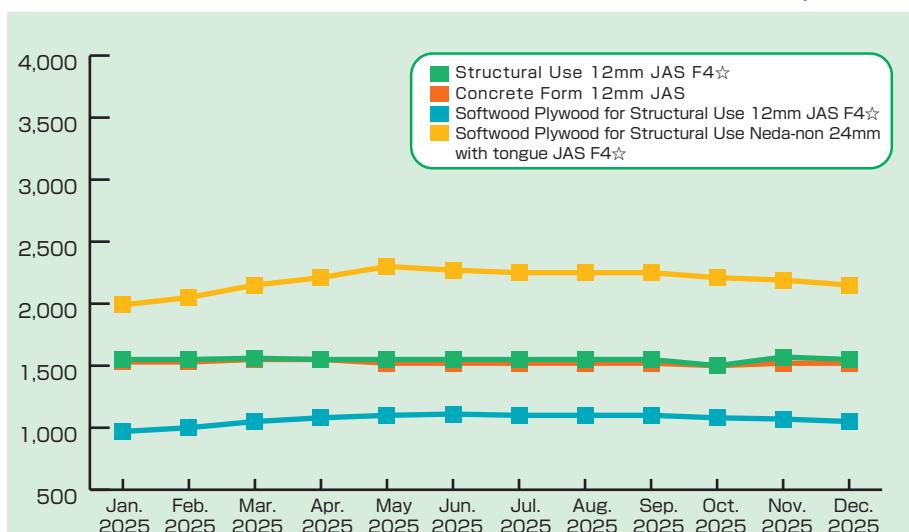
In October 2025, Japan's import of plywood totaled 177,673 cubic meters (100.2% of the same month in the previous year), which increased 0.2% from 177,327 cubic meters marked in the previous month. By country of origin, 46,822 cubic meters (114.2%) came from Malaysia, 60,078 cubic meters (95.8%) from Indonesia, and 39,219 cubic meters (92.5%) from China.

Imported plywood continues to show little sign of active movement, with

urchases for immediate needs remaining the norm as before. Meanwhile, procurement costs are steadily rising due to higher prices in producing countries and the impact of a weaker yen. Although there are signs of gradual attempts to pass these higher costs on to resale prices, significant price disparities between regions remain evident, and the key issue going forward will be how effectively these costs can be transferred to resale prices. For the same reasons, importers are also seeking to reduce risk and are focusing on the minimum necessary purchases. As a result, the volume of arrivals is expected to gradually decline after the New Year, which could lead to a sense of shortage.

Wholesalers' Prices of Plywood in Tokyo

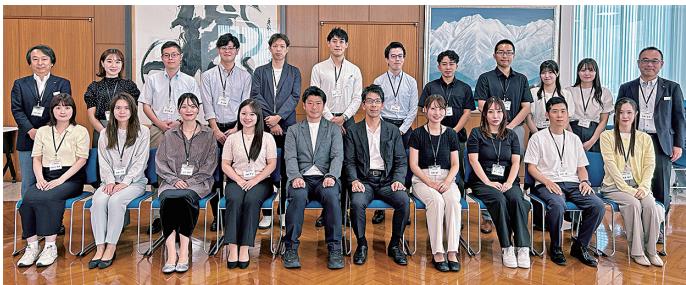
yen/sheet



Sales Forecast by Major Supplying Manufacturers (Jan-Mar. 2026)

	increase			level-off	decrease		
	over15%	14 ~ 10%	below10%		below10%	10 ~ 14%	over15%
Plywood (16 firms)	0.0	0.0	6.3	18.7	75.0	0.0	0.0
Wooden Building Materials (13 firms)	0.0	0.0	38.5	46.1	15.4	0.0	0.0
Ceramics & Insulation (20 firms)	0.0	0.0	25.0	65.0	5.0	5.0	0.0
Housing Equipment (16 firms)	6.3	6.3	18.8	56.1	12.5	0.0	0.0
average	1.6	1.6	22.2	46.3	27.0	1.3	0.0

Topics 1 JK Holdings: Diversity and Inclusion Initiative



Project Team Members

This initiative aims to foster a better corporate culture in which all employees can fully demonstrate their abilities and diverse employees can thrive, while also enhancing employee engagement. In fiscal year 2025, the project focuses on “the active contribution of operational staff.” Eighteen operational staff members working at sales offices of Japan Kenzai, the core company of the group, along with their supervisors, are participating to examine job satisfaction and current challenges at sales sites from the perspective of operational staff.

“JK-DIALOG 2025”

The “JK-DIALOG 2025” is being carried out with two key pillars: self-development training and recommendation formulation. In the self-development training, participants deepen their self-understanding by using emotional intelligence (EQ). In the recommendation formulation component, group work is conducted to examine and further develop recommendations on career development for operational staff, deepening corporate understanding, and evaluation systems for operational staff.

Through this initiative, we aim to identify the key factors that will enable the company to grow into an organization where all employees, regardless of job type, feel a strong sense of work satisfaction, a combination of ease of working and a sense of fulfillment.

JK Holdings, KEY TEC: Promote decarbonization through adoption of locally produced and consumed renewable energy

JK Holdings Co., Ltd., in collaboration with its group company KEY TEC Co., Ltd., installed a solar power generation system at KEY TEC’s factory site in Kisarazu City, Chiba Prefecture, with subsidies from the Tokyo Metropolitan Government’s Locally Produced and Consumed Renewable Energy and Energy Storage Facility Promotion Project (installed outside Tokyo). The system began operation in November 2025 and is expected to generate approximately 420,000 kWh of renewable energy annually.

Under this project, JK Holdings, as the power generation operator, has installed solar power generation facilities at its own site, and all electricity generated



Main equipment installed



Exterior view of the facility (KEY TEC Kisarazu Plant)

will be consumed by KEY TEC within its factory. This enables a portion of the electricity used in the manufacturing process to be supplied by renewable energy, ensuring a stable power supply with a reduced environmental impact.

In addition, by adopting a Power Purchase Agreement (PPA) model, the project establishes a mechanism that enables the sustained promotion of renewable energy adoption while reducing the initial investment burden on KEY TEC, the electricity consumer.

Furthermore, by utilizing green power certificates, the project establishes a mechanism that allows the environmental value of renewable energy to be shared with remote sites such as JK

Holding’s head office in Koto-ku, Tokyo. Through this approach, the JKHD Group aims to reduce greenhouse gas emissions and maximize the value of renewable energy across the entire group.

Within the JKHD Group, approximately 60% of greenhouse gas emissions are attributable to electricity consumption, and we are therefore placing a strong emphasis on the adoption of renewable energy as a key measure to reduce these emissions. Building on the installation at the Kisarazu factory, we plan to sequentially consider expanding this initiative to other group companies and sites, while sharing and scaling up our know-how for renewable energy adoption.



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