



Bulls

JK Holdings
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CONTENTS

- P1 JK Holdings financial summary for the third quarter of the fiscal year ending March 2022
We are selected as the prospective project contractor for the Tama Central Park PFI Project
- P2 Business Prospect for April - June 2022
- P3 Market Outlook of Plywood
KEY TEC received a certificate of gratitude at the 110th anniversary of the Imperial Gift Forest
- P4 Original construction method TE system for MODELLAZIONE LEGNO's office

JK Holdings financial summary for the third quarter of the fiscal year ending March 2022

Our country's economic and social activities have been significantly restricted due to the spread of COVID-19. On the other hand, housing starts increased by about 6-7 % compared to the same period in the previous year in both total houses and owner-occupied houses which is the mainstay of our group.

Under these circumstances, our group has conducted business activities carefully while taking various measures to prevent the spread of COVID-19 infection. With regard to the wood shock and supply constraints of housing equipment, the company has strived to secure the quantity and purchase alternative material by leveraging our group's integrated strength and strong relationships with manufacturers. The company also put its medium-term management plan "Breakthrough 21" into practice and has developed systems with an eye toward the next generation.

As a result, financial results for the third quarter of this fiscal year are as follows.

Net sales rose by 9.7% from the same period in the previous year to 279.738 billion yen. The company has applied a new accounting standard from this fiscal year. Taking into account



Keiichiro Aoki
President
JK Holdings Co., Ltd.

the amount of 10.919 billion yen affected by this change, net sales stood at 290.657 billion yen (up 12.4%). This growth exceeded the growth rate of both the total housing starts (up 7.1%) and the housing starts of owner-occupied houses (up 11.2%).

As for profits, operating income is 10.114 billion yen, an increase of 149.0 % year over year, ordinary income is 10.746 billion yen, an increase of 173.6%, and quarterly net income attributable to shareholders of the parent company is 7.444 billion yen, an increase of 213.9%. One of the factors of this unprecedented significant increase in profits is due to the robust increase in the operating rate at KEY TEC Yamanashi plywood factory which started operation in the spring of the year before last. In addition, group's total gross profit margin increased by carefully controlling the purchase and sales in both quantity and quality, and this also contributed to a significant increase in profits.

Topics 1

A group of companies led by Butsurin Co., Ltd. has been selected as the prospective project contractor for the Tama Central Park Renovation, Maintenance, and Operation Project by Tama City, Tokyo. The group consists of nine companies including JK Holdings Co., Ltd. and TIMBER SCAPE Co., Ltd.

The scope of the project includes the implementation design, remodeling and maintenance, and construction supervision of the park renovation; new con-

We are selected as the prospective project contractor for the Tama Central Park PFI Project

struction of private revenue-generating facilities; management and operation services, and others. The construction will proceed from October 2022 to December 2024. The park is expected to be fully operational in January 2025.

More than 30 years have passed since Tama Central Park opened in 1987, and the park faces issues such as the aging of facilities and changes in the surrounding environment. Currently, public facilities adjacent to the park are being renewed and upgraded. Under these circumstances, it was decided to proceed with renovation



Bird's-eye view of Tama Central Park after renovation and improvement of the park.

This is a large-scale partnership project between public and private sectors for a large urban park. The goal is to create an attractive environment where diverse users can spend time safely and comfortably. We are to operate the park that will be loved and used by citizens.



The exterior of Keyaki House, a park facility subject to the PFI project



The exterior of Flower & Bakery, a park facility subject to the PFI project

Survey

Business Prospect for April - June 2022

〈Demand Forecast by Builders and Distributors〉

Housing starts for January to December 2021 totaled 856,484 units (105.0% year-on-year), showing a growth for the first time in five years, according to the housing statistics released by the Ministry of Land, Infrastructure, Transport and Tourism. Owner-occupied houses were 109.4% year-on-year, rental houses 104.8%, and built-for-sale houses 101.5%. Of the built-for-sale sector, condominiums found 93.9% year-on-year, whereas detached houses did 107.9%. The detached houses of both built-for-sale and owner-occupied sectors pushed up the overall starts.

