



Consolidated Financial Results for the Fiscal Year Ended October 31, 2020 (Japanese GAAP)

December 14, 2020

Listed on: First Section of the Tokyo Stock Exchange

Name of listed company: IKK Inc.

Securities code: 2198

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

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Scheduled date of Annual General Meeting of Shareholders: January 28, 2021

Scheduled date of filing securities report: January 28, 2021

Scheduled date of starting dividends distribution: -

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, 2020 (Nov. 1, 2019 - Oct. 31, 2020)

(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, 2020	8,746	(56.7)	(3,981)	-	(3,524)	-	(4,235)	-
FY ended Oct. 31, 2019	20,189	0.9	1,931	(6.6)	1,955	(6.6)	1,350	(1.1)

Note: Comprehensive income: FY ended Oct. 31, 2020: (4,260) million yen (-%); FY ended Oct. 31, 2019: 1,356 million yen (up 1.8%)

	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, 2020	(143.22)	-	(40.8)	(17.9)	(45.5)
FY ended Oct. 31, 2019	45.48	-	11.0	9.3	9.6

Reference: Equity in earnings of affiliated companies: FY ended Oct. 31, 2020: - million yen; FY ended Oct. 31, 2019: - 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, 2020	17,898	7,923	44.1	269.93
As of Oct. 31, 2019	21,539	12,916	59.8	432.41

Reference: Equity capital: As of Oct. 31, 2020: 7,887 million yen; As of Oct. 31, 2019: 12,879 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, 2020	(4,355)	(442)	1,633	1,873
FY ended Oct. 31, 2019	2,049	(2,094)	(90)	5,067

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, 2019	-	0.00	-	12.00	12.00	359	26.4	2.9
FY ended Oct. 31, 2020	-	0.00	-	0.00	0.00	-	-	-
FY ending Oct. 31, 2021 (forecast)	-	0.00	-	-	-	-	-	-

Note: No year-end dividend will be paid for the fiscal year ended October 31, 2020. The dividend forecast for the fiscal year ending October 31, 2021 has not been determined at this time. For details, see "1. Overview of Results of Operations; (5) Basic Policy Regarding Distributions of Surplus and Dividends for the Current and Next Fiscal Years" (attachments, page 4).

3. Consolidated financial forecast for the FY ending October 31, 2021 (Nov. 1, 2020 - Oct. 31, 2021)

(Percentage figures show changes from the same period in 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	-	-	-	-	-	-	-	-	-
Full year	-	-	-	-	-	-	-	-	-

The consolidated financial forecast for the fiscal year ending October 31, 2021 has not been determined because it is difficult to reasonably determine the impact of COVID-19 at this time. Once it becomes possible to establish a forecast, it will be announced promptly. For details, see “1. Overview of Results of Operations; (4) Outlook” (attachments, page 4).

* Notes

(1) Significant changes to subsidiaries during the period (transfer of specific subsidiaries accompanying changes in scope of consolidation): No

Newly added: - Company name: - Excluded: - Company name: -

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

- 1) Changes in accounting policies due to revision of accounting standards, etc.: Yes
 2) Changes in accounting policies other than 1): No
 3) Changes in accounting estimates: No
 4) Restatement: No

Note: For details, see “3. Consolidated Financial Statements and Notes; (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” (attachments, page 13).

(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, 2020	29,956,800 shares	As of Oct. 31, 2019	29,956,800 shares
As of Oct. 31, 2020	735,864 shares	As of Oct. 31, 2019	172,044 shares
FY ended Oct. 31, 2020	29,572,698 shares	FY ended Oct. 31, 2019	29,693,101 shares

Note: The Board of Directors of the Company approved a resolution on June 12, 2020 to reintroduce the Trust-Type Employee Stock Ownership Incentive Plan. Figures for treasury shares include 653,900 shares of the IKK stock held by the IKK Employee Stock Ownership Association Exclusive Trust at the end of the current fiscal year.

