



**Results of Operations
for the First Quarter of the Fiscal Year
Ending October 31, 2018**



IKK Inc.

(Listed on TSE First Section, Securities code 2198)

I. 1Q FY2018 Consolidated Financial Highlights



Orders remained firm while earnings were down mainly because of a decline in the number of weddings at existing locations and up-front expenses for opening new branches

Net sales : ¥4,139 million (-1.7 % YoY)

Sales down slightly due to a decline in the number of weddings at existing locations
Average sales per wedding increased to ¥3.98 million

Operating profit : ¥55 million (-85.3 % YoY)

Operating profit decreased mainly due to a decline in the number of weddings at existing locations, up-front expenses for opening a new branch in Osaka and higher personnel expenses

Profit attributable to owners of parent: ¥31 million (-87.6 % YoY)

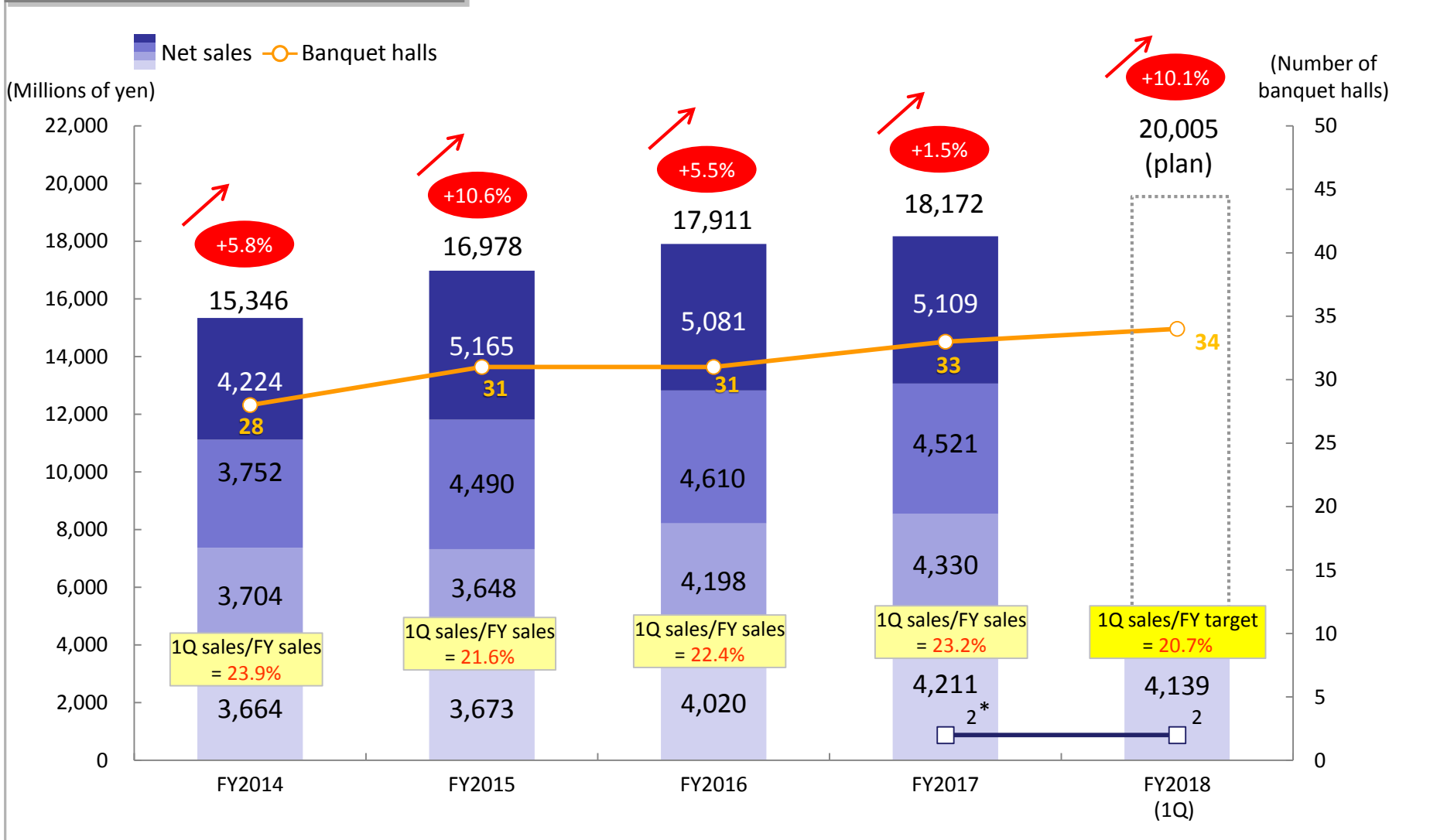
Order backlog (at the end of January 2018): 4,071 (+15.1% YoY)

Orders remained firm and were higher than one year earlier

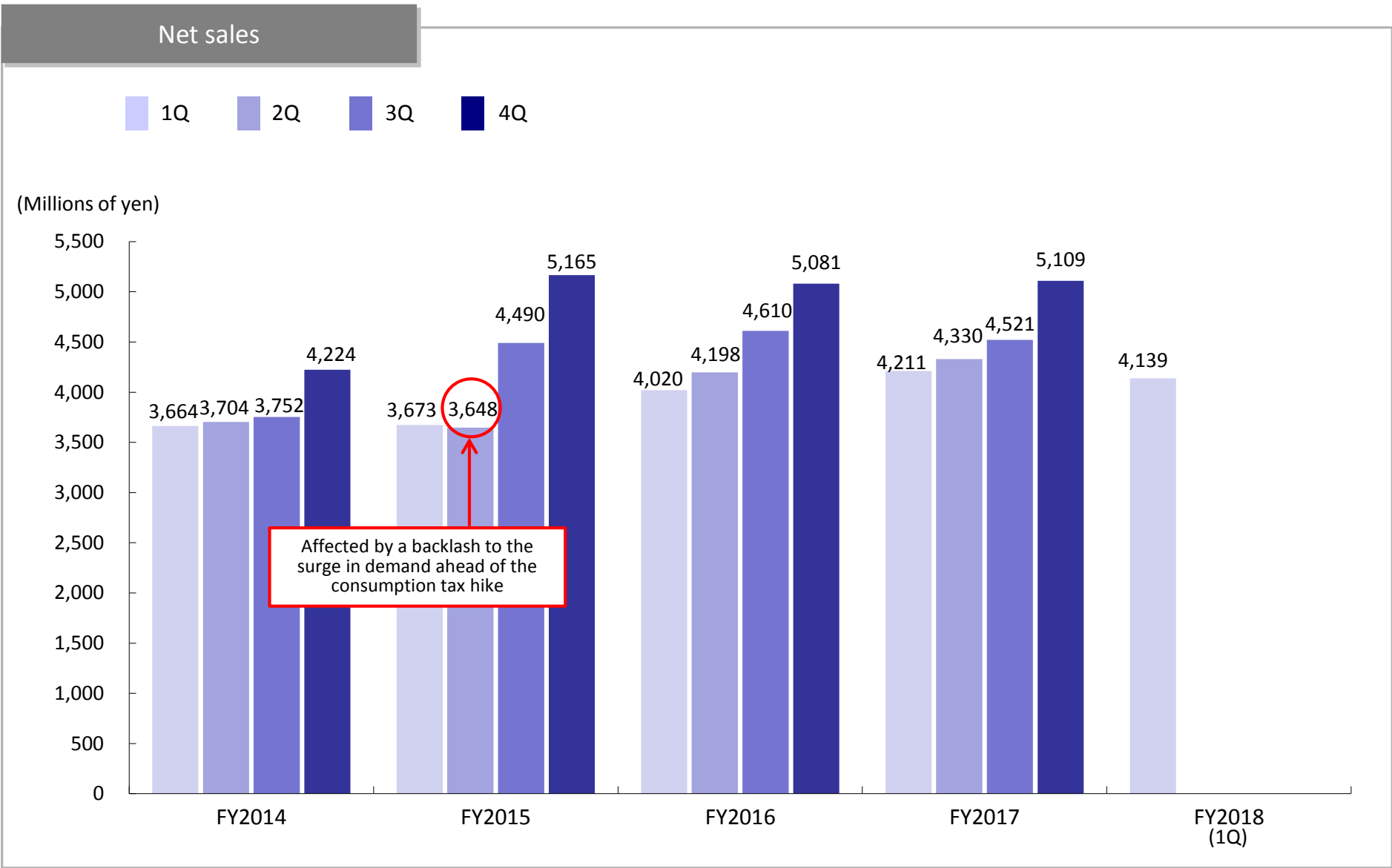
(Millions of yen)

	1Q FY2017		1Q FY2018			
	Amount	% to sales	Amount	% to sales	YoY change	
					Amount	%
Net sales	4,211	100.0	4,139	100.0	(71)	(1.7)
Wedding operations	4,031	95.7	3,945	95.3	(86)	(2.1)
Funeral operations	67	1.6	71	1.7	4	6.3
Nursing-care operations	113	2.7	124	3.0	10	9.4
Gross profit	2,256	53.6	2,182	52.7	(73)	(3.3)
SG&A expenses	1,875	44.5	2,126	51.4	250	13.4
Operating income	380	9.0	55	1.3	(324)	(85.3)
Ordinary income	380	9.0	62	1.5	(317)	(83.5)
Profit attributable to owners of parent	253	6.0	31	0.8	(221)	(87.6)
Net income per share (Yen)	8.60	-	1.07	-	-	-

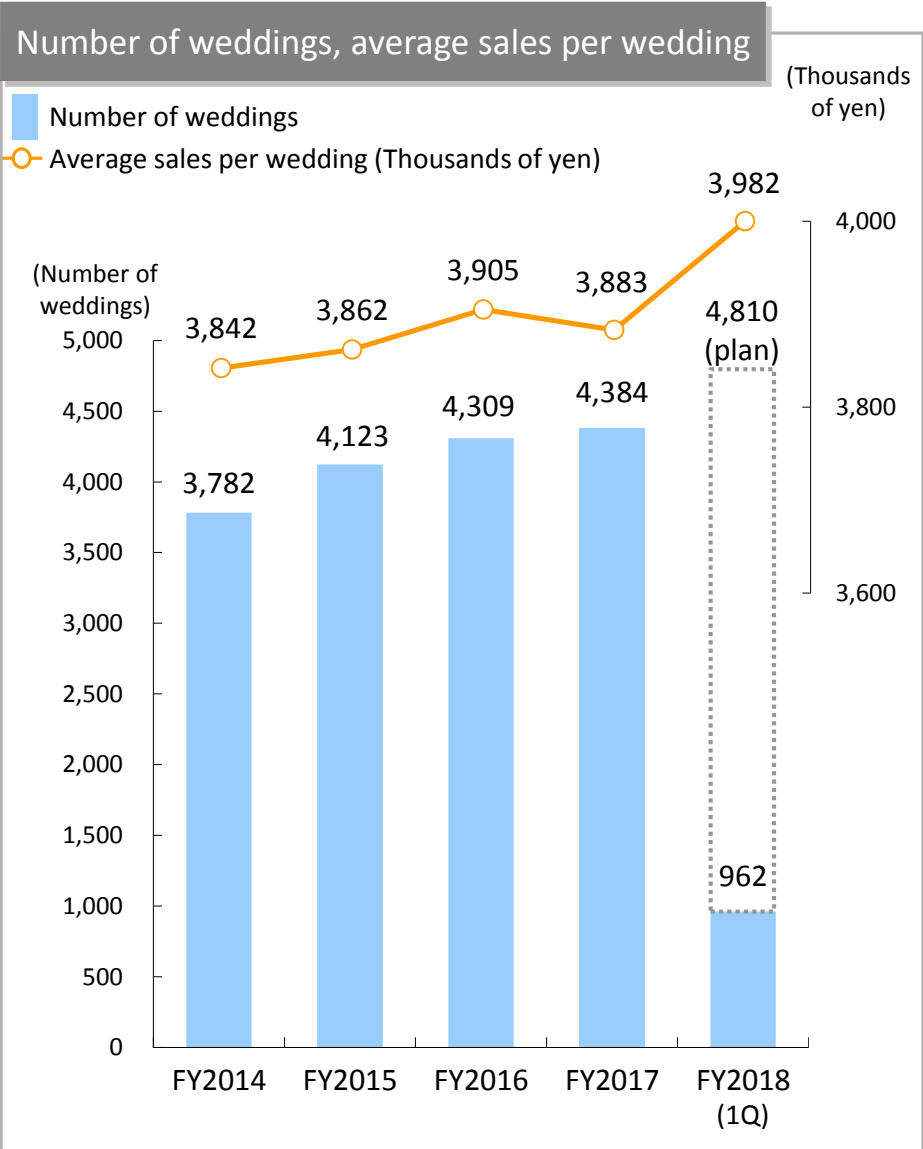
Net sales, number of banquet halls



*Overseas wedding operations started in FY2017. However, overseas results have not been consolidated for FY2017.

