



# Bulls

JK Holdings  
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## JK Holdings Overview of 2Q Business Results for Year Ending March 2022

Housing starts in total as well as in the sector of owner-occupied houses, which is the mainstay of our group, is picking up, with an increase of around 10% compared to the same period last year, although economic and social activities have been severely constrained by the COVID-19 pandemic.

Under these business environments, our group has been preparing for the next generation while implementing the various measures listed in our medium-term management plan "Breakthrough 21".

In response to the "Wood Crisis" and supply constraints of housing equipment, we demonstrated our comprehensive strengths as a group, including the involvement in distribution of wood-based building materials from upstream to downstream, as well as its manufacturing and processing divisions and overseas divisions. At the same time, we made the most of our strong relationships we have built with manufacturers as a leading wholesaler of wood-based construction materials to secure volume, procure alternative materials, and produce products in order to fulfill our responsibility to supply housing materials in general.

Consequently, the business results for the first half of the fiscal year ending March 2022 were as follows.



**Keiichiro Aoki**  
President  
JK Holdings Co., Ltd.

Sales increased by 8.4% over the year-ago results to 177,805 million yen, but the actual growth in net sales are estimated to be 184,261 million yen, a significant increase of 12.3% year on year, taking into account the impact of the new accounting standard for revenue recognition introduced in the current fiscal year (6,456 million yen).

We had an unprecedentedly large growth in profits, owing to a gross margin ratio improved on a whole group basis through better operating rate in the manufacturing and processing divisions, as well as meticulous control of purchasing and sales in terms of both quantity and quality in the distribution division. Operating profit increased to 5,717 million yen (2.6 times the previous year), ordinary profit to 6,120 million yen (3.0 times), and quarterly net income attributable to shareholders of the parent company to 4,220 million yen (3.5 times).

## Summary

Eight employees from JK Holdings work at IBUKI, an employment support system for the disabled at indoor plantations which is operated by Startline Co., Ltd. The herbal tea grown and



Work scene

processed by them was distributed to the public at an event called the Daimaruyuu SDGs ACT5 held in Yurakucho, Tokyo from November 1 to 7, 2021.

The Daimaruyuu SDGs ACT5 is

## IBUKI's herbal tea distributed at a SDGs event

a project organized by Startline Co., Ltd. and the Executive Committee of Daimaruyuu SDGs ACT5 (Mitsubishi Estate Co., Ltd.) in order to promote activities to achieve the Sustainable Development Goals starting from the Otemachi, Marunouchi, and Yurakucho area (the Daimaruyuu area). A variety of unique products that have not yet been introduced to the world were displayed at the event.

800 bags of IBUKI herbal tea were provided at the event. The JKHD booth produces three kinds of herbal tea, Emotional LEMON, Nostalgic APPLE, and Bittersweet MARJORAM, which



Tea bags made in IBUKI

were appreciated as stylish names.

The IBUKI JKHD booth produces around 400 bags of herbal tea per month. The members are particularly focused on developing new blends at the moment, tasting prototypes to find the best blend ratio. Further development is expected in the future.

# Survey

## Business Prospect for January - March 2022

### 〈Demand Forecast by Builders and Distributors〉

Housing starts for January to September 2021 totaled 636,673 units (104.7% year-on-year), according to the housing statistics released by the Ministry of Land, Infrastructure, Transport and Tourism. By owner/occupant, detached houses were strong; the owner-occupied houses and built-for-sale houses were 110.2% and 106.3% respectively on a year-on-year basis. Owner-occupied houses in particular have been showing a double-digit growth since May.

Under the circumstances, we conducted a survey about business demand prospects for January to March 2022. According to the survey, small builders (contractors and other building compa-

nies) predicted an index of plus 1.5 points while distributors answered minus 1.3 points, showing a huge increase in both sectors compared to the previous survey. This is the first time in two years that we have seen a positive index by builders since the October to December 2019 survey, which was right after the consumption tax hike. By area, the number of positive forecasts exceeds negative ones in the areas of Kanto, Koshinetsu, Hokuriku, Shikoku, and Kyushu.