(Reference) Non-consolidated financial results

Non-consolidated financial results for the FY ended October 31, 2020 (Nov. 1, 2019 - Oct. 31, 2020)

(1) Non-consolidated operating results

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

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Oct. 31, 2020	7,997	(58.0)	(4,097)	-	(3,625)	-	(4,306)	-
FY ended Oct. 31, 2019	19,030	0.2	1,835	(9.7)	2,015	(2.6)	1,409	5.3

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
FY ended Oct. 31, 2020	(145.63)	-
FY ended Oct. 31, 2019	47.48	-

(2) Non-consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Oct. 31, 2020	17,617	7,992	45.4	273.52
As of Oct. 31, 2019	21,355	12,975	60.8	435.64

Reference: Equity capital: As of Oct. 31, 2020: 7,992 million yen; As of Oct. 31, 2019: 12,975 million yen

* 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 fiscal year (November 1, 2019 to October 31, 2020), the global COVID-19 pandemic continued. Demand plummeted in Japan because more companies nationwide suspended operations and people were asked to stay home as much as possible due to the April declaration of a state of emergency and other events. After the state of emergency ended at the end of May, economic activity slowly resumed. However, consumer spending is still weak because of concerns about another wave of infections. As a result, the outlook remains uncertain.

The business climate for the wedding industry remained extremely challenging. People stayed home and avoided closed spaces, crowded places and close-contact settings. Due to growing awareness for precautions to prevent COVID-19 infections, there were postponements of weddings and receptions and cancellation of other events attended by many people.

All locations in areas covered by the state of emergency were temporarily closed because the safety of customers and employees is the highest priority. Even after the lifting of the declaration, with the approval of customers, we postponed weddings and receptions at all locations up to the end of August. We restarted operations in September along with rigorous safety measures concerning COVID-19. However, there were big decreases in the number of weddings and sales per wedding. As a result, we recorded the first loss since we started operations.

Fiscal year sales decreased 56.7% from one year earlier to 8,746 million yen. Operating loss was 3,981 million yen compared with a 1,931 million yen profit one year earlier, ordinary loss was 3,524 million yen compared with a 1,955 million yen profit one year earlier, and loss attributable to owners of parent was 4,235 million yen compared with a 1,350 million yen profit one year earlier.

Results by business segment are as follows:

a) Wedding Operations

The number of weddings decreased because of postponements of weddings and receptions due to COVID-19. As a result, sales decreased 57.7% from one year earlier to 8,210 million yen. Operating loss was 4,035 million yen compared with a 1,893 million yen profit one year earlier.

b) Nursing-care Operations

Sales increased 4.1% from one year earlier to 536 million yen and operating profit increased 40.9% to 55 million yen.

c) Food Business

A subsidiary was established in October 2020 to operate food business. Operating loss was 1 million yen.

(2) Financial Position

a) Assets

Current assets were 3,817 million yen at the end of the current fiscal year, 2,197 million yen less than at the end of the previous fiscal year. This was mainly attributable to a 3,272 million yen decrease in cash and deposits and an 873 million yen increase in income taxes receivable.

Non-current assets decreased 1,444 million yen to 14,081 million yen. The main causes were decreases of 854 million yen in deferred tax assets due to reversal and 576 million yen in property, plant and equipment due to depreciation and impairment loss.

b) Liabilities

Current liabilities increased 744 million yen to 5,138 million yen. The main causes were a 2,000 million yen increase in short-term borrowings and decreases of 715 million yen in accounts payable-trade, 331 million yen in income taxes payable, and 175 million yen in provision for bonuses.

Non-current liabilities increased 607 million yen to 4,836 million yen. This was mainly attributable to increases of 494 million yen in long-term borrowings and 103 million yen in asset retirement obligations.

c) Net assets

Net assets decreased 4,993 million yen to 7,923 million yen. The main causes were loss attributable to owners of parent of 4,235 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 fell by 15.7 percentage points to 44.1%.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year were 1,873 million yen, a decrease of 3,194 million yen (63.0%) 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 used in operating activities was 4,355 million yen (2,049 million yen provided one year earlier). Main cash inflows include depreciation of 1,211 million yen and proceeds from subsidy income of 431 million yen. Outflows include loss before income taxes of 3,893 million yen, a decrease of 712 million yen in trade payables and income taxes paid of 611 million yen.

b) Cash flows from investing activities

Cash used in investing activities was 442 million yen (a decrease of 78.9% year on year), mainly attributable to the outlays of 556 million yen for the purchase of property, plant and equipment associated with the opening of the Tokyo Branch.

c) Cash flows from financing activities

Cash provided by financing activities was 1,633 million yen (90 million yen used one year earlier). Main cash inflows include net increase (decrease) in short-term borrowings of 2,000 million yen, proceeds from long-term borrowings of 1,566 million yen and proceeds from sales of treasury shares of 153 million yen. Outflows include 1,114 million yen for repayments of long-term borrowings, outlays of 481 million yen for purchase of treasure shares and dividends paid of 359 million yen.