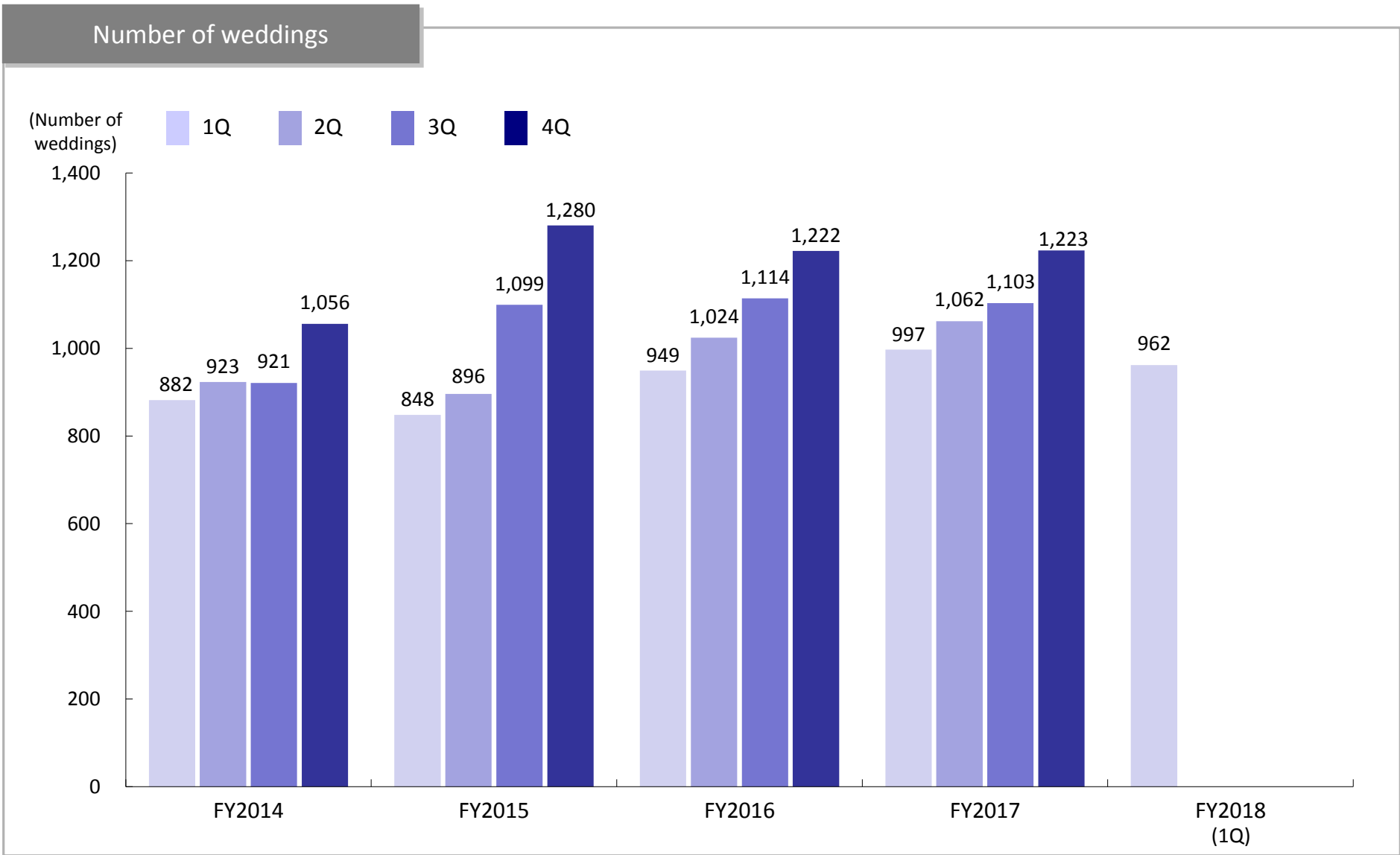


	1Q FY2017 results	1Q FY2018 results	YoY change		
			Amount	%	
Net sales (Millions of yen)	4,031	3,945	(86)	(2.1)	
Number of branches in Japan	16	18	2	12.5	
Number of branches overseas	0	1	1	-	
Number of weddings	997	962	(35)	(3.5)	
	Japan	997	947	(50)	(5.0)
	Overseas	0	15	15	-
Orders for weddings	1,128	1,336	208	18.4	
Order backlog	3,536	4,071	535	15.1	
Average sales per wedding* (Thousands of yen)	3,910	3,982	71	1.8	

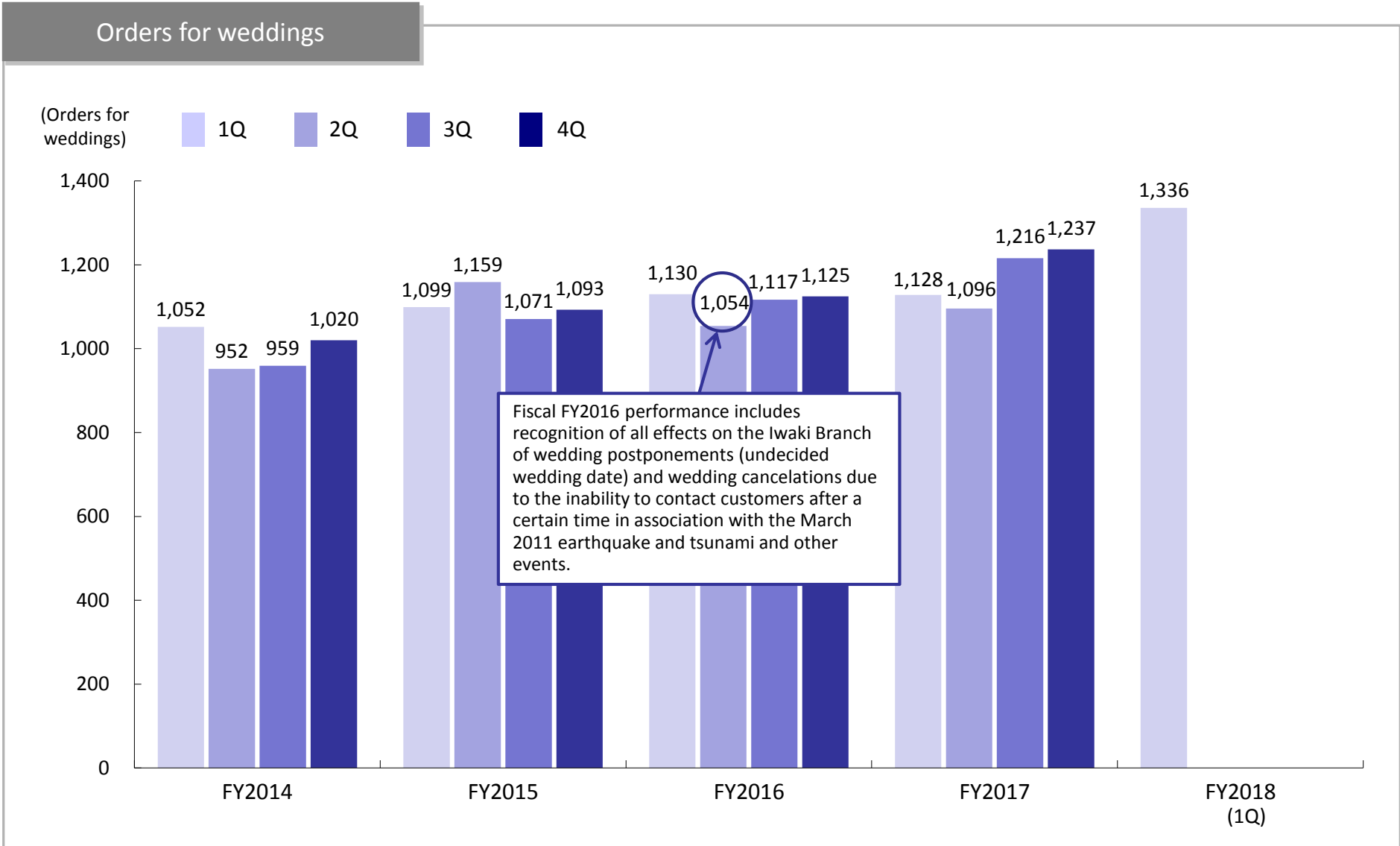


*1 Orders for weddings and order backlog do not include overseas wedding operations.

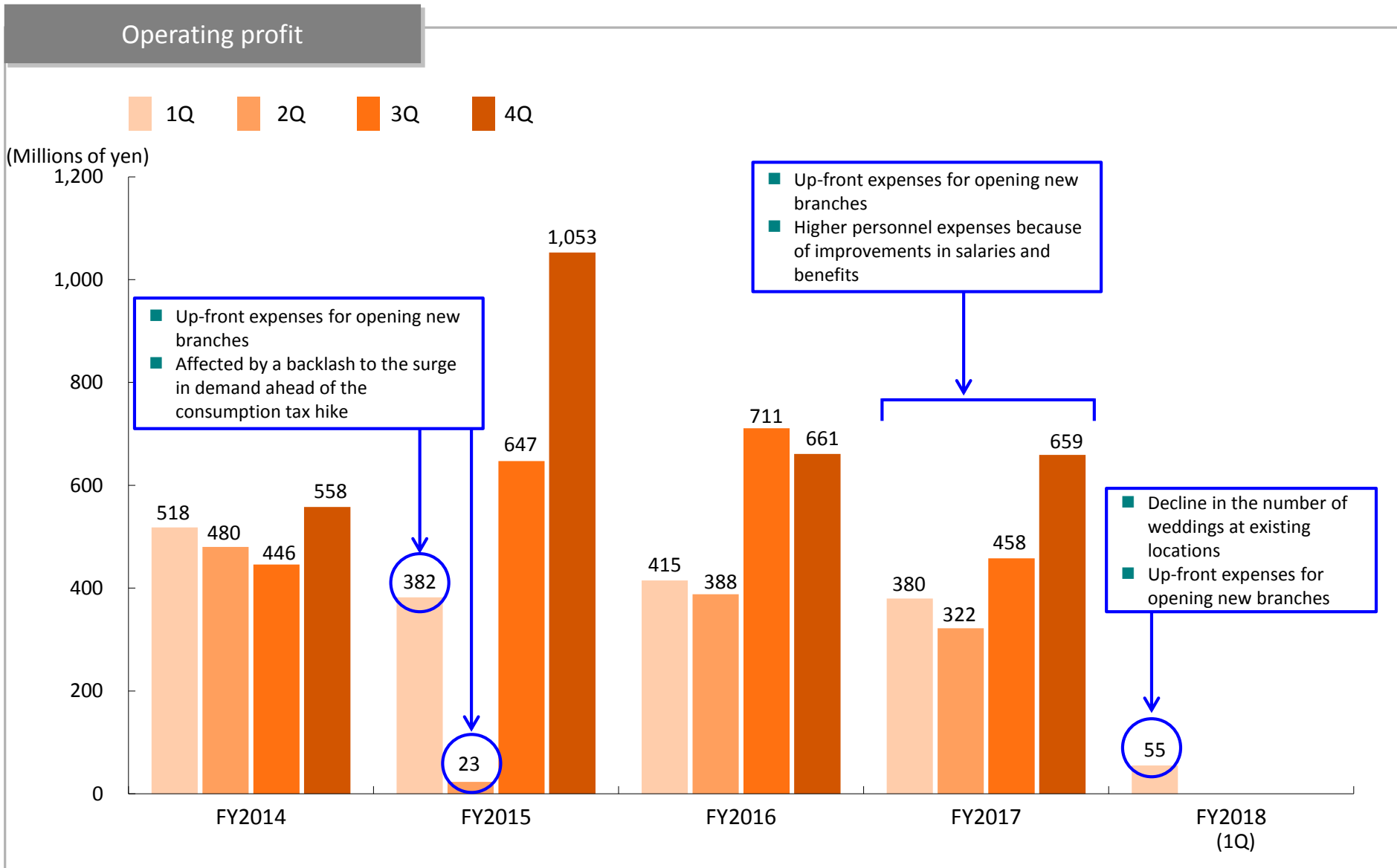
*2 The average sales per wedding does not include ordinary banquets, cancellation fees and overseas wedding operations.



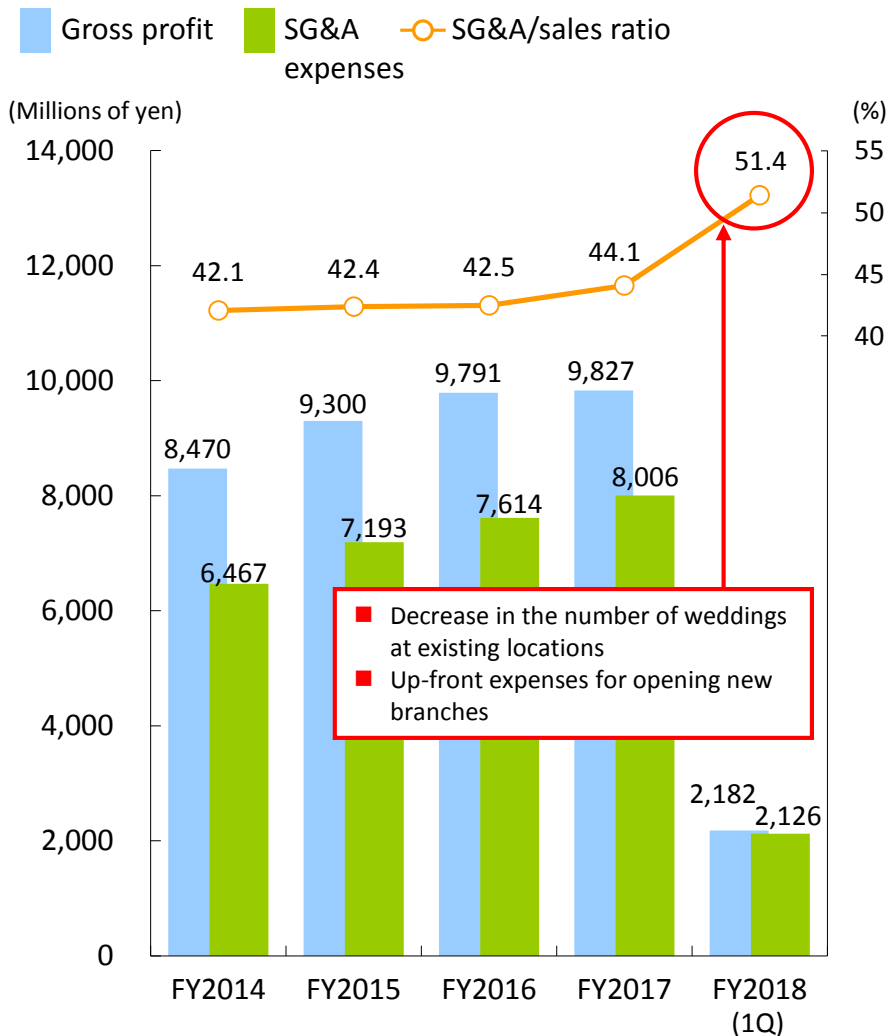
* The results of overseas business are also included, but Overseas results have not been consolidated for FY2017.



