



**Consolidated Financial Results for the Fiscal Year Ended October 31, 2019
(Japanese GAAP)**

December 13, 2019

Listed on: First Section of the Tokyo Stock Exchange

Name of Listed Company: IKK Inc.

Securities code: 2198

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Scheduled date of Annual General Meeting of Shareholders: January 28, 2020

Scheduled date of starting dividends distribution: January 29, 2020

Scheduled date of filing securities report: January 28, 2020

Supplementary materials prepared: Yes

Results information meeting held: Yes (for securities analysts and institutional investors)

(Figures shown are rounded down to the nearest million yen.)

1. Consolidated financial results for the FY ended October 31, 2019 (Nov. 1, 2018 - Oct. 31, 2019)

(1) Consolidated operating results

(Percentage figures show changes from the previous fiscal year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Oct. 31, 2019	20,189	0.9	1,931	(6.6)	1,955	(6.6)	1,350	(1.1)
FY ended Oct. 31, 2018	20,009	10.1	2,067	13.5	2,094	14.8	1,365	3.5

Note: Comprehensive income: FY ended Oct. 31, 2019: 1,356 million yen (up 1.8%); FY ended Oct. 31, 2018: 1,333 million yen (up 1.3%)

	Net Income per Share	Diluted Net Income per Share	ROE	Ordinary Profit to Total Assets	Operating Profit to Net Sales
	Yen	Yen	%	%	%
FY ended Oct. 31, 2019	45.48	-	11.0	9.3	9.6
FY ended Oct. 31, 2018	46.28	-	12.2	10.4	10.3

Reference: Equity in earnings of affiliated companies: FY ended Oct. 31, 2019: - million yen; FY ended Oct. 31, 2018: - million yen

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Oct. 31, 2019	21,539	12,916	59.8	432.41
As of Oct. 31, 2018	20,604	11,790	57.1	398.40

Reference: Equity capital: As of Oct. 31, 2019: 12,879 million yen; As of Oct. 31, 2018: 11,757 million yen

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended Oct. 31, 2019	2,049	(2,094)	(90)	5,067
FY ended Oct. 31, 2018	3,624	(1,185)	(1,278)	5,200

2. Dividends

	Dividends per Share					Total Dividends	Dividends Payout Ratio (Consolidated)	Dividends on Net Assets (Consolidated)
	1Q End	2Q End	3Q End	FY End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended Oct. 31, 2018	-	0.00	-	12.00	12.00	359	25.9	3.1
FY ended Oct. 31, 2019	-	0.00	-	12.00	12.00	359	26.4	2.9
FY ending Oct. 31, 2020 (forecast)	-	0.00	-	12.00	12.00		24.9	

3. Consolidated financial forecast for the FY ending October 31, 2020 (Nov. 1, 2019 - Oct. 31, 2020)

(Percentage figures show changes from the previous fiscal year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	9,260	2.5	260	(37.8)	270	(37.1)	180	(36.0)	6.03
Full year	21,680	7.4	2,200	13.9	2,220	13.5	1,430	5.9	48.20

* Notes

(1) Significant changes to subsidiaries during the period (transfer of specific subsidiaries accompanying changes in scope of consolidation): Yes

Newly added: - Company name: -

Excluded: 1 Company name: I CEREMONY Inc.

Note: For details, see “3. Consolidated Financial Statements and Notes; (5) Notes to Consolidated Financial Statements (Significant Changes to Subsidiaries during the Period)” (attachments, page 12).

(2) Changes in accounting policies, accounting estimates and restatement

1) Changes in accounting policies due to revision of accounting standards, etc.: No

2) Changes in accounting polices other than 1): No

3) Changes in accounting estimates: No

4) Restatement: No

(3) Number of shares issued (common stock)

1) Number of shares issued at the end of period (including treasury shares)

2) Number of treasury shares at the end of period

3) Average number of shares outstanding during the period

As of Oct. 31, 2019	29,956,800 shares	As of Oct. 31, 2018	29,956,800 shares
As of Oct. 31, 2019	172,044 shares	As of Oct. 31, 2018	363,444 shares
FY ended Oct. 31, 2019	29,693,101 shares	FY ended Oct. 31, 2018	29,506,128 shares

Note: Figures for treasury shares include 170,300 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the current fiscal year.

