



Bulls

JK Holdings
Quarterly Report

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JK Holdings : Overview of first-quarter results for fiscal year ending March 2027

Looking back on the first quarter, Japan's economy continued to see improvements in employment conditions, while the income environment also improved, supported by the spillover effects of wage increases. Corporate earnings and capital investment remained generally solid, whereas personal consumption continued to show signs of stagnation, partly due to the impact of rising prices. The outlook remained uncertain amid fluctuations in foreign exchange rates, persistently high material and energy costs, and growing geopolitical risks, including heightened tensions in the Middle East.

In the housing industry in which our Group operates, the number of housing starts remained sluggish, reflecting homebuyers' cautious stance amid rising housing prices and construction costs, as well as interest rate trends. Meanwhile, supply and demand remained tight, with some moves to secure housing materials in advance, prompted by concerns over the supply of petroleum-based raw materials amid heightened tensions in the Middle East. Against this backdrop, our Group has operated its business based on the fundamental policy of stably supplying appropriate materials in line with underlying demand.

In this context, based on the Medium-Term Management Plan "Value Proposition 27" for FY 2025–FY 2027, we are pursuing initiatives in the areas of 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.

During the first quarter, we closely monitored demand trends and market conditions, while working to maintain appropriate inventory levels and ensure a stable supply. We

Keiichiro Aoki

President
JK Holdings Co., Ltd.



also promoted proposals for high-value-added products and other initiatives aimed at steadily capturing revenue opportunities. As a result, both sales and profits increased, as shown below. The net sales increased by 5.8% compared to the same period of the previous year, reaching 102.827 billion yen. The operating income was 1.6 billion yen, up 10.3%, and the ordinary income was 1.849 billion yen, up 13.5%. The net income attributable to the shareholders of the parent company was 1.119 billion yen, up 25.2%. All profit measures increased year on year.

Although the business environment remains uncertain, we were able to make a strong start to the new fiscal year, achieving increases in both sales and profits. While the tight supply-demand balance for housing materials has eased somewhat recently, it is precisely in such circumstances that we will remain firmly committed to our basic policy of maintaining a stable supply based on underlying demand. We regard the strengthening of ties with partners through value propositions, as set out in the Medium-Term Management Plan "Value Proposition 27," as particularly important in such circumstances. By continuing to make proposals that are useful to our customers and suppliers and further strengthening their trust in us, we will move forward as a group to translate these efforts into our next stage of growth.

Survey

Business Prospect for October–December 2026

The cumulative total of housing starts for January–June 2026 numbered 368,000 units, exceeding the year-on-year results of 362,000 units. The January–June period of the previous year was unstable, with a surge in demand ahead of and a subsequent decline following the legal amendments. On a six-month basis, however, the overall trend shows a slight increase. By owner/occupant, owner-occupied houses were at 103% and built-for-sale detached houses at 111% compared with 2025. Compared with 2024, the figures were 95% and 101%, respectively. This indicates that, among detached houses, the recovery has been stronger for built-for-sale housing. The degree of recovery also suggests which segments were more significantly affected by the supply restrictions caused by the deteriorating situation in the Middle East.

〈Demand Forecast by Builders and Distributors〉

The previous survey reflected the

impact of the situation in the Middle East particularly strongly, while in the latest forecast, the negative figures narrowed to –24.1 points for small builders (contractors and other building companies) and –31.2 points for distributors. Nevertheless, both remained below –20 points. Amid continued instability in the region, there have also been cases of homes being damaged by earthquakes, torrential rains, and other natural disasters in Japan, and preparation for such events is also required. It will be worth watching the next survey, following the start of the full-scale recovery efforts and the arrival of the peak demand season in the fall.

〈Sales Forecast by Leading Manufacturers〉

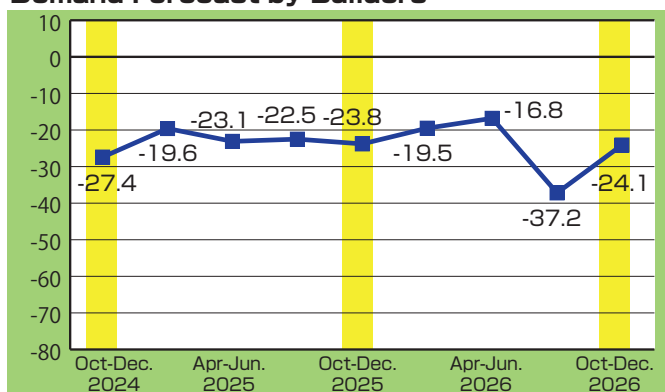
Forecasts by manufacturers across the various sectors also improved from the previous survey. Among them, the wood-based building materials and ceramic & insulation sectors showed a positive outlook, with forecasts for increases exceeding those for decreases. For the plywood and housing equipment sectors, forecasts for decreases significantly exceeded those for increases, indicating that the challenging outlook continues.

