

# Results of Operations for the Fiscal Year Ended October 31, 2018



IKK Inc.

(Listed on TSE First Section, Securities code 2198)



## I. FY2018 Financial Highlights

FY2018 Consolidated Overview	3
FY2018 Consolidated Financial Highlights	4
Net Sales	5
Quarterly Net Sales	6
Wedding Operations	7
Quarterly Trends in Number of Weddings	8
Quarterly Trends in Orders for Weddings	9
Quarterly Trends in Operating Profit	10
Gross Profit, Operating Profit and Ordinary Profit	11
Consolidated Balance Sheet	12
Financial Position	13
Consolidated Cash Flows	14
Operating Highlights of FY2018	15

## II. FY2019 Consolidated Forecast

Summary of the FY2019 Forecast	19
FY2019 Consolidated Forecast	20
Consolidated Forecast: Net Sales, Operating Profit and Ordinary Profit	21
Outlook of New Branch Openings, Number of Weddings, Capital Expenditures and Depreciation	22
Dividend Plan	23

## III. Initiatives for FY2019

Plan to open a new branch in Kobe City, Hyogo Prefecture	26
Renovations to improve the quality of existing locations	27
Overseas operations (Indonesia) are expected to become profitable in FY2019	28

## Reference: Company Profile, Business Activities and Industry Overview

Company Profile and Business Activities	30
Industry Trends	51



## I. FY2018 Financial Highlights

---



Seventh consecutive year of sales growth and double-digit operating profit growth due to start of operations at new branches

Record high

**Net sales : ¥20,009 million** (+10.1 % YoY , +0.0 % vs. plan)

Sales remained strong due to contributions from the new Okazaki Branch and Osaka Branch  
Average sales per wedding continued to increase to ¥3.98 million (+¥100 thousand YoY)

**Operating profit : ¥2,067 million** (+13.5 % YoY , +3.1 % vs. plan)

Average sales per wedding at existing locations were higher and new branches contributed to earnings growth as the number of weddings at existing locations decreased

**Profit attributable to owners of parent: ¥1,365 million**  
(+3.5 % YoY , +5.8 % vs. plan)

Subsidy income of ¥135 million for the new Okazaki Branch as a project that supports the establishment of urban functions

Impairment loss of ¥127 million because of the closure of Suite Villa Garden (Fukuoka Higashi Branch)

Record high

**Number of weddings: 4,765** (+8.7 % YoY , -0.9 % vs. plan)

# FY2018 Consolidated Financial Highlights

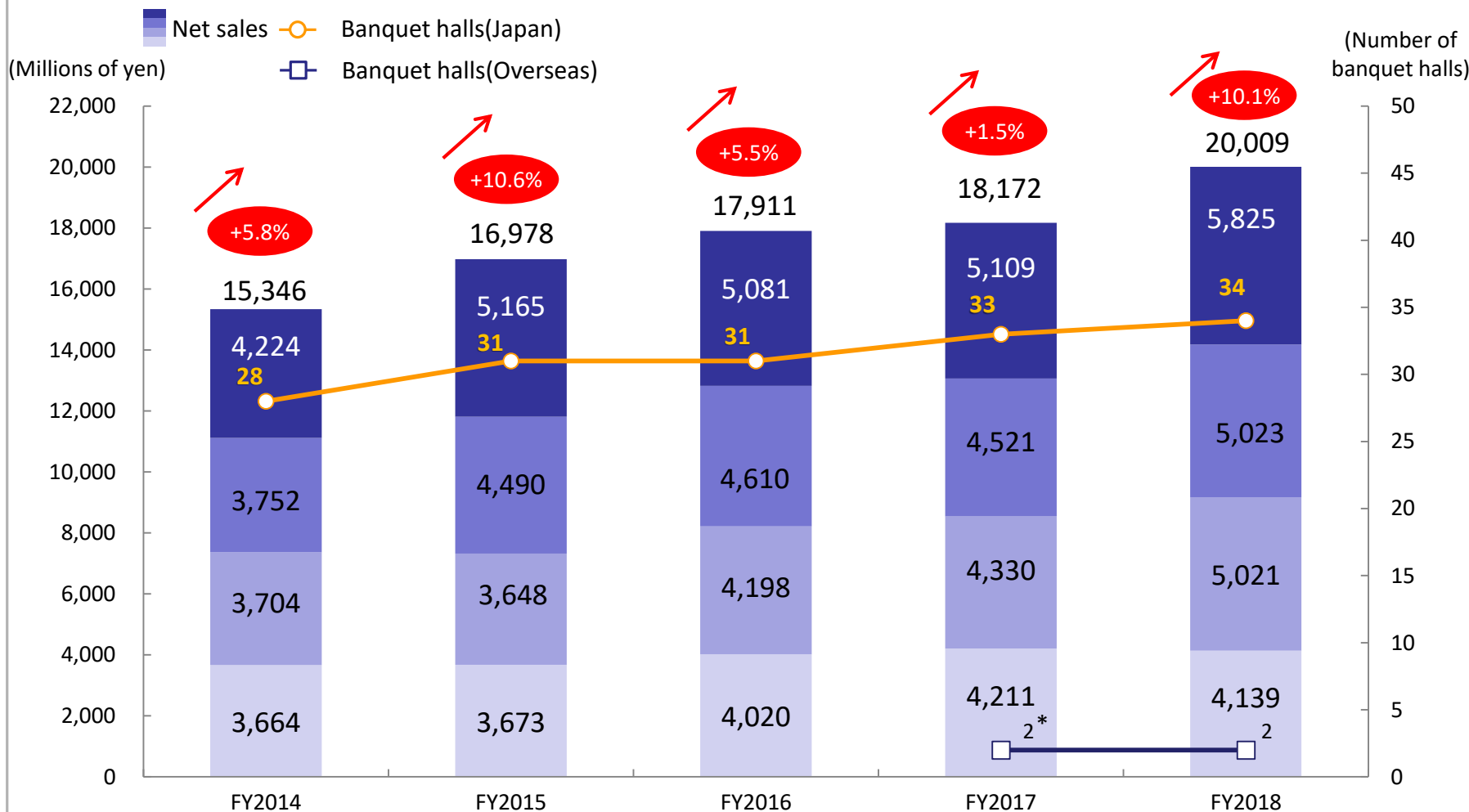
I. FY2018 results

(Millions of yen)

	FY2017		FY2018					
	Amount	% to sales	Plan	Amount	% to sales	YoY change		Vs. forecast
						Amount	%	%
Net sales	18,172	100.0	20,005	20,009	100.0	1,836	10.1	0.0
Wedding operations	17,383	95.7	—	19,219	96.1	1,835	10.6	—
Funeral operations	322	1.8	—	296	1.5	(26)	(8.2)	—
Nursing-care operations	470	2.6	—	500	2.5	29	6.2	—
Gross profit	9,827	54.1	10,765	10,987	54.9	1,160	11.8	2.1
SG&A expenses	8,006	44.1	8,760	8,920	44.6	914	11.4	1.8
Operating profit	1,821	10.0	2,005	2,067	10.3	246	13.5	3.1
Ordinary profit	1,825	10.0	2,010	2,094	10.5	269	14.8	4.2
Profit attributable to owners of parent	1,319	7.3	1,290	1,365	6.8	46	3.5	5.8
Net income per share (Yen)	44.91	—	43.72	46.28	—	—	—	—



## Net sales, number of banquet halls

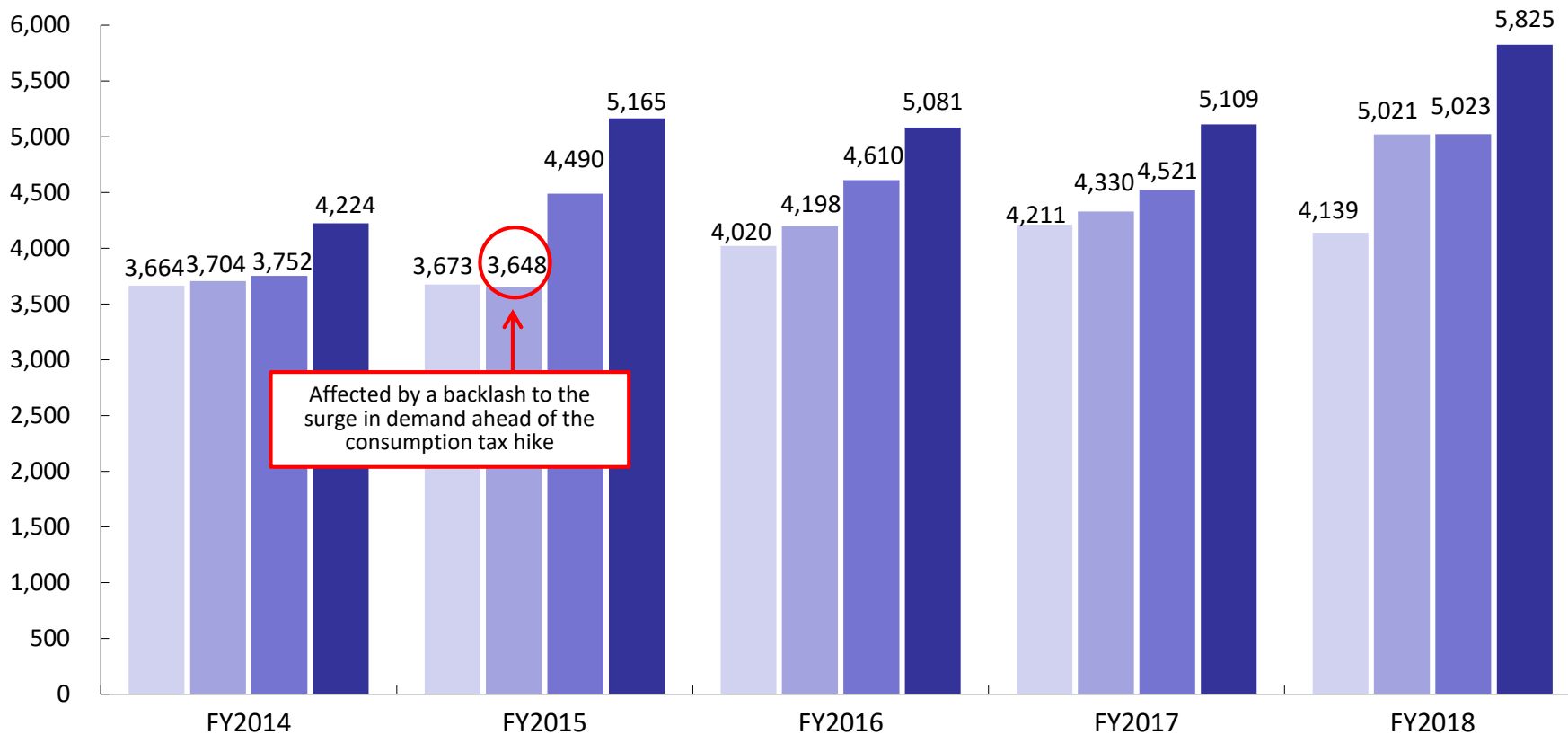


\*Overseas wedding operations started in FY2017. However, overseas results have not been consolidated for FY2017.

## Net sales

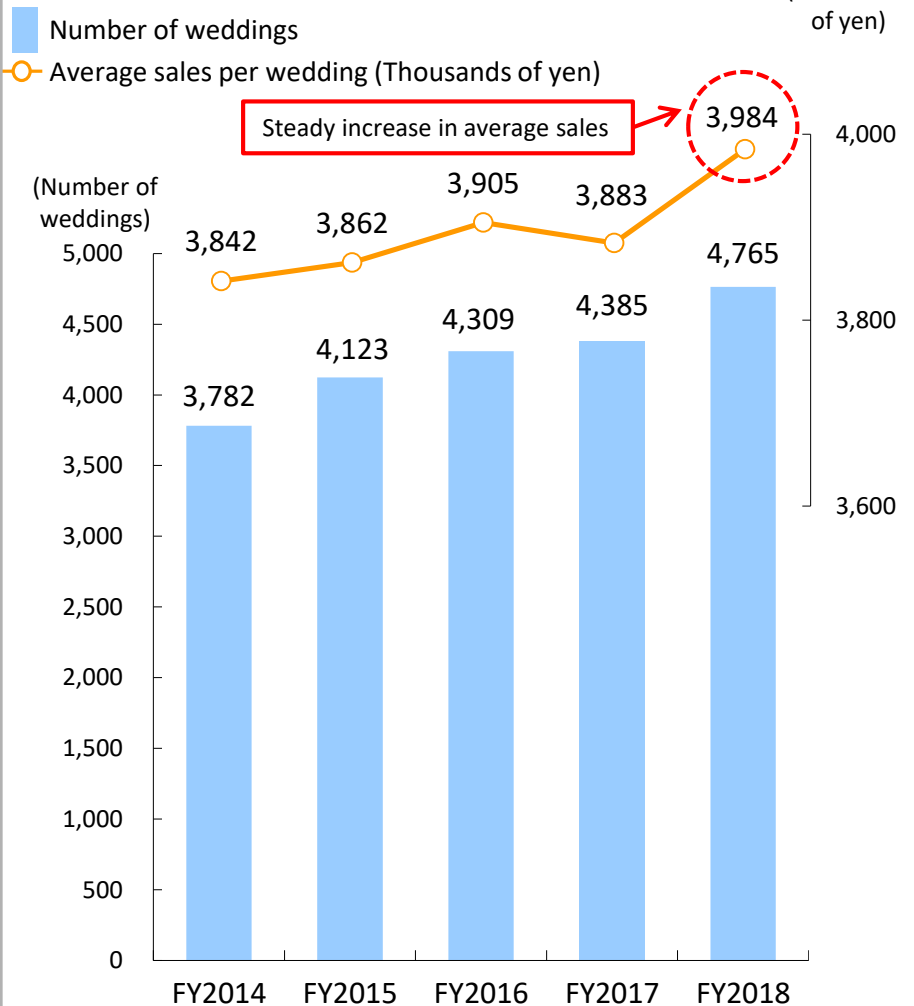
1Q 2Q 3Q 4Q

(Millions of yen)



	FY2017 results	FY2018 results	YoY change	
			Amount	%
Net sales (Millions of yen)	17,383	19,219	1,835	10.6
Number of branches in Japan	17	18	1	5.9
Number of branches overseas	1	1	0	-
Number of weddings	4,385	4,765	380	8.7
	Japan	4,384	290	6.6
	Overseas	1	90	-
Orders for weddings	4,677	4,787	110	2.4
Order backlog	3,697	3,719	22	0.6
Average sales per wedding* (Thousands of yen)	3,883	3,984	100	2.6

Number of weddings, average sales per wedding



\* Number of weddings include results of overseas operations. However, overseas results have not been consolidated for FY2017.