* This financial report is not subject to an audit by certified public accountants or auditing firms.

* Explanation of appropriate use of financial forecasts, other special remarks

Forecasts and other forward-looking statements included in this document are based on currently available information and assumptions deemed rational, and are not a guarantee of results by IKK. Actual results may vary substantially due to a variety of reasons. For notes and other cautionary statements related to assumptions behind and use of forecasts, please see “1. Overview of Results of Operations; (4) Outlook” (attachments, page 4).

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1. Overview of Results of Operations

(1) Results of Operations

During the current consolidated fiscal year (November 1, 2018 to October 31, 2019), corporate earnings in Japan remained strong as the labor market and personal income improved. However, prolonged U.S.-China trade friction, negotiations concerning Brexit, events in East Asia affecting Japan and other factors are having a significant effect on Japan's economy. As a result, the economic outlook remains uncertain.

In the wedding industry, the number of weddings in Japan in 2018 was 590,000 (Ministry of Health, Labour and Welfare, 2018 Annual Estimate of Vital Statistics), down 17,000 from 2017. Although the number of weddings and receptions is decreasing slowly as the prime wedding age population declines, the guest house wedding market is still generally healthy.

Differentiating wedding services from those of competitors is becoming increasingly difficult. During the fiscal year, we took many actions in line with the IKK Group's philosophy of "touching our customers' hearts." There were internal and external employee training activities to give our people the personal strengths and customer interaction skills needed to provide personalized wedding services. In addition, we used our own sales support system to analyze operating data and used many initiatives at wedding facilities to attract more customers.

To capture a larger share of Japan's wedding market, we are working on building an infrastructure capable of quickly meeting the increasingly diverse needs and expectations of customers and using an introduction system for maintaining a cycle for receiving new customer referrals from current customers. All these actions are aimed at sales and earnings growth.

Fiscal year sales increased 0.9% from one year earlier to 20,189 million yen, operating profit decreased 6.6% to 1,931 million yen, ordinary profit decreased 6.6% to 1,955 million yen, and profit attributable to owners of parent decreased 1.1% to 1,350 million yen.

Results by business segment are as follows:

a) Wedding Operations

The performance of this segment benefited from contributions from the first full-year operations of Castle Garden OSAKA (Osaka Branch), which opened in December 2017, start of operations at La La Chance KOBE (Kobe Branch), which opened in July 2019, and the higher number of weddings at PT INTERNATIONAL KANSHA KANDOU INDONESIA, which was included in the scope of consolidation starting in November 2017. However, the number of weddings at existing locations decreased. As a result, sales increased 0.9% from one year earlier to 19,393 million yen. Operating profit decreased 6.5% to 1,893 million yen mainly due to higher personnel expenses and expenses for opening La La Chance KOBE (Kobe Branch).

b) Funeral Operations

Sales decreased 3.2% from one year earlier to 287 million yen and there was an operating loss of 3 million yen compared with a 6 million yen profit one year earlier.

On October 1, 2019, IKK sold part of its equity interest in I CEREMONY Inc., which operates the funeral business.

c) Nursing-care Operations

Sales increased 3.1% from one year earlier to 515 million yen and operating profit increased 16.6% to 39 million yen.

(2) Financial Position

a) Assets

Current assets were 6,014 million yen at the end of the current fiscal year, 68 million yen less than at the end of the previous fiscal year. This was mainly attributable to a 131 million yen decrease in cash and deposits and a 47 million yen increase in raw materials and supplies.

Non-current assets increased 1,004 million yen to 15,525 million yen. The main causes was an 820 million yen increase in guarantee deposits associated with the contract with La La Chance Garden TOKYO BAY (Tokyo Branch).

b) Liabilities

Current liabilities decreased 184 million yen to 4,394 million yen. The main cause was a 238 million yen decrease in income taxes payable, a 258 million yen decrease in other current liabilities and a 232 million yen increase in advances received.