Reference: Cash flow indicator trends

	FY2016	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	54.2	54.1	57.1	59.8	44.1
Equity ratio at market value (%)	95.7	130.2	103.0	97.6	106.9
Ratio of interest-bearing debt to cash flows (year)	1.4	4.0	1.0	1.8	-
Interest coverage ratio (times)	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.
6. The ratio of interest-bearing debt to cash flows and interest coverage ratio are not shown for the fiscal year ended October 31, 2020 because operating cash flows were negative.

(4) Outlook

The business climate is extremely challenging as Japan and other countries deal with the third wave of COVID-19. The economic outlook will probably remain uncertain for a long time.

It is still impossible to predict when the COVID-19 crisis will end. If this crisis does not end in the near future, there will be more postponements or cancelations of weddings and receptions. As a result, we are unable to forecast the timing of a recovery in sales and earnings.

The consolidated forecast for the fiscal year ending October 31, 2021 has not been determined because it is difficult to reasonably predict the impact of COVID-19 at this time. An announcement will be made promptly once it becomes possible to establish a forecast.

(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.

In the fiscal year that ended in October 2020, the COVID-19 crisis had a severe impact on results of operations. As maintaining and improving financial soundness is the highest priority, the decision was made to not pay a dividend for the fiscal year.

There is no forecast for the year-end dividend for the fiscal year ending in October 2021 because of the inability to determine an outlook for sales and earnings. An announcement will be made promptly once it becomes possible to establish a forecast.

We apologize to shareholders for the suspension of the dividend and ask for the support of shareholders as we do everything possible to improve results of operations in this extremely challenging business climate.

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

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2019)	Current Consolidated FY (Oct. 31, 2020)
Assets		
Current assets		
Cash and deposits	5,145,870	1,873,191
Accounts receivable-trade	303,837	144,519
Merchandise	168,047	339,695
Raw materials and supplies	120,551	67,174
Income taxes receivable	-	873,897
Other	279,154	521,440
Allowance for doubtful accounts	(2,899)	(2,701)
Total current assets	6,014,563	3,817,216
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,646,085	18,993,847
Accumulated depreciation and impairment loss	(8,955,371)	(9,912,378)
Buildings and structures, net	9,690,714	9,081,468
Machinery, equipment and vehicles	553,461	562,749
Accumulated depreciation	(481,783)	(500,364)
Machinery, equipment and vehicles, net	71,678	62,385
Land	1,973,734	1,850,919
Construction in progress	800	108
Other	2,498,320	2,891,690
Accumulated depreciation	(2,140,786)	(2,368,346)
Other, net	357,533	523,344
Total property, plant and equipment	12,094,460	11,518,225
Intangible assets	157,602	138,298
Investments and other assets		
Deferred tax assets	864,850	10,144
Guarantee deposits	1,834,813	1,746,822
Other	591,927	688,243
Allowance for doubtful accounts	(18,507)	(20,593)
Total investments and other assets	3,273,083	2,424,616
Total non-current assets	15,525,146	14,081,140
Total assets	21,539,709	17,898,356

(Thousands of yen)

	Previous Consolidated FY (Oct. 31, 2019)	Current Consolidated FY (Oct. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	936,604	221,248
Short-term borrowings	-	2,000,000
Current portion of long-term borrowings	1,072,671	1,029,552
Income taxes payable	332,252	952
Provision for bonuses	275,990	100,468
Other	1,777,068	1,786,665
Total current liabilities	4,394,587	5,138,888
Non-current liabilities		
Long-term borrowings	2,703,109	3,198,097
Retirement benefit liability	39,224	38,382
Provision for point card certificates	16,118	16,600
Asset retirement obligations	924,789	1,027,852
Deferred tax liabilities	-	9,412
Other	544,930	545,779
Total non-current liabilities	4,228,171	4,836,123
Total liabilities	8,622,759	9,975,011
Net assets		
Shareholders' equity		
Share capital	351,655	351,655
Capital surplus	355,311	355,794
Retained earnings	12,289,849	7,641,563
Treasury shares	(116,350)	(433,629)
Total shareholders' equity	12,880,466	7,915,385
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	26,011	21,479
Foreign currency translation adjustment	(27,329)	(49,397)
Total accumulated other comprehensive income	(1,317)	(27,917)
Non-controlling interests	37,800	35,877
Total net assets	12,916,950	7,923,345
Total liabilities and net assets	21,539,709	17,898,356