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

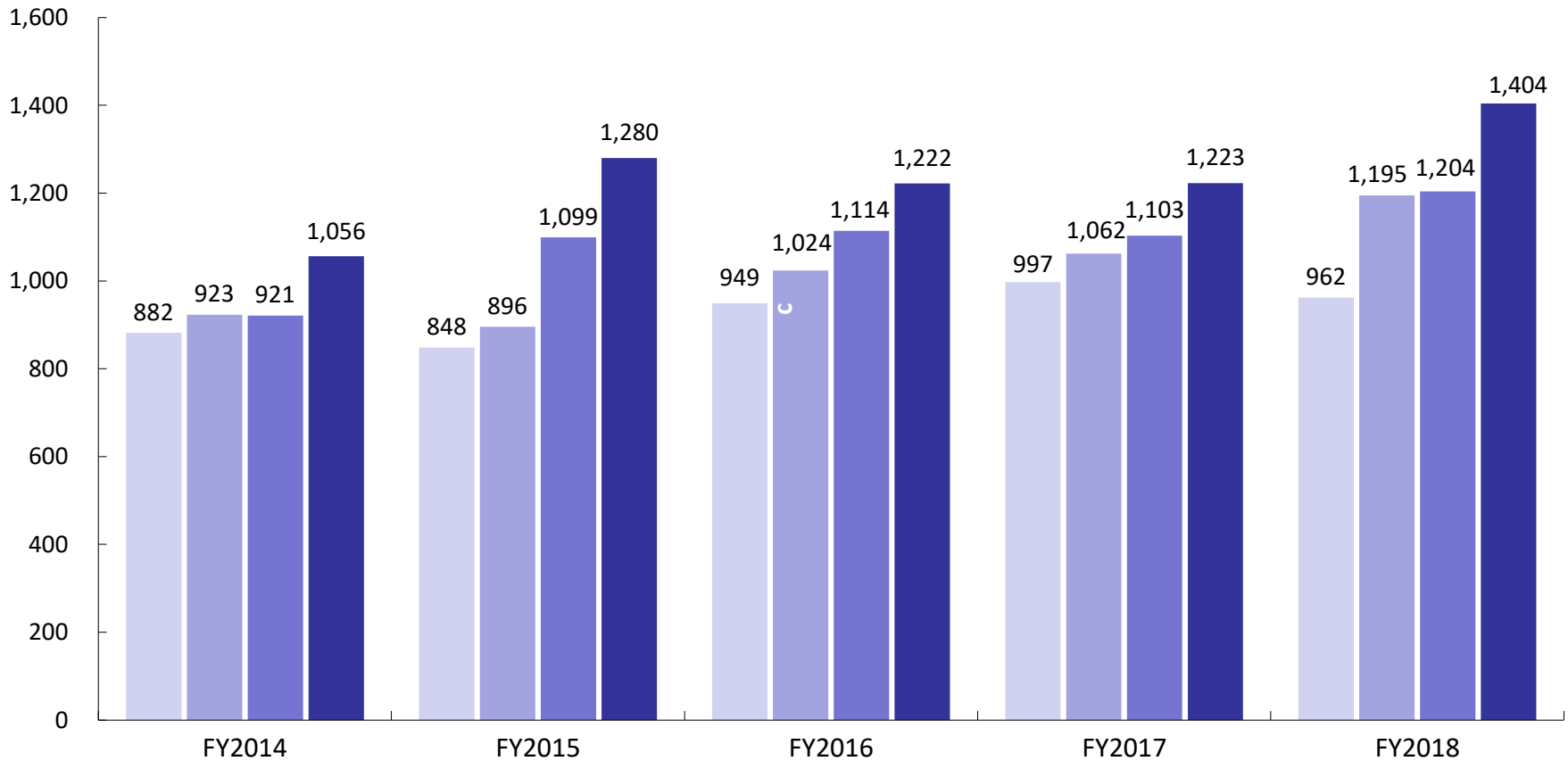
\*2 The average sales per wedding does not include ordinary banquets, cancellation fees and overseas wedding operations.



## Number of weddings

(Number of weddings)

1Q 2Q 3Q 4Q

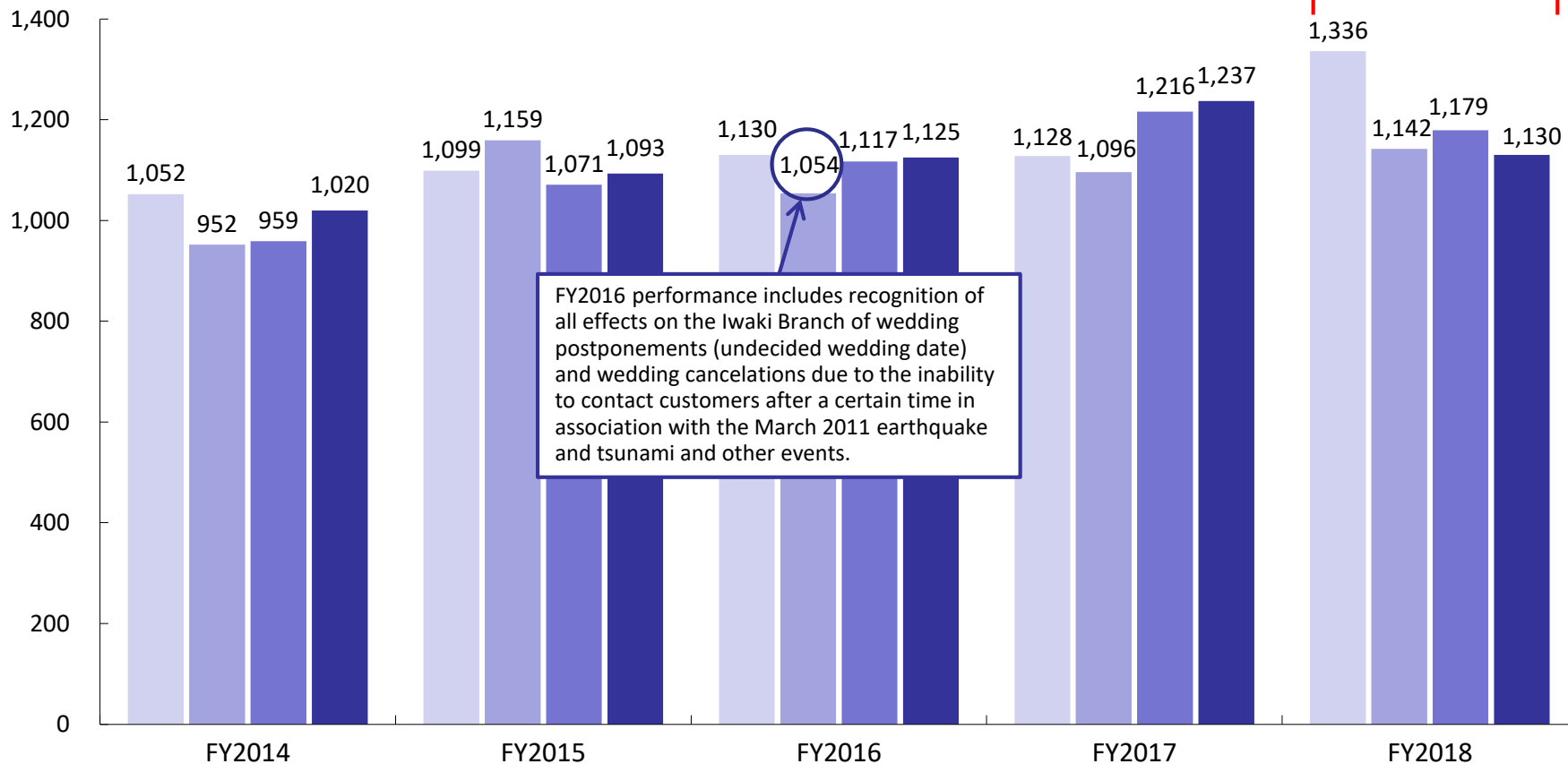


\* Number of weddings include results of overseas operations. However, overseas results have not been consolidated for FY2017.

## Orders for weddings

(Orders for weddings)

1Q 2Q 3Q 4Q

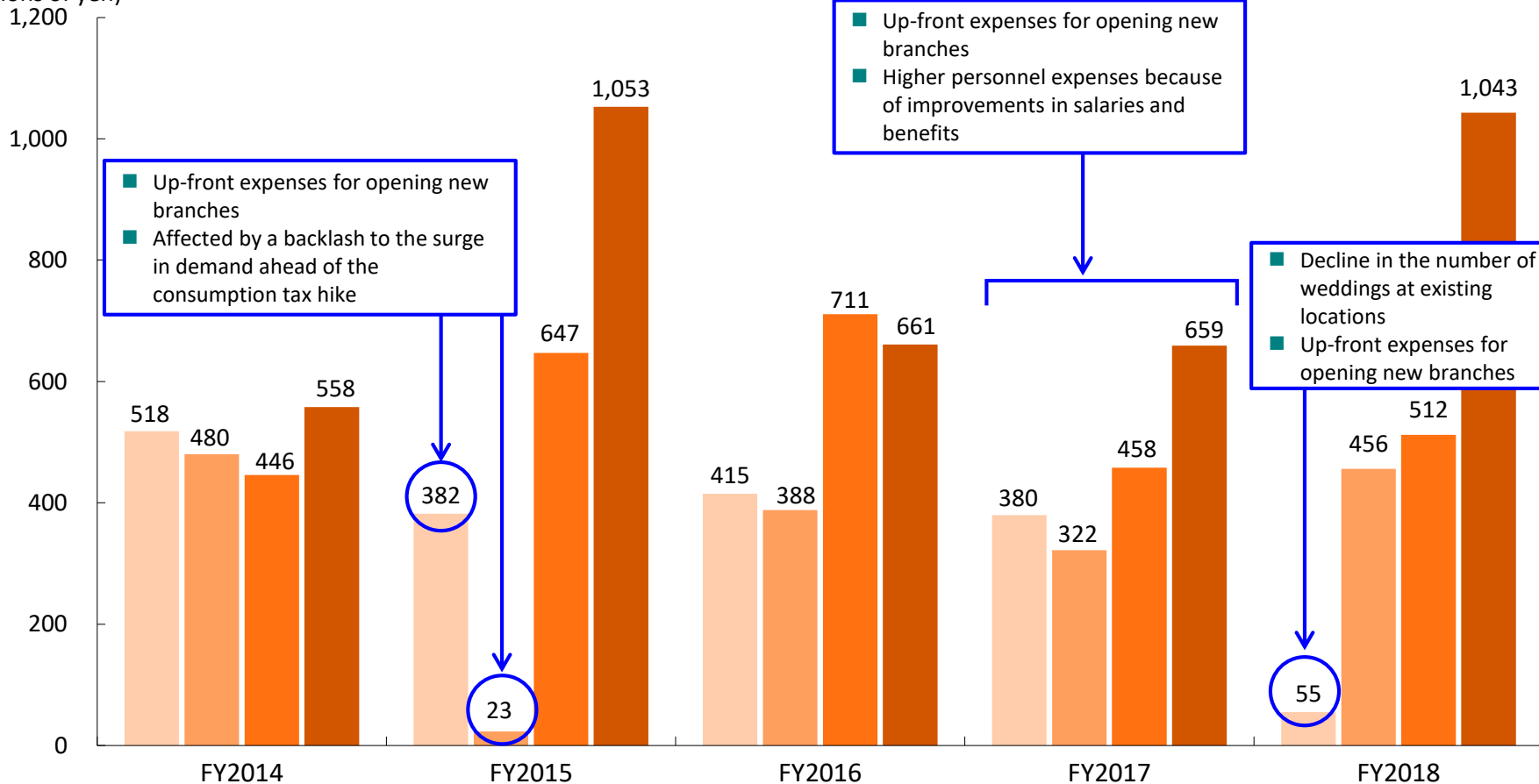


\* Orders for weddings include results of overseas operations.