Non-current liabilities decreased 6 million yen to 4,228 million yen. This was mainly attributable to a 124 million yen increase in asset retirement obligations and a 29 million yen decrease in provision for retirement benefits for directors (and other officers) and a 73 million yen decrease in provision for point card certificates.

c) Net assets

Net assets increased 1,126 million yen to 12,916 million yen. The main causes were increases due to profit attributable to owners of parent of 1,350 million yen, proceeds from sales of treasury shares of 130 million yen and a decrease due to dividends from surplus of 359 million yen. As a result, compared with the end of the previous fiscal year, the equity ratio rose by 2.7 percentage points to 59.8%.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 5,067 million yen, a decrease of 132 million yen (2.5%) from the end of the previous fiscal year.

The following are cash flow conditions and factors for the fiscal year under review.

a) Cash flows from operating activities

Cash provided by operating activities was 2,049 million yen (a decrease of 43.4% year on year). Main cash inflows include profit before income taxes of 2,013 million yen and depreciation of 1,129 million yen, and outflows include income taxes paid of 940 million yen.

b) Cash flows from investing activities

Cash used by investing activities was 2,094 million yen (an increase of 76.7% year on year), mainly attributable to the outlays of 1,244 million yen for the purchase of property, plant and equipment associated with the opening of the Kobe Branch.

c) Cash flows from financing activities

Cash used by financing activities was 90 million yen (a decrease of 92.9% year on year). Main cash inflows include proceeds from long-term loans payable of 1,200 million yen associated with the openings of the Kobe Branch and the Tokyo Branch and proceeds from sales of treasury shares of 137 million yen, and outflows include 1,068 million yen for repayments of long-term loans payable and cash dividends paid of 359 million yen.

Reference: Cash flow indicator trends

	FY2015	FY2016	FY2017	FY2018	FY2019
Equity ratio (%)	49.2	54.2	54.1	57.1	59.8
Equity ratio at market value (%)	87.8	95.7	130.2	103.0	97.6
Ratio of interest-bearing debt to cash flows (year)	1.9	1.4	4.0	1.0	1.8
Interest coverage ratio (times)	73.3	92.0	51.7	168.2	110.0

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest expense

Notes: 1. The consolidated financial figures constitute the basis for calculating these indicators.

2. Market capitalization is calculated based on the number of shares outstanding after the deduction of treasury shares.

3. Cash flows are based on cash flows from operating activities in the consolidated statement of cash flows.

4. Interest-bearing debt includes all debts recorded on the consolidated balance sheet on which interest is paid.

5. The basis for interest expense is the amount of interest paid recorded in the consolidated statement of cash flows.

(4) Outlook

In the fiscal year ending in October 2020, we forecast sales of 21,680 million yen, up 7.4%, operating profit of 2,200 million yen, up 13.9%, ordinary profit of 2,220 million yen, up 13.5%, and profit attributable to owners of parent of 1,430 million yen, up 5.9% due to contributions from the first full-year of operations of the Kobe Branch, which opened in July 2019, and the Tokyo Branch, which is scheduled to open in or after June 2020.

These forecasts are based on currently available information and actual results may differ substantially due to various factors.

(5) Basic Policy Regarding Distributions of Surplus and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of our highest priorities. Consequently, our policy is to pay dividends that reflect operating results while retaining earnings needed for expanding and strengthening our operations.

We plan to pay a dividend of 12 yen per share for the fiscal year ended on October 31, 2019 and 12 yen per share for the fiscal year ending on October 31, 2020 in accordance with the basic policy.

