

**Results of Operations
for the Second Quarter of the Fiscal Year
Ending October 31, 2017**



IKK Inc.

(Listed on TSE First Section, Securities code 2198)

I. 2Q FY2017 Consolidated Financial Highlights



Solid sales growth with earnings consistent with the fiscal year plan

Record high

Net sales : ¥8,541 million (+3.9% YoY, +1.9% vs. plan)

Sales rose due to an increase in the number of weddings at existing locations
Average sales per wedding increased to ¥3.87 million

Operating income : ¥703 million (-12.5 % YoY , +5.8% vs. plan)

Operating income decreased mainly due to higher personnel expenses because of improvements in salaries and benefits as well as up-front expenses for opening new branches (including studies and other expenses for starting overseas operations)

Record high

Profit attributable to owners of parent: ¥605 million
(+39.3 % YoY , +0.1% vs. plan)

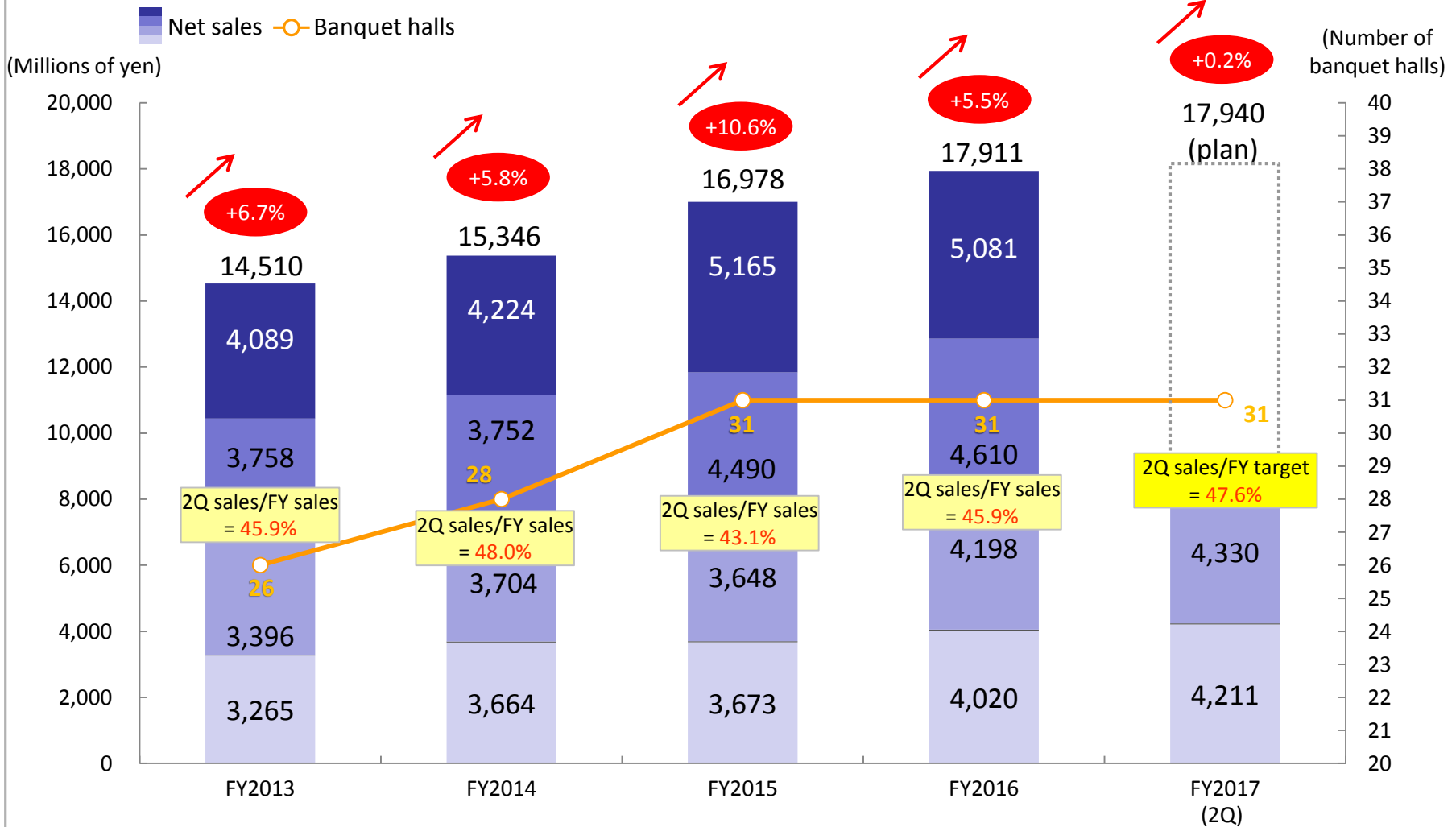
Record high

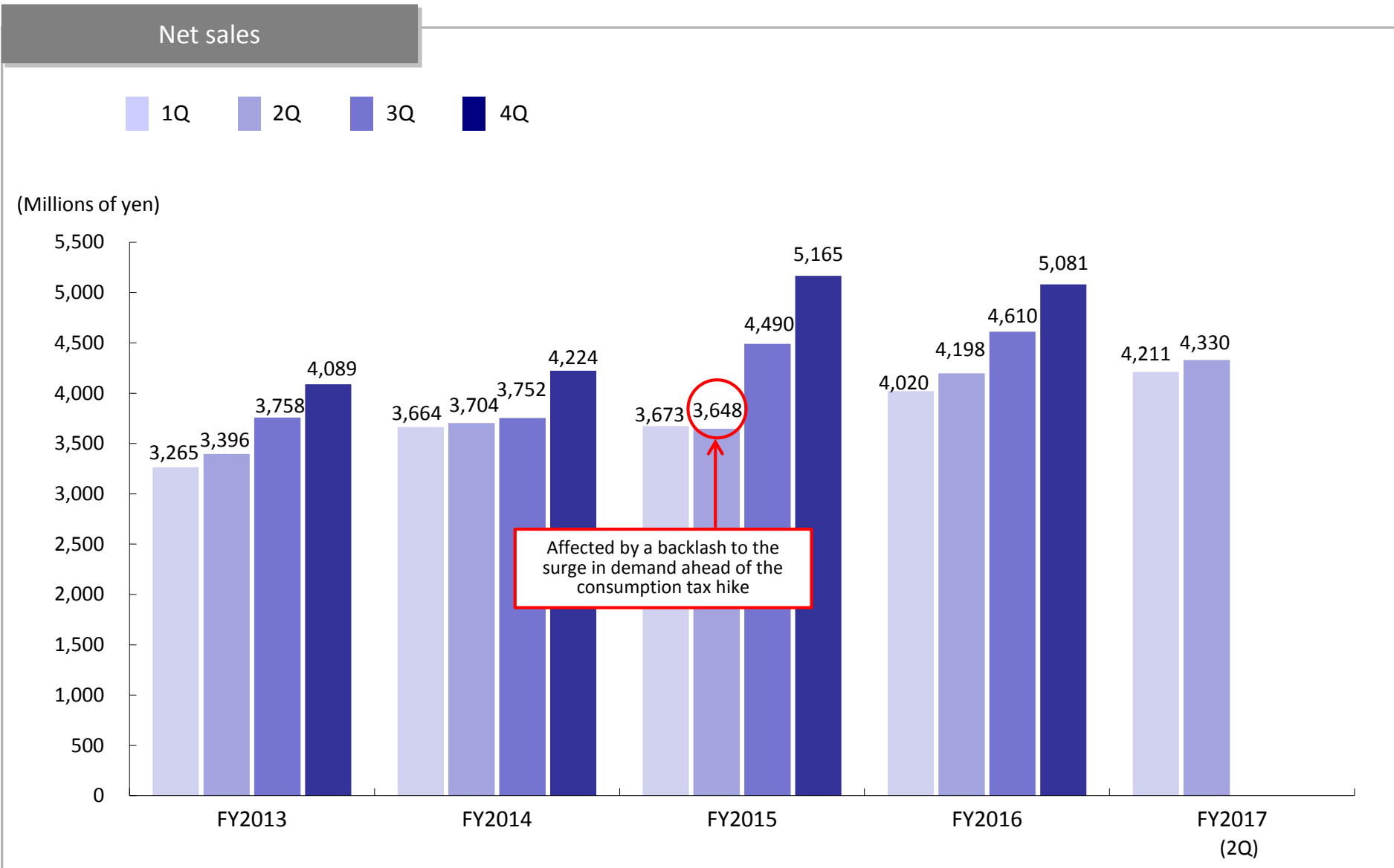
Order backlog (at the end of April 2017): 3,570 (+2.0 % YoY)

(Millions of yen)

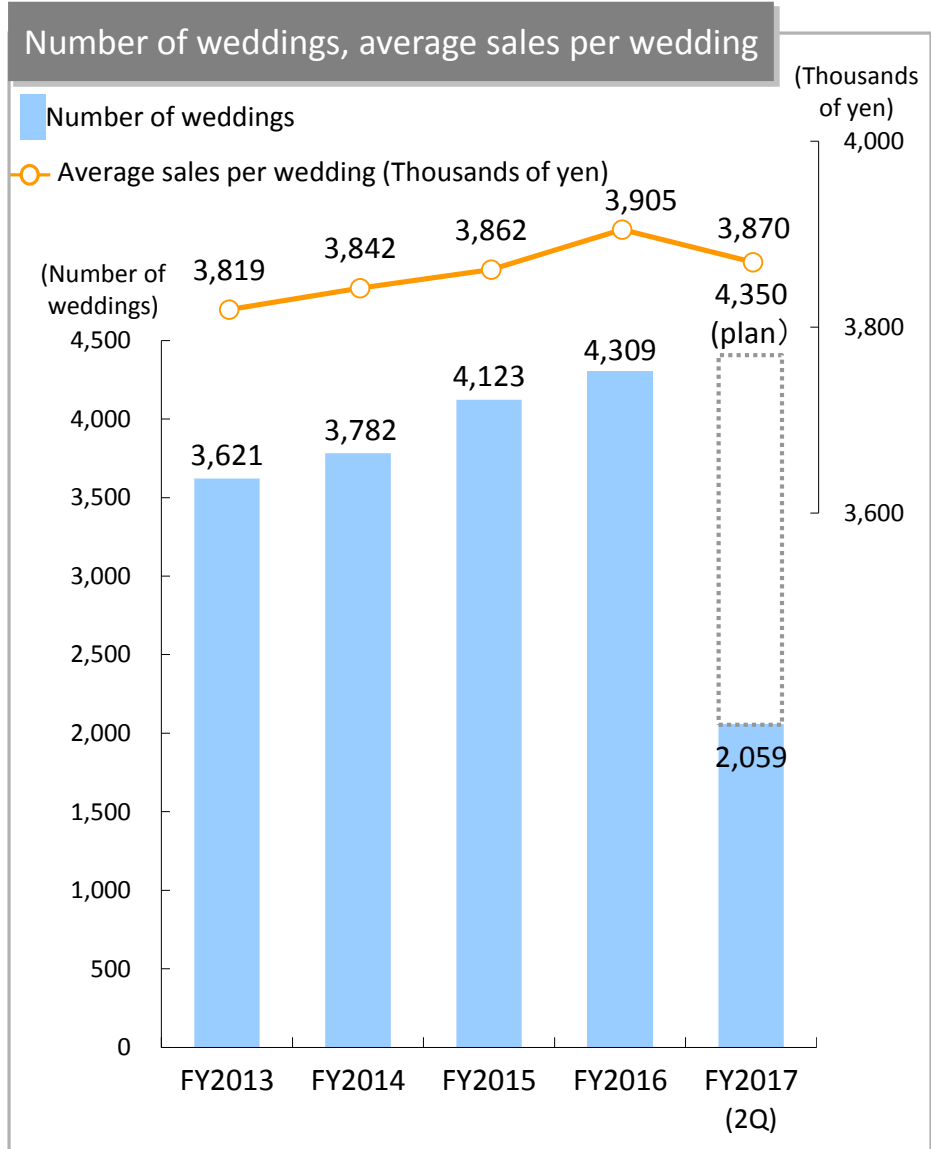
	2Q FY2016		2Q FY2017				
	Amount	% to sales	Plan	Amount	% to sales	YoY change	
						Amount	%
Net sales	8,219	100.0	8,380	8,541	100.0	321	3.9
Wedding operations	7,895	96.1	-	8,172	95.7	277	3.5
Funeral operations	114	1.4	-	142	1.7	27	24.0
Nursing-care operations	211	2.6	-	228	2.7	16	7.9
Gross profit	4,463	54.3	4,560	4,591	53.8	127	2.9
SG&A expenses	3,660	44.5	3,895	3,888	45.5	227	6.2
Operating income	803	9.8	665	703	8.2	(100)	(12.5)
Ordinary income	796	9.7	655	702	8.2	(93)	(11.8)
Profit attributable to owners of parent	434	5.3	605	605	7.1	170	39.3
Net income per share (Yen)	14.80	-	20.70	20.61	-	-	-

Net sales, number of banquet halls





	2Q FY2016 results	2Q FY2017 results	YoY change	
			Amount	%
Net sales (Millions of yen)	7,895	8,172	277	3.5
Number of branches at end of period	16	16	±0	-
Number of weddings	1,973	2,059	86	4.4
Orders for weddings	※ ¹ 2,184	2,224	40	1.8
Order backlog	3,499	3,570	71	2.0
Average sales per wedding ※ ² (Thousands of yen)	3,883	3,870	(12)	(0.3)



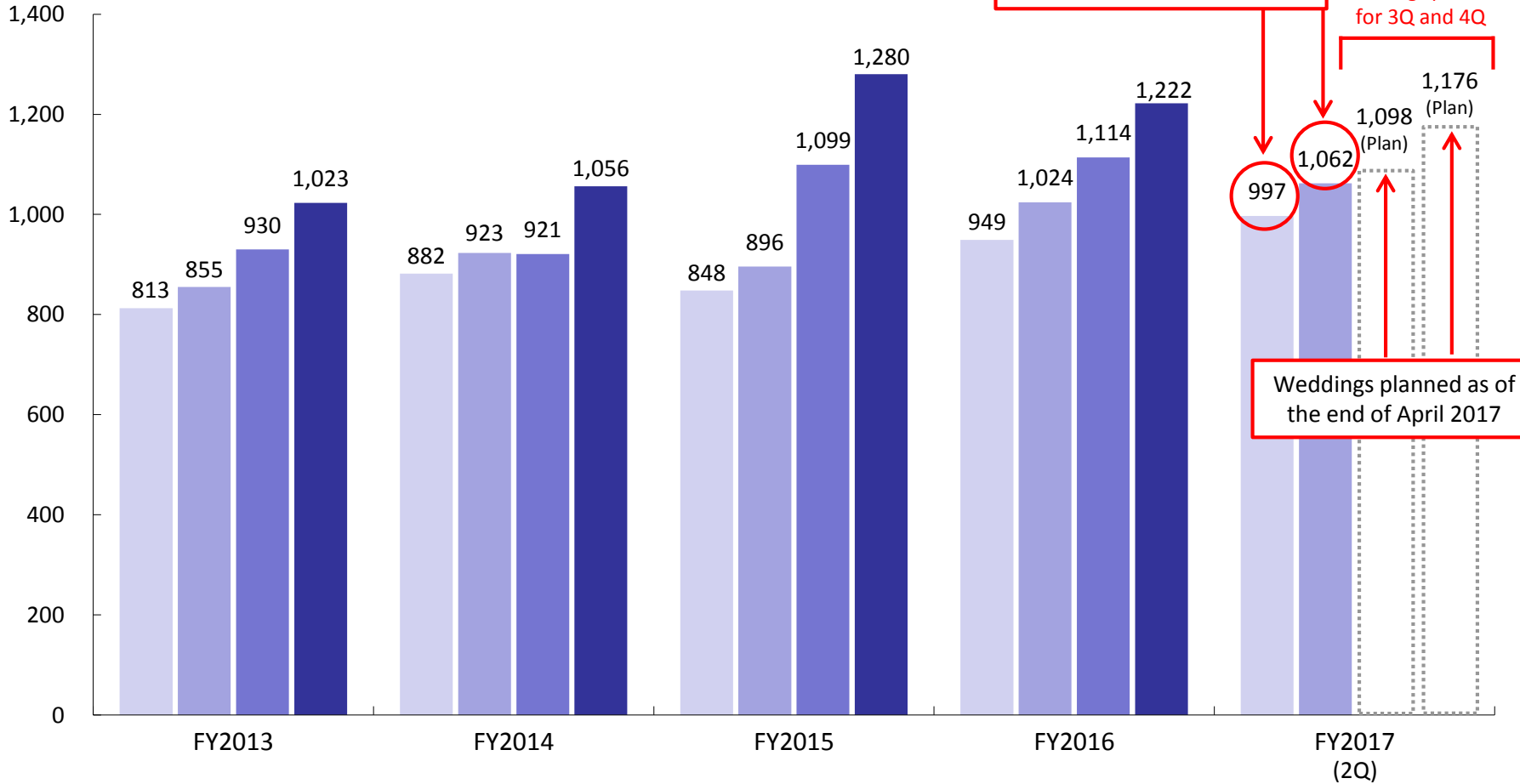
*1 Fiscal FY2016 performance includes recognition of all effects on the Iwaki Branch of wedding postponements (undecided wedding date) and wedding cancellations due to the inability to contact customers after a certain time in association with the March 2011 earthquake and tsunami and other events.