〈Various Surveys〉

The various surveys examined delivery and procurement conditions during the period of supply restrictions. In terms of delivery, just under 60% of respondents said that materials were delivered when needed. When those who said that materials were not delivered when needed but that they were able to manage the situation are included, just under 90% were able to cope at the worksite. In terms of procurement, nearly half of respondents said they had dealt with the situation by placing orders in advance. Overall, the findings suggest that management according to construction schedules and priorities, along with advance ordering, proved effective.

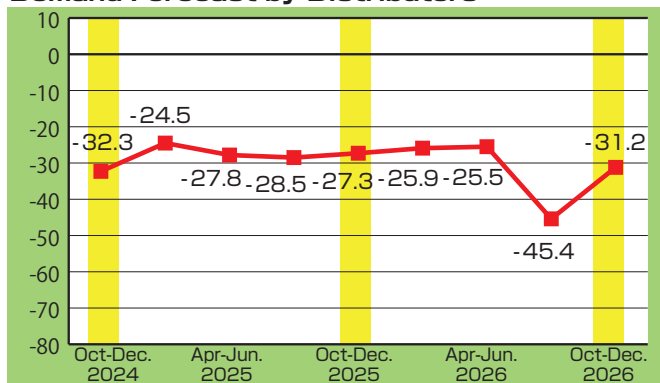
Amid rising demand for used houses and renovation driven by higher housing prices, we also conducted a survey on renovation activity. Among the types of renovation work undertaken, “partial renovations (such as kitchen and bathroom renovations)” accounted for the majority. Regarding subsidies for renovations under the Mirai Eco Housing Program, just under 30% of respondents said they had no plans to make use of them. With a certain level of demand also expected for full renovations of used houses, it will be important to become well versed in the details of the program and aim to upgrade proposals to homeowners.

Demand Forecast by Builders



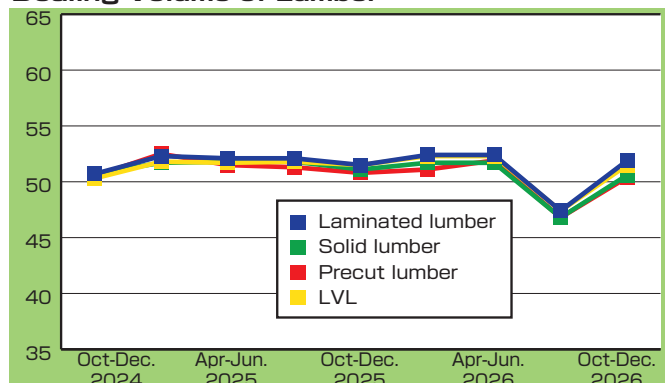
Point0=business result in April-June, 1992

Demand Forecast by Distributors



Point0=business result in April-June, 1992

Dealing Volume of Lumber



Point100=all responses expect increase

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

Trend

Market Outlook
of Plywood

〈Trend of Japanese Plywood〉

Japan's production of softwood plywood in July 2026 was 230,193 cubic meters (108.4% of the same month in the previous year), and the shipments of the item were 211,039 cubic meters (101.5%). The inventory was 175,726 cubic meters (93.0%).

Demand for Japanese softwood plywood remains sluggish, particularly through general distribution channels, due to a significant backlash from the earlier buildup of speculative demand. Inventory turnover is also slow, and many companies are reportedly unable to secure new supplies. By contrast, demand for direct sales and sales to mid-sized builders has remained strong. processing volumes at precut plants are also trending upward, highlighting a clear contrast with general distribution channels.

As manufacturers are maintaining a certain level of production according to the statistics, they appear to be gradually taking a more aggressive sales stance. With August including an extended holiday period, material movement was even slower, and manufacturers were ultimately unable to push through their desired prices, leaving flat prices as the prevailing market level.

While prices appear to be approaching a ceiling, some manufacturers have

announced price increases from October onward. Ultimately, however, market prices depend on the balance between supply and demand, making it difficult to expect such price increases to be readily accepted. Although it is unlikely that manufacturers' production costs will decline, attention will be focused on whether they can maintain production levels in line with demand going forward.