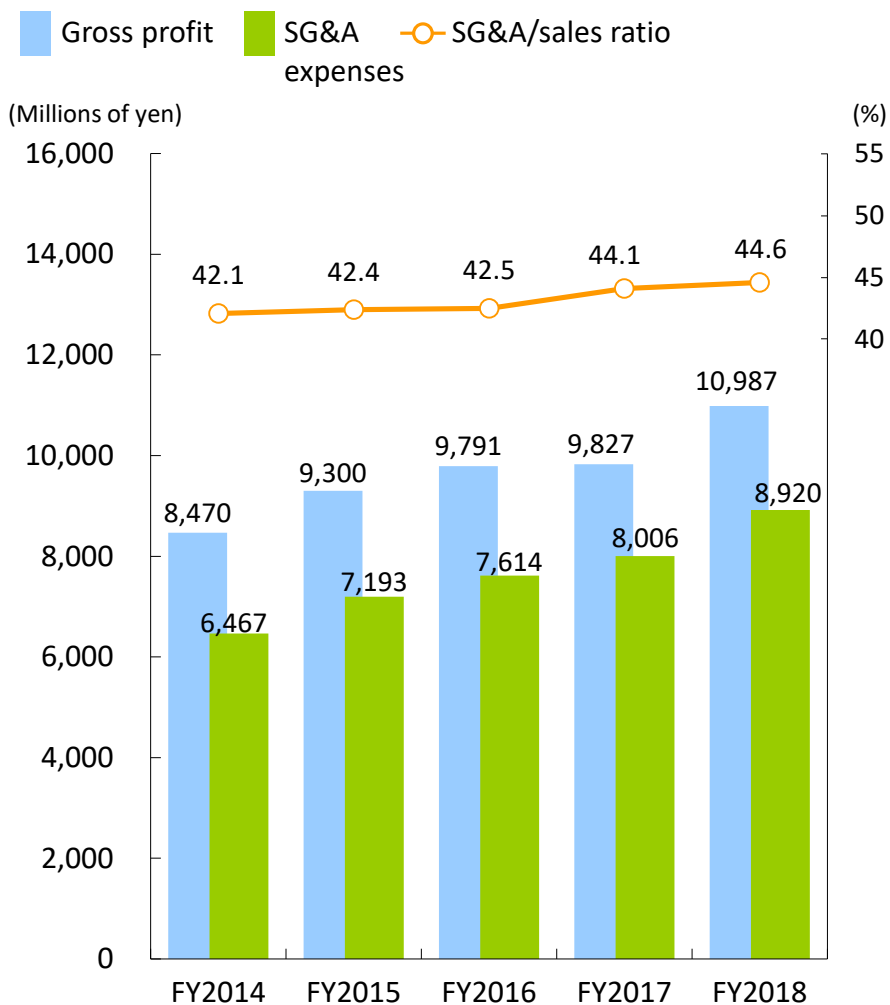
## Operating profit

1Q 2Q 3Q 4Q

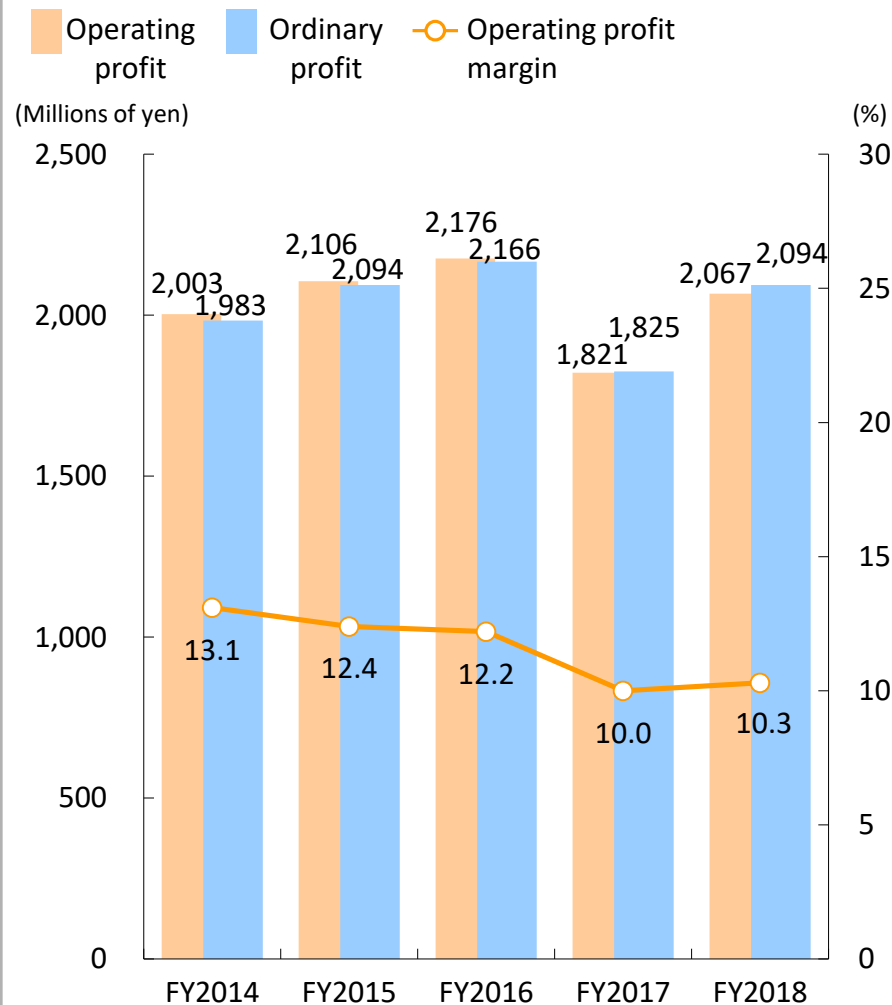
(Millions of yen)



## Gross profit, SG&A expenses



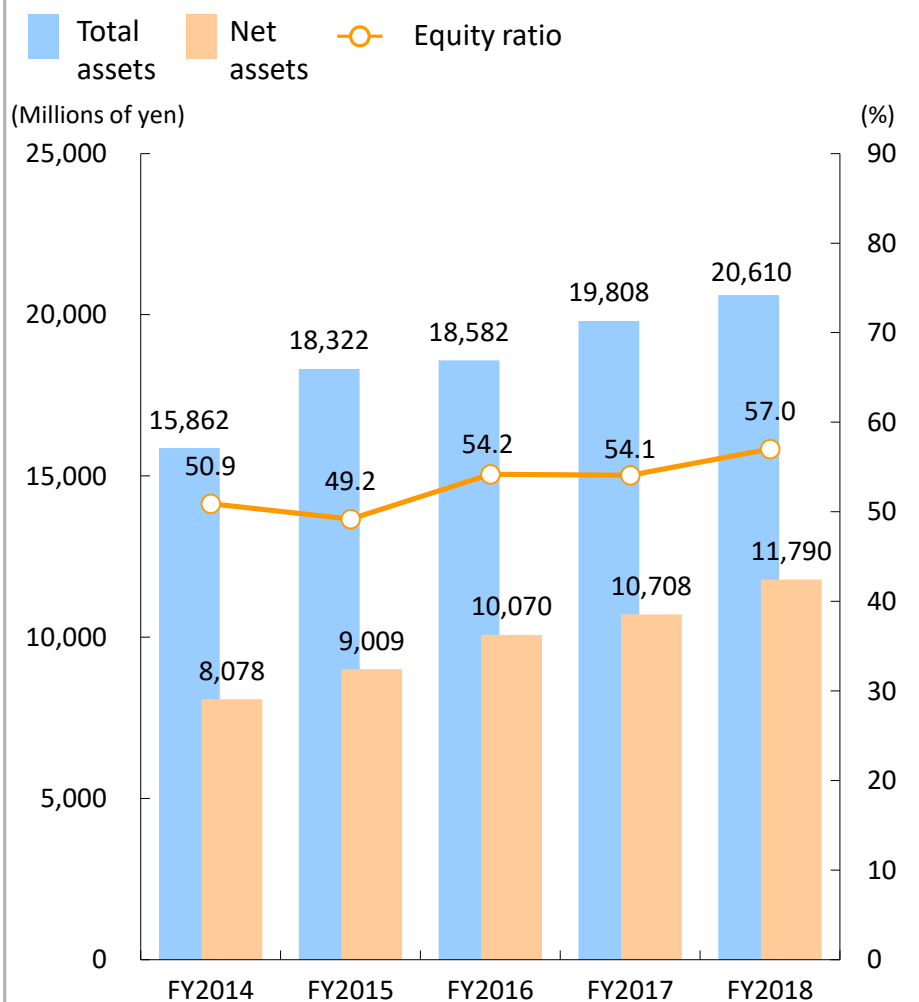
## Operating profit, ordinary profit



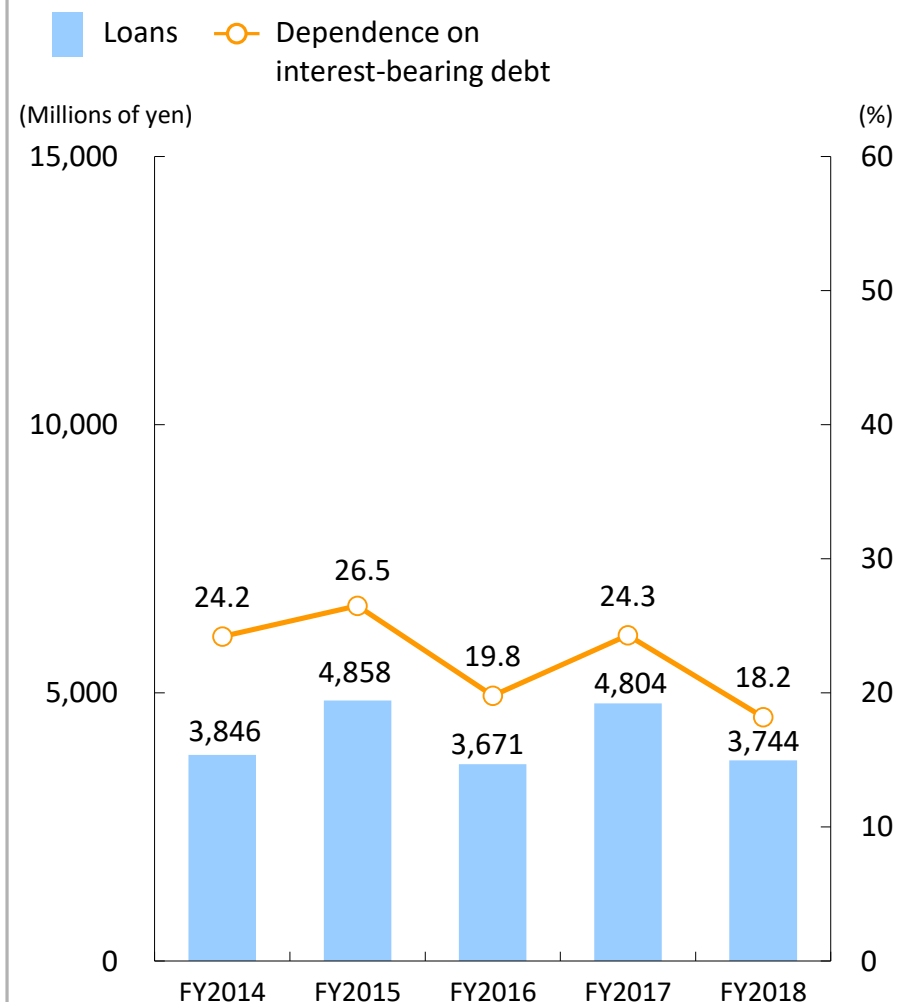
(Millions of yen)

		Oct. 31, 2017		Oct. 31, 2018			
		Amount	Comp. (%)	Amount	Comp. (%)	YoY change	Main factors
Current assets		4,762	24.0	6,216	30.2	1,453	Cash and deposits: +1,545 Accounts receivable-trade: -143
	(Cash and deposits)	3,731	18.8	5,277	25.6	1,545	
	(Accounts receivable-trade)	457	2.3	314	1.5	(143)	
	Non-current assets	15,045	76.0	14,393	69.8	(651)	Property, plant and equipment: -446 investments and other assets: -220
	(Property, plant and equipment)	12,466	62.9	12,019	58.3	(446)	
Total assets		19,808	100.0	20,610	100.0	801	
Current liabilities		3,985	20.1	4,579	22.2	593	Income taxes payable: +416 Other current liabilities: +131
	(Accounts payable-trade)	879	4.4	911	4.4	32	
	(Income taxes payable)	154	0.8	570	2.8	416	
	Non-current liabilities	5,114	25.8	4,241	20.6	(873)	Long-term loans payable: -1,052 Asset retirement obligations: +164
	Total liabilities	9,100	45.9	8,820	42.8	(280)	
(Interest-bearing debt)		4,804	24.3	3,744	18.2	(1,060)	
Total net assets		10,708	54.1	11,790	57.2	1,081	Profit attributable to owners of parent: +1,365 Dividends of surplus: -359
Total liabilities and net assets		19,808	100.0	20,610	100.0	801	

## Total assets, net assets, equity ratio



## Interest-bearing debt



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

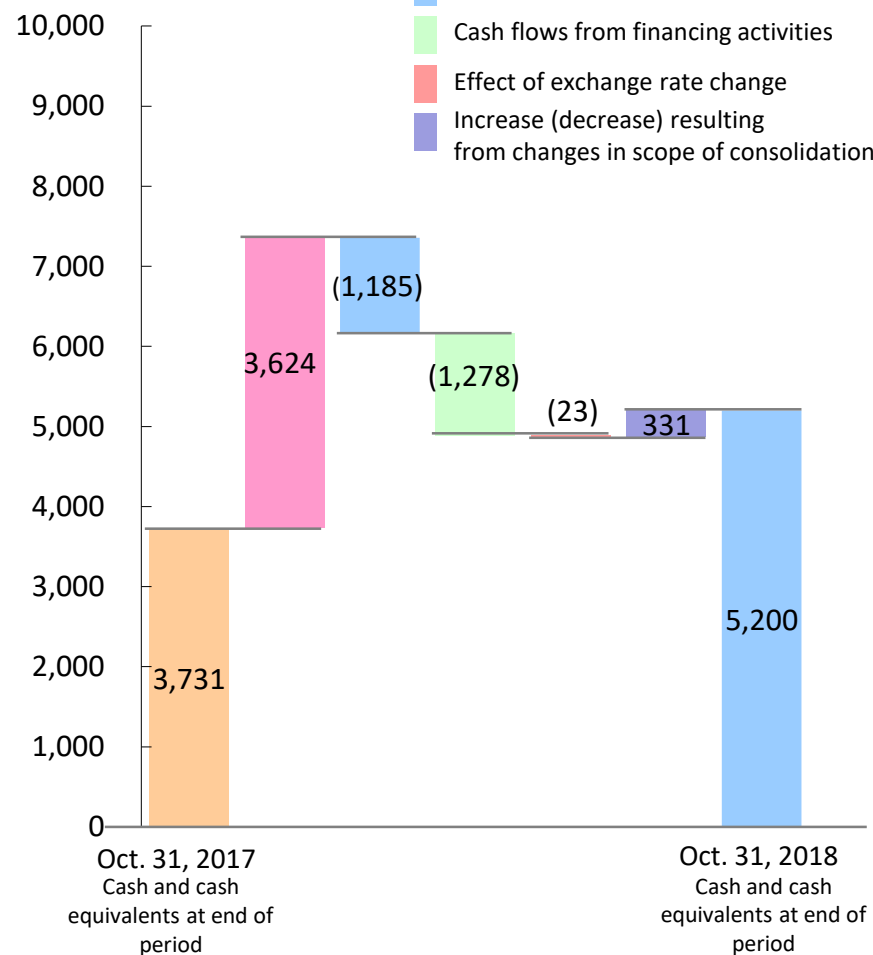


(Millions of yen)

	FY2017	FY2018
<b>Cash flows from operating activities</b>	1,197	3,624
Profit before income taxes	1,805	2,086
Depreciation	1,047	1,179
Decrease (increase) in notes and accounts receivable-trade	(19)	137
Increase (decrease) in notes and accounts payable-trade	(15)	26
Other, net	(716)	453
Income taxes paid	(746)	(407)
<b>Cash flows from investing activities</b>	(3,533)	(1,185)
Purchase of property, plant and equipment	(2,280)	(926)
<b>Cash flows from financing activities</b>	694	(1,278)
Effect of exchange rate change on cash and cash equivalents	-	(23)
Cash and cash equivalents at beginning of period	5,372	3,731
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	-	331
<b>Cash and cash equivalents at end of period</b>	<b>3,731</b>	<b>5,200</b>

## Consolidated cash flows

(Millions of yen)



## Opened a new branch in Osaka City, Osaka Prefecture

- IKK was selected by the Osaka Castle Park Management Project and started operating 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 <sup>th</sup> and 10 <sup>th</sup> floors of the Menara Mandiri building		

### Function Hall

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



### Function Hall

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



↑ A wedding ceremony at the Menara Mandiri building



## II. FY2019 Consolidated Forecast

---



Forecast no change in sales but lower operating profit caused mainly by up-front expenses for new branches

## Planning on no change in sales and expect overseas operations to become profitable

Net sales: ¥**20,010** million (up 0.0 % YoY)

- Forecast no change in sales as the first full-year of sales at the Osaka Branch and start of operations at the Kobe Branch in July are offset by the FY2018 closing of the Fukuoka Higashi Branch and the declining number of weddings at existing locations
- In the wedding business in Japan, the forecast is a decrease of 19 in the number of weddings to 4,655 and average sales per wedding of ¥3,980 thousand, nearly flat YoY.