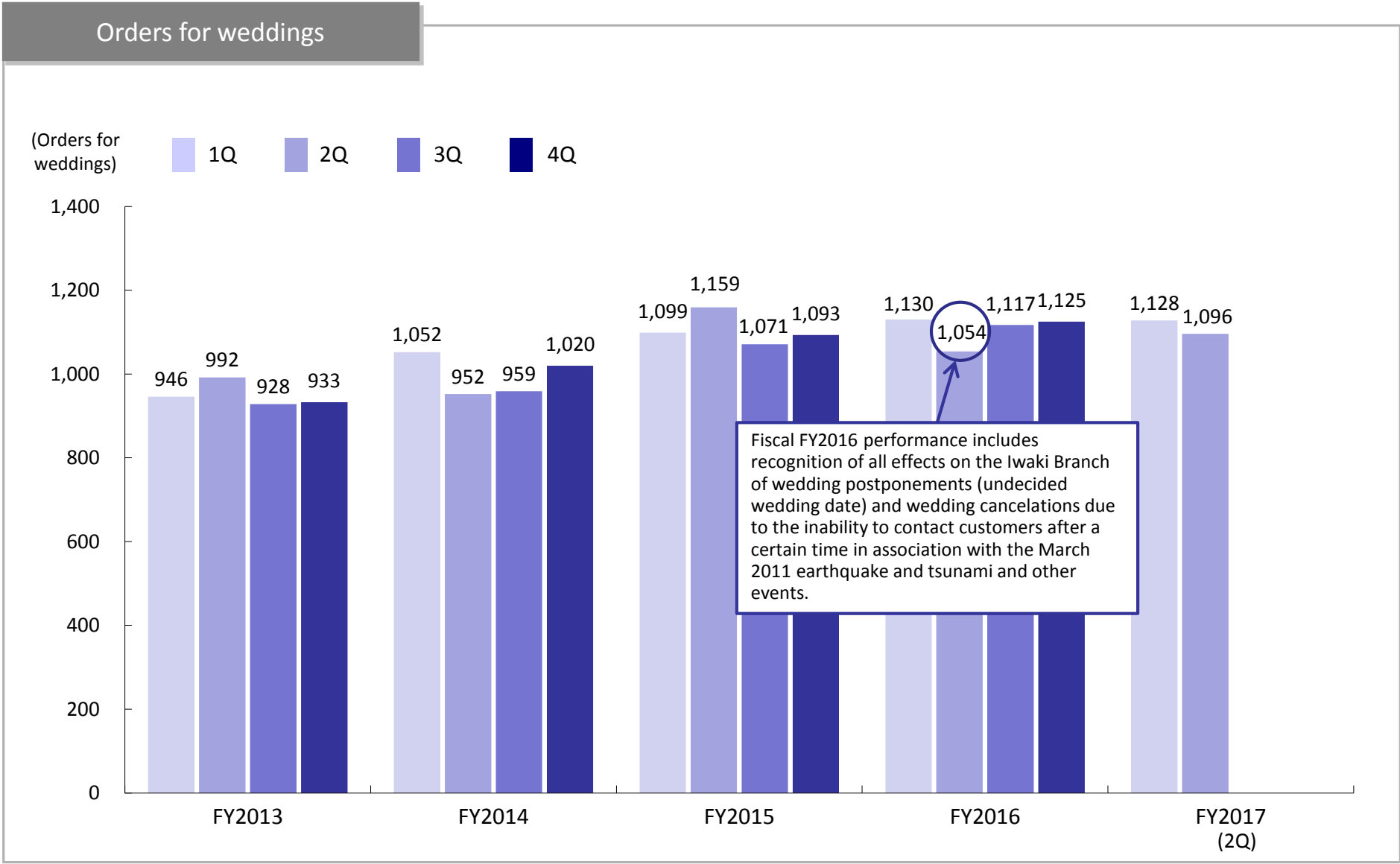
*2 The average sales per wedding does not include ordinary banquets and cancellation fees.

Number of weddings

Number of weddings planned for 3Q and 4Q as of the end of April 2017 is expected to be generally consistent with the business plan. Expect a total of about 4,350 weddings in FY2017.

(Number of weddings) 1Q 2Q 3Q 4Q

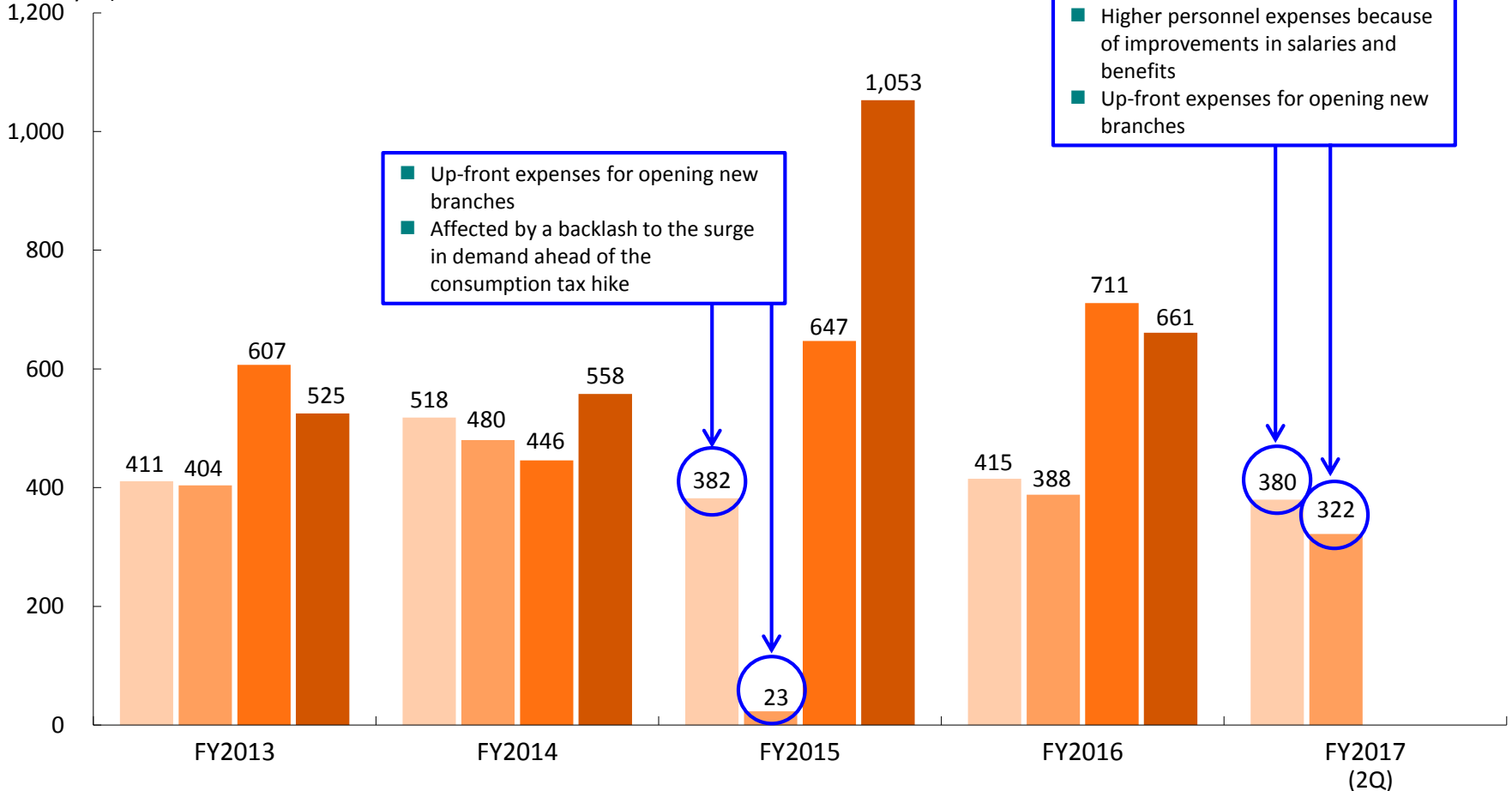




Operating income

1Q 2Q 3Q 4Q

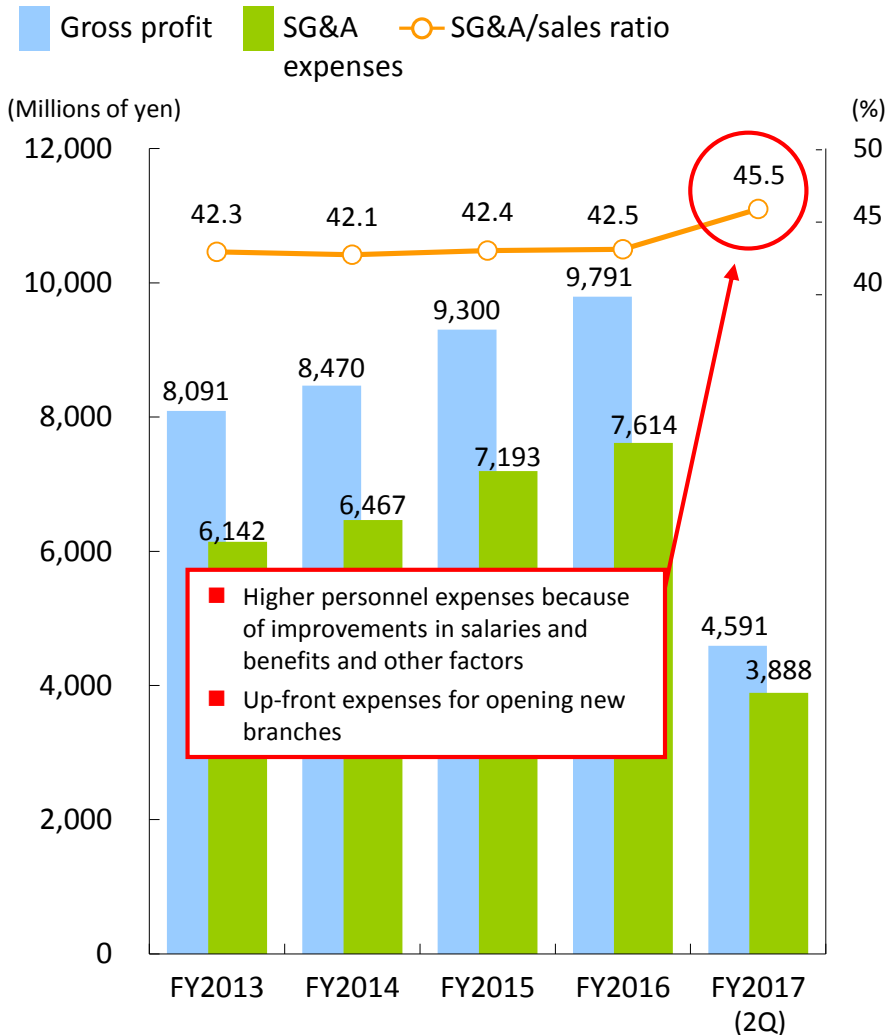
(Millions of yen)



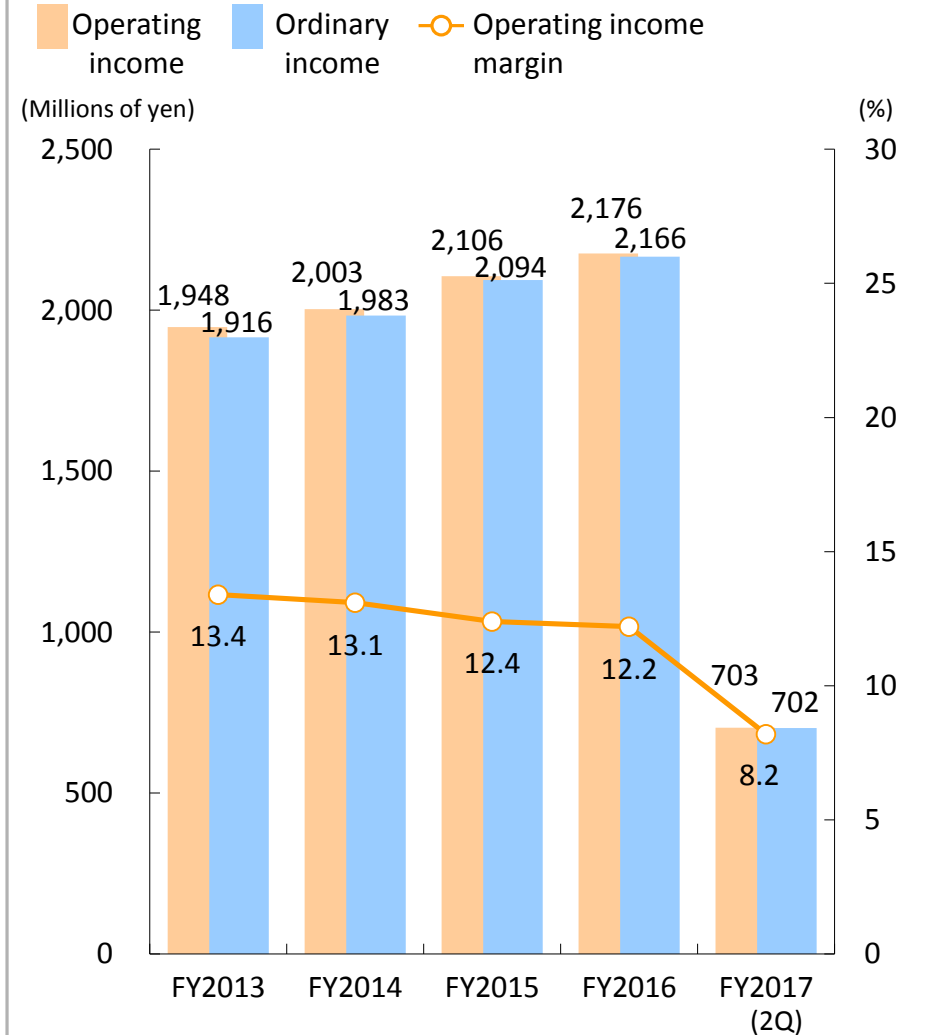
- Up-front expenses for opening new branches
- Affected by a backlash to the surge in demand ahead of the consumption tax hike

- Higher personnel expenses because of improvements in salaries and benefits
- Up-front expenses for opening new branches