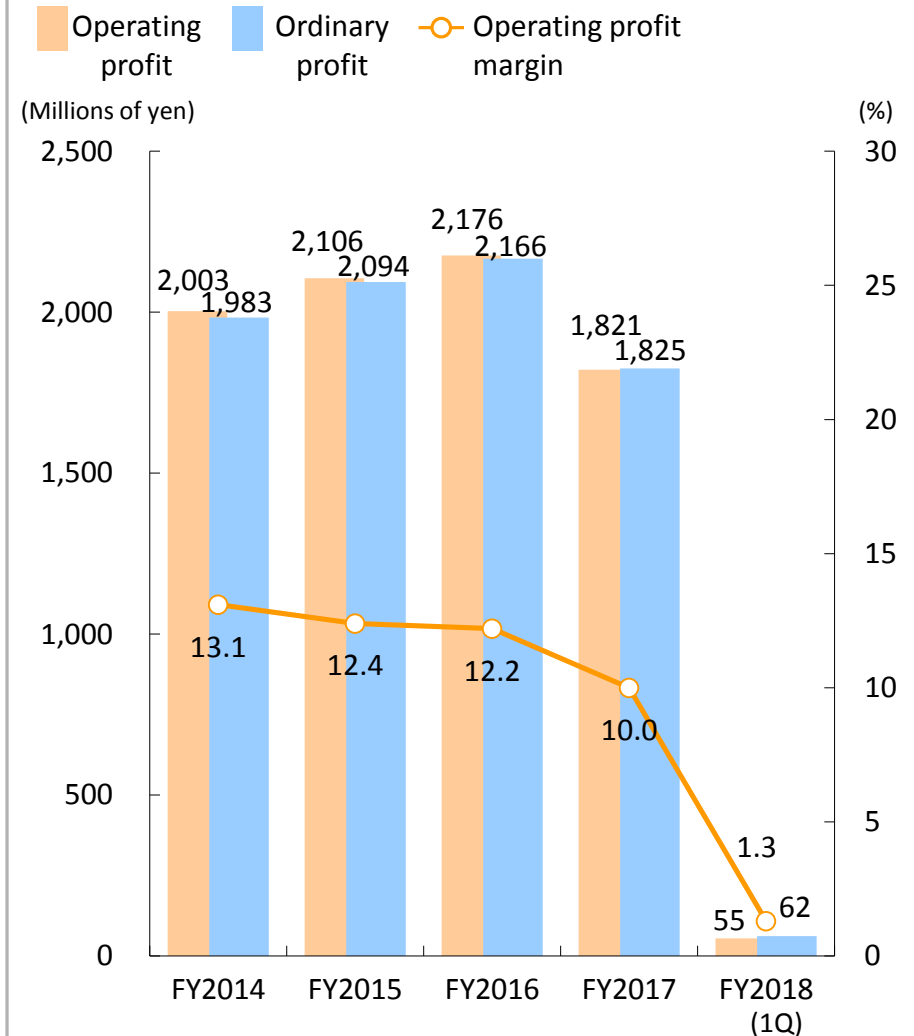
* The results of overseas business are also included.



Gross profit, SG&A expenses



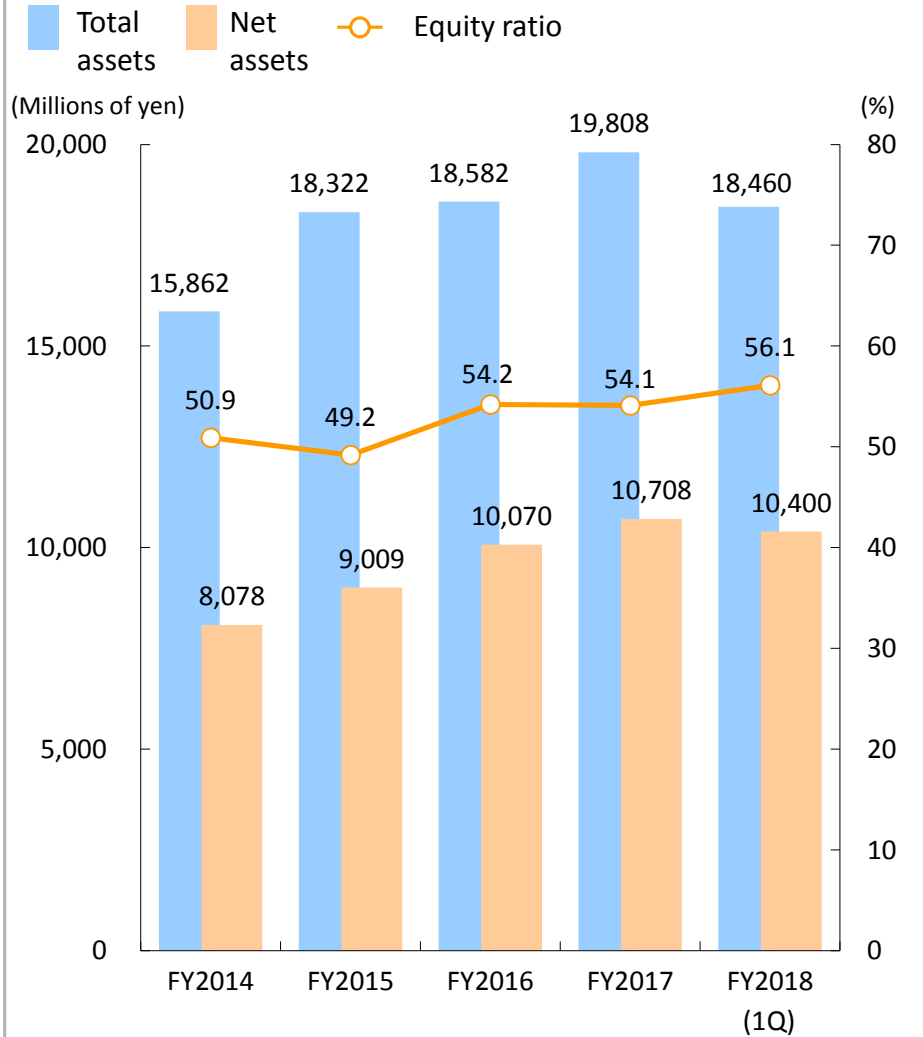
Operating profit, ordinary profit



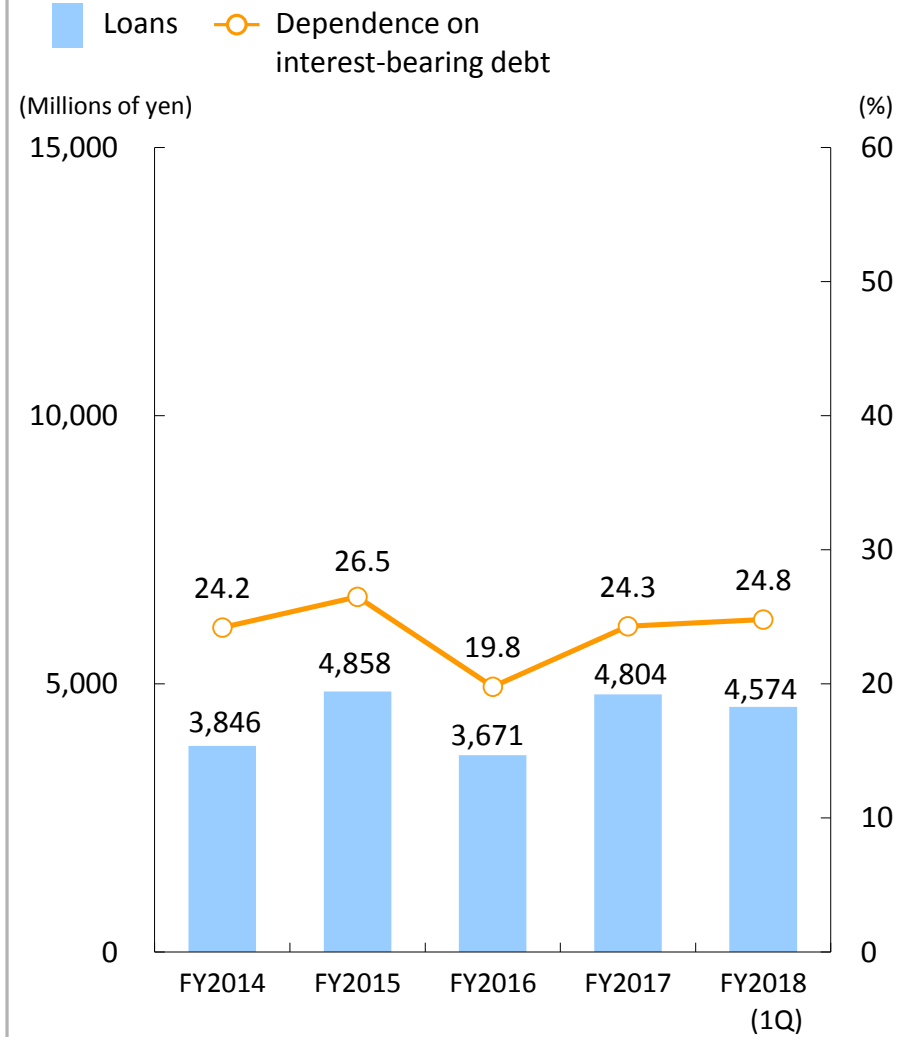
(Millions of yen)

	Oct. 31, 2017		Jan. 31, 2018			
	Amount	Comp. (%)	Amount	Comp. (%)	YoY change	Main factors
Current assets	4,762	24.0	3,437	18.6	(1,325)	Cash and deposits: -1,036 Accounts receivable-trade: -257
(Cash and deposits)	3,731	18.8	2,694	14.6	(1,036)	
(Accounts receivable-trade)	457	2.3	200	1.1	(257)	
Non-current assets	15,045	76.0	15,023	81.4	(22)	
(Property, plant and equipment)	12,466	62.9	12,606	68.3	139	
Total assets	19,808	100.0	18,460	100.0	(1,347)	
Current liabilities	3,985	20.1	3,005	16.3	(980)	Accounts payable-trade: -466 Income taxes payable: -143
(Accounts payable-trade)	879	4.4	412	2.2	(466)	
(Income taxes payable)	154	0.8	11	0.1	(143)	
Non-current liabilities	5,114	25.8	5,055	27.4	(59)	
Total liabilities	9,100	45.9	8,060	43.7	(1,040)	Long-term loans payable: -221
(Interest-bearing debt)	4,804	24.3	4,574	24.8	(230)	
Total net assets	10,708	54.1	10,400	56.3	(307)	Profit attributable to owners of parent: +31 Dividends of surplus: -359
Total liabilities and net assets	19,808	100.0	18,460	100.0	(1,347)	

Total assets, net assets, equity ratio



Interest-bearing debt



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

II. FY2018 Consolidated Forecast



Forecast higher sales and earnings due to the start of operations at new branches

Forecast the seventh consecutive year of sales growth backed by an increase in the number of branches; plan to start full-scale overseas operations in FY2018

Net sales: **¥20,005** million (up 10.1 % YoY)

- The forecast includes the first full fiscal year contribution of the Okazaki Branch and sales at the Osaka Branch that will start operating in December 2017.
- In the wedding business in Japan, the forecast is an increase of 336 in the number of weddings to 4,720 and an average sales per wedding of ¥3.93 million, up ¥48,000 YoY.

Operating profit: **¥2,005** million (up 10.1 % YoY)

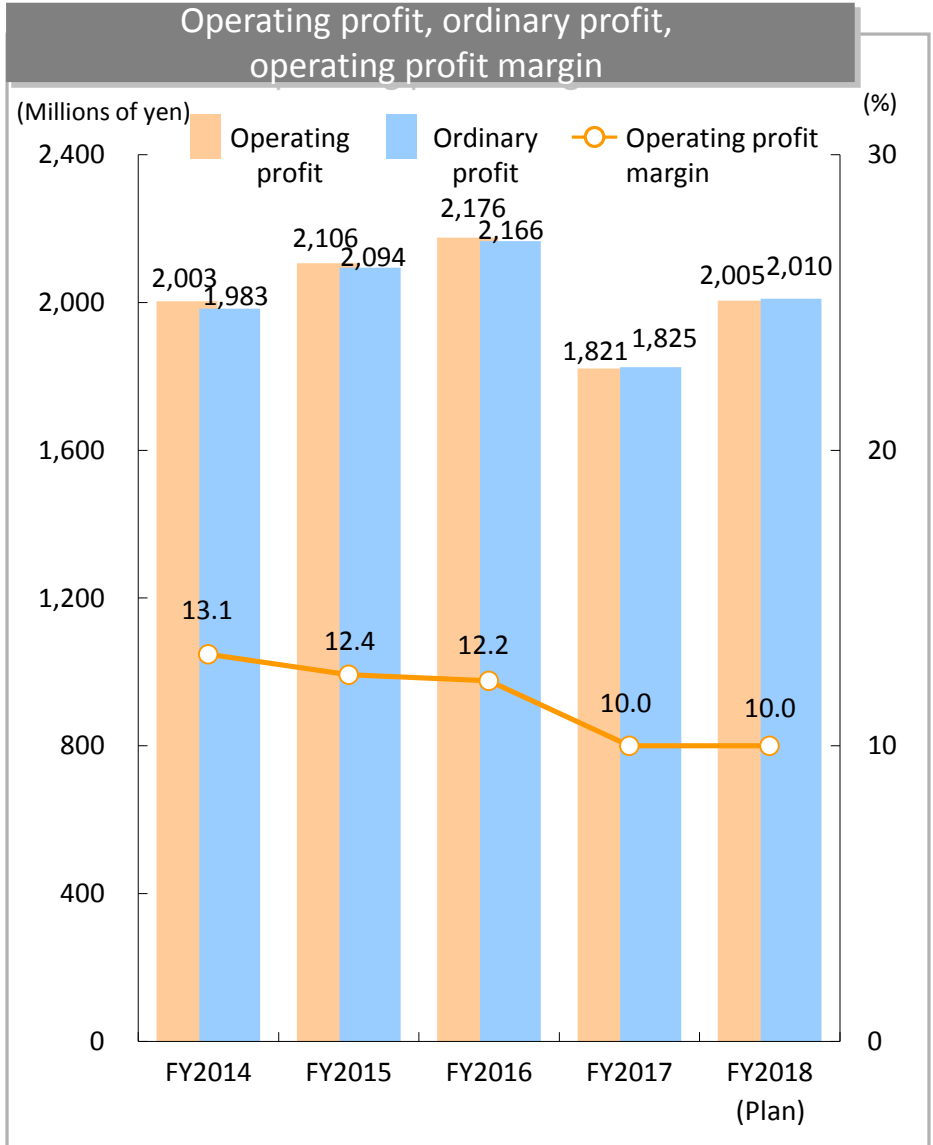
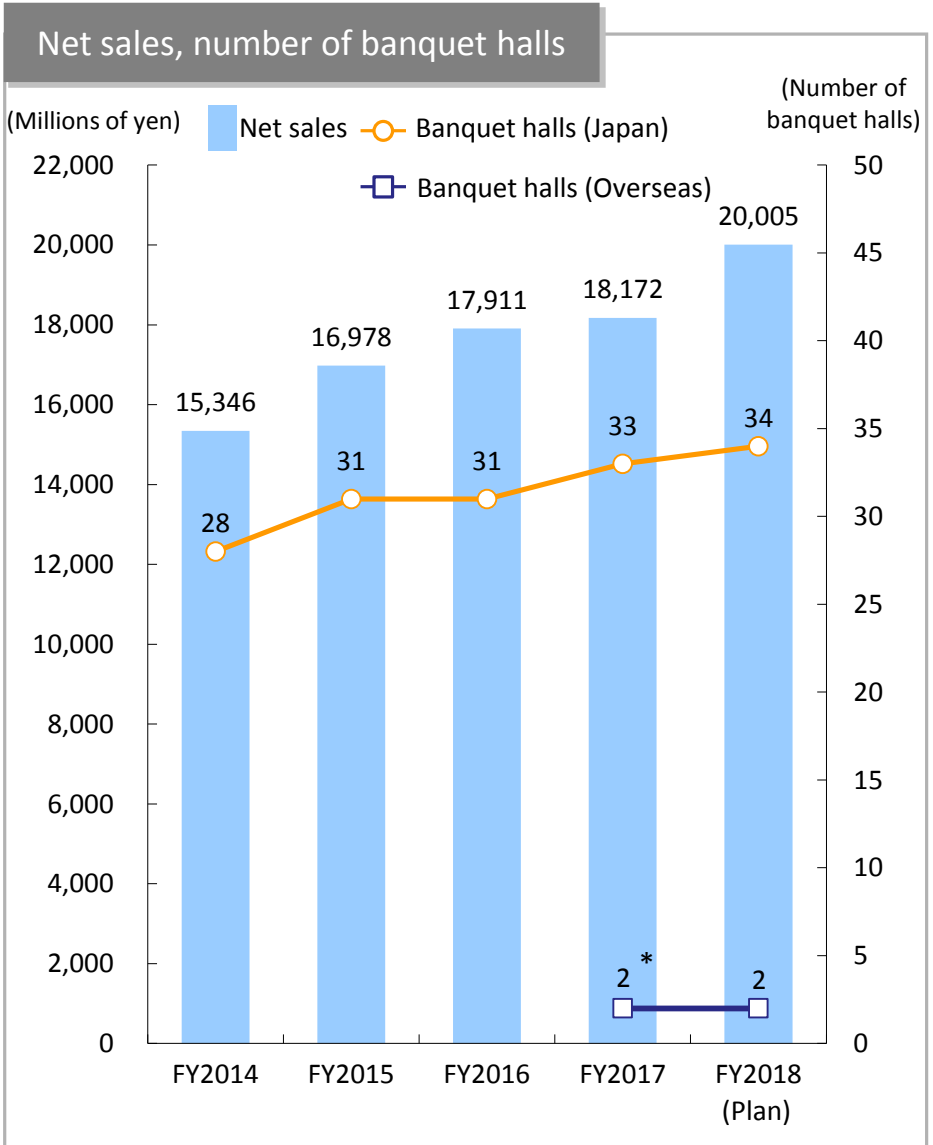
- In the wedding business in Japan, the outlook is for earnings growth of about ¥250 million because of the start of operations at new branches.
- The overseas wedding business will make its first full fiscal year contribution to performance. But this business is still at the stage of acquiring knowledge about the local wedding market, so an operating loss of about ¥50 million is expected.