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)	Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)
Net sales	20,189,547	8,746,260
Cost of sales	8,977,556	4,508,795
Gross profit	11,211,990	4,237,464
Selling, general and administrative expenses	9,280,425	8,218,657
Operating profit (loss)	1,931,565	(3,981,192)
Non-operating income		
Interest income	20,045	19,054
Subsidies for employment adjustment	-	431,996
Other	28,779	39,055
Total non-operating income	48,825	490,106
Non-operating expenses		
Interest expenses	18,881	28,473
Other	5,704	5,014
Total non-operating expenses	24,586	33,488
Ordinary profit (loss)	1,955,804	(3,524,574)
Extraordinary income		
Subsidy income	-	6,028
Gain on sales of shares of subsidiaries and associates	69,117	-
Total extraordinary income	69,117	6,028
Extraordinary losses		
Loss on retirement of non-current assets	11,672	31,975
Impairment loss	-	343,260
Total extraordinary losses	11,672	375,236
Profit (loss) before income taxes	2,013,249	(3,893,782)
Income taxes-current	714,154	15,607
Refund of income taxes	-	(543,812)
Income taxes-deferred	(56,686)	865,998
Total income taxes	657,468	337,793
Profit (loss)	1,355,781	(4,231,575)
Profit attributable to non-controlling interests	5,286	3,954
Profit (loss) attributable to owners of parent	1,350,494	(4,235,530)

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)	Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)
Profit (loss)	1,355,781	(4,231,575)
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(3,597)	(4,536)
Foreign currency translation adjustment	4,168	(24,520)
Total other comprehensive income	570	(29,057)
Comprehensive income	1,356,352	(4,260,633)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,350,646	(4,262,131)
Comprehensive income attributable to non-controlling interests	5,705	1,498

(3) Consolidated Statement of Changes in Equity

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

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	351,655	355,311	11,299,303	(246,885)	11,759,385
Cumulative effects of changes in accounting policies					-
Restated balance	351,655	355,311	11,299,303	(246,885)	11,759,385
Changes during period					
Dividends of surplus			(359,460)		(359,460)
Profit (loss) attributable to owners of parent			1,350,494		1,350,494
Purchase of treasury shares					-
Disposal of treasury shares				130,534	130,534
Change in scope of consolidation			(487)		(487)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	990,545	130,534	1,121,080
Balance at end of 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 period	29,610	(31,080)	(1,469)	32,095	11,790,011
Cumulative effects of changes in accounting policies			-		-
Restated balance	29,610	(31,080)	(1,469)	32,095	11,790,011
Changes during period					
Dividends of surplus					(359,460)
Profit (loss) attributable to owners of parent					1,350,494
Purchase of treasury shares					-
Disposal of treasury shares					130,534
Change in scope of consolidation					(487)
Net changes in items other than shareholders' equity	(3,598)	3,751	152	5,705	5,857
Total changes during period	(3,598)	3,751	152	5,705	1,126,938
Balance at end of period	26,011	(27,329)	(1,317)	37,800	12,916,950

Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	351,655	355,311	12,289,849	(116,350)	12,880,466
Cumulative effects of changes in accounting policies			(53,294)		(53,294)
Restated balance	351,655	355,311	12,236,555	(116,350)	12,827,172
Changes during period					
Dividends of surplus			(359,460)		(359,460)
Profit (loss) attributable to owners of parent			(4,235,530)		(4,235,530)
Purchase of treasury shares				(481,842)	(481,842)
Disposal of treasury shares		483		164,564	165,047
Change in scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	483	(4,594,991)	(317,278)	(4,911,786)
Balance at end of period	351,655	355,794	7,641,563	(433,629)	7,915,385