Gross profit, SG&A expenses



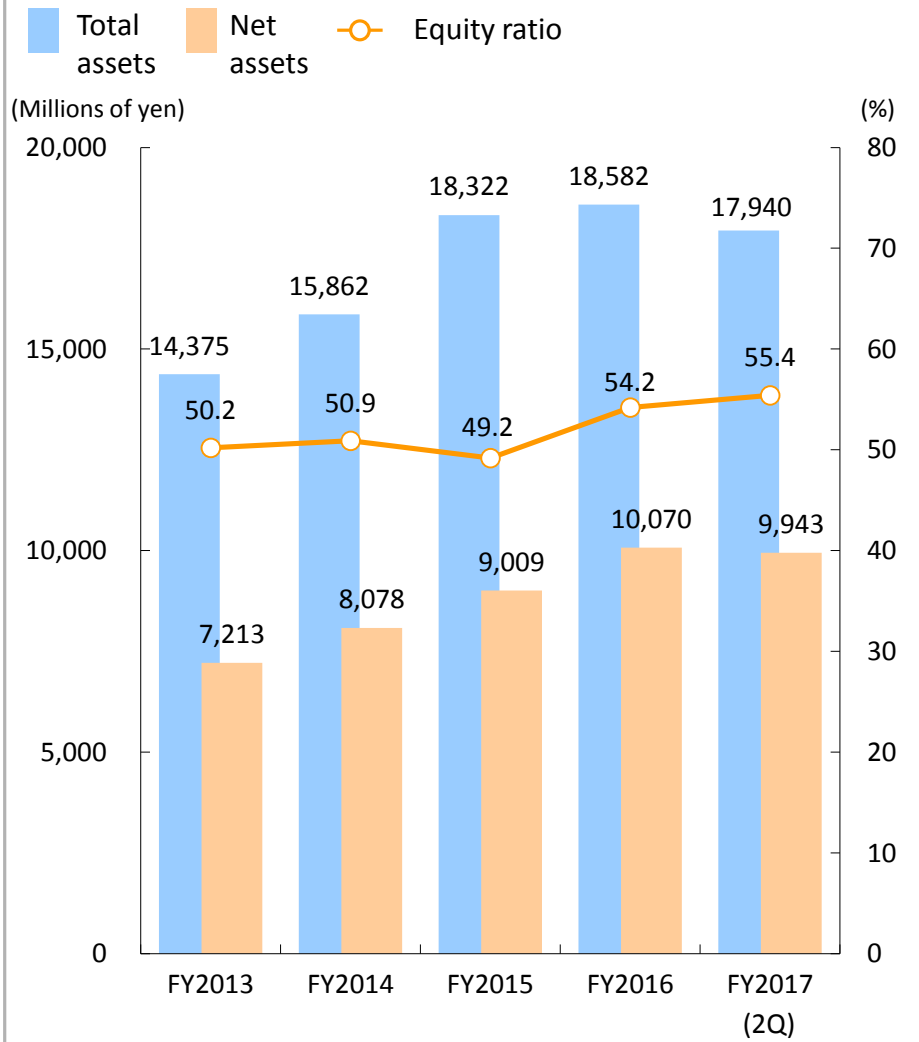
Operating income, ordinary income



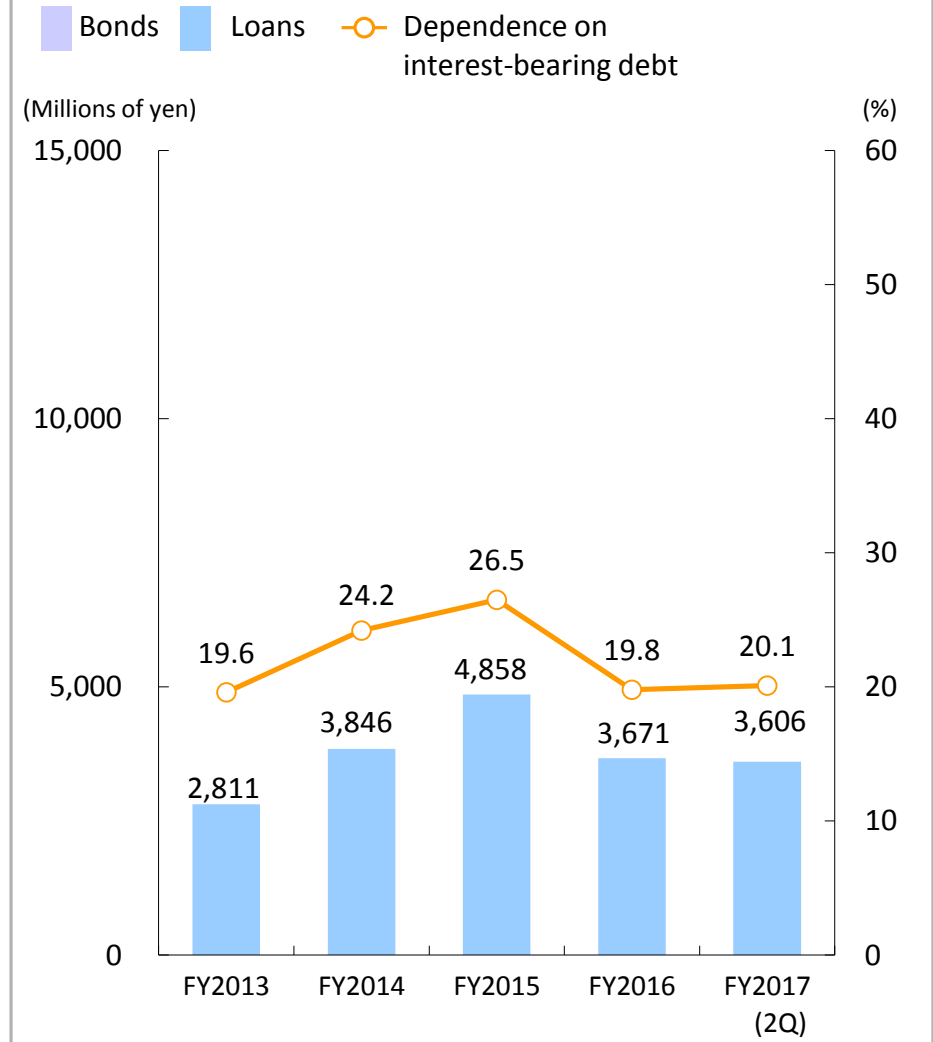
(Millions of yen)

	Oct. 31, 2016		Apr. 31, 2017			
	Amount	Comp. (%)	Amount	Comp. (%)	YoY change	Main factors
Current assets	6,304	33.9	4,710	26.3	(1,593)	Cash and deposits: -1,562
(Cash and deposits)	5,372	28.9	3,810	21.2	(1,562)	
(Accounts receivable-trade)	441	2.4	383	2.1	(58)	
Non-current assets	12,278	66.1	13,229	73.7	951	
(Property, plant and equipment)	10,993	59.2	11,223	62.6	230	
Total assets	18,582	100.0	17,940	100.0	(642)	Investments and other assets: +728
Current liabilities	4,166	22.4	3,928	21.9	(238)	
(Accounts payable-trade)	897	4.8	666	3.7	(230)	
(Income taxes payable)	374	2.0	99	0.6	(274)	
Non-current liabilities	4,345	23.4	4,068	22.7	(276)	
Total liabilities	8,512	45.8	7,996	44.6	(515)	Accounts payable-trade: -230 Income taxes payable: -274
(Interest-bearing debt)	3,671	19.8	3,606	20.1	(65)	
Total net assets	10,070	54.2	9,943	55.4	(127)	Profit attributable to owners of parent: +605 Dividends of surplus: -359 Treasury shares (reintroduction of E-ship): -371
Total liabilities and net assets	18,582	100.0	17,940	100.0	(642)	

Total assets, net assets, equity ratio



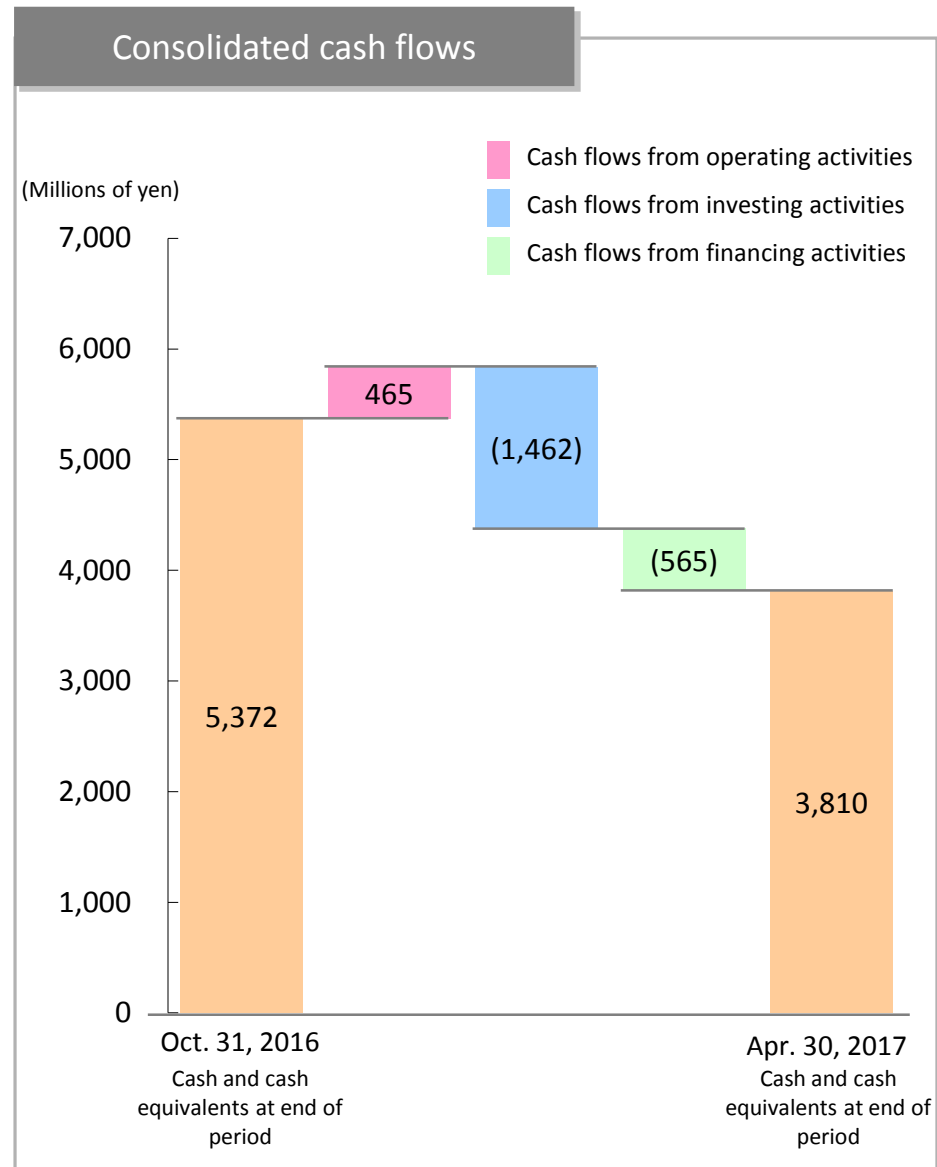
Interest-bearing debt



*Dependence on interest-bearing debt = Interest-bearing debt / Total assets

(Millions of yen)

	FY2016 (2Q)	FY2017 (2Q)
Cash flows from operating activities	661	465
Profit before income taxes	781	696
Depreciation	539	485
Decrease (increase) in notes and accounts receivable-trade	(26)	56
Decrease (increase) in inventories	(37)	(16)
Increase (decrease) in notes and accounts payable-trade	(201)	(232)
Income taxes paid	(500)	(349)
Cash flows from investing activities	(182)	(1,462)
Purchase of property, plant and equipment	(190)	(774)
Cash flows from financing activities	(826)	(565)
Cash and cash equivalents at beginning of period	4,444	5,372
Cash and cash equivalents at end of period	4,096	3,810



II. FY2017 Consolidated Forecast



Sales up but earnings down mainly because of up-front expenses for new locations

Investments in human resources and equipment for more growth while maintaining the sound performance of existing locations

Net sales: **¥17,940** million (up 0.2% YoY)

- Forecast higher sales backed by the strong performance of existing locations
- Anticipate an increase of 41 in the number of weddings to 4,350 and an average sales per wedding of ¥3.87 million because of competition.

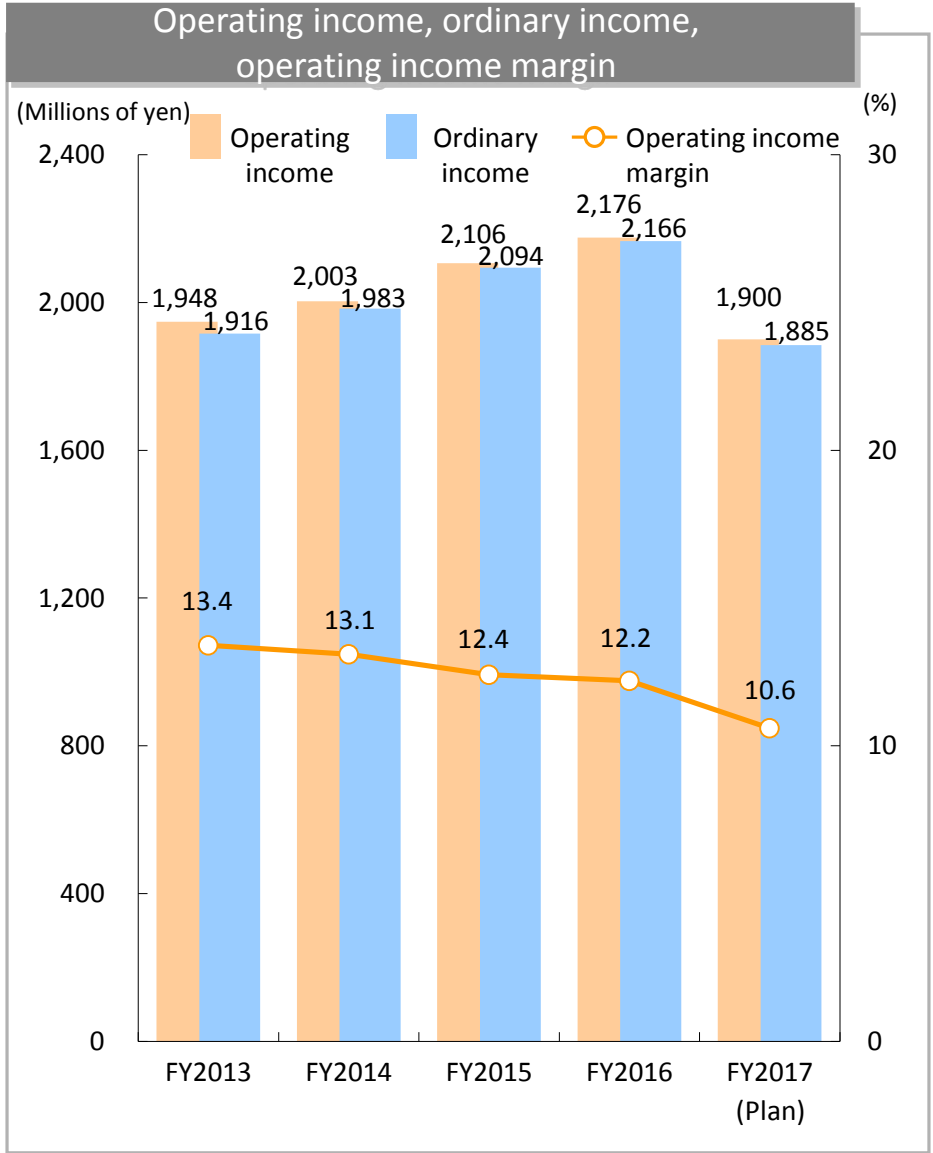
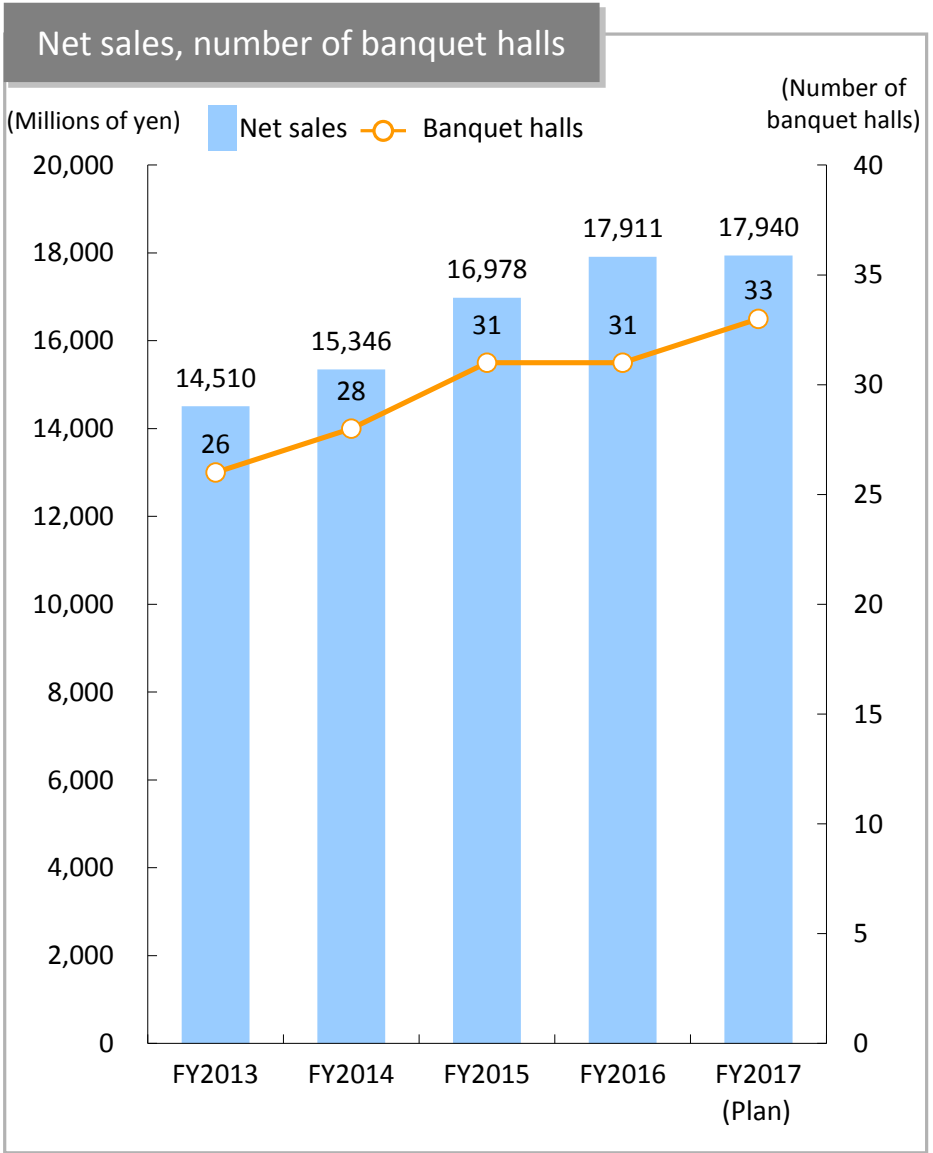
Operating income: **¥1,900** million (down 12.7% YoY)

- Up-front expenses of about ¥340 million associated with plan for adding more locations
- Up-front expenses of about ¥90 million for studies and other expenses for starting overseas operations
- Higher personnel expenses of about ¥170 million because of improvements in salaries and benefits

Profit attributable to owners of parent: **¥1,390** million (up 3.6% YoY)

(Millions of yen)