Operating profit: ¥**1,910** million (down 7.6 % YoY)

- In the wedding business in Japan, there will be up-front expenses of about ¥230 million to start operations at the Kobe Branch.
- With a goal of 130 weddings during the fiscal year, the overseas wedding business is expected to become profitable.

Profit attributable to owners of parent: ¥**1,250** million (down 8.5 % YoY)



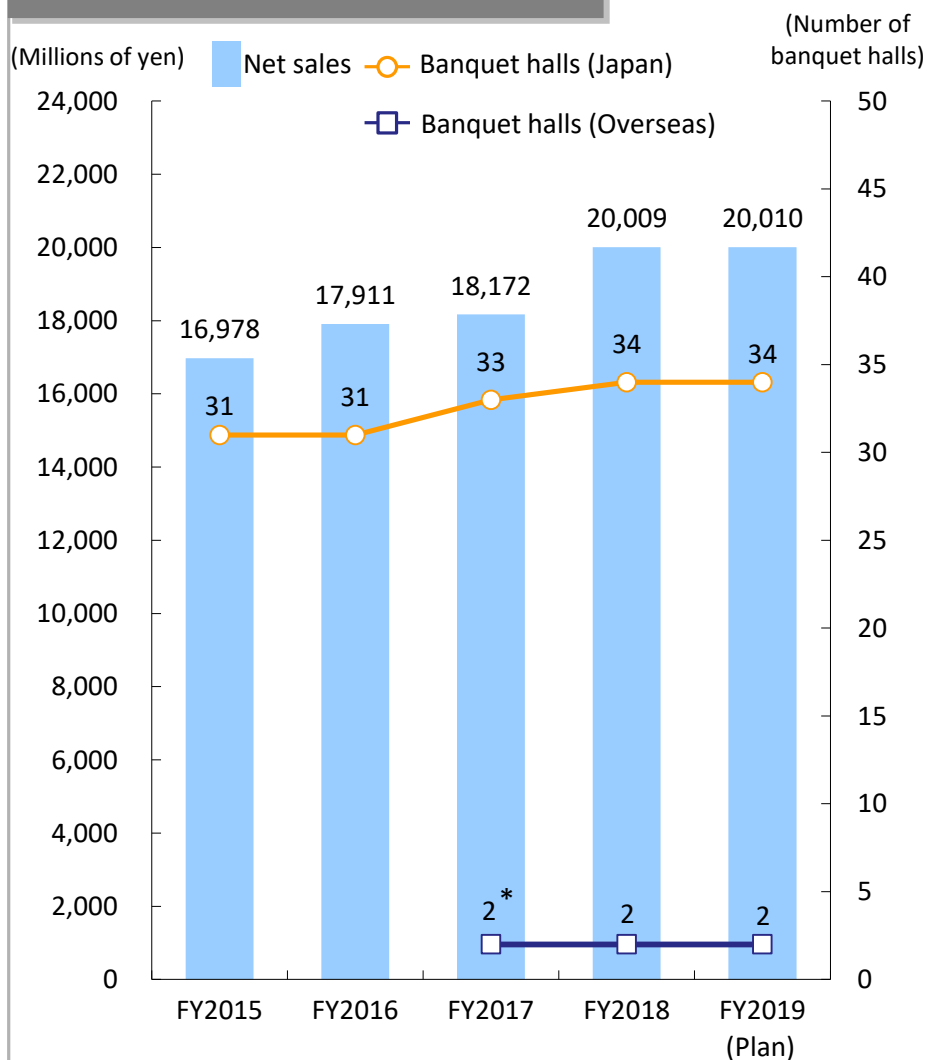
(Millions of yen)

	FY2018		FY2019			
	Amount	% to sales	Full-year plan	% to sales	YoY change	
					Amount	%
Net sales	20,009	100.0	20,010	100.0	0	0.0
Gross profit	10,987	54.9	10,955	54.7	(32)	(0.3)
SG&A expenses	8,920	44.6	9,045	45.2	124	1.4
Operating profit	2,067	10.3	1,910	9.5	(157)	(7.6)
Ordinary profit	2,094	10.5	1,920	9.6	(174)	(8.4)
Profit attributable to owners of parent	1,365	6.8	1,250	6.2	(115)	(8.5)
Net income per share (Yen)	46.28	—	42.11	—	—	—

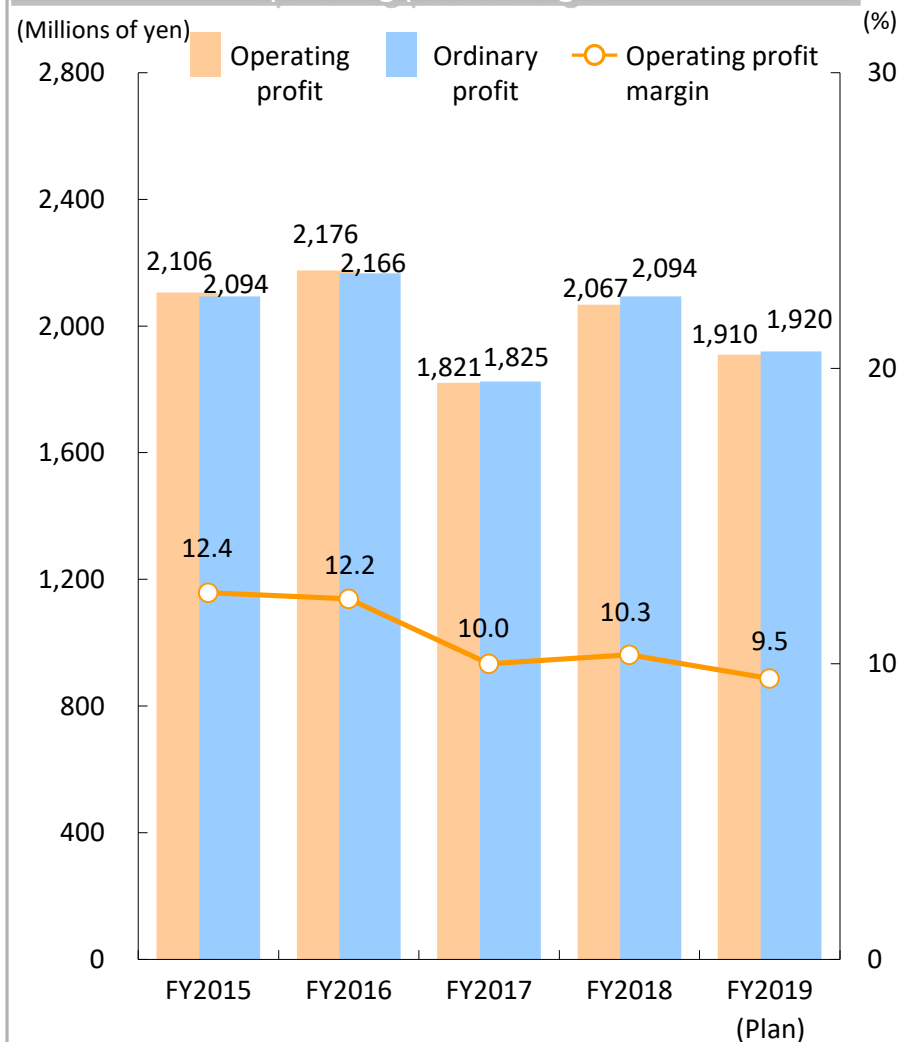
# Consolidated Forecast: Net Sales, Operating Income and Ordinary Income

II. FY2019 forecast

## Net sales, number of banquet halls



## Operating profit, ordinary profit, operating profit margin



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

# Outlook of New Branch Openings, Number of Weddings, Capital Expenditures and Depreciation

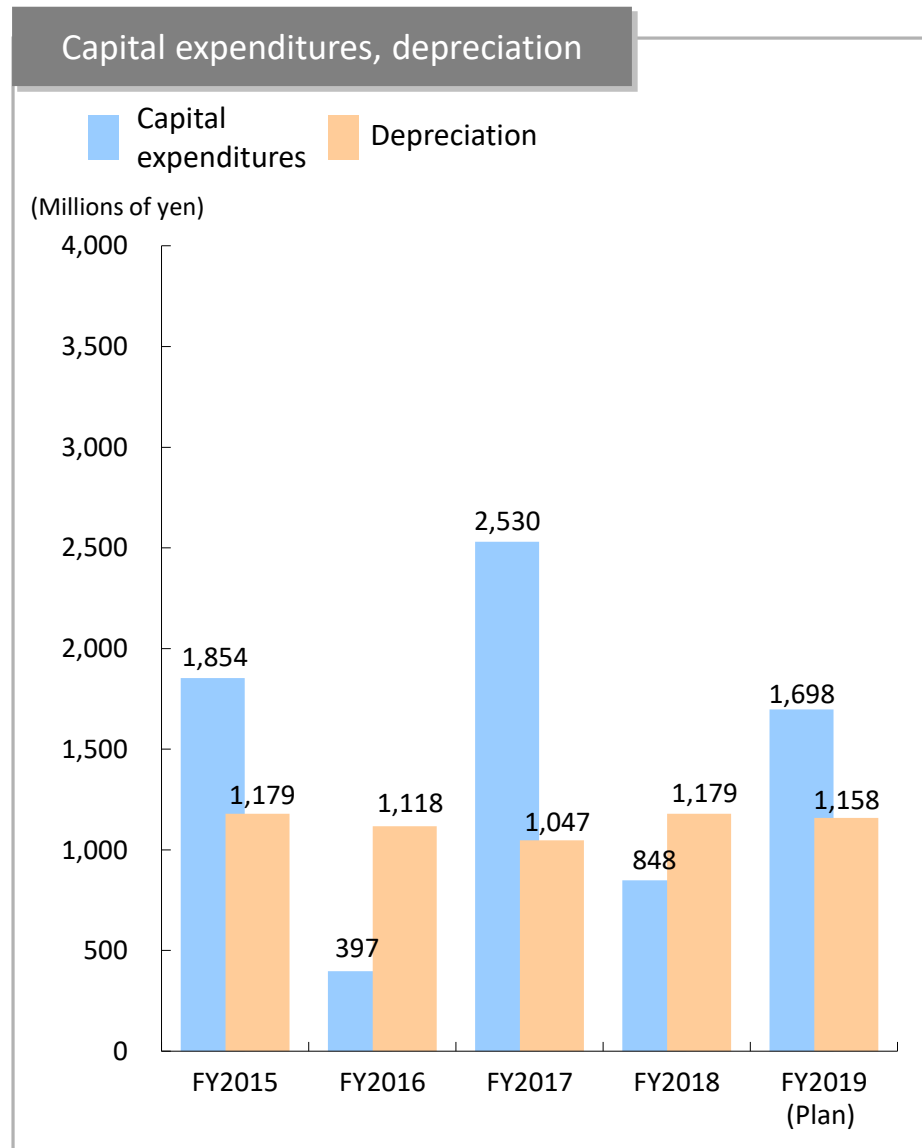
II. FY2019 forecast

	FY2018 Results	FY2019 Plan	Change
Number of branches at end of period (Japan)	18	18	-
Wedding facility: 4 banquet halls	1	1	-
Wedding facility: 3 banquet halls	5	5	-
Wedding facility: 2 banquet halls	3	3	-
Wedding facility: 1 banquet hall	7	6	(1)
Restaurant: 1 banquet hall	2	3	1
Number of branches at end of period (Overseas)	1	1	-
Wedding facility: 2 banquet halls	1	1	-
Number of banquet halls	36	36	-
Number of weddings	4,765	4,785	20
Japan	4,674	4,655	(19)
Overseas	91	130	39

\* Overseas results have not been consolidated for FY2017.