2. Basic Approach to the Selection of Accounting Standards

The IKK Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	Previous Consolidated FY (Oct. 31, 2018)	Current Consolidated FY (Oct. 31, 2019)
(Thousands of yen)		
Assets		
Current assets		
Cash and deposits	5,277,196	5,145,870
Accounts receivable-trade	314,374	303,837
Merchandise	145,360	168,047
Raw materials and supplies	72,883	120,551
Other	276,182	279,154
Allowance for doubtful accounts	(2,583)	(2,899)
Total current assets	6,083,413	6,014,563
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,824,743	18,646,085
Accumulated depreciation and impairment loss	(8,461,457)	(8,955,371)
Buildings and structures, net	9,363,285	9,690,714
Machinery, equipment and vehicles	572,124	553,461
Accumulated depreciation	(489,701)	(481,783)
Machinery, equipment and vehicles, net	82,423	71,678
Land	1,973,734	1,973,734
Construction in progress	231,120	800
Other	2,359,647	2,498,320
Accumulated depreciation	(1,990,561)	(2,140,786)
Other, net	369,085	357,533
Total property, plant and equipment	12,019,649	12,094,460
Intangible assets	79,723	157,602
Investments and other assets		
Deferred tax assets	822,413	864,850
Guarantee deposits	1,014,705	1,834,813
Other	600,696	591,927
Allowance for doubtful accounts	(16,470)	(18,507)
Total investments and other assets	2,421,345	3,273,083
Total non-current assets	14,520,719	15,525,146
Total assets	20,604,132	21,539,709

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2018)	Current Consolidated FY (Oct. 31, 2019)
Liabilities		
Current liabilities		
Accounts payable-trade	911,098	936,604
Current portion of long-term loans payable	1,025,656	1,072,671
Advances received	851,532	1,083,687
Income taxes payable	570,913	332,252
Provision for bonuses	267,790	275,990
Other	952,059	693,380
Total current liabilities	4,579,048	4,394,587
Non-current liabilities		
Long-term loans payable	2,718,812	2,703,109
Retirement benefit liability	45,626	39,224
Provision for retirement benefits for directors (and other officers)	329,374	300,022
Provision for point card certificates	89,707	16,118
Asset retirement obligations	799,851	924,789
Other	251,700	244,908
Total non-current liabilities	4,235,072	4,228,171
Total liabilities	8,814,121	8,622,759
Net assets		
Shareholders' equity		
Capital stock	351,655	351,655
Capital surplus	355,311	355,311
Retained earnings	11,299,303	12,289,849
Treasury shares	(246,885)	(116,350)
Total shareholders' equity	11,759,385	12,880,466
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	29,610	26,011
Foreign currency translation adjustment	(31,080)	(27,329)
Total accumulated other comprehensive income	(1,469)	(1,317)
Non-controlling interests	32,095	37,800
Total net assets	11,790,011	12,916,950
Total liabilities and net assets	20,604,132	21,539,709

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)	Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)
Net sales	20,009,080	20,189,547
Cost of sales	9,021,124	8,977,556
Gross profit	10,987,956	11,211,990
Selling, general and administrative expenses	8,920,054	9,280,425
Operating profit	2,067,902	1,931,565
Non-operating income		
Interest income	15,631	20,045
Guarantee commission received	14,218	14,218
Commission income	8,483	7,330
Other	15,630	7,231
Total non-operating income	53,962	48,825
Non-operating expenses		
Interest expenses	21,938	18,881
Other	4,984	5,704
Total non-operating expenses	26,922	24,586
Ordinary profit	2,094,941	1,955,804
Extraordinary income		
Subsidy income	135,500	-
Gain on sales of shares of subsidiaries and associates	-	69,117
Total extraordinary income	135,500	69,117
Extraordinary losses		
Loss on retirement of non-current assets	16,518	11,672
Impairment loss	127,342	-
Total extraordinary losses	143,860	11,672
Profit before income taxes	2,086,581	2,013,249
Income taxes-current	780,013	714,154
Income taxes-deferred	(56,922)	(56,686)
Total income taxes	723,091	657,468
Profit	1,363,489	1,355,781
Profit (loss) attributable to non-controlling interests	(1,956)	5,286
Profit attributable to owners of parent	1,365,446	1,350,494