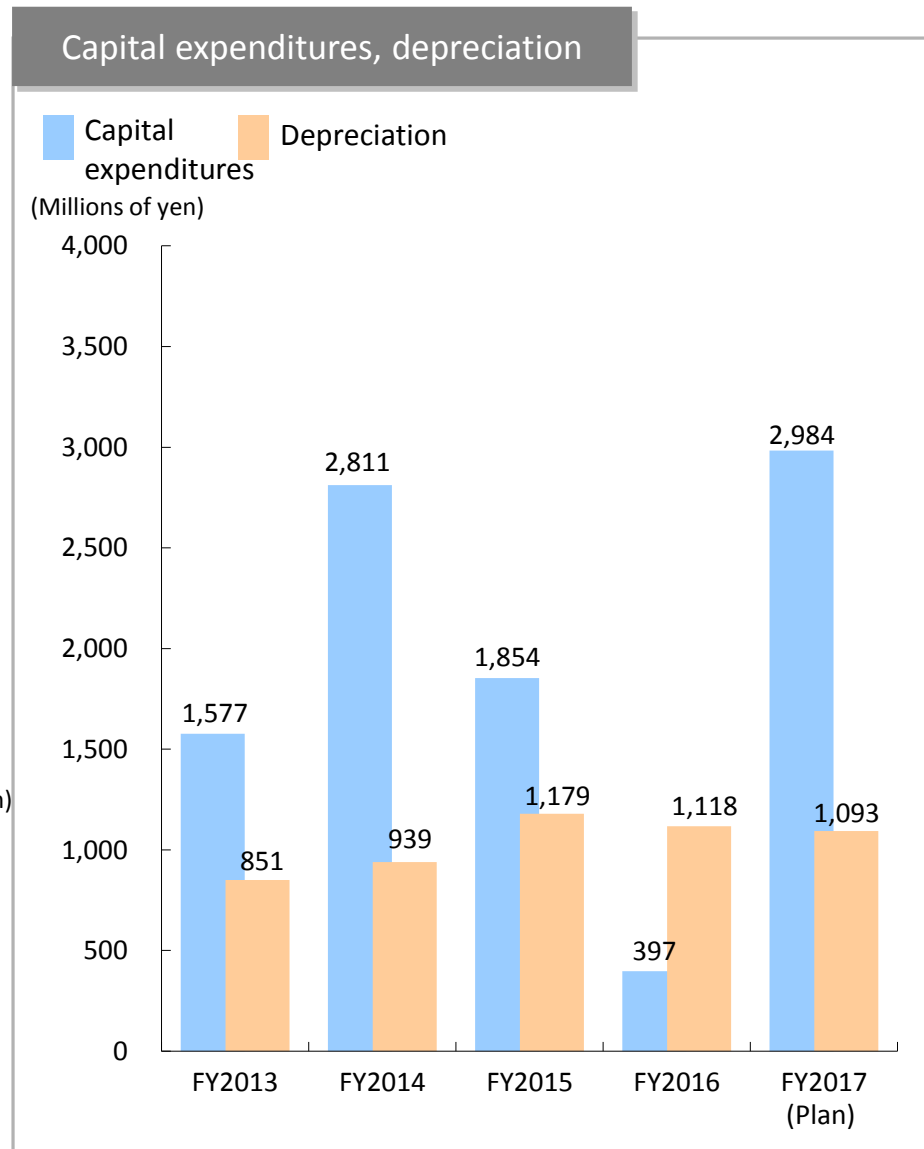
	FY2016		FY2017			
	Amount	% to sales	Full-year plan	% to sales	YoY change	
					Amount	%
Net sales	17,911	100.0	17,940	100.0	28	0.2
Gross profit	9,791	54.7	9,770	54.5	(21)	(0.2)
SG&A expenses	7,614	42.5	7,870	43.9	255	3.3
Operating income	2,176	12.2	1,900	10.6	(276)	(12.7)
Ordinary income	2,166	12.1	1,885	10.5	(281)	(13.0)
Profit attributable to owners of parent	1,341	7.5	1,390	7.7	48	3.6
Net income per share (Yen)	45.58	-	47.58	-	-	-



	FY2016 Results	FY2017 Plan	Change
Number of branches at end of period	16	17	+1
Wedding facility: 4 banquet halls	1	1	±0
Wedding facility: 3 banquet halls	5	5	±0
Wedding facility: 2 banquet halls	2	3	+1
Wedding facility: 1 banquet hall	7	7	±0
Restaurant: 1 banquet hall	1	1	±0
Number of banquet halls	31	33	+2
Number of weddings	4,309	4,350	+41

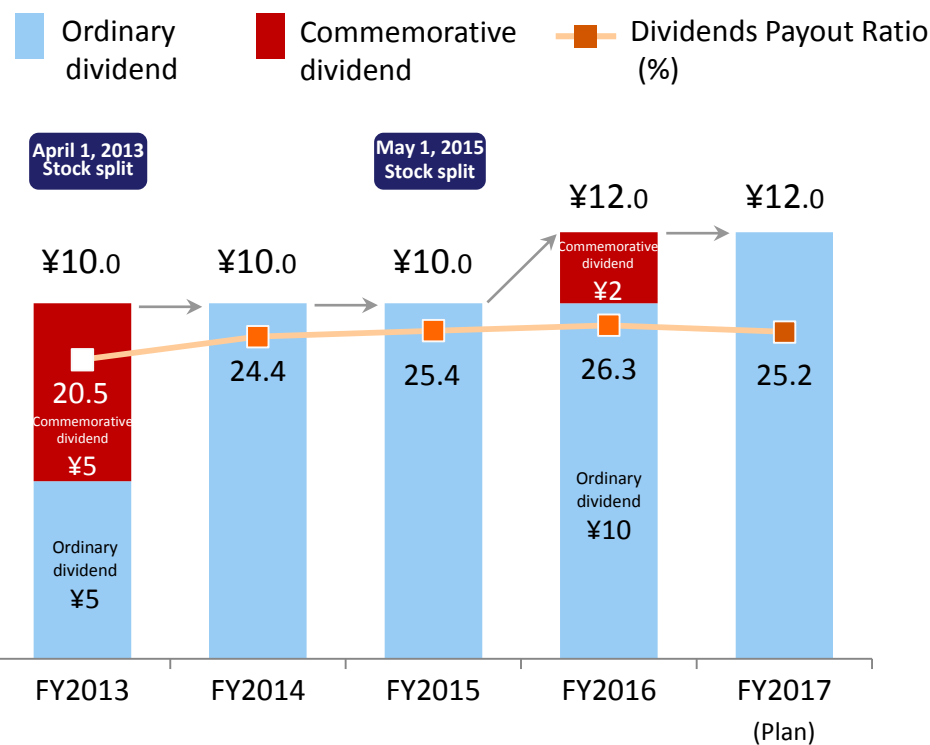
(Millions of yen)

	FY2016 Results	FY2017 Plan	Change
Capital expenditures	397	2,984	2,587
Depreciation	1,118	1,093	(25)



Plan to increase the FY2017 ordinary dividend by ¥2 to ¥12

- Our policy is to pay dividends that reflect operating results while retaining earnings needed for achieving the medium to long-term business plan and strengthening our operations
- Established basic policy of steady and sustained ordinary dividend growth



	Dividends	Dividends payout ratio
FY2013	¥10.0* (Commemorative dividend: ¥5)	20.5%
FY2014	¥10.0*	24.4%
FY2015	¥10.0*	25.4%
FY2016	¥12.0 (Commemorative dividend: ¥2)	26.3%
FY2017 (Plan)	¥12.0	25.2%

* Calculated as if stock splits on April 1, 2013 and May 1, 2015 had taken place at the beginning of each period.

IKK placed #2 for the second consecutive year in popularity as a place to work – High ranking helps IKK recruit outstanding people

- Placed second in the Mynavi/Nikkei Job-hunting Popularity among 2018 New Graduate for Kyushu and Okinawa
- IKK placed third overall within its industry
- IKK hired 78 new college graduates in April 2017

Job-hunting Popularity Based on Head Office Location Top 10 for Kyushu and Okinawa (survey of 3,281 people)

Rank	Company name	Votes	Rank in 2017
1	JR Kyushu Railway Company	285	1
2	IKK Inc.	260	2
3	Nishi-Nippon Railroad Co., Ltd.	182	5
3	YASKAWA Electric Corporation	182	4
5	Fukuoka Financial Group	158	3
6	LEVEL-5 Inc.	147	7
7	KYUSHU ELECTRIC POWER CO., INC.	138	11
8	The Nishi-Nippon City Bank, Ltd.	132	6
9	SOGO MEDICAL CO., LTD.	124	8
10	Star Flyer Inc.	122	9

Job-hunting Popularity for Individual Industries Top 10 for the Wedding, Funeral and Other Services Sector

Rank	Company name	Votes	Rank in 2017
1	JAPAN POST HOLDINGS Co., Ltd.	586	1
2	JAL SKY., Ltd.	262	3
3	IKK Inc.	260	2
4	ANNIVERSAIRE	168	4
5	StudioAlice CO., LTD.	122	14
6	TAKAMI BRIDAL	115	6
7	TAKE AND GIVE. NEEDS Co., Ltd.	99	5
8	NARITA INTERNATIONAL AIRPORT CORPORATION.	96	11
9	Bridal Produce Co., Ltd.	93	8
10	Central Japan International Airport Co.,Ltd.	92	10

■ The survey covers third-year university students and first-year graduate school students in Japan planning to graduate in March 2018. ■ The survey took place from February 1 to April 12, 2017.
 ■ Sources of survey data are 1) input forms on the Mynavi 2018 job hunting site, 2) questionnaires in the Mynavi job hunting magazine that were submitted by postal mail, and 3) questionnaires received at the Mynavi Job Hunting Expo and other events. *Individuals entered their five favorite companies. *Two reasons were selected as the reasons for choosing each company. ■ There were 42,702 responses.

III. Initiatives for FY2017



- 1** Plan to open a new branch in Okazaki City, Aichi Prefecture

- 2** Renovations to improve the quality of existing locations

- 3** Establishment of subsidiary in Indonesia to provide a wedding service

Plan to open a new branch in Okazaki City, Aichi Prefecture

- The city of Okazaki asked for bids to build a wedding facility and a group including IKK was given the first right of refusal for negotiations
- Okazaki city officials gave high marks to the proposal to build an authentic auberge (restaurant with accommodations) with a large space for various events

La La Chance Okazaki Geihinkan (Okazaki Branch)

Location	Okazaki City, Aichi Prefecture
Access	Adjacent to JR Okazaki Station East Exit
Opening	October 2017 (planned)
Facilities	Restaurant, café, accommodations, banquet hall, etc.



Rendering of the completed facility

Main reasons for selection of the IKK consortium's proposal

- This will be the first authentic auberge-style facility in the suburban area that borders Nagoya to the east (Nishi-Mikawa)
- The spectacular and spacious facility for special events is unlike anything near other major railway stations in this area and will attract many people

Renovations to upgrade the quality of existing locations

La La Chance Taiyo no Oka (Kanazawa Branch)

Location	Kanazawa City, Ishikawa Prefecture
Completion of renovations	February 25, 2017
Renovations	Major remodeling of the banquet hall



Rendering of the remodeled banquet hall

La La Chance Hakata no Mori (Fukuoka Branch)

Location	Fukuoka City, Fukuoka Prefecture
Completion of renovations	March 4, 2017
Renovations	Major remodeling of the banquet hall



Rendering of the remodeled banquet hall

La La Chance Hiroshima Geihinkan (Hiroshima Branch)

Location	Hiroshima City, Hiroshima Prefecture
Completion of renovations	September 2017
Renovations	Major remodeling of the banquet hall



Rendering of the remodeled banquet hall

Other locations will be renovated based on our investment plan

Establishment of subsidiary in Indonesia to provide a wedding service

- The new subsidiary is located in Jakarta
- Sales activities started in February 2017
- The company provides a diverse selection of wedding services targeting local customers



Company name	PT INTERNATIONAL KANSHA KANDOU INDONESIA		
Location	Jakarta, Indonesia	Establishment	January 2017
Capital	50 billion rupiah	Start of operations	February 2017



The company occupies the 9th and 10th floors of the Menara Mandiri building



Banquet hall



Reference:

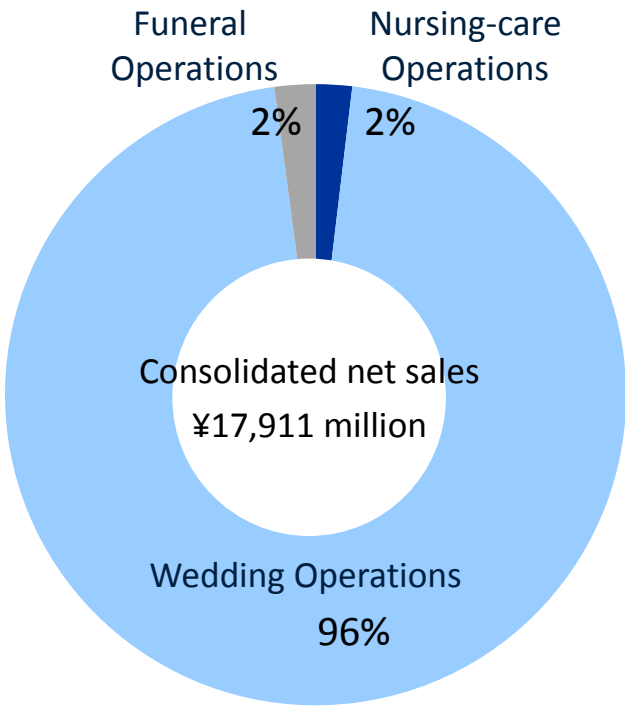
Company Profile, Business Activities and Industry Overview

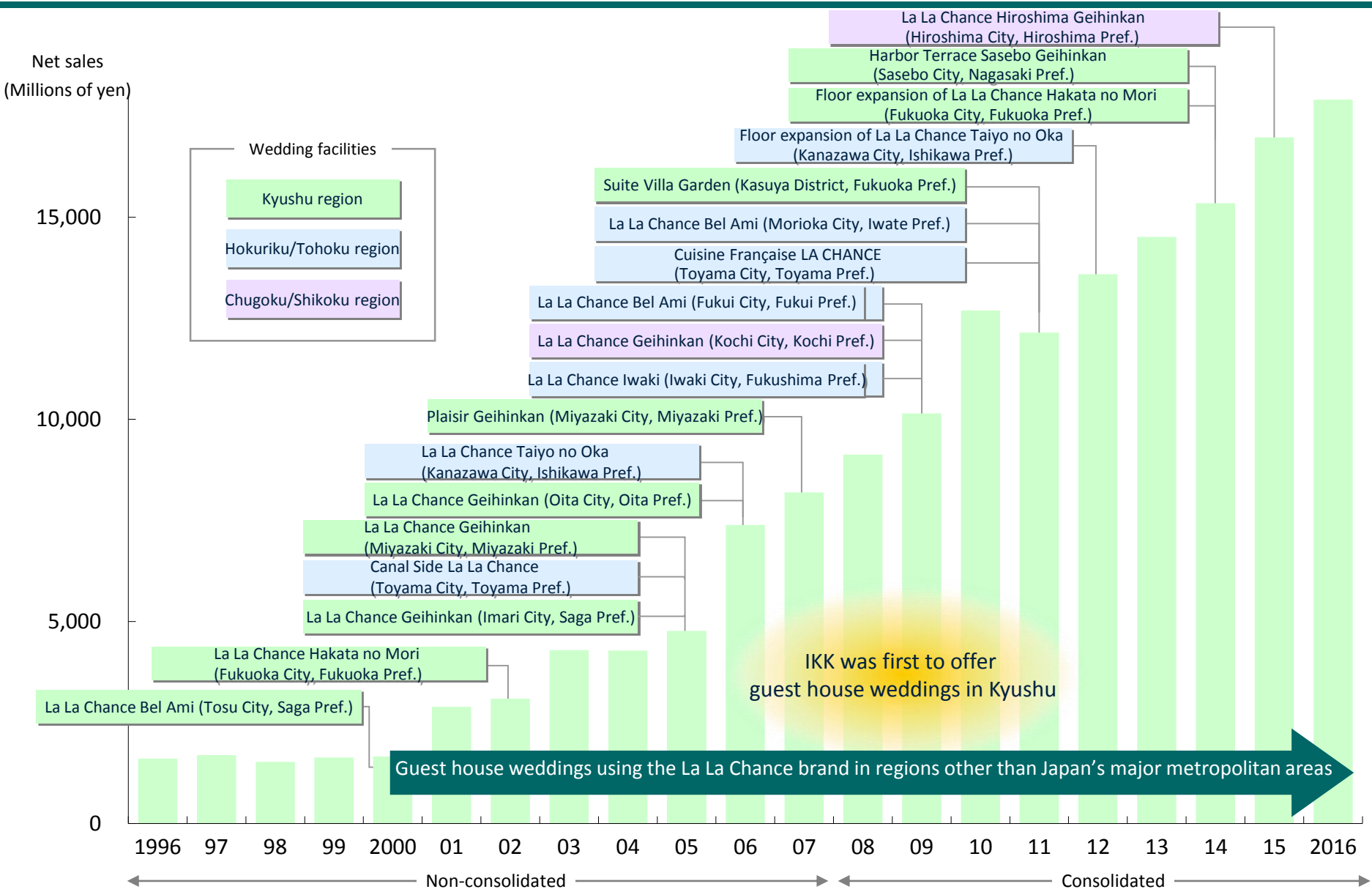


Company profile (as of Oct. 31, 2016)