	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 period	26,011	(27,329)	(1,317)	37,800	12,916,950
Cumulative effects of changes in accounting policies				(5,921)	(59,215)
Restated balance	26,011	(27,329)	(1,317)	31,879	12,857,734
Changes during period					
Dividends of surplus					(359,460)
Profit (loss) attributable to owners of parent					(4,235,530)
Purchase of treasury shares					(481,842)
Disposal of treasury shares					165,047
Change in scope of consolidation					-
Net changes in items other than shareholders' equity	(4,531)	(22,068)	(26,600)	3,998	(22,602)
Total changes during period	(4,531)	(22,068)	(26,600)	3,998	(4,934,389)
Balance at end of period	21,479	(49,397)	(27,917)	35,877	7,923,345

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)	Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	2,013,249	(3,893,782)
Depreciation	1,129,640	1,211,090
Impairment loss	-	343,260
Increase (decrease) in allowance for doubtful accounts	4,614	1,887
Increase (decrease) in provision for bonuses	12,079	(175,489)
Increase (decrease) in retirement benefit liability	(9,645)	(7,301)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(12,026)	(299,484)
Increase (decrease) in provision for point card certificates	836	482
Subsidy income	-	(431,996)
Loss on retirement of non-current assets	11,672	31,975
Loss (gain) on sales of shares of subsidiaries and associates	(69,117)	-
Interest and dividend income	(20,045)	(19,054)
Interest expenses	18,881	28,473
Decrease (increase) in trade receivables	6,315	156,877
Decrease (increase) in inventories	(74,026)	(118,292)
Increase (decrease) in trade payables	43,513	(712,270)
Increase (decrease) in accounts payable-other	24,808	(2,793)
Increase (decrease) in advances received	230,562	(201,758)
Increase (decrease) in long-term accounts payable - other	-	237,223
Other, net	(316,265)	(319,256)
Subtotal	2,995,046	(4,170,210)
Interest and dividends received	14,074	15,496
Interest paid	(18,641)	(27,516)
Proceeds from subsidy income	-	431,996
Income taxes refund	48	40
Income taxes paid	(940,751)	(611,408)
Other, net	-	6,028
Net cash provided by (used in) operating activities	2,049,776	(4,355,574)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	-	72,000
Purchase of property, plant and equipment	(1,244,509)	(556,090)
Purchase of intangible assets	(93,082)	(3,245)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	82,031	-
Other, net	(839,415)	45,334
Net cash provided by (used in) investing activities	(2,094,977)	(442,000)

(Thousands of yen)

	Previous Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)	Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	2,000,000
Proceeds from long-term borrowings	1,200,000	1,566,500
Repayments of long-term borrowings	(1,068,688)	(1,114,631)
Purchase of treasury shares	-	(481,842)
Proceeds from sales of treasury shares	137,620	153,038
Dividends paid	(359,305)	(359,351)
Other, net	(528)	(130,333)
Net cash provided by (used in) financing activities	(90,901)	1,633,379
Effect of exchange rate change on cash and cash equivalents	3,776	(30,484)
Net increase (decrease) in cash and cash equivalents	(132,326)	(3,194,679)
Cash and cash equivalents at beginning of period	5,200,196	5,067,870
Cash and cash equivalents at end of period	5,067,870	1,873,191

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No related information.

(Changes in Accounting Policies)

Application of IFRS 16 *Leases*

Beginning in the fiscal year that ended in October 2020, overseas consolidated subsidiaries have adopted IFRS 16 *Leases*. Due to this change, all leases where these subsidiaries are the lessee are, as a rule, recognized as assets and liabilities in the consolidated balance sheet. In accordance with transitional measures for IFRS 16 *Leases*, the cumulative effect of the change in this accounting policy was included in retained earnings at the beginning of the fiscal year that ended in October 2020.

As a result, other property, plant and equipment increased by 246 million yen, accumulated depreciation (other) increased by 86 million yen, other current liabilities increased by 110 million yen, and other non-current liabilities increased by 23 million yen.

The beginning balance of retained earnings in the consolidated statement of changes in equity decreased by 53 million yen as the cumulative effects of the new accounting policy were reflected in net assets at the beginning of the fiscal year that ended in October 2020.

The effects of the new accounting policy on the consolidated statement of income, the consolidated statement of cash flows and per share information are insignificant.