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)	Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)
Profit	1,363,489	1,355,781
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(3,950)	(3,597)
Foreign currency translation adjustment	(26,533)	4,168
Total other comprehensive income	(30,484)	570
Comprehensive income	1,333,004	1,356,352
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,337,614	1,350,646
Comprehensive income attributable to non-controlling interests	(4,609)	5,705

(3) Consolidated Statement of Changes in Equity
Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	351,655	355,311	10,336,473	(368,963)	10,674,477
Changes of items during period					
Dividends of surplus			(359,460)		(359,460)
Profit attributable to owners of parent			1,365,446		1,365,446
Disposal of treasury shares				122,078	122,078
Change of scope of consolidation			(43,154)		(43,154)
Change of scope of consolidation - foreign currency translation adjustment					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	962,830	122,078	1,084,908
Balance at end of current period	351,655	355,311	11,299,303	(246,885)	11,759,385

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	33,562	-	33,562	-	10,708,039
Changes of items during period					
Dividends of surplus					(359,460)
Profit attributable to owners of parent					1,365,446
Disposal of treasury shares					122,078
Change of scope of consolidation				37,505	(5,649)
Change of scope of consolidation - foreign currency translation adjustment		(7,200)	(7,200)	(800)	(8,000)
Net changes of items other than shareholders' equity	(3,951)	(23,880)	(27,832)	(4,609)	(32,441)
Total changes of items during period	(3,951)	(31,080)	(35,032)	32,095	1,081,972
Balance at end of current period	29,610	(31,080)	(1,469)	32,095	11,790,011

Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	351,655	355,311	11,299,303	(246,885)	11,759,385
Changes of items during period					
Dividends of surplus			(359,460)		(359,460)
Profit attributable to owners of parent			1,350,494		1,350,494
Disposal of treasury shares				130,534	130,534
Change of scope of consolidation			(487)		(487)
Change of scope of consolidation - foreign currency translation adjustment					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	990,545	130,534	1,121,080
Balance at end of current period	351,655	355,311	12,289,849	(116,350)	12,880,466

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	29,610	(31,080)	(1,469)	32,095	11,790,011
Changes of items during period					
Dividends of surplus					(359,460)
Profit attributable to owners of parent					1,350,494
Disposal of treasury shares					130,534
Change of scope of consolidation					(487)
Change of scope of consolidation - foreign currency translation adjustment			-		-
Net changes of items other than shareholders' equity	(3,598)	3,751	152	5,705	5,857
Total changes of items during period	(3,598)	3,751	152	5,705	1,126,938
Balance at end of current period	26,011	(27,329)	(1,317)	37,800	12,916,950

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)	Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	2,086,581	2,013,249
Depreciation	1,179,010	1,129,640
Impairment loss	127,342	-
Increase (decrease) in allowance for doubtful accounts	1,681	4,614
Increase (decrease) in provision for bonuses	21,426	12,079
Increase (decrease) in retirement benefit liability	(7,714)	(9,645)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21,819	(12,026)
Increase (decrease) in provision for point card certificates	4,154	836
Subsidy income	(135,500)	-
Loss on retirement of non-current assets	16,518	11,672
Loss (gain) on sales of shares of subsidiaries and associates	-	(69,117)
Interest and dividend income	(15,631)	(20,045)
Interest expenses	21,938	18,881
Decrease (increase) in notes and accounts receivable-trade	137,786	6,315
Decrease (increase) in inventories	(10,963)	(74,026)
Increase (decrease) in notes and accounts payable-trade	26,799	43,513
Increase (decrease) in accounts payable-other	(47,018)	24,808
Other, net	453,014	(85,703)
Subtotal	3,881,245	2,995,046
Interest and dividend income received	11,109	14,074
Interest expenses paid	(21,549)	(18,641)
Proceeds from subsidy income	135,500	-
Income taxes refund	25,378	48
Income taxes paid	(407,055)	(940,751)
Net cash provided by (used in) operating activities	3,624,627	2,049,776
Cash flows from investing activities		
Payments into time deposits	(46,200)	-
Purchase of property, plant and equipment	(926,523)	(1,244,509)
Purchase of intangible assets	(25,643)	(93,082)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	82,031
Other, net	(187,001)	(839,415)
Net cash provided by (used in) investing activities	(1,185,368)	(2,094,977)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	1,200,000
Repayments of long-term loans payable	(1,060,196)	(1,068,688)
Proceeds from sales of treasury shares	142,276	137,620
Cash dividends paid	(359,386)	(359,305)
Other, net	(881)	(528)
Net cash provided by (used in) financing activities	(1,278,186)	(90,901)
Effect of exchange rate change on cash and cash equivalents	(23,993)	3,776
Net increase (decrease) in cash and cash equivalents	1,137,079	(132,326)
Cash and cash equivalents at beginning of period	3,731,207	5,200,196
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	331,910	-
Cash and cash equivalents at end of period	5,200,196	5,067,870