Sales ratio by business segment (FY2016)

Company name	IKK Inc.
Head office	722-5 Shintencho, Imari, Saga
Business activities	Provision of wedding and reception planning and coordination services
Representative	Katsushi Kaneko, President and Representative Director
Established	November 1, 1995
Closing date	October 31
Listed stock market	First Section of the Tokyo Stock Exchange (Securities code: 2198)
Capital	351 million yen
Consolidated subsidiaries	Gokuraku Inc. Provision of funeral planning and coordination services I Care Inc. Operation of private nursing homes and provision of nursing care and other services
Number of employees	711 (consolidated)
Number of shareholders	15,072 (as of Oct. 31, 2016)





Wedding facilities with unique concepts located in major cities of Kyushu and other regions of Japan



La La Chance Hakata no Mori



Suite Villa Garden



La La Chance Geihinkan



La La Chance Bel Ami



La La Chance Iwaki



La La Chance Geihinkan



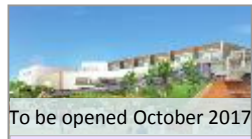
La La Chance Hiroshima Geihinkan



Cuisine Française LA CHANCE



La La Chance Bel Ami



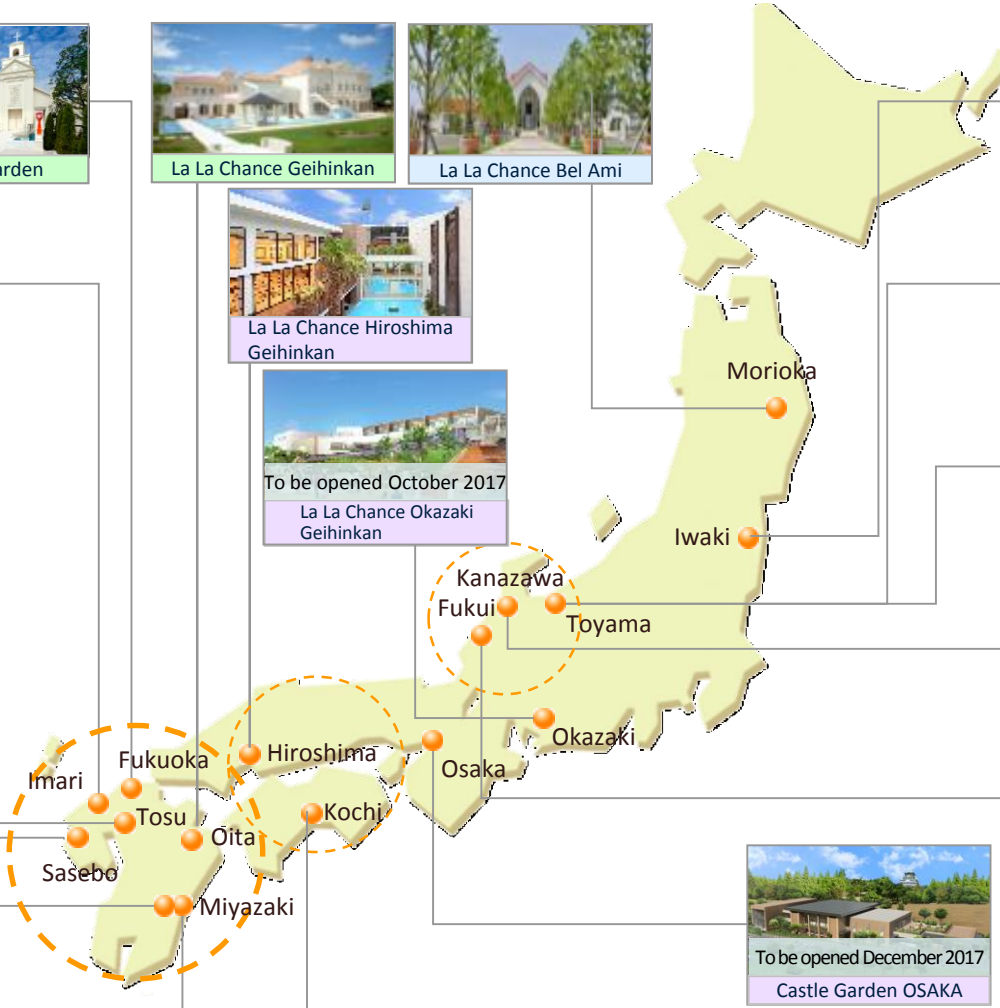
To be opened October 2017
La La Chance Okazaki Geihinkan



Canalside La La Chance



Harbor Terrace Sasebo Geihinkan



La La Chance Taiyo no Oka



La La Chance Geihinkan



La La Chance Bel Ami



Plaisir Geihinkan



To be opened December 2017
Castle Garden OSAKA



La La Chance Geihinkan

Mission

Contributing to Society by Touching Our Customers' Hearts

Management Philosophy

Credo: For happiness and deep impression

- Sincerity, Trust, Reliance
- To touch our customers' hearts, we will create personalized weddings that warm people's hearts
- To touch our customers' hearts, we will do our best immediately in a sincere spirit of collaboration
- We will be the talented personnel regardless of its nationality, religion, gender, age or experience and will challenge to create the wonderful future

Vision

Vision 2035
Create a "new world" company where everyone takes on new challenges as leaders in many fields

Vision 2033
Become a company that creates emotion by earning the gratitude of everyone

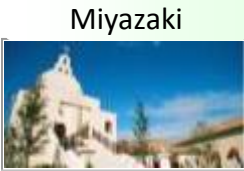
Vision 2023
Become a leader in Japan in the creation of emotion and aim for growth in other countries

Strategy

Specific measures for achieving these visions (Medium-term management plan)

The facilities best suited for each market location from a long perspective that looks ahead two decades

One banquet hall



Miyazaki
La La Chance Geihinkan
(Miyazaki City:
405 thousand people)
Miyazaki



Oita
Plaisir Geihinkan
(Miyazaki City:
405 thousand people)
Oita



Oita
La La Chance Geihinkan
(Oita City:
479 thousand people)



Kochi
La La Chance Geihinkan
(Kochi City:
336 thousand people)
Toyama



Morioka
Cuisine Française LA CHANCE
(Toyama City:
419 thousand people)
Morioka



Morioka
La La Chance Bel Ami
(Morioka City:
294 thousand people)



Fukuoka
Suite Villa Garden
(Kasuya District:
227 thousand people)
Sasebo



Osaka
Harbor Terrace Sasebo Geihinkan
(Sasebo City:
258 thousand people)
Osaka



Osaka
To be opened December 2017
Castle Garden OSAKA
(Osaka City:
2,681 thousand people)

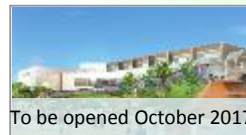
Two banquet halls



Iwaki
La La Chance Iwaki
(Iwaki City:
331 thousand people)
Fukui



Fukui
La La Chance Bel Ami
(Fukui City:
266 thousand people)
Okazaki



Okazaki
To be opened October 2017
La La Chance Okazaki Geihinkan
(Okazaki City:
382 thousand people)

Three banquet halls or more



Tosu
La La Chance Bel Ami
(Tosu City:
72 thousand people)
Imari



Imari
La La Chance Geihinkan
(Imari City:
56 thousand people)
Hiroshima



Hiroshima
La La Chance Hiroshima Geihinkan
(Hiroshima City:
1,191 thousand people)



Toyama
Canalside La La Chance
(Toyama City:
419 thousand people)
Kanazawa



Kanazawa
La La Chance Taiyo no Oka
(Kanazawa City:
454 thousand people)
Fukuoka (4 banquet halls)

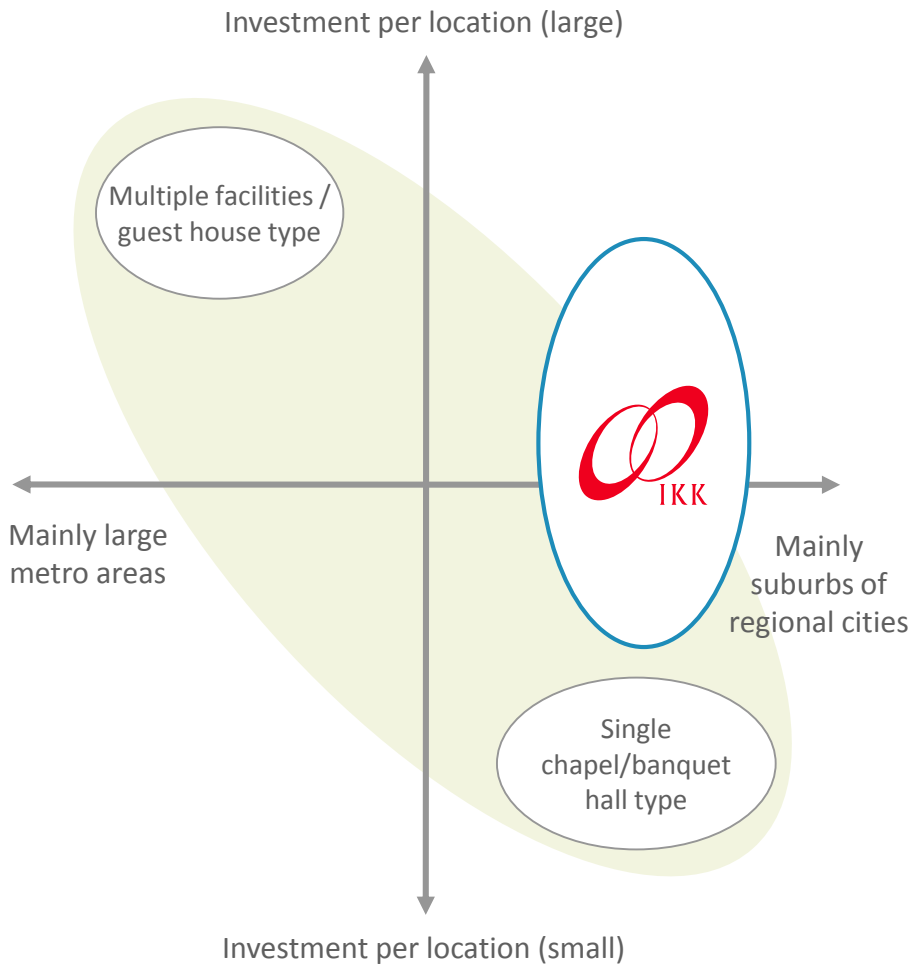


Fukuoka
La La Chance Hakata no Mori
(Fukuoka City:
1,500 thousand people)

All locations except those in Fukuoka and Hiroshima and Osaka are in regional cities with populations under 500,000

The figures in parentheses show the populations of cities where IKK's branches are located
Source: Japan Geographic Data Center "Basic Resident Register 2016"

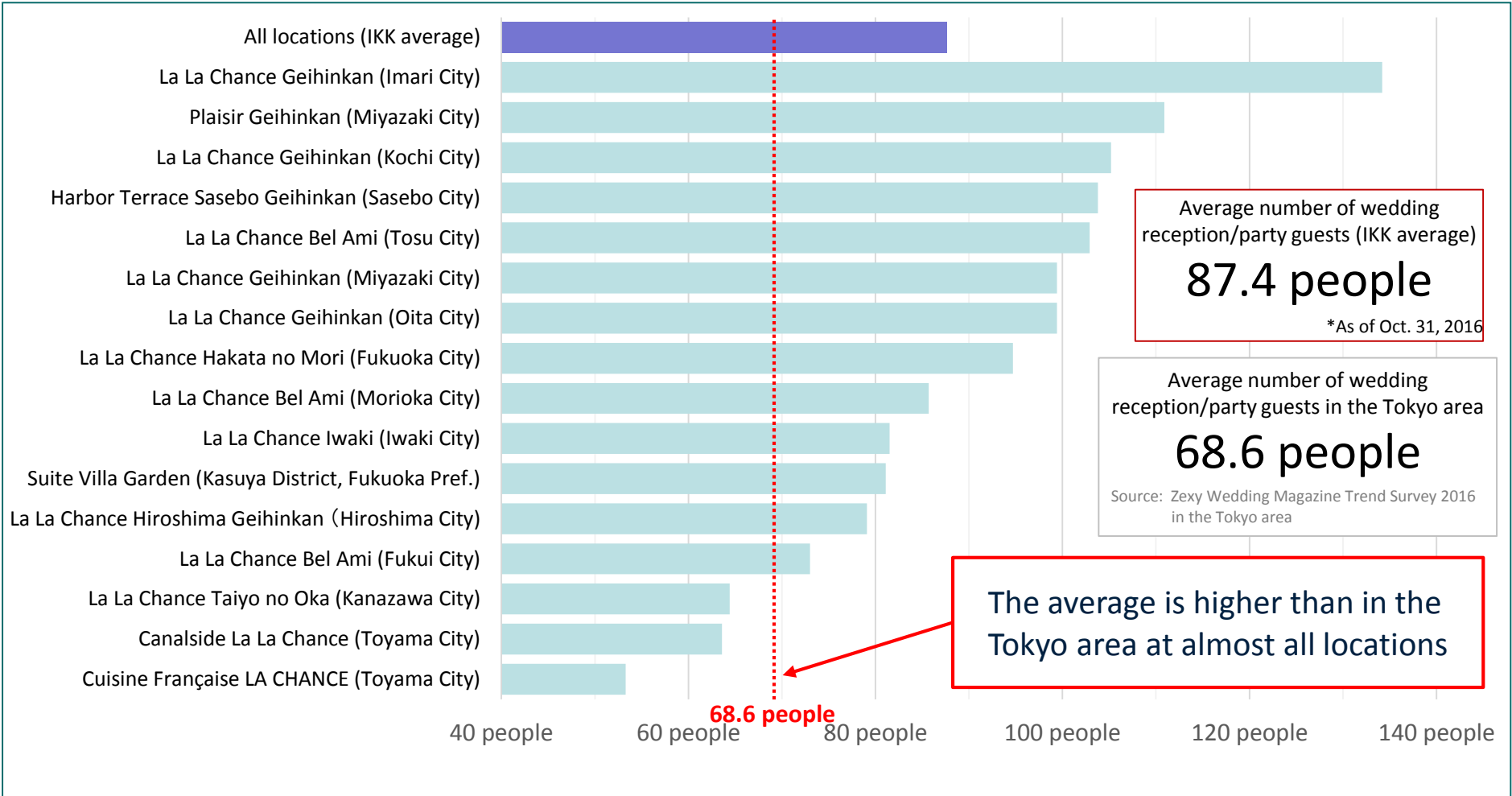
Targeting regional cities by using expertise (location, marketing, operations, etc.) and experience gained from operations in small markets



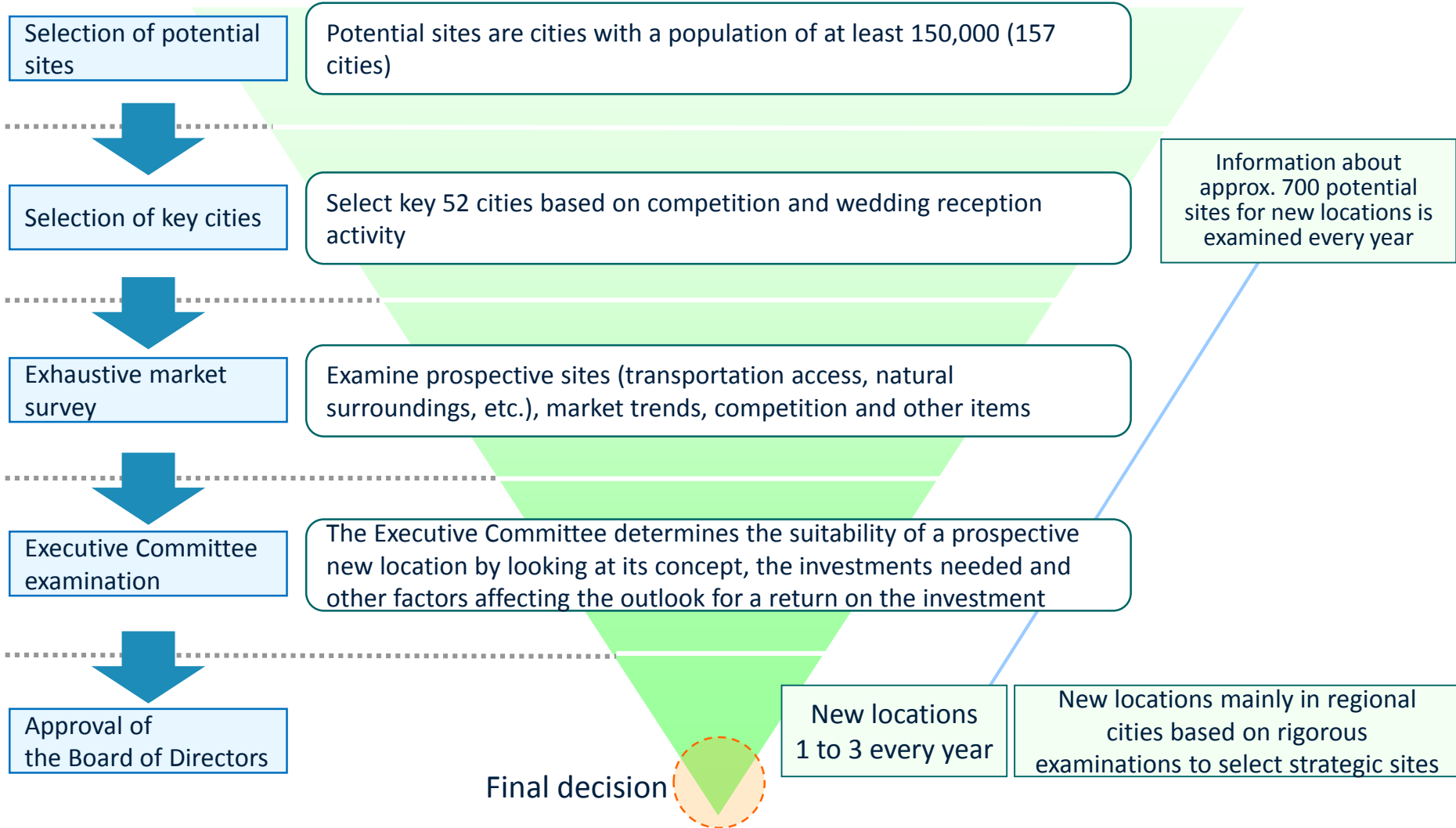
	Large metro areas (Example: Tokyo)	Regional cities (Example: Large cities in Kyushu)
Market	Large	Small/ Medium
Competition	High	Low
Operating cost (rent, advertising, etc.)	High	Low
Greenery/nature	Minimal	Abundant
Word-of-mouth	Small/medium effect	Big effect