(Millions of yen)

	FY2018 Results	FY2019 Plan	Change
Capital expenditures	848	1,698	850
Depreciation	1,179	1,158	(21)

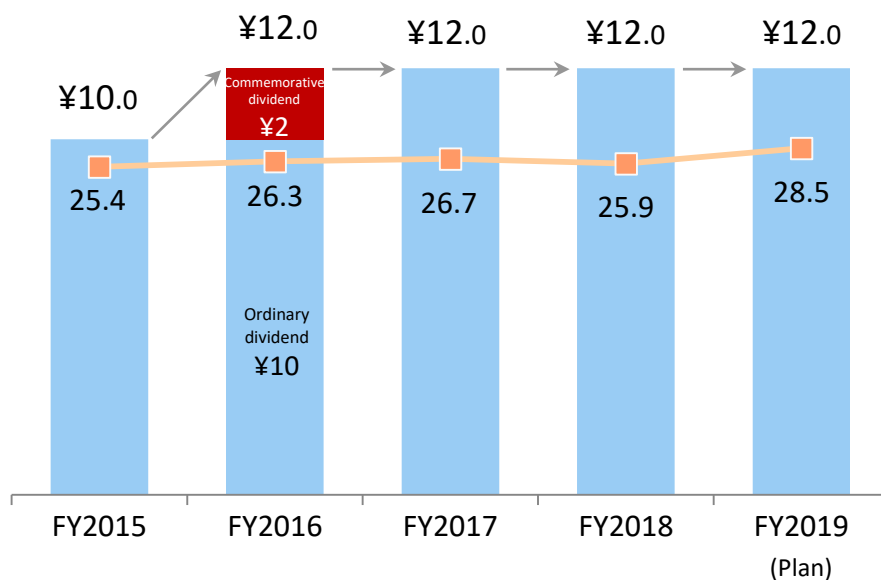


## Plan to pay the FY2019 ordinary dividend of ¥12

- 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

■ Ordinary dividend
 ■ Commemorative dividend
 — Dividends Payout Ratio (%)

May 1, 2015  
Stock split



	Dividends	Dividends payout ratio
FY2015	¥10.0*	25.4%
FY2016	¥12.0 (Commemorative dividend: ¥2)	26.3%
FY2017	¥12.0	26.7%
FY2018	¥12.0	25.9%
FY2019 (Plan)	¥12.0	28.5%

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

### III. Initiatives for FY2019

---



- 1 Plan to open a new branch in Kobe City, Hyogo Prefecture

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

---
- 3 Overseas operations (Indonesia) are expected to become profitable in FY2019

---



## Plan to open a new branch in Kobe City, Hyogo Prefecture

- IKK won the bid to open a restaurant within the premises of the Po-ai Shiosai park in Kobe City, Hyogo Prefecture.
- IKK plans to open a restaurant and café designed to hold weddings also in the premises of the Po-ai Shiosai park

### La La Chance KOBE (Kobe Branch)

Location	Kobe City, Hyogo Pref.
Opening	July 2019 (planned)
Facilities	Restaurant, café, etc. (planned)
Nearest station	Minatojima station on the Port Island Line



Rendering of the completed facility

## Renovations to upgrade the quality of existing locations

### La La Chance Taiyo no Oka (Kanazawa Branch)

Location	Kanazawa City, Ishikawa Pref.
Completion of renovations	March 2019
Renovations	Major remodeling of the chapel



▲ Before remodeling



▲ After remodeling

### La La Chance Bel Ami (Morioka Branch)

Location	Morioka City, Iwate Pref.
Completion of renovations	Spring 2019
Renovations	Major remodeling of the garden



▲ Before remodeling



▲ After remodeling

**Other locations will be renovated based on our investment plan**



## Overseas operations (Indonesia) are expected to become profitable in FY2019

- Planning on a profit in FY2019 and a total of 130 weddings
- Taking actions to improve customer satisfaction and collecting information about potential sites for expansion



### Function Hall

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



### Function Hall

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



▲ Colorful floral decorations



▲ A traditional dance by the bride



▲ A party with a buffet



Reference:

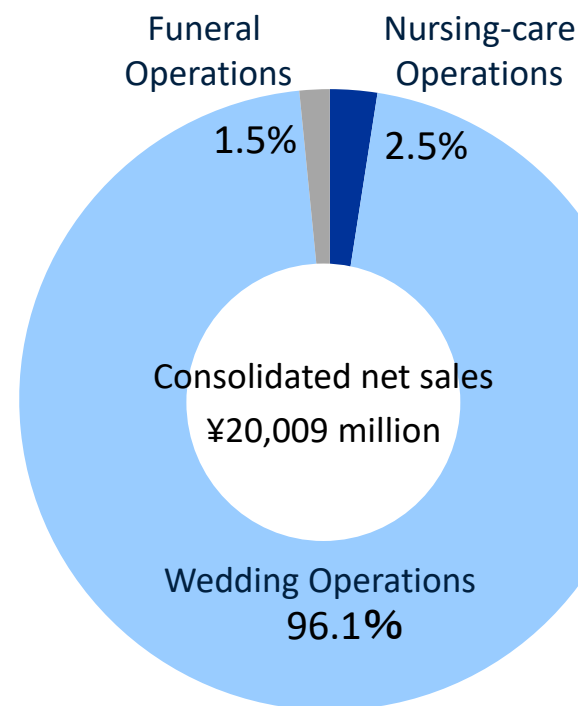
Company Profile, Business Activities and Industry Overview

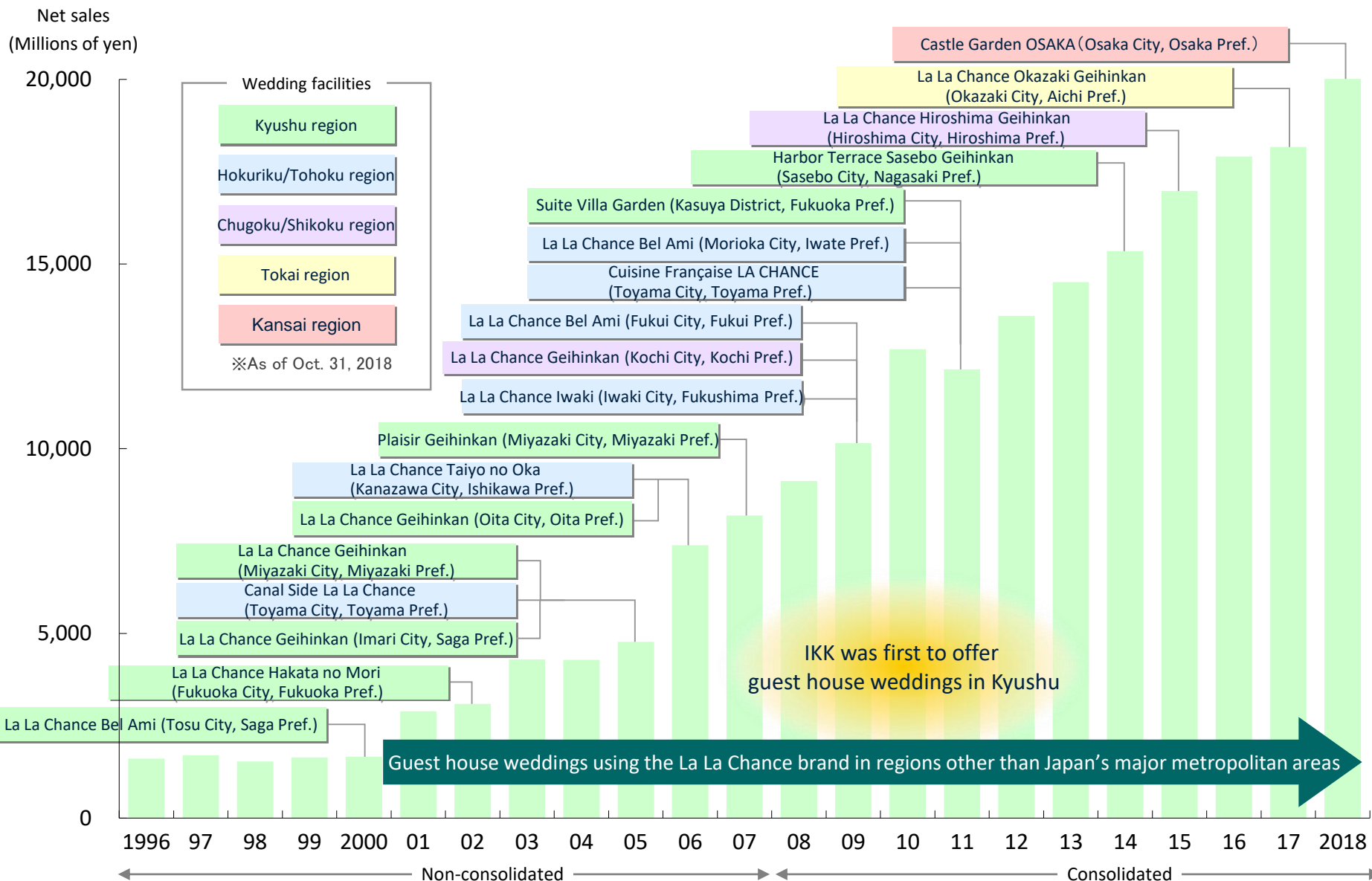


## Company profile (as of Oct. 31, 2018)

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	PT. INTERNATIONAL KANSHA KANDOU INDONESIA Provision of wedding and reception planning and coordination services in INDONESIA I CEREMONY Inc. (formerly 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	805 (consolidated)
Number of shareholders	19,221 (as of Oct. 31, 2018)

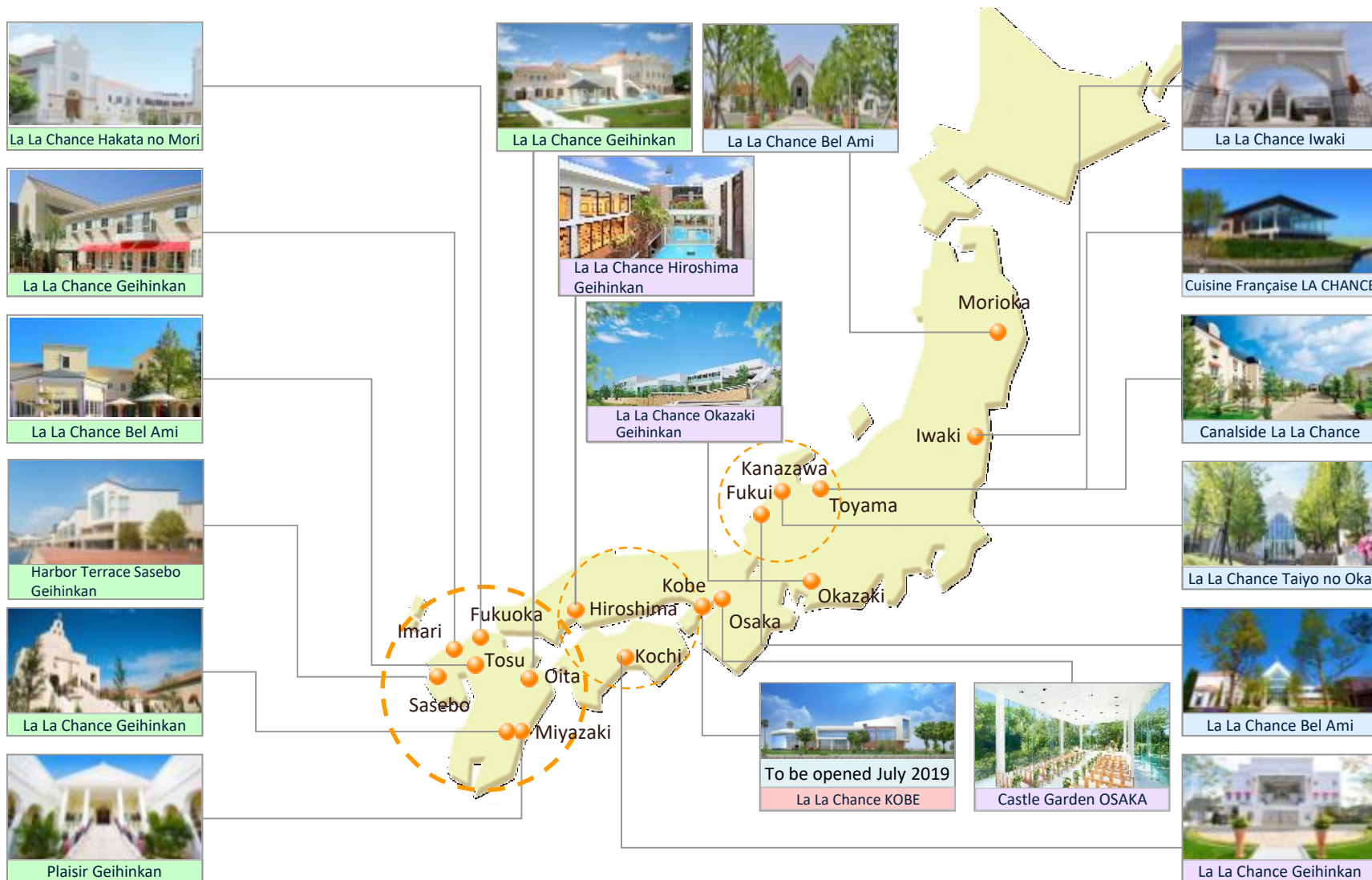
## Sales ratio by business segment (FY2018)







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



## 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**



Plaisir Geihinkan  
(Miyazaki City:  
404 thousand people)  
**Oita**



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

### Kochi



La La Chance Geihinkan  
(Kochi City:  
332 thousand people)  
**Toyama**



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



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

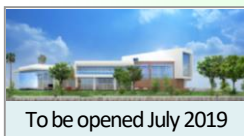
### Sasebo



Harbor Terrace Sasebo Geihinkan  
(Sasebo City:  
254 thousand people)  
**Osaka**



Castle Garden OSAKA  
(Osaka City:  
2,702 thousand people)  
**Kobe**



To be opened July 2019  
La La Chance KOBE  
(Kobe City:  
1,542 thousand people)

## Two banquet halls

### Iwaki



La La Chance Iwaki  
(Iwaki City:  
327 thousand people)  
**Fukui**



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



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

## Three banquet halls or more

### Tosu



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



La La Chance Geihinkan  
(Imari City:  
55 thousand people)  
**Hiroshima**



La La Chance Hiroshima  
Geihinkan  
(Hiroshima City:  
1,195 thousand people)