Profit attributable to owners of parent: **¥1,290** million (down 2.2 % YoY)

- The forecast for lower earnings is mainly due to the one-time reduction in income taxes in FY2017 resulting from the end of a trust-type employee stock ownership incentive plan.

(Millions of yen)

	FY2017		FY2018			
	Amount	% to sales	Full-year plan	% to sales	YoY change	
					Amount	%
Net sales	18,172	100.0	20,005	100.0	1,832	10.1
Gross profit	9,827	54.1	10,765	53.8	937	9.5
SG&A expenses	8,006	44.1	8,760	43.8	753	9.4
Operating profit	1,821	10.0	2,005	10.0	183	10.1
Ordinary profit	1,825	10.0	2,010	10.0	184	10.1
Profit attributable to owners of parent	1,319	7.3	1,290	6.5	(29)	(2.2)
Net income per share (Yen)	44.91	—	43.72	—	—	—



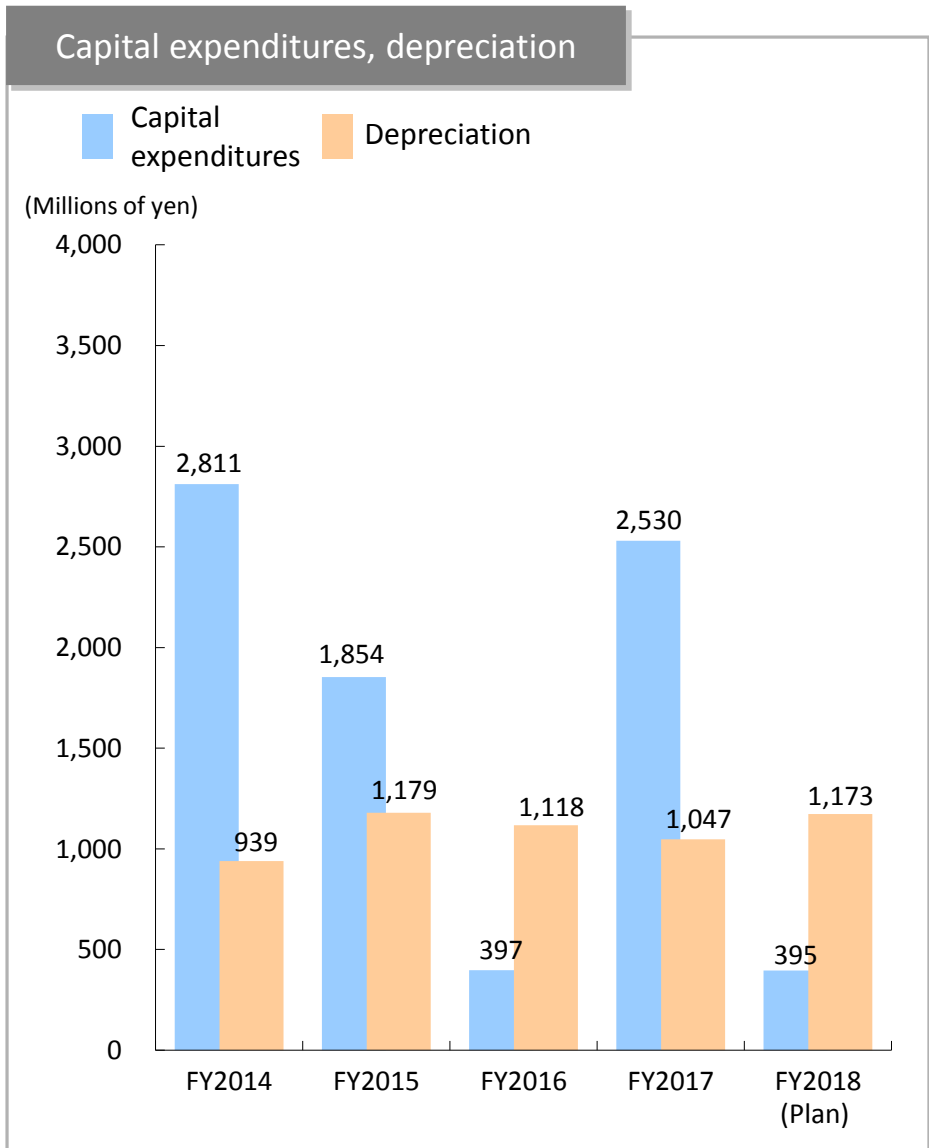
*Overseas wedding operations started in FY2017. However, overseas results have not been consolidated for FY2017.

	FY2017 Results	FY2018 Plan	Change
Number of branches at end of period (Japan)	17	18	+1
Wedding facility: 4 banquet halls	1	1	±0
Wedding facility: 3 banquet halls	5	5	±0
Wedding facility: 2 banquet halls	3	3	±0
Wedding facility: 1 banquet hall	7	7	±0
Restaurant: 1 banquet hall	1	2	+1
Number of branches at end of period (Overseas)	1*	1	±0
Wedding facility: 2 banquet halls	1*	1	±0
Number of banquet halls	35*	36	+1
Number of weddings	4,385*	4,810	+425
Japan	4,384	4,720	+336
Overseas	1*	90	+89

* Overseas results have not been consolidated for FY2017.

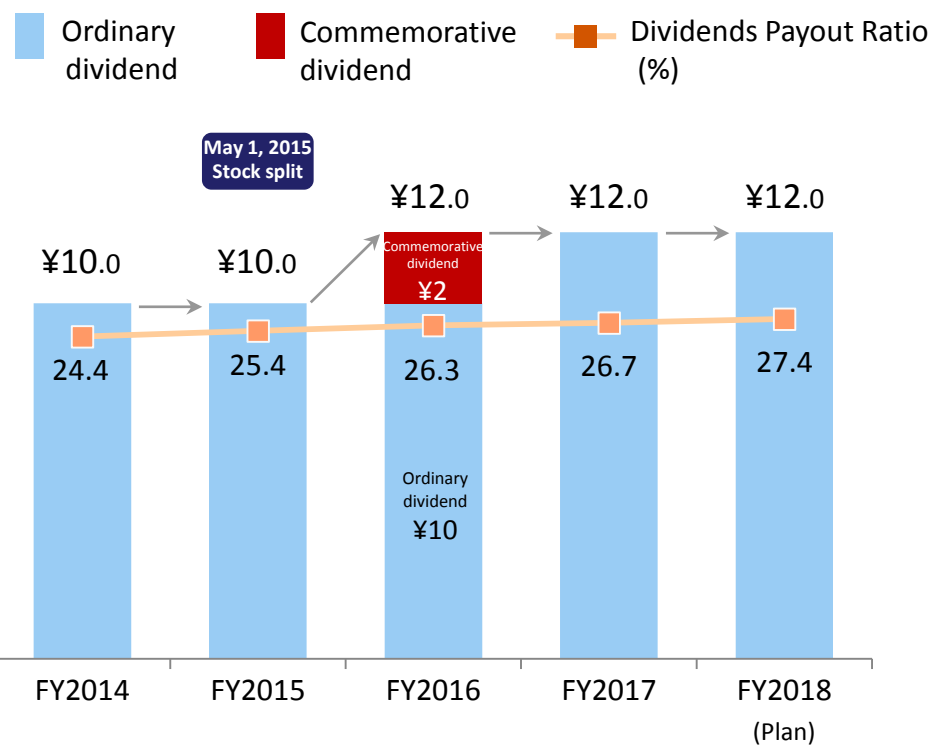
(Millions of yen)

	FY2017 Results	FY2018 Plan	Change
Capital expenditures	2,530	395	(2,135)
Depreciation	1,047	1,173	126



Plan to pay the FY2018 ordinary dividend of ¥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
FY2014	¥10.0*	24.4%
FY2015	¥10.0*	25.4%
FY2016	¥12.0 (Commemorative dividend: ¥2)	26.3%
FY2017	¥12.0	26.7%
FY2018 (Plan)	¥12.0	27.4%

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

III. Initiatives for FY2018



1 Plan to open a new branch in Osaka City, Osaka Prefecture

2 Renovations to improve the quality of existing locations

3 Started providing wedding services in Indonesia

Plan to open a new branch in Osaka City, Osaka Prefecture

- IKK was selected by the Osaka Castle Park Management Project as one of the companies that will operate a business on the park grounds
- This will be IKK's first branch in the Kansai region. The building will incorporate IKK's expertise in creating designs that blend with the surrounding natural environment

Castle Garden OSAKA (Osaka Branch)

Location	Osaka City, Osaka Prefecture	Opening	December 15, 2017
Access	30 seconds walk from Osakajo-koen Station on the JR Osaka Loop Line	Facilities	Restaurant, Café, banquet hall, etc.



(Rendering of the completed facility



(Access map

Renovations to upgrade the quality of existing locations

La La Chance Geihinkan (Kochi Branch)

Location Kochi City, Kochi Pref.

Completion of renovations December 8, 2017

Renovations

- Projection mapping system
- Remodeled stairway



Rendering of the remodeled banquet hall

La La Chance Bel Ami (Fukui Branch)

Location Fukui City, Fukui Pref.

Completion of renovations January 19, 2018

Renovations

- Large-scale multi-vision system



Rendering of the remodeled banquet hall

La La Chance Taiyo no Oka (Kanazawa Branch)

Location Kanazawa City, Ishikawa Pref.

Completion of renovations February 9, 2018

Renovations

- Large-scale multi-vision system



Rendering of the remodeled banquet hall

Other locations will be renovated based on our investment plan

Started providing wedding services in Indonesia

- Started accepting wedding ceremony orders in February 2017 in Jakarta, Indonesia
- Operating a wedding business for couples in Indonesia



Company name	PT INTERNATIONAL KANSHA KANDOU INDONESIA		
Location	Jakarta, Indonesia	Establishment	January 2017
Capital	50 billion rupiah	Start of operations	February 2017
Remarks	The company occupies the 9 th and 10 th floors of the Menara Mandiri building		

Function Hall

Floor	9th
Total floor area	1,035m ² (hall) 418m ² (terrace)
Capacity	Maximum 1,500 persons



Function Hall

Floor	10th
Total floor area	1,360m ² (hall) 466m ² (terrace)
Capacity	Maximum 2,000 persons



↑ A wedding ceremony at the Menara Mandiri building



Reference:

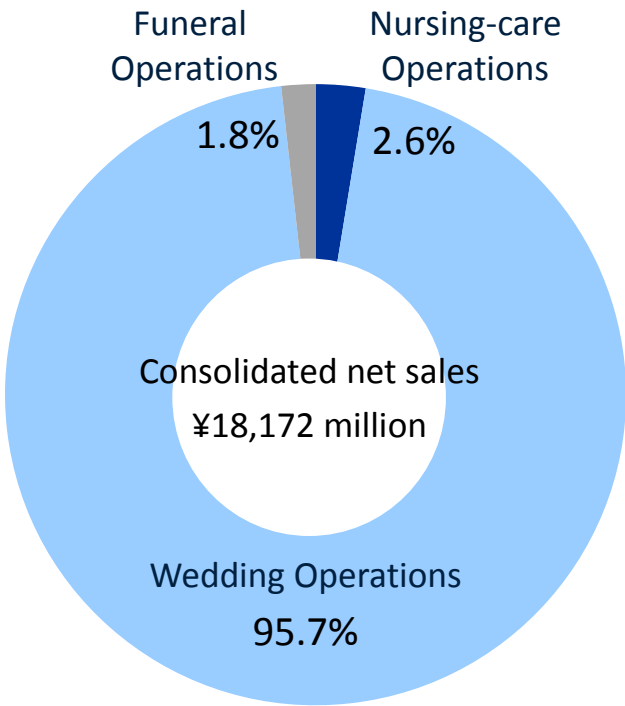
Company Profile, Business Activities and Industry Overview