Regional city markets are small but wedding receptions and parties are very large events

Average number of people attending a reception/party for all locations and individual locations

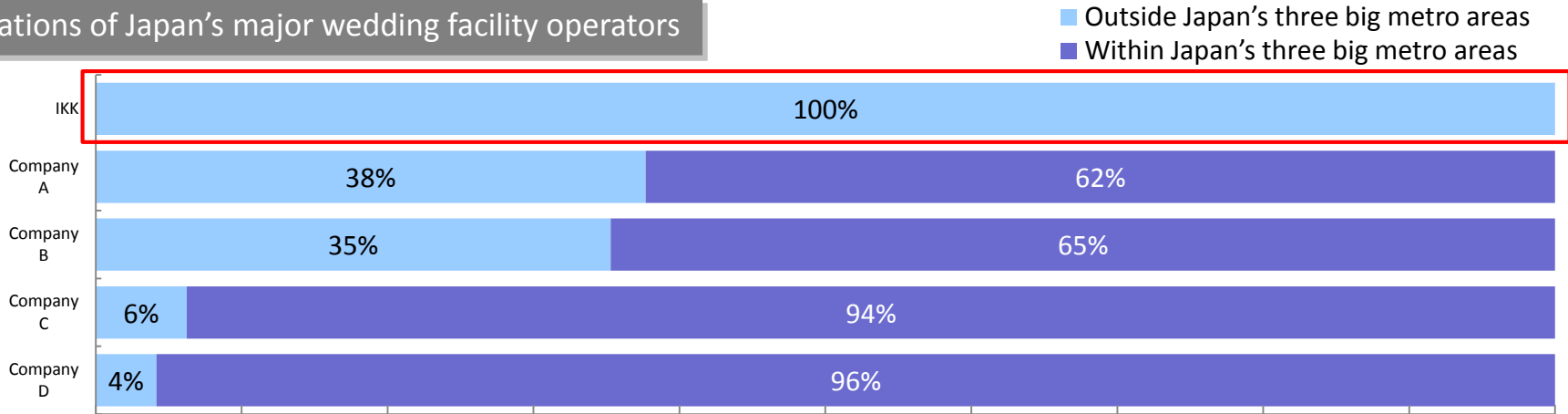


Extremely thorough site selection process to create branches that can succeed for 20 years – Building a base for stable, long-term operation of branches

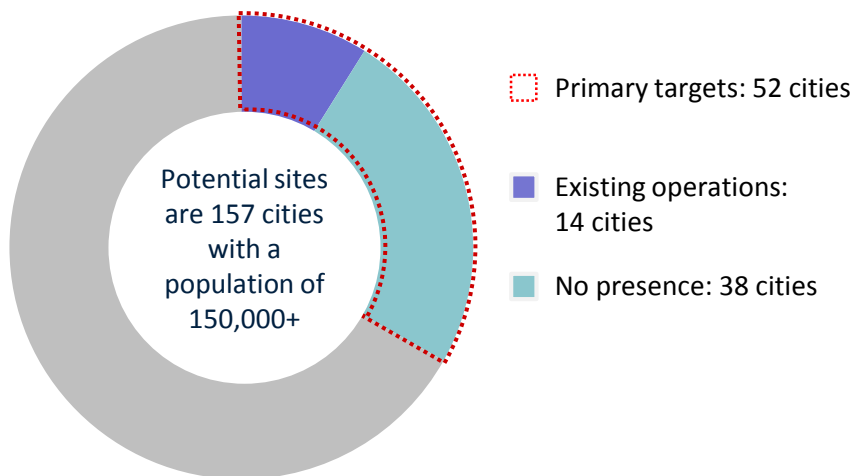


Much potential for new locations in places with little competition, both outside Japan's three big metro areas as well as within these areas

Locations of Japan's major wedding facility operators



IKK wedding facility locations



Plan on opening one to three locations every year, using the significant potential for expanding the wedding network for steady medium to long-term growth

Source: Prepared by IKK based on the data disclosed by each company

Unlike operators of chains of wedding halls with identical designs, IKK uses a different design concept for each location

Couples can hold wedding receptions at elegant mansions with abundant sunlight and greenery and large sites with an average area of about 10,000m²



Our goal is creating the best wedding facilities that can succeed for 20 years by featuring expansive buildings in harmony with nature and their surroundings along with services that incorporate the distinctive elements of the local culture

Exclusive use of an entire mansion-style room for a highly unusual private atmosphere



A garden filled with greenery is the perfect place for weddings with a homey atmosphere



The flexibility to include events that reflect the desires and characteristics of each couple



Creating strong emotions produces a virtuous cycle where satisfied customers attract more customers

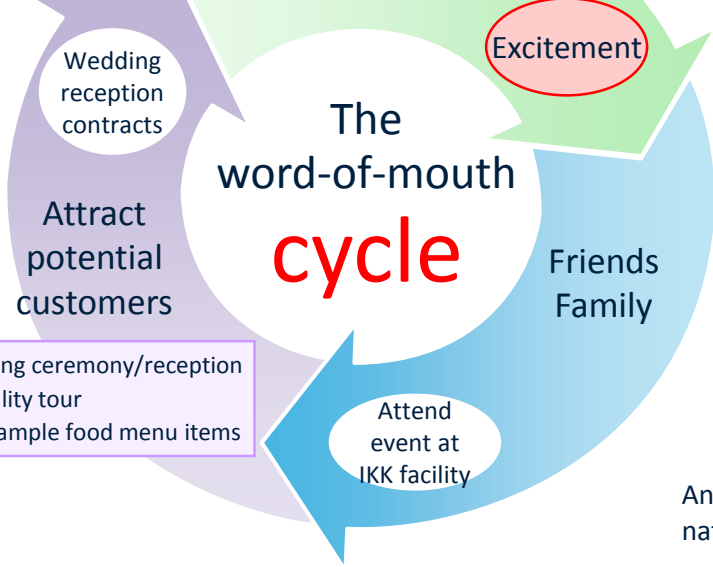
A local reputation for serving outstanding food



The kitchen staff includes several people who have won medals at international cooking contests



Weddings and receptions
(Grooms, brides and guests)



Simulated wedding ceremony/reception
Participatory facility tour
Try on dresses/sample food menu items

Services with warmth and sincerity



An extraordinary wedding/reception location full of natural beauty for this once-in-a-lifetime event



An original dessert conceived with the oversight of the famous pastry chef Hironobu Tsujiguchi

- Couples are placing increasing importance on the food served to their guests. Dessert is one of the menu items that female guests in particular look forward to most of all.
- We have worked with pastry chef Hironobu Tsujiguchi to create a new selection of dessert items that are available at every IKK wedding location.
- In addition to offering unique dessert items, we sell Chef Tsujiguchi's Mont St. Clair brand gift boxes and add value in other ways to achieve the greatest possible happiness and satisfaction for every guests.



Profile of Hironobu Tsujiguchi

- Represented Japan at the Coupe de Monde and many other international events, receiving numerous first-place awards
- Achieved the highest ranking every year from 2013 to 2016 at the Salon du Chocolat in Paris
- Sells merchandise using the Mont St. Clair brand and 12 other brands, each of which has a distinct concept
- This is the first time Mr. Tsujiguchi has supervised the creation of desserts for full-course meals at wedding facilities

Exquisite meals overseen by the “French Iron Chef ” Hiroyuki Sakai

- Hiroyuki Sakai provides supervision for the meals at the Cuisine Française LA CHANCE restaurants at the Toyama and Sasebo branches.
- Innovative ideas for French cuisine that uses seasonal locally produced ingredients.
- French cuisine that incorporates Japanese influences to produce French food tailored to the flavors that people in Japan prefer.

Profile of Hiroyuki Sakai

- After studying cooking in Japan and other countries, Mr. Sakai opened French cuisine restaurants in Tokyo and other areas of Japan
- He became popular as the French Iron Chef by appearing in the Iron Chef TV program in 1994
- He currently operates a cooking school to pass on his knowledge to the next generation



Many winning entries from IKK locations in wedding photo contests in Japan

First Prize, 17th Zexy Wedding Photo Contest



Title: Friendship

The groom and other band members from junior high school days performed together for the first time in many years, bringing tears to their eyes with treasured memory. The photo shows the moment when everyone once again realizes the importance of friends.

First Prize, 16th Zexy Wedding Photo Contest



Title: Face-to-face with the bride and groom!

This photo captures the moment when family members opened their eyes for their first look at the bride and groom.

Prize-winning photos

2010

Japan Wedding Photo Gran Prix, 6th and 8th places
Wedding Photo Awards, Gold Prize (2 people)

2011

Japan Wedding Photo Gran Prix, 9th and 19th places
Wedding Photo Awards, Gold Prize (2 people)

2012

12th Zexy Wedding Photo Contest, Second Prize, other prizes
Wedding Photo Awards, Main Visual Gold Prize,
Home Town Wedding Special Prize, Gold Prize (6 people)

2013

13th Zexy Wedding Photo Contest, First Prize, other prizes (7 people)
Japan Wedding Photo Gran Prix, Document Category, 2nd and 7th places,
Art Category, 8th place

2014

14th Zexy Wedding Photo Contest, selected for award judging (3 people)
Japan Wedding Photo Gran Prix, Art Category, 7th place
Wedding Photo Awards, Gold Prize (1 person)

2015

15th Zexy Wedding Photo Contest, First Prize, other prizes (2 people)
Wedding Photo Awards, Gold Prize (2 people), Home Town Wedding
Special Prize (2 people)

2016

16th Zexy Wedding Photo Contest, First Prize, other prizes (3 people)
Japan Wedding Photo Gran Prix, 19th place
Wedding Photo Awards, Gold Prize (2 people)

2017

17th Zexy Wedding Photo Contest, First Prize, other prizes (3 people)

Wedding planning skills backed by training programs based on a sound concept

Creative Award at Good Wedding Awards 2015



The bride wants to be an illustrator who produces picture books. The wedding was planned to take place in the world of a wedding picture book that contained stories of gratitude with guests' overwhelming impressions.

Wedding theme: Journey – An invitation from the picture book world

Second Prize at Good Wedding Awards 2014



The couple wanted to create the worldview of Tim Burton. Using this concept, the wedding was structured to build strong ties between the bride and groom and their families.

Wedding theme: A little world in the mind

Wedding planner awards

2011

Good Wedding Awards 2011, Soul Prize
Good Wedding Awards 2011, selected as one of 8 finalists

2013

2nd Home Town Wedding Contest, honorable mention

2014

Good Wedding Awards 2014, Second Prize
Good Wedding Awards 2014, Creative Award

2015

Good Wedding Awards 2015, Creative Award

2016

5th Home Town Wedding Contest, Bridal Industry Newspaper Prize

Benefits of recruiting outstanding human resources and providing extensive training

- Top 10 for six consecutive year and 2nd place in 2018 in the Mynavi and Nikkei New Graduate Company Popularity Ranking for Kyushu/Okinawa
- Recruiting information meetings have the same excitement as weddings and receptions

Rank	Company name	Votes
1	JR Kyushu Railway Company	285
2	IKK Inc.	260
3	Nishi-Nippon Railroad Co., Ltd.	182
3	YASKAWA Electric Corporation	182
5	Fukuoka Financial Group	158
6	LEVEL-5 Inc.	147
7	KYUSHU ELECTRIC POWER CO., INC.	138
8	The Nishi-Nippon City Bank, Ltd.	132
9	SOGO MEDICAL CO., LTD.	124
10	Star Flyer Inc.	122

- The survey covers third-year university students and first-year graduate school students in Japan planning to graduate in March 2018.
- The survey took place from February 1 to April 12, 2017.
- Sources of survey data are 1) input forms on the Mynavi 2018 job hunting site, 2) questionnaires in the Mynavi job hunting magazine that were submitted by postal mail, and 3) questionnaires received at the Mynavi Job Hunting Expo and other events. *Individuals entered their five favorite companies. *Two reasons were selected as the reasons for choosing each company.
- There were 3,281 responses.

Recruiting information meetings have the same excitement as weddings and receptions

Based on the IKK corporate philosophy of “touching our customers’ hearts,” recruiting information meetings are held mainly by young employees and centered on the theme of emotion.



Main reasons that IKK was chosen as a “great place to work”

- IKK has placed in the 2017 Best Workplaces Lists by the Great Place to Work® Institute Japan for the past five consecutive years
- Input from annual employee questionnaires is used to maintain workplaces that are pleasant and rewarding



- Skill of executives and managers who oversee business operations **85%** (avg. for all companies* is 80%)
- Executives and managers clearly define a vision and how to accomplish that vision **87%** (avg. for all companies* is 82%)



- I am proud of the business operations of the company **88%** (avg. for all companies* is 83%)
- I believe the company is contributing to communities and society **85%** (avg. for all companies* is 76%)



- The company holds celebrations whenever there is a special occasion **87%** (avg. for all companies* is 85%)
- The company creates a mood of solidarity and teamwork **85%** (avg. for all companies* is 77%)

*Average for companies in the 2017 Best Workplaces Lists

Dedicated to maintaining an environment for fully using the skills of women

- A commitment to a workplace environment where women can realize their full potential
- Demonstrating progress with measures for women, IKK was the first company in the wedding industry to receive a Development Bank of Japan loan under this bank's DBJ Employees' Health Management Rated Loan Program

- Promotions are based on performance, in accordance with consistent standards, to recognize the best people; **35.3%** of supervisors are women
- Employees are encouraged to use paid vacation time and can use up to **16 days** consecutively
- Mental health support program; periodic distribution of questionnaires with unrestricted responses to hear the thoughts and suggestions of employees
- Regular health check-ups as well as blood tests and assistance for gynecology examinations



The DBJ Employees' Health Management Rated Loan Program

The Development Bank of Japan uses its own evaluation system to identify companies with outstanding measures for keeping their employees healthy. These evaluations are used for the world's first financing menu that incorporates employee health management ratings.