Under the circumstances, we conducted a survey about business demand prospects for April to June 2022. According to the survey, small builders (contractors and other building companies) predicted an index of minus 9.0 points while distributors answered minus 13.0 points, returning to negative again after turning positive in the previous survey for January to March 2022. It is due to the December 2021 decrease in the number of owner-occupied houses for the first time in 14 months year-on-year and the impact of the COVID-19 spreading again from January 2022. By area, they showed a negative forecast in all the regions except Koshinetsu and Chubu.

The housing market has been strong until now even in the COVID-19 pandemic, but we will keep a close eye on future trends.

〈Sales Forecast by Leading Manufacturers〉

In the sales forecasts by major manufacturers, positive views for plywood were reduced by half compared to the previous survey, although there were no

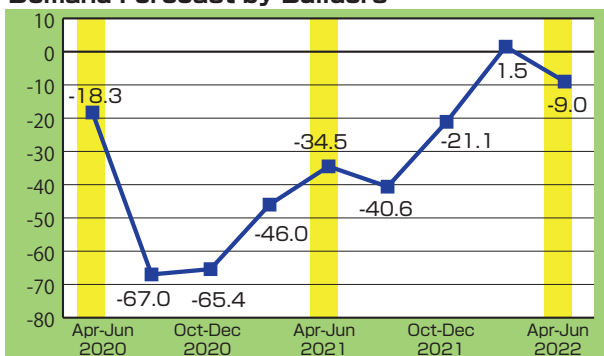
negative predictions. Manufacturers of housing equipment showed more negative predictions than positive ones, falling to minus 4.0 points from plus 14.8 points in the previous survey. Due to the prolonged supply delays, many of the manufacturers seem to be making negative forecasts.

〈Various Topics〉

Many of the businesses that have received orders but have not been able to start housing construction expect construction to begin around July. With regard to the price hikes of building materials, responses to the survey are divided between those where price pass-through is progressing and those where it is not. A series of price increases have been announced by manufacturers, and there is an urgent need to pass these increases on to the prices of the latter.

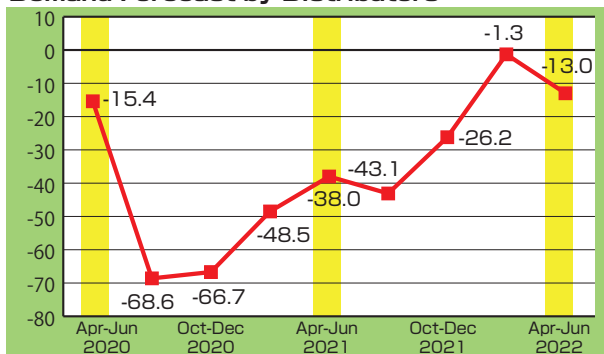
In the Kodomo Mirai Housing Support Project, a government subsidy scheme, expectations are higher for the remodeling sector, which is not limited to households with children or young couples, than for the new housing sector, where subsidy amounts are set according to energy efficiency.

Demand Forecast by Builders



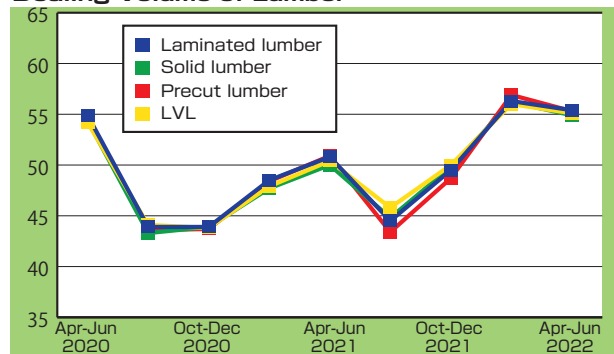
Point0=business result in April-June,1992

Demand Forecast by Distributors



Point0=business result in April-June,1992

Dealing Volume of Lumber



Point100=all responses expect increase

The forecast survey for April - June 2022 is based on the totaled data gathered from 3,000 client companies in Japan through the internet, which took place from late-January to mid-February 2022.