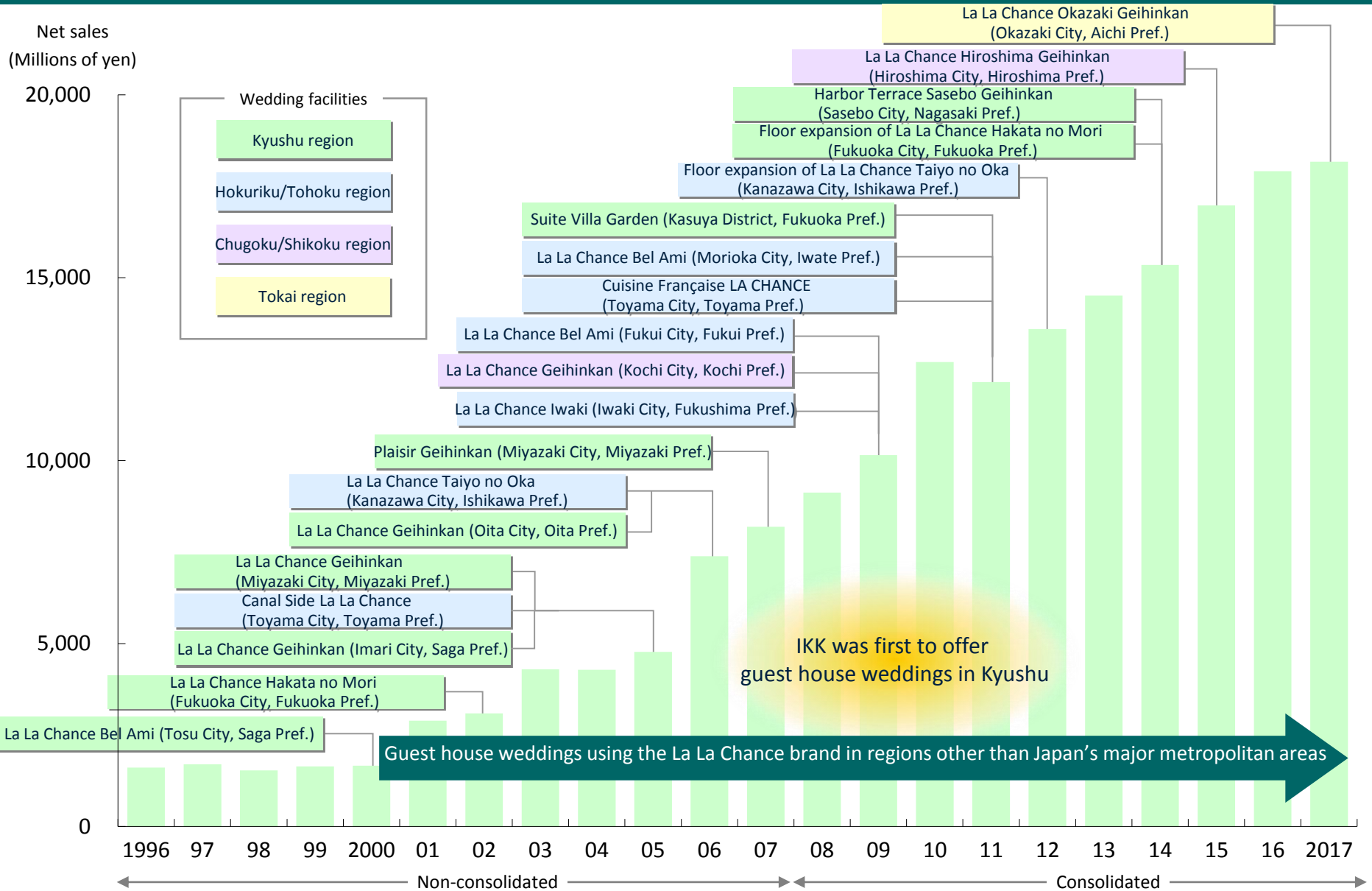


Company profile (as of Oct. 31, 2017)

Sales ratio by business segment (FY2017)

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	727 (consolidated)
Number of shareholders	13,140 (as of Oct. 31, 2017)





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



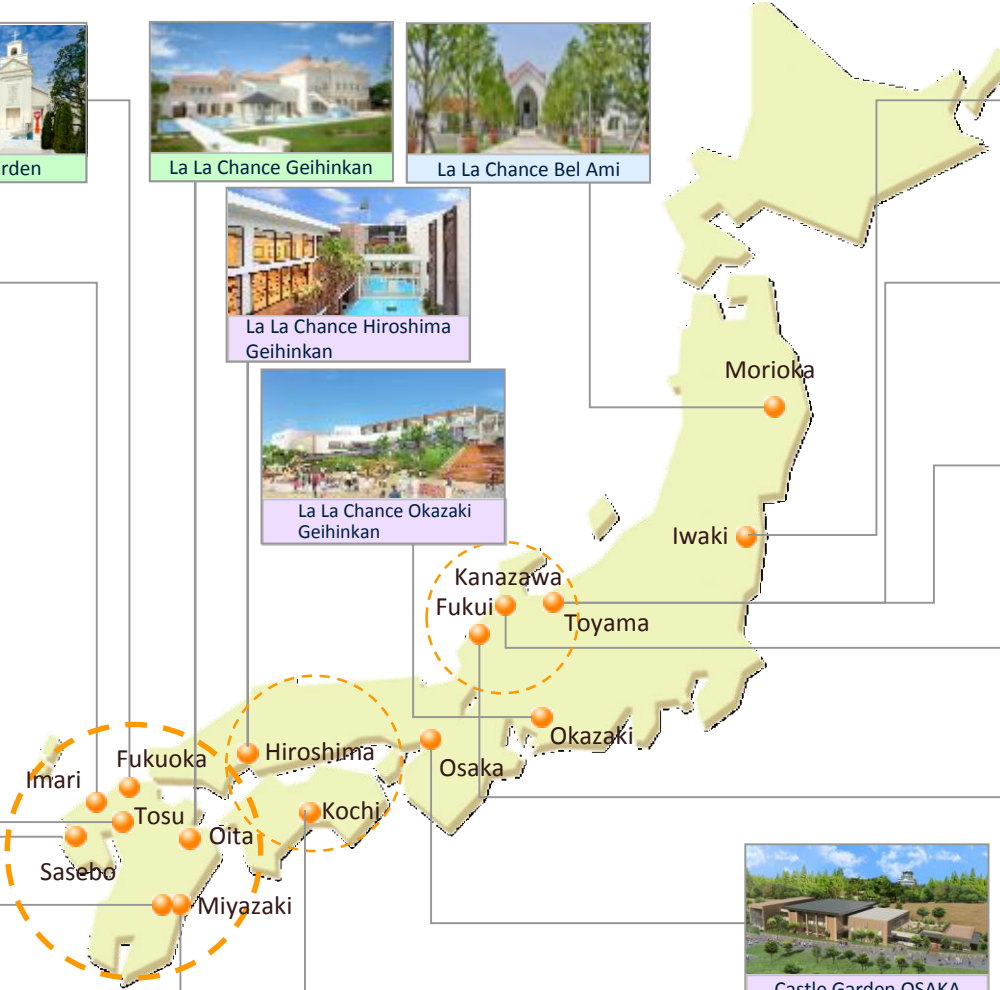
La La Chance Okazaki Geihinkan



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



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
- To touch our customers' hearts, 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:
404 thousand people)
Miyazaki

Kochi



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

Fukuoka



Suite Villa Garden
(Kasuya District:
229 thousand people)
Sasebo

Plaisir Geihinkan



Plaisir Geihinkan
(Miyazaki City:
404 thousand people)
Oita

Cuisine Française LA CHANCE



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

Harbor Terrace Sasebo Geihinkan



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

La La Chance Geihinkan



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

La La Chance Bel Ami



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


Castle Garden OSAKA



Castle Garden OSAKA
(Osaka City:
2,691 thousand people)

Two banquet halls

Iwaki



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

La La Chance Bel Ami



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

La La Chance Okazaki Geihinkan



La La Chance Okazaki Geihinkan
(Okazaki City:
384 thousand people)

Three banquet halls or more

Tosu



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

La La Chance Geihinkan



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

La La Chance Hiroshima Geihinkan



La La Chance Hiroshima Geihinkan
(Hiroshima City:
1,193 thousand people)

Toyama



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

La La Chance Taiyo no Oka



La La Chance Taiyo no Oka
(Kanazawa City:
454 thousand people)

La La Chance Hakata no Mori



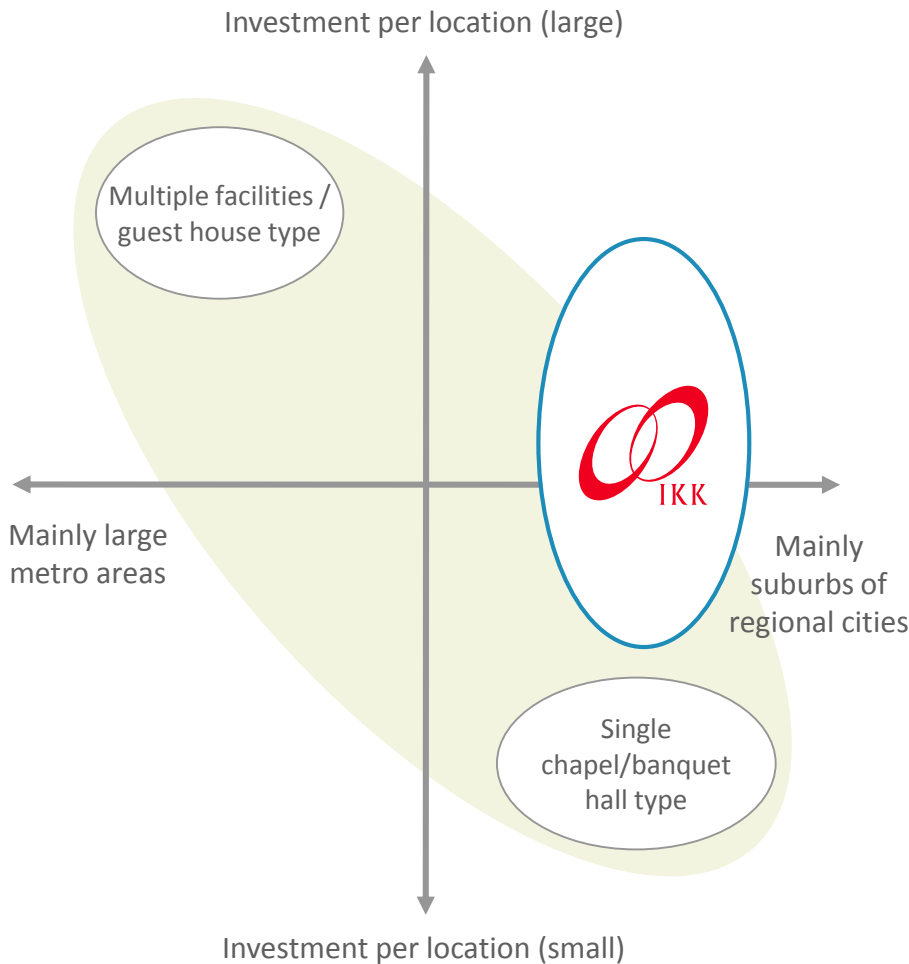
La La Chance Hakata no Mori
(Fukuoka City:
1,514 thousand people)

Fukuoka (4 banquet halls)

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 2017"

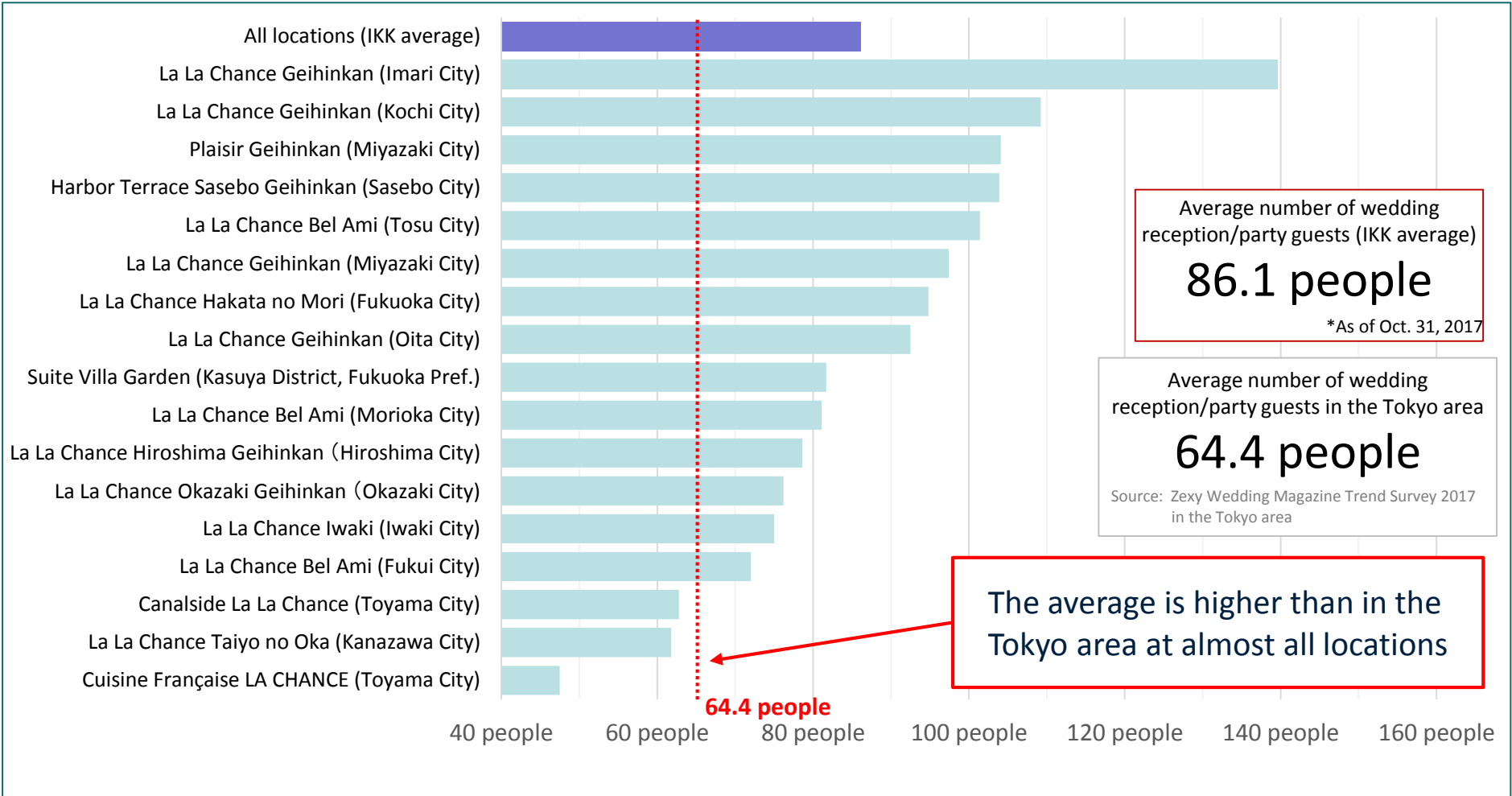
Targeting regional cities by using expertise (location, marketing, operations, etc.) and experience gained from operations in small markets



