



Bulls

JK Holdings
Quarterly Report International

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JK Holdings : Overview of consolidated financial results for fiscal year ended March 2026

In the fiscal year ended March 2026, the Japanese economy continued to recover, supported by steady improvements in the employment and income environment, while personal consumption showed signs of a moderate recovery. The recovery trend continued, with corporate earnings generally staying at high levels and capital investment holding steady. On the other hand, uncertainty surrounding overseas economies, including that of the U.S., and geopolitical risks have been increasing. As a result, concerns persist over the outlook, including the prolonged rise in prices, weakening consumer sentiment, fluctuations in foreign exchange rates, and rising costs of materials and energy.

In the housing industry, to which we belong, housing starts for the fiscal year decreased year on year, due to factors including soaring construction costs driven by higher prices for building materials and housing equipment and a shortage of skilled workers. In addition, the backlash following the rush of housing starts ahead of the enforcement of the revised Building Standards Act and Building Energy Efficiency Act on April 1, 2025, together with rising mortgage interest rates, also led to the decline.

Under these circumstances, we launched “Value Proposition 27,” our new medium-term management plan covering the three-year period from FY 2025, and have been implementing various initiatives under four pillars—strengthening core businesses, expanding and deepening business domains, building a sustainable management foundation, and practicing human capital management—with the aim of strengthening ties with partners through value propositions and achieving further growth. In addition, we have worked to practice management that is conscious of capital costs and stock price, while developing our sales network through M&A, carrying out organizational restructuring to streamline Group management, enhancing dialogue with institutional investors, and acquiring treasury shares.

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

The net sales increased by 1.4% compared to the previous fiscal year, reaching 398.82 billion yen. This was the highest

Keiichiro Aoki

President
JK Holdings Co., Ltd.



level after FY 2022, when the record was significantly surpassed due to the “wood crisis.” In terms of profits, under a challenging business environment, the wholesale and retail distribution businesses of general building materials recorded lower profits compared with the previous fiscal year, while the plywood manufacturing and wood processing business was able to reduce its losses. Specifically, the operating income was 6.434 billion yen (down 12.6% from the previous fiscal year) and the ordinary income was 7.151 billion yen (down 8.3%). The net income attributable to the shareholders of the parent company was 4.033 billion yen (down 5.8%). Compared with the initial plan, net sales were largely in line with the plan, while operating income was 19.6% below plan, ordinary income was 10.6% below plan, and net income attributable to the shareholders of the parent company was 19.3% below plan.

For the fiscal year ending March 2027, we expect the business environment to remain challenging and uncertain, as in the previous fiscal year. In the housing industry in particular, the outlook is expected to remain uncertain due to factors including a further contraction in demand for new housing resulting from rising housing prices, concerns over the supply of petroleum-derived raw materials as well as persistently high energy prices stemming from geopolitical risks such as the situation in the Middle East, and trends in foreign exchange rates and inflation.

Precisely because these concerns over the supply of housing materials persist, we will remain strongly aware of our social responsibility as a key player in the housing materials supply chain and work to ensure the stable supply of housing materials in close cooperation with our business partners and manufacturers.

Survey

Business Prospect for July-September 2026

The Ministry of Land, Infrastructure, Transport and Tourism has released the number of housing starts in March 2026. The cumulative total for FY 2025 numbered 711,171 units, 87% of the previous fiscal year's results, reflecting the significant impact of the April 2025 legal revision. However, from October onward, some months exceeded the previous year's levels, suggesting signs that the disruption is settling, and the previous demand forecast survey for April-June 2026 also indicated an upward trend.

The demand forecast for July-September 2026, the first survey since product supply became constrained due to heightened tensions in the Middle East, has now been compiled.