Japan's first hotel/wedding company to earn ISO22000:2005 certification for food safety management

Food safety is one of our highest priorities and we are always improving safety and hygiene measures

- ◆ We have established a Sanitation Standard Operating Procedure (SSOP) Manual that complies with Food Hygiene Management Standards (Prerequisite Program) and follow these procedures to fulfill our corporate responsibility of preventing food problems and rigorously supervising all activities involving food

Established the Food Safety Management System that covers food preparation and services

- ◆ Suppliers of food must submit product specifications to ensure the safety of all ingredients and finished products
- ◆ Food preparation processes are thoroughly supervised and constantly recorded to ensure the safety of all food served to guests
- ◆ All personnel must strictly comply with the Food Safety Management System standards
- ◆ The three La La Chance Hakata no Mori locations have ISO22000:2005 certification (August 2009)
*When this certification was renewed in August 2015, certification was expanded to four La La Chance Hakata locations: Villa Foret, Chez la Foret, Grand Vent-Vert and the Hakata no Mori Geihinkan
- ◆ All other food operations at IKK also comply with the standards of the Food Safety Management System

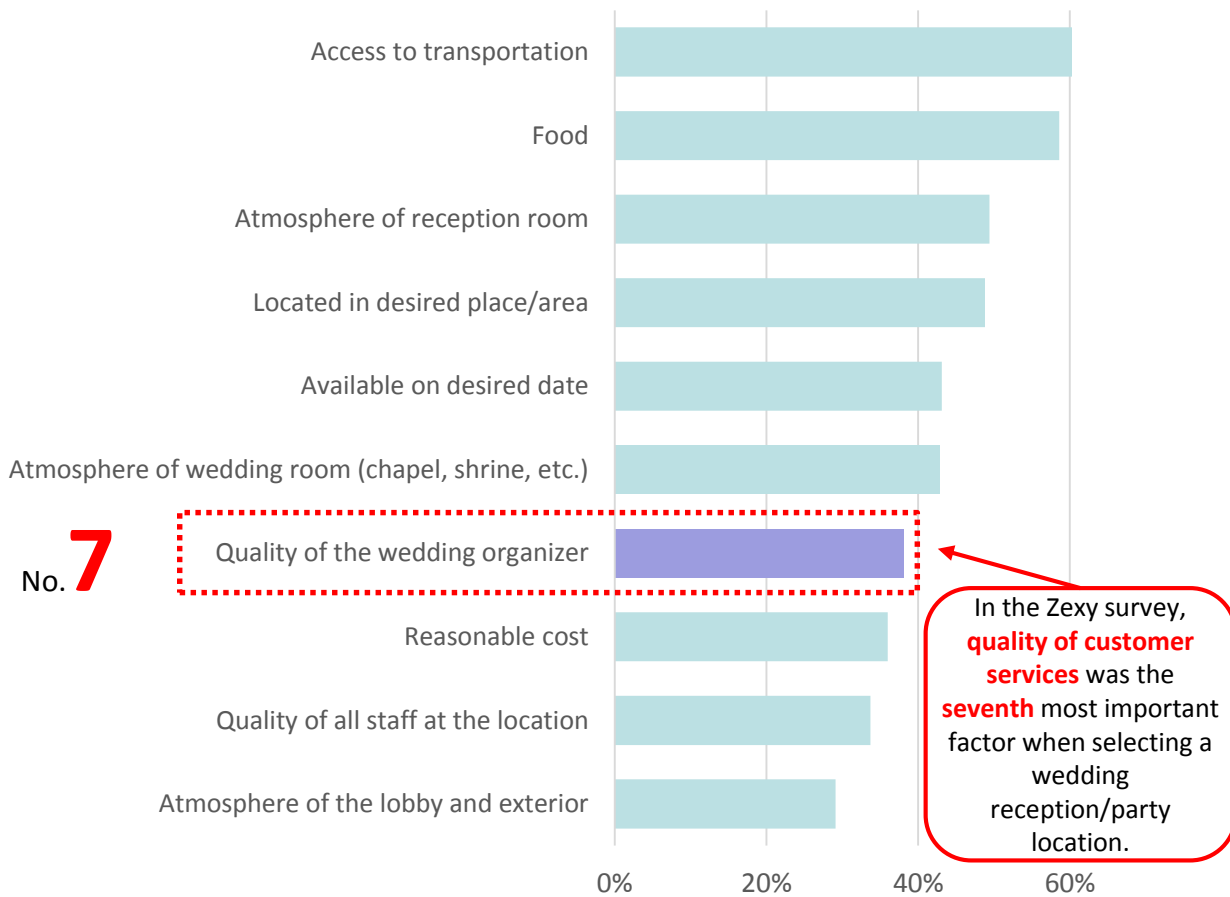


FSMS:548713 / ISO22000:2005

ISO22000 is an international standard for food safety management systems. This standard combines HACCP food hygiene management methods with the quality management methods of the ISO9001 standard for quality management systems.

Many of our customers give high ratings to the wedding organizer who served them

Zexy Wedding Magazine Trend Survey 2016 – Tokyo Area
Key points when selecting a wedding reception/party location



In the Zexy survey, **quality of customer services** was the **seventh** most important factor when selecting a wedding reception/party location.

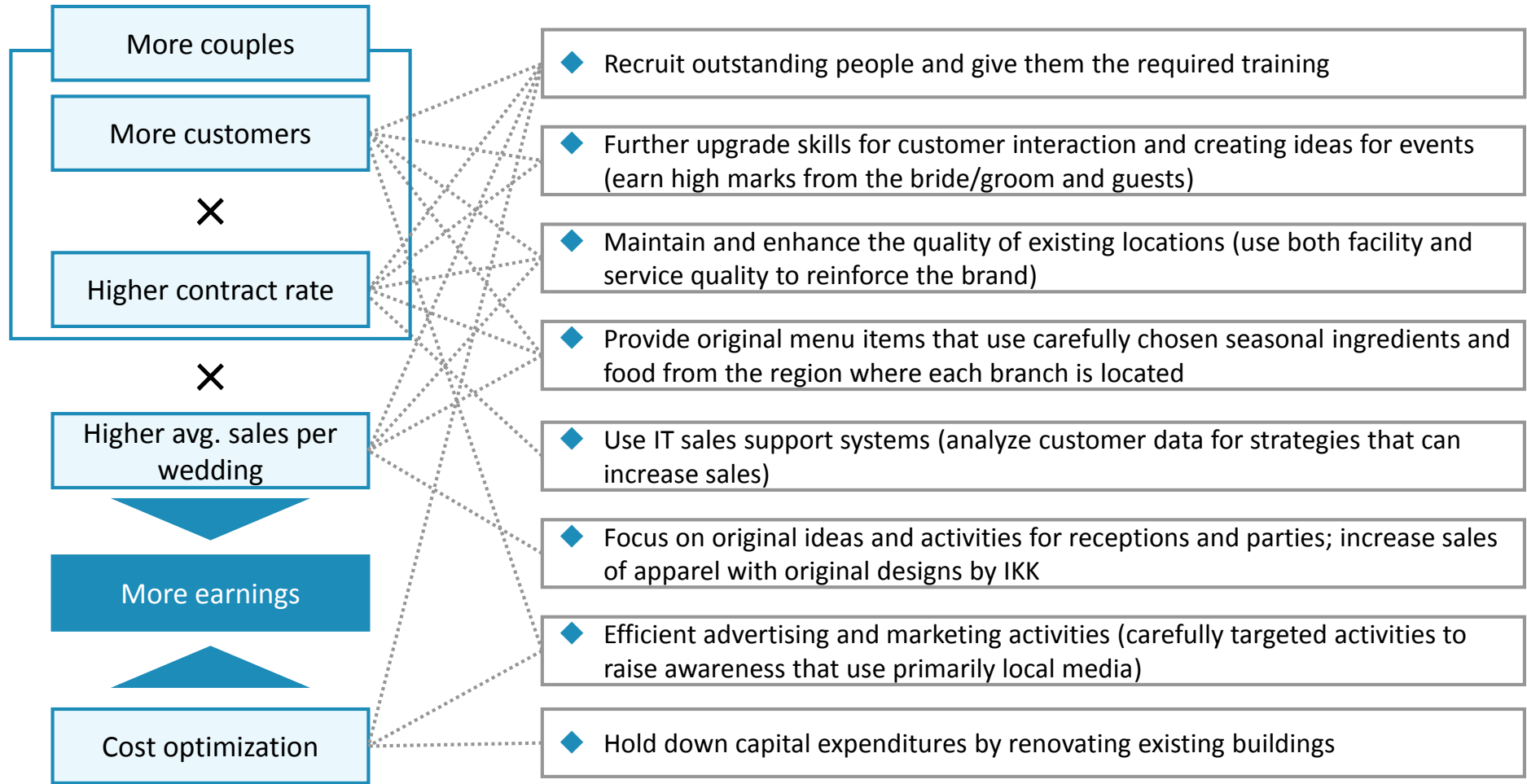
Rank of customer service in reasons for selecting an IKK location	Rank
Imari Branch	1
Tosu Branch	1
Fukuoka Branch	2
Toyama Branch	1
Miyazaki Branch	1
Oita Branch	2
Kanazawa Branch	1
Miyazaki Branch #2	1
Iwaki Branch	1
Kochi Branch	2
Fukui Branch	1
Morioka Branch	1
Toyama Restaurant Branch	3
Suite Villa Garden	1
Sasebo Branch	1
Hiroshima Branch	2

Source: IKK study (Oct. 31, 2016)

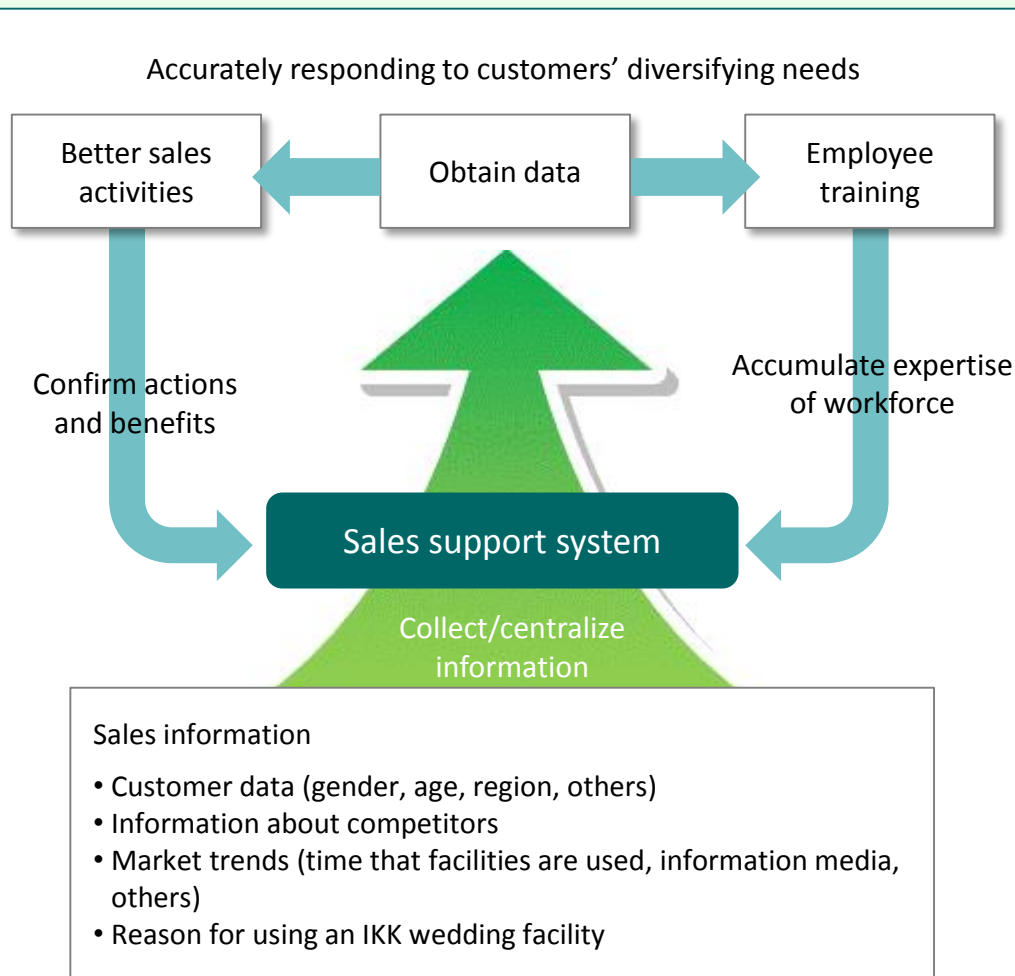
- Thanks to extensive training programs, the dedication of our people to excellence in customer service is the most important reason that people select an IKK wedding facility
- Customer service is the main reason that people select IKK at more than half of all locations

Source: Zexy Wedding Magazine Trend Survey 2016 – Tokyo Area, listing in order of the key points for selecting a location for a wedding reception/party.

Initiatives as the industry leader to achieve even higher levels of customer happiness and satisfaction



Upgraded training programs and sales activities by using a sales support system for accurate information analysis



◆ **Quickly make new and inexperienced employees productive**

Accumulate expertise of highly successful salespeople and share this knowledge to assemble a framework for constantly developing skills

◆ **Obtain timely performance indicators at any time**

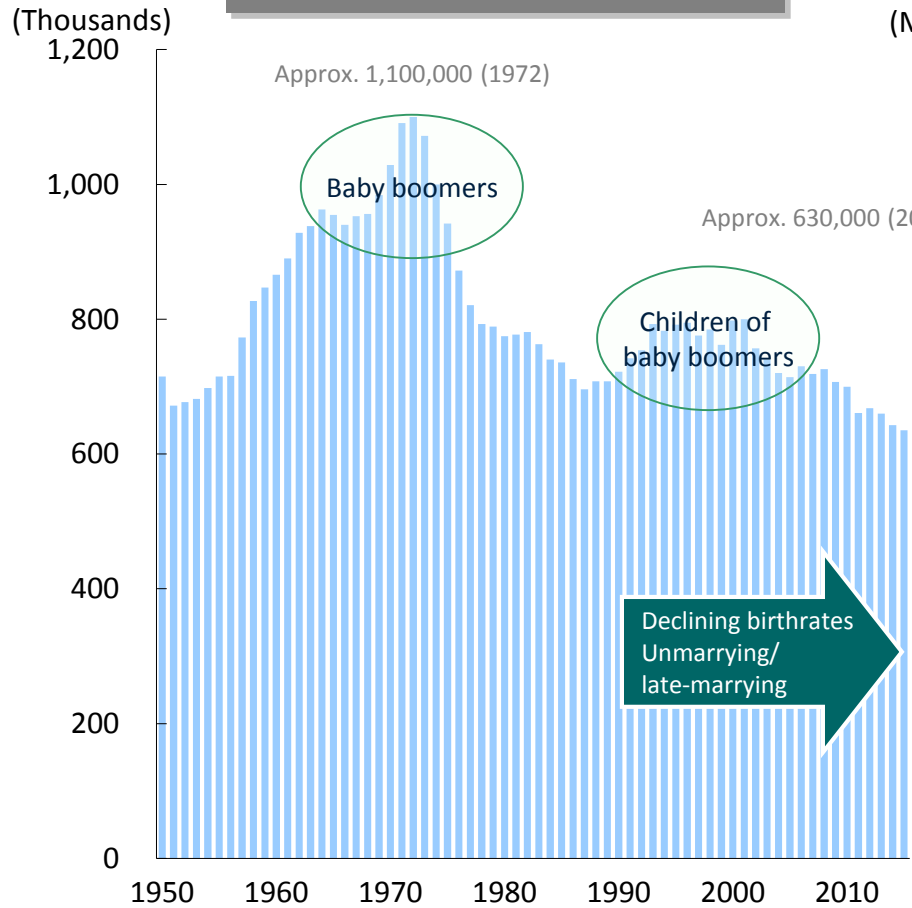
Take the most suitable and effective actions by using the latest information from nationwide branches and employees about orders received, progress toward goals and other items

◆ **Collect information for use as marketing data**

Collect and centralize customer information for use as marketing data to facilitate effective and on-target sales and other business initiatives

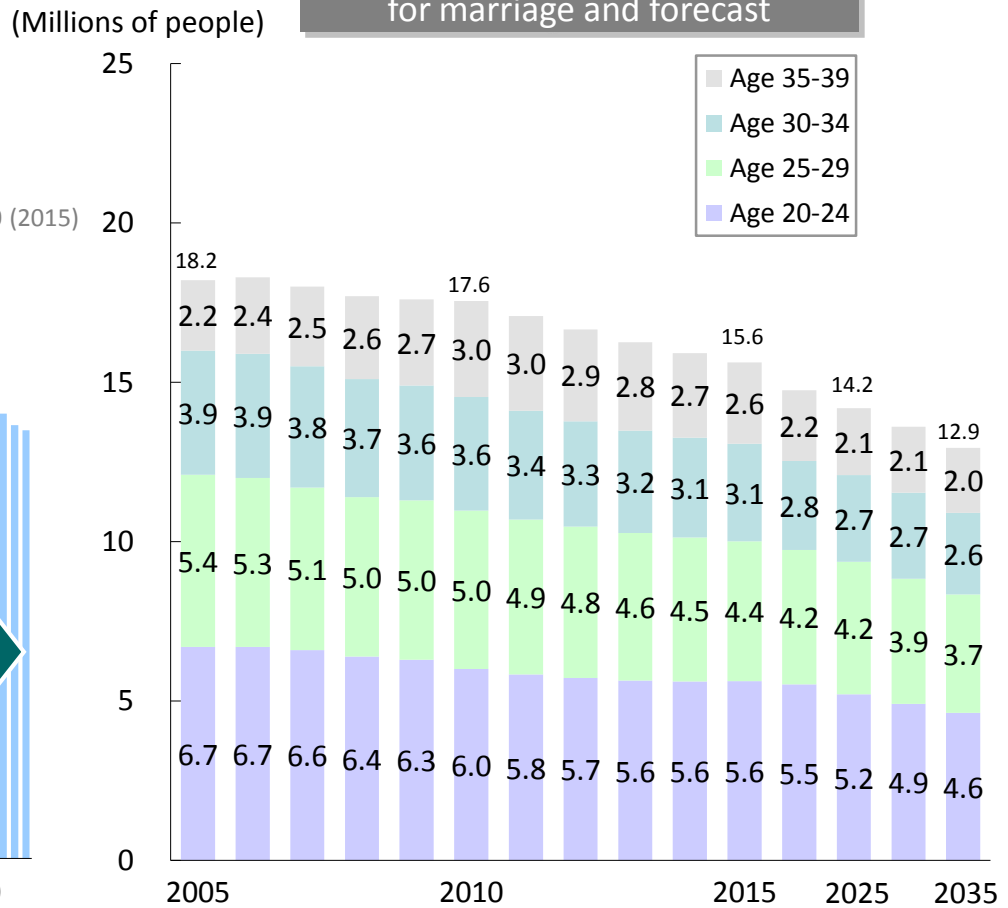
Weddings and receptions in Japan continue to decline along with the numbers of children and people in the prime age segments for marriage