	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

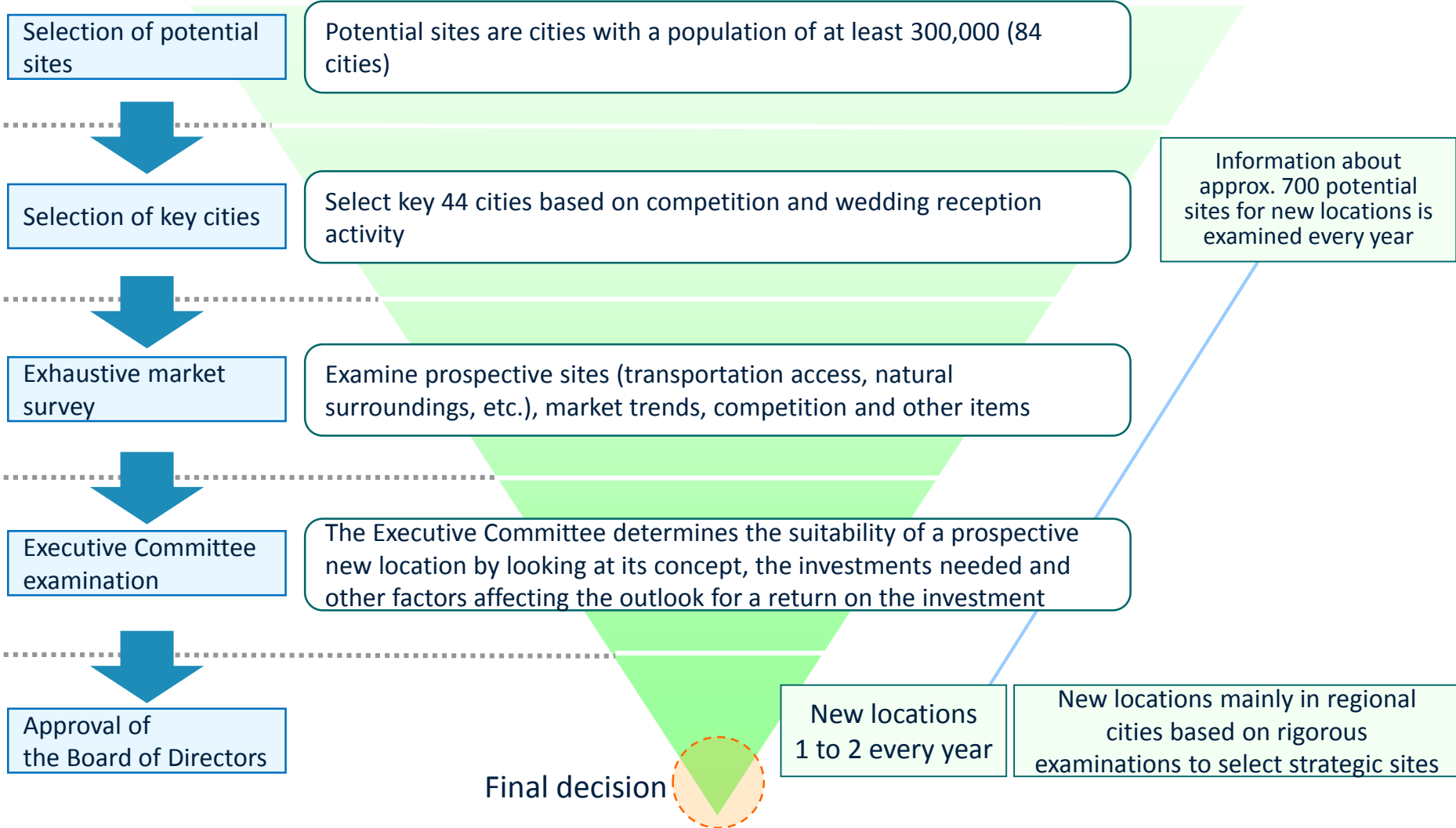


Average number of wedding reception/party guests (IKK average)
86.1 people
*As of Oct. 31, 2017

Average number of wedding reception/party guests in the Tokyo area
64.4 people
Source: Zexy Wedding Magazine Trend Survey 2017 in the Tokyo area

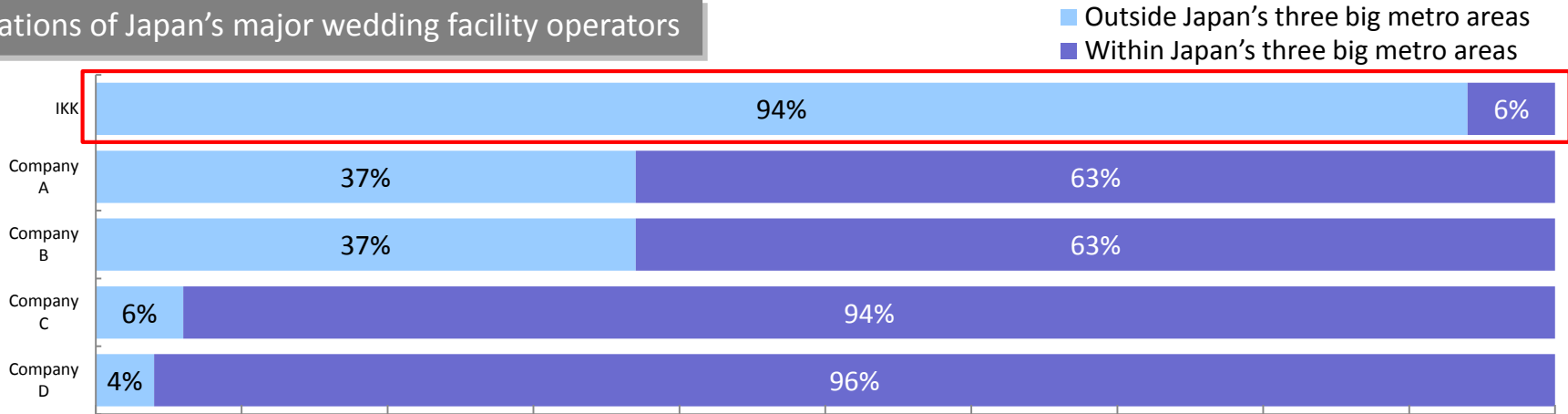
The average is higher than in the Tokyo area at almost all locations

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

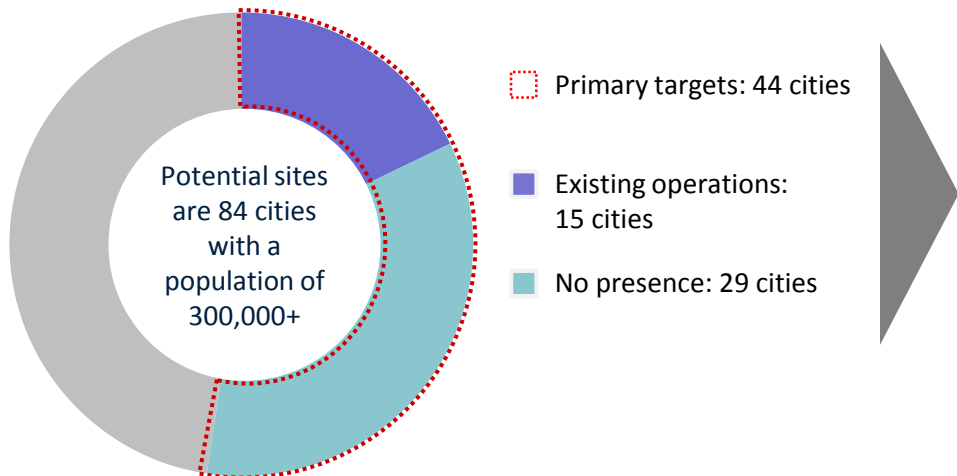


Much potential for new locations in places with little competition, both outside Japan's three big metro areas as well as within these areas

Locations of Japan's major wedding facility operators



IKK wedding facility locations



Plan on opening one to two 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





A Brand with Deep Local Roots and Strong Ties with Local Residents (1)

Reference

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

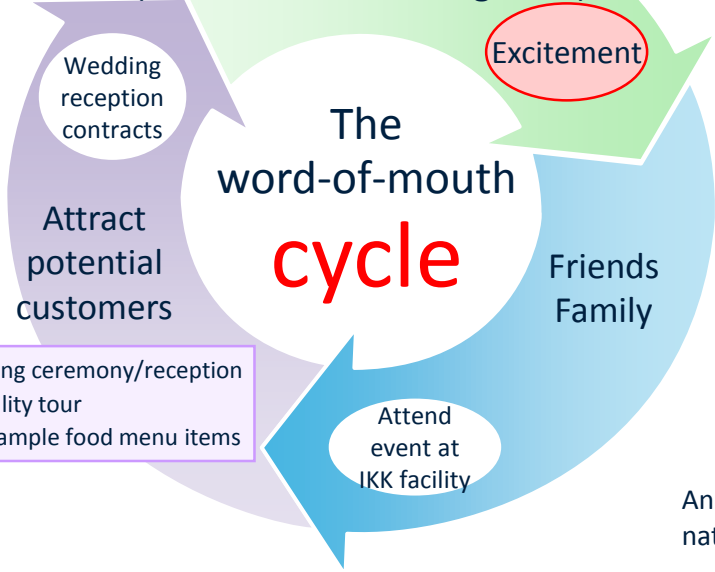
A local reputation for serving outstanding food



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 2017 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 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

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)
Japan Wedding Photo Gran Prix, 5th place, other prizes (4 people)
Wedding Photo Awards, Gold Prize (2 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

2017

6th 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.



Benefits of recruiting outstanding human resources and providing extensive training

■ IKK ranked the top 13 companies and 1st place in the surveys of Vorkers, a company that operates a job market platform for job hunting and job changing

Companies with pleasant and stimulating workplaces

Rank	Company	Overall rating for age 20-29 segment
1	mitsubishi estate co., ltd.	3.88
2	Sky Co., Ltd.	3.87
3	RISO KAGAKU CORPORATION	3.85
4	Unilever Japan K.K.	3.83
5	SMS CO., LTD.	3.82
6	Japan Patent office	3.81
7	Texas Instruments Japan Limited	3.78
8	Yakuju Corporation	3.77
9	DAIICHI SANKYO COMPANY, LIMITED.	3.75
10	TOYOTA MOTOR CORPORATION	3.70
11	Tokyo Fire Department	3.70
12	Nissay Asset Management Corporation	3.68
13	IKK Inc.	3.67

- Only reports concerning recent college graduates in their 20s who are salaried employees. (when participating in the survey)
- Reports include 1,037 companies where at least five employees participated and where average monthly overtime is less than 40 hours.
- Rankings are calculated to the fifth decimal place.

*Ranking scores, the number of comments and other numbers are as of the time the information was collected. As a result, these numbers may not match the numbers on the company pages of Vorkers.

Companies outside Japan’s major urban areas with pleasant and stimulating workplaces – Companies offering new challenges

Rank	Company	Total scores
1	IKK Inc.	16.20
2	Seirei Social Welfare Community	15.00
3	Heisei Corporation	14.78
4	BC Ings Co., Ltd.	14.71
5	Japanet Communications Co., Ltd.	14.28
6	RF Co., Ltd.	14.22
7	SAN-A CO.,LTD.	14.15
8	The Shikoku Bank, Ltd.	14.10
9	HOKUYAKU TAKEYAMA Holdings,Inc.	14.01
10	Nippon Electric Glass Co., Ltd.	13.83

- Includes data in evaluation reports submitted to Vorkers for 840 companies with head offices in locations other than the Tokyo, Nagoya and Osaka regions (Tokyo, Osaka, Aichi, Kanagawa, Saitama, Chiba, Hyogo and Kyoto). Amount of overtime and paid vacation utilization rates are each scored by using a scale of five. (Data was collected between January 2015 and August 2017.)
- Rankings are the total scores for the following indicators of the ability of young people to grow at a company and the workplace atmosphere: (a) an open environment that welcomes new ideas; (b) an environment where people in their 20s can develop their skills and advance; (c) teamwork; and (d) employee morale

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

- IKK has placed in the 2018 Best Workplaces Lists by the Great Place to Work® Institute Japan for the past six 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 **84%** (avg. for all companies* is 77%)
- Executives and managers clearly define a vision and how to accomplish that vision **90%** (avg. for all companies* is 80%)



- I am proud of the business operations of the company **90%** (avg. for all companies* is 82%)
- I believe the company is contributing to communities and society **91%** (avg. for all companies* is 76%)



- The company holds celebrations whenever there is a special occasion **91%** (avg. for all companies* is 84%)
- The company creates a mood of solidarity and teamwork **84%** (avg. for all companies* is 75%)

*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; **33.3%** 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

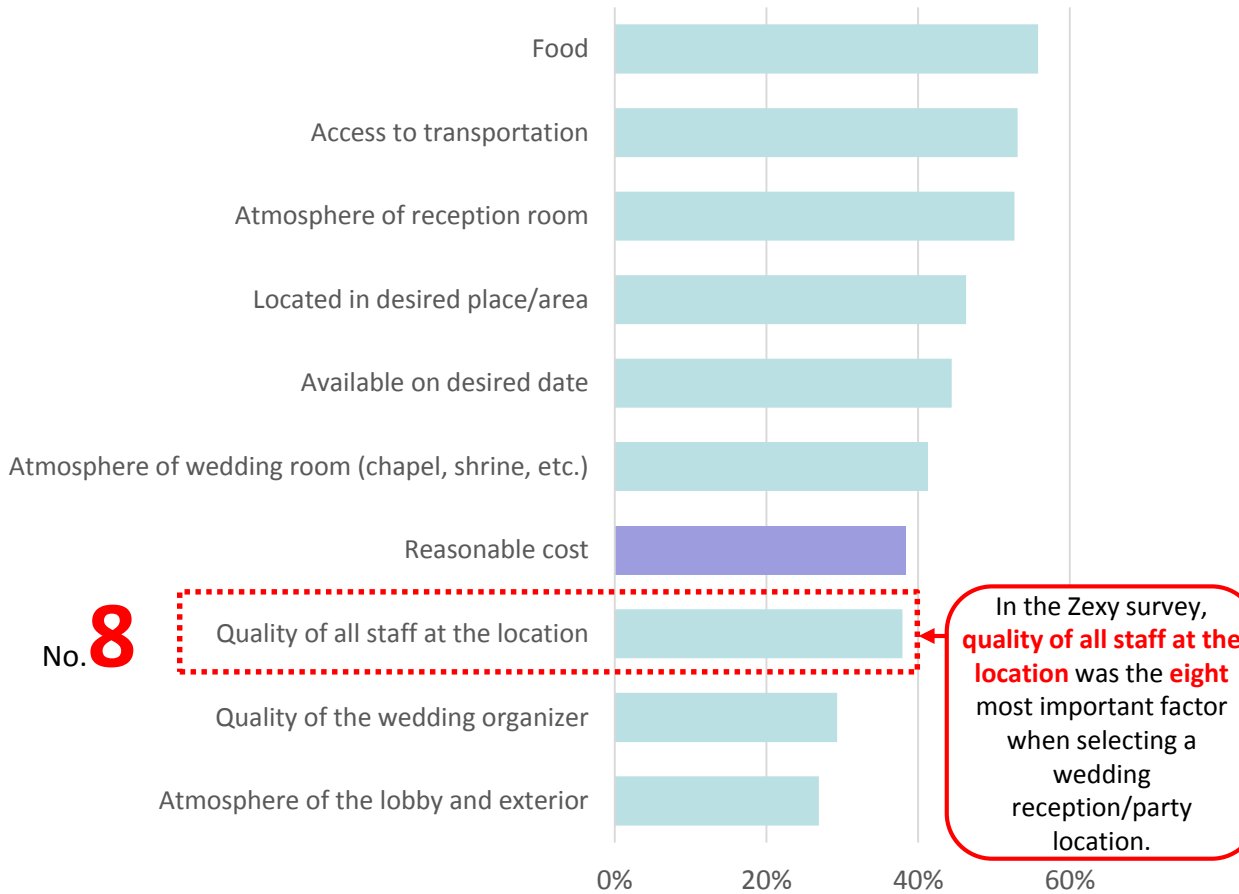


FSMS:548713 / ISO22000:2005

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 2017 – Tokyo Area
Key points when selecting a wedding reception/party location



No. **8**

In the Zexy survey, **quality of all staff at the location** was the **eight** most important factor when selecting a wedding reception/party location.