Meanwhile, there is a growing concern about price hikes in building materials due to soaring prices of steel, aluminum, and adhesives, in addition to the short supply of plywood and housing equipment. We will pay close attention to how the unstable supply would affect future housing starts.

### 〈Sales Forecast by Leading Manufacturers〉

In the sales forecasts by major manufacturers, positive views expanded in all sectors for the second consecutive survey. Although supply of plywood continues to be insufficient, plywood sales growth prediction is as high as 83.3% whereas prediction to decrease is 0%. The forecast made by manu-

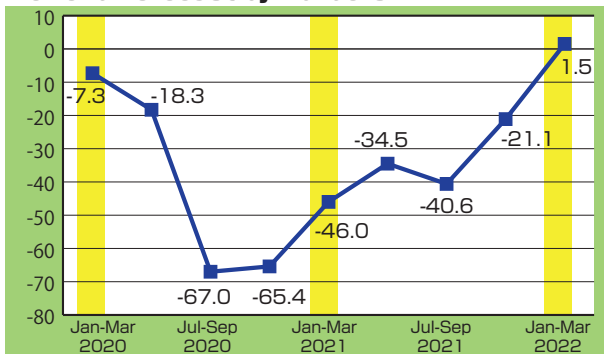
facturers of housing equipment shows an increase of 9.4% in positive prospects compared to the previous survey, but negative prospects also grew 8.4%. It is bipolarized by merchandise that manufacturers are handling.

### 〈Various Topics〉

In regard to supply concerns, 36% of the overall respondents were concerned about "wood and plywood", followed by 33% about "toilets and equipment". Supply of Japanese softwood plywood has been tight due to strong demand. Besides, only 6% of the respondents answered at the moment that there was a supply shortage of electrical products, but many commented that "we have not been able to arrange them at all" when it comes to actual needs on site.

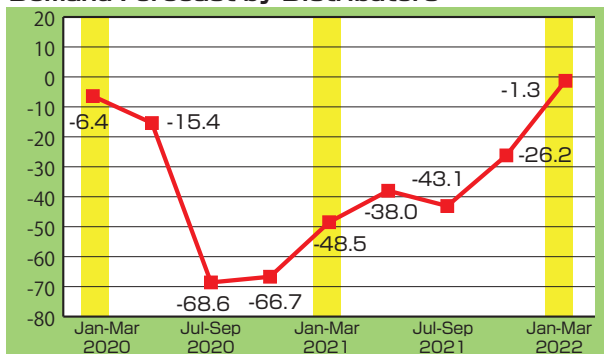
As for environmental management, more than half of the respondents said they would take action as needed. The COP26 was held in November, and environmental problems have attracted a great deal of attention in Japan. The housing sector has a large capacity to contribute to the issues among major industries, and efforts toward a decarbonized society are accelerating. It is anticipated that more speedy improvement and enhancement of energy-saving and other performances in housing will be required for the future, such as net zero energy houses (ZEH) and life cycle carbon minus houses (LCCM).

**Demand Forecast by Builders**



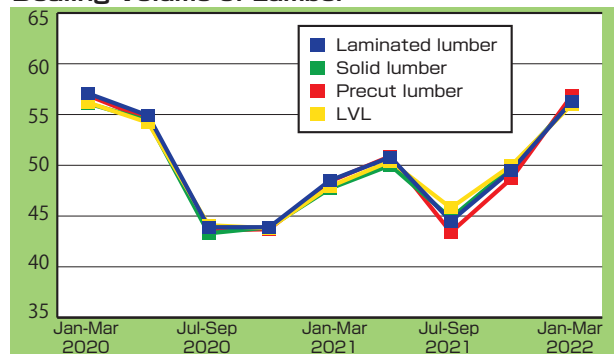
Point0=business result in April-June, 1992

**Demand Forecast by Distributors**



Point0=business result in April-June, 1992

**Dealing Volume of Lumber**



Point 100=all responses expect increase

The forecast survey for October - December 2021 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 2021.