Number of marriages in Japan



Source: Ministry of Health, Labour and Welfare, "Vital Statistics 2015" (Vital Statistics, Final Figures)

Population of prime age segments for marriage and forecast



Source: National Institute of Population and Social Security Research, "Household Projections for Japan" (January 2013) Population by sex, five-year age group, and marital status

Forecast annual wedding industry sales of ¥1 trillion in 2025 despite Japan's declining population

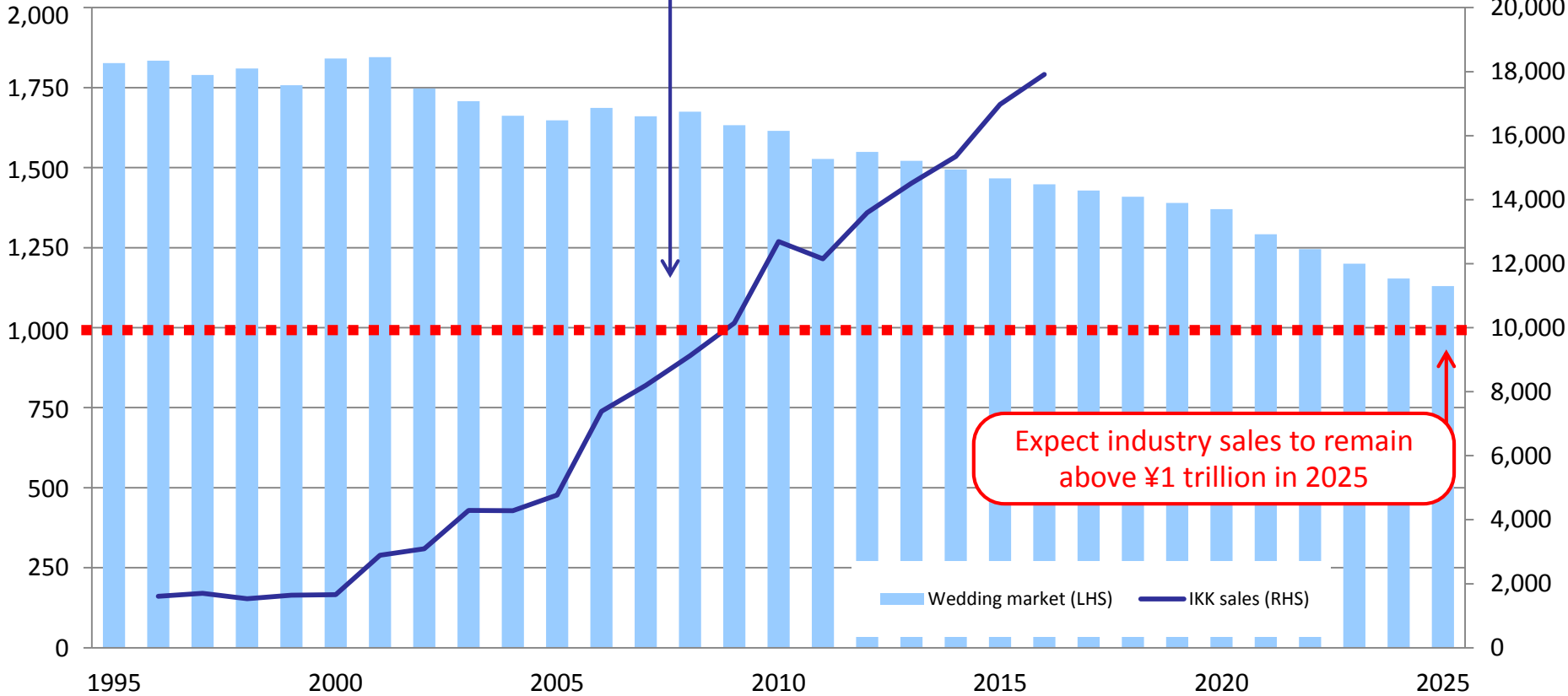
Annual sales in Japan's wedding market and forecast

IKK's sales are climbing steadily even as the market shrinks

Expect industry sales to remain above ¥1 trillion in 2025

(Billions of yen)

(Millions of yen)

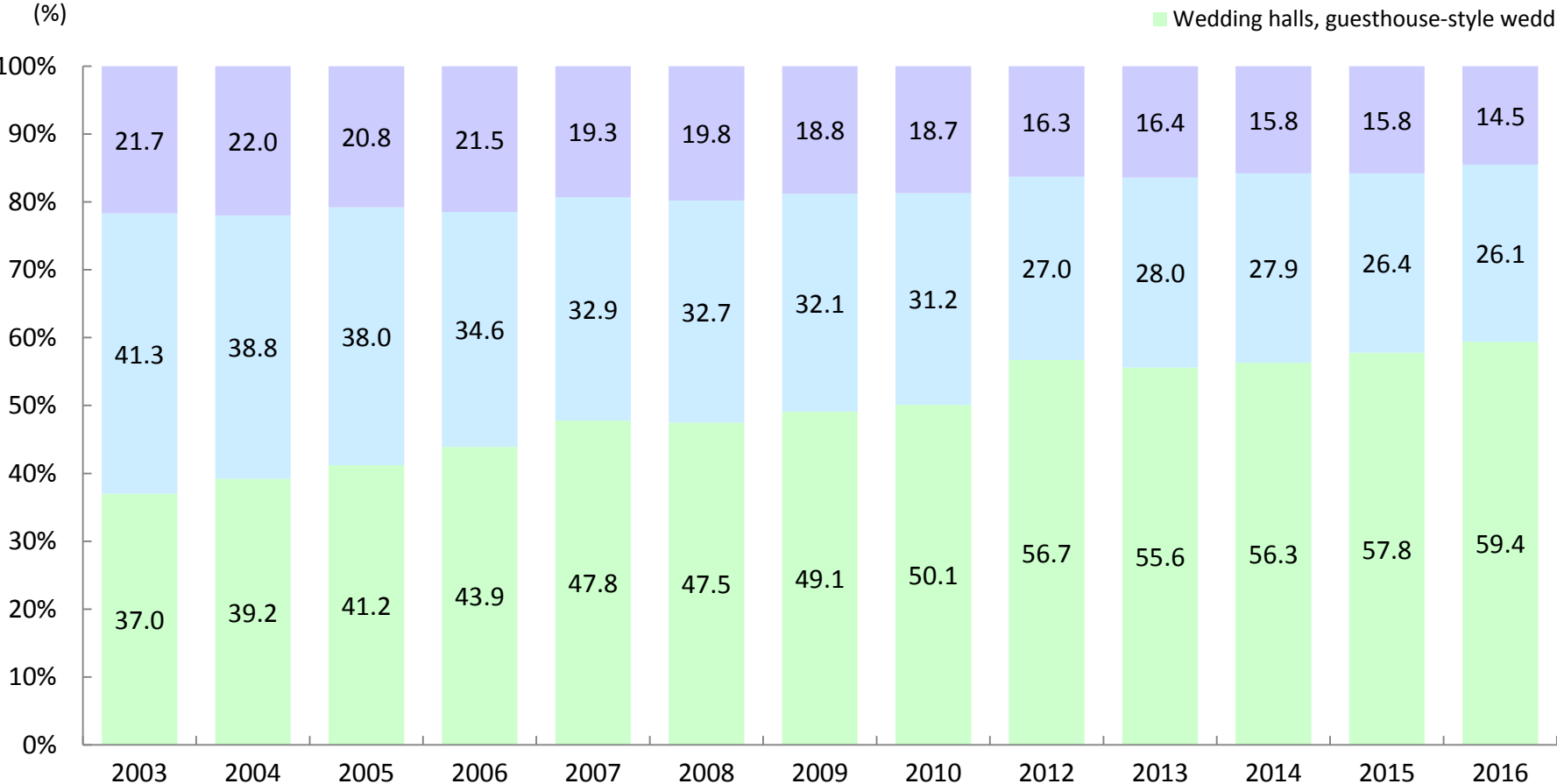


Source: IKK estimates

The guest house market share is rising as more couples in Japan want original weddings/receptions not restricted by traditions and formalities

Wedding reception market composition for different styles

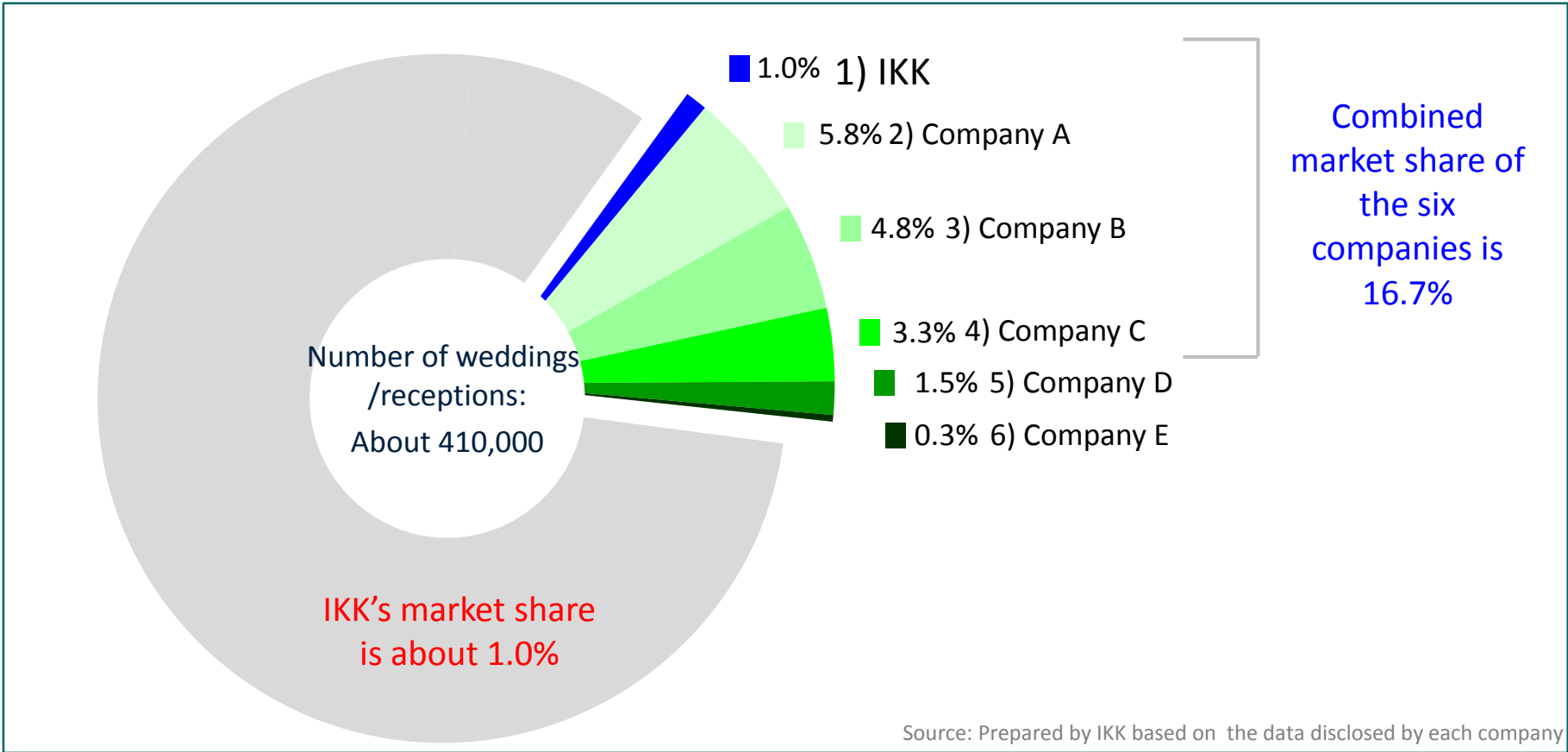
- Others (restaurants, etc.)
- Hotels
- Wedding halls, guesthouse-style weddings



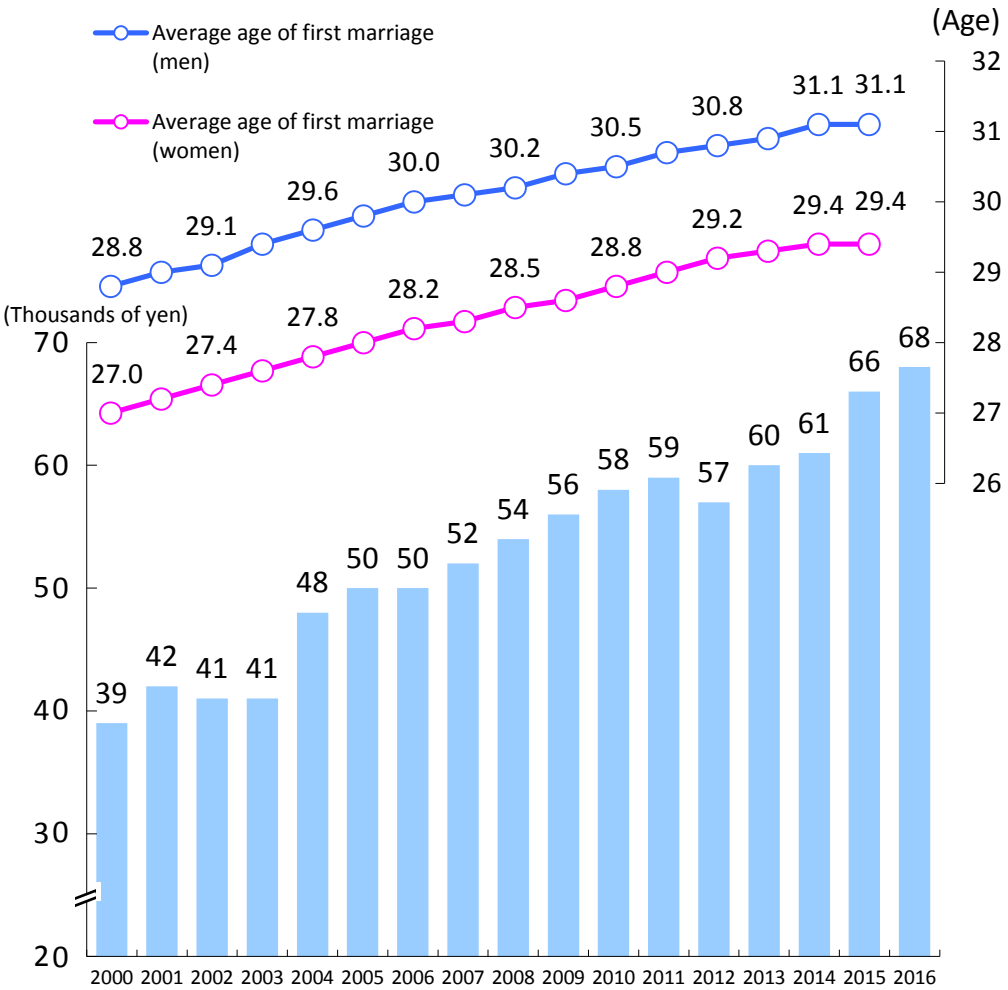
Source: Zexy Wedding Magazine Trend Survey 2016 (Estimates), facilities that host wedding receptions/parties

Japan's wedding market is still highly fragmented, leaving significant potential for IKK to capture market share

Market share of the six listed wedding companies (based on number of weddings/receptions)



Average age of first marriage and money spent per wedding reception guest



Couples continue to spend more on weddings despite deflation in Japan

- Primary causes
1. Couples want a once-in-a-lifetime event that people will remember for a long time
 2. As the age of first marriages rises, more couples want better food and entertainment for guests and activities that incorporate each couple's personal preferences
 3. More young people who do not care about luxury in their everyday lives want to spend money to make a wedding a memorable experience

Consistent growth in the amount spent per wedding guest
(now about 70% higher than in 2000)

Source: Zexy Wedding Magazine Trend Survey 2016 – Tokyo Area, total per-guest cost for wedding ceremony and reception/party, Ministry of Health, Labour and Welfare, "Vital Statistics 2015"



Precautions about this presentation

- This presentation includes forecasts and other forward-looking statements about the performance, strategies, business plans and other subjects concerning IKK.
- These forward-looking statements, which are not historical facts, reflect the outlook of IKK based on information that was available when this announcement was made.
- Forward-looking statements incorporate uncertainties about the economy, competition from other companies and many other potential sources of risk.

Consequently, actual performance, business activities and/or the financial position may differ significantly from the forward-looking statements in this presentation due to upcoming changes in the economy, competition in the industry, market demand, other economic, social and political events, and many other factors.



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