### Toyama



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



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

### Fukuoka (4 banquet halls)

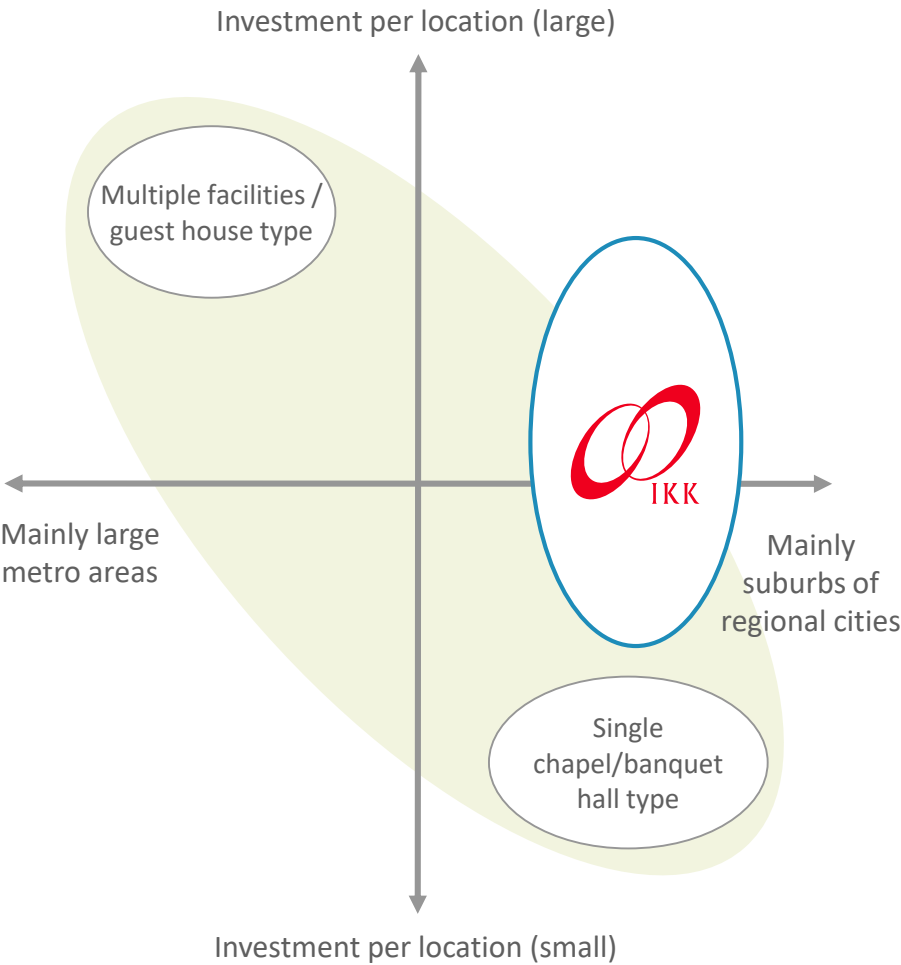


La La Chance Hakata no Mori  
(Fukuoka City:  
1,529 thousand people)

All locations except those in Fukuoka and Hiroshima and Osaka and Kobe 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 2018"

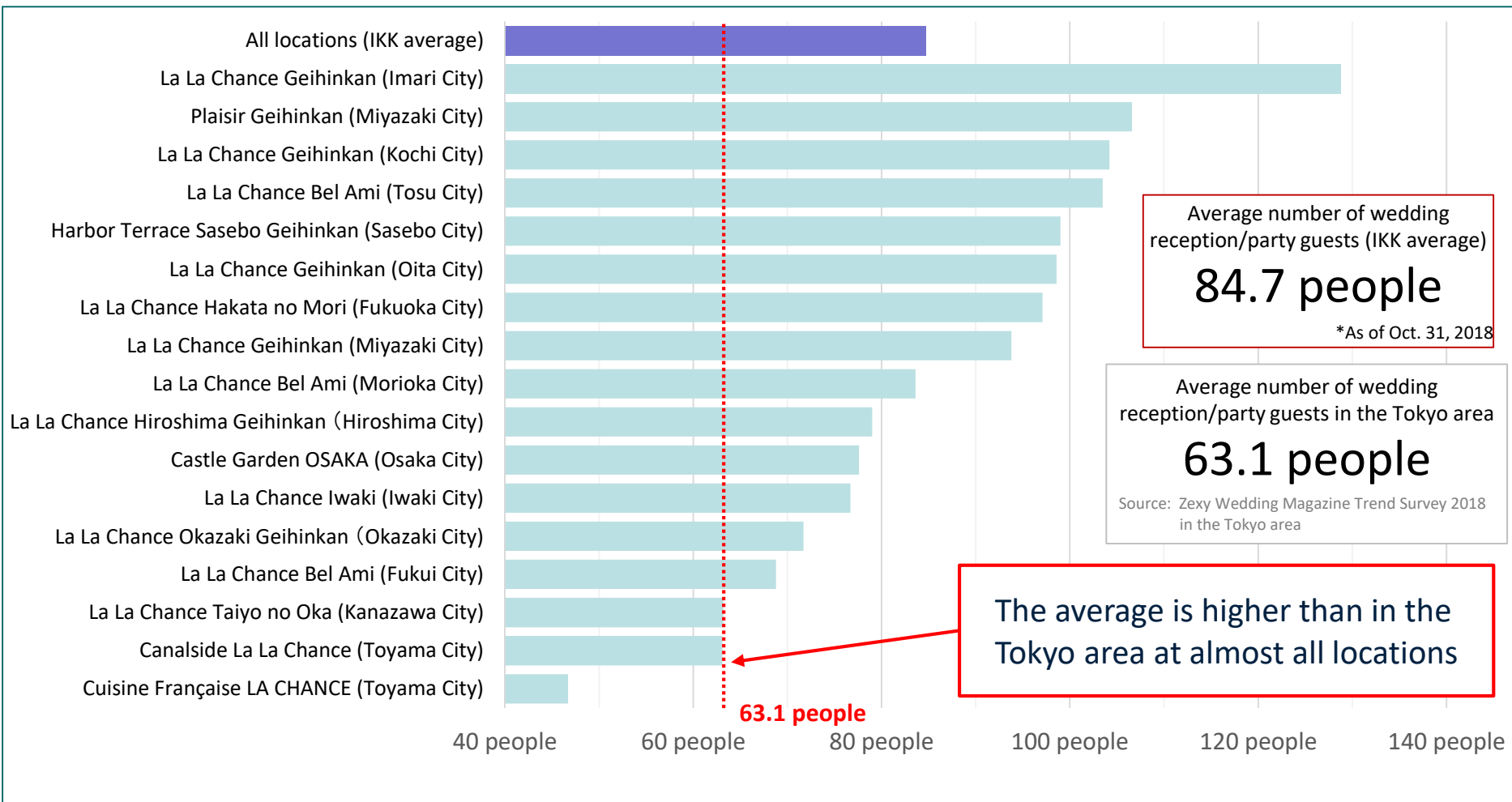
Targeting regional cities by using expertise (location, marketing, operations, etc.) and experience gained from operations in small markets



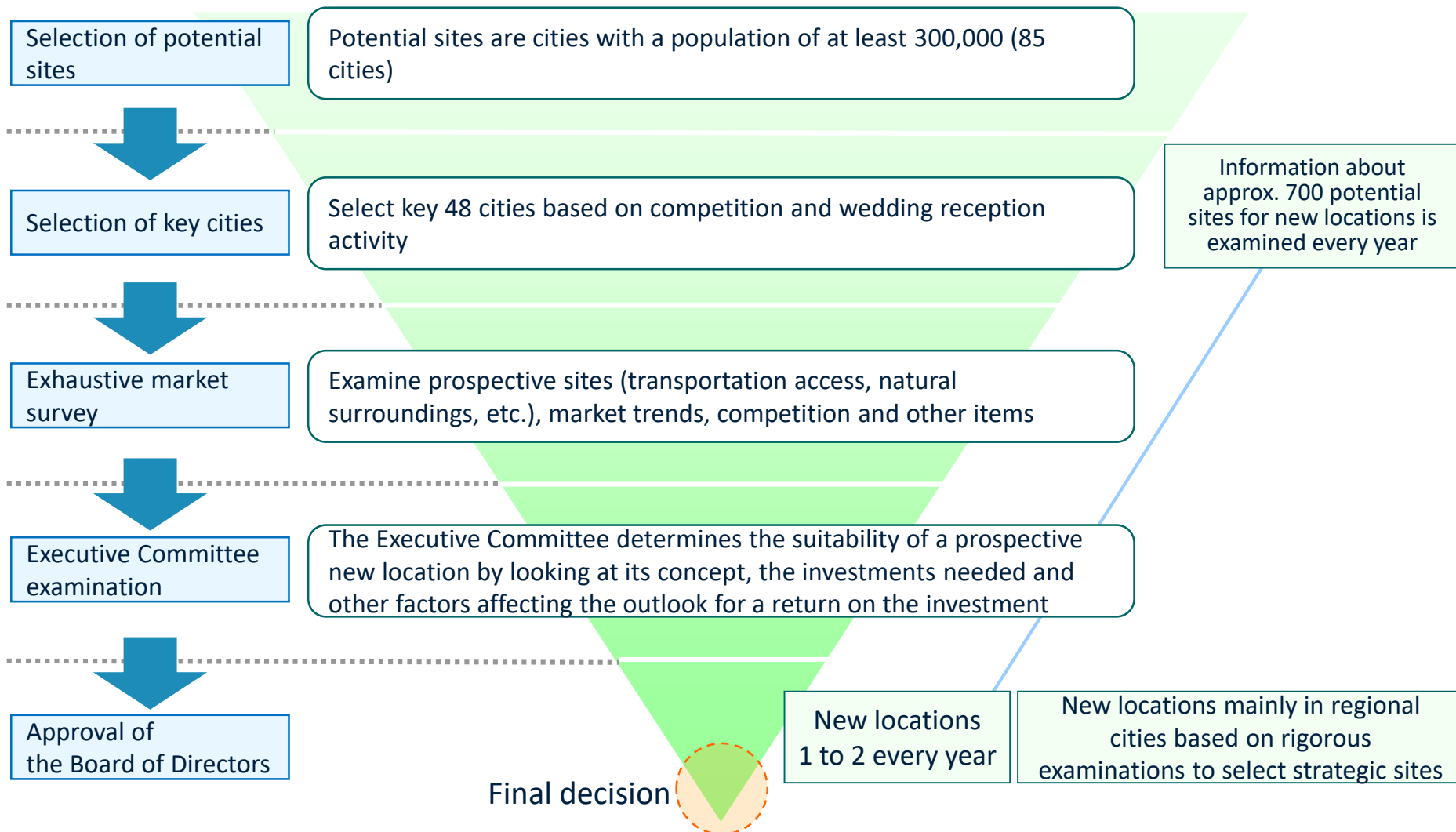
	Large metro areas (Example: Tokyo)	Regional cities (Example: Large cities in Kyushu)
Market	Large	Small/ Medium
Competition	High	Low
Operating cost (rent, advertising, etc.)	High	Low
Greenery/nature	Minimal	Abundant
Word-of-mouth	Small/medium effect	Big effect

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



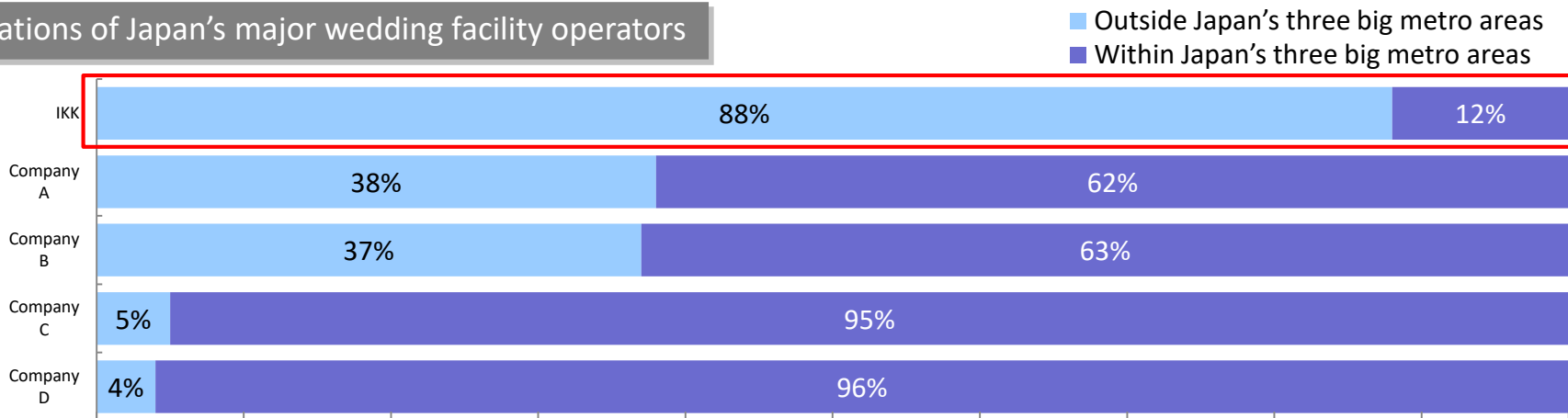
Extremely thorough site selection process to create branches that can succeed for 20 years – Building a base for stable, long-term operation of branches



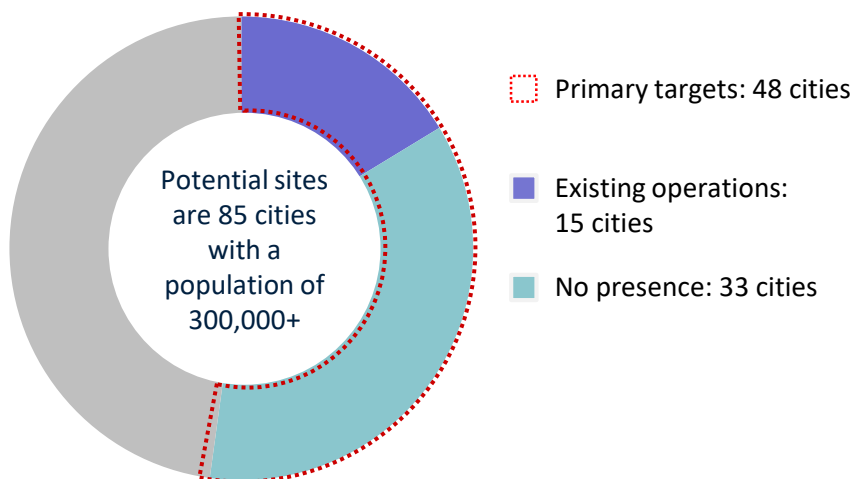


Much potential for new locations in places with little competition, both outside Japan's three big metro areas as well as within these areas

Locations of Japan's major wedding facility operators



IKK wedding facility locations



Plan on opening one to 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 10,000m<sup>2</sup>





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

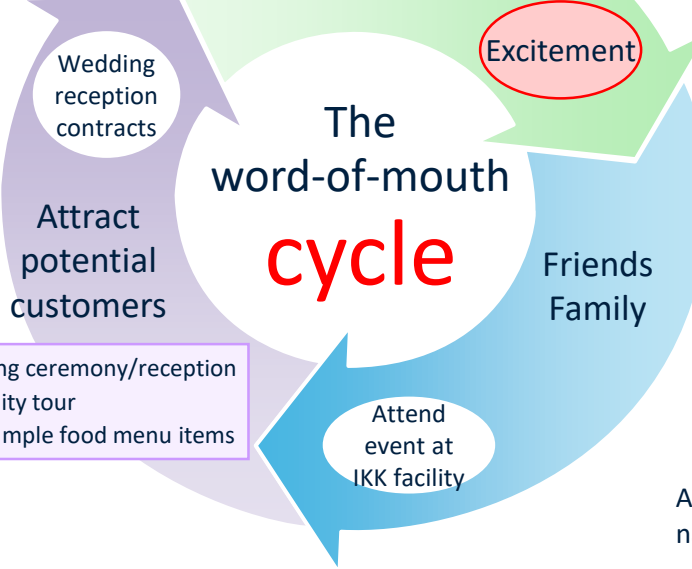
A local reputation for serving outstanding food



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



Weddings and receptions  
(Grooms, brides and guests)



Services with warmth and sincerity



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





## Memorable meals using the expertise of a famous pastry chef and French cuisine chef

### The famous pastry chef Hironobu Tsujiguchi

- We have worked with pastry chef Hironobu Tsujiguchi to create a new selection of dessert items that are available at every IKK wedding location.