(Additional Information)

Accounting estimates associated with the COVID-19 pandemic

Due to the spread of the COVID-19 pandemic and Japan's declaration of a state of emergency, all locations in areas covered by this declaration were temporarily closed because the safety of customers and employees is the highest priority.

It is impossible to predict when the COVID-19 crisis will end. Based on information currently available and other factors, IKK has recorded a non-current asset impairment loss and calculated estimates for the amount of deferred tax assets that can be recovered and other items by using the assumption that the effects of COVID-19 will continue in the fiscal year ending in October 2021 but signs of a recovery will start to appear early in 2021.

Termination of the retirement benefit system for directors

In prior years, to provide for payments of retirement benefits to directors, IKK recorded an allowance for retirement benefits for directors and other officers that was equal to the amount of these benefits owed to directors as of the end of each fiscal year based on internal rules for these payments. On December 13, 2019, the IKK Board of Directors approved a resolution to terminate the retirement benefit system for directors at the end of the shareholders meeting that was held on January 28, 2020. In addition, shareholders approved a resolution at this meeting for payments to directors for the termination of the retirement benefit system.

Accordingly, the entire allowance for retirement benefits for directors and other officers was reversed and termination payments to directors of 267 million yen were classified as payables and long-term payables that are included in other current liabilities and other non-current liabilities.

Some consolidated subsidiaries will continue to pay retirement benefits to directors. An amount equal to these benefits owed to directors as of the end of each fiscal year based on internal rules for these payments is included in other non-current liabilities.

(Segment Information, etc.)

Segment Information

Previous 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 ended in October 2020.

Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)

The IKK Group's reporting segments include Wedding and Nursing-care Operations and Food Business. However, Nursing-care Operations and Food Business 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 2, 2020, IKK established Meitokuan Inc. to operate the food business. As a result, there are three reporting segments, Wedding and Nursing-care Operations and Food Business, beginning with the fiscal year ended in October 2020.

(Per Share Information)

Previous Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)		Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)	
Net assets per share	432.41 yen	Net assets per share	269.93 yen
Net income per share	45.48 yen	Net loss per share	(143.22) yen

Notes:

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

		Previous Consolidated FY (Nov. 1, 2018 - Oct. 31, 2019)	Current Consolidated FY (Nov. 1, 2019 - Oct. 31, 2020)
Net income (loss) per share			
Profit (loss) attributable to owners of parent	(Thousands of yen)	1,350,494	(4,235,530)
Amount not attributable to common shareholders	(Thousands of yen)	-	-
Profit (loss) attributable to common shareholders of parent	(Thousands of yen)	1,350,494	(4,235,530)
Average number of common shares outstanding during the period	(Shares)	29,693,101	29,572,698

- 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 170,300 shares and 653,900 shares on October 31, 2019 and 2020, 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 (loss) per share (deductions of 261,955 shares and 309,648 shares in the fiscal years ended on October 31, 2019 and 2020, respectively).

(Material Subsequent Events)

Transition to a Holding Company Structure and Conclusion of Absorption-type Divestiture Agreement

The IKK Board of Directors approved a resolution on December 14, 2020 to conclude an absorption-type divestiture agreement with IKK Divestiture Preparatory Company Ltd., which was newly established as a wholly owned subsidiary by IKK to conduct the absorption-type divestiture of IKK's wedding business. This agreement was concluded with the Divestiture Preparatory Company on the same day.

The transition to a holding company structure is subject to the approval of shareholders at the Annual General Meeting of Shareholders to be held on January 28, 2021.

1. Purpose of the transition to a holding company structure

IKK has decided to transition to a holding company structure to implement agile business strategies, and to be able to recruit and develop excellent human resources and thus achieve Vision 2035: "Create a new global company where everyone takes on new challenges as leaders in many fields."

By starting new businesses and speeding up M&A activities, IKK will focus on recruiting and developing the skills of people with the potential to become president of IKK. In addition to giving many people the skills to become the next generation of senior executives, the holding company will oversee and supervise from the standpoint of corporate governance the management of operating companies.