〈Trend of Imported Plywood〉

In July 2026, Japan's import of plywood totaled 194,567 cubic meters (104.4% of the same month in the previous year), which decreased 7.6% from 210,657 cubic meters marked in the previous month. By country of origin, 47,323 cubic meters (68.8%) came from Malaysia, 59,842 cubic meters (112.6%) from Indonesia, and 42,732 cubic meters (115.3%) from China.

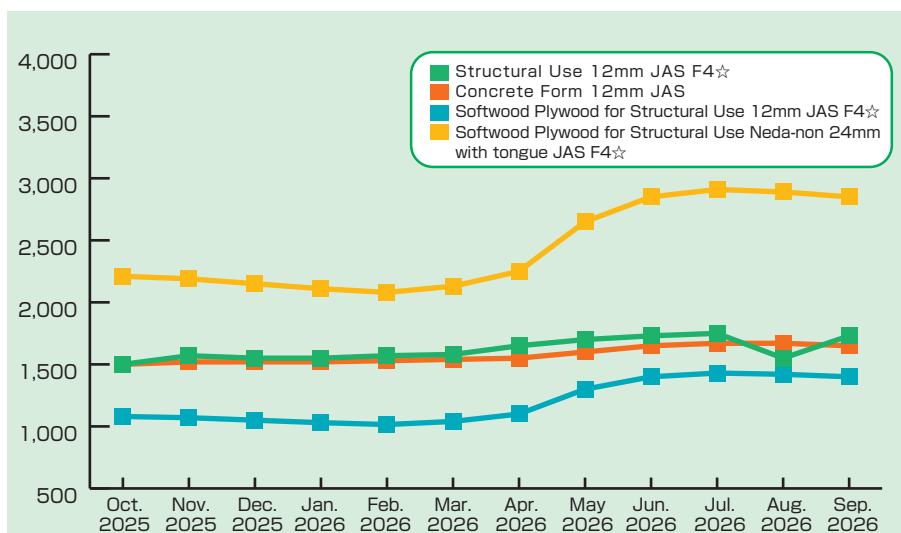
Demand remains weak, and shipments are also sluggish. With cumulative

import volumes continuing to increase, reaching 105.5% of the previous year's level, inventories at port warehouses are trending upward. As a result, port warehouses at major ports remain at full capacity, and the acceptance of new arrivals is being significantly restricted. Even orders for newly required supplies are beginning to be affected by these receiving constraints. It is expected to take considerable time to restore the balance between supply and demand.

While there are hopes for demand to pick up in the fall amid continued high production costs at the source as well as rising prices, the factors supporting a recovery appear limited, and there are concerns that prices for some items may begin to move toward fiscal year-end. If sales continue at prices that do not adequately cover costs, both importers and distributors could face a sharp deterioration in profitability. Maintaining appropriate market prices is therefore desired.

Wholesalers' Prices of Plywood in Tokyo

yen/sheet



Sales Forecast by Major Supplying Manufacturers (Oct-Dec. 2026)

	increase			level-off	decrease		
	over15%	14 ~ 10%	below10%		below10%	10 ~ 14%	over15%
Plywood (16 firms)	6.3	0.0	6.3	42.9	18.8	6.3	12.5
Wooden Building Materials (14 firms)	0.0	0.0	35.7	42.9	7.1	7.1	7.1
Ceramics & Insulation (21 firms)	0.0	4.8	28.6	38.0	19.0	9.5	0.0
Housing Equipment (16 firms)	6.3	0.0	12.5	49.9	31.3	0.0	0.0
average	3.2	1.2	20.8	45.1	19.1	5.7	4.9

Topics 1**Introduction to companies joining JKHD Group****Araki Kenzaiten Co., Ltd.**

Group photo

Araki Kenzaiten Co., Ltd. joined the JKHD Group in April 2026. Based in Yamagata Prefecture in the Tohoku region, the company celebrates its 64th anniversary this year. Its business activities include the sale of timber, plywood, aluminum building materials, interior and exterior building materials, and housing equipment, as well as the sales and installation of outlet-priced housing equipment.



Showroom adjacent to the office



Company building exterior

Introduction to companies joining JKHD Group**Topics 2****Chofu Housing Co., Ltd.**

Chofu Housing Co., Ltd. joined the JKHD Group in May 2026. Founded in Inagi City, Tokyo, the company celebrates 56 years in business this year. Its operations cover the sale and installation of window sashes, glass, interior and exterior building materials, housing equipment, and timber.



Group photo



Workshop photo


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