- 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 2018 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



### The “French Iron Chef ” Hiroyuki Sakai

- Hiroyuki Sakai provides supervision for the meals at the Cuisine Française LA CHANCE restaurant at the Toyama Branch.



- 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, 18th Zexy Wedding Photo Contest



The bride and groom greet their parents immediately prior to the ceremony. The expressions on the parents' faces show their immense joy at seeing for the first time their children dressed for their wedding.

**Title: When parents' dreams come true**

### First Prize, 17th Zexy Wedding Photo Contest



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 a treasured memory. The photo shows the moment when everyone once again realizes the importance of friends.

**Title: Friendship**

### Prize-winning photos

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

#### 2018

18th Zexy Wedding Photo Contest, First Prize, other prizes (5 people)  
Japan Wedding Photo Grand Prix, 8th place, other prizes (3 people)  
Wedding Photo Awards, Gold Prize (1 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

#### 2018

7th Home Town Wedding Contest, Bridal Industry Newspaper Prize



## Benefits of recruiting outstanding human resources and providing extensive training

- First place in 2019 in the Mynavi and Nikkei New Graduate Company Popularity Ranking for Kyushu/Okinawa
- Recruiting information meetings have the same excitement as weddings and receptions
- First place in the Job-hunting Popularity for Individual Industries for the Wedding, Funeral and Other Services Sector

Rank	Company name	Votes
1	IKK Inc.	344
2	JR Kyushu Railway Company	249
3	Inc.SOGO MEDICAL CO., LTD.	201
4	Nishi-Nippon Railroad Co., Ltd.	185
5	ANA FUKUOKA AIRPORT CO.,LTD.	169
6	KYUSHU ELECTRIC POWER CO., INC.	168
7	Aishitoto Co., Ltd.	158
8	Star Flyer Inc.	146
9	LEVEL-5	140
10	Fukuoka Financial Group	127

- The survey covers third-year university students and first-year graduate school students in Japan planning to graduate in March 2019.
- The survey took place from February 1 to April 10, 2018.
- Sources of survey data are 1) input forms on the Mynavi 2019 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 3,507 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 4 companies and 1<sup>st</sup> place in the surveys of Vorkers, a company that operates a job market platform for job hunting and job changing

### Service Sector Employee Satisfaction Ranking (Employee Satisfaction leads to Customer Satisfaction)

Rank	Company	Total scores
1	Plan Do See Inc.	9.90
2	Recruit Zexy Navi Co., Ltd.	9.57
3	Oriental Land Co.,Ltd.	9.50
4	<b>IKK Inc.</b>	<b>9.43</b>
5	Starbucks Coffee Japan, Ltd.	9.39
6	MITSUKOSHI U.S.A., INC.	9.10
7	ANNIVERSAIRE Inc.	9.06
8	DOCOMO CS, Inc.	8.93
9	MARUI CO., LTD.	8.89
10	Bell-Park Co.,Ltd.	8.86

■ To prepare the above ranking, employees who were at their respective companies for at least one year were polled. Employees were asked to write a minimum 500-word essay on the subject of their choice and answer questions on eight evaluation parameters.

■ Only companies that produced more than 25 responses were included in evaluation reports of service sector companies. (Data was collected between July 2007 and May 2018.)

\*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	<b>IKK Inc.</b>	<b>16.20</b>
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



Trust

- 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%)



Pride

- 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%)



Solidarity

- 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 2018 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; **27.3%** of officers and **25.0%** 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



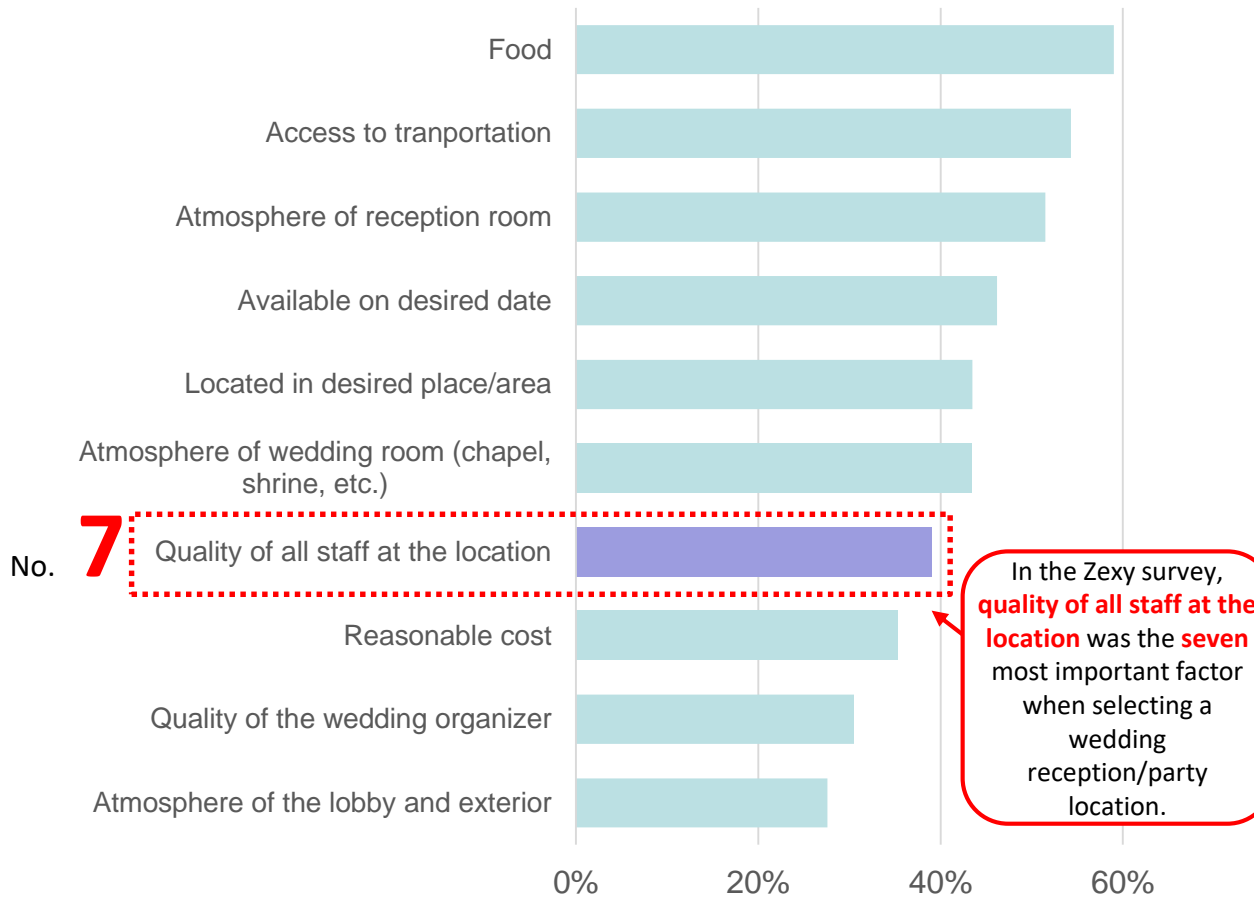
FSMS:548713 / ISO22000:2005

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 2018 – Tokyo Area

### Key points when selecting a wedding reception/party location



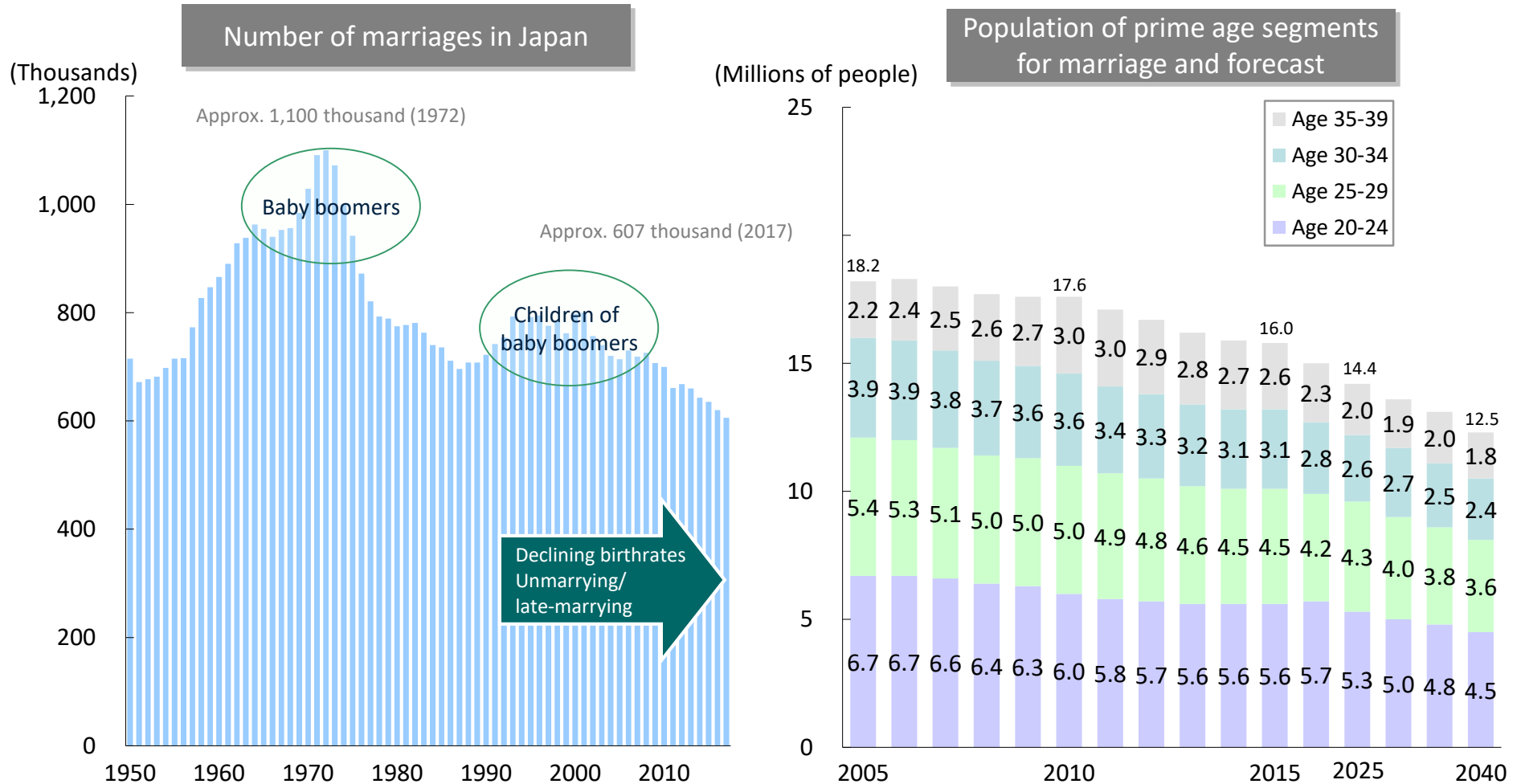
Source: Zexy Wedding Magazine Trend Survey 2018 – Tokyo Area, listing in order of the key points for selecting a location for a wedding reception/party.