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

(Significant Changes to Subsidiaries during the Period)

On October 1, 2019, IKK sold part of its equity interest in I CEREMONY Inc. As a result, I CEREMONY Inc. was excluded from the scope of consolidation in the current fiscal year.

(Reclassifications)

(Changes Caused by the Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting)

Starting with the beginning of the current fiscal year, IKK is applying “Partial Amendments to Accounting Standard for Tax Effect Accounting” ((Accounting Standard Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, “deferred tax assets” under “current assets” in the consolidated balance sheet for the previous fiscal year decreased 133 million yen and “deferred tax assets” under “investments and other assets” increased 126 million yen. “Deferred tax liabilities” under “non-current liabilities” decreased 6 million yen.

Net figures are used for deferred tax assets and deferred tax liabilities for the same taxing authority. This change reduced total assets by 6 million yen.

(Segment Information, etc.)

(Segment Information)

Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)

The IKK Group’s reporting segments include Wedding, Funeral and Nursing-care Operations. However, Funeral and Nursing-care Operations constitute a very small proportion of total sales and earnings and their importance in terms of disclosure is limited. Accordingly, the presentation of segment information is omitted.

Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)

The IKK Group’s reporting segments include Wedding, Funeral and Nursing-care Operations. However, Funeral and Nursing-care Operations constitute a very small proportion of total sales and earnings and their importance in terms of disclosure is limited. Accordingly, the presentation of segment information is omitted.

On October 1, 2019, IKK sold part of its equity interest in I CEREMONY Inc., which operates the funeral business. As a result, there are only two reporting segments, Wedding and Nursing-care Operations, beginning with the fiscal year ending in October 2020.

(Per Share Information)

Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)		Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)	
Net assets per share	398.40 yen	Net assets per share	432.41 yen
Net income per share	46.28 yen	Net income per share	45.48 yen

Notes:

- Diluted net income per share is not stated because dilutive shares do not exist.
- Basis for the calculation of net income per share is as follows.

	Previous Consolidated FY (Nov. 1, 2017 - Oct. 31, 2018)	Current Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,365,446	1,350,494
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to common shareholders of parent (Thousands of yen)	1,365,446	1,350,494
Average number of common shares outstanding during the period (Shares)	29,506,128	29,693,101

- IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust is included in treasury shares and is thus deducted from the number of shares issued at the end of each fiscal year that was used to calculate net assets per share (deductions of 361,700 shares and 170,300 shares on October 31, 2018 and 2019, respectively).

In addition, this trust stock is included in treasury shares that was deducted from the average number of shares outstanding during the period that was used to calculate net income per share (deductions of 448,928 shares and 261,955 shares in the fiscal years ended on October 31, 2018 and 2019, respectively).

(Material Subsequent Events)

No related information.

4. Others

Change in Officers

Information about changes in IKK executives is in the news release dated today titled “Notice of Change in Representative Director and Changes in Executive Positions Following Switch to the Company with Audit and Supervisory Committee Governance Structure” (available only in Japanese language).