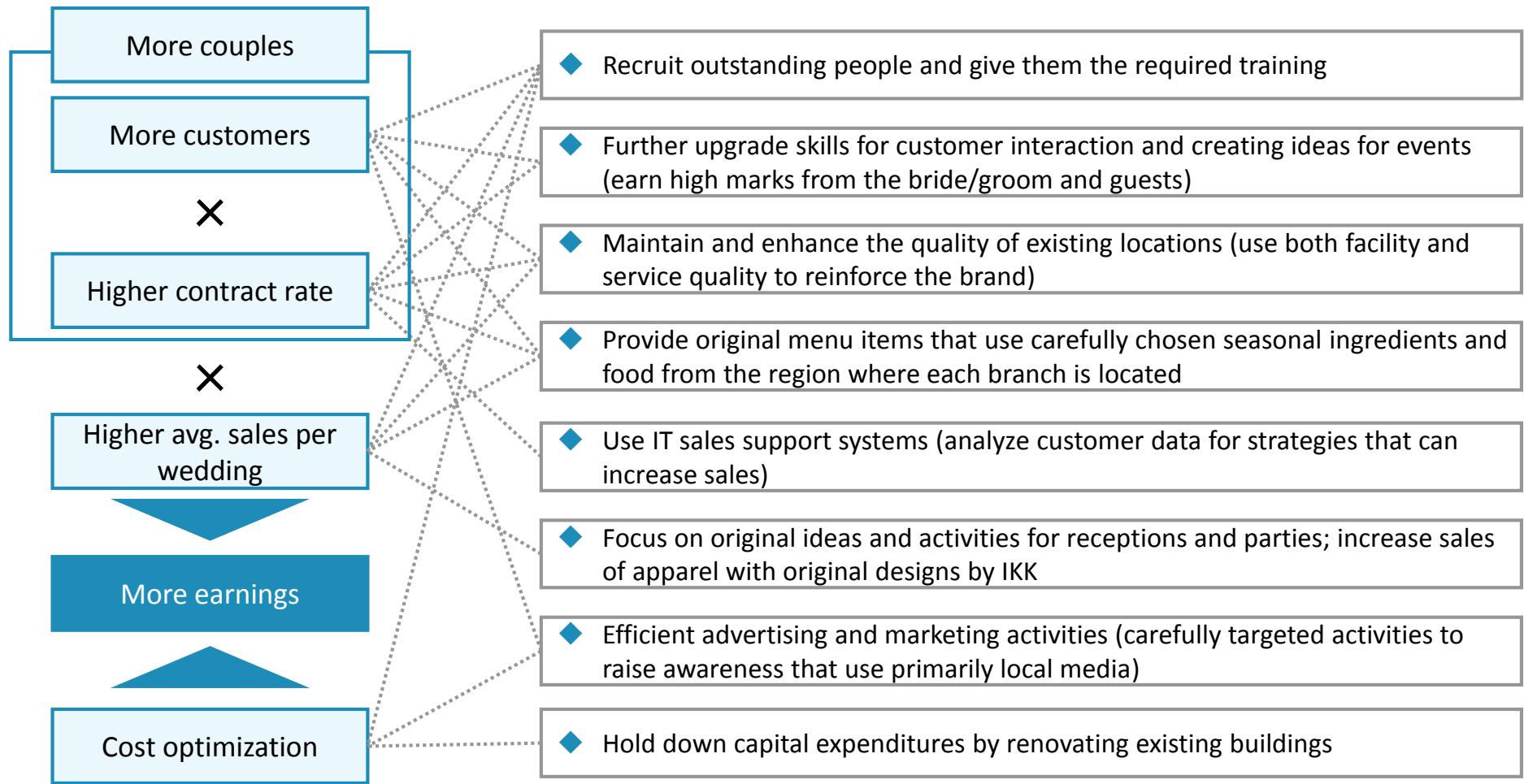
Rank of customer service in reasons for selecting an IKK location	Rank
Imari Branch	1
Tosu Branch	1
Fukuoka Branch	2
Toyama Branch	1
Miyazaki Branch	1
Oita Branch	2
Kanazawa Branch	1
Miyazaki Branch #2	1
Iwaki Branch	1
Kochi Branch	1
Fukui Branch	1
Morioka Branch	1
Toyama Restaurant Branch	2
Suite Villa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

Source: IKK study (Oct. 31, 2017)

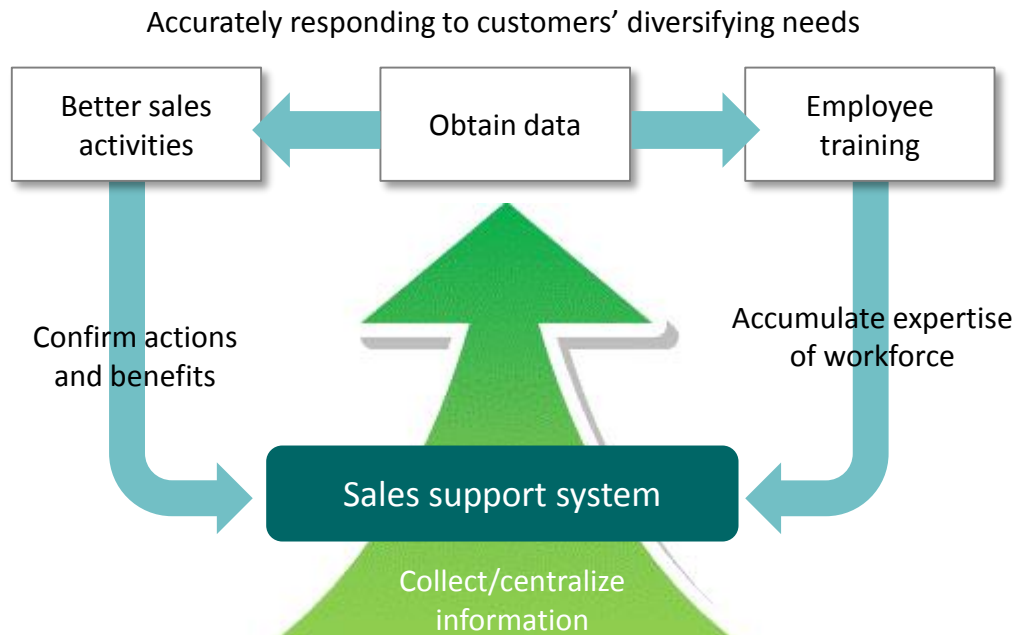
- Thanks to extensive training programs, the dedication of our people to excellence in customer service is the most important reason that people select an IKK wedding facility
- Customer service is the main reason that people select IKK at more than half of all locations

Source: Zexy Wedding Magazine Trend Survey 2017 – 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



Sales information

- Customer data (gender, age, region, others)
- Information about competitors
- Market trends (time that facilities are used, information media, others)
- Reason for using an IKK wedding facility

◆ 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

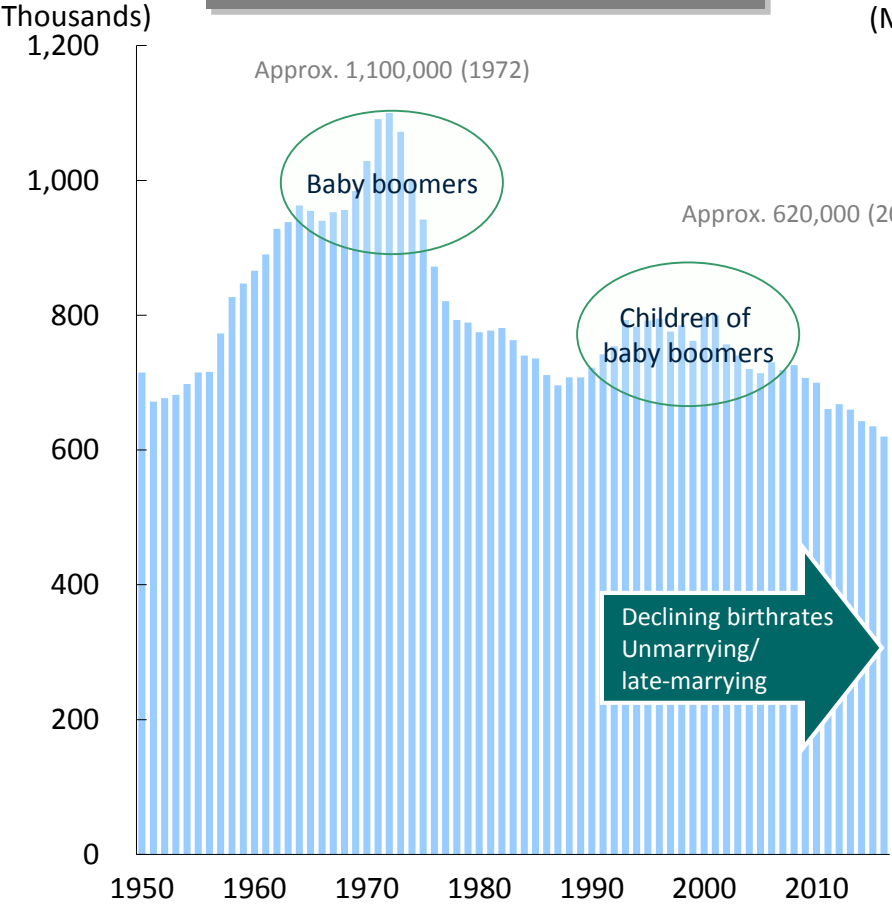
Take the most suitable and effective actions by using the latest information from nationwide branches and employees about orders received, progress toward goals and other items

◆ 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

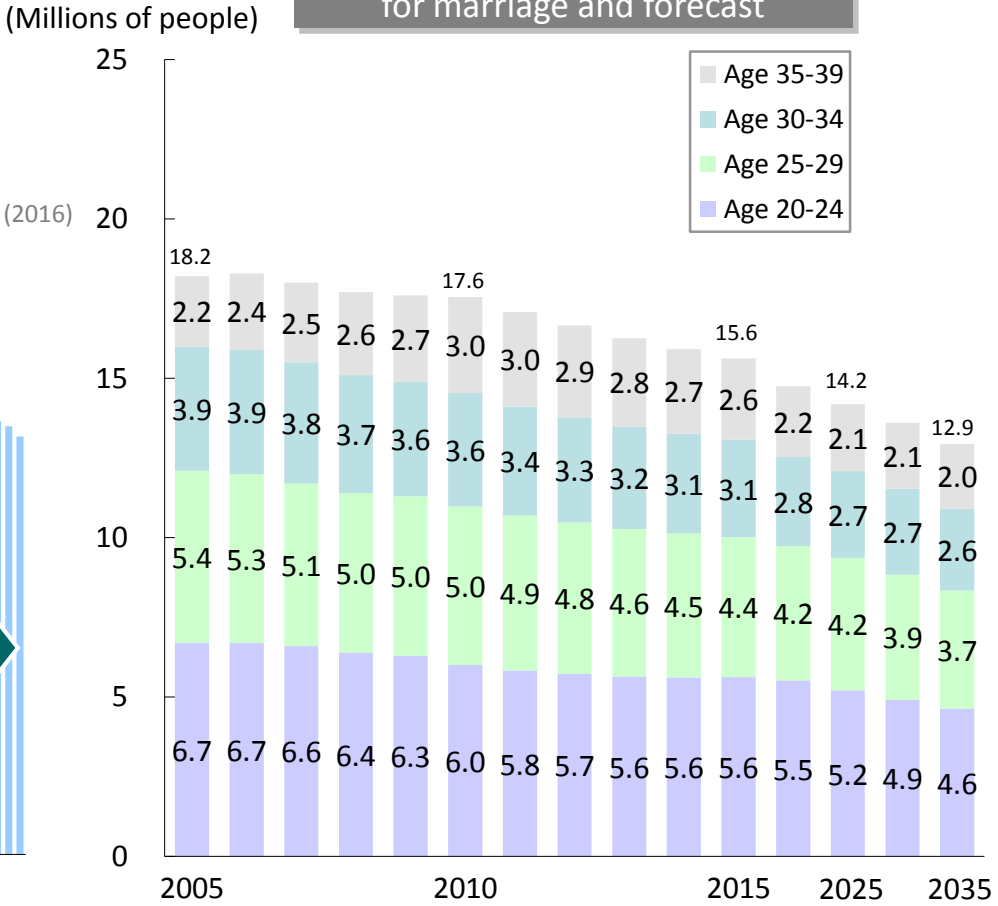
Weddings and receptions in Japan continue to decline along with the numbers of children and people in the prime age segments for marriage

Number of marriages in Japan



Source: Ministry of Health, Labour and Welfare, "Vital Statistics 2016" (Vital Statistics, Final Figures)