〈Demand Forecast by Builders and Distributors〉

Both small builders (contractors and other building companies) and distributors saw significant declines from the previous survey, falling to a negative index of 37.2 points for small builders and a negative index of 45.4 points for distributors. This suggests that, amid unstable product supply, it remains difficult to form a clear outlook. By region, areas exceeding the national average of a negative index of 37.2 points were limited to Kanto with a negative index of 25 points, Chubu with a negative index of 30 points, and Kinki with a negative index of 32 points, indicating struggles in areas outside the major metropolitan regions. The government has stated that it will stabilize petroleum-related products by securing reserves and eliminating bottlenecks, but if the impact of the closure of the Strait of Hormuz is prolonged, concerns are unlikely to ease quickly. We will continue to watch

〈Sales Forecast by Leading Manufacturers〉

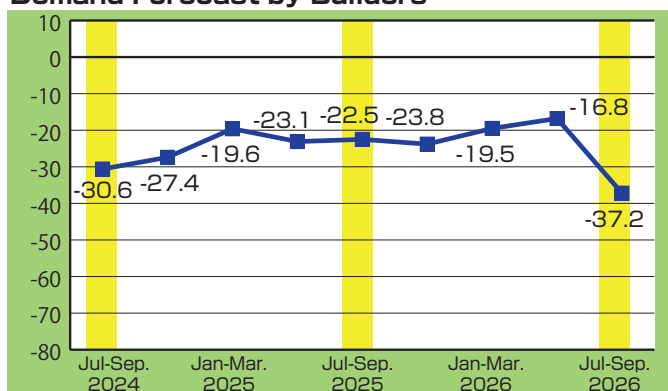
Sales forecasts by major manufacturers also showed an increase in forecasts of decrease. Responses from manufacturers of housing equipment, which had recorded positive figures in the previous two surveys, with forecasts of an increase exceeding those of a decrease, fell to a negative index of 25 points. Manufacturers of ceramics and insulation also dropped sharply to a negative index of 58.9 points, suggesting the impact of shipment constraints.

〈Various Surveys〉

The various surveys mainly examined the impact of the situation in the Middle East. The questionnaire responses showed that the majority of the impact was on construction periods, such as "construction schedules." Additionally, this was followed by "pressure on profits," suggesting that companies are struggling to pass on costs despite frequent price hikes. Regarding the behavior of homeowners and other homebuyers, the majority cited "postponing purchases." While the price impact is significant, the survey found that the impact on time-related factors, such as construction periods and acquisition timing, is also substantial.

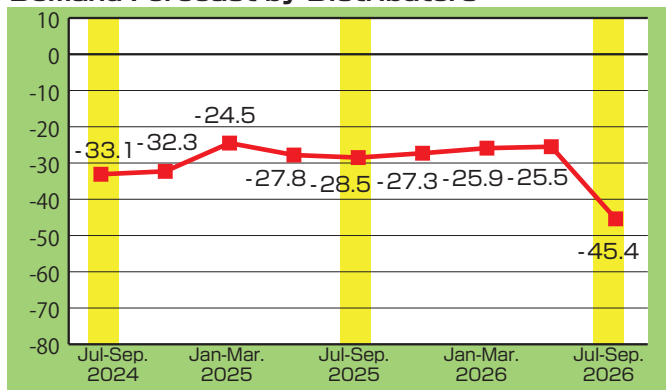
developments in the situation in the next survey.

Demand Forecast by Builders



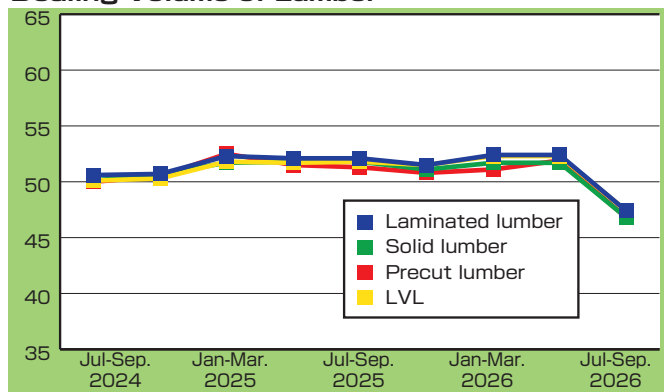
Point0=business result in April-June, 1992

Demand Forecast by Distributors



Point0=business result in April-June, 1992

Dealing Volume of Lumber



Point100=all responses expect increase

The forecast survey for July to September, 2026 is based on the totaled data gathered from 3,000 client companies in Japan through the internet, which took place from late-April to mid-May, 2026.