Sales Forecast by Major Supplying Manufacturers (Apr-Jun 2022)

	increase			level-off	decrease		
	over 15%	14 ~ 10%	below 10%		below 10%	10 ~ 14%	over 15%
Plywood (13firms)	8.3	8.3	25.0	58.4	0.0	0.0	0.0
Wooden Building Materials (10firms)	11.1	0.0	38.9	33.3	11.1	5.6	0.0
Ceramic/Heat Insulation (15firms)	0.0	8.7	43.5	43.5	0.0	0.0	4.3
House Equipments (9firms)	4.0	0.0	16.0	56.0	20.0	0.0	4.0
average	5.9	4.3	30.9	47.6	7.8	1.4	2.1

Trend

Market Outlook of Plywood

〈Trend of Japanese Plywood〉

Japan's production of softwood plywood in January 2022 was 243,765 cubic meters (99.7% year-on-year), and shipment was 247,889 cubic meters (99.5%). The amount of both production and shipment was almost equal. Inventories were 91,108 cubic meters (84.7%).

Inquiries and shipment of Japanese softwood plywood have been firm continuously. As plywood manufacturers' inventories have declined rather than increased, the delivery delays have not been solved yet. Inquiries have calmed down somewhat in areas affected by snowfall. Overall, however, prices have been rising every month, and consumers' appetite for purchase has not waned yet. In the market, price increases are easily accepted because securing goods is a priority. It will take time to improve the supply-demand balance, and the shortage of domestic plywood will continue for the foreseeable future.

〈Trend of Imported Plywood〉

Japan's import of plywood in January 2022 was 256,167 cubic meters

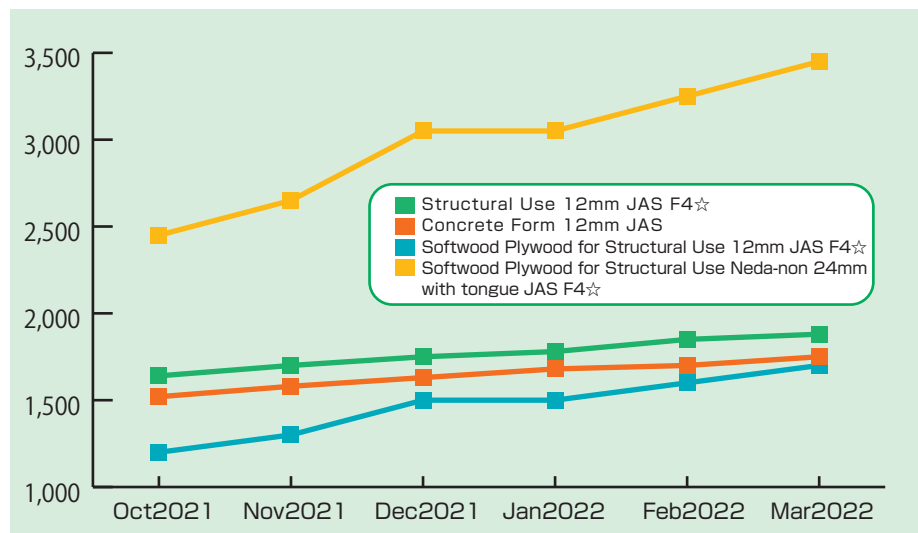
(120.0% year-on-year), which increased to 110.2% of the results of 232,494 cubic meters in the previous month. Looking at the result by country of origin, the amount of imported plywood showed 79,168 cubic meters (101.9%) from Malaysia, 86,444 cubic meters (132.0%) from Indonesia, and 63,248 cubic meters (131.3%) from China.

The volume of cargo arriving at ports marked 250,000 cubic meters for the first time since January 2019, showing an increasing trend. As products continue to arrive more than they are shipped out to the markets, the inventories of port warehouses are almost full. As the

statistical data shows, the market movement of 12 mm products mainly produced in Malaysia is at a normal pace, but that of ordinary plywood and LVL from Indonesia and China, of which arrival at ports is large, is stagnant, causing the inventories to lose their balance. Due to seasonal factors such as snowfall in some regions, it would take a little more time for full-scale movement of shipments. In contrast to the stagnant Japanese market, overseas shippers continue to raise their prices repeatedly because of rising costs. Users are coping with the hikes while spot purchasing as minimum as possible.