Rank of customer service in reasons for selecting an IKK location	Rank
Imari Branch	1
Tosu Branch	1
Fukuoka Branch	1
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	2
Sasebo Branch	1
Hiroshima Branch	2
Okazaki Branch	1
Osaka Branch	2
Kobe Branch	1

Source: IKK study (Oct. 31, 2018)

- 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

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

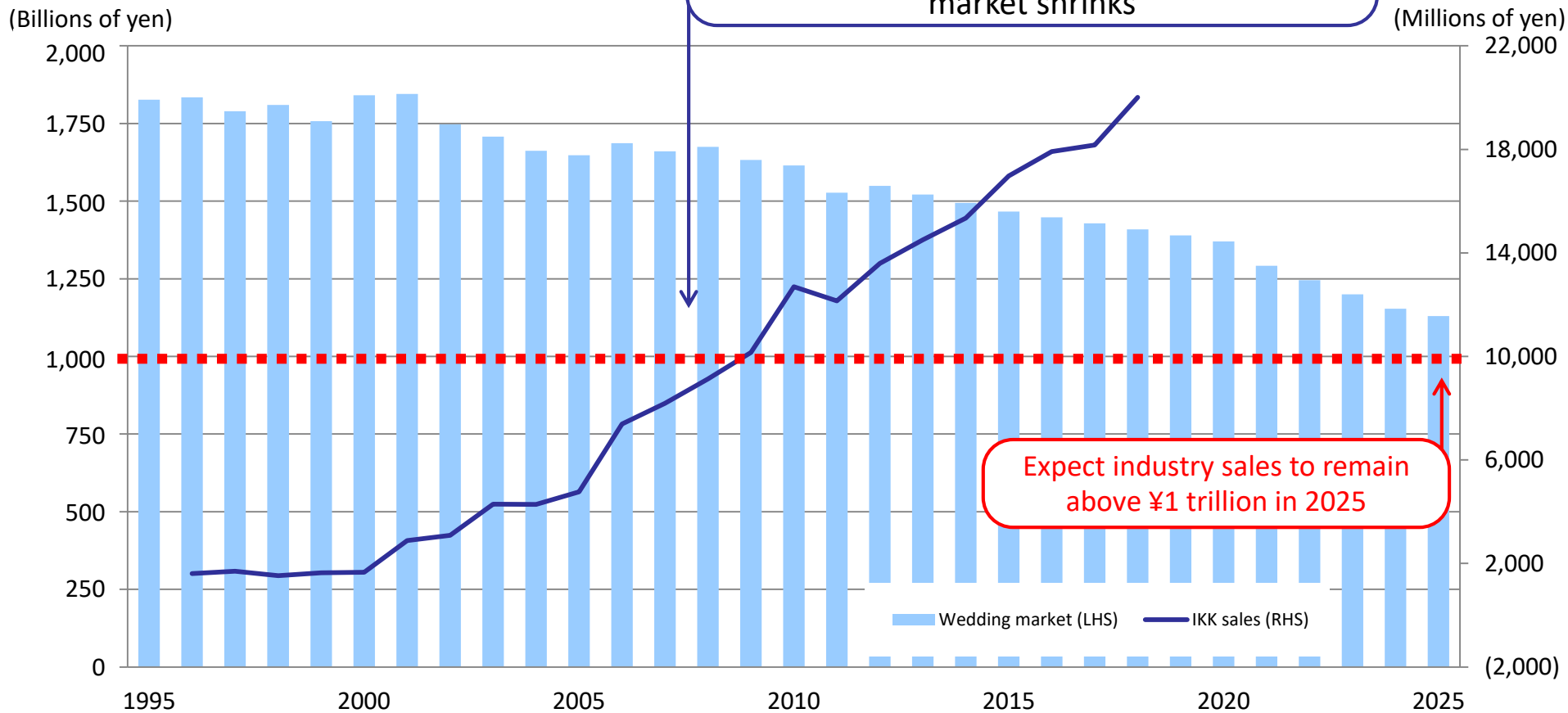


Source: Ministry of Health, Labour and Welfare, "Vital Statistics 2017"  
(Vital Statistics, Final Figures)

Source: National Institute of Population and Social Security Research, "Household Projections for Japan" (January 2018) 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

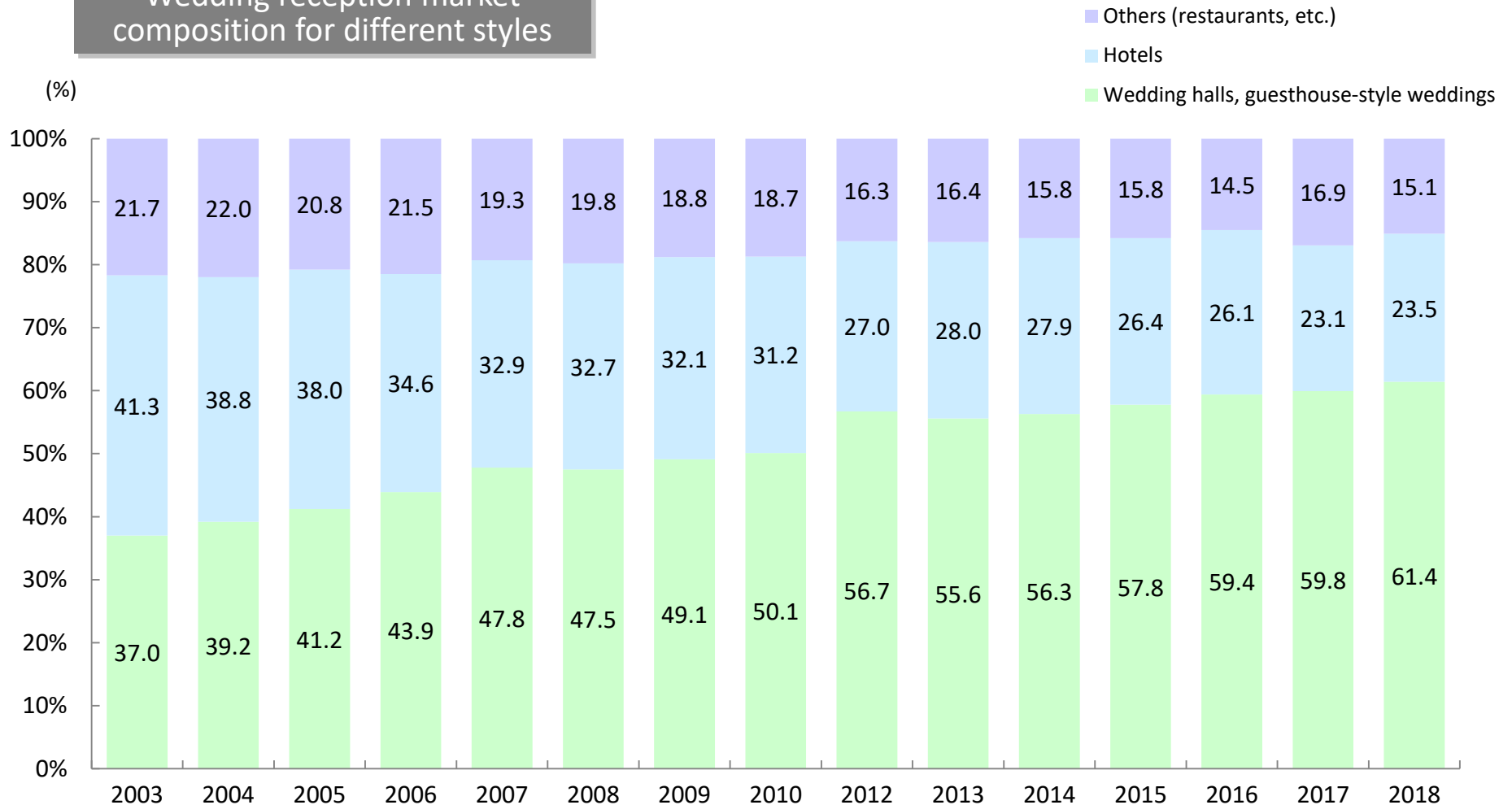
## Annual sales in Japan's wedding market and forecast



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

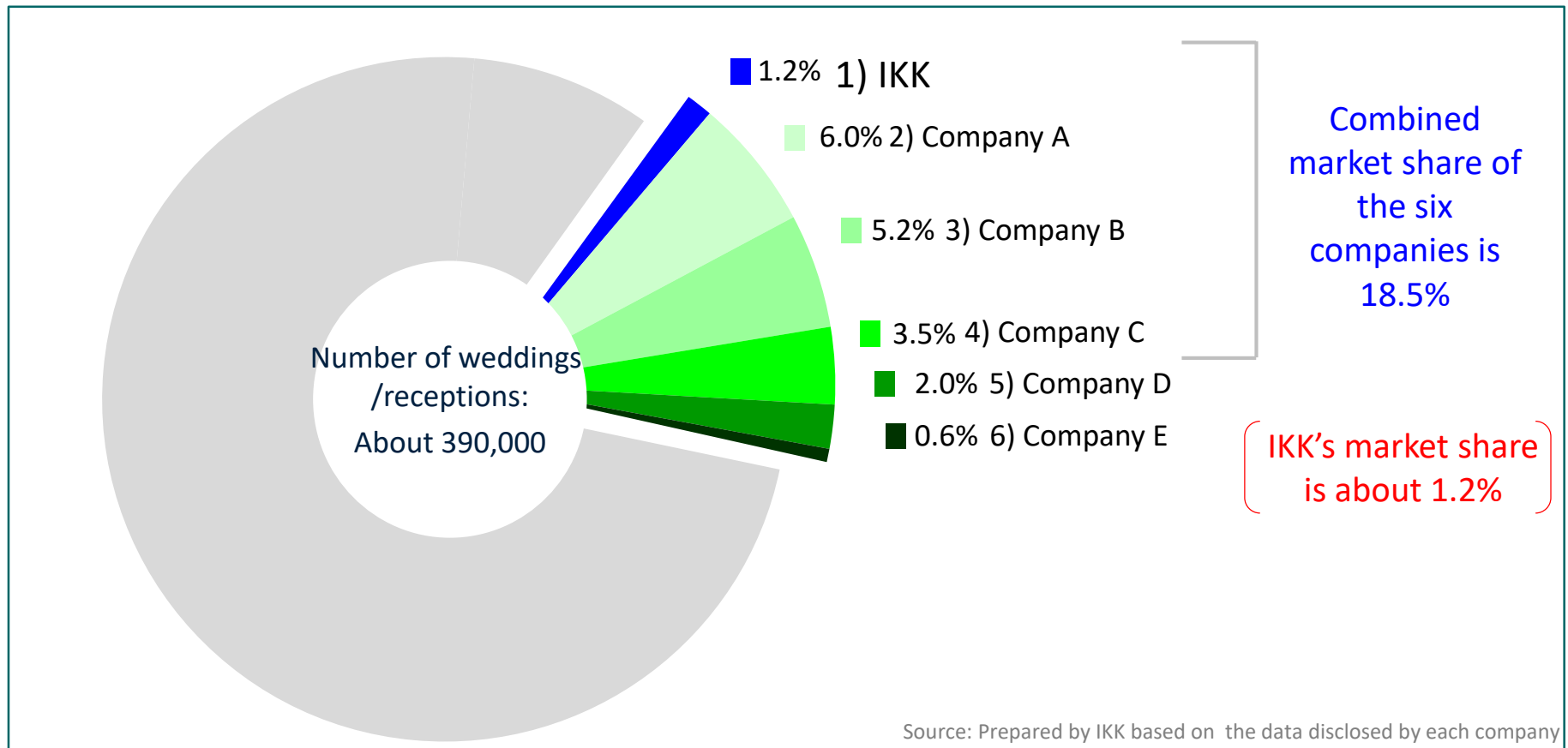


Source: Zexy Wedding Magazine Trend Survey 2018 (Estimates), facilities that host wedding receptions/parties

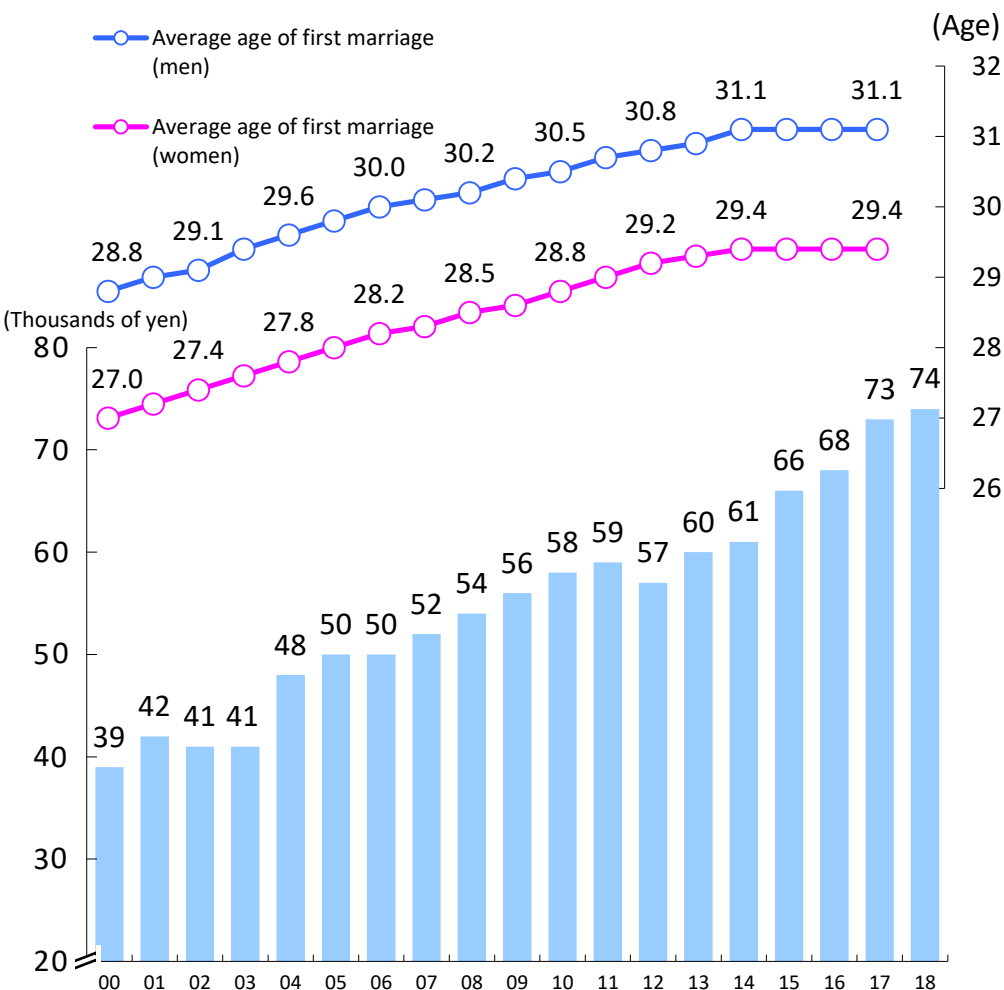


Japan's wedding market is still highly fragmented, leaving significant potential for IKK to capture market share

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



Source: Zexy Wedding Magazine Trend Survey 2018 – Tokyo Area, total per-guest cost for wedding ceremony and reception/party, Ministry of Health, Labour and Welfare, "Vital Statistics 2017"

## 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)



## 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.



IR Contact:

Management Div. ( [info-ir@ikk-grp.jp](mailto:info-ir@ikk-grp.jp) )

URL <https://www.ikk-grp.jp/>