Trend

Market Outlook
of Plywood

〈Trend of Japanese Plywood〉

Japan's production of softwood plywood in April 2026 was 204,322 cubic meters (95.5% of the same month in the previous year), and the shipments of the item were 216,010 cubic meters (96.6%). The inventory was 175,640 cubic meters (102.3%).

Although inquiries were strong until the first half of May due to supply concerns stemming from the worsening situation in the Middle East, speculative inquiries gradually declined toward the latter half of the month, and the market is returning to its normal pace. Some major manufacturers have reportedly secured prospects for obtaining raw materials for adhesives for June production, and it is expected that purchasing will gradually return to an as-needed basis going forward. As for prices, manufacturers' announced prices are expected to rise by around 10% again in June. Distributors are likely able to pass through prices up to this level, but it is probably time to make calm judgments, with an eye on the supply-demand balance. We would like to secure the necessary volumes in

line with actual sales performance, and to carefully determine where supply should be allocated when making sales.

〈Trend of Imported Plywood〉

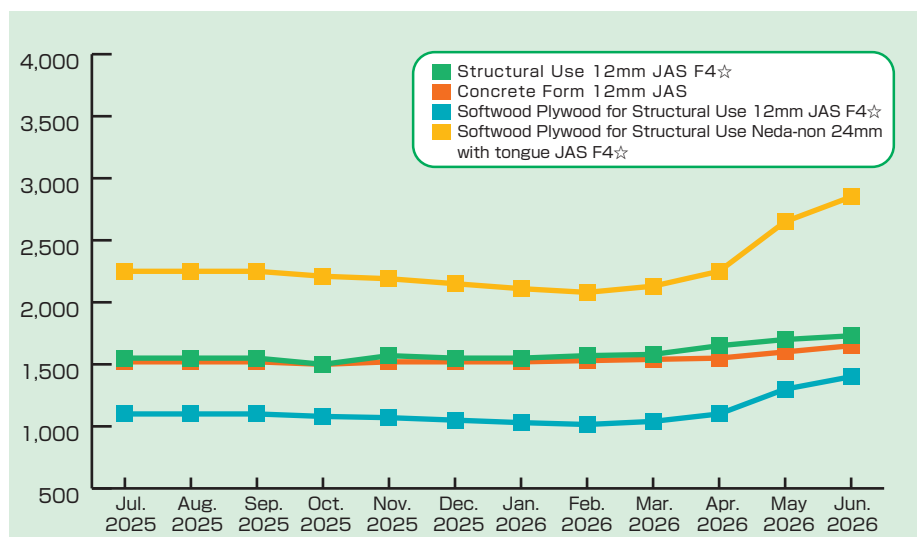
In April 2026, Japan's import of plywood totaled 171,697 cubic meters (92.0% of the same month in the previous year), which increased 1.6% from 169,013 cubic meters marked in the previous month. By country of origin, 35,956 cubic meters (62.2%) came from Malaysia, 56,021 cubic meters (99.1%) from Indonesia, and 42,729 cubic meters (111.1%) from China.

Inventories at port warehouses in regional areas and the Tokyo metropolitan area are expected to decline again at the end of May following the decline at the end of April, although they are

likely to increase in western Japan, where speculative demand was strong. As with Japanese plywood, market inquiries remained brisk through the first half of May, and shortages have been seen for some items. Although there is still ongoing movement to secure physical inventory, purchasing is gradually returning to an as-needed basis. However, regardless of shipment activity, procurement prices remain on an upward trend, and further price increases are expected from June onward due to higher local prices and the weaker yen. While future demand remains difficult to predict, there are currently no factors, including in the local market, that would push prices lower, so early arrangements for the minimum necessary items are recommended.