Wholesalers' Prices of Plywood in Tokyo

yen/sheet



Topics 2

KEY TEC received a certificate of gratitude at the 110th anniversary of the Imperial Gift Forest

KEY TEC Co., Ltd. received a certificate of gratitude from the Governor of Yamanashi Prefecture at the 110th Anniversary Ceremony of the Imperial Gift Forest held on October 16, 2021. The award is for its achievement in promoting the use of FSC-certified wood from prefectural forests at the



Awarding ceremony

Yamanashi plywood factory.

The Imperial Gift Forest was given to Yamanashi Prefecture by Emperor Meiji in 1911. Since then, it has contributed greatly to the development of the prefecture, playing various roles in preserving the prefectural land, supplying wood, and nurturing water resources.

The 110th Anniversary Ceremony of the Imperial Gift Forest was held to remind people of its history as well as roles played to date, and to provide an opportunity for everyone in the prefecture to ensure the protection and nurture of the forest with various public functions in

order to pass them on to the next generation.

KEY TEC has been handling FSC-certified wood from prefectural forests for over 10 years, and has made efforts to be adapted it more in MINIS-TOP Co., Ltd., Mitsubishi Estate Home Co., Ltd., and other businesses. As a business in the prefecture, we will continue to deepen cooperation with forestry workers in Yamanashi, maintain and expand employment opportunities for local people, and contribute to the local community.



Certificate of gratitude

Topics 3

Original construction method TE system for MODELLAZIONE LEGNO's office

MODELLAZIONE LEGNO's office building, a two-story wooden structure with a total area of 232m², was newly constructed in Gose City, Nara Prefecture. Japan Kenzai Co., Ltd. was involved in its structural design, material procurement and processing, and construction cooperation.

The building applied an original construction method TE system, which combines the CLT construction method and wooden post and beam system to achieve design flexibility, economic efficiency, and structural strength. The system was jointly developed for wooden buildings with three stories or less by five companies as ONOTSUKA Co., Ltd., Japan Kenzai Co., Ltd., TIMBERAM Co., Ltd., Butsurin Co., Ltd., and Timber Engineering Construction Co., Ltd.

The TE system allows a column-free space with a span of 8m x 13m in the building. The office on the first floor

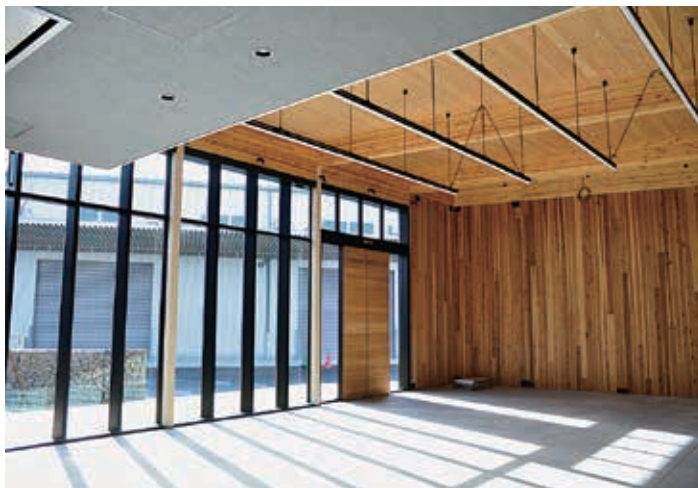


Exterior

gives a sense of openness with a 4.5m-high ceiling and sashes of 8.8m-wide x 4m-high to bring in light, while wooden structural materials are visible on the walls and ceiling. The roof panels are made of 90mm x 2m x 11m Japanese cypress CLT and the walls are made of 120mm-thick Japanese cedar CLT. We were able to increase the wood yield of the CLT at the design stage, as well as the cost-effectiveness of transportability and work-

ability.

The CLT materials are locally-grown Japanese cedar and cypress in Nara Prefecture, and the laminated lumber for the building was procured from a local manufacturer in the prefecture. In addition, the design firm and the company that constructed the wooden frame are both local businesses. This is a collaboration example with the local community.



Interior 1



Interior 2



JK Holdings Co.,Ltd.

Wood Land Tower 1-7-22 Shinkiba Koto-ku, Tokyo 136-8405 Japan
Phone +81-3-5534-3800 Fax +81-3-5534-3835
URL <https://www.jkhd.co.jp>