### Sales Forecast by Major Supplying Manufacturers (Jan-Mar 2022)

	increase			level-off	decrease		
	over 15%	14 ~ 10%	below 10%		below 10%	10 ~ 14%	over 15%
Plywood (13firms)	25.0	25.0	33.3	16.7	0.0	0.0	0.0
Wooden Building Materials (10firms)	7.1	0.0	35.7	50.1	7.1	0.0	0.0
Ceramic/Heat Insulation (15firms)	6.1	15.2	36.4	33.2	9.1	0.0	0.0
House Equipments (9firms)	7.4	3.7	25.9	40.8	14.8	3.7	3.7
average	11.4	11.0	32.8	35.2	7.8	0.9	0.9

## Trend

### Market Outlook of Plywood

#### 〈Trend of Japanese Plywood〉

Japan's production of softwood plywood in October 2021 was 274,104 cubic meters (107.3% of the previous year's result), and shipment was 275,045 cubic meters (102.2%). The amount of both production and shipment was almost equal. Inventories were 88,851 cubic meters (75.8%).

Orders for Japanese softwood plywood have been very firm, backed by strong housing starts. It has been taking more and more extra days for delivery, and it is impossible for makers to deliver products immediately.

Because of the shortage of plywood, the market easily accepts higher prices which manufacturers raise every month due to various factors for cost increases, including raw materials. It will take more time for the backlog of orders to be filled, and even some manufacturers have already been considered to be delayed in filling backorders until 2022. "The plywood crisis" is expected to continue for the time being, as manufacturers in the northern Japan region are expected to further reduce their production due to snowfalls.

#### 〈Trend of Imported Plywood〉

Japan's import of plywood in October 2021 was 242,779 cubic meters (134.8% of the previous year's result), which increased to 102.6% of the results of 236,634 cubic meters in the previous month. Looking at the result by country of origin, the amount of imported plywood showed 73,400 cubic meters (114.5%) from Malaysia, 72,957 cubic meters (122.4%) from Indonesia, and 63,712 cubic meters (152.9%) from China.

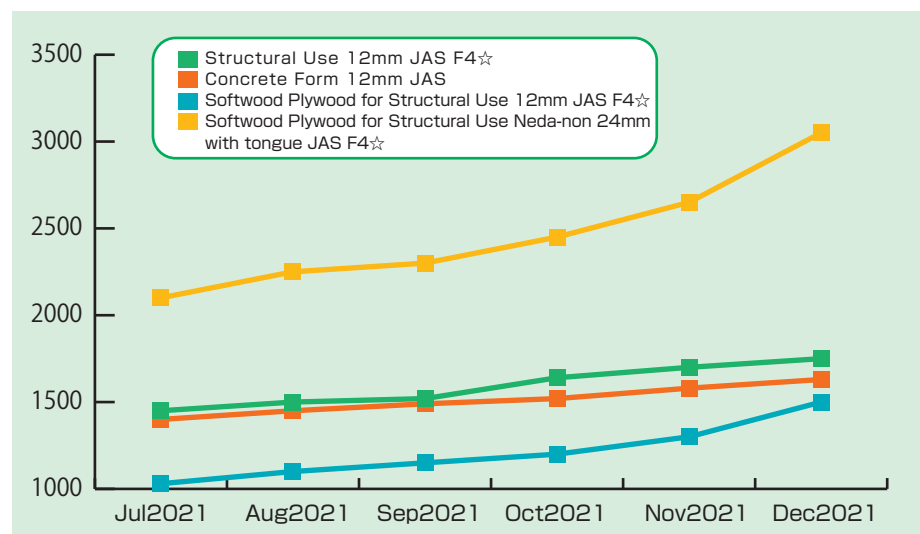
Inventories at port warehouses are finally showing signs of increase be-

cause the volume of cargo arriving at ports is recovering. It is presumably due to a growth of arrivals in containers rather than vessels (bulk vessels) as one factor. It is reported that some warehouses are unable to use their full capacity due to more arrivals in smaller lots, and delays are concerned for container congestion towards the end of the year 2021.