Population of prime age segments for marriage and forecast



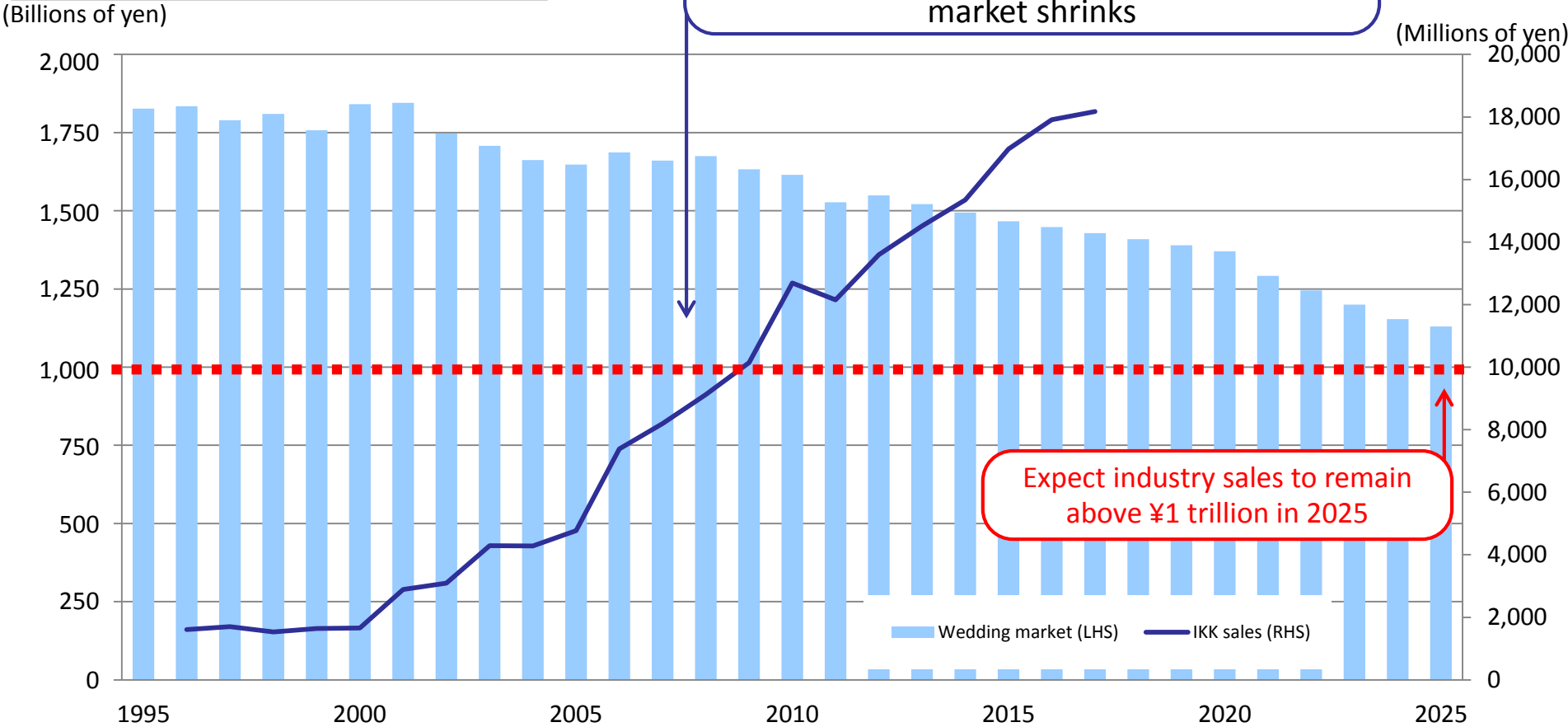
Source: National Institute of Population and Social Security Research, "Household Projections for Japan" (January 2013) Population by sex, five-year age group, and marital status

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

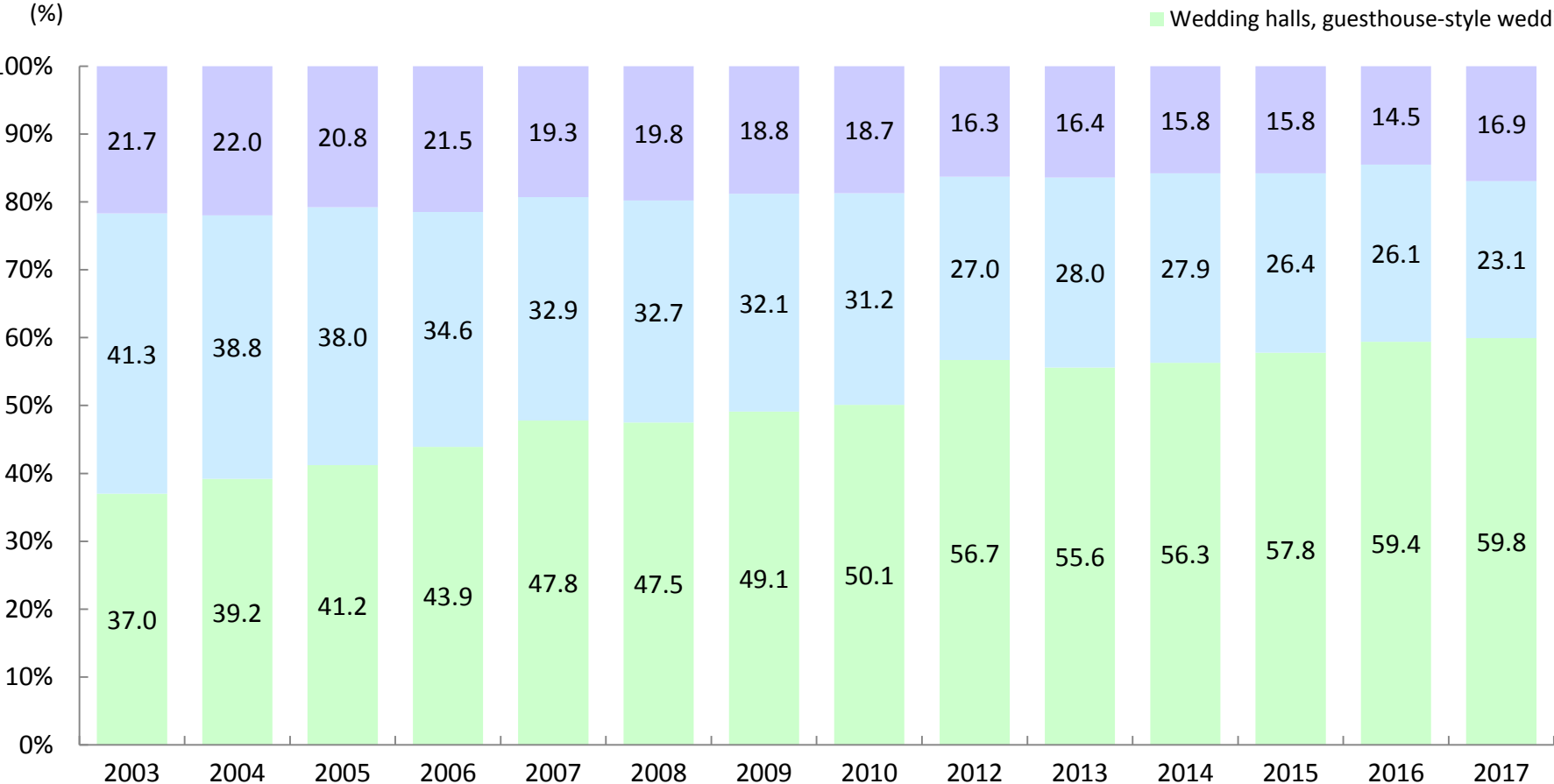


Source: IKK estimates

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

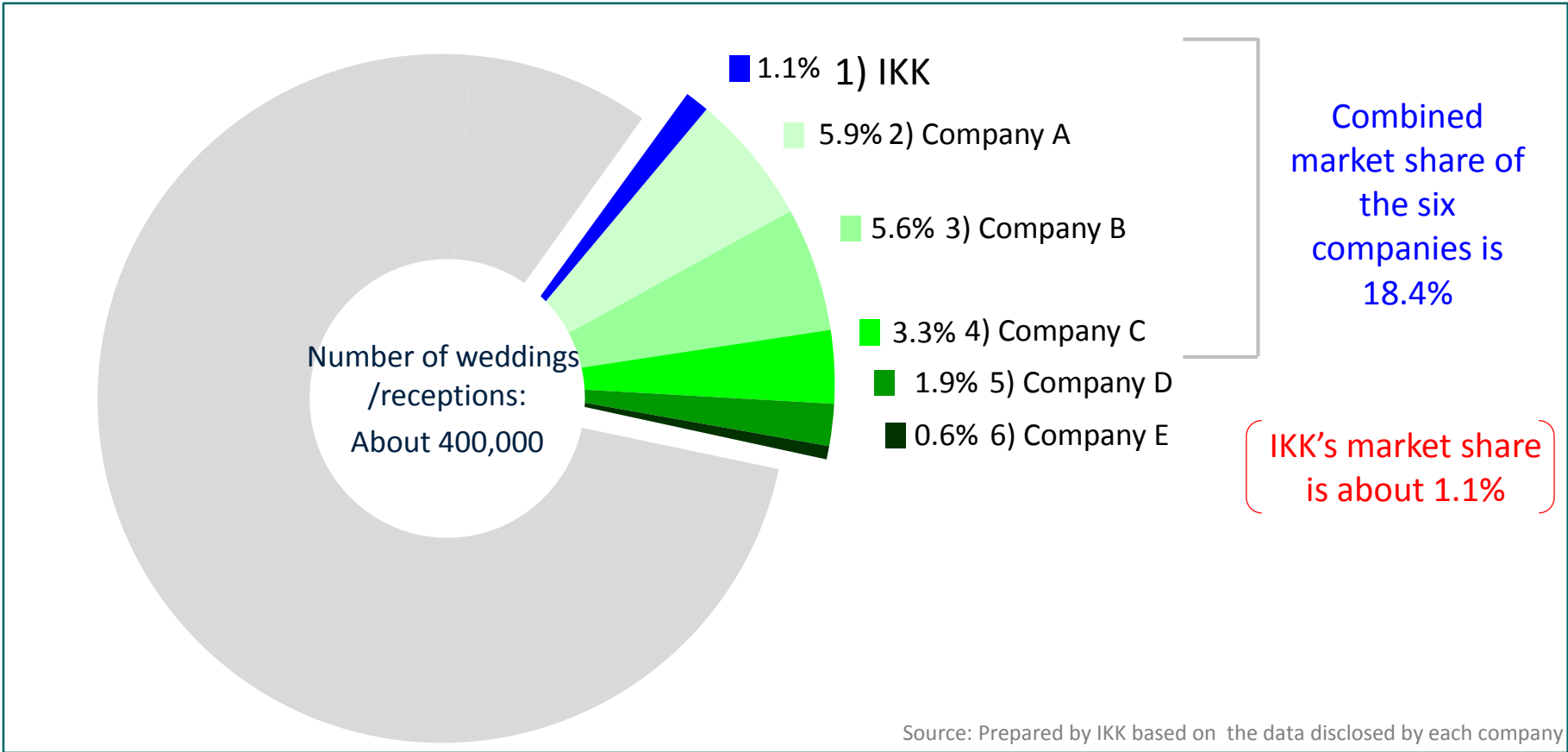
- Others (restaurants, etc.)
- Hotels
- Wedding halls, guesthouse-style weddings



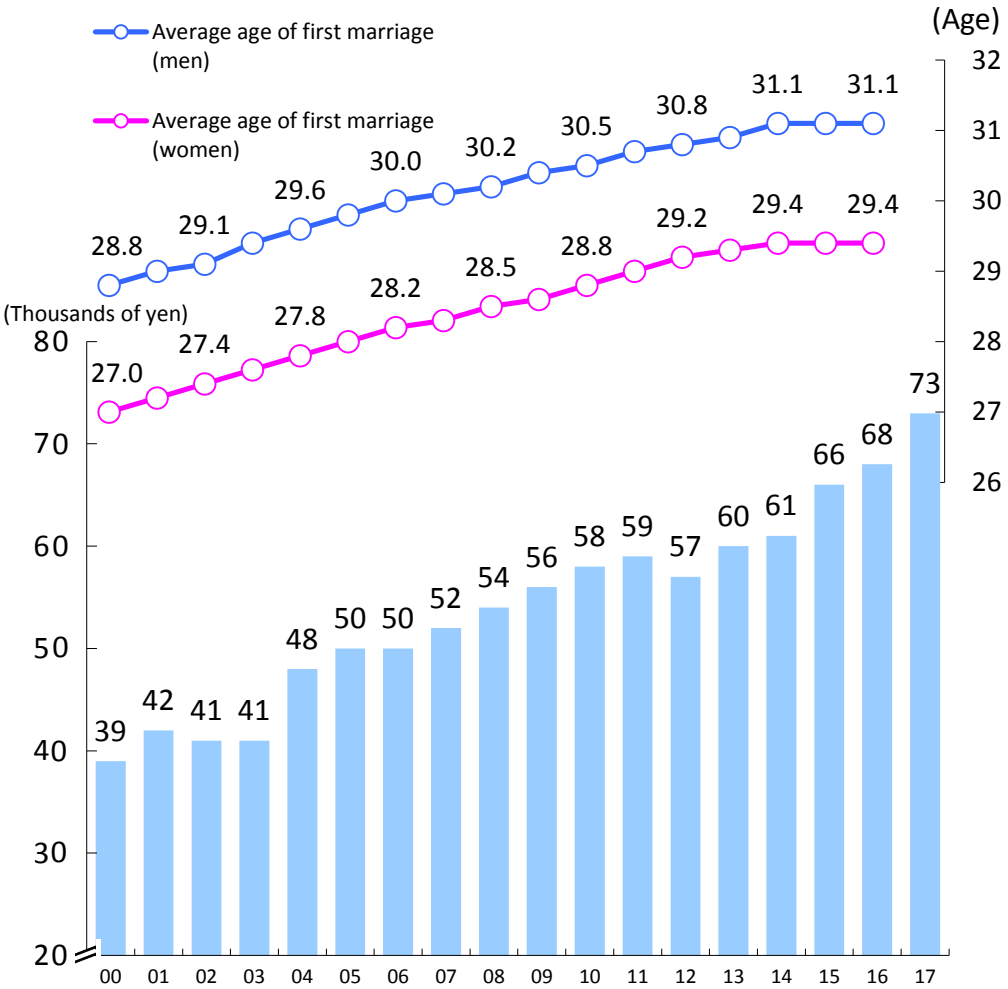
Source: Zexy Wedding Magazine Trend Survey 2017 (Estimates), facilities that host wedding receptions/parties

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 90% higher than in 2000)

Source: Zexy Wedding Magazine Trend Survey 2017 – Tokyo Area, total per-guest cost for wedding ceremony and reception/party, Ministry of Health, Labour and Welfare, "Vital Statistics 2016"



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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