2. Overview of transition to a holding company structure and the absorption-type divestiture agreement

(1) Schedule of the absorption-type divestiture

Establishment of Divestiture Preparatory Company:	November 6, 2020
Meeting of the Board of Directors to approve the absorption-type divestiture agreement:	December 14, 2020
Conclusion of absorption-type divestiture agreement:	December 14, 2020
General Meeting of Shareholders to approve the absorption-type divestiture agreement:	January 28, 2021 (tentative)
Effective date of the absorption-type divestiture:	May 1, 2021 (tentative)

(2) Method for absorption-type divestiture

IKK will conduct an absorption-type divestiture with IKK as the divesting company and the Divestiture Preparatory Company as the successor company that receives all rights and obligations involving the wedding business of IKK.

(3) Divestiture terms in the absorption-type divestiture agreement

When this agreement is signed, the Divestiture Preparatory Company will issue 2,000 shares of common stock and allocate all of this stock to IKK.

(4) Treatment of share acquisition rights and convertible bonds in association with the absorption-type divestiture agreement

No related information.

(5) Change in share capital due to the absorption-type divestiture agreement

No change in IKK's share capital.

(6) Rights and obligations transferred to the Divestiture Preparatory Company

In accordance with the absorption-type divestiture agreement, the Divestiture Preparatory Company will receive from IKK on the divestiture date all assets, liabilities and other rights and obligations (excluding items specified in the absorption-type divestiture agreement) associated with the wedding business of IKK.

Obligations received from IKK will be transferred by using the concomitant assumption method.

(7) Outlook for the fulfillment of obligations

Following the absorption-type divestiture, the Divestiture Preparatory Company is expected to have assets that are more than its liabilities. In addition, no obstacles or other problems are currently anticipated regarding this company's ability to fulfill all of its obligations. Consequently, IKK believes that there are no problems concerning the outlook for the fulfillment of the obligations of the Divestiture Preparatory Company after the completion of the absorption-type divestiture.

3. Overview of divesting company and successor company

(1) Divesting company

Company name:	IKK Inc.
Location:	722-5 Shintencho, Imari, Saga Prefecture
Representative:	Hiroki Murata, President and Representative Director
Business:	Wedding business
Fiscal year end:	October 31
Capital:	351 million yen
Net assets:	7,992 million yen
Total assets:	17,617 million yen

(2) Successor company

Company name:	IKK Divestiture Preparatory Company Ltd.
Location:	3-6-5 Katamine, Kasuyagun Shimemachi, Fukuoka Prefecture
Representative:	Hiroki Murata, President and Representative Director
Business:	Wedding business
Fiscal year end:	October 31
Capital:	50 million yen
Net assets:	100 million yen (as of the establishment date of November 6, 2020)
Total assets:	100 million yen (as of the establishment date of November 6, 2020)

4. Others

Change in Officers

(1) Change in Representatives

None

(2) Change in Other Officers

Retiring directors

Director: Akimitsu Kikuchi

Note: As of the conclusion of the Annual General Meeting of Shareholders scheduled on January 28, 2021, the term of office will expire.

Candidate for directors

Director: Yasuhiro Morita

Director: Yutaka Oda

(3) Effective Date

January 28, 2021

(4) Profile of Newly Appointed Directors

Name:	Yasuhiro Morita	
Date of birth:	November 3, 1981	
Brief career history:	April 2004	Joined IKK
	June 2007	Manager of IKK Kanazawa Branch
	April 2008	Manager of IKK Toyama Branch
	March 2009	Section Manager of Corporate Planning Department
	January 2012	Senior Manager of Corporate Planning Department
	December 2012	Director of I Care Inc.
	January 2014	Senior Manager of Corporate Management Department
	January 2015	General Manager of Corporate Management Department
	January 2017	Director of PT INTERNATIONAL KANSHA KANDOU INDONESIA (current)
	January 2018	Executive officer, General Manager of Overseas Business Development Department (current)
Name:	Yutaka Oda	
Date of birth:	February 4, 1969	
Brief career history:	January 2012	Executive Manager of Advanced Business Headquarters, Future Architect, Inc.
	November 2015	Senior Manager of Information Strategy Planning office, Isetan Mitsukoshi System Solutions Limited
	April 2016	Seconded to Isetan Mitsukoshi System Solutions Limited, Senior Manager of IT Strategy Department, Information Strategy Headquarters
	April 2018	General Manager of System Development Department, Kabu.com Securities Co., Ltd. (currently au Kabucom Securities Co., Ltd.)
	April 2020	Joined IKK
	June 2020	Executive officer, General Manager of Systems (current)