The market is quiet in general, mainly making spot purchases, although there is still a sign of shortage in some items. The Japanese market is showing a wait-and-see attitude, while the costs keep rising in the producing regions.

#### Wholesalers' Prices of Plywood in Tokyo

yen/sheet



## Topics

### Minister of Agriculture, Forestry and Fisheries visited Hokkaido Precut Center

Mr. Genjiro Kaneko, who became the Minister of Agriculture, Forestry and Fisheries of Prime Minister Kishida's Cabinet, accompanied by the chief of Private Forest Department of Forestry Agency, came to visit the Tomakomai sawmill of our company (Hokkaido Precut Center) on October 9.

Mr. Kaneko came to Hokkaido to attend the ceremony of "the 44th Japan Tree-Rearing Festival" held in Sapporo City on October 10. He also visited '2021 Exhibition of Forests, Forestry and Environmental Machineries' and Tomakomai Biomass Power Co., Ltd.

Hokkaido Precut Center installed precut processing facility in February 2020 with about 300 million yen as

wood processing facility equipment as a measure of strengthening the lumber industry's constitution. At that time, it used the forestry ministry's subsidies for "Projects for the production improvement of Hokkaido plywood and laminated wood, and measures for the promotion of item conversion". By the introduction of state-of-the-art precut machines, our production volume increased. Besides, supply of Hokkaido larch and Sakhalin Fir also increased. When we explained the guests that the utilization ratio of domestic lumber increased affected by 'wood shock' (soaring lumber price), they appeared to be interested. In addition, we showed them a wooden fence used in a demonstration experiment on the effective use of CLT conducted on our premises in



Tomakomai Sawmill

September 2020 as "a support project for wood utilization for the exterior". They were also interested in a four-storied housing complex built with 100% domestic lumber with hardware construction method, which is the first example in Hokkaido.

## Company

# Sanei Kogyosho's New Office Building ~ The Original Construction Method: TE System ~

Sanei Kogyosho's new office, built on the coast of Ofunato City, Iwate Prefecture, is a three-storied wooden building with a total floor area of 986.5 square meters, was designed and constructed by an original method called TE system. TE system, geared toward buildings with three stories or less, is a construction method where CLT construction method and conventional post and beam structural system are combined. By putting the right method in the right place, it materialized high design freedom, economic efficiency, and structural strength. This system was developed jointly by Onotsuka Co., Ltd., Japan Kenzai Co., Ltd., Timberam Co., Ltd., Butsurin Co., Ltd., and Timber Engineering Construction Co., Ltd. As the district had an experience of being damaged by the earthquake, the office was constructed with high-strength CLT in response to the owner's request.

In the project, Japan Kenzai, by playing the role of a subcontractor in charge of safety, process, and quality management, not only designed the frame but also constructed many parts including the framework, staircases, interior, exterior, wooden fittings, steel fittings, elevators, bathrooms, smoke-proof hanging walls etc. In addition to the above, this building used KEYTEC's structural LVL, Timberam's structural laminated lumber, Gunma Mokegei's structural plywood and common dimensional lumber, and Japan Kenzai's PB (Bulls) materials for interior and exterior, making the best use of JKHD's various functions.

The frame of this building, which used 240 cubic meters of lumber including 126 cubic meters of CLT, achieved the optimum use of wooden materials such as CLT,

LVL, laminated wood, plywood, and lumber. By selecting 120mm thick CLT for walls, it became possible for us to use ready-made fittings for housing, which led to cost reduction.



Stairs made of wood and concrete



Ceiling used LVL and CLT



New building of Sanei Kogyosho



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