Wholesalers' Prices of Plywood in Tokyo

yen/sheet



Sales Forecast by Major Supplying Manufacturers (July-Sep. 2026)

	increase			level-off	decrease		
	over15%	14 ~ 10%	below10%		below10%	10 ~ 14%	over15%
Plywood (13 firms)	0.0	0.0	15.4	38.4	30.8	7.7	7.7
Wooden Building Materials (10 firms)	0.0	0.0	10.0	20.0	50.0	20.0	0.0
Ceramics & Insulation (17 firms)	5.9	0.0	0.0	29.3	47.1	5.9	11.8
Housing Equipment (16 firms)	6.3	0.0	12.5	37.4	18.8	12.5	12.5
average	3.1	0.0	9.5	31.3	36.7	11.5	8.0

Topics 1 Notice Regarding Disposal of Treasury Stocks Through Third-Party Allocation to “Nezu Engagement Fund”

The Company hereby announces that, at the meeting of its Board of Directors held on June 5, 2026, it resolved to dispose of 500,000 shares of treasury stock through a third-party allocation to “Nezu Engagement Fund” (“Fund”), an engagement fund* established in July 2025 by Mr. David Snoddy and Mr. Hiromitsu Kawakita of Nezu Asia Capital Limited, as outlined below.

*An investment fund established with the objective of enhancing medium- to long-term corporate value through constructive dialogue (engagement) with the management teams of the corporation.

1. Background and Purpose of the Third-Party Allocation.

In recent years, the Tokyo Stock Exchange has encouraged listed companies to implement management initiatives that focus on capital costs and stock prices in order to achieve sustainable growth and enhance medium- to long-term corporate value. This reflects growing expectations within the capital markets for improved capital efficiency and effective growth strategies, making it increasingly important for companies to identify their management challenges and disclose and execute concrete measures to address them.

Guided by our corporate philosophy of “Creating Comfortable and Enriched Living Environments,” our Group has positioned the distribution of building materials as its core business while striving to improve housing quality and create richer living environments for everyone. In addition, our Group is implementing its Medium-Term Management Plan, “Value Proposition 27” covering fiscal years 2025–2027, and based on the announcement titled “Measures Toward Manage-

ment Focus on Capital Costs and Stock Prices” released on May 13, 2025, our Group recognizes the improvement of capital efficiency and the resolution of management challenges necessary for sustainable growth as key management priorities and has been pursuing initiatives aimed at maximizing corporate value for the benefit of all stakeholders.

Under these circumstances, the Fund, which seeks to enhance corporate value through collaborative engagement, proposed a partnership with the Company through the acquisition of its shares. After careful consideration, the Company concluded that collaboration with the Fund would contribute to the enhancement of the Company’s medium- to long-term and sustainable corporate value and serve the interests of its shareholders.

Through collaborative engagement with the Fund, our Group, aiming to become a company that creates value for all stakeholders, will promote planning and implementation of specific measures relating to various management challenges, including improving capital efficiency with a minimum target ROE of 9%, reviewing its business portfolio and assets with a view to enhancing asset efficiency, and optimizing shareholder returns.

2. Overview of the Disposal of Treasury Stocks

① Allottee	Nezu Engagement Fund
② Number of Share to be Disposed	500,000 shares of Common stock of Company
③ Disposal Date	June 22nd 2026

JK Holdings opens representative office in Dusseldorf, Germany

JK Holdings has established a representative office in Dusseldorf, Germany, with the aim of developing the European market and exploring the possibility of future local business operations.

Leveraging the expertise we have developed through our overseas business to date, we will work to expand into the European market while utilizing our overseas networks in North America, Asia, and other regions.



Inside the office



The building housing the representative office

Topics 2



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